

# Understanding Anti-Corruption Reporting

With the support of the World Economic Forum's  
Partnering Against Corruption Initiative





# Foreword

The significant negative impacts of corruption are well documented— from reducing the quality of public services and economic opportunity, to supporting criminal activity with horrific human costs, and ultimately putting the achievement of the United Nations Sustainable Development Goals further out of reach.

Corruption is complicated, and its drivers and enabling factors span government, business, society and culture. So too is the fight against it, where a broad array of diverse stakeholders all need to do their part to make a difference.

Business plays a central role amongst stakeholders in the anti-corruption ecosystem. Due to their scale and global footprints, the largest publicly-traded businesses have a disproportionate impact.

At the same time, there is increased focus on the future of corporate reporting as investors and other stakeholders ask for relevant, reliable, and comparable information that goes beyond the financial statements.

It is in this context that IFAC, the World Economic Forum's Partnering Against Corruption Initiative (PACI), and Transparency International UK have partnered to produce this review of anti-corruption corporate reporting by the

largest publicly-trade companies around the world. Our goal is to help both corporate reporting and anti-corruption stakeholders understand current practices in anti-corruption reporting, with a view to stimulate conversations around how anti-corruption-related issues are transparently addressed by the information companies provide.

## Our findings are mixed.

- Nearly all (95%) of companies reviewed disclose some information about anti-corruption policies, training, and/or results
- Majority use internationally recognized sustainability standards (GRI and/or SASB) to report anti-corruption information
- There is little comparability between anti-corruption disclosure
- Few companies disclose corruption incidents (37%) or the costs of corruption (4%)
- The majority (71%) of companies are not obtaining assurance on anti-corruption information

**On assurance:** Independent third-party assurance is crucial for ensuring the quality and reliability of corporate reporting. We know from research conducted by IFAC and AICPA-CIMA, that most companies obtain assurance over non-financial information such as climate-related disclosures. But the rate of assurance obtained over social or governance issues is much lower. Indeed, only 56% of large listed companies obtained assurance over broad governance-related information in 2021.

This rate falls even further when we look specifically at anti-corruption reporting as a subset of Governance. Only 29% of the largest publicly-traded companies obtained assurance over their anti-corruption reporting in 2021.

This new research on anti-corruption related corporate reporting practice raises questions about the quality, reliability, and scope of such disclosures. And IFAC, WEF's PACI and TI-UK look forward to engaging with stakeholders based on this research as the conversation continues.



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# Policy Considerations



## JURISDICTIONAL DIFFERENCES

Jurisdiction is the factor that has the strongest correlation with reporting and assurance practices. Are regulatory initiatives at the global level necessary to drive consistency in reporting and assurance practices across jurisdictions?



## COMPARABILITY

Companies use a variety of standards and frameworks to disclose anti-corruption information. These standards and frameworks have different objectives and stakeholders. Should regulators work toward standards that promote consistent and comparable anti-corruption information?



## COMPLETENESS

When companies make use of existing frameworks (e.g., GRI and SASB), they are not necessarily reporting against the full set of standards. Does incomplete reporting negatively impact its value for investors and other stakeholders? To what extent is this a result of voluntary rather than mandatory reporting?



## GOVERNANCE

Nearly 75% of companies reviewed in this study disclosed their board-level governance of anti-corruption topics. Our results suggest companies take a variety of approaches to anti-corruption governance. Is there a best practice to anti-corruption governance or should companies approach anti-corruption governance based on their unique circumstances?



## RELIABILITY

Are lower levels of assurance for anti-corruption reporting (29%) negatively impacting the reliability of the disclosures? What is driving the low levels of assurance?

## BENEFICIAL OWNERSHIP

Understanding who owns, controls or benefits from a company is an important aspect in the fight against corruption. Yet, just 9% of companies reviewed in this study included beneficial ownership information as part of their sustainability disclosures. Jurisdictions that included sustainability information in the annual report or the integrated report—like France (28%) and Indonesia (26%)—had higher rates of beneficial ownership disclosure.

# Executive Summary

## Nearly all companies reviewed in this study disclose some information about anti-corruption policies, procedures, and/or actions

95% of companies disclose some anti-corruption information using an average of 997 words. The nature of anti-corruption disclosure varied widely from one jurisdiction to another.

## Anti-corruption information is not being assured

Assurance from an independent third-party is crucial to delivering reliable information to stakeholders. This study finds that most companies are not obtaining assurance of their anti-corruption disclosures and there is more work to do to provide stakeholders high quality information.

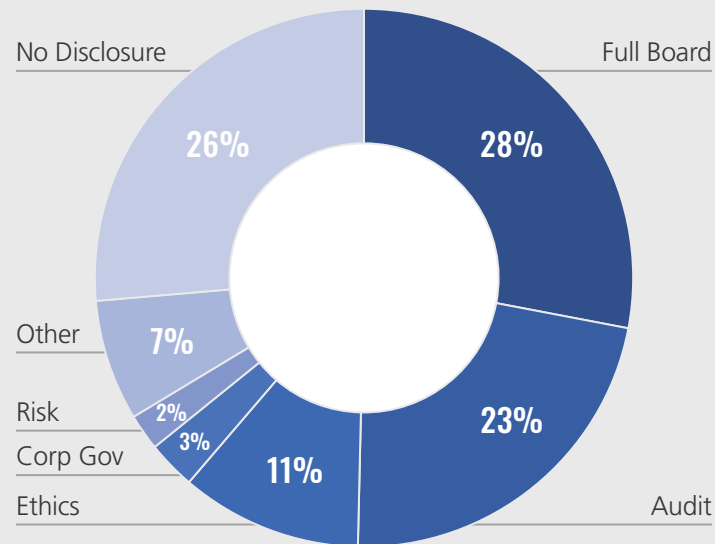
### Assurance of anti-corruption information



## There is no “best practice” for Board oversight of anti-corruption policies or disclosures

Companies are not coalescing around a single strategy for overseeing their approach to anti-corruption.

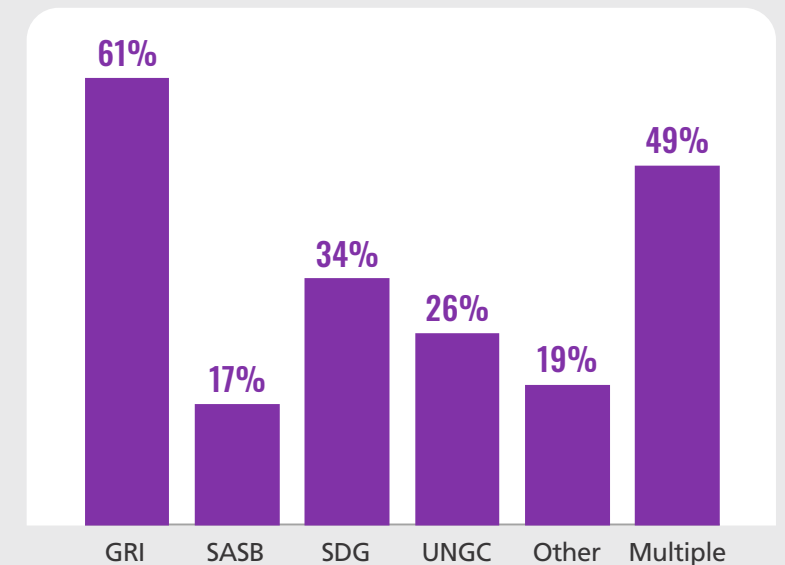
### Board oversight of anti-corruption



## Anti-corruption disclosure is not comparable

Some jurisdictions have anti-corruption disclosure requirements which allow for comparability within a jurisdiction, but most anti-corruption disclosures are unique to individual companies.

### Sustainability reporting standards for anti-corruption



\* The goal of this review is to understand anti-corruption disclosure practices within the context of corporate sustainability reporting and does not evaluate the quality of these disclosures. The percent of companies that disclose anti-corruption information is calculated based on 577 companies that include sustainability information in a report. All other percentages are calculated based on the 550 companies that include anti-corruption disclosure these reports.

# OVERVIEW

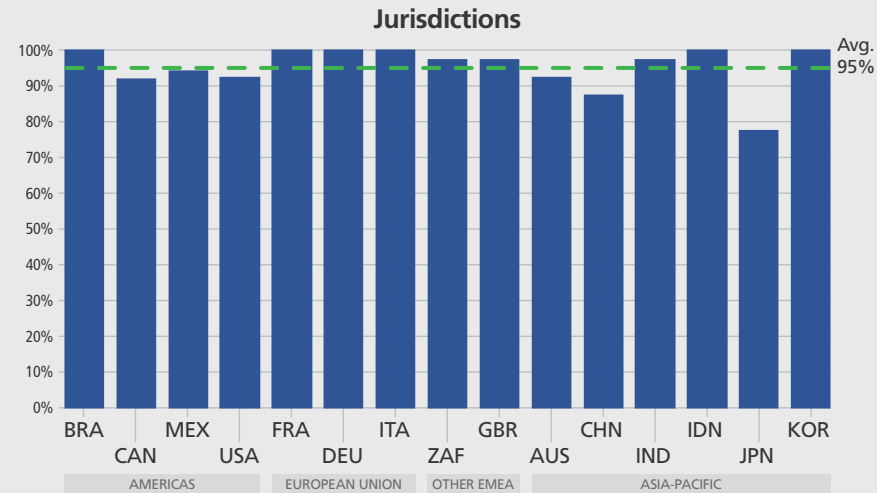




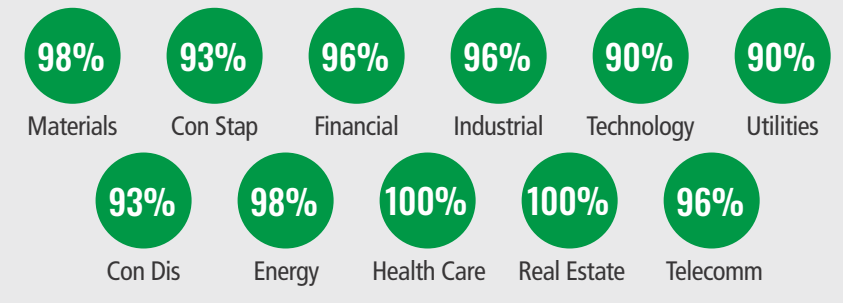
# Overview

- 95% of companies** in this study disclosed some anti-corruption information during 2021
  - All companies in EU jurisdictions disclosed some information about anti-corruption
  - The Asia-Pacific region's disclosure rate lagged because of lower disclosure rates in China (88%) and Japan (78%)
- The number of words used for anti-corruption disclosures (across policies, procedures, and incidents) varies widely from one jurisdiction to another
- 997 words** were used, on average, to disclose anti-corruption policies, procedures and/or actions
  - German companies were the most verbose – using nearly 1,800 words, on average
  - Brazilian and Australian companies were the least – using under 500 words, on average

