



From Presidents and CEOs
of companies in the B20 Task Force on Transparency and Anti-corruption
to the G20 Heads of State

2nd September 2013

Dear G20 Heads of State

For us in business, fighting corruption is not just a question of ethics or social responsibility. We know - in some cases from our own experience - that the corrupt actions of just one rogue employee can destroy a company's corporate reputation and cause untold financial damage. For our management and our shareholders, corruption and its consequences are a massive drain on our resources. Finally corruption, especially in some of our key markets, constrains our appetite for investment. In short, corruption has a detrimental impact on growth - for business and for society.

On the eve of the Los Cabos Summit in 2012, the companies participating in the B20 Task Force on Transparency and Anti-corruption wrote to you to express their belief that business has a critical role to play in working with governments to reduce corruption.

This year, within our Task Force, we set ourselves the goal to move "from declaration to action". In the attached recommendations, you can see what we agreed. Here are a few of the major points which we would like to draw to your attention:

- **Creating an enabling environment:**

We suggest more regular and in-depth exchanges between business and government, at both a national and G20 level, on practical ways in which to extend best practices in combating corruption to more companies, including SMEs, state-run companies and even government agencies. In such meetings we would work together to create a level playing field and a more attractive environment for investment - for example, how to incentivize business to self-report, how to clean up public procurement, and how to raise the standards of compliance in companies' supply chains.

- **Promoting Collective Action:**

We recommend - and will put into action - the establishment of a Collective Action Hub to stimulate the exchange of best practices and experience by companies, governments and civil society working together to oppose corruption. The Hub, to be managed by the Basel Institute for Governance in partnership with the UN Global Compact, and funded by business, will go live by the time Russia hands over the G20 presidency to Australia at the end of 2013. We welcome and encourage the participation of government agencies in the work of the Hub.

- **Bringing new approaches to reducing corruption to each G20 country:**

In order to have impact, the new approaches to fighting corruption need to be implemented by business and government in each G20 country. Accordingly, we suggest setting up or

supporting Anti-corruption Centres of Excellence in each country. These would promote anti-corruption awareness in the business community, provide training in the latest compliance techniques, and act as a neutral platform for Collective Action initiatives. We recognise that each country will need to move forward on this at its own pace but we hope that national business and political leaders in each country will join forces with us by helping to make this happen.

For the future, we would welcome more participation from the top companies in the emerging markets. After all, they are leading the world's economic development and should be part of our work on anti-corruption. We ask you to encourage the leaders of these companies to participate in the work of the B20.

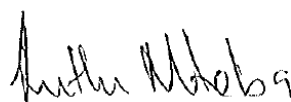
Please also consider the long-term nature of the corruption challenge. We hope that the G20 Anti-Corruption Working Group will be given a mandate that extends well beyond its current two year programme. For our part, our companies are committed to working with the G20 on this issue for as long as is necessary.

The recommendations and the spirit in which we present them to you suggest that it may indeed be possible to move "from declaration to action". The next months will determine whether our recommendations are to remain at a rhetorical level, or whether we, the leaders of some of the major companies of the G20, and you, the heads of our governments, really have the will and the determination to engender a fundamental change of behaviour in our countries and markets.

Yours Sincerely,



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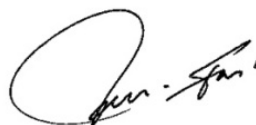
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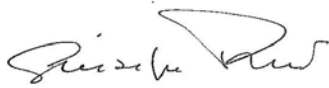
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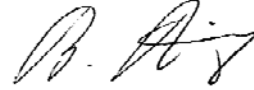
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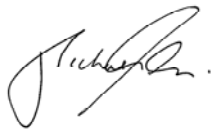
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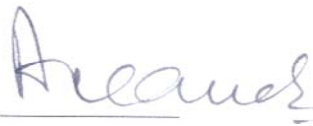
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This letter and the B20 recommendations are supported by the heads of the following business associations, intergovernmental and non-governmental organizations which participated in the work of the Task Force:



