

The background of the entire page is a blue-toned photograph of a large industrial facility, possibly a power plant or refinery, with numerous pipes and structures. Overlaid on this is a grid of circular patterns, resembling a mesh or a series of lenses, which creates a textured, futuristic effect. The Siemens logo is positioned in the top left corner, and the title is in a large white font at the bottom.

**SIEMENS**

Corporate Legal and Compliance

# Siemens Integrity Initiative Annual Report 2011

[siemens.com/integrity-initiative](http://siemens.com/integrity-initiative)

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# Introduction

## ● Compliance at Siemens in a nutshell

A Word from the Siemens Integrity Initiative's Steering Committee

A Word from the Siemens Integrity Initiative's Project Office

## Compliance at Siemens in a nutshell

Our principle is: Only clean business is Siemens business.

**Preventing corruption and other violations of fair competition is the highest priority at Siemens.**

This means strictly complying with all laws and regulations and adhering to the principles of ethical business conduct defined in the Siemens Business Conduct Guidelines, which are binding for all Siemens employees worldwide and focus on the prevention of corruption.

This is the basis for all our decisions and activities and is an elementary component of our company values.

Compliance is not a program; it is the way we conduct business and uphold integrity at Siemens.



### **Implementing our internal rules and regulations**

The Siemens Compliance System is divided into three action levels: prevent, detect and respond.

#### **Tasks of the Compliance Organization:**

- We enable a successful sustainable business as a trusted partner and drive continuous communication on the importance of compliance for Siemens.
- We apply the company-wide expertise in anti-trust and anti-corruption to all three dimensions (prevent, detect, respond).
- All violations of law, regulations or Siemens procedures are compliance issues if they

entail a risk of penalties or loss of reputation for Siemens. The Compliance Organization assures that all reported compliance violations are properly handled, analyzed and remediated together with the responsible Governance owners and management.

- We govern investigations and disciplinary response.
- We drive Collective Action initiatives in order to level the playing field for clean business.

#### **Collective Action against corruption**

Siemens' compliance management efforts extend beyond the boundaries of our company and its direct business relationships. Within our wider sphere of influence, we are engaged in

various multi-stakeholder and cross-sector initiatives aimed at jointly combating corruption in the markets in which Siemens conducts business.

This commitment is evidenced by the company's active participation in the United Nations Global Compact and by the fact that Siemens CEO Peter Löscher signed the letter initiated by the Global Compact urging ratification of the United Nations Convention against Corruption. Siemens is also a signatory of the World Economic Forum's Partnering Against Corruption Initiative committing itself to zero tolerance against corruption.

A detailed description of our Compliance System can be found on the Siemens company website: [www.siemens.com/sr/compliance](http://www.siemens.com/sr/compliance)

# Introduction

Compliance at Siemens in a nutshell

● A Word from the Siemens Integrity Initiative's Steering Committee

A Word from the Siemens Integrity Initiative's Project Office

## A Word from the Siemens Integrity Initiative's Steering Committee

Dear Readers,

March 2012

Welcome to our first Annual Report! We would like to guide you through our Collective Action activities in **Part A**, and we will introduce you to the background to Siemens' USD 100 million Integrity Initiative in **Part B**. We'll set out the general idea behind the initiative as it was conceived in 2009, and also illustrate how the first funding round for approximately USD 40 million progressed from the planning stage through the selection and awarding of funds to the first projects in December 2010.

The rigorous selection stage, which took around one year, was a very important part of the process – many interesting projects were submitted for consideration, and we have now gone on to fund the best and most sustainable of these.

The Project Office of the Siemens Integrity Initiative kept the Steering Committee of the Siemens Integrity Initiative regularly informed of current developments, the selection process and status reports, both in writing and at face-to-face Steering Committee meetings.

The Project Office likewise kept the dedicated working group at the World Bank, set up especially for this initiative, informed about the concept and content of the Siemens Integrity Initiative at face-to-face meetings in Washington. Under the terms of the "Settlement Agreement" of July 2, 2009, the World Bank Group has audit rights over the use of funds and veto rights over the selection of anti-corruption groups or programs receiving funds.





In addition, the majority of the information presented here is transparently available to the general public on a specially created web page at [www.siemens.com/integrity-initiative](http://www.siemens.com/integrity-initiative). This applies in particular to the application and selection process for projects, the brief project profiles and the respective funds allocated.

**Part C** of this report provides an overview of the projects funded in the first funding round along with their project profiles and current status as at **March 6, 2012**.

**Part D** rounds the picture off with various appendices plus related documents and forms used for the application and selection phase and for continuous process management.

This report was presented to the World Bank in March 2012 accompanied by an in-depth presentation in Washington.

We have made a good start. The long-term goal of the Siemens Integrity Initiative and our Collective Action activities is to create a more level playing field for all market participants and promote fair competition globally for the benefit of all.

We are sure that this will be a long journey, but one which will ultimately prove worthwhile for everyone involved.

#### **Steering Committee of Siemens Integrity Initiative:**

Dr. Hans-Jörg Grundmann,  
CEO Siemens Rail Systems  
(Chair of Steering Committee)

Peter Y. Solmssen,  
Member of the Managing Board and  
General Counsel, Siemens AG

Burkhard Ischler,  
Senior Vice President,  
Government Affairs, Siemens AG

Josef Winter,  
Chief Compliance Officer, Siemens AG

# Introduction

Compliance at Siemens in a nutshell

A Word from the Siemens Integrity Initiative's Steering Committee

● A Word from the Siemens Integrity Initiative's Project Office

## **The Collective Action & External Affairs Team is headquartered in Munich, Germany:**

Sabine Zindera heads the department and is supported by Birgit Forstnig-Errath (Head of the Siemens Integrity Initiative) and Anna-Christina Kues (Collective Action Manager; driving the Collective Action Stakeholder Mapping Process), as well as by the network of Siemens Business Leaders, Compliance Officers, and Legal and Tax Experts all around the world.

## A Word from the Siemens Integrity Initiative's Project Office

Dear Readers,

March 2012

With this 2011 Annual Report it gives us great pleasure to provide you with an overview of the Collective Action activities at Siemens in general, and of our activities as part of the Siemens Integrity Initiative in particular.

Since its inception in 2009, the Corporate Legal and Compliance, Collective Action & External Affairs Department has been driving and coordinating these worldwide activities.

Collective Action, which is all about building alliances against corruption in order to level the playing field, is an integral part of the Siemens compliance system and one of our four priority focus areas. Siemens is actively driving the implementation of Collective Action, and aims to set up projects with partners in industry, the public sector, non-governmental

organizations, international organizations and civil society.

In conceptualizing the Siemens Integrity Initiative we have drawn upon our experience in implementing Collective Action projects around the world. It provides a great opportunity to make anti-corruption strategies a reality. In addition, it offers the opportunity to take concrete action around the world through Collective Action, through raising awareness, and through inviting alliance partners to join forces with us and make clean business a reality in the markets where we do business.





Sabine Zindera



Birgit Forstnig-Errath



Anna-Christina Kues

In December 2009 we announced the USD 100 million Siemens Integrity Initiative in a public press release. We invited NGOs and international organizations from all around the world to hand in proposals and to apply for funding for the first tranche of USD 40 million. The feedback was overwhelming – we received more than 300 proposals representing USD 600 million, so we were oversubscribed by a factor of 15.

Our selection and due diligence process has been as solid as a rock, transparent and fair. We have involved some 150 Siemens experts from all over the world in the due diligence process. These experts from our legal and tax departments as well as from our local organizations helped to determine whether the selection and eligibility criteria had been met, e.g. if

the reputation of applicants was OK, if the proposal made sense and if there was a strong link to our business.

As the World Bank Group has audit rights over the use of the funds as well as veto rights over the selection of anti-corruption groups or programs that receive funds, we presented a shortlist to our Steering Committee and to the World Bank. After receiving the final go-ahead, and a decision by the Siemens Managing Board on September 15, 2010, we were able to announce the first tranche of funds to be awarded in December 2010. Today, in March 2012, we are pleased to present the first status report on a balanced portfolio and on how the individual projects developed.

Within and outside of Siemens there have been teams working on Collective Action and improving market conditions for quite some time. These include most importantly our leadership in the countries where corruption problems are experienced.

How will we know if the initiative is working? Well – if we feel it and if our customers feel it, and if our own people on the ground feel it, then we have been able to change the markets where we do business – for the benefit of all.







● Collective Action – building alliances against corruption

# Collective Action – building alliances against corruption


The ultimate aim of these joint efforts is to create fair and equal market conditions – a “level playing field” – for all market players and to eliminate the temptations of corruption for all of them.

## Why Siemens supports Collective Action

In the face of the widespread and deep-rooted corruption problem that affects society in general, governments and their procuring entities and the private sector in equal measure, it seems highly unlikely that individual activities alone will be sufficient to bring about significant ethical changes and improve the transparency of business processes.

## This is precisely where Collective Action methods become important

Collective Action enables corruption to be fought collectively, with various interest groups, working together and building an alliance against corruption so that the problem can be approached and resolved from multiple angles.



