

1976

G7

FOUNDED TO DISCUSS
WORLD ISSUES,
INCLUDING
ANTI-CORRUPTION

1977 US: FOREIGN CORRUPT PRACTICES ACT (FCPA)

SPECIAL REPORT: THE EVOLUTION OF THE GLOBAL ANTI-CORRUPTION MOVEMENT

(US\$800M)

- LARGEST FCPA
SETTLEMENT
IN HISTORY

UK BRIBERY ACT

GLOBAL: PANAMA PAPERS LEAK

ISO 37001

A TIMELINE

FIRST INTERNATIONAL ANTI-BRIBERY MANAGEMENT SYSTEMS STANDARD

(£497.25M)

RECORD BRIBERY
SETTLEMENT
WITH UK SERIOUS FRAUD OFFICE

2017

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INTRODUCTION

We are on the brink of something truly exciting. While the fight against corruption has persisted for decades, it is in recent years that momentum in anti-corruption efforts has gained steam and increased visibility. The world is demanding for an ethical and transparent global marketplace – and today's anti-corruption fight has entered into an era marked by growing market and regulatory expectations intolerant of corruption.

Revolutionising public discourse on corruption, today's technology age has fuelled a growing collective voice that calls for increasing transparency. 2016 proved to have been a year of awakening for many corporates, with businesses across the world finding they are being held to increasing expectations of ethical conduct; as the corrupt continue to find themselves thrust into the spotlight. Mere allegations of misconduct within an organisation's supply chain can now be enough to influence public opinion and attract regulatory attention. For organisations looking to expand business operations in today's global economy, they inadvertently find themselves wedged in increasingly complex business networks. Risk exposure and accountability are undeniably at an all-time high.

From the enactment of the Foreign Corrupt Practices Act (FCPA) in 1977 marking a milestone in the illegality of corruption, to new and increasing domestic anti-corruption efforts in almost every part of the world today, where is the global anti-corruption movement headed?

While not exhaustive, this special report features a **timeline (pages 12 to 21)** of key defining moments across 40 years of anti-corruption developments since the FCPA and also outlines key trends and future driving forces shaping a world that is increasingly intolerant to corruption. Particularly for those tasked to safeguard their organisation's compliance and legal obligations, and consequently their reputation and bottom line, understanding the evolving anti-corruption landscape has never been this critical. The time is now for organisations to ensure their compliance efforts are effectively keeping pace with today's landscape.

TREND 1: GLOBALISATION OF ANTI-CORRUPTION EFFORTS

Eliminating corruption is a national priority for many, if not most, countries today. As countries across the world look to battle the scourge of corruption that permeates so many levels of society and business, anti-corruption activity is expected to continue globalising throughout all corners of the globe. From greater cooperation among law and enforcement authorities in anti-corruption activities and investigations, to heightened regulatory and market expectations in almost every location, countries are increasingly working in tandem to advance the anti-corruption agenda. As our [timeline on pages 12 to 21](#) indicates, anti-corruption efforts are progressively globalising over the decades – and the anti-corruption movement has evolved into a global imperative.

GROWING CROSS-BORDER COOPERATION

A key trend witnessed is ramped up cooperation as countries unite in a concerted and coordinated effort to address corruption at local, regional and global levels. One of the most notable events driving cross-border cooperation in recent history was the Inaugural Anti-Corruption Summit hosted by Britain in 2016, a landmark event in the history of anti-corruption. As part of a global drive to expose, punish and drive out corruption, the summit saw 43 countries from across the world come together, announcing the [first ever global declaration against corruption](#). Representing leaders' shared ambitions to tackle corruption, the declaration culminated in [600 country-specific Summit commitments being made](#). [View the Summit in the timeline on page 18](#).

MILESTONES FROM THE SUMMIT INCLUDED:

The UK has taken the lead in establishing a new public register of beneficial ownership information from June 2016, the first register of its kind in the world. Any foreign company wanting to purchase UK property or bid for central government contracts is required to join the register, which is extended to include companies that already own property in the UK. The summit also saw countries including France and the Netherlands commit to launching similar registers, along with other countries indicating they would take the initial steps towards similar action.

11 new jurisdictions joined the group of 29 countries already committed to automatically sharing their beneficial ownership registers with each other. For the first time, this ground-breaking international deal allows police and law enforcers to access information on who really owns and controls companies incorporated in these jurisdictions.

The International Anti-Corruption Coordination Centre (IACCC) was announced at the Summit and will be established in London in 2017, to strengthen cross-border investigations aimed at pursuing the corrupt across borders. [View this in the timeline on page 21](#).

GLOBAL INVESTIGATIONS

Just in the last decade, some of the most prominent corruption cases in history have shown how investigations are going global. Some of the following landmark cases in recent years that have sparked global investigations demonstrate how investigations that arise in one country now often extend across borders and transcend even industry sectors.

Dubbed the world's biggest bribe scandal in 2016, the Unaoil bribery case sparked pursuit by global authorities, with joint global investigations by the Federal Bureau of Investigation (FBI), US Department of Justice (DOJ), UK National Crime Agency and the Australian Federal Police. Subsequently in July 2016, the UK Serious Fraud Office (SFO) followed suit announcing it was conducting a criminal investigation into the activities of Unaoil. Investigations into allegations surrounding the Unaoil scandal ensue with the world in anticipation of the next developments.

