



ANTI-CORRUPTION SELF-ASSESSMENT TOOLKIT

FOR STATE-OWNED ENTERPRISES

Transparency Maldives, the National Chapter of Transparency International in The Maldives, is a non-partisan organization that promotes collaboration, awareness and undertakes other initiatives to improve governance and eliminate corruption from the daily lives of people. Transparency Maldives views corruption as a systemic issue and advocates for institutional changes that will punish and prevent corruption.

This Publication is prepared as part of the SANCUS project. The SANCUS project, managed by Transparency International, helps ordinary citizens in 26 countries to call for greater accountability from governments and the institutions responsible for overseeing them.



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Published by: Transparency Maldives



This publication was produced with financial support from the European Union under the Strengthening Accountability Networks among Civil Society (SANCUS) Project. The SANCUS project, managed by Transparency International, helps ordinary citizens in 26 countries to call for greater accountability from governments and the institutions responsible for overseeing them. Its contents are the sole responsibility of Transparency Maldives and do not necessarily reflect the views of the European Union.

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GUIDANCE NOTES

1. INTRODUCTION

State-owned enterprises (SOEs) have a significant economic and social impact in the Maldives. They are established for commercial purposes on behalf of the government in order to ensure revenue and drive economic growth. Some SOEs also focus primarily on delivering public policy objectives. They comprise a range of industries including financial services, tourism, fisheries, transport, water, electricity, telecommunication, trading and distribution, and shipping. They account for fifty percent of the country's GDP, making up 18 percent of the total workforce (Ministry of Finance, 2019). Currently there are 32 SOEs in the country, of which 26 are unlisted public companies and six are publicly listed companies.

However, not all SOEs generate revenue. Many companies are a drain on the state budget and contribute to increasing levels of public debt (U.S. Department of State, 2021). In 2019, the Minister of Finance revealed plans to liquidate nine SOEs (PSM News, 2022) after finding that only eleven out of 33 SOEs have been profitable in the recent years (Corporate Maldives, 2019).

These companies fail largely due to poor governance and oversight mechanisms. Many have weak procurement practices*, poor transparency and disclosure practices, politicised boards and management, unmanaged conflicts of interest, and weak regulatory frameworks. In short, most SOEs do not adhere to international standards of corporate governance and ethical behaviour (U.S. Department of State, 2021).

SOEs also present particular corruption risks because of their proximity to public officials and state-owned entities such as banks or financial institutions, as is evident from the country's largest corruption scandal to date. Many public officials including ministers, parliamentarians, judges, and police commissioners stand accused of benefitting from the embezzlement of nearly US\$80 million from a state-owned tourism promotion company (OCCRP, 2018).

It is, therefore, important that adequate safeguards are in place to prevent SOEs from being used as vehicles for corruption, especially given that corruption in SOEs do more damage in terms of loss of state funds, decline in public trust, and impact on the quality of basic services to citizens.

To this end, Transparency Maldives has developed a self-assessment tool for use of SOEs to assess the strength, completeness, and effectiveness of their anti-corruption programs against international business and anti-corruption standards and good practices.

* Prior to the introduction of two key policies--Procurement Guidelines and Job Classification Framework for SOEs--in 2021, each company had a different internal guideline for tendering and procurement as well as recruiting and managing human resources.

Table 1: SOEs in the Maldives and their shareholding structure

#	Name	State Share
01	Bank of Maldives Plc	50.80%
02	Dhivehi Raajjeyge Gulhun Plc	41.80%
03	Housing Development Finance Corporation Plc	49%
04	Housing Development Corporation Limited	100%
05	Island Aviation Services Limited	100%
06	Maldives Airports Company Limited	100%
07	Maldives Ports Limited	100%
08	Maldives Tourism Development Corporation Plc	47%
09	Maldives Transport and Contracting Company Plc	64.20%
10	Male' Water and Sewerage Company Private Limited	80%
11	State Electric Company Limited	100%
12	State Trading Organization Plc	81.63%
13	Maldives Marketing and Public Relations Corporation Limited	100%
14	Maldives Islamic Bank Plc	28%
15	Addu International Airport Limited	70%
16	Aaasandha Company Limited	100%
17	Kadhdhoo Airport Company	100%
18	Fenaka Corporation Limited	100%
19	Maldives Hajj Corporation Limited	100%
20	Maldives Center for Islamic Finance Limited	100%
21	Maldives Sports Corporation Limited	100%
22	Maldives Integrated Tourism Development Corporation Limited	100%
24	Business Center Corporation Limited	100%
25	Public Service Media	47%
26	SME Development Finance Corporation Private Limited	64.20%
27	Fahi Dhiriulhun Corporation Limited	80%
28	Maldives Fund Management Corporation Limited	100%
29	Tradenet Maldives Corporation Limited	100%
30	Road Development Corporation Limited	100%
31	Maldives Post Limited	100%
32	Regional Airports Company Limited	100%

Source: Ministry of Finance

2. ABOUT THE TOOLKIT

This self-assessment tool comprises 27 indicators that have been adapted from existing checklists and indicators developed by other Transparency International chapters** and international organizations such as UNODC.***

These indicators are primarily based on ten anti-corruption principles - the SOE Principles - developed by Transparency International (2017).

These principles are informed by Transparency International's Business Principles for Countering Bribery (2013), and are designed to complement OECD's (2019) recommendations to governments on corporate governance and anti-corruption measures of SOEs.

THE SOE PRINCIPLES

- 01** Operates to the highest standards of ethics and integrity
- 02** Ensure best practice governance and oversight of the anti-corruption program
- 03** Be accountable to stakeholders through transparency and public reporting
- 04** Ensure human resources policies and procedures support the anti-corruption program
- 05** Design the anti-corruption program based on thorough risk assessment
- 06** Implement detailed policies and procedures to counter key corruption risks
- 07** Manage relationships with third parties to ensure they perform to an anti-corruption standard equivalent to that of the SOE
- 08** Use communication and training to embed the anti-corruption program in the SOE
- 09** Provide secure and accessible advice and whistleblowing channels
- 10** Monitor, assess and continuously improve the implementation of the anti-corruption program

** Transparency International UK's *Global Anti-Bribery Guidance*: <https://www.antibriberyguidance.org/latest-from-ti/>, and *Defence Companies Index on Anti-Corruption and Corporate Transparency*: <https://ti-defence.org/what-we-do/industry-integrity/defence-companies-index/>

*** UNODC, 2013, *An Anti-Corruption Ethics and Compliance Programme for Business: A Practice Guide*.

3. PURPOSE OF THE TOOLKIT

SOEs can use the self-assessment toolkit as:

- A means for identifying strengths and areas of improvement in their anti-corruption policies, procedures, and mechanisms - together called “anti-corruption program” ;
- A benchmark against which future progress can be measured ;
- A basis for dialogue with SOE's leadership (board/executive management); and
- An instrument for driving support for strengthening integrity and countering corruption within SOEs and among stakeholders, business partners, and third parties.

4. HOW TO USE THE TOOLKIT

ORGANISATION OF INDICATORS

The indicators in the self-assessment tool are grouped under eight key areas. Indicators are presented in the form of questions, each with detailed guidance and scoring criteria.



SCORING CRITERIA

An SOE may receive a score of '2', '1', or '0' for each question, depending on the extent to which the company meets international good practice standards provided in the scoring criteria. The table below explains how the scoring criteria should be interpreted:

2	Full points – the SOE fully meets international good practice standards.
1	Half points – the SOE partially meets international good practice standards.
0	No points – the SOE does not meet international good practice standards.

PRESENTING RESULTS

For each indicator, the SOE may find it useful to indicate the final score along with an explanation describing why the indicator has been given a score of '2', '1', or '0'. By doing this, SOEs can always refer back to the information gathered through the self-assessment process, particularly when designing and implementing reforms to strengthen anti-corruption programs.

