

2013 Anti-Bribery & Corruption Report

A joint project of Kroll Advisory & Compliance Week

Speakers:

- **Lonnie Keene**, managing director, Kroll Advisory
- **Violet Ho**, senior managing director, Kroll Advisory (Hong Kong)
- **Felicia Faragasso**, VP for legal, senior corporate counsel, SAIC
- **Matt Kelly**, editor, Compliance Week

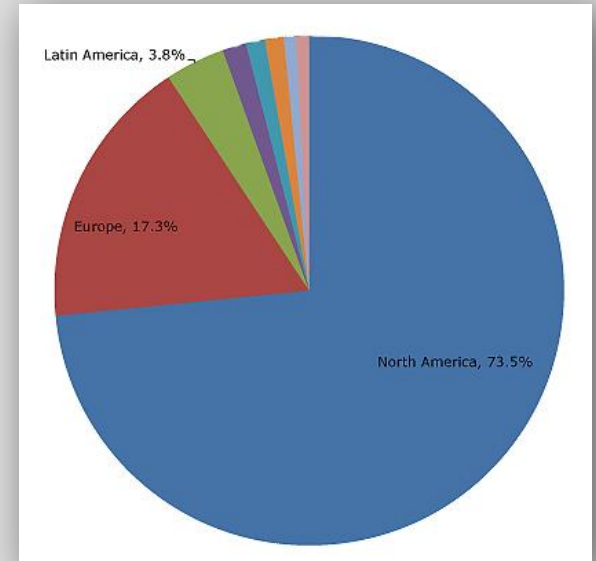
COMPLIANCE WEEK 2013
POWERFUL INSIGHTS, PRACTICAL IDEAS, REAL SOLUTIONS

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Who took this survey?

- 260 respondents across all industries
- 73.5 percent in U.S.; 17.3 percent in Europe; 3.8 percent in Latin America
- Median annual revenue \$3.53 billion
- Median worldwide headcount 9,600 employees
- 31.2 percent: chief ethics & compliance officer
- 11.9 percent: director of FCPA compliance (or similar)
- 9.2 percent: chief audit executive



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‘Do you expect corruption risks for your company to rise in the next 12-18 months?’

- Among ALL respondents: 50-50 split
- Larger businesses: 54 percent yes, 46 percent no
- Smaller businesses: 41 percent yes, 59 percent no
- US businesses: 53 percent yes, 47 percent no
- Overseas businesses: 42 percent yes, 58 percent no

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‘Why do you expect your corruption risks will rise?’

- We’ll be expanding into new markets: 72 percent
- Anti-bribery laws will be enforced more vigorously: 58 percent
- Our number of third parties will increase: 45 percent
- Anti-corruption laws will proliferate where we do business: 37 percent

Notable:

- Overseas businesses cite anti-corruption law & enforcement more than US businesses;
- All groups cite expansion into new markets as top driver of risk

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Due diligence: Exactly what does that entail?

- 87 percent say they perform some amount of due diligence on third parties
- Average respondent has more than 3,500 third parties
- For any type of due diligence effort (interviews, reference checks, audits, vendor certifications, etc.), large companies are more likely to employ that tactic than small ones

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‘Do you educate your third parties on anti-bribery and corruption?’