Collective Action promotes a fair competitive situation in which a transparent process based exclusively on market economic criteria (such as quality, price, innovation and service) ensures that the contract is awarded to the best bidder. It prevents competition from being distorted and destroyed by corruption, and ensures that companies acting honestly and morally are not disadvantaged.

The available methods range from Integrity Pacts for individual procurement transactions right through to industry-specific codes of conduct and compliance pacts, as well as joint measures implemented as part of a long-term initiative to raise a country's public awareness and tighten up its regulatory system and procurement guidelines. Ideally, such action should involve competitors, authorities, non-

governmental organizations (NGOs) and other interest groups working jointly for the common good. It is also crucial to examine the anti-trust aspects in each individual case.

#### **The advantages of Collective Action**

- Collective Action describes various methods of combating corruption. It is a matter of acting collectively and forming alliances against corruption. Collective Action calls for cooperation on the part of participants from the worlds of politics, business and society at large.
- The ultimate goal is thereby to create fair and equitable market conditions, that is a "Level Playing Field", for all marketplace participants

and to eliminate the temptation of corruption for all those concerned. Collective Action helps to set up the conditions for fair competition within a corrupt environment.

- Collective Action promotes innovation, as the bidder is selected solely on the basis of price, quality and capacity to innovate.
- Observance of anti-trust law when collaborating with other companies must be ensured by a neutral monitor (e.g. in the form of a non-governmental organization).
- Collective Action can, if necessary, cover gaps in legislation or replace or augment inadequate local law.

## Collective Action at Siemens

At Siemens, Collective Action is driven through three complementary channels:

### Integrity Pacts

Target implementation of Integrity Pacts where possible and where supported by civil society

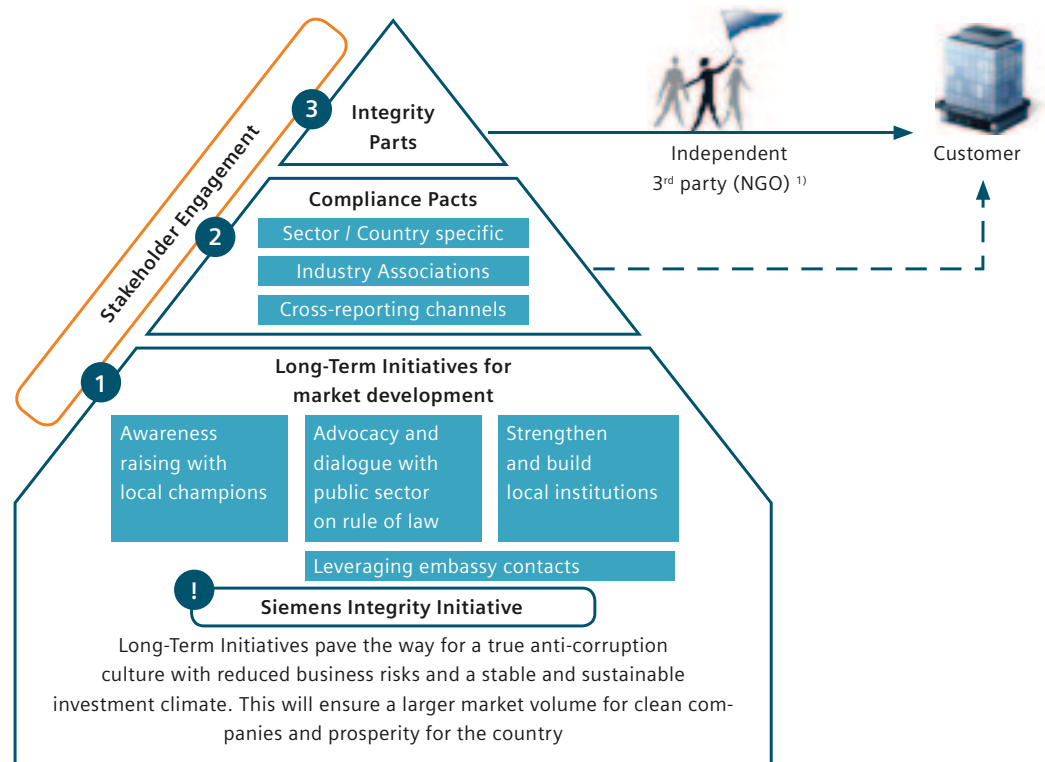
### Compliance Pacts

Broaden reach of voluntary standards and strengthen commitment to proper implementation of existing standards

### Long-Term Initiatives for Market Development

Energize market dynamics, fair competition and business environment

## Three channels to drive Collective Action: Priority on Long-Term Initiatives



<sup>1)</sup> NGO: Non-Governmental Organization



### Project-specific methods – Integrity Pacts

At Siemens, the Collective Action methods encompass project-specific, sector-wide and long-term initiatives. Integrity Pacts ensure that the award of orders in the case of public-sector contracts is free from corruption. They were developed by the non-governmental organization “Transparency International”, and are intended to guarantee transparency in the order-awarding process and to rule out bribery in the awarding of public-sector contracts. Following an invitation to tender from a public-sector customer, the bidding companies sign legally binding contracts, and commit themselves to behave with integrity from the start of the tender process until the end of the project. If the contract is breached, sanctions are imposed which can be as severe as the exclusion of the company from further invitations to tender. An independent monitor supervises the contract-awarding process and observance of the Integrity Pact.

The Integrity Pact ensures that the bidder is selected on the basis of fair criteria, and serves all the stakeholders as a means of protecting the integrity of the project.

### Sector-wide codes of conduct

Companies from the same sector get together and draw up a code of ethics or code of conduct. These can take various forms, ranging from principles-based provisions to legally binding agreements. In the latter case, companies that violate the anti-corruption code are penalized with sanctions. However the principles-based codes also have a high degree of effectiveness, as the public commitment to anti-corruption and transparency exerts increased pressure on the participating companies not to breach the agreement. This type of Collective Action is particularly suitable in oligopolistic markets. The uncompromising support of senior management within the companies concerned is critical to the success of the initiative. In order to avoid breaches of anti-trust law, it is vital to enlist the services of an external, independent monitor.

### Long-term initiatives

Long-term initiatives are particularly effective in states rated as being prone to corruption, as they pave the way to the establishment of a true anti-corruption culture. Collaboration between government, commercial companies and society in the fight against corruption contributes to the raising of awareness among politicians and the general public. The acknowledgment that bribery and corrupt behavior damage the entire economy of a state brings long-term benefits for all stakeholders. Long-term initiatives set out the fundamental conditions that will enable project-specific Integrity Pacts and industry-specific Compliance Pacts to come to fruition and achieve general acceptance. Their success contributes towards a world free of corruption and helps to direct the investment of many millions of dollars and other resources towards their intended destination. In April 2011 we have started Phase II of the so called “Collective Action Country Strategy & Stakeholder Mapping Process”.



## Knowing your stakeholder is a prerequisite.

Collective Action at Siemens is an integral part of “ONE Siemens”, which is the overall strategy framework for Siemens.

### The Collective Action Stakeholder Mapping

- ensures a thorough analysis of the specific country situation and permits a structured approach to potential anti-corruption stakeholders in the individual country
- helps the Compliance Officers to identify suitable Collective Action partners in the Siemens countries
- supports the establishment of strong relations with our Collective Action stakeholders
- fosters a climate of confidence which facilitates dialogue
- enables sharing of expertise and collective engagement in anti-corruption
- will help to enable a better understanding of specific stakeholder expectations and the concerns of various players
- helps to develop a strong anti-corruption community and network in all Siemens countries

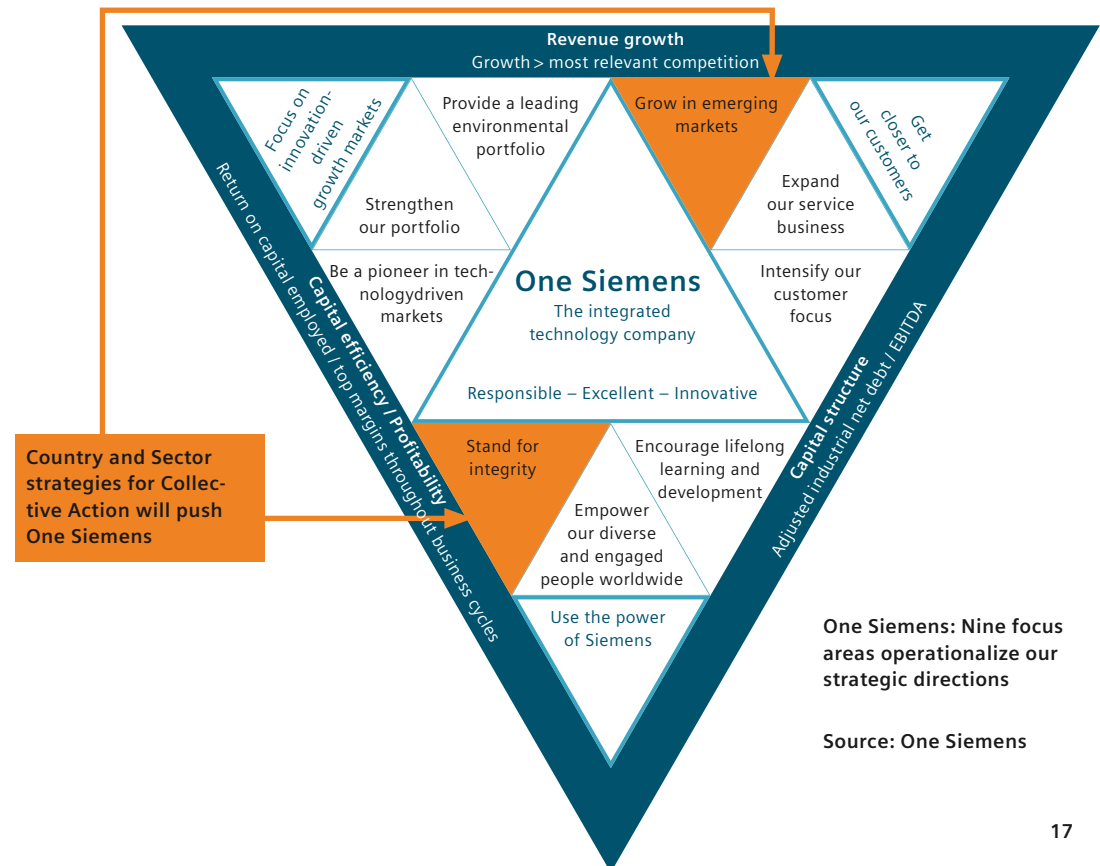
### Knowing your stakeholders is the prerequisite for