Score:

Explanation:

5. THE SELF- ASSESSMENT TOOLKIT

TOP LEVEL COMMITMENT

TOP-LEVEL COMMITMENT

1.1 Does the SOE have a formal and public anti-corruption commitment that is authorised by its leadership?

Scoring Criteria:

2

The SOE has a clear and strong anti-corruption commitment authorised and endorsed by its leadership published on its website. This commitment is also communicated to different audiences through a range of internal and external channels, including annual reports, trainings, conferences, social media, speeches, and interviews.

1

The SOE has an anti-corruption commitment published on its website but this commitment is lacking in one or more of the following ways:

- The commitment is authorised or endorsed by a senior figure who is not part of the SOE leadership; or
- The commitment, although authorised or endorsed by the SOE leadership, is a general commitment to comply with national anti-corruption laws and/or mentions anti-corruption as a part of a list of values.

0

- The SOE does not have an anti-corruption commitment authorised and endorsed by its leadership published on its website;
- The SOE has a general commitment to uphold 'integrity', 'high ethical standards', or equivalent published on its website, but it does not specify that this statement is authorised or endorsed by its leadership; or
- The SOE has a general commitment to comply with national anti-corruption laws published on its website but it does not specify that this statement is authorised or endorsed by its leadership.

Score:

Explanation:

TOP-LEVEL COMMITMENT

1.2 Is the SOE's anti-corruption program or counter corruption strategy designed and based on regular risk assessment conducted with oversight from the board or an equivalent body?

Scoring Criteria:

2

The SOE has a formal risk assessment procedure in place that informs the design of its anti-corruption program. The results of risk assessments are reviewed at board level on at least an annual basis and also whenever the results reveal significant findings. Such reviews are used to develop tailored policies and procedures and to improve and update the anti-corruption program.

1

The SOE has a formal risk assessment procedure in place that informs the design of its anti-corruption program but this is lacking in one or more of the following ways:

- Risk assessments are not reviewed at board level on at least an annual basis; or
- The results of risk assessment are not used to improve and update the anti-corruption program.

0

The SOE's anti-corruption program is not designed and updated based on a corruption risk assessment.

Score:

Explanation:

TOP-LEVEL COMMITMENT

1.3 Does the SOE have a comprehensive anti-corruption policy that explicitly applies to the following categories:

- a) All employees, including staff and leadership of subsidiaries, joint ventures, and other controlled entities
- b) All board members, including non-executive directors
- c) All third parties, including suppliers, consultants, agents, brokers, and any other intermediaries

Scoring Criteria:

2

The SOE has a clear anti-corruption policy that specifically defines and prohibits all forms of corruption, including bribery, facilitation payments, commercial bribery, and payments to public officials. This policy applies to all employees (including staff and leadership of subsidiaries, joint ventures, and other controlled entities), board members, and third parties. The policy is published on the SOE's website.

1

The SOE has an anti-corruption policy but its lacking in one or more of the following ways:

- The policy does not extend beyond a general commitment to comply with national anti-corruption laws;
- The policy does not define or specify that it prohibits all forms of corruption, including bribery, facilitation payments, commercial bribery, and payments to public officials;
- The policy does not apply to all categories as specified in a), b) and c) in the question; or
- The policy is not published on the SOE's website.

0

- The SOE does not have an anti-corruption policy;
- The SOE publishes a set of prohibited behaviours but it is not sufficiently detailed to be considered a formal anti-corruption policy; or
- The SOE has an anti-corruption policy published on its website but it does not explicitly apply to at least category a) in the question (all employees).

Score:

Explanation:

TOP-LEVEL COMMITMENT

1.4 Does the board or a dedicated board committee provide oversight of the SOE's anti-corruption program?

Scoring Criteria:

2

The board or a dedicated board committee (such as an audit, ethics or risk committee) is responsible for the oversight and accountability of the SOE's anti-corruption program. Oversight function is formally carried out by regularly reviewing reports from senior management on the program's performance, authorising changes to improve and strengthen the program, and directing adequate human and finance resources to ensure the program's success.

1

The board or a dedicated board committee (such as an audit, ethics or risk committee) is responsible for the oversight and accountability of the SOE's anti-corruption program. But the oversight function is not formally carried out by regularly reviewing reports from senior management on the program's performance, authorising changes to improve and strengthen the program, and directing adequate human and finance resources to ensure the program's success.

0

Neither the board nor a dedicated board committee (such as an audit, ethics or risk committee) is responsible for the oversight and accountability of the SOE's anti-corruption program.

Score:

Explanation:

TOP-LEVEL COMMITMENT

1.5 Is the responsibility for implementing and managing the SOE's anti-corruption program assigned to a senior executive with direct reporting line to the board or a board committee providing oversight of the program?

Scoring Criteria:

2

A designated senior executive (such as the Chief Executive Office, the Chief Compliance Officer, or equivalent) has the ultimate responsibility for leading the design, implementation, and management of all aspects of the anti-corruption program. This person has a direct reporting line to the board or the board committee that provides oversight of the program. This person provides regular reports to the SOE board on the program's performance, key findings and challenges, and changes or resources required to improve the program.

1

Instead of senior executive, a managerial-level employee has been assigned the responsibility for implementing and managing the SOE's anti-corruption program. This person does not have a direct reporting line to the board or board committee that provides oversight of the program.

0

Neither a senior executive nor a managerial-level employee has been assigned the responsibility for implementing and managing the SOE's anti-corruption program.

Score:

Explanation:

GOVERNANCE

GOVERNANCE

2.1 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?

Scoring Criteria:

2

The SOE publishes the recruitment advertisement and clear information on the nomination and appointment process, including the criteria for nomination, which SOE representatives are involved in the nomination, and who makes the final appointment decision. The SOE also publishes information on the board composition and individual board members, including disclosing whether a member is a financial beneficiary, an executive, a state representative or an independent director.

1

The SOE publishes information about the composition of its board and whether each board member is a financial beneficiary, an executive, a state representative, or an independent director. But information on the nomination and appointment process is unclear or not published.

0

- The SOE does not publish any information about the composition of its board, the identity of its board members, and the nomination and appointment process; or
- The SOE publishes some information about its board members but this information does not satisfy the requirements of score '1'.

Score:

Explanation:

GOVERNANCE

2.2 Is the SOE open and transparent about the appointment and dismissal process of the chief executive officer or equivalent position?

Scoring Criteria:

2

The SOE board is ultimately responsible for the appointment and dismissal of the chief executive officer. The rules and procedures for nominating, appointing, and dismissing the CEO is publicly disclosed and free from undue influence by the ownership entity or others, such as politicians. The appointment of the CEO is based on professional criteria and a competitive selection procedure. The grounds for dismissal should be clearly defined. The SOE also publishes information on the identity of its CEO.

1

The SOE publishes information about the identity of its CEO. But the appointment and dismissal process of the CEO is unclear or unpublished.

0

The SOE does not publish any information about the identity of its CEO and the appointment and dismissal process of the CEO.

Score:

Explanation:

HIGH RISK AREAS

HIGH RISK AREAS

Conflict of Interest

3.1 Does the SOE have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees (including those of subsidiaries and other controlled entities) and board members, and that covers the following categories of possible conflict:

- a) Employee/board relationships
- b) Engagement of public officials
- c) Financial interests
- d) Other employment

Scoring Criteria:

2

The SOE formally addresses conflicts of interest as a corruption risk and has a clear policy that defines conflicts of interest, including actual, potential and perceived conflicts. This policy explicitly covers all the categories of possible conflicts listed in the question. This policy also applies to all employees (including those of subsidiaries and other controlled entities), board members, and relevant third parties.

1

The SOE has a conflict of interest policy but it is lacking in one or more of the following ways:

- The policy does not cover all of the categories of possible conflicts listed in the question;
- The policy does not clearly define conflict of interest, including actual, potential and perceived conflicts;
- The policy does not apply to all employees (including those of subsidiaries and other controlled entities) and board members; or
- The policy only applies to all employees (including those of subsidiaries and other controlled entities) and board members and not relevant third parties.

0

The SOE does not have a policy defining conflict of interest – whether actual, potential or perceived.