Closing off 2016 the now infamous Petrobras bribery scandal set the world record for a multi-country corruption settlement. This landmark corruption case kicked off with 'Operation Car Wash' in 2014, one of Brazil's largest corruption investigations also pursued by the US and Swiss authorities. After a close to three-year investigation, the US DOJ said in December 2016 that Odebrecht SA and its affiliate, Braskem SA will pay a record penalty amounting to at least \$3.5 billion, including \$2.6 billion from Odebrecht and \$957 million from Braskem. A US court sentencing in April 2017 ruled that Odebrecht will pay \$2.6 billion in fines, of which an estimated \$93 million will go to the United States, \$2.39 billion to Brazil and \$116 million to Switzerland. February 2017 also saw continued probes into the widespread Odebrecht bribery scandal when officials from 11 countries (Argentina, Brazil, Chile, Colombia, the Dominican Republic, Ecuador, Mexico, Panama, Peru, Portugal, and Venezuela) agreed to carry out a joint investigation. This was marked by the signing of the Brasilia Declaration for International Judiciary Cooperation against Corruption, stating that the 11 countries commit to the "broadest, fastest and most efficient" cooperation to investigate bribes by Odebrecht to numerous officials.

With 2017 now well underway, Q1 also saw Rolls-Royce continuing to make headlines in the media. The scandal first gained prominence in December 2013 when the UK SFO launched investigations into Rolls-Royce over bribery allegations in Indonesia and China. The next wave of investigations followed in March 2014 by the US DOJ, with revelations continuing to emerge in the years after. In May 2016, the SFO probe expanded to investigate alleged bribes in Nigeria and shortly after in July 2016, German prosecutors led bribery investigations into Rolls-Royce sales across 7 countries in Asia. In November 2016, new documents revealed that the UK SFO inquiry into Rolls-Royce was expanded earlier in 2016 over suspicions the company was involved in bribery in Iraq. The case reached a major development in January 2017 when it was announced that Rolls-Royce reached bribery settlements with UK, US & Brazil authorities for US\$809 million. Bribery allegations continue to surface into 2017 with probes announced in Thailand and Indonesia, by Thai Airways and Indonesia's Corruption Eradication Commission.

The above are only a few of many cases signalling the globalising face of investigations amid increasing cooperation, where organisations facing allegations of corruption can find themselves the subject of parallel investigations that extend beyond the realms of the home and host country in which the corrupt act may have been committed.

View the above cases in the timeline:

Unaoil: Page 18, 19

Petrobras: Page 17, 20, 21

Rolls-Royce: Page 16, 17, 19, 21

THE FIRST INTERNATIONAL ANTI-BRIBERY MANAGEMENT SYSTEMS STANDARD - ISO 37001

Among notable anti-corruption milestones in 2016 was the launch of ISO 37001, the world's first anti-bribery management systems standard designed to assist firms in combating bribery. Aimed at helping organisations across public and private sectors establish, implement, maintain and improve their anti-bribery compliance program, this ISO-certifiable standard covers a [series of measures](#) an organisation must implement in order to be certified.

While compliance to the standard is optional, organisations can benchmark their programs against globally recognised anti-bribery good practice while also demonstrating to regulators that appropriate measures have been undertaken to prevent bribery. As authorities continue to pursue the corrupt, the introduction of the standard signals only the start of climbing expectations of corporates and public actors when it comes to anti-corruption compliance and corporate transparency; further underscoring the importance of taking a proactive, disciplined and consistent approach to assessing and managing corruption risk, and documenting compliance efforts – an expectation weighing heavily as the need to document and report on compliance efforts intensifies across the globe.

April 2017 saw two countries adopting ISO 37001, beginning with [Peru which became the first Latin American country to formally adopt ISO 37001 on 4 April 2017](#). Shortly after, [Singapore adopted the Singapore Standard ISO 37001 \(SS ISO 37001\) on 12 April 2017](#).

[View ISO 37001 in the timeline on page 19.](#)

INTERNATIONAL ANTI-CORRUPTION CONVENTIONS

As anti-corruption efforts globalise, more countries including BRIC nations (Brazil, Russia, India & China) are accepting international anti-corruption conventions and moving towards adopting these norms into domestic law. An increasing number of signatory states to these conventions demonstrate strengthened domestic action and international cooperation in today's global anti-corruption movement. Here is the status of adoption of key international anti-corruption conventions today:

OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions: [Ratified by 41 countries \(as of 21 May 2014\)](#).

United Nations Convention Against Corruption (UNCAC): [140 signatories and 181 parties \(as of 12 December 2016\)](#)

DID YOU KNOW?

Commonalities in anti-bribery guidance include:

Commonalities	ISO 37001 - Anti-Bribery Management Systems	OECD Good Practice Guidance on Internal Controls, Ethics and Compliance <i>(Based on OECD Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions)</i>	UNCAC 'An Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide'
Regular bribery risk assessments	✓ With regular reviews of risk assessments	✓	✓
Documented risk-based due diligence	✓ On projects and business associates	✓ On the hiring, as well as appropriate and regular oversight of business partners	✓ On the selection and monitoring of business relationships
Clear, visible and accessible anti-bribery policy	✓	✓	✓
Anti-bribery training	✓	✓	✓
	LEARN MORE at ethixbase.com/iso37001	CONTACT US at questions@ethixbase.com	