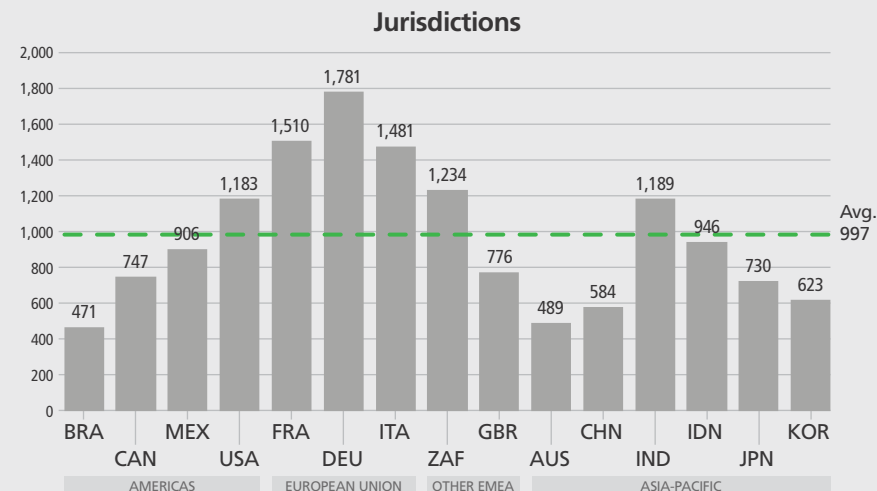
## RATE OF ANTI-CORRUPTION DISCLOSURE



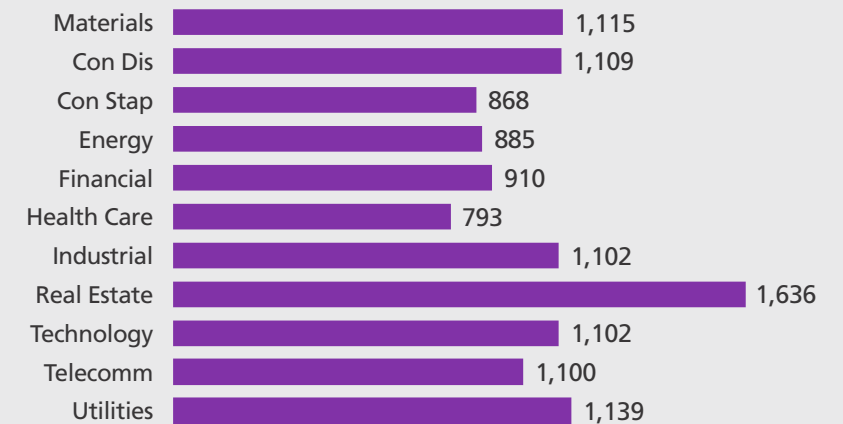
## Industries



## LENGTH OF ANTI-CORRUPTION DISCLOSURE



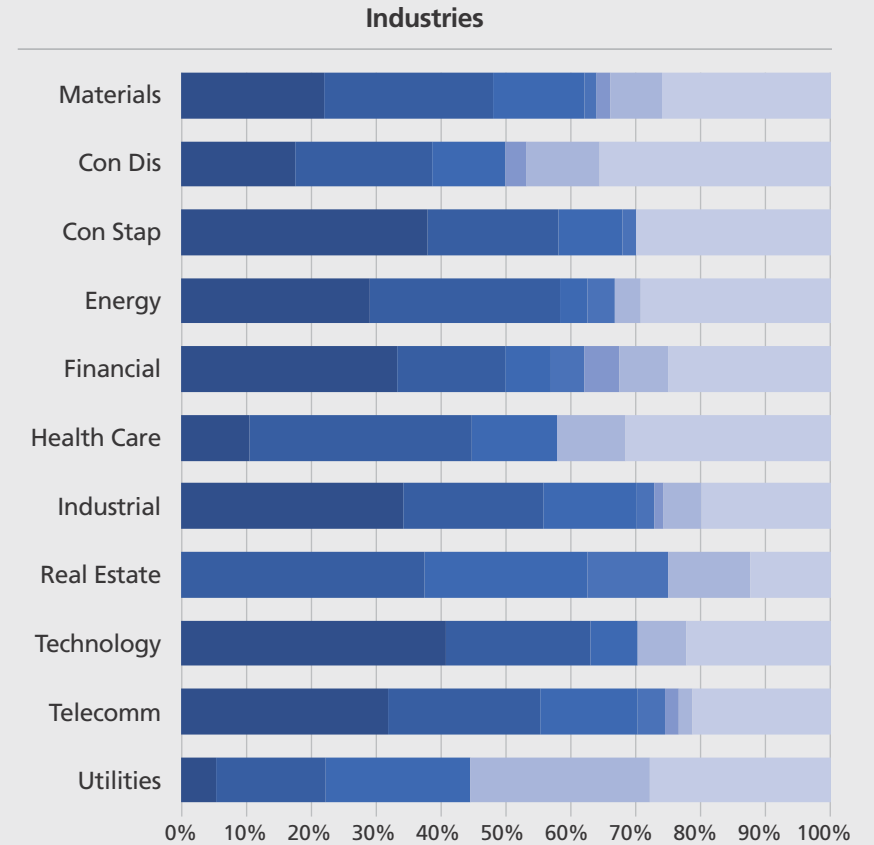
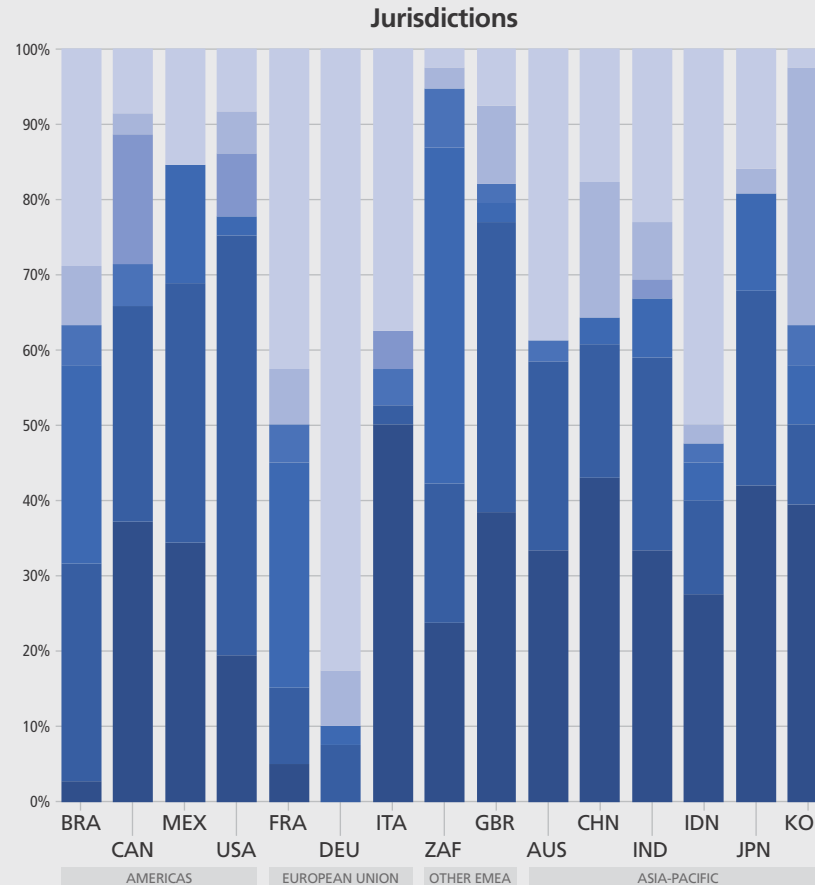
## Industries



# Overview

- There is no observed “best practice” for anti-corruption oversight
  - In most jurisdictions, the Audit Committee (23%) or the Full Board (28%) is most commonly responsible for oversight of anti-corruption
  - However, companies in several jurisdictions – Brazil (26%), France (30%), and South Africa (45%) – often place anti-corruption oversight under an Ethics Committee
  - Many companies in South Korea place anti-corruption oversight under an ESG Committee (34%)
  - Very few companies in Germany (17%) indicate which Board committee is responsible for anti-corruption

## CORPORATE GOVERNANCE OF ANTI-CORRUPTION



■ Board of Directors   
 ■ Audit Committee   
 ■ Ethics Committee  
■ Corporate Governance Committee   
 ■ Risk Committee   
 ■ Other Committee   
 ■ Not disclosed

