

CLEAN SUPPLY CHAINS

G20 COMMITMENTS

The G20 Anti-Corruption Action Plan 2017-2018 lists Private Sector Integrity and Transparency as a key objective. The corresponding Implementation Plan states that the G20 Anti-Corruption Working Group (ACWG) “will consider the role government can play to promote a culture of integrity in the private sector, including within State Owned Enterprises”.

THE CHALLENGE

According to Transparency International's Global Corruption Barometer for Europe and Central Asia (2015/16), over a quarter of citizens in Europe and Central Asia hold that business executives are highly corrupt.¹ In 28 countries surveyed worldwide by the Edelman Trust Barometer, trust in business executives has decreased by 12 percentage points this year compared to 2016.² The integrity of the private sector is thus being put into question. In a globalized world, acting with integrity is not limited to refraining from giving or demanding a bribe. It also includes not violating human rights or the environment. Companies and their suppliers need to be clean and meet social and environmental standards. The G7 have addressed responsibility in the supply chain. The G20 have now also put this topic on the agenda for the Summit in Hamburg and also need to make commitments regarding clean and responsible supply chains.

THE SOLUTION

The OECD Guidelines for Multinational Enterprises address the impacts of the activities and business relationships of companies related to *Disclosure, Human Rights, Employment and Industrial Relations, Environment, Combating Bribery, Bribe Solicitation and Extortion, and Consumer Interests*. The Guidelines thus help promote private sector integrity with regard to anti-corruption, social and human rights, and protection of the environment. The Guidelines are voluntary for companies; but adhering countries are bound to promote them in a global context. Companies need to be encouraged to implement them better, in particular with regard to Combating Bribery, a cross-cutting issue that would improve delivery in other areas of the Guidelines. As a first link in the supply chain, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention) requires that members criminalize the bribing of foreign officials by individuals as well as companies and their agents.

RECOMMENDATIONS

- G20 countries not yet adhering to the OECD Guidelines for Multinational Enterprises should
 - (1) accede to the Guidelines;
 - (2) encourage companies to adopt Codes of Conduct including comprehensive anti-corruption programs, pass this requirement to suppliers along the supply chain, and train their own employees and employees of suppliers; and
 - (3) adopt laws for the effective protection of whistleblowers in the private sector and encourage companies and their suppliers to establish whistleblower hotlines.

- The G20 Anti-Corruption Working Group should

¹ http://www.transparency.org/research/gcb/gcb_2015_16

² 2017 Edelman Trust Barometer Global Report, p.17; <http://www.edelman.com/trust2017/>

- (1) assess how companies are integrating Chapter VII (Combating Bribery, Bribe Solicitation and Extortion) of the OECD Guidelines for Multinational Enterprises into their business activities;
 - (2) develop recommendations for improving such integration, and
 - (3) together with the OECD, organize round tables on clean and responsible business conduct.
- G20 countries should criminalize giving and demanding a bribe to public officials and in business transactions, and ensure legal liability of companies under criminal law or equivalent. All G20 countries should adhere to the OECD Anti-Bribery Convention. Data on enforcement of the Convention should be made public, including statistical data and the full text of final decisions and settlements.

SUPPORTING INFORMATION

Transparency International, **Supply-Chain Corruption, Customs Transparency and Consumer Protection** (June 2016),

www.transparency.org/files/content/corruptionqas/Corruption_in_supply_chain_and_customs_transparency.pdf

UN Global Compact, **Fighting Corruption in the Supply Chain: A Guide for Customers and Suppliers** (2nd edition 2016), www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/Fighting_Corruption_Supply_Chain.pdf

Transparency International, **Business Principles for Countering Bribery** (2013);

http://www.transparency.org/whatwedo/publication/business_principles_for_countering_bribery

Transparency International, **Liability of Legal Persons** (November 2016),

<https://www.oecd.org/daf/anti-bribery/Online-consultation-compilation-contributions.pdf> (page 125-139)

Transparency International, **Policy Position on Settlements** (July 2015),

http://www.transparency.org/whatwedo/publication/can_justice_be_achieved_through_settlements

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