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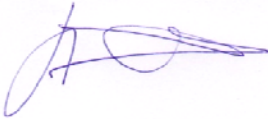
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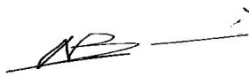
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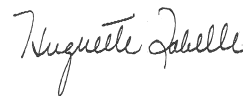
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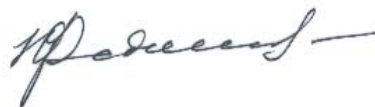
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B20 Task Force on Improving Transparency and Anti-corruption

Task Force Recommendations 2013
20th June 2013

Executive Summary

With the globalization of business, corruption is as much a global as it is a local phenomenon. As such, it is clear that no single government can provide the solution. By the same token, no single company or small group of companies can set the standards of behaviour. Only by leading by example, exchanging best practices with their peers, jointly creating codes of conduct within their markets, and building capacity in their supply chains, can companies begin to change behaviour. Only through business and government cooperating on promoting transparency in public procurement and establishing integrity pacts, workable whistle-blowing and reporting systems can unethical players be isolated and squeezed out. This is a radical departure from business as usual.

The recommendations to the G20 focus on four areas where business can and should be part of the solution:

- Enhancing the dialogue between the B20 and the G20 and strengthening the role of the B20. This includes more regular and substantive meetings between the B20 Task Force and the G20 Anti-corruption Working Group, and establishing both groups on a permanent footing with due consideration of the long-term nature of the corruption challenges.
- Combating the solicitation of bribes. The G20 governments have a critical role to play in ensuring fair and transparent public procurement, and we recommend a number of actions through which they can achieve this, including an agreement on transparency in government procurement in future global trade talks.
- Training and capacity building for companies, SMEs, and public officials. The G20 governments should implement annual training programmes for public officials on the latest

developments in national and international legislation. They should invite the B20 companies and business associations, where appropriate, to support government training programmes by sharing their experience with corporate compliance programmes. The G20 governments should encourage Export Credit Agencies in their countries to provide anti-corruption training programmes for beneficiary companies. The B20 companies and business organizations should exchange best practices in devising training for SMEs in their supply chains.

- Encouraging Collective Action and Anti-corruption globally and in each G20 country. One of the main outputs from the B20 Task Force this year will be the establishment of a Collective Action Anti-corruption Hub, which will act as a central repository of best practices worldwide. At the same time, the G20 governments and business should set up or support Anti-corruption Centres of Excellence in each country, which will act as local counterparts for both the Collective Action Hub and the B20 Task Force. The Centres of Excellence could for example work with the Hub to analyze, share and promote effective Collective Action strategies and initiatives, and with the B20 Task Force to track and measure progress in the implementation of B20 recommendations and decisions.

Much of the success in implementing this year's recommendations will depend on the G20 governments and the B20 companies being able to establish a formal institutional framework globally, and a network of companies, business associations, local organizations and other partners in each G20 country that will be capable of implementing, tracking, reviewing, and reporting the actions that are decided upon by the B20 during 2013.

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Recommendations

This year, the B20 Task Force on Improving Transparency and Anti-corruption focuses on recommendations which can be put into practice in a short- or medium-term time frame, with full participation of business. In so doing, the B20 positions itself as a body no longer concerned solely with declarations, but as a group of leading companies and business associations, committed to delivering a lasting, beneficial, and measurable impact on economic and social development in the G20 countries and beyond.

Starting Point

In 2013, the Task Force on Improving Transparency and Anti-corruption agreed to concentrate on issues of serious concern to the business community, where business could, and indeed should, be part of the solution. As well as coming up with new recommendations, we decided to make sure that the B20 recommendations accepted by the G20 at the Los Cabos Summit would be properly implemented.

In our recommendations we have restricted ourselves to two major concerns of the corporate sector: 1) how business can combat and resist the solicitation of bribes, especially when bidding in public tenders; and 2) our ability, as companies, to guarantee the highest standards of integrity of our own employees, and to build the capacity of our dealers, distributors and suppliers to aspire to similar standards.