- selecting partners for Collective Action against corruption
- the successful implementation of Long-Term initiatives and partnerships. The latter provide the basis for facilitating Integrity Pacts and compliance pacts in your country, as they strengthen an anti-corruption mindset.
- active stakeholder engagement in the longer term (even if you do not engage in successful cooperation with a certain stakeholder now, it is worthwhile to stay in contact and to look for opportunities for Collective Action in the future)
- the development of future Collective Action opportunities and the positioning of Siemens as a leader in anti-corruption.

### In a nutshell:

- Over recent years Siemens has successfully introduced and implemented a comprehensive global Collective Action Program to jointly fight corruption and promote integrity in business transactions. The ultimate goal is to establish fair and sustainable market conditions in collaboration with other companies, governments and non-governmental organizations for the benefit of all market participants.
- Collective Action at Siemens is an integral part of “ONE Siemens”, which is the overall strategy framework for Siemens.
- “One Siemens” is the key to attaining further sustainable development: nine focus areas define the activities on which Siemens will be concentrating most intensely in the years ahead.

### Collective Action is an integral part of One Siemens






• Siemens Integrity Initiative

## Overview

On July 2, 2009, the World Bank Group announced a comprehensive settlement with Siemens. As part of the settlement, Siemens agreed to co-operate to change industry practices, clean up procurement practices and engage in Collective Action with the World Bank Group to fight fraud and corruption.



As a result of this commitment, Siemens has set up the USD 100 million Siemens Integrity Initiative and launched a global call for expressions of interest to attract a wide range of proposals on December 9, 2009. The World Bank Group has audit rights over the use of these funds and veto rights over the selection of anti-corruption groups or programs receiving funds.

The Siemens Integrity Initiative supports organizations and projects that fight corruption and fraud through Collective Action, education and training to achieve the main objective, which is to create fair market conditions for all market participants.

The initiative focuses on financing projects that have a clear impact on the business environment and on the business sectors and countries where Siemens is active, that can demon-

strate objective and measurable results and have the potential to be scaled up and replicated.

The funds provided by Siemens in the amount of USD 100 million will be allocated in several funding rounds over 15 years. Over 30 projects from over 20 countries were selected for funding in the first funding round and will receive an overall funding up to USD 40 million.

Information on Collective Action, the Siemens Integrity Initiative, funded projects and the next round of funding are available on [www.siemens.com/collective-action](http://www.siemens.com/collective-action).

Please also refer to: Press Release, July 2, 2009: <http://go.worldbank.org/WXRNSDVI40>

# Main Objective and Key Parameters

In line with Siemens' commitment to clean and sustainable business, the main objective of the Siemens Integrity Initiative is to create fair market conditions for all market participants by fighting corruption and fraud through Collective Action, education and training.





### More specifically, the Siemens Integrity Initiative aims at:

- Raising standards and creating awareness on compliance and business integrity
- Creating a common platform for dialogue for the private and public sector
- Strengthening the rule of law

Over the next 15 years, Siemens will disburse USD 100 million to support non-profit organizations worldwide that promote business integrity and corruption.

The Initiative focuses on supporting projects that have a clear impact on the business environment, can demonstrate objective and measurable results and have the potential to be scaled up and replicated. Siemens will consider those projects with impact on the business sectors and countries where Siemens is active.

The Siemens Integrity Initiative aims to support a mix of global, regional and country-specific projects and projects of various sizes. At least two-thirds of the funds are targeted for allocation to the sub-theme "Collective Action".

The Siemens Integrity Initiative seeks to attract proposals that include a portfolio of activities rather than one-time activities, and proposals that foresee a time horizon of 3 to 5 years.

The maximum funding per project proposal is up to USD 5 million. Application for funds from the Siemens Integrity Initiative is open to non-profit organizations, such as non-governmental organizations (NGOs), international organizations, business associations and academic institutions.

### Summary Key Parameters

#### OBJECTIVE: Fighting Corruption & Fraud through Collective Action, education & training

##### Financial

- USD 100 million over 15 years
- First funding round (December 9, 2009): ~USD 40 million, 3-5 years
- Additional funding rounds will be announced separately
- Funding of up to USD 5 million per project proposal, minimum of USD 50,000

##### Content

- 2 project categories: Collective Action (2/3), Education & Training (1/3)
- Focus on clear business impact and Siemens markets and sectors
- Objective: Create fair market conditions for all market participants

##### Process

- Public invitation to submit proposals
- Open, competitive selection in two phases (expression of interest, full proposal)
- Payment of funds linked to achievement of milestones (Funding Agreement)

#### ROLE OF WORLD BANK:

- Veto rights over selection of organizations
- Audit rights over use of funds

# Application and Review Process

## Eligibility Criteria

The application process for funds is generally open to non-profit organizations, such as non-governmental organizations (NGOs), international organizations, business associations, foundations and academic institutions.

Individuals and for-profit organizations, organizations with no established legal entity, political and religious organizations as well as churches are not eligible for funding from the Siemens Integrity Initiative. Any organization pertaining or closely related to Siemens or institutions of the World Bank Group will not be considered for funding.

Applicants may hand in joint applications with other organizations provided one organization assumes a leading position, signs the overall funding agreement and in case of an award will administer the distribution of funds responsibly between those participating in this joint application and project.

The first funding round is currently closed. Information on next funding rounds are planned to be made available on [www.siemens.com/collective-action](http://www.siemens.com/collective-action).

## Selection Criteria

The Siemens Integrity Initiative seeks project proposals that

- can demonstrate a clear fit with the objective of the Initiative,
- have a direct impact on the business environment,
- can demonstrate objective and measurable results, and
- have the potential to be scaled up and replicated.

The quality of project proposals and the capacity of the applicant organization to perform the proposed activities will be assessed against a set of predefined selection criteria, which are outlined below. The assessment will be based on the information provided in the Expression of Interest form, and through further due diligence in the course of the selection process.

Furthermore the following was considered in the selection of projects:

Category	Description
Siemens business sectors and countries	Siemens will consider those projects that <ul style="list-style-type: none"> <li>• have an impact on the business sectors Siemens is operating in and</li> <li>• take into account Siemens' presence worldwide</li> </ul>
Impact on business environment	Projects <ul style="list-style-type: none"> <li>• should have a clear impact on the business environment, and</li> <li>• aim to contribute to the creation of fair market conditions</li> </ul>

Proposals could be submitted for the following two categories:

**Collective Action:** Raising compliance standards and creating awareness by establishing alliances between the public and the private sector. Projects in this category can cover one, several or all of the following sub-categories and must be based on a collective approach.

**Education and Training:** Build capacity, foster a culture of integrity and promote knowledge sharing between institutions and stakeholders. Projects in this category should cover at least two of the following sub-categories, take provisions for students from emerging markets and developing countries into account and, most importantly, aim to reach a maximum number of students.

Within the two main categories several sub-categories were defined.

## Main project focus: Fighting Corruption & Fraud

### Collective Action

- Creating national alliances and platforms of dialogue between the public and private sector
- Strengthening the rule of law
- Strengthening voluntary standards
- Creating incentives for good performers

### Education & Training

- Curricula development
- Capacity building for public, private and non-for-profit sector
- Platform for dialogue between practitioners from the public and private sector
- Knowledge exchange with growth markets and emerging markets through scholarships and cooperation with other institutions

The objectives of the Siemens Integrity Initiative are creating fair market conditions for all market participants and fighting corruption and fraud through Collective Action and education and training.