# APPLICATION OF ANTI-CORRUPTION REPORTING STANDARDS





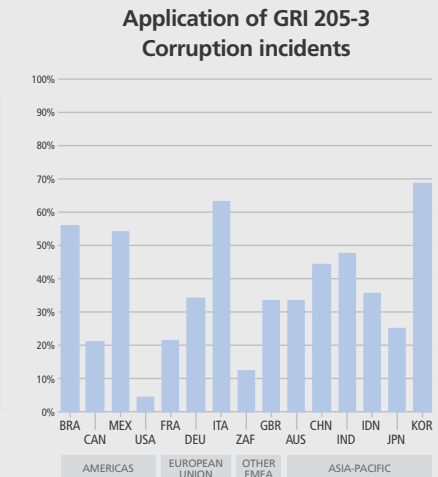
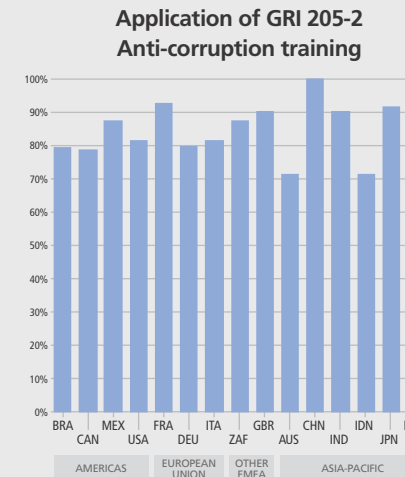
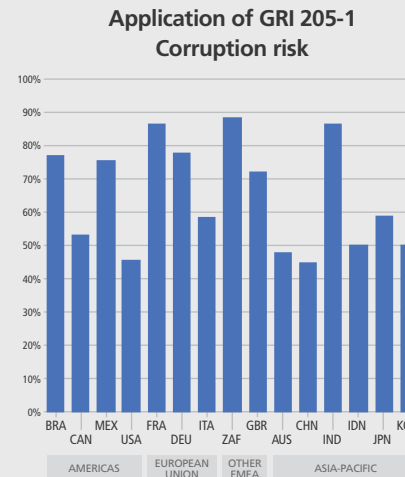
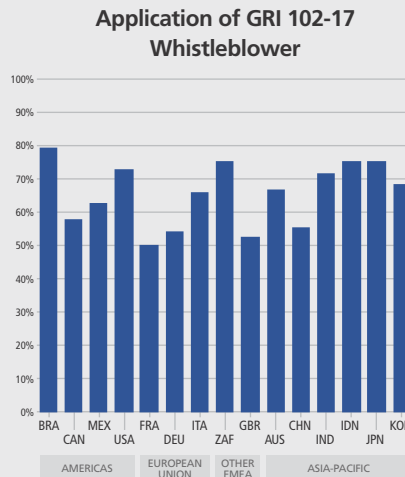
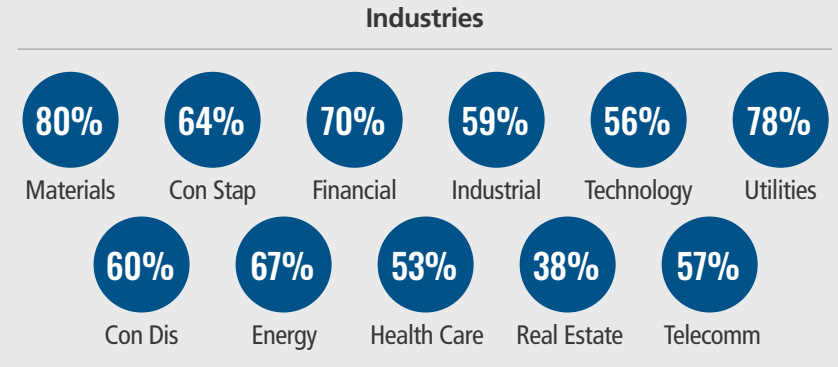
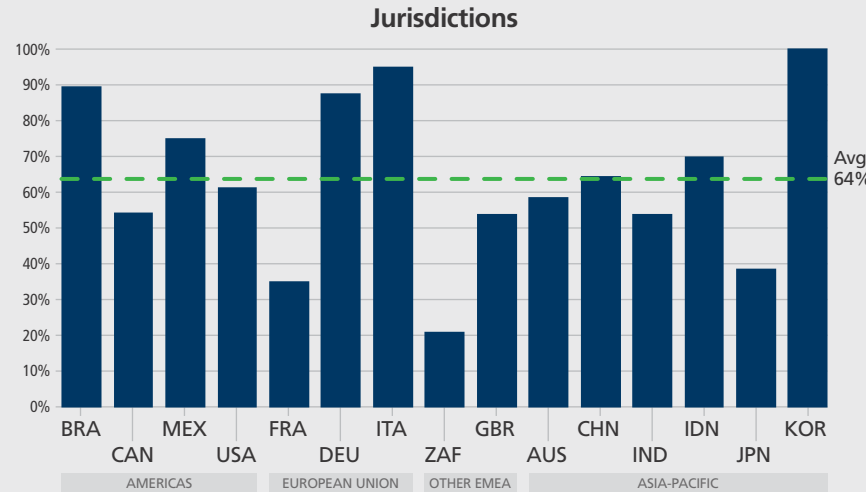
# Application of Anti-Corruption Reporting Standards

- GRI Standards are the most commonly used for anti-corruption disclosure, but rates vary between jurisdictions
  - All companies in South Korea use the GRI standard along with most in Brazil (89%), Germany (88%) and Italy (95%)
  - France (35%) and South Africa (21%) – each of whom have mandatory anti-corruption reporting requirements - have low rates of GRI usage

- Specific anti-corruption GRI Standards are applied selectively
- Just 18% of companies that used the GRI Standards for anti-corruption disclosure applied all the three anti-corruption standards (GRI 205) and the whistle-blower standard (GRI 102-17)
  - GRI 205-2 is the most common disclosure in the GRI Standards – applied by 86% of companies that use GRI Standards
  - GRI 205-3 is the least common disclosure in the GRI Standards – applied by 42% of companies that use GRI Standards

\*Companies were determined to apply the GRI Standards for anti-corruption disclosures if they used at least one of four standards: GRI 102-17, GRI 205-1, GRI 205-2, GRI 205-3.

## APPLICATION OF GRI STANDARDS TO ANTI-CORRUPTION REPORTING



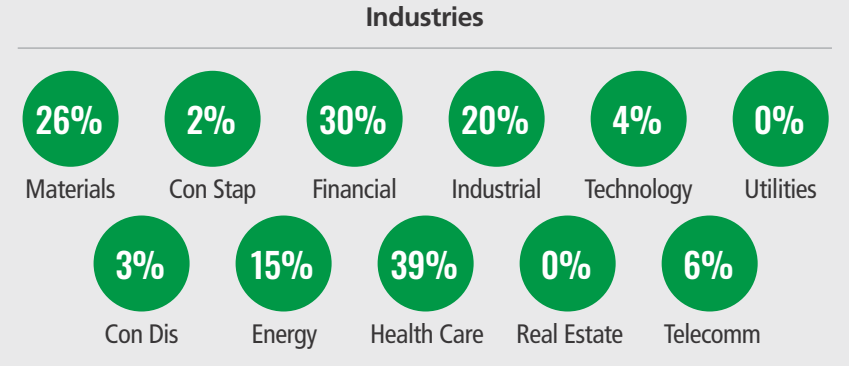
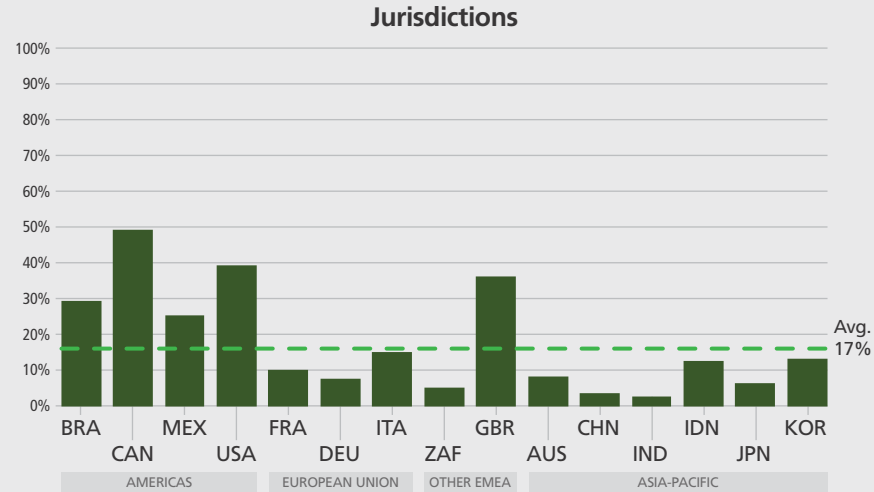
# Application of Anti-Corruption Reporting Standards

- 17% of companies reviewed applied the SASB Standards—largely in the Americas and the UK
- The SASB’s materiality map identifies anti-corruption as material in five industries:
  - Metals & Mining
  - Oil & Gas – Exploration & Production
  - Oil & Gas – Services
  - Financials
  - Health Care
  - Infrastructure

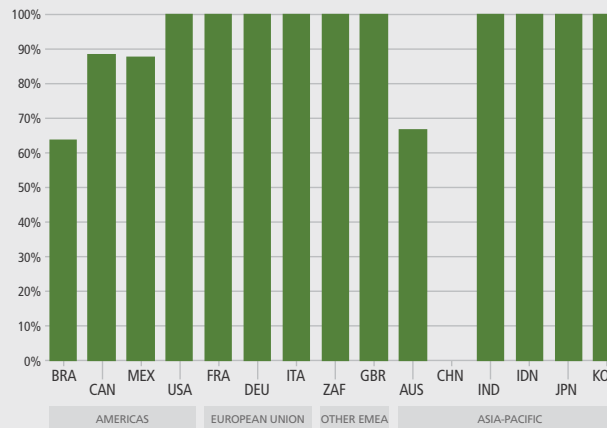
- Most companies that use the SASB standards apply both parts
  - SASB 510a.1 is applied by 91% of companies that use SASB standards
  - SASB 510a.2 is applied by 86% of companies that use SASB standards

\*Companies were determined to apply the SASB Standards for anti-corruption disclosures if they used at least one standard: SASB 510a.1, SASB 510a.2.