The new method to promote transparency and counter corruption requires complex, multifaceted, cross-sector alliances aimed at reducing corruption in the markets which we are serving and investing in, ranging from codes of conduct between companies in particular industries to integrity pacts between companies and governments around public tenders. This is what we refer to as “Collective Action”. In 2013 and beyond, Collective Action should become the name of the game. Our idea for a Collective Action Hub, to be established this year, will create a major resource for business, government and civil society to enable new approaches and techniques for avoiding and resisting corruption. Combined with our recommendations to enhance the G20-B20 dialogue, to support the establishment of Anti-corruption Centres of Excellence in each G20 country, and to strengthen the role of the B20, the Collective Action Hub should become the centre of a wheel whose spokes will reach deep into every G20 country.

When Russia took over the Presidency of G20, one of our first actions was to align the B20 Task Force on Improving Transparency and Anti-corruption recommendations with the G20 2013-2014 Anti-corruption Action Plan. This yielded a number of key areas, which were structured into four work streams composed of leading multinational companies and business associations.

Many of the B20 recommendations included in the Los Cabos summit documents were scheduled for implementation in 2013 and 2014, and at the time of writing, there had already been a number of successes, for example the implementation of one of the Task Force’s key recommendations – the introduction in April 2013 of the first High Level Reporting Mechanism by the government of Colombia.

The Task Force examined the effectiveness of the B20 process itself. It set for itself the goal to include more companies from high-growth markets in its work, and to find new ways of tracking and measuring the implementation and impact of its recommendations.

The presence of several Russian companies in this year's Task Force, plus a number of outreach events held by the Task Force Secretariat in China and India, have re-emphasised the need for the B20 process to be conducted not only at the transnational level, but also brought in to "land" in each G20 country.

The following recommendations deal with a variety of issues ranging from general goals, such as improving the G20-B20 process, to very specific actions, such as the establishment of a Collective Action Hub during 2013.

Recommendations

1. Enhancing the dialogue between B20 and G20 and strengthening the role of the B20

- We recommend that, *from 2014 onwards*, the G20 Anti-corruption Working Group should have permanent status as a standing committee of the G20.
- We recommend that, *at the B20 Summit in June 2013*, the B20 Task Force on Improving Transparency and Anti-corruption should nominate a permanent expert group to support each year's new B20 presidency.
- We recommend that *from June 2013* the representatives of the B20 Task Force and of the G20 Anti-Corruption Working Group should have regular meetings to identify regulatory improvements and discuss their impact on the corporate sector. This would include identifying consistent and effective enforcement measures that can discourage bribe payers; developing incentives and removing disincentives for the corporate sector to take an active role in the fight against corruption such as voluntary disclosure, self-reporting and other means of cooperation with law enforcement authorities.
- We recommend that the G20 governments should make every effort to involve the private sector in the review mechanisms of the UN Convention Against Corruption (UNCAC) including China, Turkey, India, and Italy, which are scheduled for review *in 2013*; and of the OECD Anti-Bribery Convention (ABC), including Russia, which is scheduled for review *in 2013*. In particular, the G20 governments should consider acting as pilots to develop mechanisms for the active involvement of the corporate sector during and after the reviews.
- Given the important role of civil society in opposing corruption and the inclusion of anti-corruption in the C20 agenda, we recommend that the B20 Task Force should work closely with the C20, including through regular joint meetings of the G20, B20 and C20 starting *from June 2013*.

2. Combating the solicitation of bribes

- We recommend that the G20 governments should include an agreement on transparency in government procurement *in future rounds of global trade talks*.
- We recommend that the G20 governments should benchmark their performance in government procurement when a new World Bank indicator is launched *in 2014*.¹

¹ Huguette Labelle (Transparency International) has recused herself from this recommendation in order to avoid a conflict of interest since she is a Member of the World Bank Panel on reviewing the Doing Business Survey.

- We recommend that, *from 2013*, the G20 governments should consider introducing a High Level Reporting Mechanism, and study the experience of countries which have already done so.
- We recommend that the G20 governments should encourage and support fair and transparent procurement practices outside the G20 countries as a part of their external trade and development programmes.