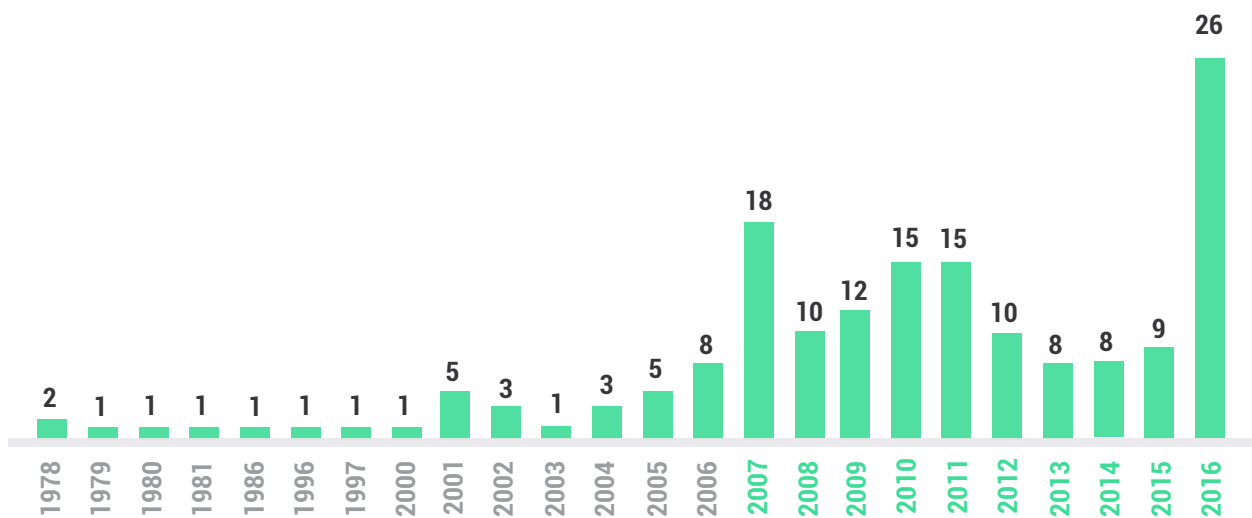
We will continue to see intensive international cooperation, including data sharing among regulators, tightening of policies and standards, and increasing penalties. I see no reason to believe there will be turning back in that regard, whether in relation to corruption, terrorist financing, money laundering, insider dealing, sanctions, or the like. ”

ALAN EWINS
Special Counsel - Asia, Allen & Overy &
Ethical Alliance Advisory Council Member

TREND 2: INTENSIFYING ANTI-CORRUPTION EFFORTS

Intensifying anti-corruption efforts at international, regional, and national levels mark another key trend shaping the global movement. Rigorous clampdown by authorities on misconduct has resulted in escalating prosecution and enforcement activity especially in the last decade. The increasing volume and value of fines meted out to companies and individuals who engage in misconduct in the last decade has also resulted in some of the biggest bribery settlements in history since 2008. At the same time, individual countries are revisiting, tightening and updating their anti-corruption legislation – all pointing to an increasing resolve to stamp out corruption.



FCPA ENFORCEMENT CASES HAVE SEEN AN UPWARD SPIKE IN THE LAST DECADE



U.S. SECURITIES AND EXCHANGE COMMISSION ENFORCEMENT ACTIONS: FCPA CASES


THE TOP 10 BIGGEST FCPA SETTLEMENTS

IN HISTORY BEGIN FROM 2008
(as of April 2017)

<p>01 SIEMENS AG</p>  <p>VENEZUELA, CHINA, ISRAEL, BANGLADESH, NIGERIA, ARGENTINA, RUSSIA, VIETNAM, MEXICO, IRAQ Manufacturing, Telecommunications, Healthcare, Energy</p>	<p>2008</p> <p>\$800M</p>
<p>02 ALSTOM</p>  <p>INDONESIA, SAUDI ARABIA, EGYPT, THE BAHAMAS Transportation, Energy</p>	<p>2014</p> <p>\$772M</p>

03 **2009**

KELLOGG BROWN & ROOT LLC (KBR) /HALLIBURTON



NIGERIA
Engineering, Construction

\$579M

04 **2016**

TEVA PHARMACEUTICAL INDUSTRIES



MEXICO, RUSSIA, UKRAINE
Healthcare

\$519M

05 **2016**

OCH-ZIFF CAPITAL MANAGEMENT GROUP



DEMOCRATIC REPUBLIC OF CONGO, LIBYA, CHAD, NIGER, GUINEA
Financial Services

\$412M

06 **2010**

BAE SYSTEMS




SAUDI ARABIA
Aerospace

\$400M

07 **2013**

TOTAL SA




IRAN
Oil & Gas

\$398.2M

08 **2016**


VIMPELCOM



UZBEKISTAN
Telecommunications

\$397.6M


09 ALCOA **2014**



BAHRAIN
Aluminum

\$384M


10 SNAMPROGETTI NETHERLANDS B.V / ENI S.P.A **2010**



NIGERIA
Oil & Gas

\$365M

* The above figures reflect amounts paid to US authorities to settle FCPA violation charges

 These are the **countries** in which the bribes allegedly occurred, as well as the **industry sectors** associated with each bribery case

TIGHTENING ANTI-CORRUPTION LAWS

At a domestic level, countries are doing more to step up anti-corruption enforcement by revamping anti-bribery and corruption laws, most of which include increased criminal liability. These include:

FRANCE



In November 2016, France adopted new anti-corruption legislation to enable companies to strike negotiated financial settlements with magistrates, in line with practice in the US and UK. Dubbed "Sapin 2", the bill will create a new anti-corruption agency (Agence Française Anticorruption (AFA)) and offer greater protection for whistleblowers, also allowing for Deferred Prosecution Agreements (DPAs).

View this in the timeline on page 20.

BRAZIL



The Clean Company Act 2014 is Brazil's first anti-corruption law to hold companies responsible for their employee's corrupt actions. In effect on the 29th of January 2014, the Act imposes strict liability on Brazilian and foreign companies with headquarters, branches or representation in Brazil, for domestic and foreign bribery. Fines can reach up to 20% of a company's gross annual revenue or, if turnover is hard to determine, 60 million Reais.

View this in the timeline on page 17.