Score:

Explanation:

HIGH RISK AREAS

Conflict of Interest

3.2 Does the SOE's conflict of interest policy provide a process for identifying, managing and resolving conflicts of interest situations, which is overseen by an individual or body accountable for the appropriate management and handling of conflict of interest cases?

Scoring Criteria:

2

The SOE's conflict of interest policy provides a comprehensive process for identifying, managing and resolving conflicts of interest. All employees and board members are required to declare any potential or actual conflicts of interest before recruitment or appointment and then annually following appointment. Conflict of interest declarations of board members and executive management are published on the SOE's website. All declarations are reviewed and overseen by a designated body or individual accountable for the management and handling of individual cases. The policy includes examples of criteria for recusals and a description of the potential punitive measures for breaches of the policy.

1

The SOE's conflict of interest policy provides a process for identifying, managing and resolving actual, potential, and perceived conflicts of interest but it is lacking in one or more of the following ways:

- The oversight and accountability for handling conflicts of interest cases is not assigned to an individual or specific body;
- The policy does not require the SOE to maintain an up-to-date conflict of interest register and publish the declarations of board members and executive management on its website; or
- The policy does not provide examples of criteria for recusals or does not state that disciplinary measures will apply if breached.

0

The SOE's conflict of interest policy does not provide a process for identifying, managing and resolving conflicts of interest or their oversight.

Score:

Explanation:

HIGH RISK AREAS

Conflict of Interest

3.3 Does the SOE have a policy regulating the hiring or appointment of board members and the chief executive officer (or equivalent) from the public sector?

Scoring Criteria:

2

The SOE has a clear policy, with a cooling-off period of at least 12 months, to regulate the hiring or appointment of former or current politicians and public officials to the SOE's leadership.

1

The SOE has a policy that addresses the risks associated with hiring or appointment of former or current politicians and public officials to the company's leadership but a cooling-off period of at least 12 months is not stipulated.

0

The SOE does not have a policy regulating the hiring or appointment of former or current politicians and public officials to the SOE's leadership.

Score:

Explanation:

HIGH RISK AREAS

Conflict of Interest

3.4 Does the SOE report details of the contracted services of serving public officials to the company?

Scoring Criteria:

2

- The SOE reports on its website and/or in annual reports all details of contracted and retained services of serving public officials, including the name and position of the public official, the services for which they have been retained, and any fees paid or in-kind benefit provided to them. This list is updated on at least an annual basis, listing all such relationships that are active or have been active in the past 12 months; or
- The SOE does not have such relationships that are active or have been active in the past 12 months and have published a statement to this effect on its website and/or in annual reports.

1

The SOE reports on its website and/or in annual reports some details of contracted and retained services of serving public officials but this information is lacking in one or more of the following ways:

- The SOE does not report the name and position of the public official, the services for which they have been retained, and any fees paid or in-kind benefit provided to them; or
- The SOE reports the name and position of the incumbent public official, the services for which they have been retained, and any fees paid or in-kind benefit provided to them but this list is not updated annually.

0

The SOE does not report on its website and/or in annual reports the details of contracted and retained services of serving public officials.

Score:

Explanation:

HIGH RISK AREAS

Gifts, Hospitality and Expenses

3.5 Does the SOE have a policy and/or procedure to ensure that all gifts, hospitality, and expenses are reasonable and bona fide to prevent undue influence or other corruption?

Scoring Criteria:

2

The SOE has a policy on gifts, hospitality, and expenses to ensure such promotional expenses are not used as vehicles for corruption. This policy establishes financial limits, along with an approval procedure, for the different types of promotional expenses that may be given or received. The policy also explicitly addresses the risks associated with promotional expenses given to and received from domestic and foreign public officials. Promotional expenses above a certain threshold are recorded in a dedicated register or central depository, which is accessible for those responsible for oversight of the process. This register is published on the SOE's website and updated annually.

1

The SOE has a policy and/or procedure on gifts, hospitality, and expenses to ensure such promotional expenses are not used as vehicles for corruption but it is lacking in one or more of the following ways:

- The policy and/or procedure does not specify financial or proportional limits or different approval procedures for different types of promotion expenses.
- The policy and/or procedure does not address risks associated with promotional expenses given to and received from domestic or foreign public officials; or
- Promotional expenses above a certain threshold are recorded in a dedicated register or central depository, which is accessible for those responsible for oversight of the process

0

- The SOE does not have a policy and/or procedure on gifts, hospitality, and expenses; or
- The SOE has a policy and/or procedure formally covering gifts, hospitality, and expenses but it does not include measure to ensure such promotional expenses are not used as vehicles for corruption.

Score:

Explanation:

HIGH RISK AREAS

Charitable contributions, community investments and sponsorships

3.6 Does the SOE have clearly defined policy and/or procedure covering charitable contributions, community investments and sponsorships, whether made directly or indirectly, and does it publish details of all such donations and sponsorships made by the company and its subsidiaries?

Scoring Criteria:

2

- The SOE has a clear policy and/or procedure covering charitable contributions, community investments, and sponsorships, whether made in cash or in-kind, and directly or through corporate foundations. The policy and/or procedure specifies the criteria and selection process for making donations and sponsorships, including the approval needed for each type of activity. Transactions that do not meet the criteria require explicit approval from senior management. Donations and sponsorships that meet the criteria and are above a certain threshold or are considered high risk also require approval by senior management. The SOE also publishes full details of all donations and sponsorships made, including details of the recipient, type of contribution (cash or in-kind), country of recipient, and which corporate entity made the payment. This information is updated and published on the SOEs website and/or annual report at least on an annual basis; or
- The SOE has not made such donations or sponsorships in the past 12 months & have published a statement to this effect on its website and/or in annual reports.

1

The SOE has a policy and/or procedure covering charitable contributions, community investments, and sponsorships but it is lacking in one or more of the following ways:

- The policy and/or procedure includes measures to ensure that donations and sponsorships are not used as vehicles for corruption but they are vague or unclear;
- The SOE publishes on its website some details on the donations and sponsorships made, but it does not publish sufficient details as described in score '2'; or
- The SOE publishes on its website information on the donations and sponsorships made but this information is not updated at least annually.

0

- The SOE does not have a policy and/or procedure formally covering all three activities: charitable contributions, community investments, & sponsorships; or
- The SOE has a policy and/or procedure formally covering charitable contributions, community investments, and sponsorships but these do not include measures to ensure donations and sponsorships are not used as vehicles for corruption.

Score:

Explanation:

HIGH RISK AREAS

Political Contributions

3.7 Does the SOE have clearly defined policy prohibiting political contributions – whether direct, indirect, or in-kind, and does it make an annual public statement that the company has not made any political contributions?

Scoring Criteria:

2

The SOE has a policy prohibiting all forms of political contributions – whether direct, indirect or in-kind. Its board members, employees, agents, consultants, lobbyists or other intermediaries are prohibited from making political contributions on behalf of, or related to, their work for the SOE. The SOE also publishes an annual public statement – either on its website or in annual reports – that the company and its subsidiaries have not made any political contributions.

1

The SOE has a policy prohibiting all forms of political contributions – whether direct, indirect or in-kind. Its board members, employees, agents, consultants, lobbyists or other intermediaries are prohibited from making political contributions on behalf of, or related to, their work for the SOE. However, the SOE does not publish an annual public statement that the company and its subsidiaries have not made any political contributions.

0

The SOE does not have a policy prohibiting all forms of political contributions –whether direct, indirect or in-kind. Its board members, employees, agents, consultants, lobbyists, or other intermediaries are not prohibited from making political contributions on behalf of, or related to, their work for the SOE.

Score:

Explanation:

THIRD PARTIES

THIRD PARTIES

4.1 Does the SOE maintain an up-to-date register and database of all its contracted third parties?

Scoring Criteria:

2

The SOE has a systematic process for identifying and registering all third parties. Detailed information is gathered on their beneficial ownership, how they operate, their integrity and anti-corruption standards, and any significant corruption risks. Third parties are identified into different categories (e.g.: joint ventures, controlled entities and investments, agents) and all information is stored on a centralised database, which is reviewed and updated annually.