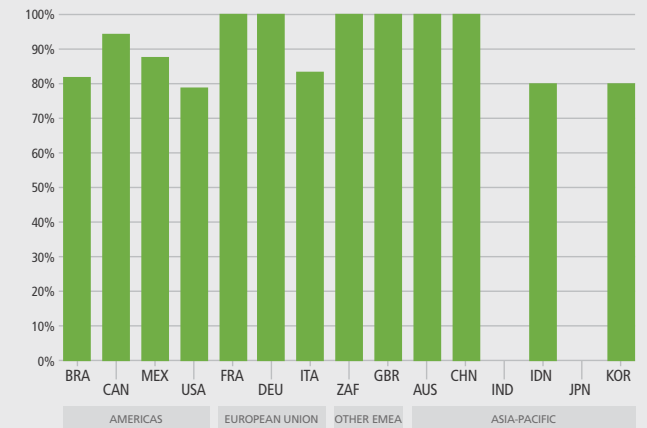
## APPLICATION OF SASB STANDARDS TO ANTI-CORRUPTION REPORTING



### Application of SASB 510a.1



### Application of SASB 510a.2

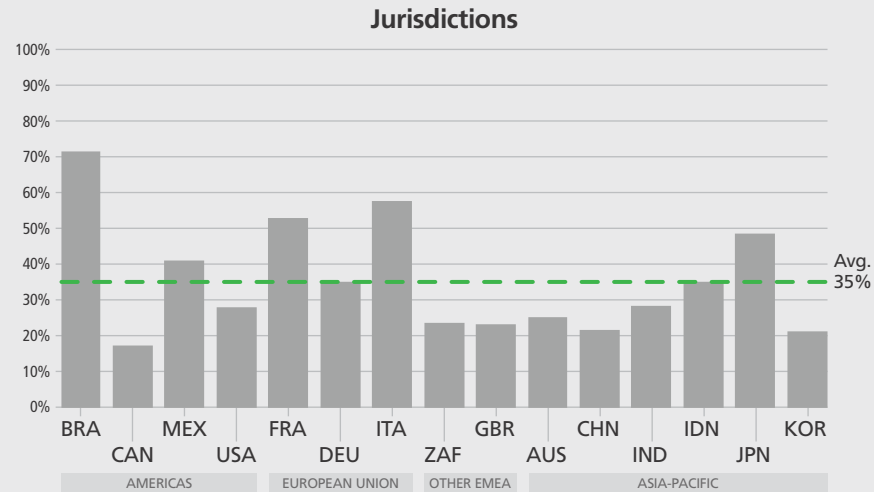




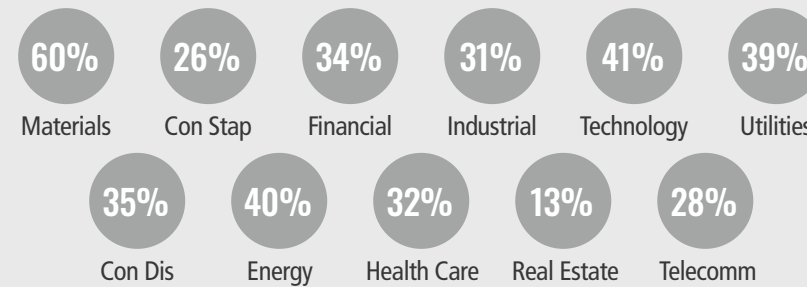
# Application of Anti-Corruption Reporting Standards



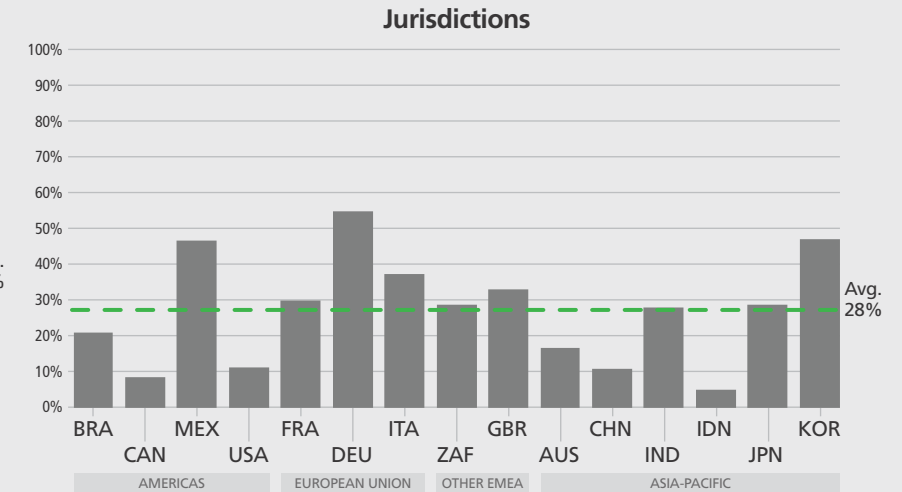
APPLICATION OF SDG GOALS TO ANTI-CORRUPTION REPORTING (SDG 16)



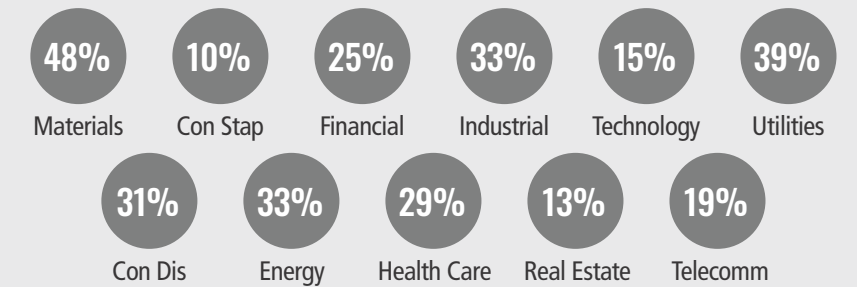
**Industries**



APPLICATION OF UNGC PRINCIPLES TO ANTI-CORRUPTION REPORTING (UNGC 10)



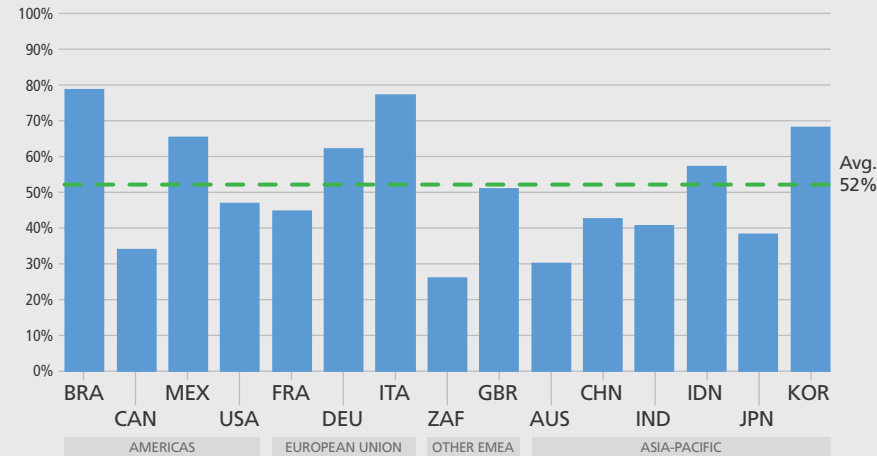
**Industries**



# Application of Anti-Corruption Reporting Standards

- Most companies applied multiple standards or frameworks
  - The large overlap in standard and framework application resulted in similar lengths of anti-corruption disclosure and coverage of anti-corruption topics
- SASB’s approach for determining materiality based on industry resulted in slightly different outcomes
  - Companies that used SASB standards for anti-corruption disclosure used about 100 fewer words
  - Companies that used the SASB standards were about 10% more likely to disclose anti-bribery and/or anti-money laundering policies

