Anti-Corruption Collective Action Initiative in Japan

April 27, 2018
Sumie Kashihara
Outline

- Outline of the Collective Action Initiative
- Experiences through the 5-phase process
- Conclusions and future plans
Outline of the Collective Action Initiative

Experiences through the 5-phase process

Conclusions and future plans
Aims of the Collective Action

A company’s efforts in taking initiatives and disclosing information

- Strengthen corporate governance
- Lead to an increase in corporate value

Aims

- Drive Improvement in the business environment
- Enhance Japanese companies’ reputation
Type of the Collective Action

**Ethical Commitment**

**Declaration**
- Principles bind signatories to refrain from corruption, etc. during project.
- Public commitment leads to enforcement “by honor” and peer pressure.

**External Enforcement**

**Integrity Pact**
- A binding contract between customer and competing bidders; external monitoring.
- Sanctions apply upon proof of violations.

**Principle-Based Initiatives**
- Principles bind signatories to not engage in corruption in their daily business activities.
- Public commitment leads to enforcement “by honor” and peer pressure.

**Certifying Business Coalition**
- Compliance-related prerequisites for membership, controlled by external auditors.
- Members achieve certifications or are excluded.
Tokyo Principles Collective Action

Tokyo Principles for strengthening Anti-Corruption Initiatives

Top management commitment
- Promote initiatives
- Strengthen practices
- Disclose status

Anti-Bribery Assessment tool
Tool for self-assessment and information disclosure
“Tokyo Principles for strengthening Anti-Corruption Initiatives”

1. Commitment and actions by top management
2. Adopting risk-based approach
3. Establishment of fundamental policy and internal rules
4. Establishment of organizational structure
5. Managing third parties
6. Training
7. Monitoring and continual improvement
“Anti-Bribery Assessment Tool”
STEP 1: Company's Risk Classification
STEP 2: Status of Achievement of Compliance Items
Outline of the Collective Action Initiative
Experiences through the 5-phase process
Conclusions and future plans
5-Phase process

Phase 0
- Analysis of the state of corruption

Phase 1
- Collective action training

Phase 2
- Incubation Lab
  - Clarification of roadmap

Phase 3
- Collaboration Lab
  - Development of the Tokyo Principles and the Assessment Tool

Phase 4
- Official announcement of the “Tokyo Principles”
- Securing of 3+ supporting companies

Collective action training
Achievement 1

• **Deepened understanding** of international efforts to prevent corruption and global standards

• **Gained diverse knowledge**

• **Embedded the knowledge** gained into teaching materials and educational programs and standardized educational contents on a global basis

• **Formulated guidelines** based on the Assessment Tool
Achievement 2

First Anti-Corruption Collective Action Initiative in Japan
Outline of the Collective Action Initiative
Experiences through the 5-phase process
Conclusions and future plans
Conclusions

Siemens Integrity Initiative project

- Awareness raising and capacity building
- First Anti-Corruption Collective Action in Japan
Future plans

Medium-term objectives by 2020
- 50 supporting companies
- Effective collective action
- Better information disclosure
- Constructive dialogue

Plans
- 2 events/training per year
- Information delivery

2018

2019
Appendix
Nikkei Newspaper  
(January 08, 2018)  
"Corporate Bribery Risks To Be Assessed by Investors“

NBL (New Business Law) No.1119  
(April 01, 2018)  
“Role of dialogues between companies and investors to strengthen Anti-Corruption Initiatives”