A detailed description of the sub-categories was provided outlining potential areas for project proposals:

Category	Main objective
I. Collective Action	<b>Raising compliance standards and creating awareness by establishing alliances between the public and the private sector</b> Projects in the 'Collective Action' category can cover one, several or all sub-categories described hereunder. All the projects must be based on a collective approach.
Subcategories	Which type of projects we support
a) Creating alliances	Establishment of platforms for ongoing dialogue between the public and the private sector on anti-corruption and fraud with the aim of <ul style="list-style-type: none"> <li>• strengthening national legal systems and voluntary standards</li> <li>• Creation of incentives for good performers</li> <li>• Identification of the need for reforms and capacity building</li> </ul>
b) Strengthening the rule of law	Strong anti-corruption laws which follow internationally accepted frameworks such as the UN Convention Against Corruption and the OECD Anti-Bribery Convention help to create a level playing field. Projects will be supported <ul style="list-style-type: none"> <li>• that help to strengthen and coordinate anti-corruption laws that relate to the private sector</li> <li>• that provide incentives to the business community to cooperate with law-enforcement authorities, such as measures by governments to mitigate penalties for such cooperation and for adopting anti-corruption programs</li> <li>• that support the inclusion of anti-corruption standards and the concept of Integrity Pacts into procurement laws</li> </ul>
c) Strengthening voluntary standards	<ul style="list-style-type: none"> <li>• Strengthening of existing efforts to develop anti-corruption and compliance standards and promote coherence between standards</li> <li>• Development of new industry-specific standards on anti-corruption and compliance</li> <li>• Strengthening of standards for Integrity Pacts and their use in public procurement</li> <li>• Development of monitoring and certification systems for voluntary standards</li> </ul>

Subcategories	Which type of projects we support
<b>d) Creating incentives for good performers</b>	<p>To encourage more companies to invest the time and resources in fully functioning anti-corruption and compliance systems, projects that work towards the creation of incentives for good performers will be supported, e.g.</p> <ul style="list-style-type: none"> <li>• Incorporation of anti-corruption standards in investment decisions and evaluation of companies by financial institutions</li> <li>• Creation of tax incentives</li> <li>• Consideration of corporate anti-corruption programs and compliance systems in bidding processes</li> </ul>
Category	Main objective
<b>II. Education &amp; Training</b>	<p><b>Build capacity, foster a culture of integrity and promote knowledge sharing between institutions and stakeholders</b></p> <p>Projects in the category 'Education &amp; Training' should cover AT LEAST TWO sub-categories, take provisions for students from emerging markets and developing countries into account and, most importantly, aim to reach a maximum number of students.</p>
Subcategories	Which type of projects we support
<b>a) Curricula development</b>	<ul style="list-style-type: none"> <li>• Development of curricula on measures to prevent, detect, investigate and prosecute corruption and fraud and measures to foster a culture of integrity</li> <li>• Incorporation of such curricula in standard courses of academic educational institutions such as business, law and engineering schools</li> </ul>
<b>b) Capacity building</b>	Education and training of future and current managers, engineers, government officials and civil society leaders through short-term and long-term courses
<b>c) Platform for dialogue</b>	Facilitation of an exchange of knowledge between practitioners from all sectors with the aim of advancing knowledge in the area of anti-corruption and of enriching curricula and training courses
<b>d) Knowledge sharing</b>	<ul style="list-style-type: none"> <li>• Support for students from emerging markets and developing countries or students from low-income backgrounds through the establishment of scholarship funds or special financing schemes to enable them to attend courses or studies related to anti-corruption</li> <li>• Support of knowledge exchange and standardization of curricula between universities and training institutions</li> </ul>

### Review and application process for First Funding Round

Siemens intends to award funds to the most innovative and promising project proposals submitted. The selection and review process of the first funding round comprised two steps:

1. Call for and review of the Expression of Interest (EOI) forms including supporting documentation, and

2. Invitation to submit a Full Proposal and performance of a thorough due diligence on the implementation capabilities of the applicant, their financial management capabilities, their legal structure and their compliance background.

After a thorough review of the documents submitted (due diligence) those applicants that were selected for funding were invited to enter

into a Funding Agreement with Siemens (a term sheet for the Funding Agreement can be found in Annex 3).

A detailed timetable for the first funding round and more information on the application process is available in Annex 1.

### Summary of the application and review process of the First Funding Round:

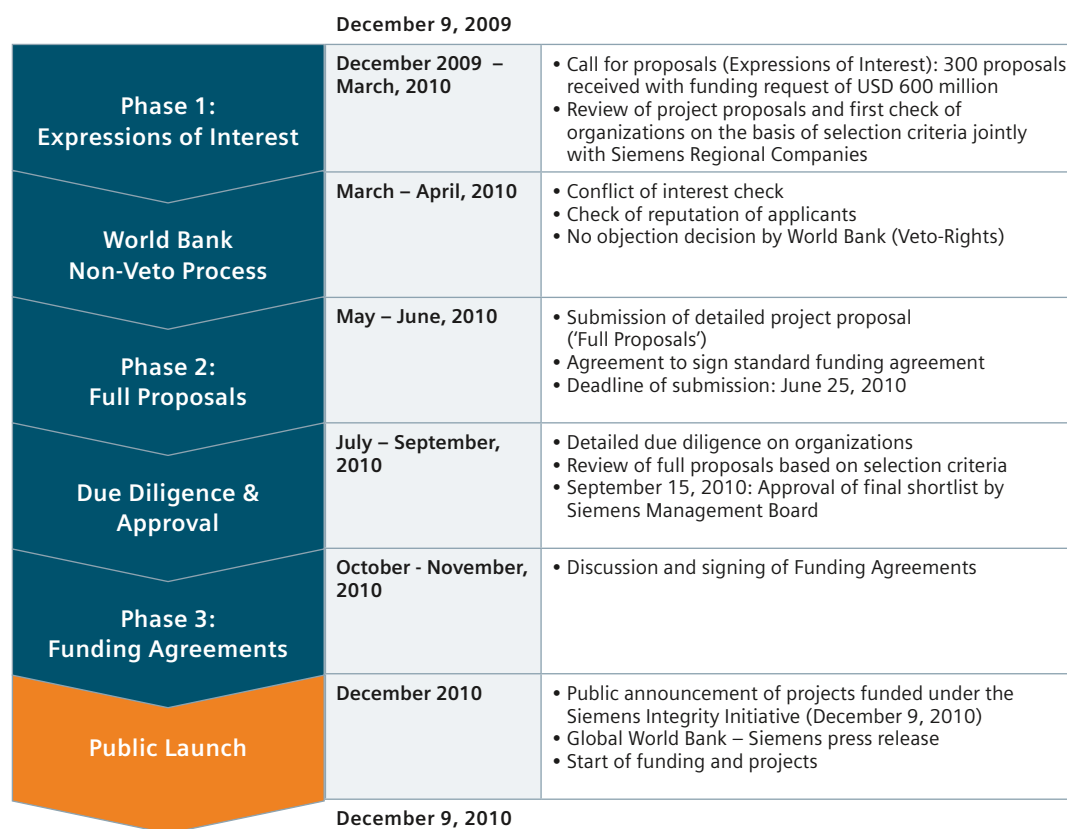
- The Initiative was announced through a global call for proposals on December 9, 2009 where non-profit organizations from all around the world could apply for funding for the first tranche of USD 40 million.
- In a first stage applicants were asked to hand in an Expression of Interest (Eoi). More than 300 proposals with funding requests of USD 600 million were submitted. All Expressions of Interest were screened against basic criteria (fit with objectives of the initiative, potential conflict of interest, reputation of the organization etc.).
- A first short list of projects was submitted to the World Bank for a Non-Veto decision.
- In a second step, shortlisted organizations were invited to submit a Full Proposal which included a more detailed description of the project, outputs and deliverables, detailed budgets and work plans.
- The review of Full Proposals was based on published selection criteria and supported by internal guidelines and checklists (e.g. reference check, avoidance of conflict of interest etc.).

Selection criteria	Key questions/themes
1. Content fit	<ul style="list-style-type: none"> <li>• Does the project cover corruption and fraud, Collective Action or education &amp; training?</li> </ul>
2. Business impact	<ul style="list-style-type: none"> <li>• Does the project have an impact on the business environment?</li> <li>• Is the project relevant to Siemens sectors and countries?</li> </ul>
3. Quality of project	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Sustainability</li> <li>• Growth potential</li> <li>• Objective and measurable results</li> <li>• Project design and organizational capacity</li> <li>• Type of funding</li> </ul>



- All projects were reviewed globally by the Project Team and locally in the relevant countries of implementation. The Steering Committee of the Siemens Integrity Initiative was closely involved in the screening and selection process.
- Reviews were conducted in four parallel streams (legal, tax, financial, strategy) and included more than 150 people from legal departments, tax departments, finance departments, etc.
- For all projects, local management support and buy-in was obtained to support projects during the implementation phase.
- The review and selection process was transparent, fair and competitive.
- The final short-list of projects was presented to the Siemens Integrity Initiative Steering Committee and the Siemens Management Board for approval.
- Selected applicants ('Integrity Partners') were then invited to enter into a Standard Funding Agreement with Siemens and first projects were launched on December 9, 2010 through a global World Bank - Siemens press release. The launch of projects was accompanied by local press and media activities in the relevant countries.