1

The SOE keeps a centralised database on its past and current third parties but it is lacking in one or more of the following ways:

- The information gathered on third parties is incomplete and does not provide sufficient details as described in score '2'; or
- The database is not reviewed and updated annually.

0

The SOE does not keep a centralised database on its past and current third parties.

Score:

Explanation:

THIRD PARTIES

Suppliers

4.2 Does the SOE require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?

Scoring Criteria:

2

The SOE formally requires and ensures the involvement of its procurement department in conducting proper due diligence checks and ensuring that approval processes are followed, both when onboarding a new supplier over a certain value threshold and during the day-to-day management and oversight of supplier relationships. The procurement department is ultimately responsible for providing oversight of the SOE's supplier base.

1

The SOE's procurement department is involved, in some capacity, in the establishment and oversight of new suppliers or those over a specific threshold. However, the SOE does not formally require the involvement of the procurement department in this process.

0

The SOE does not involve its procurement department in the establishment and oversight of supplier relationships.

Score:

Explanation:

THIRD PARTIES

Suppliers

4.3 Does the SOE conduct risk-based anti-corruption due diligence when engaging and re-engaging with its suppliers?

Scoring Criteria:

2

The SOE conducts risk-based due diligence on all its suppliers, both when engaging and re-engaging with them. High risk suppliers are subject to enhanced due diligence (e.g.: public record research, market intelligence gathering, face-to-face interviews, on-site visits). The due diligence process includes checks on both corruption-related risk areas and relationship-specific areas specified in the guidance note. This process is conducted at least every two years or when there is a significant change in the business relationship. Supplier relationships are reviewed and terminated if any red flags highlighted in the due diligence cannot be mitigated (e.g.: if beneficial ownership cannot be established).

1

The SOE conducts due diligence on its suppliers but this process is lacking in one or more of the following ways:

- The SOE conducts due diligence on only certain types of suppliers;
- The SOE's due diligence process does not include checks on one or more of the relationship-specific areas provided in the guidance note;
- High risk suppliers are not subject to enhanced due diligence (e.g.: public record research, market intelligence gathering, face-to-face interviews, on-site visits);
- The SOE conducts due diligence only before engaging with suppliers and not on a regular basis (at least every two years) or in response to a change in the business relationship; or
- The SOE does not review and/or terminate supplier relationships in circumstances where a red flag highlighted in the due diligence cannot be mitigated (e.g.: if beneficial ownership cannot be established).

0

The SOE does not conduct due diligence on its suppliers.

Score:

Explanation:

THIRD PARTIES

Suppliers

4.4 Does the SOE require all of its suppliers to have adequate standards of anti-corruption policies and procedures in place?

Scoring Criteria:

2

The SOE ensures that its suppliers have adequate anti-corruption policies and procedures in place. It explicitly states that all suppliers must have, at minimum, policies that prohibit foreign and domestic bribery and facilitation payments (small bribes) in the conduct of business. Suppliers are also required to have procedures covering conflicts of interest, gifts and hospitality, and whistleblowing. The SOE takes active steps to ensure that suppliers comply with these requirement – for example, by contractually requiring suppliers to comply with the SOE's anti-corruption program, or by working with suppliers to help them develop their own anti-corruption policies and procedures. This is done before awarding contracts to suppliers and when there is a significant change in the business relationship.

1

The SOE ensures that its suppliers have adequate anti-corruption policies and procedures in place but this is lacking in one or more of the following ways:

- The SOE does not clearly state that all its suppliers must have, at minimum, policies that prohibit, at minimum, foreign and domestic bribery and facilitation payments (small bribers), and procedures covering conflicts of interest, gifts and hospitality, or whistleblowing;
- The SOE does not take active steps to ensure that its suppliers have adequate anti-corruption policies and procedures in place through measures described in score '2';
- The SOE does not conduct this assurance before awarding contracts to suppliers and/or when there is a significant change in the business relationship.

0

- The SOE does not ensure that its suppliers have anti-corruption policies and procedures in place that meet a high standard; or
- The SOE requires suppliers to meet a certain standard of ethical business conduct but does not specifically refer to any of the anti-corruption measures mentioned in score '1'.

Score:

Explanation:

THIRD PARTIES

Joint Ventures

4.5 Does the company conduct risk-based anti-corruption due diligence when entering into and operating as part of joint ventures?

Scoring Criteria:

2

The SOE conducts risk-based anti-corruption due diligence on all of its joint venture partnerships. High risk joint venture partners and joint ventures operating in high-risk markets are subject to enhanced due diligence (e.g.: public record research, market intelligence gathering, face-to-face interviews, on-site visits). The due diligence process includes checks on both corruption-related risk areas and relationship-specific areas specified in the guidance note. This process is conducted at least every two years or when there is a significant change in the business relationship.

1

The SOE conducts due diligence before on its joint venture partnerships but this process is lacking in one or more of the following ways:

- The SOE does not conduct due diligence on every joint venture partnership;
- The SOE's due diligence process does not explicitly include checks on one or more of the relationship-specific areas provided in the guidance note;
- High risk joint venture partners and joint ventures operating in high-risk markets are not subject to enhanced due diligence (e.g.: public record research, market intelligence gathering, face-to-face interviews, on-site visits); or
- The SOE conducts due diligence only before engaging with joint venture partners and not on a regular basis (at least every two years) or in response to a change in the business relationship.

0

- The SOE does not conduct anti-corruption due diligence on its joint ventures; or
- The SOE conducts due diligence on its joint ventures but it is not based on an assessment of potential corruption risks.

Score:

Explanation:

THIRD PARTIES

Joint Ventures

4.6 Does the SOE commit to incorporating anti-corruption policies and procedures in all its joint venture partnerships, and is this commitment demonstrated in practice by requiring anti-corruption clauses in its contracts with joint venture partners?

Scoring Criteria:

2

The SOE commits to establishing anti-corruption policies and procedures in all of its joint venture relationships. This commitment is demonstrated in practice by requiring all joint ventures to adopt the SOE's anti-corruption program or by developing a program jointly with joint venture partners. Anti-corruption clauses are included in joint venture contracts and the SOE enters into joint ventures only if such contractual clauses prohibit, at a minimum, foreign and domestic bribery and facilitation payments (small bribes). The SOE also specifies that it takes steps to detect, control and prevent breaches through the inclusion of audit and termination rights in the contract.

1

The SOE commits to establishing anti-corruption policies and procedures in all of its joint venture relationships, and requires anti-corruption clauses in its contracts with joint venture partners. However, this commitment is not fully demonstrated in practice in one or more of the following ways:

- The SOE does not require all joint ventures to adopt its own anti-corruption program or that it works with partner companies to develop a similar program; or
- The SOE accounts for anti-corruption considerations when entering into a joint venture, but take steps to detect, control and prevent breaches through the inclusion of audit and termination rights in the contract.

0

The SOE does not commit to establishing anti-corruption policies and procedures in all of its joint venture relationships, and does not require anti-corruption clauses in its contracts with joint venture partners.

Score:

Explanation:

COMMUNICATIONS & TRAININGS

COMMUNICATIONS AND TRAINING

5.1 Does the SOE provide training on its anti-corruption program to all employees, board members, and third parties on a regular basis?

Scoring Criteria:

2

The SOE provides training, either as a dedicated program or embedded in other ethics and compliance courses, that outlines the principles of the anti-corruption policy, including the whistleblowing options available to employees. This training is provided to all employees, board members, and third parties on a regular basis and whenever the SOE's anti-corruption program is significantly revised. Employees are required to undertake refresher courses or modules on the anti-corruption program at least every three years.

1

The SOE provides a training module that outlines the basic principles of the anti-corruption policy, including the whistleblowing options available to employees. However, it is conducted on an ad hoc or infrequent basis, and is not provided to all employees, board members, or third parties, and it is conducted on an ad hoc or infrequent basis.

