

**Anti-corruption measures vigorously applied, say experts** - from page 1

six non-OECD countries. The Convention deals specifically with bribery, rather than with corruption in the larger sense, and requires that peer-country panels review each signatory country's performance in implementing and applying the Convention.

In Canada, the *Corruption of Foreign Public Officials Act* incorporates the OECD Convention so that anyone bribing a foreign official can be prosecuted in a Canadian court. There is also the 2003 *U.N. Convention Against Corruption*, which has now been ratified by the required minimum number of signatory countries. The U.N. Convention is therefore technically binding, although its effectiveness remains to be seen. Perhaps more effectively, the World Bank has established strict anti-corruption measures and applies them vigorously.

**What can businesses do?**

Corrupt practices are more common in some countries than in others. Before doing business in a particular market, an exporting company should try to assess the level of corruption it's likely to encounter. Transparency International (TI), the largest international NGO dedicated to monitoring and reporting on global corruption, can assist. Every year, TI publishes its *Corruption Perceptions Index*, which ranks countries according to the perceived level of their corruption in demanding bribes. TI also compiles a *Bribe Payers Index*, which evaluates the perceived

propensity of firms from industrialized countries to bribe in the places where they do business.

Another tool developed by TI is the Integrity Pact, in which the host government and all would-be bidders for a public contract agree beforehand that no party to the negotiations will offer or accept bribes.

Astounding as it may sound, TI claims to have achieved success with Integrity Pacts in some of the world's most chronically corrupt countries.

National corruption levels aren't the only factors involved, though. Some industrial sectors are well known to be more corrupt than others, like oil and gas, construction and armaments among them. A firm negotiating a deal in one of these sectors, in a country ranking poorly on the TI corruption index, should be especially sensitive to improper behaviour.

Warning flags—which can, of course, apply to any sector—might include unjustifiable delays in signing a contract, indirect messages suggesting extra compensation, or the appearance of “experts” who have no apparent expertise but must be paid for their services anyway.

If such behaviour arises, the company's negotiators should be prepared to walk away from the deal. If they are to do this, however, they must be confident that senior management will support their decision.

**If the worst happens**

But what should a company do if it discovers that it has, unwittingly, become involved in corruption?

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**How-to guide on corporate social responsibility**

The Government of Canada has produced a primer on how to develop and implement a strategy for corporate social responsibility, as well as measure, evaluate and report on its performance.

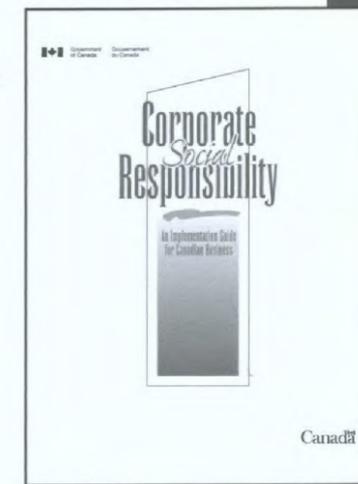
*Corporate Social Responsibility: An Implementation Guide for Canadian Business* distils ideas and processes from a variety of sources, and is intended to be suggestive, not prescriptive. The first part looks at corporate social responsibility: how it is defined, the business case for it and the relationship between corporate social responsibility and Canadian law. The second part sets out a six-stage implementation framework to “plan, do, check and improve” a corporate social responsibility approach. This part also features information particular to small business. Finally, the guide looks at stakeholder engagement and the integral role they can play in implementing an effective corporate social responsibility plan.

“There is no way to avoid paying serious attention to corporate citizenship, the costs of failing are simply too high,” said Michael Porter, the Harvard Business School professor speaking at last year's Business and Society Conference on Corporate Citizenship in Toronto. “There are countless win-win opportunities waiting to be discovered: every activity in a firm's value chain

overlaps in some way with social factors—everything from how you buy or procure to how you do your research—yet very few companies have thought about this.”

Managers in firms of all sizes operating in Canada and abroad will find this guide valuable, as will management teams, board members, front-line employees and industry association personnel who work with businesses. “The goal is to leverage your company's unique capabilities in supporting social causes, and improve your competitive context at the same time,” adds Porter.

For more information, contact Kernaghan Webb, Corporate Social Responsibility Guide Project Leader, Office of Consumer Affairs, Industry Canada, email: webb.kernaghan@ic.gc.ca. To download this guide, go to <http://strategis.ic.gc.ca/epic/internet/incsr-rse.nsf/en/Home>.



**Get help if the worst happens** - from page 2

“First,” says Pal, “seek legal advice, because what's been done is potentially a criminal act in both Canada and the other country. Second, do your best to get out of the contract, while being very careful that the reasons you give for this can't be construed as libellous—a demand for a bribe is almost always made orally and will, obviously, be denied. You'll probably take a loss, but that's preferable to criminal prosecution. And be sure to preserve your documentation.”

Companies are less likely to end up in such a situation if they establish and implement a corporate anti-corruption program before venturing into risky markets. A firm wanting to do this will find very useful guidelines in TI's free publication, *Business Principles for Countering Bribery*, available on the TI website at [www.transparency.org](http://www.transparency.org).

The guide covers issues such as political contributions, sponsorships and gifts, and suggests principles for company training, communication, internal controls and monitoring. An excellent practice is to prohibit, explicitly and from the beginning, the paying of bribes; this could be included in the company's written export objectives. The company's sales force and agents abroad will thus know that they will be backed up by their home office.

Establishing such a program, and making sure that everyone in the company understands it and follows it, will help establish strict standards of behaviour for the company. Coupled with due diligence, alertness and a disciplined sales force, this will go a long way toward protecting any firm from the potentially disastrous consequences of bribery and corruption.