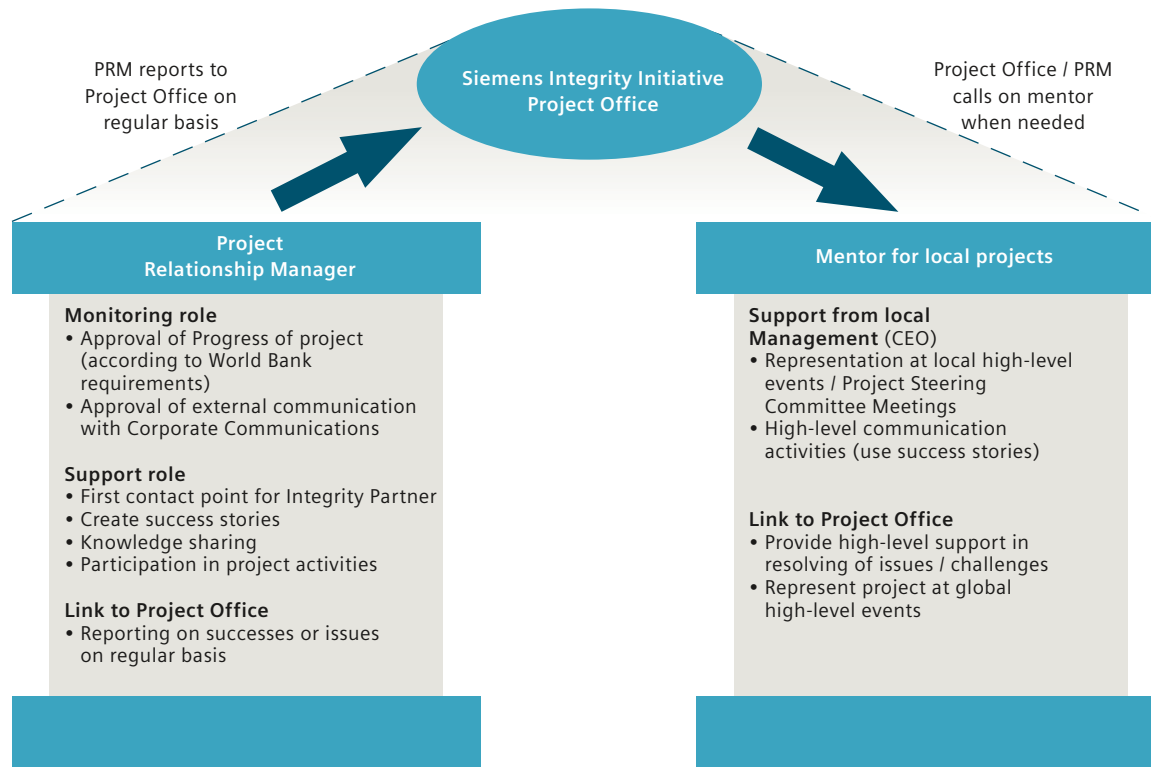
#### Overview timetable application and review process for First Funding Round:



# Project management & reporting

- The responsibility for the management of the projects funded under the Siemens Integrity Initiative lies with the respective Integrity Partner; Siemens supports projects financially, monitors the use of funds in a bi-annual reporting process and participates in activities where appropriate and requested by the Integrity Partner.
- The main points relating to the management of projects are regulated in a Funding Agreement between Siemens and the Integrity Partner and its Project Partners.
- Payments of funds are done based on achievement of milestones and on a bi-annual basis. (Reimbursement of actual costs only; no pre-payments apart from an initial payment)
- Integrity Partners report on an annual basis on progress made, funds used and work plans for the next year. All Annual Reports have to be accompanied by a financial report which has been audited by an external audit company. Regular interim reports help to review progress throughout the year. All Annual Progress Reports need to be reviewed and approved by the local Siemens Project Relationship Manager, the Siemens Integrity Initiative Project Office and Corporate Finance.
- Siemens has set up an internal project structure for the selection of projects and the support and monitoring of projects during the implementation phase.
- All projects are supported by Siemens through a designated Project Relationship Manager and a Mentor from the senior management. For example, country specific projects can draw on the CEO of the local Siemens company as their Mentor. All Project Relationship Managers (PRM) are coordinated by the Siemens Integrity Initiative Project Office (see also Project Organization).

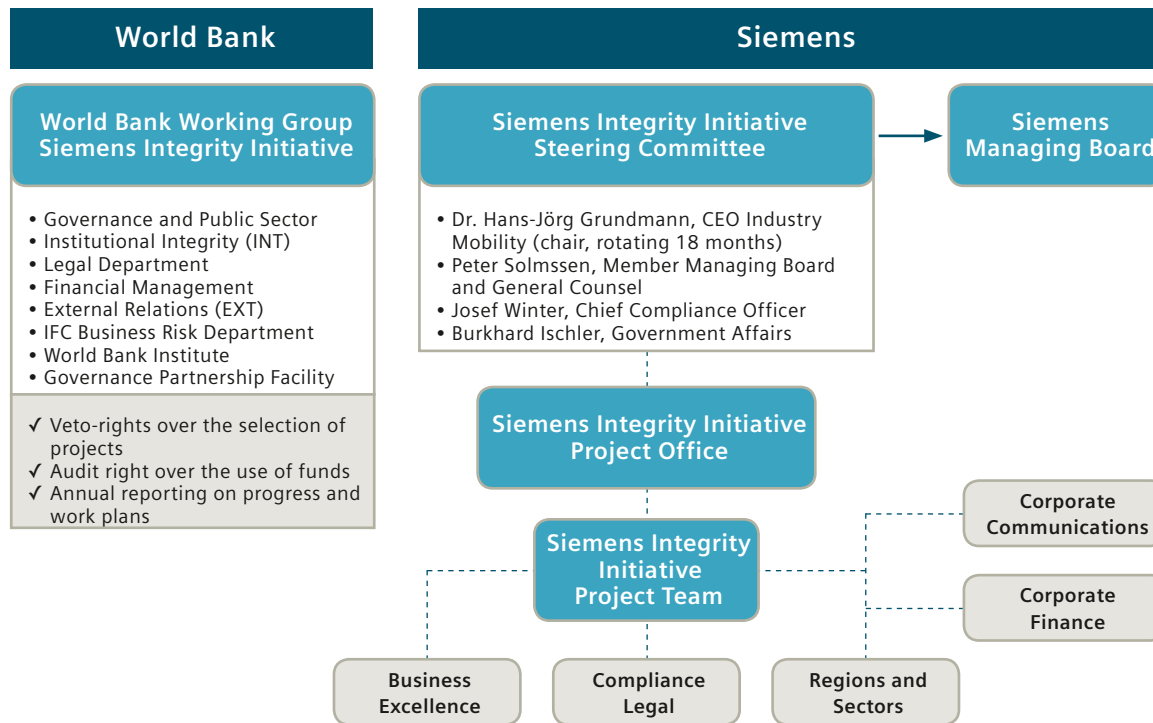
## Roles and responsibilities of Project Relationship Managers and Mentors:



# Project Organization

- The internal Siemens project management structure of the Initiative consists of several teams which have been set up specifically for this initiative and which provide overall supervision and guidance (such as the Steering Committee) and deal with daily operations of the Initiative (Project Office and Project Team).
- To make this initiative a company-wide effort and ensure engagement and representation, all relevant business units of Siemens were integrated into the structure of the Initiative.
- The main operational contact for this Initiative is the Project Office, which includes four people and is supported by an extended Project Team from various departments (compliance legal, corporate finance, compliance business excellence, corporate communications and compliance colleagues in all relevant countries).
- The Project Office is the main link to the World Bank with regard to the audit and veto rights as well as reporting obligations.
- The work of the Project Office and Project Team is overseen by the Siemens Integrity Initiative Steering Committee, which consists of Peter Solmssen, Member of the Managing Board and General Counsel; Dr. Hans-Jörg Grundmann, CEO of Rail Systems Division and current chair of the Steering Committee; Josef Winter, Chief Compliance Officer; and Burkhard Ischler, Head of Government Affairs.
- Due to the veto and audit rights of the World Bank, the World Bank has also set up a team of experts to liaise with Siemens with regard to the Siemens Integrity Initiative as shown in the chart.

