INTEGRITY AND COMPLIANCE

Submission to United Nations
Special session of the General Assembly against corruption
**Introduction**

Combating corruption is one of the G20’s top priorities. Corruption negatively impacts the global community in multiple ways on local as well as international level. Politically, it undermines the rule of law and democracy and erodes people's trust in institutions. Economically, corruption leads to inefficiencies, hinders fair markets, and causes business disruption. Socially, it reinforces inequalities and divisions, including with respect to gender. Anti-corruption remains a thematic priority for both G20 and B20 alike, and the Saudi Arabia presidency is committed to build on initiatives of previous G20/B20 presidencies in this regard.

For companies across the globe, responsible business conduct and integrity remain key values especially due to challenges posed by the COVID-19 pandemic. Effective use of existing and emerging technologies by the companies globally can aid in the fight against corruption. Not only does it build a healthy company culture and business environment, it has also become the foundation for an open investment environment and thus, for economic growth and international trade.

**The B20 Integrity and Compliance taskforce**

The B20 Integrity & Compliance taskforce of the Saudi Arabia presidency (“Taskforce”)¹ aims to advance the global anti-corruption agenda, touching upon key topics such as transparency and high standards of ethics and integrity. In response to the request from the United Nations, the Taskforce is delighted to submit this brief document along with recommendations on issues to be addressed by the special session of the United Nations General Assembly against corruption, which will be convened in New York from 2 to 4 June 2021.

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¹ [https://www.b20saudiarabia.org.sa/integrity-compliance/](https://www.b20saudiarabia.org.sa/integrity-compliance/)
**Issues to be addressed**

The Taskforce recommends that the following be addressed by the special session of the United Nations General Assembly against corruption:

- Pursue a Culture of High Integrity in the Public and Private Sectors;
- Leverage Emerging Technologies to Manage Risks Relating to Corruption and Fraud; and
- Enhance Integrity and Transparency in Public Procurement.

As a cross-cutting issue, we believe that the role of women in fighting corruption across the supply chain should also be emphasized.

The aforesaid recommendations are a result of numerous interactions held within the Taskforce for the past many months with an aim to be ready for the B20 summit scheduled to be held in Riyadh, Kingdom of Saudi Arabia in October 2020.

The final policy paper of the Taskforce will also be submitted for information purposes as part of the preparatory process, when available.

**Mathad Al Ajmi**
Chair, B20 Integrity & Compliance taskforce
15/Sep/2020
INTEGRITY & COMPLIANCE

Taskforce Factsheet
Corruption has a significant negative impact on the global community of states on the local, national and international level. Politically, it undermines the rule of law and democracy and erodes trust in institutions. Economically, it is a major barrier to inclusive growth and leads to inefficiencies, hinders fair markets, and causes business disruption. Socially, corrupt practices further reinforce entrenched inequalities and divisions.

The COVID-19 pandemic has served to heighten focus on integrity and compliance in the healthcare sector and beyond. Corruption already threatens the proper functioning of health systems with misappropriation of medical supplies, corruption in new product research, counterfeit medical products and informal payments to doctors and hospital administrators. COVID-19 will place increased pressure on resources, weaken institutions and necessitate emergency procurement processes. This will further elevate corruption risk in the healthcare sector, faced with the imperative of sourcing medical equipment and developing diagnostics, therapeutics and a vaccine in record time and in extraordinary circumstances. More broadly, the current pressured environment will exacerbate ethics and compliance risks beyond the healthcare sector as established suppliers close or shutter temporarily, trusted partners are not able to meet extraordinary demands and pressures to deliver are felt ever more greatly in times of shrinking margins. It is now more important than ever for the G20 member states to continue to strengthen and enforce anti-corruption measures.

Fortunately, the pandemic has led to an increased focus on responsible business conduct and international cooperation: the G20’s anti-corruption response to the crisis should build on this sentiment. In addition, just as we have seen how technology has alleviated some of the difficulties brought about by the crisis, we can better harness existing and emerging technologies in support of anti-corruption initiatives. Existing technologies, such as digitized government services in licensing, permitting, procurement and taxation can help to reduce corruption during and after the pandemic. Emerging technologies can aid in the fight against illicit finance through improved sharing of beneficial ownership data between and among governments and the private sector. New low-cost, anonymous and encrypted two-way communication platforms can increase the quantity and quality of information from concerned citizens and employees.

