

The GoodCorporation Framework on Integrity Compliance

The GoodCorporation Framework on Integrity Compliance is a set of responsible business principles, which act as a tool to improve the robustness of management practices in relation to the risks of misconduct (fraud, corruption, collusion and coercive practices) in an organisation.

The Framework follows the methodology used by the GoodCorporation Standard of responsible business management, which has been in use since 2001.

GoodCorporation uses an independent assessment process that looks at four levels of evidence for each individual practice and assesses them against a four-point scale.

The assessor checks:

- that a policy exists
policy documents are reviewed
- that a system is in place to implement the policy
systems are examined
- that records exist which show that the system works in practice
a sample of records is reviewed
- that stakeholders agree that the system works in practice
interviews are held with employees, customers, suppliers, public sector officials and other relevant stakeholders

The assessor awards a grade:

- no action required
the policy and system work well
- improvement recommended
there is a policy and system that work but potential improvements have been identified
- action required
there is a policy and system but they do not always work and require corrective action to reduce risk
- significant action required
there is no policy or system, or it has largely broken down, and significant action is required to reduce risk

Using this Framework, GoodCorporation offers both high-level reviews of head office policies and site-level reviews of their application in operating units.

For every assessment a report is provided, giving an independent analysis and grade for each practice along with recommendations for improvement. The assessment report is intended for internal management purposes only. It is the decision of the assessed organisation whether the content of the report or grades awarded are made public. Content made public must give a balanced and accurate representation of findings.

This Framework assesses the robustness of an organisation's integrity compliance processes. It is not intended to serve as legal advice or as a tool for investigating specific incidents or allegations of corruption. GoodCorporation accepts no liability to third parties for the actions of the assessed organisation or its employees.

The GoodCorporation Framework on Integrity Compliance

The organisation is committed to conducting its business with the utmost integrity.
No form of misconduct (fraud, corruption, collusion and coercive practices) is tolerated.

1. Top-level commitment

- TC1: There are written and clearly articulated policies on integrity compliance.
- TC2: The policy of zero tolerance of any form of misconduct has been formally approved by the board or equivalent.
- TC3: The policy of zero tolerance of any form of misconduct has been clearly communicated to all employees at all levels who understand that adherence to the policy is a duty.
- TC4: There is high-level and clear ownership of compliance controls.
- TC5: Compliance issues and related policies are regularly considered by the board or equivalent.
- TC6: A system is in place requiring senior management and relevant employees to certify their knowledge of the compliance policies and the resulting duties.
- TC7: The policy of zero tolerance of any form of misconduct has been made public, together with the organisation's supporting policies.
- TC8: The organisation actively participates in appropriate initiatives in relation to the prevention of any form of misconduct.

2. Communication and training

- CT1: Employees receive the integrity compliance policies and make personal commitments to follow them.
- CT2: Employees are trained on the company's compliance policies.
- CT3: The organisation communicates its compliance policies to its suppliers, customers, agents and intermediaries and obtains their commitment to follow equivalent principles.
- CT4: The organisation communicates its compliance policies to its joint venture partners and obtains their commitment to follow equivalent principles.
- CT5: Sales and marketing intermediaries are trained on the company's compliance policies.
- CT6: Guidance and advice on preventing misconduct is provided to directors, managers, employees, agents and intermediaries.

3. Risk assessment

- RA1: There is a risk assessment that evaluates the risks of misconduct in markets, countries and sectors where the company is operating, or is considering operating.

- RA2: The compliance controls are monitored and regularly reviewed to ensure that they are up-to-date and suitable.

4. Due diligence

- DD1: There is a process for deciding when due diligence regarding integrity compliance is required.
- DD2: There are clear due diligence procedures to examine the integrity practices of current and prospective third parties, such as agents, intermediaries, key suppliers, wholesalers, and distributors.
- DD3: There are clear compliance due diligence procedures relating to mergers and acquisitions as well as joint venture projects.
- DD4: Where due diligence identifies contracts, contractors or any other third party engagement as high risk, processes are in place to manage the risks identified.

5. Key business functions

Sales and marketing

- SM1: Safeguards against misconduct are built into sales and marketing processes.
- SM2: All customers and all sales and marketing intermediaries have clear terms and conditions with appropriate clauses on misconduct.
- SM3: All sales and marketing agents and intermediaries follow the organisation's integrity compliance policies.
- SM4: Sales and marketing agents and intermediaries are required to follow clear rules and controls on the offer and acceptance of gifts and hospitality, which ensure that these do not influence business decisions.
- SM5: Remuneration paid to sales and marketing agents and intermediaries is appropriate and justifiable.
- SM6: There are well-defined guidelines for carrying out major bids to supply goods and services, which ensure that expenditure is devoted to the quality and communication of the bid only.
- SM7: There are procedures and controls to ensure that commercial sponsorship avoids any element of bribery or inappropriate influence.