## Overview Project Organization



## Status of the First Funding Round

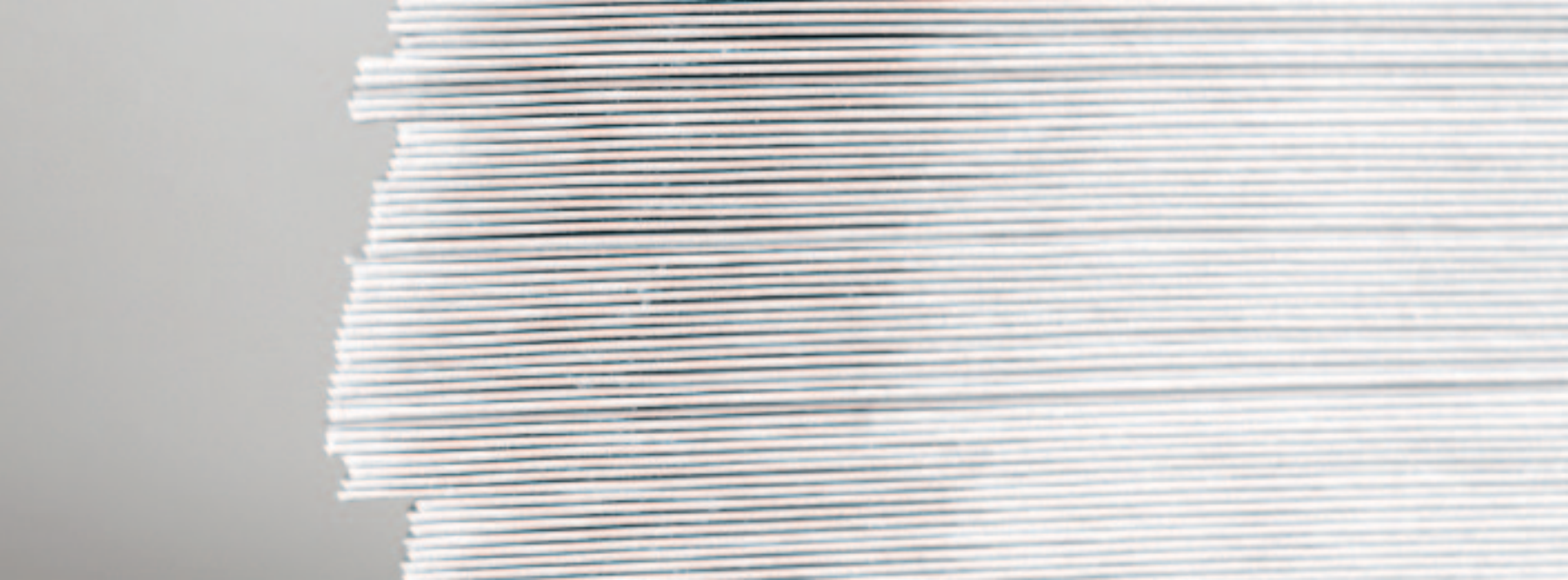
On December 9, 2010 Siemens and the World Bank Group announced the first anti-corruption projects that will receive financing from the USD 100 million Integrity Initiative to promote clean markets.

Thirty-one projects from over 20 countries were selected for funding in the first funding round and will receive an overall funding of up to USD 40 million. Around 300 non-for-profit organizations from 66 countries applied for funding during the first funding round.

“Siemens stands for top performance with the highest ethical standards,” said Peter Solmssen, Member of the Managing Board and General Counsel of Siemens AG at the occasion of the launch of the first projects on December 9, 2010.

»Together with the World Bank Group, we want to promote integrity and fair competition worldwide. With the selection of the projects





for the Siemens Integrity Initiative, we have taken the first important step in this direction.«

“We welcome the company’s initiative and clear commitment to the principle that only clean business is good, sustainable business”,

said Leonard McCarthy, Integrity Vice President of the World Bank Group. “Corruption steals from the poor, and it can only be tackled on a joint basis. The projects of the Siemens Integrity Initiative will help strengthen the will to combat corruption worldwide and improve conditions for everyone.”

Source: Press Release, December 9, 2010  
[www.siemens.com/integrity-initiative](http://www.siemens.com/integrity-initiative)

Key data	
Total funding volume	USD 100.0 M
Funds committed in the first funding round	USD 37.7 M
Disbursements year 1* (release of provision)	USD 7.9 M
Expected disbursements year 2*	USD 13.1 M
Number of projects 2011	31
Countries covered 2011	22

\* Siemens fiscal year (October - September)

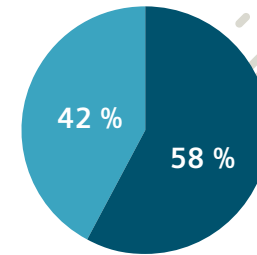
## List of projects funded in the first funding round:

Integrity Partner	Country of implementation	Total Funding volume in USD
Basel Institute on Governance	Global	1.86 M
Beijing New Century Academy on Transnational Corporations (NATC)	China	0.89 M
Central European University in cooperation with Tiri - Making Integrity Work, United Kingdom	Central and Eastern Europe	3.09 M
COCIR (European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry)	Europe, Asia, Russia, South America	0.96 M
Commonwealth Business Council in cooperation with the Convention on Business Integrity (CBI), Nigeria	Nigeria	1.1 M
Ethics Institute of South Africa (EthicSA)	Angola, South Africa	1.5 M
Federation of Korean Industries-International Management Institute (FKI-IMI) in cooperation with Global Competitiveness Empowerment Forum, South Korea	South Korea	0.81 M
Foundation for the Global Compact in cooperation with the UN Global Compact and PRME (Principles for Responsible Management Education), USA	Global	1.48 M
Foundation for the Global Compact in cooperation with the UN Global Compact and its local networks	Brazil, Egypt, India, Nigeria, South Africa	2.87 M
Fundación Universidad de San Andrés (FUdeSA) in cooperation with the Asociación Civil por la Igualdad y la Justicia (ACIJ) and the Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento (CIPPEC), Argentina	Argentina	0.73 M
Humboldt Viadrina School of Governance	Global	1.3 M
International Anti-Corruption Academy (IACA)	Global	2.02 M
International Business Leaders Forum (IBLF) in cooperation with the School of Public Administration of the Renmin University, China	China, Russia	1.5 M

Integrity Partner	Country of implementation	Total Funding volume in USD
Instituto Ethos - Ethos Institute for Business and Social Responsibility	Brazil	3.11 M
Maala - Business for Social Responsibility	Israel	0.48 M
Makati Business Club (MBC) in cooperation with the European Chamber of Commerce in the Philippines	Philippines	1.04 M
Organisation for Economic Co-operation and Development (OECD), MENA Initiative on Governance and Investment for Development	Middle East and North Africa	0.75 M
Oživení in cooperation with Transparency International Slovakia and the Economics Institute of the Academy of Sciences of the Czech Republic	Czech Republic, Slovakia	0.6 M
Partnership for Governance Reform - Kemitraan	Indonesia	1.5 M
POLMED (The Polish Chamber of Commerce of Medical Devices), Poland	Poland	0.46 M
Sequa gGmbH in cooperation with German Agency for International Cooperation (GIZ), Chengdu General Chamber of Commerce and Hunan Provincial Chamber, China	China	1.49 M
Transparency International - Bulgaria	Bulgaria	0.45 M
Transparency International - Italia	Italy	0.6 M
Transparencia Mexicana	Mexico	0.23 M
Transparency International USA in cooperation with Social Accountability International, USA	USA, Global	0.66 M
United Nations Development Programme - Regional Bureau for Arab States (UNDP - RBAS)	Arab States Region	1.78 M
United Nations Office on Drugs and Crime (UNODC) in cooperation with the International Anti-Corruption Academy (IACA), Austria – Incentives to Corporate Integrity	India, Mexico	1.12 M
United Nations Office on Drugs and Crime (UNODC) – Outreach and Communication	Global	0.75 M
United Nations Office on Drugs and Crime (UNODC) in cooperation with the International Anti-Corruption Academy (IACA), Austria – The 6 P's	India, Mexico	1.22 M
University of Cairo, Center for Economic and Financial Research and Studies	Egypt	0.85 M
Vietnam Chamber of Commerce and Industry (VCCI, Office for Business Sustainable Development) in cooperation with the International Business Leaders Forum (IBLF), United Kingdom	Vietnam	0.5 M
<b>Total funding volume in USD</b>		<b>37.7 M</b>

Short-list of projects covers all major growth regions and high-risk countries  
(31 projects, USD 37.7 million)

The chart illustrates the regional spread and balance of the First Funding Portfolio.



