

Summary of the Business Integrity & Anti-Corruption Working Group Meeting

6 February 2015
Laguna Resort, Bali, Indonesia

1. Introduction

1.1. The Association of Southeast Asian Nations (ASEAN) is currently focused on the impending establishment of the ASEAN Community by 2015. Needless to say, the success of ASEAN integration relies heavily on the concerted efforts of the member states and other stakeholders to meet head-on numerous challenges, with curbing corruption a top priority for all. Far from being a victimless crime, the destructive effects of corruption are most evident in developing countries, where most ASEAN member states are classified. Corruption undermines the rule of laws and the government's ability to govern, excludes the poor from public services, feeding dissent and discontent. For businesses, corruption adds up a huge cost for doing business, especially in developing countries. It distorts market mechanisms, prevents fair competition, and deters investments, thus stifling growth and future business opportunities. It also exposes companies to legal risks and erodes public investor's trust and confidence.

1.2. ASEAN governments have responded to the regional and international clamor of combating corruption by signing and ratifying the UN Convention against Corruption (UNCAC), the first multi-national legally-binding anti-corruption instrument. In line with UNCAC, virtually all ASEAN countries have criminalized bribery and corruption when committed domestically. Anti-corruption authorities have also been established following the legislation of national anti-corruption laws.

1.3. Yet, tackling the systemic corruption as an impediment to ASEAN's sustainable development is not easy. In order to achieve a corruption-free ASEAN community, the bloc needs to consider how best to introduce integrity and governance as cross cutting themes. Also, no single individual or entity can solve corruption alone. Through governments take the lead in the anti-corruption crusade, long-term success will require complementing efforts from other stakeholders, particularly businesses. This is also the key conclusion from the intensive discussions on anti-corruption at the ASEAN Next-Gen CSR Main Forum on 5 February 2015 in Bali, Indonesia.

Led by Dr. Huguette Labelle, Former Chair of Transparency International, and moderated by Dr. Shervin Majlessi, Regional Adviser on Anti-Corruption, UN Office on Drugs and Crime, the discussions engaged other experts including Ms. Yolanda Banks, Senior Advisor on CSR, Export Development Canada; Mr. Gerard Forlin (QC), Cornerstone Barristers in London, Maxwell Chambers in Singapore, Denman Chambers in Sydney; Ms. Ma. Teresa Lopez Pacis, Assistant Vice President, Corporate Affairs, GMA Network, as well as participants from the floor, to understand the root causes and impacts of corruption, find out solutions and promote the best practices and tools to combat corruption.

The private sector was said to be a "solutions provider" to corruption. Indeed, businesses have started to take a more proactive and stronger stand against corruption with increasing number of senior business leaders adopting "zero tolerance" to corruption and numerous business-led comprehensive anti-corruption programmes, including regular assessments. Corruption is a part of the whole same problem. If a company has problem with corruption, bribery, it must have other problems too: fraud, money laundry, environment, etc. So successfully tackling corruption also means ensuring good corporate governance, facilitated by a strong political will.

1.4. While businesses can individually take proactive steps to counter corruption, they can be more effective by engaging in collective action. Supported by the UK Foreign & Commonwealth Office's Prosperity Fund, the Regional Working Group for Business Integrity in ASEAN (the Regional Working Group) was thus established in September 2014 with the objective of providing a platform for enabling private sector collective action against corruption in ASEAN.

Recognizing the UN Global Compact's 10th Principle against Corruption "*businesses should work against corruption in all its forms, including extortion and bribery*", the UNCAC and other internationally accepted principles and norms, the members of the Regional Working Group have committed to jointly and separately contribute towards eradicating corruption in their respective countries and at the ASEAN regional level through the following commitments:

- To promote and implement anti-corruption and integrity initiatives that enable businesses to operate more responsibly and ethically;
- To cooperate with one another in the areas of sharing information, best practices, and technical resources;
- To work together towards developing a common strategy and framework for action against corruption in ASEAN for the private sector.

The Regional Working Group is currently comprised of 7 private networks from 6 ASEAN countries:

- ASEAN CSR Network;
- Integrity Initiative (Philippines);
- Indonesia Business Links;
- International Chamber of Commerce – Malaysia;
- Singapore Compact for CSR;
- Vietnam Chamber of Commerce and Industry;
- Private Sector Collective Action Coalition against Corruption (Thailand).

2. The Business Integrity and Anti-Corruption Working Group Meeting (1.30pm – 5pm, 6 February 2015, Bali, Indonesia) – “Bali Meeting”

Held on 6 February 2015 in Laguna Resort, Bali, Indonesia in conjunction with the ASEAN Next-Gen CSR Forum (3 – 7 February 2015), the Bali Meeting attracted 86 participants, consisting of members of the Working Group, representatives from partners such as UN Office on Drugs and Crime, UN Development Programme, UN Industrial Development Organisation, Transparency International, Global Compact Local Networks, as well as representatives from government, private sector, trade union and other civil society organisations.