SOUTH KOREA



South Korea's strictest-ever anti-graft law, also known as the Kim Young-ran Law, took effect on the 28th of September 2016. Aimed at rooting out corruption and irregularities existing in South Korean society, the law calls for workers in certain sectors to maintain higher ethical standards by refraining from receiving any gift priced beyond a legal ceiling. The ruling limited what people working for the government, media outlets and schools can accept, capped at 30,000 won (US \$27) for meals, 50,000 won (US \$45) for gifts and 100,000 won (US \$90) for congratulatory and condolence money. It is applied to around 4 million South Koreans working at 40,919 governmental and private organisations.

View this in the timeline on page 19.

CHINA



China's anti-corruption drive led by President Xi Jinping has seen crackdowns on a large number of "tigers" and "flies" (powerful leaders and lowly bureaucrats) since late 2012, in an anti-corruption campaign that continues to intensify. In January 2017, it was reported that **nearly 1.2 million people have been punished in China's ongoing anti-graft campaign.** As part of the campaign, the Central Commission for Discipline Inspection (CCDI) said **nearly 2,600 fugitives have been extradited or repatriated, and 8.6 billion yuan (US\$1.2 billion) worth of assets have been recovered.** Anti-corruption legislation was also revisited in China in 2016 **when China raised the corruption threshold for the death penalty from 100,000 yuan to 3 million yuan, updating standards enshrined in the Criminal Law around two decades ago.**

View this in the timeline on page 18.

UNITED KINGDOM



In January 2017, it was reported that Britain was considering introducing a tough U.S.-style anti-corruption regime for multinational companies and their senior executives by making them liable for failing to prevent the economic crimes of staff and agents.

