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## THE BALTIC ANTI-CORRUPTION INITIATIVE

# WORKSHOP ON PRIVATE SECTOR GOVERNANCE AND INTEGRITY

DRAFT AGENDA

30-31 August 2004

TALLINN

Organised by  
the Organisation for Economic Co-Operation and Development  
Directorate for Financial and Enterprise Affairs  
Anti-Corruption Division  
in co-operation with  
the Government of Estonia



## 1. Background

In 2001, at the OECD-led Annual Meeting of the Anti-Corruption Network for Transition Economies, Estonia, Latvia and Lithuania agreed to launch the regional Baltic Anti-Corruption Initiative (BACI), aimed at strengthening their capacity to fight corruption and to meet international anti-corruption standards.

Since then, the Baltic countries have engaged in a process of self- and mutual assessment of each country's legal and institutional framework to fight corruption. This process began with the adoption of the Status Reports by Estonia, Latvia and Lithuania, respectively. Each Status Report provides a short overview of the strengths and weaknesses of the national systems for preventing and fighting corruption. As a result of such stocktaking, six workshops have been held in 2002 and 2003 (for further information on the BACI activities see the website [www.anticorruptionnet.org](http://www.anticorruptionnet.org)).

The "Building Integrity in the Private Sector", the seventh BACI workshop, builds on the increasing attention paid by national governments, international organisations as well as the business community to good governance and integrity in the private sector.

## 2. Thematic focus of the workshop

Globalisation and competitive challenges have resulted in new rules and regulations applying to international business transactions. A number of legally binding as well as non-binding instruments have been adopted at regional and international level to improve the trade and investment climate and prevent corrupt business practices.

Implementation and enforcement of these instruments call for action by various stakeholders. Governments must adapt their regulatory environment and ensure that their institutional framework is adequate and lives up to their commitments. Government action alone, however, is not enough. Complementary and mutually supportive actions by the business community, trade unions and civil society actors are recognised to be increasingly important.

Business' cooperation is an essential building block for fair and transparent business. Not only do high standards of governance and integrity minimize the risks of corruption, they also directly benefit the corporation, which may be in a better position to attract investment through improved public trust.

## 3. Objectives

The purpose of the workshop is to support the Baltic States in their efforts to further improve good governance and integrity in the private sector.

Baltic representatives from both the public and the private sector will have the opportunity to discuss their current governance policies and practices in the light of international standards. The workshop will aim to:

- Familiarise participants with international anti-bribery principles and resulting integrity standards,
- Discuss the need and usefulness of public-private consultations,
- Raise awareness of the different international and national initiatives and principles to increase private sector integrity and governance, and
- Provide concrete examples and suggestions on how to apply the integrity and governance principles.

#### 4. Target audience

The workshop will bring together public and private sector decision-makers from the three Baltic States with public and private sector representatives of OECD countries experienced in corruption prevention, ethics and integrity management.

To facilitate exchange with the business community, private sector representatives from Business Associations as well as from large, medium and small companies operating within the Baltic States will be present.

#### 5. Methodology

This one and a half day workshop will consist of plenary presentations as well as panel discussions.

Plenary will be followed by interventions from the floor. Participants will be able to ask questions or intervene to clarify the issues discussed.

The working language will be English. Interpretation will be provided during the workshop in Estonian, Latvian and Lithuanian.

#### 6. Venue

Domina Hotel Ilmarine  
Põhja pst. 23  
10414 Tallinn  
ESTONIA

Tel. 6 140 980; Fax 6 140 981; E-mail: [info@domina.ee](mailto:info@domina.ee)

#### 7. Documentation

The following background documents will be provided during the meeting:

- OECD Convention Against Bribery of Foreign Public Officials in International Business Transactions and Revised Recommendation of the Council on Combating Bribery in International Business Transactions;
- Policy briefs on: Fighting Bribery in International Business Deals (revised November 2003); and Civil Society and the OECD;
- OECD Guidelines for Multinational Enterprises;
- ICC code of ethics, TI business principles etc.;
- Other documentation submitted by participants.

# Workshop on Private Sector Governance and Integrity

## Draft agenda

### Day One – 30 August 2004

#### 8:30 – 8:50 Opening and introductory remarks

*Ken-Marti VAHER, Minister, Ministry of Justice of Estonia*

#### **Introduction:**

*Nicola EHLERMANN-CACHE, Anti-Corruption Division, OECD*

Experience shows that policy makers will achieve better and more concrete results in improving integrity and preventing or detecting corruption if they engage in a productive and efficient exchange with business associations and other private actors. Indeed, business - victims but also instigators - plays a fundamental role in the development of preventive, self-regulatory measures to eliminate of malpractice and fraud.

Organisations such as the OECD, the United Nations (UN), the World Bank, the International Chamber of Commerce (ICC), Transparency International (TI) and others, have developed recommendations, broad based principles or best practices to help establish corporate governance and integrity.

### **SESSION I: CHANGING RULES AND CORPORATE BEHAVIOUR**

The dialogue between governments and the private sector can be organised in various ways and address different concerns. Speakers will discuss the nature of government-private sector contacts, their scope, regularity and primary objectives. They will also stress the possible resulting outcomes and the limits of governments' interventions.