APPLICATION OF MULTIPLE STANDARDS/  
FRAMEWORKS TO ANTI-CORRUPTION REPORTING



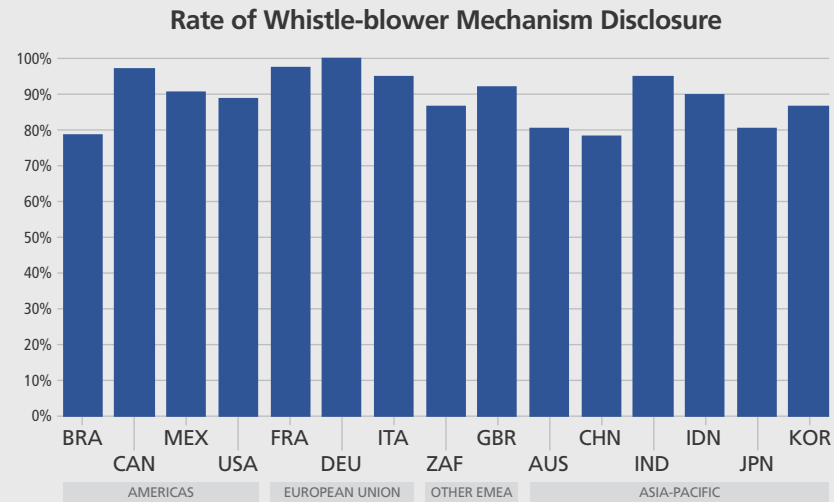
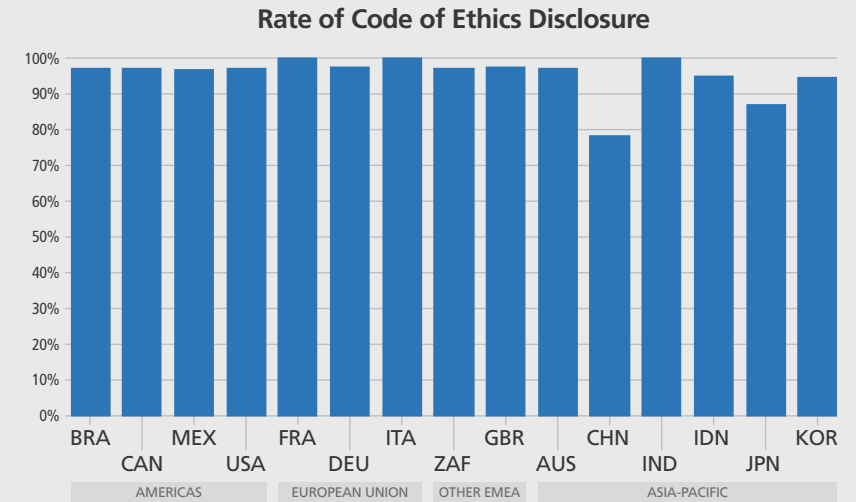
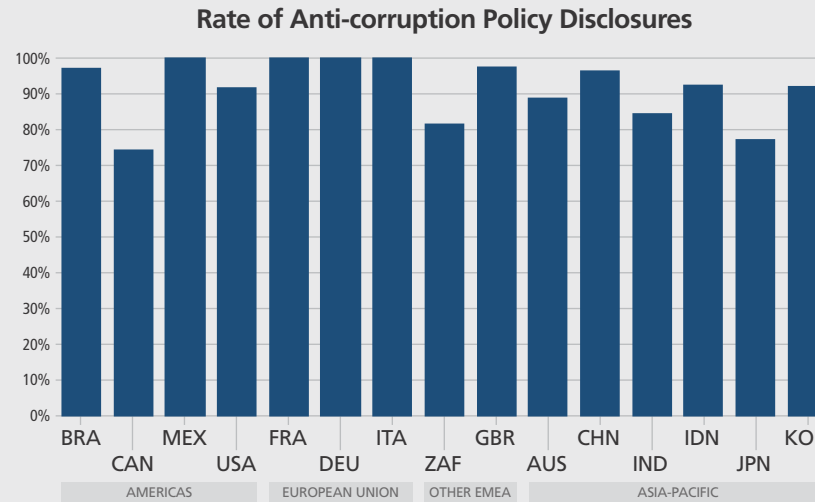


# ANTI-CORRUPTION REPORTING TOPICS



# Anti-Corruption Reporting Topics

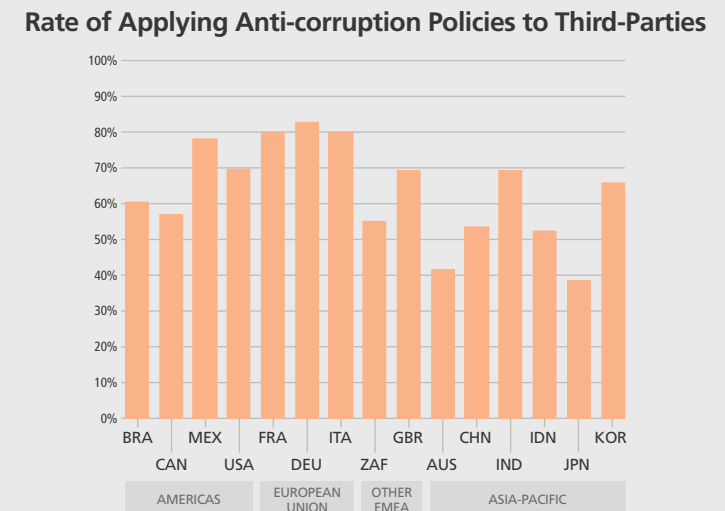
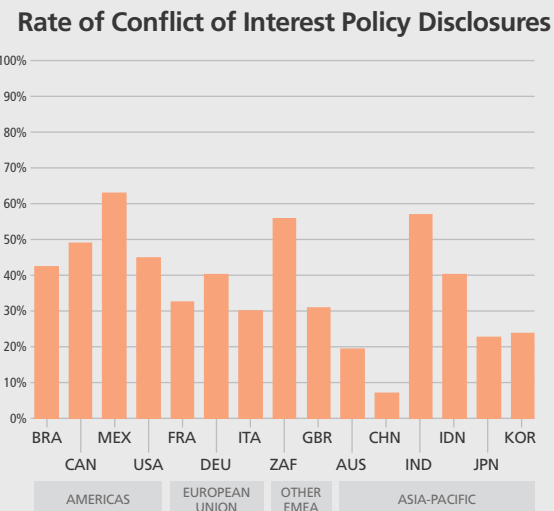
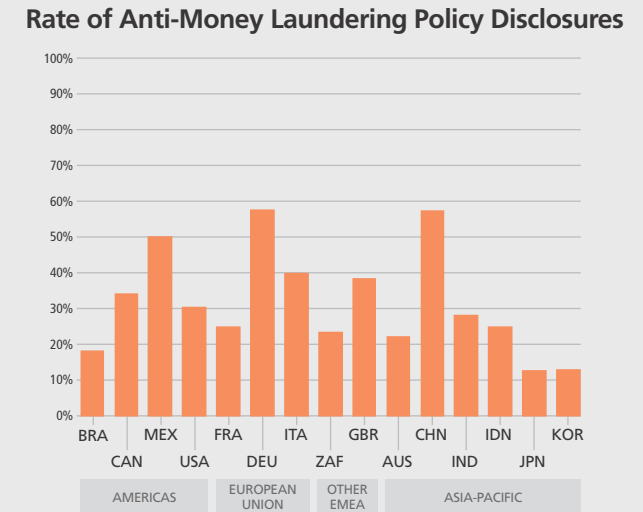
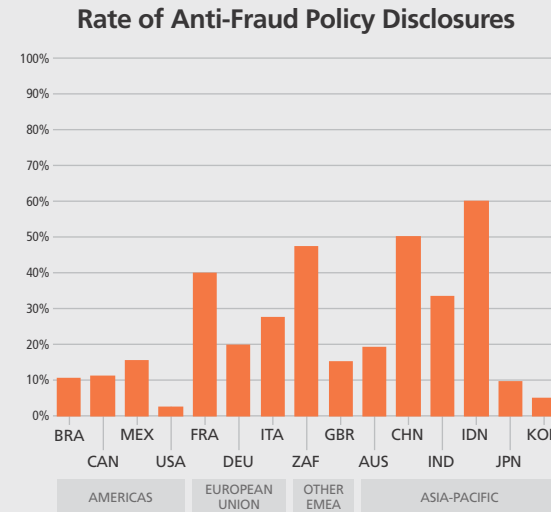
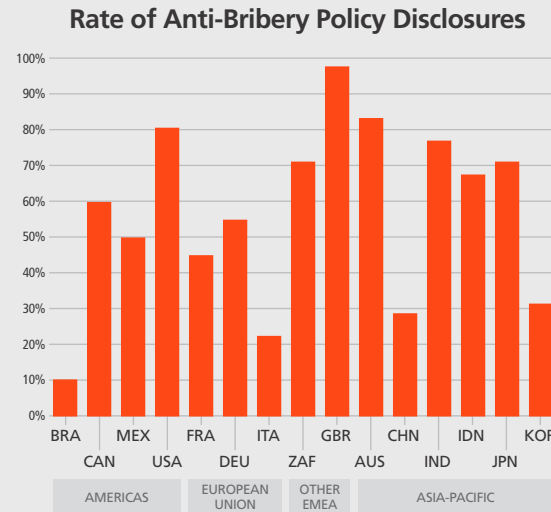
- Companies are disclosing general anti-corruption policies, code of ethics, and whistle-blower mechanisms at rates of 90% or higher
  - Disclosure of general anti-corruption policies lag in Canada, Japan, and South Africa
  - Disclosure of code of ethics lag in China and Japan
  - Disclosure of whistle-blower mechanisms is most common in EU jurisdictions





# Anti-Corruption Reporting Topics

- Nearly all UK companies disclosed anti-bribery policies
- More than half of companies in China and Germany disclosed anti-money laundering policies
- Conflict of interest policies were most common in the Americas jurisdictions
- More than half of companies disclosed that some of their anti-corruption policies apply to third-parties
  - Less than 50% of companies in Australia and Japan disclosed these policies applied to third-parties