Discussed topics include:

- Business integrity in ASEAN: A reflection on progress
- “ASEAN Integrity Community” initiative and the role of the private sector
- Essential elements and principles in developing a regional private sector framework for collective action
- Priority actions and support needed to enable local business networks to combat corruption

Highlights of the discussions are as follows:

2.1. Business-led integrity initiatives are progressing with focus not only on awareness raising activities but also on self-assessment, capacity building and collective action. For example:

- Supported by the Regional Working Group and organized annually by Indonesia Business Links since 2014, the Indonesia Business Roundtable on Business Integrity is expected to help develop a mechanism to standardize business integrity practices in Indonesia;
- Self-assessment, integrity pledge/declaration and certification process initiated by the Integrity Initiative (Philippines) and the Private Sector Collective Action Coalition against Corruption (Thailand) have encouraged businesses in respective countries to make stronger commitment and take real actions against corruption;
- In Vietnam, Vietnam Chamber of Commerce and Industry has also been supporting the local business community in fighting against corruption through a wide range of activities such as research on related business risks, multi-stakeholder dialogues, knowledge sharing and capacity building;
- In Malaysia, Transparency International Malaysia is piloting a regional programme in which initial focus is given to multinational companies with strong compliance system in order to bring change in the region.

2.2. Transparency International, through its call for “ASEAN Integrity Community”, hopes to promote and facilitate the engagement and participation of all relevant stakeholders (government, business and civil society) in a common integrity framework in ASEAN. The framework features the importance of the private sector in creating a level playing field for all, including small and medium-size enterprises (SMEs), ensuring high efficiency, transparency and accountability, facilitating constructive competition, clean supply chain and uniformed compliance standards. The Regional Working Group can play a key role in contributing to a common strategy and framework for anti-corruption in ASEAN, not just in the private sector but beyond.

2.3. A regional framework for collective action against corruption led by the private sector is needed more than ever as ASEAN countries speeds up regional integration. Challenges are huge, given a lack of enforcement, transparency and accountability being coupled with a lack of understanding and mutual trust.

In order to develop a regional private sector framework for collective action, it is essential to:

- Recognize and understand the diverse corruption risks and their damage at local, national and regional levels;
- Have “zero tolerance” against corruption;
- Strengthen political will (i.e. the tone from the top) and enforcement of laws;
- Promote transparency and disclosure of information;
- Identify stakeholders and open discussion to include all stakeholders, especially SMEs;
- Monitor and elaborate a regional matrix to benchmark business commitments, actions and effectiveness.

2.4. Participants decided on three priority actions for businesses to effectively combat corruption in ASEAN:

- Increase the awareness and understanding of corruption among different stakeholders through advocacy/communication campaign;
- Support one another in building skills and capacity to combat corruption through information sharing, knowledge transfer and skill training;
- Work with local, regional and international partners to harmonise existing strategies and programmes, presenting opportunities for benchmarking and best practices adaptation.

2. 5. A draft of the regional framework for collective action and priority actions is attached.

3. Follow-up Actions

3.1. “Integrity Has No Borders” Advocacy Campaign

The Regional Working Group shall collectively develop the “Integrity Has No Borders” regional advocacy campaign to show that the ASEAN business community is standing up against corruption. The campaign is focused on two core messages – that *first*, as individuals with integrity, we should practice it both in the confines of our homes and families as well as in our workplace, including in our dealings with both government and private sector officials; and *second*, as businesses with integrity, it should be practiced across our entire business, across international borders, and spanning our entire value chains, including in our engagements with regulators, investors, suppliers, contractors, retailers, and other business partners.

The Regional Working Group, engaging with EON, a professional communications firm, will strive to reach and engage as many relevant stakeholders as possible in the implementation of the campaign. *A draft proposal of the campaign is attached.*

3.2. Strategic Planning Meeting (24 March 2015, Bangkok, Thailand)

The Regional Working Group shall meet again tentatively on 24 March 2015 in Bangkok, Thailand, to discuss and finalise the strategic framework for collective action and detailed action plan to achieve the respective short, mid and long term objectives. Action plan will include but not limited to the effective implementation of the “Integrity Has No Borders” campaign, consultations and training workshops on best practices and toolkits for anti-corruption as well as harmonised and standardised integrity programmes in ASEAN.

The meeting will be co-organised by the Thai Institute of Directors, the Thai Listed Companies Association and the Regional Working Group, and hosted by the Stock Exchange of Thailand. *Agenda of the meeting will follow soon.*