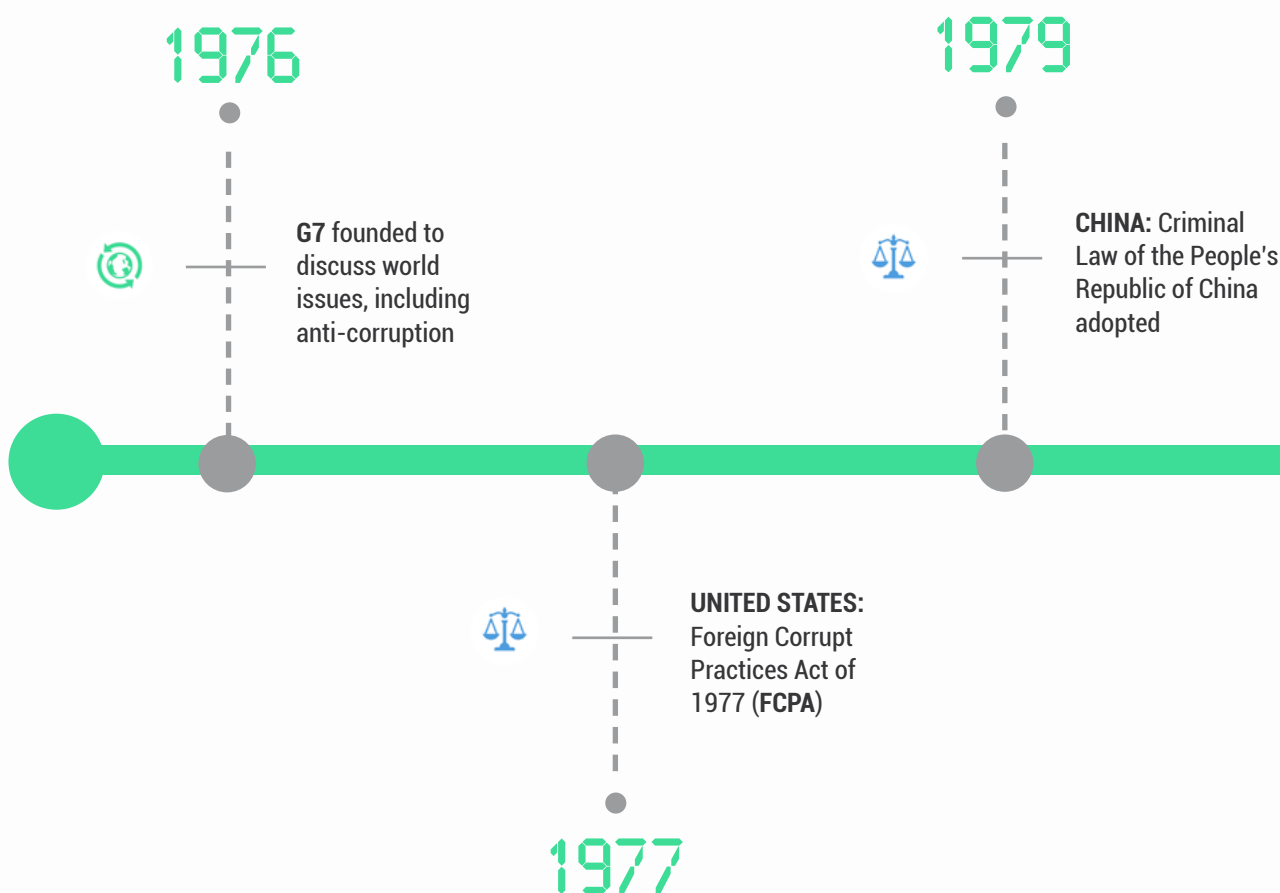
THE TIMELINE BEGINS

40

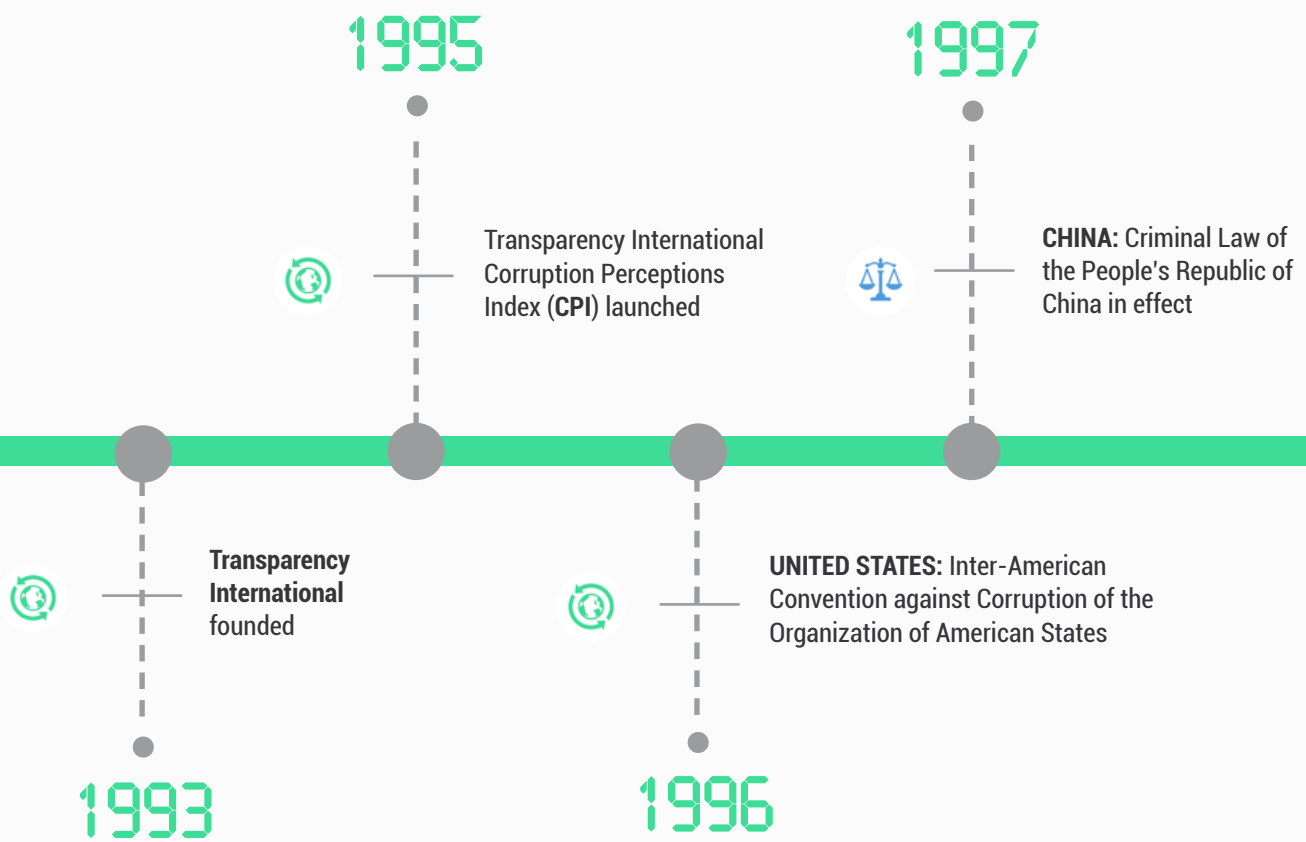
YEARS OF
ANTI-CORRUPTION
MILESTONES

While not exhaustive, take a look at our timeline of key anti-corruption developments from the last 40 years – events that have underpinned the continued evolution of the global anti-corruption movement. A movement that continues to globalise, intensify and expose.












ANTI-CORRUPTION TIMELINE



The birth of the FCPA marks a key beacon charting future course for the anti-corruption movement.



LEGEND:

	LANDMARK CORRUPTION CASE		ARREST		SETTLEMENT
	GLOBAL COOPERATION		CONVICTION		JAIL SENTENCE
	LAW		ENFORCEMENT/ PROSECUTION		DEATH SENTENCE
	INVESTIGATION		DPA/ NPA		

2003



AFRICA: African Union Convention on Preventing and Combating Corruption



EUROPE: Criminal Law Convention on Corruption of the Council of Europe (opening of treaty)



CANADA: Corruption of Foreign Public Officials Act (CFPOA)



OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions



G20 founded



EUROPE: Civil Law Convention on Corruption of the Council of Europe (opening of treaty)



INTERPOL Group of Experts on Corruption established

1999



United Nations Convention Against Corruption (**UNCAC**) entered into force

2005

2008



(US\$800m) - Siemens AG
Largest FCPA settlement in history. Headquartered in Germany, Siemens faced settlement charges for widespread bribery in 10 countries: Venezuela, China, Israel, Bangladesh, Nigeria, Argentina, Russia, Vietnam, Mexico & Iraq.

2010



(US \$400 million) BAE Systems - 6th largest FCPA settlement in history. Headquartered in the UK, BAE faced settlement charges for bribery in Saudi Arabia.



UNITED KINGDOM: Bribery Act 2010 received Royal Assent



(US \$365 million) ENI S.p.A / Snamprogetti Netherlands B.V. - 10th largest FCPA settlement in history. Headquartered in Italy, ENI S.p.A and its former Dutch subsidiary faced settlement charges following allegations of bribery in Nigeria.



(US \$579 million) - Kellogg Brown & Root LLC (KBR) / Halliburton - 3rd largest FCPA settlement in history. Headquartered in the US, KBR and Halliburton faced settlement charges following allegations of bribery in Nigeria.