# ANTI-CORRUPTION TRAINING TOPICS

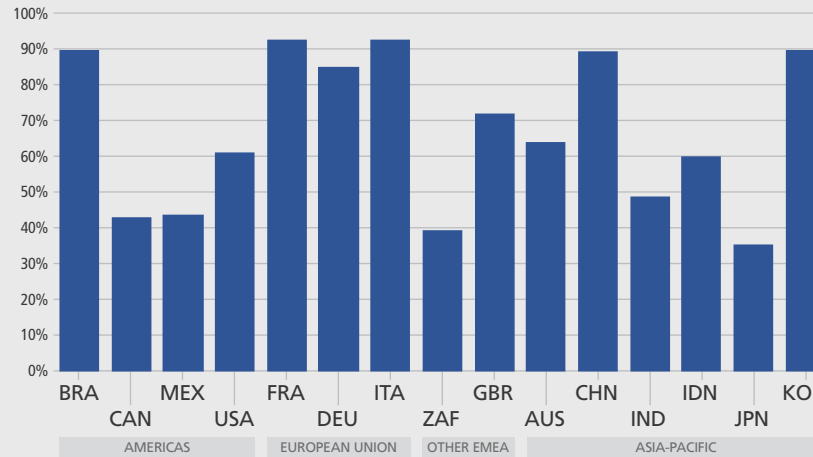




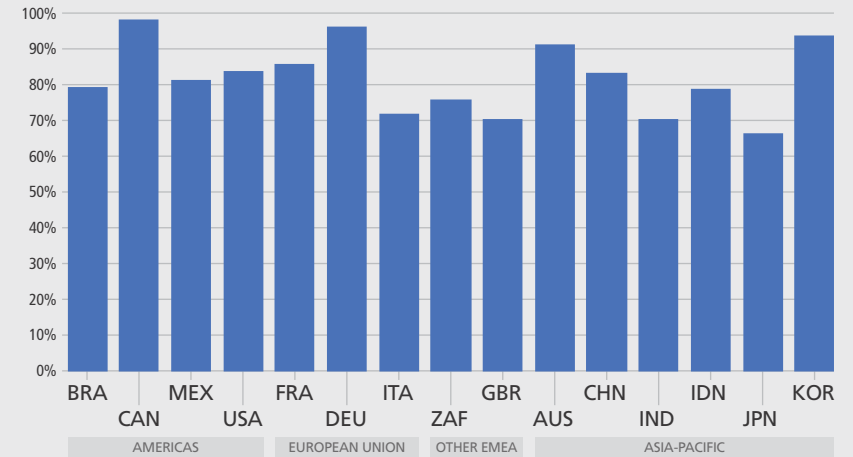
# Anti-Corruption Training Topics

- The percent of companies that disclose that they offer anti-corruption training varies widely from one jurisdiction to the next.
  - The EU, Brazil, China and South Korea each had anti-corruption disclosure rates over 80%
  - Japan and South Africa are each below 40%
- Code of ethics training is more consistent. Between 50% and 70% in most jurisdictions
- Whistleblower training lags other types of training
  - Australia leads whistleblower training at just 30%

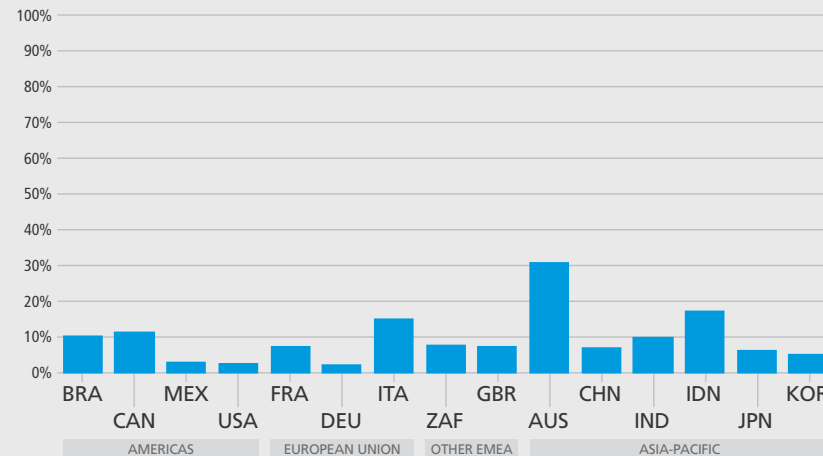
Rate of Anti-corruption Training Disclosure



Rate of Code of Ethics Training Disclosure



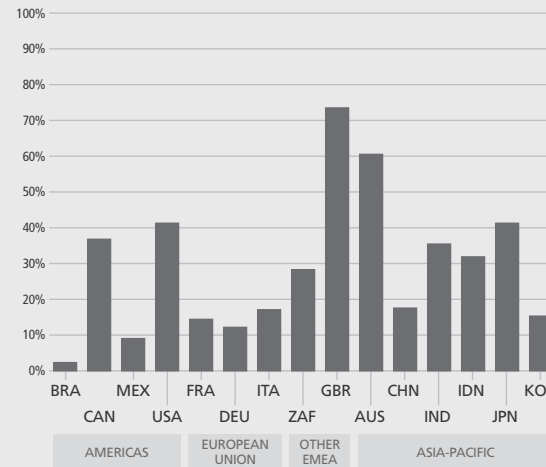
Rate of Whistle-blower Training Disclosure



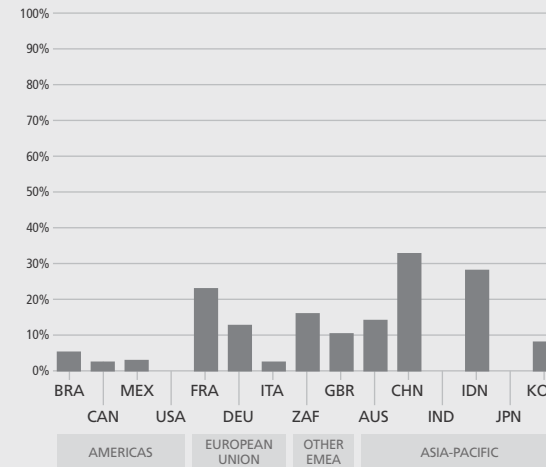
# Anti-Corruption Reporting Topics

- The training rate for all specific anti-corruption topics is low
  - Anti-bribery training rates are relatively high in the UK
  - Few companies include training for conflicts of interests
  - Few companies extend anti-corruption training to third-parties

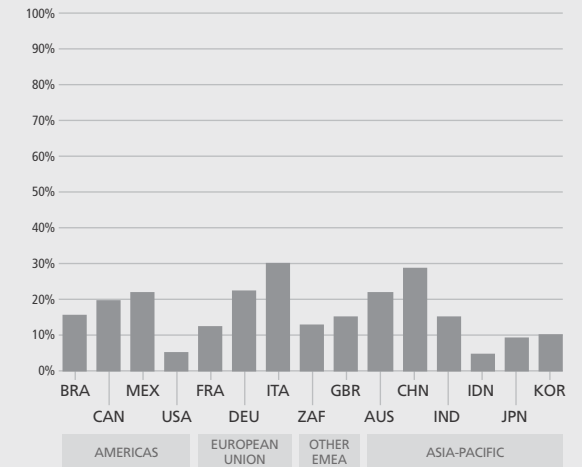
Rate of Anti-bribery Training Disclosure



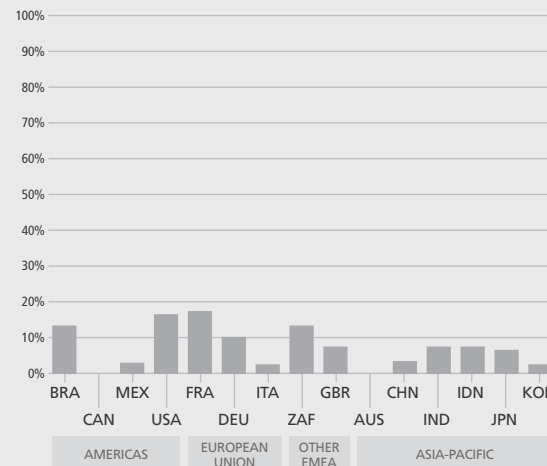
Rate of Anti-fraud Training Disclosure



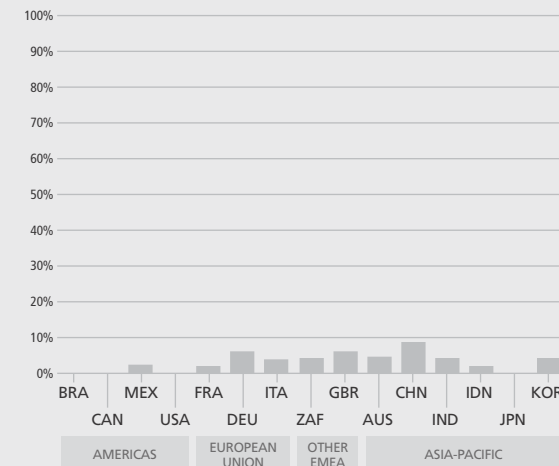
Rate of Anti-money Laundering Training Disclosure