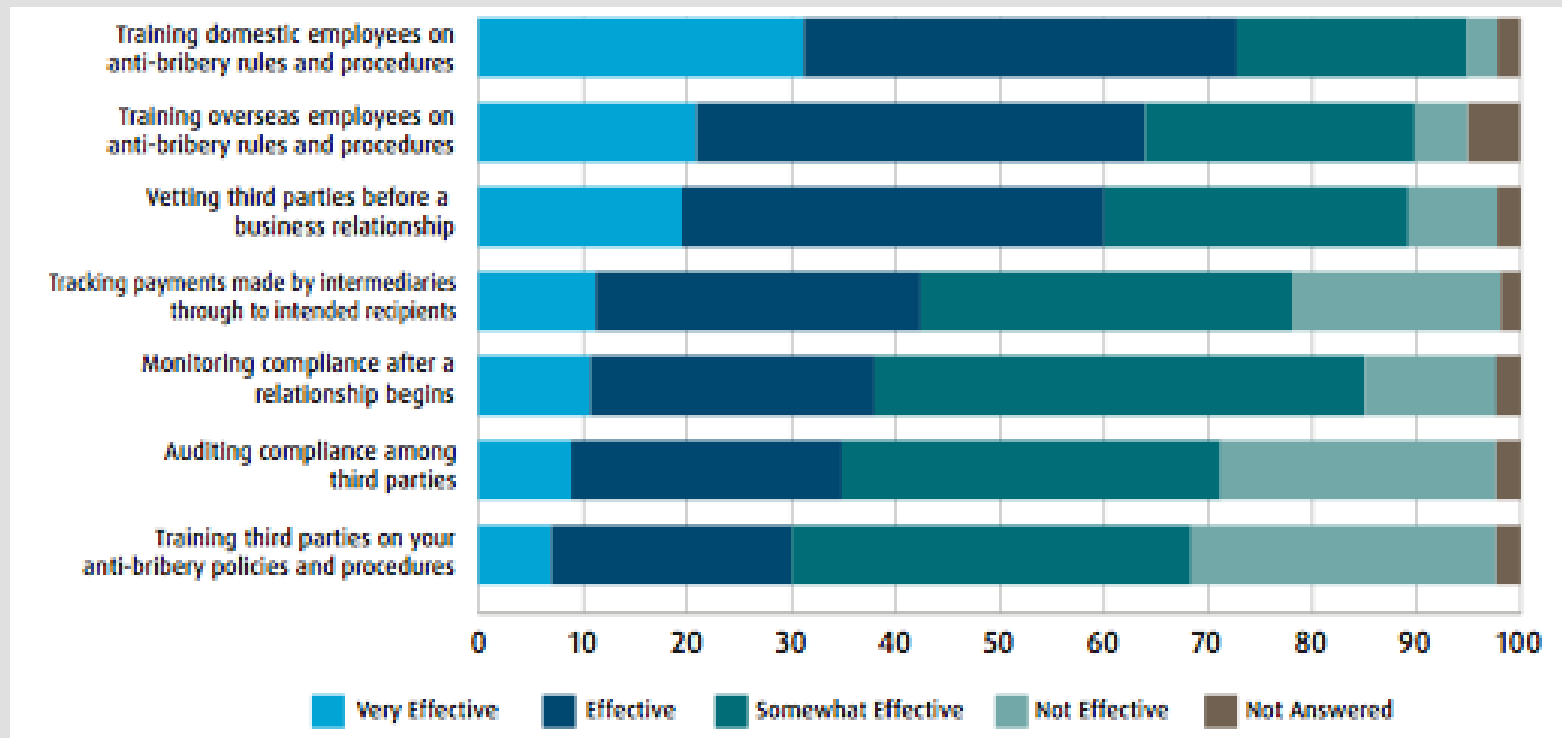
- Yes: 53 percent
- **No: 47 percent**
- Overseas companies: 51 percent no
- Smaller companies: 55 percent no

‘How do you educate your third parties on corruption?’ (in descending order...)

- Certification included in contract
- On-boarding questionnaire
- On-site training
- Web-based training
- Post anti-bribery materials
- (All respondents used multiple methods)

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'How effective are your protocols and procedures for...'



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Conclusions & Questions

- Middle market and overseas businesses still lagging far behind larger, US-based counterparts
- Third parties are still a huge risk, that many companies ignore
- Many worries that monitoring, auditing of third parties isn't terribly effective
- Half say risks aren't rising, but procedures aren't terribly effective; is there a disconnect?

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Thank you

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