2009

Anti-bribery enforcement actions escalate, with record FCPA settlements surfacing from 2008

Countries increasingly tighten anti-corruption laws, as authorities continue to close the net on the corrupt

2012



UNITED STATES: Zimmer Biomet entered into a 3-year DPA with the US DOJ to settle allegations of bribery in Argentina, Brazil & China



MEXICO: Shareholders sue Wal-Mart's current and former executives and board of directors for alleged bribery at Wal-Mart de Mexico



CHINA: Lai Changxing, former Chairman of Yuanhua Group sentenced to life imprisonment for smuggling and corruption



UNITED STATES:
First-ever conviction of a corporation under the FCPA - Lindsey Manufacturing Company



(US \$398.2 million)
Total SA - 7th largest FCPA settlement in history. Headquartered in France, Total SA faced settlement charges following allegations of bribery in Iran



UNITED KINGDOM:
Bribery Act 2010 entered into force



UNITED STATES: Individuals sentenced to jail for role in US\$30 Million bribery and kickback scheme - Ex-Army Corps officials Kerry Khan & Michael Alexander

2011



UNITED KINGDOM: First UK Bribery Act prosecution by the UK SFO - Sustainable Agroenergy Plc



CANADA: First CFPOA conviction of an individual - Nazir Karigar



ASIA: UK SFO launches investigation into Rolls-Royce for allegations of corruption in Indonesia & China

2013

2014



(US \$384 million) - Alcoa - 9th largest FCPA settlement in history. Headquartered in the US, Alcoa faced settlement charges following allegations of bribery in Bahrain



BRAZIL: Brazilian Clean Company Act in effect



ASIA: US DOJ launches investigation into Rolls-Royce for allegations of corruption in Indonesia, China & India



BRAZIL: "Operation Car Wash" – Petrobras bribery scandal emerged



(US \$55 million) - Bio-Rad Laboratories, Inc - Headquartered in the US, Bio-Rad Laboratories, Inc. faced settlement charges for FCPA violations following allegations of bribery in Russia, Vietnam & Thailand.



(US \$772 million) - Alstom - 2nd largest FCPA settlement in history. Headquartered in France, Alstom faced settlement charges following allegations of bribery in Indonesia, Saudi Arabia, Egypt & the Bahamas.



GLOBAL: FIFA corruption scandal - 7 FIFA officials arrested in May 2015



CHINA: One of China's most powerful men, ex-security chief Zhou Yongkang was sentenced to life imprisonment for bribery



The 193-Member United Nations General Assembly formally adopted 2030 Agenda for Sustainable Development



CHINA: 9th Amendment to the Criminal Law of the People's Republic of China in effect



UNITED STATES: New SEC policy requirement for companies to self-report FCPA violations for **DPA/NPA** Resolutions in **FCPA** cases



UNITED KINGDOM: First ever **DPA** in the UK - ICBC Standard Bank Plc

2015

Landmark year of anti-corruption milestones, as some of the largest corruption cases in history unfold

2016



(US \$397.6 million) - Vimpelcom - 8th largest FCPA settlement in history. Headquartered in the Netherlands, Vimpelcom faced settlement charges following allegations of bribery in Uzbekistan.



IRAN: Iran billionaire Babak Zanjani sentenced to death for corruption



BRAZIL: Marcelo Odebrecht, former head of one of Brazil's largest industrial conglomerates sentenced to over 19 years in prison



GLOBAL: Unaoil bribery scandal (Investigations ongoing)



GLOBAL: Panama Papers Leak (Investigations ongoing)



UNITED STATES: US DOJ launched a **1-year FCPA pilot program** to encourage companies to self-report FCPA-related misconduct



CHINA: China revises prosecution and punishment guidelines for graft cases, including an increased threshold for the death penalty for corruption



CAMEROON: Former Cameroon airlines boss jailed for life for \$56m graft case



GLOBAL: Inaugural Anti-Corruption Summit in London



SOUTH KOREA: Lotte Group Corruption Scandal - Lotte Group shelved what may have been a US\$4.5 billion initial public offering, the world's biggest in 2016



UNITED STATES: **Zimmer Biomet** breached **DPA** reached in 2012, and could face criminal prosecution



UNITED STATES: First **NPA** case following launch of pilot program where the US DOJ acknowledges it will not prosecute US companies who self-report corruption: **Akamai Technologies Inc & Nortek Inc**

2016 CONT'D

2016 CONT'D



SWEDEN: Ericsson meets with investors to address corruption concerns, amid allegations of bribery in Greece, Romania & China



SOUTH KOREA: Lotte Group Heiress arrested amid bribery probe



GLOBAL: UK SFO announces criminal investigation into the activities of Unaoil



ASIA: Expanding bribery investigations by German prosecutors into Rolls Royce sales across 7 Asian countries



DENMARK: First country in the world to buy data from the Panama Papers leak for investigations into tax dodgers



GLOBAL: FIFA opens corruption case against former FIFA president Sepp Blatter and his lieutenants



MEXICO: Wal-Mart to face U.S. class action lawsuit for alleged bribery in Mexico



EUROPE: European parliament opened its 10-month inquiry into the Panama Papers scandal



SOUTH KOREA: Kim Young-ran Law (new anti-graft law) in effect



(US \$412 MILLION) - Och-Ziff Capital Management Group - 5th largest FCPA settlement in history. Headquartered in the US, Och-Ziff faced settlement charges following allegations of bribery in the Democratic Republic of Congo, Libya, Chad, Niger & Guinea



UNITED KINGDOM: Criminal Finances Bill proposed to tackle money laundering and corruption (entry into force expected earliest spring 2017)



GLOBAL: ISO 37001 - First international anti-bribery management systems standard launched

2016 CONT'D

The anti-corruption movement continues to globalise, intensify and punish the corrupt

2016 CONT'D



SOUTH KOREA: Lotte Group Chairman Shin Dong-bin and relatives indicted in corruption case