Rate of Conflict of Interest Training Disclosure

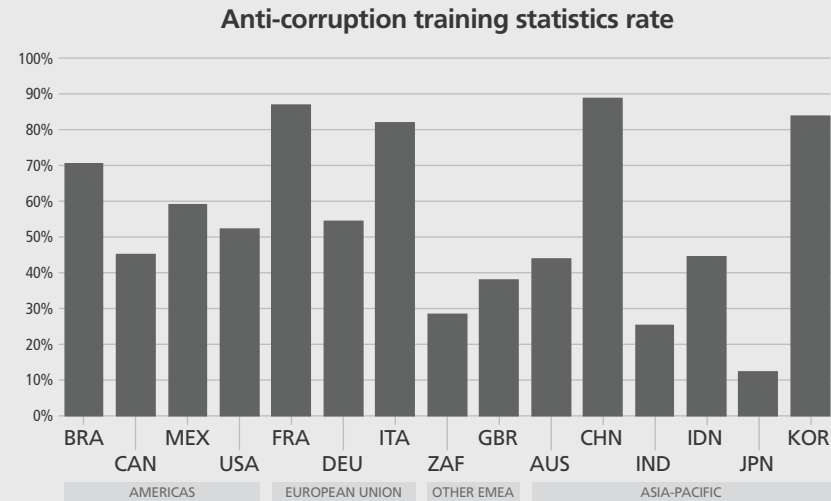


Rate of Availability of Anti-corruption Training to Third-parties



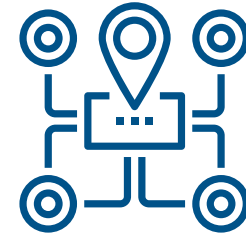
# Anti-Corruption Training Topics

- In addition to disclosing the existence of training opportunities, more than half of companies reviewed (55%) disclosed statistics about the number or percentage of employees that received training.
- The method and rate of disclosing anti-corruption training statistics varies widely from one jurisdiction to the next
  - China (89%) and South Korea (84%) are leaders for anti-corruption training disclosures, while the rest of the Asia-Pacific region lags





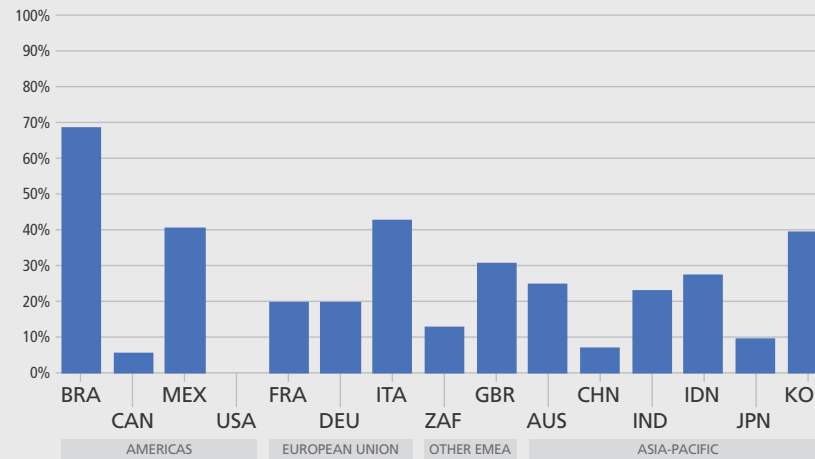
# ANTI-CORRUPTION INCIDENTS



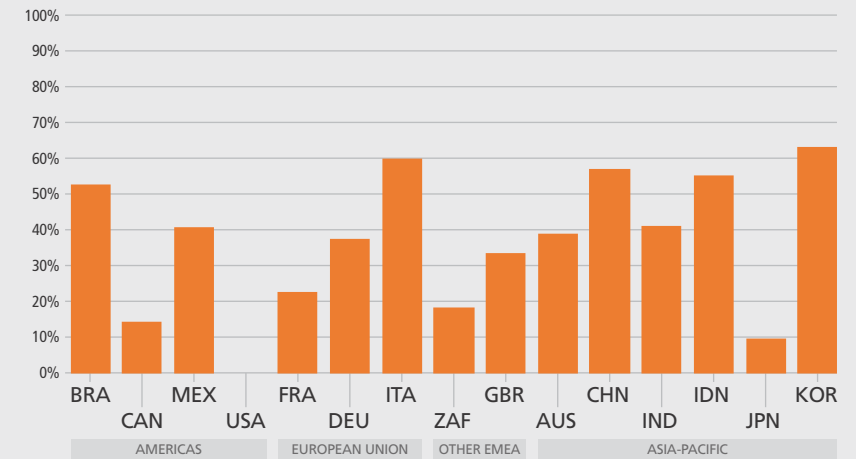
# Anti-Corruption Incidents

- The disclosure of corruption complaints (25%), incidents (37%), and costs (4%) lag most other types of anti-corruption disclosures
- Materials, financial, health care, industrial and real estate companies were the most likely to disclose corruption costs
  - SASB Standards require most of these industries to disclose costs related to corruption incidents
- No US companies disclose information about corruption complaints, incidents, and/or costs

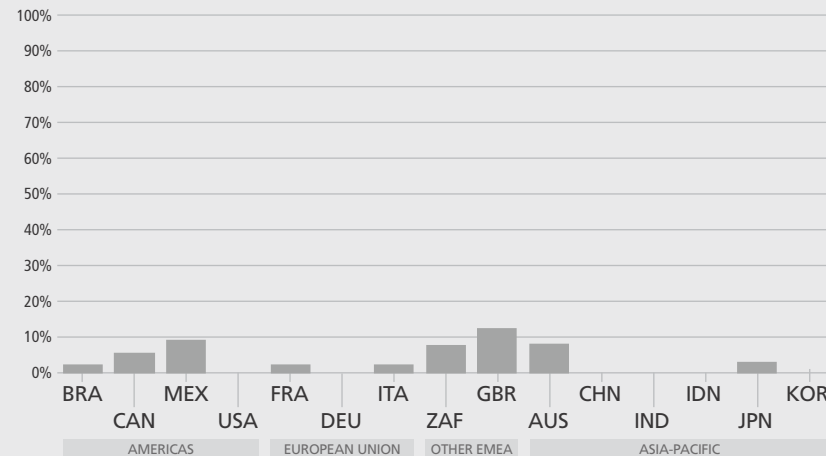
Rate of Corruption Complaint Disclosures



Rate of Corruption Incident Disclosures



Rate of Corruption Cost Disclosures





# ASSURANCE OF ANTI-CORRUPTION TOPICS



International  
Federation  
of Accountants

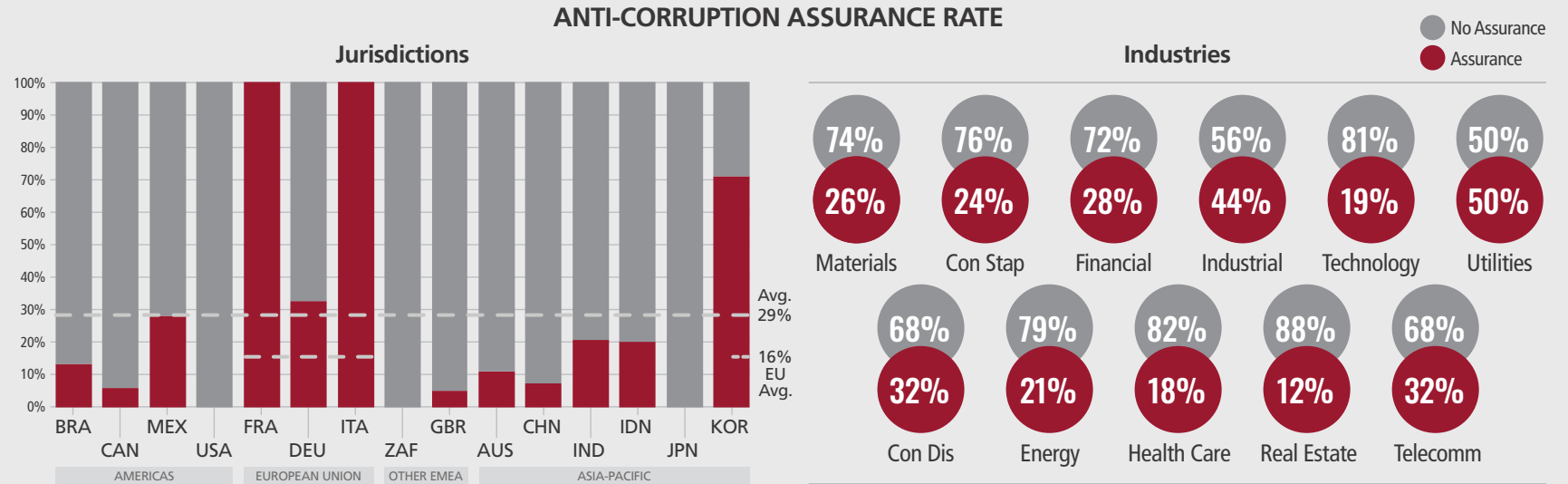




# Assurance of Anti-Corruption Topics

- Just 29% of companies that disclose anti-corruption information receive some assurance over it
  - France and Italy have assurance requirements that cover non-financial information, including anti-corruption topics
  - No companies in Japan, South Africa, nor the US received assurance over anti-corruption topics

- The Industrial and Utilities industries obtained relatively high rates of assurance
  - Over 25% of Industrial are domiciled in France or Italy—all of which obtained assurance of anti-corruption information
  - Nearly 40% of Utilities companies are domiciled in France or Italy—all of which obtained assurance of anti-corruption information