**Global Projects**  
(6 Projects, USD 8.4M)

100 %

**North America**  
(1 sub-project, USD 0.7M)

100 %

**South America**  
(4 sub-projects, USD 2.2M)

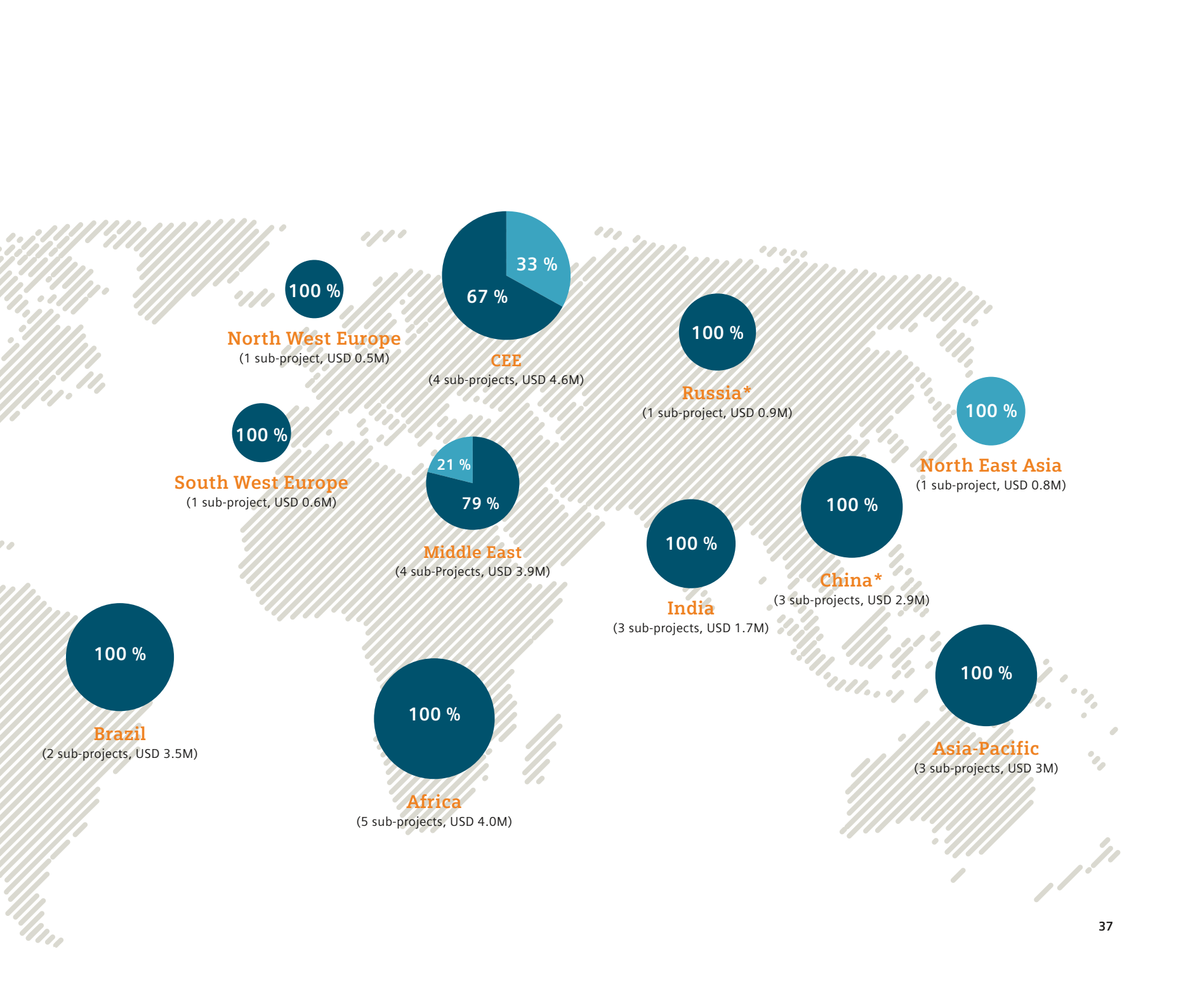
#### Region/Country of implementation (number of project proposals)

- % of Collective Action
- % of Education & Training
- Bubble size = Approximate value of funding

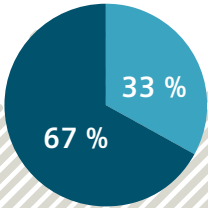
**Note:** Due to importance of BRIC they are shown separately and are not included in clusters; schematic illustration only – subject to change

\*Project volume of USD 1.8 million additionally earmarked for China and Russia which sums up to USD 37.7 million + USD 1.8 million = USD 39.5 million

The number of project proposals per region is indicated in brackets; one third of Collective Action projects include Education & Training elements



**North West Europe**  
(1 sub-project, USD 0.5M)



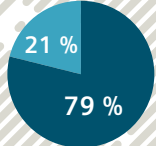
**CEE**  
(4 sub-projects, USD 4.6M)



**Russia\***  
(1 sub-project, USD 0.9M)



**South West Europe**  
(1 sub-project, USD 0.6M)



**Middle East**  
(4 sub-Projects, USD 3.9M)



**India**  
(3 sub-projects, USD 1.7M)



**China\***  
(3 sub-projects, USD 2.9M)



**North East Asia**  
(1 sub-project, USD 0.8M)



**Brazil**  
(2 sub-projects, USD 3.5M)



**Africa**  
(5 sub-projects, USD 4.0M)



**Asia-Pacific**  
(3 sub-projects, USD 3M)



● Project profiles and highlights  
of activities in 2011

# Project profiles and highlights of activities in 2011

The following pages show a description of project objectives and funding volumes as agreed with Integrity Partners in the respective Funding Agreements. The description of activities undertaken in year 1 was provided by the Integrity Partner in their respective Annual Progress Report 2011 and approved by the relevant Integrity Partners for external use.

**Integrity Partners submitted the following documentation which was the basis for the review of progress:**

- Annual Progress Report which provided an overview on activities undertaken and an assessment of progress made
- Financial Report which showed the utilization of funds per activity and in comparison to the original budget agreed in the Funding Agreement
- Audit Statement by an external audit company which verified the financial report and provided an unqualified audit opinion on the use of funds
- Updated Work plan and Updated Budget for Year 2



#### DESCRIPTION OF INTEGRITY PARTNER ([www.baselgovernance.org](http://www.baselgovernance.org))

The **Basel Institute on Governance** is a practice-oriented and interdisciplinary think tank conducting research, policy advice, building capacity and providing support in the area of good governance at the public and corporate level. Its mandate is to promote good governance in the public sector and in the business community, nationally and internationally, through targeted and qualified expertise, scientific research and training. Its strategy is to combine academic and interdisciplinary competence with hands-on practical experience to provide accurate analysis and sound problem solving methods. It offers customized solutions to its partners in the public and private spheres.

Founded in 2003 as an independent and non-profit institution, it is associated with the University of Basel and are composed of internationally recognized academics and practitioners with long-standing experience in the various areas of work that the Basel Institute promotes.

Name of Integrity Partner:

## Basel Institute on Governance

PROJECT:

### Promoting Effective Industry Standards

COUNTRY OF IMPLEMENTATION:

Global

DURATION:

5 years

USD (MILLION):

1.86 M

REGISTERED IN:

Switzerland

The Basel Institute has been instrumental in the design and implementation process of several joint multi-stakeholder efforts to set industry standards in a number of sectors of the economy through Collective Action across the globe, among them, the „Wolfsberg Anti-Money Laundering Principles.“ On the basis of its know-how, the Basel Institute is best placed to continue this work further and bring it to new sectors and to a new level. This project will formalize the existence of the – Centre for Global Industry Standards - located at the Basel Institute.

The Centre for Global Industry Standards will promote, facilitate and create Collective Action initiatives by bringing together stakeholders involved in specific economic sectors into a dialogue to agree on governance and anti-corruption standards and their implementation. The Centre will also contribute to the coordination and integration of standards at the global level. The role of the Centre is mainly that of independent expert and facilitator; in our experience, the success of Collective Action is based on being driven by its participants.



#### PROJECT AT A GLANCE:

The Basel Institute acting as the Centre for Global Industry Standards will develop and coordinate Collective Action initiatives. It will bring together stakeholders to agree on and implement sector-specific anti-corruption standards.

#### KEY ACTIVITIES YEAR 1:

- An important milestone was reached in the High-Level-Reporting Mechanism that resulted from the Collective Action Initiative in the Power Systems Industry: the initiative has been expanded to include additional industries and has been adopted as part of the official recommendations in the final report of the B20/G20 summit in November in Cannes; once implemented by the respective countries, the proposed mechanism will provide companies from all industries with an effective tool to address solicitation, thus tackling the problem of corruption from the “demand” side
- Several companies are negotiating a framework agreement that will serve as an umbrella for more specific projects in high-risk geographic locales and will help to start additional regional Collective Action initiatives
- A Compliance Code for the Desertec Initiative has been drafted and was discussed with major shareholders at the last shareholder meeting in September 2011
- Representatives of the Basel Institute, Siemens Vietnam, as well as other companies and organizations joined the Steering Board of the Reform and Modernization of Vietnam Customs Initiative, which is coordinated by The World Economic Forum/PACI. As the responsible parties for the Transparency Track, the Basel Institute and TNT Express have developed an action plan and monitoring mechanism to stop facilitation payments in the express industry in Vietnam by 2017; once the plan is adopted by the industry partners, they will have to meet clear yearly goals; the initiative also aims to work with the public sector in Vietnam by installing a High Level Reporting Mechanism and will include additional stakeholders from industry, civil society and international organizations



## DESCRIPTION OF INTEGRITY PARTNER ([www.tncchina.org.cn](http://www.tncchina.org.cn))

**NATC** is a non-profit organization duly formed in 2005. Before this time, it was a part of the Ministry of Commerce (MOF-COM). In January 2005, the Ministry of Commerce's Chinese Academy of International Trade and Economic Cooperation (CAITEC) and the Beijing Fazheng Group co-founded the newly structured NATC. The employees consist of researchers, retired governmental department leaders, and other professionals and consultants.

Currently, NATC has four main objectives in its work:

- 1) Identify and research problems in Chinese business practice and government administration
- 2) Provide policy recommendations to the Chinese government that produce results in promoting a better business environment
- 3) Aid Chinese companies in strengthening legal compliance and undertaking comprehensive social responsibility
- 4) Bridge open dialogues with policy makers and other stakeholders

Name of Integrity Partner:

# Beijing New Century Academy on Transnational Corporations (NATC)

PROJECT:

**NATC's Collective Action Initiative – Fostering a Better Business Environment in China**

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
China	3 years	0.89 M	China

The initiative will work to improve legal compliance within Chinese companies, make recommendations to improve compliance policy issued by governmental departments, and bring leaders from these groups into closer communication with one another.