SINGAPORE: Trial of ex-BSI banker kicks off in Singapore, first in international 1MDB probe



FRANCE: Adoption of new anti-corruption legislation "**Sapin 2**", to enable companies to strike negotiated financial settlements with magistrates, in line with practice in the US and UK



SINGAPORE: Establishment of Corruption Reporting Centre



EUROPEAN UNION: EU Non-Financial Reporting Directive requirement for member states to transpose this into national legislation by 6 December 2016



UNITED STATES: US seizure of about \$1 billion in assets allegedly acquired with funds siphoned from 1Malaysia Development Bhd. to move ahead



(AT LEAST US \$3.5 BILLION) - Odebrecht SA & Braskem SA agreed to international settlement charges relating to the Petrobras bribery case, setting a record for a multi-country corruption settlement



(US \$519 MILLION) - Teva Pharmaceutical Industries - 4th largest FCPA settlement in history. Headquartered in Israel, Teva faced settlement charges following allegations of bribery in Mexico, Russia & Ukraine.

Q1 2017 & UPCOMING



Singapore: Singapore prosecutors charge 5th person in 1MDB probe



(US\$30.5 MILLION) – **Zimmer Biomet** agreed to a settlement to resolve a U.S. foreign bribery investigation on misconduct related to its business in Mexico & Brazil



(US\$809 MILLION) – **Rolls-Royce** reached settlements with UK, US & Brazil authorities relating to bribery. The UK part of the settlement was the biggest to-date for the UK SFO at almost US\$600 million



(US\$7.2 BILLION) – **Deutsche Bank** reached a final settlement with the US DOJ over its handling of mortgage-backed securities before 2008, admitting to misleading investors



ASIA: Thai Airways and Indonesia's Corruption Eradication Commission announce probes into alleged bribery by Rolls-Royce



UNITED STATES: Wal-Mart won the dismissal of a U.S. lawsuit accusing Wal-Mart of defrauding shareholders in its Wal-Mart de Mexico unit by concealing its suspected bribery of public officials in Mexico



GLOBAL: Establishment of the International Anti-Corruption Coordination Centre (IACCC) in London, to pursue the corrupt across borders



(US\$2.6 BILLION) – A US court sentencing ruled that **Odebrecht** will pay \$2.6 billion in fines to resolve charges with US, Brazilian & Swiss authorities in record multi-country settlement relating to the Petrobras bribery case (April 2017)



FIFA bribery trial to begin, involving 7 former soccer officials & 1 former marketing executive (November 2017)

This timeline of anti-corruption milestones has been designed to reflect some of the most significant anti-corruption developments globally, and is not exhaustive.

TREND 3:

PUBLIC AWARENESS & TRANSPARENCY

Corruption has long posed a global threat to society and businesses, leading to injustice, misdistribution of resources, economic decay and social unrest. Unsurprisingly, the outcomes and immeasurable costs associated with corruption have over the years attracted increasing attention and fuelled a growing collective voice that continues to call out corruption and demand business transparency.

Amid increasing public attention to the problem and pervasiveness of corruption, media reports on anti-corruption demonstrations by the public across South America, Asia and other regions continue to make headlines with some regularity. A growing number of corruption cases have also made headlines over the years, which clearly demonstrate how large numbers of corporates and individuals can be implicated. The Unaoil bribery scandal (**in the timeline on page 18**) is just one of many recent cases that continue to reinforce the importance of knowing who you do business with throughout your supply chains. With no organisation or individual immune to punishment for corruption, ignorance of misconduct within an organisation's supply chain can no longer serve as an excuse, nor a defence.

Stakeholder accountability has also hit an unprecedented high in recent years as investors, media and the public demand increasing corporate transparency. In the case of Wal-Mart, shareholders sued Wal-Mart and its board of directors in 2012 for defrauding shareholders by concealing suspected bribery at its Mexico subsidiary. **While Wal-Mart eventually won the dismissal of one lawsuit against Wal-Mex's former Chairman Ernesto Vega and Chief Executive Scot Rank in February 2017**, this case signals an emerging dimension of stakeholder accountability, where a company can face repercussions of hurt investor confidence and risk being taken to task by investors for alleged or actual misconduct. With a massive amount of data on companies now at the disposal of investors, the investor today has become more saavy and equipped to make smarter investment decisions. As investors look to minimise the risk of investing in the 'wrong' company, evaluating a potential investment opportunity means that criteria surrounding a company's conduct and reputation are increasingly considered when deciding whether to start, continue or terminate the investment.

View developments in the Wal-Mart case in the timeline on pages 16 & 21.

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DID YOU KNOW?

The US SIF Foundation's 2016 **Report on Sustainable and Responsible Investing Trends** in the United States identified at least \$8.72 trillion in total assets under professional management in the United States. As Environmental, Social And Governance (ESG) factors continue to be considered in investment decisions, governance factors such as bribery and corruption risk cannot be ignored – which can negatively impact a company's reputation and impact valuation.

NO ORGANISATION IS UNTOUCHABLE

A key milestone in 2015 marked a significant change in the world of enforcement, with the Fédération Internationale de Football Association (FIFA) case (in the timeline on page 17) shining the light on corruption in sport – catapulting the issue of corruption to the forefront of the international social consciousness. The fact that authorities chose to act against FIFA is significant – particularly as the organisation has operated with impunity since its inception in 1904 and has rarely been challenged by an external authority.

An ample number of cases in 2016 continued to reinforce the notion that no organisation is immune from scrutiny, especially in an era where ethical conduct and corporate transparency are increasingly expected of organisations. Just in a span of one week, the world saw two of the largest scandals in history unfold. Implicating a complex web of organisations and individuals from around the globe, the Unaoil bribery scandal and Panama Papers leak (in the timeline on page 18) set off investigations of unparalleled magnitude and reach, and continues today with the end seemingly nowhere in sight.

