

**Long WORKSHOP REPORT FORM**

**Number and title of workshop:**

**Workshop 4.5: “Trust but Verify: Encouraging and Monitoring Corporate Marketing and Supply Chains.”**

*(Stream: Strengthening Global Action for an Accountable Corporate World”)*

**Coordinators:**

**Alexandra Wrage, TRACE**

**Date and time:**

**17:30-19:30. 11 November 2010**

**Moderator:**

**Alexandra Wrage, TRACE**

**Rapporteur:**

**Devin Murphy, TRACE**

**Panellists (Name, institution, title)**

- **Heidi Cristin Olsen, Compliance, Statoil ASA, Norway**  
*(Legal Counsel)*
- **Kelly Austin, Gibson, Dunn & Crutcher LLP, Hong Kong**  
*(Partner)*
- **Pascale Helene Dubois, World Bank Office of Evaluation and Suspension**  
*(Sanctions Evaluation and Suspension Officer)*

**Summary**

“Trust but Verify: Encouraging and Monitoring Corporate Marketing and Supply Chains,” focused on the newest challenges facing multinational companies in the ever evolving world of anti-bribery compliance, particularly in regards to working with marketing and supply chains.

Moderated by Alexandra Wrage, President of TRACE, a non-profit business association, which provides cost-effective anti-bribery solutions, the workshop addressed both the challenges and best practices for companies seeking greater transparency when working with marketing and supply chains. Most well-run multinational organizations already have established compliance programs that ensure all parties they work with share their level of ethics, not only to minimize legal and financial risks, but also to avoid reputational damage. The vast majority of these compliance programs, however, primarily focus only on traditional third parties, including agents, consultants, etc. As companies continue to beef up their

compliance programs and seek greater transparency in the entities they work with, more anti-bribery efforts are being placed on less traditional third-parties, like vendors, suppliers and marketers, who traditionally have been looked at as less risky. Since these efforts are mostly voluntary and not legally required in many countries at this time, many corporations are faced with the challenge of establishing the best compliance protocol when working with these entities and ensuring they adhere to the company's set code of ethics.

The panel, which included a diverse group of representatives from both the private and public sectors, discussed these challenges and were all able to give their unique perspectives in this quickly evolving field.

## Summary of presentations

The first panellist, Heidi Christin Olsen, Legal Counsel of Compliance at the energy company Statoil ASA in Norway, provided the perspective of a multinational company currently seeking to ensure the highest level of ethics of each third party with which it does business, including marketing and supply chains. Ensuring transparency with these entities, Olsen stresses, not only lowers overall risk, but will protect the reputation of the company and attract younger customers who are increasingly more drawn to highly ethical businesses. While maintaining these high standards is Statoil's top priority—above schedules and even profits—Olsen acknowledged the difficulty in ensuring that all suppliers uphold these transparent expectations. Therefore, Olsen emphasized that it is crucial for suppliers to be aware of Statoil's ethics. This responsibility is not only limited to training each third party and having them sign a code of conduct, but really involves incorporating them in the process and having open dialogue. Involving them not only will minimize risks, but also will allow Statoil ASA to better understand each individual company's background and the issues they may face in the area they do business.

The second panellist, Kelly Austin, was able to give her opinions on the workshop's topic from both the perspective of a large multinational company, as she was the Head of Litigation and Compliance for GE in Asia for many years, as well as the perspective of a private law firm, as a Partner at Gibson, Dunn & Crutcher LLP in Hong Kong, her current employer. Austin explained that since GE was involved in corruption allegations in the early 1990s, they have since been leaders in the anti-corruption movement. Because supply chains are essential to the success of GE, particularly on the industry side of the company (think appliances), ensuring suppliers comply with anti-bribery laws is a top priority. Austin discussed the ongoing obstacles GE faces when working with suppliers in terms of compliance, but emphasized much of the success GE has achieved in this area is due to the fact that their code of ethics and guidelines for working with these sellers have evolved over the years. Just as the anti-bribery compliance movement is also evolving and beginning to place more emphasis on less-traditional intermediaries, like suppliers, GE too is beginning to focus on these entities as well.

Now working in private practice, Austin commented on how non traditional third parties (i.e. suppliers) are often the source of bribery and wrongdoing, since they have not always been the target of anti-corruption laws like the FCPA. As the anti-bribery movement progresses and more companies place more emphasis on ensuring transparency with suppliers, misconduct and wrongdoing will continue to decrease.

The third and final panellist, Pascale Helene Dubois, serves as the Sanctions Evaluation and Suspension Officer at the World Bank. In this role, Dubois was able to give yet another viewpoint on the workshop's topic; the World Bank, an international public organization, provides loans to developing nations for development purposes. In order to enhance the effectiveness of its efforts, both anti-corruption prevention and enforcement are key factors in the World Bank's fight against corruption. Suppliers are key players in the successful completion of the projects it finances, a greater focus is now being placed on these supply chains. The World Bank's new 'Integrity Compliance Guidelines' will include a provision which states each party receiving funds should encourage all companies they work with to adopt an equivalent commitment to prevent, detect, investigate and remediate misconduct. This provision, which primarily refers to third parties and suppliers, will help to avoid fraudulent projects and possible disbarment. While it is impossible to avoid misconduct altogether, if companies require their third parties adopt a code of ethics, they will often reduce major risk and eventual disbarment. Since 1999, over 400 firms and individuals have been disbarred by the World Bank, a trend which Dubois hopes will be unnecessary in the future as more companies place more emphasis on anti-bribery efforts.

## Main Outputs



Through a lively discussion with audience members, Olsen and Austin acknowledged the difficulties they have faced in their respective fields to ensure these non-traditional third parties comply with the code of ethics their companies have already successfully established. Since each multinational is often far removed from primary contacts when establishing contracts, it is sometimes a nearly impossible task to know that all players are effectively complying. The panellists agreed, however, that they are optimistic about the future—the process is evolving and the anti-corruption movement is continuing to pick up speed—not only with the public, but in the business world as well. While many marketing and supply chains, particularly smaller ones, may be concerned with the administrative “burden” of complying in the short run, they do share the ultimate goal of being free of corruption—and that is a big step forward from five years ago.

## Highlights

Olsen, who provided the last words of the presentation, told the audience that one of her company’s suppliers recently avoided providing inappropriate gifts to customs agents in a part of the world notorious for this demand simply because Statoil gave them the necessary tools. While it doesn’t solve everything, Olsen stated “we have to focus on the little victories as we move forward”—a feeling with which each of the panellists shared.

## Signed and date submitted

Devin Murphy (23 November 2010)