0

The SOE does not provide a dedicated anti-corruption training program or a specific module that is a part of a broader compliance and ethics training program to all employees, board members, and third parties.

Score:

Explanation:

COMMUNICATIONS AND TRAINING

5.2 Does the SOE provide tailored training on its anti-corruption program for the following categories of people:

- a) Employees in high-risk positions
- b) Middle management
- c) Board members
- d) High-risk third parties

Scoring Criteria:

2

The SOE provides tailored anti-corruption training to all of the categories of people specified in the question. This training is based on the results of an anti-corruption assessment. Employees in high-risk positions are required to take refresher training on at least an annual basis.

1

The SOE provide tailored anti-corruption training based on the results of an anti-corruption assessment, but it is lacking in one or more of the following ways:

- The training is not provided to all of the categories of people specified in the question; or
- Employees in high-risk positions are not required to take refresher training on at least an annual basis.

0

The SOE does not provide tailored anti-corruption training to the categories provided in the question based on an assessment of their role and exposure to corruption risk.

Score:

Explanation:

WHISTLEBLOWING CHANNELS

WHISTLEBLOWING CHANNELS

6.1 Does the SOE provide secure and accessible channels for whistleblowing that employees and whistleblowers can use to report corruption without fearing reprisal?

Scoring Criteria:

2

The SOE provides secure and accessible channels for whistleblowing. The channels allow anonymous or confidential reporting and the identity of the whistleblower is fully protected. The SOE also promotes a clear policy of non-retaliation in relation to whistleblowers, including employees, who report actual or potential corruption or wrongdoing. The policy also includes a clear statement that employees who breach this non-retaliation commitment will be disciplined.

1

The SOE has whistleblowing channels but the mechanism falls short in one or more of the following ways:

- The SOE does not promote a policy of non-retaliation against whistleblowers or employees who report actual or potential corruption or wrongdoing;
- The SOE does not discipline employees who breach the non-retaliation policy against whistleblowers or employees who report actual or potential corruption or wrongdoing; or
- The channels do not allow anonymous or confidential reporting;

0

The SOE does not have whistleblowing channels established and/or does not promote a policy of non-retaliation against whistleblowers or employees who report actual or potential corruption or wrongdoing.

Score:

Explanation:

MONITOR & REVIEW

MONITOR AND REVIEW

7.1 Does the SOE have a formal procedure for reviewing and evaluating the effectiveness of its anti-corruption program?

Scoring Criteria:

2

The SOE has a formal procedure for reviewing and evaluating the effectiveness of its anti-corruption program. Such reviews and evaluations are conducted at least every two years. Reviews of the anti-corruption policies and procedures are based on a variety of sources of information, such as input from internal and external audits, feedback from employees, research or reports from civil society organisations, and various assessments. Evaluation of the anti-corruption program is based on three major evaluation criteria: effectiveness, efficiency, and sustainability.

1

The SOE reviews and evaluates the effectiveness of its anti-corruption program but this process is lacking in one or more of the following ways:

- Reviews and evaluations of the anti-corruption program are conducted on an ad hoc or irregular basis;
- Reviews of the anti-corruption policies and procedures are not based on a wide variety of sources of information; or
- Evaluation of the anti-corruption program is not based on three major evaluation criteria: effectiveness, efficiency, and sustainability.

0

The SOE does not review and evaluate the effectiveness of its anti-corruption program.

Score:

Explanation:

TRANSPARENCY & PUBLIC REPORTING

TRANSPARENCY AND PUBLIC REPORTING

8.1 Does the SOE disclose the details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures, and other related entities)?

Scoring Criteria:

2

The SOE discloses the details of all its fully consolidated and non-fully consolidated holdings, and operating information on a country-by-country basis.

1

The SOE discloses only some details of its fully consolidated and non-fully consolidated holdings, and operating information on a country-by-country basis.

0

The SOE does not disclose any details of its fully consolidated and non-fully consolidated holdings, and operating information on a country-by-country basis.

Score:

Explanation:

TRANSPARENCY AND PUBLIC REPORTING

8.2. Does the SOE disclose its beneficial ownership and control structure?

Scoring Criteria:

2

The SOE fully discloses (either on its website and/or annual reports) its own beneficial ownership information, and its beneficial ownership in other entities, including those held by SOE subsidiaries, joint ventures, and consortia.

1

The SOE discloses (either on its website and/or annual reports) only some of its own beneficial ownership information, and its beneficial ownership in other entities, including those held by SOE subsidiaries, joint ventures, and consortia.

0

The SOE does not disclose its own beneficial ownership information, and its beneficial ownership in other entities, including those held by SOE subsidiaries, joint ventures, and consortia.

Score:

Explanation:

TRANSPARENCY AND PUBLIC REPORTING

8.3 Does the SOE comply with proactive disclosure requirements under the Right to Information Act?

Scoring Criteria:

2

The SOE has fully complied with proactive disclosure requirements under the RTI Act.

1

The SOE has partially complied with proactive disclosure requirements under the RTI Act.

0

The SOE does not comply with proactive disclosure requirements under the RTI Act.

Score:

Explanation:

6. GUIDANCE NOTES

The guidance notes provide instructions for the practical application of the indicators. They help to clarify what the question is trying to assess or measure, explain key good governance and anti-corruption concepts, and outlines international good practice standards for strengthening integrity and reducing corruption risks in SOEs.

TOP-LEVEL COMMITMENT

1.1 Does the SOE have a formal and public anti-corruption commitment that is authorised by its leadership?

Guidance:

This question assesses whether the SOE leadership – board directors and members of the executive management, such as managing director, chair or president, and senior executives or equivalent – has communicated a formal and public commitment towards zero-tolerance of corruption. Board directors and executive management are in the best position to foster a culture of integrity where corruption is unacceptable. They must internally and externally communicate a strong, explicit, and visible support and commitment to prohibiting all forms of corruption within the SOE. Without this crucial tone from the top, even the best designed anti-corruption program will be ineffective.

For the purpose of this question, “Anti-corruption commitment” means a clear, formal, and publicly stated commitment by the SOE leadership towards zero-tolerance of corruption. This commitment must be, at a minimum, published on the SOE’s website. Ideally, the commitment should also be communicated through a range of internal and external channels, including annual reports, trainings, conferences, social media, speeches, and interviews.

TOP-LEVEL COMMITMENT

1.2 Is the SOE's anti-corruption program or counter corruption strategy designed and based on regular risk assessment conducted with oversight from the board or an equivalent body?

Guidance:

The term “anti-corruption program” refers to all the efforts or strategies undertaken by the SOE to prevent corruption in its operations, including in relationships with third parties. Examples of such efforts include organisational values, code of conduct, detailed anti-corruption policy and other policies and procedures addressing specific corruption risks (such as conflicts of interest), board governance procedures, risk management, internal and external communications, training and guidance, whistleblowing channels, internal accounting controls, and many more.

Risk assessments are the foundation for the design of an effective anti-corruption program. A risk assessment process involves consultation and information gathering to identify the specific corruption risks facing the SOE. Once the risks are identified, the SOE should develop detailed and proportionate policies and procedures – an anti-corruption program – for countering all forms of corruption. Regular risk assessment should be conducted in order to improve, refine, and update the anti-corruption program according to changing conditions and risks. It is good practice to embed risk assessment into the practices and structure of the SOE. This means the board or an equivalent body authorised by the board should provide oversight for the risk assessment process by establishing a procedure for regular risk assessment, reviewing the results of risk assessment on an annual basis, and assigning the responsibility for implementing risk assessment to a senior executive (such as the Chief Executive Officer, the Chief Compliance Officer, or equivalent).