DID YOU KNOW?

Is your organisation conducting regular risk assessments of your third parties? Here is a checklist of criteria to consider for third party risk assessment:

- Country risk
- Public profile
- Significance to supply chain
- Industry/sector risk
- Level of transparency
- Results of baseline screening

The **ethiXbase Predictive Risk Indicator (PRI)** has shown that on average, **10% of an organisation's third parties pose moderate to high risk.**

To learn more, please contact questions@ethixbase.com.

NO INDIVIDUAL IS IMMUNE

Going back to a landmark case in 2013 involving ex-army corps officials Kerry Khan and Michael Alexander, we saw how individuals can also be prosecuted for acts of bribery. In what some have deemed to be the largest bribery and bid-rigging scheme in federal contracting history, **Khan was sentenced to 19 years and 7 months in prison and ordered to pay US \$32.5 million in restitution. Alexander faced a sentence of 6 years in prison.**

More recently in Asia, Iranian billionaire Babak Zanjani made global news in 2016 when he was **sentenced to death for embezzlement and “spreading corruption on earth”** (in the timeline on page 18) – only one of many cases in the past 40 years that seek to punish individuals for corruption.

In many jurisdictions, prosecutors are also increasingly seeking to bring criminal cases against individual company executives – serving as a reminder that individuals are increasingly held accountable for misconduct and are not immune to punishment. In the US, the DOJ has made the prosecution of individual FCPA cases an enforcement priority; while working to correct the perception that crooked executives can escape consequences for their corrupt actions and hide behind corporate structures while punishing the companies that employed them. Furthermore, **in many jurisdictions criminal charges can be brought against the directors of companies as a result of an employee's corrupt conduct, even when the director has not personally engaged in any wrongdoing and was entirely unaware of it.**



Criminal and civil corporate investigations should focus on individuals from the inception of the investigation.

**Former U.S. Deputy Attorney General
Sally Quillian Yates**

CONCLUSION

As anti-corruption efforts continue to globalise, intensify and attract greater public awareness, a seismic shift in the market's view of corruption has taken place. No longer is corruption accepted as a necessary evil and part and parcel of conducting business in certain regions or industries. Regulators, the market and investors are becoming increasingly less tolerant – heralding an era that punishes misconduct, and is increasingly leaving no 'corrupt' stone unturned. With the spotlight on corruption not wavering, exposing and picking apart complex webs of dishonesty and exploitation seem to be the new normal; while the corrupt continue to find themselves in the spotlight and examined by an increasingly level playing field.

Today's global anti-corruption movement has set the stage for a future defined by unprecedented expectations of ethical conduct and transparency. As a result, business communities have never been more challenged by the risk of corruption in their supply chains and preparation has never been this critical to fend off today's climbing wave of prosecutions. More than ever, organisations need to up the ante when it comes to anti-corruption compliance, and to take serious caution against landing in the cross hairs of allegations of corruption in their supply chains – the time is now for organisations to know who they are doing business with.

ETHIXBASE LAUNCHES GAME-CHANGING ANTI-CORRUPTION PLATFORM IN NOVEMBER 2016

**ETHIXBASE 2.0 ZERO COST INSTANT DUE DILIGENCE.
100% THIRD PARTY COMPLIANCE.**

As regulatory and enforcement pressure on organisations ramps up, taking steps to manage **100%** of third party relationships is crucial for effective anti-corruption compliance.

Historically the cost and complexity of due diligence had prohibited many organisations from adopting **100%** third party due diligence. This is now possible with the launch of **ethiXbase 2.0**, the first free to access third party due diligence platform for **100%** of an organisation's third parties.

From free platform access with unlimited Instant Due Diligence reports to industry leading escalation workflows for third parties in need of further review or analyst investigation, **ethiXbase 2.0** provides a singular repository for a consistent and risk-based approach to third party compliance – allowing organisations to drastically reduce overall due diligence costs while providing assurance that **100%** of third parties are being monitored and managed. **Achieving 100% third party due diligence for anti-corruption compliance – it does not have to be daunting or expensive.**

**GET STARTED WITH 100%
THIRD PARTY COMPLIANCE**

Sign up for free access at WWW.ETHIXBASE.COM/2-0 to conduct instant and ongoing due diligence on every third party in your business network.

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**TRANSPARENCY
INTERNATIONAL
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1995

1997

CHINA: CRIMINAL LAW OF THE PEOPLE'S REPUBLIC OF CHINA IN EFFECT

ABOUT ETHIXBASE

ethiXbase assists organisations, no matter their size or budget, to shield themselves from allegations of bribery or corruption in their third party network through cost-effective due diligence, ongoing monitoring and ethics and compliance education.

To learn more please visit
www.ethiXbase.com/2-0

OECD CONVENTION

ON COMBATING BRIBERY OF FOREIGN
PUBLIC OFFICIALS IN INTERNATIONAL
BUSINESS TRANSACTIONS

UNITED NATIONS CONVENTION AGAINST
CORRUPTION (UNCAC) ENTERED INTO FORCE

2011

US: FIRST-EVER CONVICTION OF A CORPORATION UNDER THE FCPA

2014

BRAZIL: BRAZILIAN CLEAN
COMPANY ACT IN EFFECT

BRAZIL: OPERATION CAR WASH

2016

INAUGURAL INTERNATIONAL
ANTI-CORRUPTION SUMMIT
IN LONDON

SOUTH KOREA: ANTI-GRAFT KIM YOUNG-RAN LAW
IN EFFECT