Delivering more ethical and inclusive growth also necessitates empowering women, a key objective of the Saudi B20 Presidency. Addressing the inequalities between men and women is not only crucial to the lives and well-being of women, but it is fundamental in driving sustainable development. The Saudi Presidency is strongly committed to building on the momentum generated in previous G20/B20 Presidencies to empower women, including the joint B20/C20/W20 statement on gender and anti-corruption in 2018. The G20 response to the pandemic must take into consideration the fact that women are not only disproportionately affected by corruption, but are more likely to be particularly affected by the pandemic, not least because the majority of healthcare workers are women, and women are more likely to take on healthcare and educational burdens at home.
The G20 should intensify its focus and efforts on three critical topics – (1) building a culture of high integrity supported by robust national anti-corruption plans, (2) beneficial ownership data sharing and (3) public procurement.

Relevance of Taskforce Recommendations for the G20 topics: “Empowering People”, “Safeguarding the Planet”, and “Shaping New Frontiers”

INTEGRITY & COMPLIANCE

**Empowering People**
- Empower women to become part of the solution to end corruption
- Adopt new Collective Action initiatives to drive further global cooperation on anti-corruption
- Create an enhanced framework for whistleblowing reporting

**Safeguarding the Planet**
- Promote adoption of digital identities for legal entities and natural persons
- Enhance transparency in beneficial ownership to combat illicit finance and improve risk management
- Foster new technologies through public-private partnerships

**Shaping New Frontiers**
- Create incentives for individuals to strive for higher standards of ethical business conduct
- Significantly reduce corruption in public procurement
- Create global standards and policies applicable across jurisdictions

B20 Saudi Arabia: Transforming for Inclusive Growth
Recommendations

**Recommendation 1:** The G20 Should Pursue a Culture of High Integrity in the Public and Private Sectors.

**Policy Action 1.1: G20 should engage with the private sector to implement or improve national anti-corruption plans and to adopt new Collective Action initiatives**

- The G20 should leverage the expertise and insights of local companies, and foreign companies with significant local business interests, to refresh and improve their respective national anti-corruption plans, with specific reference to risk assessments and the adoption of leading edge anti-corruption technologies.
- The G20 should intensify its efforts to (i) actively support Collective Action, (ii) enshrine their commitment to Collective Action in their national anti-corruption action plans, with an emphasis on promoting a culture of integrity and clean business, and (iii) partner with the private sector to strengthen existing global initiatives and initiate new, global and sector-specific Collective Action efforts.

**Policy Action 1.2: G20 should strengthen laws protecting whistleblowers and engage with the private sector regarding best practices in whistleblower program management**

- The G20 should incentivize reporting directly to governments (and encourage the use of innovative whistleblower communications technology, along with other elements of good compliance practice) and create high-level reporting mechanisms, where appropriate.
- The G20 should take steps to foster a robust information exchange between government and business in order to boost Member States’ efforts to regularly monitor and evaluate their whistleblower protection frameworks and to stay current with best practices in the private sector.

**Policy Action 1.3: The G20 should ensure that anti-corruption plans and whistleblower protections empower women to become part of the solution to corruption**

The G20 should empower women to become part of the solution to corruption through the adoption of stronger anti-corruption plans and whistleblower protections, namely through programs that (i) use gender-specific data to educate and train women to resist and report solicitation, (ii) penalize sexual extortion and protect women who report it, and (iii) actively promote women's participation in a wide range of public, economic and political spheres in combating corruption.
**Recommendation 2:** The G20 Should Leverage Emerging Technologies to Manage Risks Relating to Corruption and Fraud

**Policy Action 2.1:** The G20 should adopt consistent digital identity standards and systems to enhance transparency in beneficial ownership and improve third-party risk management in the private sector.

- The G20 comprehensively and consistently adopt digital identity standards, including identifiers that may be used by decentralized systems, for individuals and companies to help verify beneficial ownership data.
- The G20 should adopt a global framework, such as the guidelines/recommendations from the FATF on digital identities and beneficial ownership to standardize the creation, collection, validation, monitoring and maintenance of beneficial ownership information by governments.

**Policy Action 2.2:** The G20 should develop digital public national registers to increase transparency around beneficial ownership information and to improve third-party risk management

- The G20 should accelerate its efforts to establish digital public national registers, consistent with the G20 Anti-Corruption Open Data Principles, which would require companies to share information on their respective beneficial owners in line with internationally adopted recommendations from the FATF.
- The G20 should validate and verify data stored in digital national public registers to ensure that it is both accurate and up-to-date. This may be done in partnership with the private sector and with the sharing of technological capabilities.