3. Training and capacity building in companies, SMEs and of public officials

- We recommend that, *from 2013*, G20 governments and B20 companies should support the development of courses in business ethics and responsible business practices in higher education establishments, business and law schools, corporate universities, and training centers.
- We recommend that, *from 2013*, B20 companies and business organizations should regularly exchange best practices in devising training for SMEs in their supply chains.
- We recommend that, *at the G20 Summit in September 2013*, G20 governments should encourage Export Credit Agencies in their countries to provide anti-corruption training programmes for beneficiary companies.
- We recommend that, *at the G20 Summit in September 2013*, G20 governments should encourage International Financial Institutions, including development banks, to make their loans, investments, guarantees and provision of other funding conditional on the beneficiaries of their financing having in place effective internal controls, ethical standards, and compliance and anti-corruption programmes.
- We recommend that G20 governments should implement annual training programmes for public officials on latest developments in national and international legislation *starting in 2014*. They should invite B20 companies and business associations, where appropriate, to support government training programmes by sharing their experience of corporate compliance programmes.

4. Encouraging Collective Action and Anti-corruption globally and in each G20 country

- We recommend that the G20 governments and B20 companies should continue to support the establishment, *by the end of 2013*, of a Collective Action Hub to share best practices throughout the G20 countries and beyond.
- We recommend that, *throughout 2013 and 2014*, each G20 government, in collaboration with the local business communities and with the support of the B20 companies, should set up or support independent and properly funded Anti-corruption Centres of Excellence in each G20 country, which will act as the local counterparts for both the Collective Action Hub and the B20 Task Force. The Centres of Excellence could for example work with the Hub to analyze, share and promote effective Collective Action strategies and initiatives, and with the B20 Task Force to track and measure progress in the implementation of B20 recommendations and decisions.

Relevance and Expected Impact

There are many global anti-corruption initiatives, but few which have the ability of the B20 process to bring together governments and companies of the developed world and high-growth markets.

The initiatives proposed by this unique B20 process are particularly relevant and timely, as in the wake of the financial crisis, the temptation of corruption is even greater now than before.

Furthermore, with many of the companies from the high-growth markets now investing in the developing world, especially in Africa and Latin America, they need to assume the role of standard bearers of probity, integrity, and prudence.

These recommendations are designed to strengthen and institutionalise the dialogue between business and governments within the G20. The intention is to ensure continuity and consistency on an issue which, by definition, cannot be resolved quickly. Another aim is to strengthen the institution of the G20 itself as the grouping of nations most suited to driving change in the world's most influential markets.

Rather than spread ourselves too broadly, we have restricted ourselves to issues where our companies can play a significant role. In these recommendations we have focused on two major concerns to the corporate sector which we believe we can influence: 1) the fairness and transparency of public tenders; and 2) our own ability to guarantee the highest standards of integrity of our own employees, and build the capacity of our dealers, distributors and suppliers to aspire to similar standards.

And we are willing to go beyond talk. We are ready to act now: the Collective Action Hub which we hope will be established this year will be a major repository of new approaches and techniques in how to avoid and resist corruption, the centre of a wheel whose spokes will reach deep into every G20 country. In our recommendations, those spokes will be represented by Anti-Corruption Centres of Excellence, which will track and measure progress in implementation of B20 recommendations and decisions, and which will promote best practices in corporate compliance and Collective Action.

Timeline for implementation

Specific deadlines are indicated in each action, where appropriate.

Reporting Format

Our proposal is that the Anti-corruption Centres of Excellence would monitor, measure and report on progress of implementation of B20 recommendations and decisions. This could be organized to coincide with the biannual meetings of the G20 Anti-Corruption Working Group and B20 Task Force. The reporting could be coordinated by the B20 permanent expert group and/or the Collective Action Hub. Until such time that these new institutions are established, the precise timeline and format for reporting will be agreed upon at the regular meetings of the B20 Task Force.