TOP-LEVEL COMMITMENT

1.3 Does the SOE have a comprehensive anti-corruption policy that explicitly applies to the following categories:

- a) All employees, including staff and leadership of subsidiaries, joint ventures, and other controlled entities
- b) All board members, including non-executive directors
- c) All third parties, including suppliers, consultants, agents, brokers, and any other intermediaries

Guidance:

This question assesses whether the SOE's anti-corruption program or counter corruption strategy is expressed through a formal and publicly stated policy. A good practice anti-corruption policy should specifically define and prohibit all forms of corruption (including bribery, facilitation payments, commercial bribery, and payments to public officials), whether they take place internally or externally through third parties. The policy should apply to all persons associated with the SOE, including all employees (including staff and leadership of subsidiaries, joint ventures, and other controlled entities), board members, and third parties. The policy can be presented as a dedicated anti-corruption policy, as part of a code of conduct, or similar compliance-related document. It should also be published on the SOE's website.

TOP-LEVEL COMMITMENT

1.4 Does the board or a dedicated board committee provide oversight of the SOE's anti-corruption program?

Guidance:

One of the ways the board of directors can demonstrate commitment towards zero-tolerance of corruption is by providing oversight and accountability for the anti-corruption program. An anti-corruption program articulates the values, policies, and procedures an SOE will use to prevent corruption in all its operations, including in relationships with third parties. The board can provide oversight function of the anti-corruption program by:

- Ensuring that anti-corruption is a priority for the SOE – for example, by making it a standing item on the board's agenda or providing adequate human and finances resources for effective implementation and management of the anti-corruption program.
- Obtaining regular status reports on the anti-corruption program from senior management and evaluating senior management's performance regarding implementation, execution, and continuous improvement of the anti-corruption program.
- Reviewing internal and external audits and implementing recommendations to strengthen the anti-corruption program.

Oversight can be carried out directly by the board or through a board committee, such as an audit, ethics, or risk committee. Delegating this responsibility to a committee does not relieve the board of its responsibility to provide ultimate oversight.

TOP-LEVEL COMMITMENT

1.5 Is the responsibility for implementing and managing the SOE's anti-corruption program assigned to a senior executive with direct reporting line to the board or a board committee providing oversight of the program?

Guidance:

An effective, efficient, and sustainable anti-corruption program is one that is integrated into the SOE's organisational structure. This means assigning adequate human resources for the systematic implementation of the program. A senior executive (such as the Chief Executive Office, the Chief Compliance Officer, or equivalent) should have responsibility for leading the design and implementation of all aspects of the anti-corruption program. Fulfilling this responsibility means providing reports to the board and executive management on the overall implementation of the program, presenting results of corruption risk assessments, and proposing recommendations for improvement or additional resources. This senior executive should have direct reporting access to the board or the board committee that oversees the program.

GOVERNANCE

2.1 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?

Guidance:

Good practice calls for public advertisement of recruitment and public disclosure of information on the criteria for board nomination, the identity and the number of board candidates, and the Annual General Meeting voting percentage results. This enhances transparency around individual board members of the SOE and minimises the risk of the state's influence and control over the nomination and appointment process. This also helps ensure that qualified and accountable individuals, without possible conflicts of interest that can compromise the independence and professionalism of the board, are appointed.

GOVERNANCE

2.2 Is the SOE open and transparent about the appointment and dismissal process of the chief executive officer or equivalent position?

Guidance:

It is good practice for the SOE board to have the power to appoint and dismiss the chief executive officer (CEO). The rules and procedures for nominating, appointing, and dismissing the CEO should be publicly disclosed and free from undue influence by the ownership entity or others, such as politicians. The appointment of the CEO should be based on professional criteria and a competitive selection procedure. The grounds for dismissal should be clearly defined.

HIGH RISK AREAS

Conflict of Interest

3.1 Does the SOE have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees (including those of subsidiaries and other controlled entities) and board members, and that covers the following categories of possible conflict:

- a) Employee/board relationships
- b) Engagement of public officials
- c) Financial interests
- d) Other employment

Guidance:

A conflict of interest occurs when an employee, board director's private interests – family, friends, business, voluntary work and political affiliations – come into conflict or are likely to come into conflict with their work duties and responsibilities. Conflicts may be:

- **Actual:** A real conflict between an employee or director's work duties and private interests.
- **Potential:** An employee or board director has private interests that could, in the foreseeable future, conflict with their work duties.
- **Perceived:** The public could form the view that an employee or board director's private interests could improperly influence their decisions or actions, now or in the future.

While these conflicts are not inherently wrong, they can involve or lead to unethical or corrupt behaviour. For this reason, it is important to put the right measures in place to detect and defuse conflicts of interest before any impropriety can take place. A good starting point is to establish a formal conflicts of interest policy that applies to, at a minimum, all employees (including those of subsidiaries and other controlled groups), and board members. Good practice in this area calls for extending the application of the policy to relevant third parties as well. The policy should clearly define conflict of interest and provides examples of conflict situations that can put organisational and individual integrity at risk. It should, at a minimum, refer to the following categories of conflict:

- **Employee/board relationships:** whether employees and board directors, in their day-to-day work responsibilities, interact with immediate family members, relatives, friend or other groups (suppliers, vendors, customers) with whom they have close personal relationships.
- **Engagement of public officials:** whether employees and board members can be hired or appointed from the public sector.
- **Financial interests:** whether employees and board members stand to gain from or has influence over any supplier, subcontractor, customer or competitor involved in business dealings with the SOE.
- **Other employment:** whether an employee or board member also acts as a consultant, partner, representative, agent, director or board member of another company, supplier, partner or subcontractor.

HIGH RISK AREAS

Conflict of Interest

3.2 Does the SOE's conflicts of interest policy provide a process for identifying, managing and resolving conflicts of interest situations, which is overseen by an individual or body accountable for the appropriate management and handling of conflict of interest cases?

Guidance:

A strong conflict of interest policy should provide a process for managing potential and actual conflicts of interest. Good practice dictates that an individual or dedicated body must be assigned the responsibility of maintaining an up-to-date register. All employees and board members should be required to declare any potential or actual conflicts of interest before recruitment or appointment and then annually following appointment. Conflict of interest declarations of board members and executive management should be published on the SOE's website.

Good practice recommends the SOE adopt preventative measures related to recruitment and procurement. This can be done by ensuring that the conflicts of interest policy provide instructions on what to do when conflicts arise and when someone breaches the policy. The individual or body tasked with managing and handling of conflicts of interest cases must ensure the criteria for recusal are clear and understood by all persons associated with the SOE and enforce punitive measures when a person fails to recuse themselves from a potential conflict of interest situation.

HIGH RISK AREAS

Conflict of Interest

3.3 Does the SOE have a policy regulating the hiring or appointment of board members and the chief executive officer (or equivalent) from the public sector?

Guidance:

This question assesses whether the SOE recognises the corruption and conflict of interest risks associated with the movement of employees between the company and the public sector (also known as “revolving door”). While this movement of people between the private and public sectors is not necessarily bad, the lack of regulation and oversight can lead to corruption and abuse of conflicts of interest.

Good practice recommends SOEs to adopt a clear policy – either as a standalone revolving door policy or as a part of the SOE’s broader conflict of interest policy –that includes controls to assesses and regulate the hiring and appointment of current and former politicians and public officials to the SOE leadership (board and executive officer position or equivalent). The policy should stipulate a “cooling-off” period, which means that the SOE explicitly commits to not hiring or appointing any former or current politicians or public officials until a certain period of time has passed since their departure from the public sector. This period, at a minimum, should be 12 months – although good practice recommends two to three years.

HIGH RISK AREAS

Conflict of Interest

3.4 Does the SOE report details of the contracted services of serving public officials to the company?

Guidance:

There may be instances where an SOE may contract advisory or consultancy services of a serving public official or of a third-party company where a serving public official is the owner or a shareholder. Such relationships can create an opportunity for the exertion of undue influence and can be used as a vehicle for corruption – or can be perceived as such. Good practice recommends SOEs to be transparent about their engagement with incumbent public officials. This means reporting – for instance, on the SOE’s website and/or in annual reports – the details of contracted and retained services of serving politicians. These should be all services for which public officials receive any financial compensation or in-kind benefit. This list should be updated on at least an annual basis. It is also good practice, if the SOE does not, or has not, contracted or retained services of any serving public officials, to publish a statement to that effect on its website and/or annual reports.