**Policy Action 2.3:** The G20 should launch a public-private partnership project to support the development of new technologies to further improve data quality in and data sharing among national registers

- The G20 should launch a Data Quality/Sharing Technology Innovation Project, a public-private partnership project engaging the G20 Anti-Corruption Working Group, the B20 Integrity & Compliance taskforce and other interested stakeholders to assess the technology landscape and develop standards to improve data quality in and data sharing among national registers to advance efforts to combat corruption.
- The G20 should convene a joint G20 and B20 technology event (e.g., TechSprint, hackathon, etc.) where regulators and the business community can engage to foster critical over-the-horizon technology solutions.
Recommendation 3: The G20 Should Enhance Integrity and Transparency in Public Procurement

Policy Action 3.1: The G20 should ensure transparency and promote integrity and accountability across the entire public procurement lifecycle

The G20 should ensure that the public procurement process is open, fair and transparent to help foster accountability, prevent corruption, provide access to information and encourage a more equitable business landscape by allowing SMEs to compete more effectively.

- The G20 should implement e-procurement systems to reduce opportunities for corruption by reducing manual intervention and increase effectiveness of audit activities in detecting irregularities such as bid rigging.
- The G20 should embed a strong internal control environment that reduces opportunities for misconduct and is capable of effectively identifying and reporting any misconduct that does occur.
- The G20 should pursue new initiatives, among signatories and non-signatories to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions alike, to encourage public and private sector actors to meet the highest standards of conduct embodied in the OECD Convention.
- The G20 should publish the following: (i) procurement contracts executed on a sole-sourced basis as far as feasible and, in percentage terms, the total annual federal/central government spending on such contracts (ii) implemented procurement policies governing procurement operations within public entities and institutions on open platforms and (iii) emergency procurement procedures to govern procurement during emergencies that do not allow for usual procurement processes to occur.
- The G20 should encourage the reporting of public procurement information and data across the entire lifecycle by promoting the Open Contracting Data Standards (OCDS) and ensuring alignment with the G20 Anti-Corruption Open Data Principles.

Policy Action 3.2: The G20 should establish clear and consistent incentives to reward high standards of ethical business conduct in the context of public procurement

- The G20 should require all entities engaging in public procurement to have a high-standard code of ethics and adopt a process to monitor and evaluate the implementation of their ethics policies.
- The G20 should require clarity and complete disclosure of beneficial ownership information from all participating suppliers and relevant subcontractors, consistent with applicable data privacy laws, in order to address potential conflict of interest scenarios and thus enhance transparency.
- The G20 should encourage compliance and ethics evaluation criteria in the procurement process and developing or refining sanctions policies to appropriately redress unethical corporate conduct.
- The G20 should empower SMEs to maintain compliance with high standards of ethical business conduct by investing in integrity and transparency training programs.
- The G20 should develop “integrity pacts” or an equivalent accountability tool with private companies in conjunction with proper and complete due diligence including but not limited to investigating the solvency and reputation of third parties to help establish a more robust public-private partnership and extend integrity standards to private companies that are applicable to the public sector.
Policy Action 3.3: The G20 should ensure greater integrity amongst public procurement officials by implementing conflict of interest policies and asset declarations in line with UNCAC Article 8 for procurement officials, while bolstering anti-corruption training for these officials and providing transparent and independent channels for them to report instances of corruption.

- The G20 should define (i) consistent standards and expectations for the integrity of public procurement officials.
- The G20 should require the definition and implementation of conflicts of interest policies and procedures for procurement officials, which may further help with cross-border public procurement integrity and transparency.
- The G20 should announce publicly prior to the United Nations General Assembly Special Session against Corruption 2021 how the Member State will apply Article 8, Paragraph 5 of the UNCAC regarding measures and systems relating to asset and other declarations to officials in their public procurement functions.
- The G20 should provide transparent, independent and accessible channels to report cases of corruption or any other misconduct through an implementation of a High Level Reporting Mechanism or a comparable tool.
- The G20 should facilitate increased professional commitment to and capacity for the procurement skill set that focuses on governmental leading practices for civil servants and students seeking to advance and standardize procurement skills.
INTEGRITY & COMPLIANCE TASKFORCE MEMBERS

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Basel Institute on Governance

Network Partners
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Council of Saudi Chambers (CSC)
International Chamber of Commerce (ICC)
International Federation of Accountants (IFAC)
World Economic Forum (WEF)

POLICY DEVELOPMENT PROCESS

DECEMBER
Survey Launched

JANUARY
Inception Meeting

FEBRUARY
First Teleconference

MARCH
Second Teleconference

APRIL
Joint Taskforce Virtual Meeting

MAY
Third Teleconference

JUNE
Fourth Teleconference

JULY
Fifth Teleconference

Policy Development Process Completed

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GENDER REPRESENTATION

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