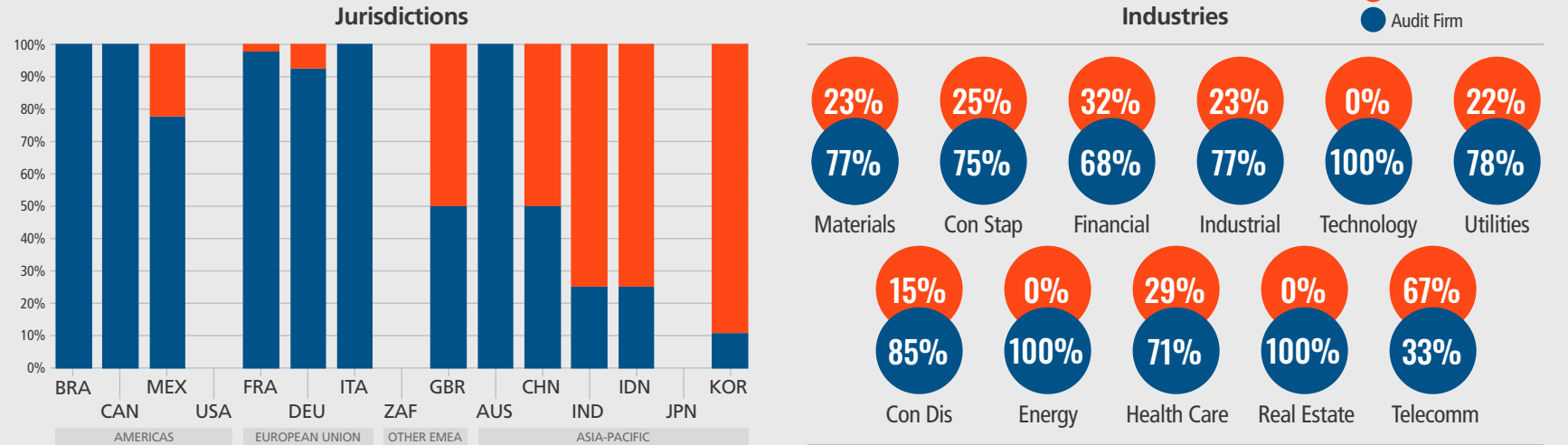


# Assurance of Anti-Corruption Topics

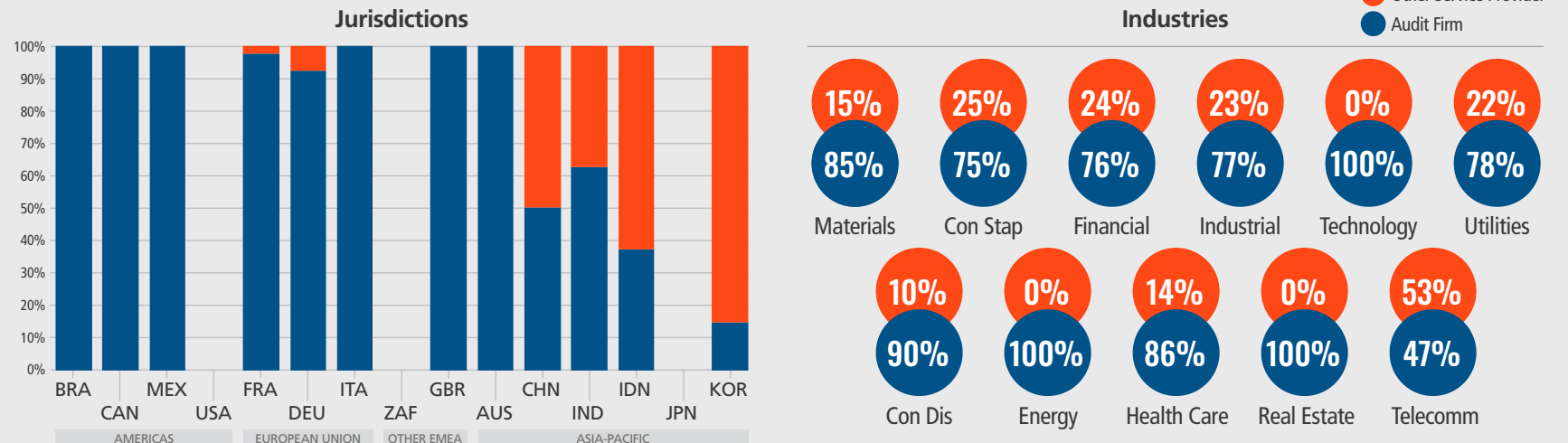
- Audit firms perform the majority of anti-corruption assurance
  - Consultancy firms (referred to as Other Service Providers or OSPs) perform most anti-corruption assurance in Asian jurisdictions
  - Most Telecomm companies that receive assurance are in South Korea
- ISAE 3000(R) is the most common standard used to assure anti-corruption information
  - All audit firms used ISAE 3000(R) to perform assurance of anti-corruption information
  - Most OSPs used AA1000 to perform assurance of anti-corruption information; though, some used ISAE 3000(R)

International Standard on Assurance Engagements (ISAE) 3000 (Revised) issued by the International Audit and Assurance Standards Board (IAASB) and AA1000 Assurance Standard v3 (AA1000) issued by AccountAbility are assurance standards used for assurance of sustainability information.

## PROVIDER OF ANTI-CORRUPTION ASSURANCE



## ANTI-CORRUPTION ASSURANCE STANDARD



# APPENDIX: METHODOLOGY



# Appendix: Methodology

## Scope:

This study reviews the largest companies (by market capitalization) in fifteen jurisdictions as of approximately March 22, 2022. Companies were selected based on the location of their headquarters. The largest 40 companies were reviewed in the following jurisdictions:

### AMERICAS

- Brazil (BRA)
- Canada (CAN)
- Mexico (MEX)
- United States of America (USA)

### EUROPE, MIDDLE EAST, AND AFRICA (EMEA)

- France (FRA)
- Germany (DEU)
- Italy (ITA)
- South Africa (ZAF)
- United Kingdom (GBR)

### ASIA-PACIFIC

- Australia (AUS)
- China's mainland (CHN)
- India (IND)
- Indonesia (IDN)
- Japan (JPN)
- South Korea (KOR)



# Appendix: Methodology



## Data collection methodology

Anti-corruption disclosures were captured from three locations: sustainability reports, the sustainability disclosure section of annual reports, and integrated reports. Anti-corruption disclosure included:

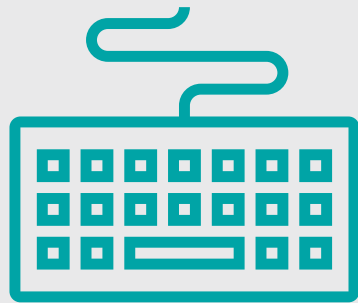
- Governance: the disclosure of board of director level oversight of anti-corruption strategy and performance, including subtopics.
- Policies, procedures, and systems: the disclosure of the existence and content of anti-corruption, including anti-corruption subtopics, policies, procedures, and systems as they apply to employees, managers, executives, directors, and third parties.
- Training: the disclosure of the existence and performance of anti-corruption, including anti-corruption subtopics, training and learning programs as they apply to employees, managers, executives, directors, and third parties.
- Complaints, incidents, and costs: the disclosure of complaints, often through whistle-blower mechanisms, verified corruption incidents, and costs related to corruption, including subtopics, incidents by employees, managers, executives, and directors. Complaints may specify the number of corruption related complaints or may combine corruption complaints with other policy related complaints.
- Assurance: the inclusion of assurance covering anti-corruption topics, including subtopics. Assurance can include compliance with anti-corruption rules, laws and regulations, or verification of training, complaint, incident, or cost metrics.

Reports were captured for reporting periods that during the calendar year 2021 (i.e., periods ending between January 1, 2021 and December 31, 2021).

# Appendix: Methodology

## Terminology

Anti-corruption topics were classified into eight categories based on the disclosure of policies, training, and incidents.



### BROAD TOPICS

- Anti-corruption: disclosure of policies, training, and incidents related to anti-corruption, but do not identify a more specific topic.
- Code of ethics: disclosure of the establishment of a code of ethics that applies to employees, management, executives, and/or directors. Does not include third-parties.
- Whistle-blower: disclosure of a method to report corruption potential corruption incidents or ethics violations.

### SPECIFIC TOPICS

- Anti-bribery: disclosure of policies, training, and incidents related to the paying or receiving of bribes.
- Anti-fraud: disclosure of policies, training, and incidents related to the falsification of corporate information.
- Anti-money laundering: disclosure of policies, training, and incidents related to the use of corporate assets or accounts to illegally move money between jurisdictions.
- Conflicts of interest: disclosure of policies, training, and incidents related to conducting business between an employee, manager, executive, or directors and a related-party.
- Third-parties: the extension of any broad or specific anti-corruption policies to third-parties.

# Appendix: Standards

The **GRI Standards** are designed to promote sustainability disclosures. GRI's multi-stakeholder approach develops standards that apply equally to all industries. GRI anti-corruption disclosures include:

- GRI 205-1 Operations assessed for risks related to corruption
- GRI 205-2 Communication and training about anti-corruption policies and procedures
- GRI 205-3 Confirmed incidents of corruption and actions taken

The **UN's Sustainable Development Goals (SDGs)** are designed to encourage "peace and prosperity for people and the planet." The goals were adopted by countries and later adapted by companies to measure corporate actions against these goals. Goal 16—Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels—includes a target and two indicators on anti-corruption. SDG anti-corruption disclosure include:

- SDG 16.5 Substantially reduce corruption and bribery in all their forms

The **SASB Standards** are designed to provide industry-based sustainability disclosures. SASB recognizes 77 industries. Anti-corruption topics (Business Ethics) are deemed material for 18 of the 77 industries. Each industry applies 510a.1. Some industries apply 510a.2 or 510a.3. The requirements of 510a.1, 510a.2 and 510a.3 vary depending on the industry. SASB anti-corruption disclosures include:

- Production/activity/revenue in certain countries based on Transparency International criteria
- Description of management systems and/or policies for preventing corruption activities throughout the value chain
- Total amount of monetary losses as a result of legal proceedings associated with corruption activities
- Revenues associated with related parties
- Description of conflict of interest, code of ethics, or whistle-blower policies and procedures

The **Ten Principles of the UN Global Compact (UNGC)** are designed to guide companies in conducting business responsibly. The principles include guidance in policies, procedures and systems to limit corruption activities. UNGC's anti-corruption disclosure includes:

- Principle 10 – Anti-corruption

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