For the purpose of this question, a “public official” is an individual who, whether appointed or elected, holds a legislative, executive, or judicial office.

HIGH RISK AREAS

Gifts, Hospitality and Expenses

3.5 Does the SOE have a policy and/or procedure to ensure that all gifts, hospitality, and expenses are reasonable and bona fide to prevent undue influence or other corruption?

Guidance:

Gifts, hospitality, and travel and entertainment expenses (together referred to as “promotional expenses”) are used as a way of building relationships, expressing appreciation, and promoting products and services. Promotional expenses can leave an SOE vulnerable to corruption, including undue influence and passive bribery. An example of passive bribery is when a bidder for an SOE contract uses promotional expenses to influence an SOE employee with procurement and decision-making functions to award the contract in favour of the bidder.

Mitigating the risk association with promotional expenses can be challenging for SOEs operating in environments where gift giving is a common business practice and cultural norm. A good starting point is to establish a risk-based policy or procedure that clearly defines what types of gifts, hospitality, or expenses can or cannot be given or accepted. Good practice permits promotional expenses where they meet the following conditions:

- **Bona fide:** They are given for the right reason and not as a subterfuge for bribery and other corruption.
- **No obligation and undue influence:** They do not create any obligation or expectation on the recipient. They are not seen as intended for, or capable of, achieving undue influence in relation to a business transaction or public policy engagement.
- **Proportionate:** There is an upper limit for the values of promotional expenses that can be received or given, such values being nominal and appropriate to general business practice. The financial limits are proportionate in value to the markets.
- **Infrequent:** The giving and receiving of promotional materials is not overly frequent between the giver and the recipient.
- **Transparent:** They are exchanged openly and promotional expenses above a certain threshold are well-documented in an up-to-date gift register that is published and updated annually.
- **Oversight:** Require prior approval for promotional expenses that present concerns and uncertainties, or that are given to and received from domestic and foreign public officials.

HIGH RISK AREAS

Charitable contributions, community investments and sponsorships

3.6 Does the SOE have clearly defined policy and/or procedure covering charitable contributions, community investments and sponsorships, whether made directly or indirectly, and does it publish details of all such donations and sponsorships made by the company and its subsidiaries?

Guidance:

A charitable contribution is a donation made to support charitable causes or activities. In the context of the Maldives this can include financial and in-kind donations made to a local sports club, a school, or a civil society organisation promoting a cause in the areas of education, climate change, health, or arts.

A community investment is a voluntary contribution made to benefit communities. This can include charitable donations, training and work placements, support to small businesses and start-ups, construction of a public facility, educational activities, and other activities judged to benefit society.

Sponsorships involve supporting an individual, event or organisation in order to promote a company's reputation, brands, products, and services.

Such donations and sponsorships can be a part of an SOE's legitimate efforts to engage in corporate social responsibility (CSR). But they can also be misused to launder money, influence a decision, or win contracts as the transaction amounts can be manipulated where there is no market benchmark. For this reason, a policy on CSR covering charitable contributions, community investments and sponsorships should address both financial contributions and in-kind support (such as goods or services) made both directly and indirectly (for example, through corporate foundations).

Good practice recommends that the policy and/or procedure specify the criteria and selection process for making donations and sponsorships, including the approval needed for each type of activity. Transactions that do not meet the criteria should be prohibited unless they receive explicit approval from senior management. Donations and sponsorships that meet the criteria and are above a certain threshold or are considered high risk should be approved by senior management. The details of all donations and sponsorships made by the SOE and its subsidiaries must be publicly disclosed and updated at least annually. Alternatively, if the SOE has not made any donations or sponsorships, this should be disclosed by publishing a clear statement.

HIGH RISK AREAS

Political contributions

3.7 Does the SOE have clearly defined policy prohibiting political contributions – whether direct, indirect, or in-kind, and does it make an annual public statement that the company has not made any political contributions?

Guidance:

Political contributions can include general party support; campaign funding to support or oppose a political party, politician, or candidate; sponsorships for events and publications; and free or discounted use of SOE facilities or services such as offices, transport, printing, telecommunications, advertising, and media coverage.

Good practice recommends that the SOE implement a policy prohibiting all forms of political contributions – whether direct, indirect, or in-kind. The SOE also should prohibit its board members, employees, agents, consultants, lobbyists or other intermediaries from making political contributions on behalf of, or related to, their work for the SOE. The SOE should also publish an annual public statement that the company and its subsidiaries have not made any political contributions.

THIRD PARTIES

4.1 Does the SOE maintain an up-to-date register and database of all its contracted third parties?

Guidance:

This question assesses whether the SOE has a clear understanding and record of all past and current third parties, including vendors or suppliers, distributors, joint venture partners, advisors and consultants, service providers (logistics, supply chain management, storage, maintenance), contractors and subcontractors, lobbyists, marketing and sales agents, customs or visa agents, and other intermediaries. Given the high corruption risks attached to third-party relationships, good practice recommends extending the application of the SOE's anti-corruption program to its third-party population. In order to do this, the SOE must first establish a systematic process for identifying and registering all third parties. Information should be gathered on their ownership, how they operate, their integrity and anti-corruption standards, and any significant corruption risks. This will help categorise the different third parties and understand the extent to which the SOE rely on them to conduct their business. All information gathered on third parties should be stored on a centralised database, which is reviewed and updated annually.

THIRD PARTIES

Suppliers

4.2 Does the SOE require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?

Guidance:

For the purpose of this question, “suppliers” refers to any company that has a direct business relationship with the SOE (also known as tier one supplier). Good practice recommends that an SOE’s procurement department be responsible for ensuring that proper due diligence checks and approval processes are followed, both when onboarding a new supplier over a certain value threshold and during the day-to-day management and oversight of supplier relationships. The procurement department is also ultimately responsible for providing oversight of the SOE’s supplier base. This can be done by making sure that the all information on suppliers stored on the centralised database of the SOE is up-to-date.

THIRD PARTIES

Suppliers

4.3 Does the SOE conduct risk-based anti-corruption due diligence when engaging and re-engaging with its suppliers?

Guidance:

For the purpose of this question, “suppliers” refers to any company that has a direct business relationship with the SOE (also known as tier one supplier). Good practice recommends carrying out risk-based anti-corruption due diligence before entering into a contract with a supplier in order to identify existing problems, potential risks, and mitigation activities to minimise these risks. The scope and intensity of due diligence for selecting suppliers should be determined by the SOE’s overall risk assessment. For example, suppliers in a particularly high-risk industry or country may be subject to a more thorough due diligence before establishing a relationship with the SOE. In addition to typical checks on corruption-related risk areas, SOEs should also conduct due diligence checks on relationship-specific areas. These areas, at a minimum, should include:

- Checks on legal status and type of organisation of the supplier
- Checks on the beneficial ownership structure (who ultimately owns, controls, or benefits from a company)
- Review of the supplier’s corruption-related track record (past incidents, debarment cases, etc)
- Evaluation of the quality of the supplier’s anti-corruption program

Due diligence checks should be properly documented and conducted on a continuous or regular basis and especially when there is a significant change in the business relationship. Contracts should be entered into with suppliers only if the red flags highlighted in the due diligence process can be mitigated.

THIRD PARTIES

Suppliers

4.4 Does the SOE require all of its suppliers to have adequate standards of anti-corruption policies and procedures in place?

Guidance:

For the purpose of this question, “suppliers” refers to any company that has a direct business relationship with the SOE (also known as tier one supplier). Good practice recommends SOEs to ensure that suppliers have clear policies in place that prohibit, at minimum, foreign and domestic bribery and facilitation payments in the conduct of business. Additionally, policies and procedures that cover conflicts of interest, gifts and hospitality, and whistleblowing are required, particularly where the supplier’s activities may involve interaction with the government.

