

SHORT WORKSHOP REPORT FORM

Number and title of workshop:

WS 4.5 Trust but Verify: Encouraging and Monitoring Corporate Marketing and Supply Chains (*Stream: Strengthening Global Action for an Accountable Corporate World*)

Coordinator:

Alexandra Wrage, TRACE

Date and time of workshop:

17:30-19:30 11 November 2010

Moderator:

Alexandra Wrage, TRACE

Rapporteur:

Devin Murphy, TRACE

Panellists:

- **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)

Main Issues Covered /Workshop Highlights

“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. While broad efforts with respect to supply chains may not currently be legally required in many countries, most companies have already established compliance programs that ensure all parties they work with share their level of ethics, not only to minimize risks, but also to avoid reputational damage. The panel included a diverse group which included representatives from both the private and public sectors.

Summaries of Panellist 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. While maintaining high ethical standards is Statoil's top priority—above schedules and even profits—Olsen acknowledged the difficulty in ensuring that all suppliers upholds her company's transparent expectations. Therefore, Olsen emphasized that it is crucial for suppliers to be aware of Statoil's ethics. This responsibility is not limited to training the third party and having them sign a code of conduct, but really involves incorporating them in the process and having open dialogue to not only avoid risks, but also 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 priority. While Austin admits the obstacles GE faces working with suppliers in terms of compliance, she emphasizes much of the success GE has achieved in this area is due to the fact that their code of ethics and guidelines to working with these sellers have evolved over the years, just as the anti-corruption movement has rapidly evolved in recent years as well.

Now working in a private practice, Austin commented on how non traditional third parties (i.e. suppliers) are actually sometimes the source of bribery and wrongdoing, since they have not been the target of anti-corruption laws like the FCPA.

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, as the World Bank, an international organization that provides loans to developing nations for development purposes, is increasingly focused on supply chains—crucial players in the successful completion of the projects it finances. In order to enhance the effectiveness of its development efforts, both anti-corruption prevention and enforcement are key factors in the World Bank's fight against corruption; since 1999, over 400 firms and individuals have been disbarred.

Conclusions/Recommendations

Through a lively discussion with audience members, Olsen and Austin acknowledged the difficulties they face 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 “burden” of complying in the short run (think lots of paper

work), they do share the ultimate goal of being free of corruption—and that is a big step even from five years ago.

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 agreed.