*Co-chair: OECD*

#### 8:50 – 9:30 **RAISING AWARENESS OF THE NEW REGULATORY ENVIRONMENT**

**Lead Speaker:** *Birgitta NYGREN, Ambassador, Ministry of Foreign Affairs, Sweden*

OECD governments have adopted different mechanisms to assist companies to prevent bribery. A first, essential step is that governments engage in a dialogue with business on regulatory reform.

Laws aimed at improving integrity and outlawing bribery and related crimes such as money-laundering and accounting fraud impose new requirements on corporations, their boards and management but also accountants, auditors and lawyers. It is essential that governments ensure that companies and related professionals operating in their territory be aware of applicable

international Instruments and Conventions, ensuing amendments to national legislation, and the potential sanctions they face if they breach such provisions.

Governments also need to provide information on the new regulatory environment and resulting increased transparency, accountability and disclosure.

**9:30 – 10:15            PREPARE FOR CHANGE AND ENCOURAGE CORPORATE ANTI-CORRUPTION**

**Lead Speaker:** *Atle RAOLDSØY, Senior Advisor, Ministry of Justice and Police, Norway*

Governments may be more pro-actively engaged and capitalise on the business community's awareness and response to regulatory changes. For instance, government agencies including aid and development agencies as well as export credit agencies may begin to establish guidelines for companies operating abroad.

Governments may also directly contact companies to inform them of the consequences of legal provisions on bribery. Target companies may include those involved in public procurement (abroad), those operating in sectors which may be more sensitive to corruption (such as the energy or transport sector), or those located in geographically sensitive areas.

The development of information brochures and/or seminars to promote good business practices and ethical behaviour between private firms and government officials can influence the adoption of corporate social responsibility tools. Tools such as codes of conduct or more generally compliance programmes are important, innovative instruments that can identify potential legal risks. They may regulate the behaviour within companies and relations with clients, suppliers, associates and public administrations.

**10:15 – 10:30            Coffee/Tea Break**

**10:30 – 11:15            JOINT ACTIONS TO ADOPT ADEQUATE CORPORATE RULES AND BEHAVIOUR**

**Lead Speaker:** *Pierre SOCCOJA, Secrétaire Général, Service Central de la Prévention de la Corruption, France*

Some governments also have started to develop joint programmes with the private sector aimed at identifying best practices to help companies and their employees to prevent them from engaging in malpractices and to adopt a professional behaviour consistent with prevailing anti-corruption rules and regulations.

Governments may also provide support to companies operating abroad. For instance, diplomatic missions may provide information as well as clear guiding principles. But governments' diplomatic support may go beyond mere counselling. In certain circumstances, governments may decide to engage in actions that prevent and alert about misconduct in specific transactions. To be able to assist companies, governments may establish reporting mechanisms, though when doing so a number of safeguards must be established including mechanisms to ensure confidentiality and reliability of the information and the informants.

## 11:15 – 12:30 BALTIC STATES EXPERIENCE

### **Speakers:**

*Signe RATSO, Deputy Secretary General of European Union and International Co-operation, Ministry of Economic Affairs and Communications, Estonia*

*Sven KIVVISTIK, Group Compliance Officer, Hansabank, Estonia*

*Gundega OSE, Business Environment and Information Unit, Latvian Investment and Development Agency, Latvia*

*Kestutis ZABORSKAS, Head of Corruption Prevention Department, Special Investigation Service of the Republic, Lithuania*

*Algirdas MESKAUSKAS, Chairman, The Chief Institutional Ethics Commission; Lithuania*

Public and private sector representatives of the three Baltic countries will comment on the public-private consultation processes in place in their respective countries. Following a short overview of the general consultation framework, they will focus on the policy discussions in relation to private governance and integrity.

Workshop participants will also learn about current business practices to improve integrity and related experiences.

## 12:30 – 13:30 Lunch

### SESSION II: ANTI-CORRUPTION STRATEGIES IN THE PRIVATE SECTOR

The international community cannot fight corruption and bribery alone. Business has a crucial role to play and many firms have indeed responded to the new regulatory environment by adapting management techniques to ensure compliance with the law and the firms' own standards of conduct and performance.

## 13:30 – 14:15 CODES OF CONDUCT & COMPLIANCE PROGRAMMES

**Key Speaker:** *François VINCKE, President, Anti-Corruption Commission, International Chamber of Commerce*

**Panel Discussant:** *Alexander BÖHMER, Senior Policy Manager, Business and Industry Advisory Committee to the OECD*

Over the years, many companies have developed written expression of voluntary commitment in various areas — also called a “code of corporate conduct”. Such codes serve to influence or control business behaviour for the benefit of the firm itself (e.g. to enhance the company's reputation or to minimise the risk of criminal or civil sanctions) and for the communities in which it operates. Codes inform the public about the nature of the firm's commitments and about implementation measures that accompany these commitments. Codes should heighten employees' awareness of corporate policy and enlist their support. Issuance of codes is often accompanied by the adoption of special management systems and internal control mechanisms designed to help firms honour their commitments in their day-to-day operations.