SM8: No inducements in cash or in kind are offered to influence sales.

SM9: There are controls in place on the setting of prices, discounts, credit terms and sales incentives.

Procurement

PP1: Compliance safeguards are built into procurement processes.

PP2: All suppliers have clear terms and conditions with appropriate clauses on misconduct.

PP3: There are clear processes for approving the receipt of goods and the completion of services.

PP4: There is a separation of duties in the approval and payment of invoices.

PP5: Procurement policies are clearly communicated to suppliers and partners.

PP6: No inducements in cash or kind that could influence procurement decisions are accepted or offered.

PP7: Contracts contain rights to audit suppliers in relation to integrity compliance, which are exercised as required.

PP8: There is a clear policy to apply sanctions to suppliers and partners where corrupt activity is discovered.

Human resources

HR1: Employees follow clear rules and controls on the offer and acceptance of gifts and hospitality which ensure that these do not influence business decisions.

HR2: All gifts and hospitality given or received are recorded.

HR3: Disciplinary processes are used to support the observance of the organisation's compliance policies and procedures.

HR4: There is a clear policy for employees on conflicts of interest which requires that any potential conflicts are declared and managed.

HR5: There are strict rules and processes to ensure that confidential information is protected.

HR6: Current and future employees with decision-making authority or significant influence on business results undergo a screening process to ensure that they have not and do not engage in any form of misconduct.

HR7: Recruitment processes include screening for political connections and conflicts of interest.

HR8: Performance appraisals include specific reference to integrity compliance.

Finance

FN1: There are clear policies and processes for the management of financial transactions and recordkeeping.

FN2: There are appropriate financial controls and separation of duties.

FN3: There are appropriate internal and external audits which include compliance checks.

FN4: There are appropriate controls on banking transactions.

FN5: Remuneration for agents, intermediaries and other suppliers is made through bona fide channels.

FN6: There are processes for authorising and monitoring employees' and intermediaries' expenses or cash advances.

Government and regulatory affairs

GV1: There are clear policies and procedures for managing relations with public officials.

GV2: There is a clear policy forbidding political contributions whether direct or indirect.

GV3: There are clear rules on lobbying and interaction with government to ensure that no undue influence is obtained and all interactions are recorded.

GV4: No inducements in cash or in kind are offered to public officials to influence decisions.

GV5: No form of facilitation payment, in cash or in kind, is allowed.

GV6: There are clear procedures and training to combat facilitation payments.

GV7: Where it encounters corruption as a material business issue in a particular country, the organisation engages in constructive dialogue with that country's government and authorities.

GV8: There are procedures and controls to ensure that community projects and charitable contributions are not used to obtain undue business influence.

GV9: A register is kept of all agents and intermediaries who obtain permits, licences and authorisations on the company's behalf.

GV10: All agents and intermediaries interacting with government officials or regulators have clear terms and conditions with appropriate clauses on misconduct.

GV11: All agents and intermediaries interacting with government officials or regulators follow the organisation's policies on bribery and corruption.

GV12: Agents and intermediaries interacting with government officials or regulators are required to follow clear rules and controls on the offer and acceptance of gifts and hospitality which ensure that these do not influence official decisions.

GV13: Remuneration paid to agents and intermediaries interacting with government officials or regulators is appropriate and justifiable.

GV14: There is a policy to ensure that Politically Connected Persons are not used to gain undue advantage.

6. Compliance and monitoring

CM1: There is a compliance function (or equivalent) with a clear remit and adequate resources to support the compliance policies.

CM2: The compliance function has a reporting line to independent directors.

CM3: Senior management communicates compliance policies and any current cases to independent directors or the parent organisation (where relevant).

CM4: Senior management ensures that the organisation abides by all applicable national and international laws, conventions and industry standards in relation to any form of misconduct.

CM5: The execution of any contract with third parties is monitored to guard against any misconduct.

CM6: Every relationship with any third party is fully, continuously and properly documented.

CM7: Employees are aware of their duty to report promptly any concerns in respect of any form of misconduct.

CM8: There is a confidential process for stakeholders to report issues of concern to senior management. Anyone reporting such a concern in good faith is protected.

CM9: All issues reported confidentially are properly recorded and investigated, with appropriate steps taken to prevent reoccurrence.

CM10: There are processes to deal with cases of actual or suspected bribery and rules for when to report to the relevant authorities.

CM11: The compliance controls of joint ventures and significant investment projects are monitored.

CM12: Contracts with third parties include express contractual provisions and clear remedies in respect of misconduct, including the right to termination.

CM13: An external review of the adequacy of the company's compliance controls is undertaken.

CM14: The views of employees and other stakeholders are proactively sought to help review and strengthen compliance policies and procedures.