Collective Action: Going Further Together to Counter Corruption

Portable Due Diligence: TRACE Collective Action Tools

Virna Di Palma
Senior Director, Global Strategy & Communications
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Collective Action as a Tool to Fight Corruption

• Collaborative and sustained effort whereby businesses and their partners jointly tackle corruption risks resulting in a greater impact at a lower cost.
Three Categories of Collective Action

• An anti-corruption declaration;
• A standard setting or principles based initiative, which can also include a certification model to monitor and audit adherence to an agreement not to bribe;
• An Integrity Pact.
Certification Model

• TRACE Collective Action Tools for MNCs & SMEs:

“a standard setting or principles based initiative, which can also include a certification model to monitor and audit adherence to an agreement not to bribe”
What is Portable Due Diligence?

- “Portable” reporting represents an evolution in due diligence.
- Third parties complete due diligence process – to a high standard – one time per year at the entity’s expense.
- Monitors and certifies entities for transparent conduct.
- Achieves collective action goal of finding practical and standard-setting solutions.
Portable Due Diligence Solutions

Based on social media principles, this global online platform captures, assesses, and shares baseline due diligence information on organizations and individuals across complex supply chains and assigns a universal ID number (TRAC number) to all approved applicants.

A detailed review, analysis and approval process than enables candidates to own their verified due diligence reports. Candidates are required to complete a mandatory anti-bribery online training course and update their due diligence information annually.

Together TRAC and TRACEcertification provide companies and their business partners with a practical and comprehensive solution to supply chain compliance.
What is TRAC?

TRACE Registered Access Code

1-23-456-7891-12

• **Unique identifying number** for individuals, companies, partnerships, SMEs.

• Linked to **web profile** of key identifying documentation and information.

• Meets **basic due diligence**, know your customer, and screening standards.

• Entities searched against all relevant **government watchlists**.

• **Standardizes the information** gathered globally for vendors, suppliers and low risk intermediaries on a third-party platform.
TRACE Certification

Raising the Standard of Anti-Bribery Compliance Worldwide

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What is TRACEcertification?

- TRACEcertification is a detailed due diligence review designed for medium-to-high risk third party intermediaries.
- Includes a requirement to complete anti-bribery training.
- Candidates are required to update their due diligence information annually.
- A review that reaches completion results in the certification of the candidate by TRACE.
- Certified third parties own their verified due diligence reports and have the ability to share them with an unlimited number of global partners.
What does a TRACE certification Report Include?

- Red flags identified
- Comprehensive anti-bribery questionnaire
- Company literature collected and reviewed
- Business registrations
- Names and CVs for owners, directors, and key employees
- Contact information for three business references
- Financial reference
- A signed Anti-Bribery Code of Conduct
- Reputational screening
What Does it Mean to be TRACE Certified?

- Certification by TRACE signifies that the candidate has completed internationally accepted due diligence procedures and has been forthcoming and cooperative during the review process.

- The successful completion of TRACE certification demonstrates the candidate’s commitment to commercial transparency, allowing them to serve as a valued business partner to multinational companies.

TRACE certification is not a guarantee against past or potential wrongdoing by the certified entity or a guarantee against potential liability. A summary of any “red flags” identified during the TRACE certification review are included in the report, but not all red flags preclude TRACE certification. Companies doing business with the TRACE Certified entity should request a full copy of the underlying report.
Value of TRAC and TRACEcertification to Collective Action Efforts

• Developed from *internationally accepted* due diligence procedures that are:
  • Benchmarked across industries;
  • Robust but also practical;
  • In line with regulatory expectations.

• **Standard-setting** model that is already widely accepted by:
  • MNCs;
  • SMEs;
  • Third party suppliers.

• Efficient and *business friendly*:
  • Short turnaround time;
  • Cost-effective.
Support of Business & Professional Associations

• Industry and trade organizations can support SMEs in implementing anti-bribery compliance programs and due diligence procedures and provide a platform for SMEs to engage against corruption collectively.

• Collective action requires reaching out to industry peers, suppliers and other stakeholders via a neutral facilitator/platform to initiate joint efforts.

• Collective action is particularly effective in high-risk markets and industries.
TRACE Partnerships in Support of Collective Action

• **Makati Business Club:** *fosters and promotes the role of the business sector in national development efforts, both in the planning and the implementation of policies in the Philippines.*

• **DA-Desk:** *provider of services to shipping industry with a mission to improve transparency among shipping agents and their suppliers.*

• **TEID – Ethics and Reputation Society (Turkey):** *serves as a point of reference for private sector companies seeking guidance on ethics, integrity, and transparent business practices. It seeks to demonstrate that reputation and ethical behavior go hand in hand.*

• **Association of Aerospace Industries (Singapore):** *non-profit trade organization that is dedicated to promoting competitiveness within Singapore's aerospace industries.*
TRACE Partnerships in Support of Collective Action

• EuChamber – Central and Eastern Europe: European business organization that provides a platform to discuss major issues for companies conducting cross-border transactions.

• American Chamber of Commerce in Libya: non-profit trade organization that aims to improve and facilitate business relations between American and Libyan companies.

• American Chamber of Commerce in Zambia: non-profit trade organization that aims to create opportunities for American companies in Zambia, as well as assist new entrants into the market.

• CommerceGhana LLC: US-based firm focused on the development of business opportunities in Ghana for international companies and local companies. Anti-corruption compliance is a core value in their mission.
TRACE Partnerships in Support of Collective Action

• PALU (Pan African Lawyers Union): a continental membership forum for African lawyers and lawyers’ associations, which reflects the aspirations and concerns of the African people, and promotes shared interest.

“We are pleased to accept TRACEcertification in lieu of our own due diligence review process because it satisfies global due diligence requirements as well as our own standards and procedures. TRACEcertification represents a major step forward in establishing a global standard for third party due diligence and bringing increased transparency to the shipping industry.”

Travis Winslow, Carnival Corporation’s Senior Director for Ethics & Compliance
Questions?

Contact: Virna Di Palma at dipalma@traceinternational.org.