Standards for compliance ‘best practices’ improve continuously and companies have gained experiences with different compliance policies and procedures to improve business ethics and integrity and reduce the risk of fraud and malpractice. Key corporate compliance elements will be outlined as well as main characteristics of internal managerial control. The requirements for continuing self-evaluation and reporting in the absence of overarching evaluating and control standards will be discussed as well.

## 14:15 – 15:15 INTEGRITY PRINCIPLES & INDUSTRY AGREEMENTS

**Key Speaker:** *Jermyn BROOKS, Executive Director, Transparency International*

**Panel Discussants:** *Harry PIELA, Manager, Sybase, Finland*  
*Jens BERTHELSEN, Director, Respect Europe, Denmark*

Transparency International (TI) and Social Accountability International (SAI) have developed [Business Principles for Countering Bribery](#). The Principles have been developed by a group of private sector interests, non- governmental organisations and trade unions to develop effective approaches to improve integrity and combating bribery in business. They are designed as a comprehensive approach applicable by small, medium and large firms. They were drawn up to meet different recent initiatives such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the ICC Rules of Conduct to Combat Extortion and Bribery and the anti-bribery provisions of the OECD Guidelines for Multinationals.

Besides individual initiatives, some companies have started to develop and engage in voluntary Industry initiatives. These initiatives are based on commonly agreed behavioural principles and standards to which subscribing companies will adhere. For instance, the “Extractive Industries Transparency Initiative” (EITI), which involves governments, companies and civil society, aims at increasing transparency both over the payments made by companies in the extractive industries, and those revenues received by governments. The “Equator Principles”, that have been developed by financial institutions, serve as a common baseline and framework for the implementation of environmental and social procedures and standards for project financing activities for all industry sectors across the board. The “Wolfsberg Anti-Money Laundering Principles” aim at setting common international standards to fight money laundering in the financial services sector.

## 15:15 – 15:30 Coffee/Tea Break

## 15:30 – 17:00 THE BALTIC STATES’ VIEW POINT

**Panel discussants:** *Aadu LUUKAS, Chairman of the Council, Pakterminal Ltd. Estonia*  
*Atis ZAKATISTOVS, Project Director, Better Business Ethics in Latvia (BETIL), Latvia*  
*Dmitrij SLEPNIOV, Deputy Director, Economics and Finance Department, Lithuanian Confederation of Industrialists*

Private sector representatives of the three Baltic States will develop, based on the day-long presentations and discussions, the elements which they consider to be in favour and/or against the application, in their respective countries, of ethical codes and integrity programmes. They will in particular share their concerns regarding possible hurdles in the application of integrity principles. The latter should help to increase the understanding of current challenges faced by the Baltic States and identify possible counter measures.

The panel discussion as well as the questions from the floor should help identify the main concerns by both the public and the private sector representatives with regard to the introduction, the implementation and the enforcement of corporate ethical rules and principles.

## DAY TWO – 31 August 2004

### SESSION III: FROM LEARNING TO ACTION

Two parallel breakout sessions will be organised during which participants will have the opportunity to identify, consider, and prioritise actions for developing and implementing a corporate integrity policy. These breakout sessions will be most beneficial if participants engage in a frank exchange.

#### 9:15 – 11:30 BREAKOUT SESSIONS

##### A. How to assist corporations to promote in integrity

**Moderators:** *Birgitta NYGREN, Ambassador, Ministry of Foreign Affairs, Sweden*  
*Atle RAOLDSØY, Senior Advisor, Ministry of Justice and Police, Norway*  
*Pierre SOCCOJA, Secrétaire Général, SCPC, France*

The Moderators will guide participants' discussion on how governments can develop relations with the private sector in order to prevent malpractice. Concrete examples will help identify best practices for government-private sector contacts. While they may help identify potential practical difficulties as well as possible resulting outcomes, such examples are based on specific national conditions and different business environments. Practical solutions for each country might have to be adapted to its national characteristics.

##### B. From Codes of Ethics to Integrity Systems

**Animators:** *François VINCKE, President, Anti-Corruption Commission, ICC*  
*Jermyn BROOKS, Executive Director, Transparency International*

Participants will learn more about core elements constituting a good code of conduct. They will also broaden their overall understanding why it is useful to introduce wider anti-corruption policies and the best ways to implement and enforce them.

Participants may, should time permit, consider how to deal with potential violations. They may consider internal corrective and disciplinary measures as well as related issues such as the establishment of adequate whistle blowing mechanisms as well as independent in- and outside investigations as well as how to deal with disclosure.

**11:30 – 12:30 PRIVATE SECTOR ETHICS IN THE BALTICS: NEXT STEPS**

This session will provide an opportunity for groups to present the outcome of the panel discussions and report on possible next steps.

Participants will collectively have an opportunity to identify, assess, and discuss key activities for implementing concrete steps to improve corporate governance and integrity in the three Baltic States.

**12:30 – 13:00 Workshop Summary and Conclusions**