The way in which an SOE meets these recommendations can vary. Contractual terms can state the SOE’s own anti-corruption standards will apply to the supplier. Alternatively, the SOE can work with suppliers to help them develop their own anti-corruption policies and procedures.

THIRD PARTIES

Joint Ventures

4.5 Does the company conduct risk-based anti-corruption due diligence when entering into and operating as part of joint ventures?

Guidance:

This question should be completed only if the SOE engages in joint ventures. Joint ventures can bring many advantages to SOEs, including faster market entry and growth, increased productivity, and additional profits. They are also considered high risk business partners due to the range of corruption risks they present. For example, a joint venture partner's corporate ethics and values may not align with the SOEs, they may be connected to a politically exposed person, or they may have weak anti-corruption policies and procedures that make them vulnerable to bribery, kickbacks and other corruption.

These risks can be addressed and mitigated by conducting risk-based anti-corruption due diligence on the business partner before entering into the joint venture agreement and on an ongoing basis once the joint venture is established. In addition to typical checks on corruption-related risk areas, SOEs should also conduct due diligence checks on relationship-specific areas. These areas, at a minimum, should include:

- Checks on legal status and type of organisation of the supplier
- Checks on the beneficial ownership structure (who ultimately owns, controls, or benefits from a company)
- Review of the supplier's corruption-related track record (past incidents, debarment cases, etc)
- Evaluation of the quality of the supplier's anti-corruption program

THIRD PARTIES

Joint Ventures

4.6 Does the SOE commit to incorporating anti-corruption policies and procedures in all its joint venture partnerships, and is this commitment demonstrated in practice by requiring anti-corruption clauses in its contracts with joint venture partners?

Guidance:

This question should be completed only if the SOE engages in joint ventures. It is not enough that an SOE is committed to establishing anti-corruption policies and procedures in its joint venture relationships. Good practice dictates translating this commitment into action by establishing proportionate mitigation measures to minimise corruption risks in joint venture relationships from the outset. Such a measure can include requiring all joint venture partners to formally adopt the SOE's anti-corruption policies and procedures – for instance, by including contractual clauses that, at minimum, prohibit foreign domestic bribery and facilitation payments (small bribes). Alternatively, joint venture partners can develop similar anti-corruption policies and procedures with support from the SOE.

The SOE can also take steps to detect, control and prevent breaches through the inclusion of audit and termination rights in the contract. These formal mechanisms help to ensure that joint venture partners are equally committed to countering and are actively working to implement these controls.

COMMUNICATIONS AND TRAINING

5.1 Does the SOE provide training on its anti-corruption program to all employees, board members, and third parties on a regular basis?

Guidance:

This question assesses whether the SOE provides a dedicated anti-corruption training program or a specific module that is a part of a broader compliance and ethics training program to all employees, board members, and third parties.

The goal of an effective training is to provide information on the SOE's anti-corruption program, develop skills to identify and prevent all manifestations of corruption, and build confidence in and commitment to the integrity of the company. The training should communicate the SOE's stance against corruption, what constitutes corruption, how to comply with various policies and procedures, and how to report corruption through whistleblowing channels.

The SOE should ensure all employees, board members, and third parties receive the training, either on a regular basis or whenever the company's anti-corruption policies and procedures are significantly revised.

COMMUNICATIONS AND TRAINING

5.2 Does the SOE provide tailored training on its anti-corruption program for the following categories of people:

- a) Employees in high-risk positions
- b) Middle management
- c) Board members
- d) High-risk third parties

Guidance:

This question assesses whether the SOE provides tailored anti-corruption training based on the results of risk assessments to those in functions identified as facing high corruption risks and to high-risk third parties. Examples of high-risk positions can include those in procurement and contracting, marketing, sales, and more. The training can be provided either as a dedicated training program or as a tailored module that is a part of the SOE's broader ethics and compliance training program, so long as it is clear that it applies to high-risk employees and third parties.

WHISTLEBLOWING CHANNELS

6.1 Does the SOE provide secure and accessible channels for whistleblowing that employees and whistleblowers can use to report corruption without fearing reprisal?

Guidance:

Whistleblowers play an essential role in detecting and preventing corruption. A whistleblower's disclosures can expose corruption, fraud, mismanagement, and other wrongdoing that threaten public health and safety, financial integrity, human rights, the environment, and the rule of law. Good practice requires SOEs to promote a clear policy of non-retaliation in relation to whistleblowers, including employees, who report actual or potential corruption or wrongdoing. The policy should include a clear statement that employees who breach this non-retaliation commitment will be disciplined.

Good practice also requires SOEs to provide secure and accessible channels for whistleblowing – for example, through internal channels (in the context of the Maldives, this is the Whistleblower Protection Officer and the Whistleblower Protection Committee in each SOE) or an external channel operated by an independent third party (Whistleblower Protection Unit established at the Human Rights Commission). The SOE must allow anonymous or confidential reporting and ensure the identity of the whistleblower is protected.

MONITOR AND REVIEW

7.1 Does the SOE have a formal procedure for reviewing and evaluating the effectiveness of its anti-corruption program?

Guidance:

This question assesses whether the SOE is committed to continuous improvement and systemic monitoring and evaluation of its anti-corruption program, which is supported by regular risk assessments and internal audits. Periodic reviews and evaluations allow SOEs to correct weaknesses in their anti-corruption policies and procedures. Reviews should be based on a variety of sources of information, such as input from internal and external audits, feedback from employees, research or reports from civil society organisations, and various assessments. Good practice recommends evaluating the anti-corruption program's overall performance against the following three major criteria:

- **Effectiveness:** The extent to which the anti-corruption policies and procedures have contributed to the program's specific objectives – for example, the minimisation of risks of conflicts of interest.
- **Efficiency:** The extent to which the anti-corruption program has delivered results in the most cost-effective way possible.
- **Sustainability:** The extent to which the anti-corruption policies and procedures and their related results help to minimise the risk of corruption in the long run.

TRANSPARENCY AND PUBLIC REPORTING

8.1 Does the SOE disclose the details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures, and other related entities)?

Guidance:

This question assesses whether the SOE provides organisational transparency by publicly disclosing its fully consolidated and non-fully consolidated holdings, and operating information on a country-by-country basis.

Good practice around organisational transparency requires SOEs to disclose the following:

- All of its fully consolidated subsidiaries and the percentages owned in each of these subsidiaries
- Countries of incorporation and operations for each of its fully consolidated subsidiaries
- All of its non-fully consolidated holdings and percentages owned in each of these holdings
- Countries of incorporation and operations for each of its non-fully consolidated holdings

Good practice around country-by-country reporting requires SOEs to disclose the following information:

- Revenues/sales by country
- Capital expenditure by country
- Pre-tax income by country
- Income tax by country
- Major contracts and projects
- Financial relationships between the SOE and governments
- Community contributions

TRANSPARENCY AND PUBLIC REPORTING

8.2. Does the SOE disclose its beneficial ownership and control structure?

Guidance:

Knowing who owns and controls the SOE, and which other entities the SOE owns and controls, can help prevent illicit financial flows and ensure accountability to citizens, clients, and customers. Good practice requires SOEs to publicly disclose its own beneficial ownership information, and its beneficial ownership in other entities, including those held by SOE subsidiaries, joint ventures, and consortia.

TRANSPARENCY AND PUBLIC REPORTING

8.3 Does the SOE comply with proactive disclosure requirements under the Right to Information Act?

Guidance:

Access to information is essential for combatting corruption. The Right to Information Act requires SOEs to make certain information publicly available on their respective websites. This information includes:

- Functions, responsibilities, structure, duties and contact information of public officials.
- Direct services provided to the public
- Responsibility of high-ranking officials (board members and CEO or equivalent position), their powers and scope of discretion
- Budget allocated to the SOE and details of expenditure and disbursements
- Public procurement procedures
- Salaries and benefits to employees, including board members
- Rules, regulations, policies, principles and norms used to perform the SOE's duties and functions
- Details of decisions taken that affect the public with reasons and implications
- Information on accessing information and details of the information officer

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