To support a long-term dialogue on ethical compliance in China, NATC will establish a 'Compliance Executive Club' whose members will range from government officials to business executives. To address some of the issues that come up in pursuing organizational com-

pliance, NATC will publish a guide for organizational compliance and hold tailored training workshops to improve compliance results. For daily support and information, a compliance website will be established and maintained. The website will contain a thorough database of compliance information.

To improve compliance policy, NATC will develop and present research-based policy recommendations to the departments responsible for such policy.

#### PROJECT AT A GLANCE:

NATC will provide practical training to Chinese companies on compliance issues and develop and present recommendations on compliance law to Chinese policy makers.

#### KEY ACTIVITIES YEAR 1:

- Reviewed literature on Chinese and Western laws as well as academic studies on law
- Empirical studies of Chinese and multinational companies and their corporate compliance programs have been done; identified problems related to compliance of Chinese external investments through on-site investigation and surveys of typical high-risk countries such as Myanmar and Angola; the outcome of this investigation is documented in an internal report on the topic of compliance risk in external investment of Chinese companies
- Shared knowledge with international experts and kicked off the official cooperation with UN Global Compact and OECD for Collective Action
- The outcomes of the studies and the meetings are documented in two internal reports respectively; these reports were submitted to government authorities and were well-received
- Held two large-scale workshops, one on compliance and anti-corruption concepts for public officials and the private sector and one company-focused workshop on corporate strategies, governance, risk control, compliance programs and international as well as Chinese laws, in total over 300 participants were trained
- Launched a Chinese compliance website and provided the public with free access to the website
- Set up a Compliance Executive Club with ~40 member companies; invited experts to present on FCPA, UK Bribery Act, OECD Convention and local Chinese laws and held several sector-specific roundtables with companies from the energy, transport, healthcare sector ('Industrial dialogues')



#### DESCRIPTION OF INTEGRITY PARTNER (www.ceu.hu)

Central European University, Hungary, is a unique graduate institution accredited in both the United States and Hungary. It is dedicated to building open societies through serious and morally responsible intellectual engagement inspired by, and in the service of, pressing social needs. Students are drawn from more than 100 countries for Master's, doctoral, and executive education programs in the fields of business, social sciences, humanities, law, management, environmental studies, government and public policy. The CEU Business School was the first educational institution in the region to train managers by offering a western graduate business program leading to an American MBA.

Name of Integrity Partner:

## Central European University in cooperation with Tiri – Making Integrity Work, United Kingdom

PROJECT:

**Leveling the playing field in emerging and transitional markets of Central and Eastern Europe and the former Soviet Union**

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
<b>CEE and former Soviet Union</b>	<b>5 years</b>	<b>3.09 M</b>	<b>USA and Hungary</b>

Central European University (CEU) aims to level the playing field by shaping and influencing the behaviors of approximately 16,000 undergraduate and graduate students and 3,500 executives in Central and Eastern Europe and the former Soviet Union over the next five years. Through integrity education, the project will equip participants with the practical insights, skills and tools required to operate with integrity in weak governance environments. The project will develop the Center for Integrity in Business and Government at the

CEU Business School, which will provide an institutional framework for cross-disciplinary teaching and research on issues of integrity and anti-corruption, and will deliver integrity curricula in graduate and executive education programs at CEU. The Center will serve as a regional resource of excellence in integrity education, and together with the project partner, Tiri, will help build the capacity of targeted institutions of higher learning across the region through facilitating local curriculum development.



#### PROJECT AT A GLANCE:

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Through integrity education the project will shape the behavior of current and future business practitioners and public administrators in the region.

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#### KEY ACTIVITIES YEAR 1:

- Establishment of the Center for Integrity in Business and Government and creation of global presence
- Establishment of partnerships with international business networks, leading universities and business schools as well as major international NGOs
- Organization of two CEO focus groups for brainstorming to map out the business sector's demand for knowledge and skills to be achieved by Integrity Education
- The first 'Tiri Integrity School – leadership and management for integrity' (executive training) took place as part of the CEU Summer University from 20 to 29 June 2011
- Launch of Integrity Information Center on <http://www.library.ceu.hu/OPMLGuide/iic.htm>, a repository of integrity education material, which is designed as a widely accessible information hub
- Tiri – Making Integrity Work promotes the quality and institutionalization of Integrity Education in the Eastern Europe and Central Asia (ECA) region; it has signed MOUs with 86 universities and training institutions in 12 countries in the target region
- 90 educators from the ECA region learned the elements of integrity, how to develop integrity curricula, interactive teaching methods and activities for sharing knowledge
- Tiri staff worked with the Siberian Academy of Public Administration to build capacity to deliver integrity education on codes of conduct and local government reforms to reduce corruption



#### DESCRIPTION OF INTEGRITY PARTNER (www.cocir.org)

Founded as a non-profit trade association in 1959, **COCIR** represents the radiological, electromedical and healthcare IT industry in Europe.

As such, members play a driving role in developing the future of healthcare both in Europe and worldwide. COCIR is committed to supporting its members and communicating with its partners in Europe and beyond on issues which affect the medical technology sector and the health of EU citizens. COCIR also works with various organizations promoting harmonized international standards and fair regulatory control that respects the quality and effectiveness of medical devices and healthcare IT systems without compromising the safety of patients and users. They encourage the use of advanced technology to support healthcare delivery worldwide.

COCIR's key objectives include promoting free worldwide trade of medical devices and maintaining the competitiveness of the European health sector.

Name of Integrity Partner:

## COCIR (European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry)

PROJECT:

### Expansion of COCIR Code of Conduct

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
Europe, Asia, Russia, South America	3.3 years	0.96 M	Belgium

COCIR's new code of conduct provides an effective and efficient process to further align the healthcare and IT industry involved in healthcare on compliant business ethical rules.

The COCIR code of conduct is now substantiated by the establishment of a committee composed of all legal counsels of COCIR corporate company members. COCIR and its members are gradually getting requests from other countries, like China, Russia, India and Brazil showing interest in adopting the Code.

The main project objectives are to build up resources in the COCIR office to support the following activities:

1. Enlargement of the Code in content matters
2. Enlargement of the Code in geographical spread
3. Deployment of the Code through training and enhanced communication/cooperation with other stakeholders



#### PROJECT AT A GLANCE:

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The project aims to support the enlargement of the COCIR Code of Conduct, and to coordinate the new Code of Conduct Committee.

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#### KEY ACTIVITIES YEAR 1:

- Internal and external communication activities were undertaken
- To take into account evolving legal and regulatory requirements, existing text on Research and Charitable Donations in the COCIR Q&As have been further developed and additional text on Independent Third Parties has been included
- Further, comparative overviews of the content of national, European, international and member companies' codes of conduct have been developed with a view to facilitating the preparation in 2012 of an expanded COCIR Code of Conduct
- COCIR is also developing an interactive web-based training on its Code of Conduct with a planned roll out in 2012
- In order to deploy and efficiently disseminate the COCIR Code of Conduct in Europe, it has also been agreed to translate the currently published COCIR Code of Conduct, updated Q&As and Do's and Don'ts into five additional languages (Dutch, French, German, Italian and Spanish)



#### DESCRIPTION OF INTEGRITY PARTNER ([www.cbcglobal.org](http://www.cbcglobal.org))

The **CBC** was established by Commonwealth Heads of Government in 1997 to mobilize trade and investment throughout the Commonwealth.

Since then, CBC has organized an initiative Business Action Against Corruption (BAAC) at the invitation of the Heads of Government Meeting (CHOGM) to improve the conditions for doing business and thereby promote investment and sustainable development in Africa. The program is open to all countries and institutions who believe that the pursuit of good governance is vital to social and economic development. This program was launched in Botswana following an invitation from the then President of Botswana, HE Festus Mogae and now operates in ten African countries. It has been formally endorsed by the Presidents of Nigeria, Malawi and the Prime Minister of Cameroon. It aims to create partnerships between business and government to fight corruption and fraud through Collective Action, education and training.

Name of Integrity Partner:

## Commonwealth Business Council in cooperation with the Convention on Business Integrity (CBI), Nigeria

PROJECT:

### Business Action Against Corruption (BAAC), Nigeria

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
Nigeria	3 years	1.1 M	United Kingdom

It will do this by strengthening self-regulation of business, its compliance with government regulation, stakeholder activism and a public vigilance over the arrangement. It will also build on existing relationships with the two principal regulators, the Central Bank of Nigerian (CBN) and the Nigerian Securities Exchange Commission (SEC) to build a partnership to strengthen corporate leadership practices by raising standards of board leadership across the economy.

It will seek to reach out to directors of listed companies in Nigeria to review their fiduciary responsibilities, and define stakeholder expectations. The aim is to define a set of business principles, reporting guidelines and system of compliance incentives jointly with directors of listed companies in Nigeria. As an additional step, stakeholders will work on an independent public feedback mechanism for compliance monitoring, inclusive of whistleblower and complaints handling mechanisms. It will also establish an interactive, social networking website to promote peer learning and issue based training to coalition partners.





#### PROJECT AT A GLANCE:

The aim of the project is to use Collective Action to improve corporate governance and reduce corruption in the Nigerian business environment.

#### KEY ACTIVITIES YEAR 1:

- The project was successfully launched at the end of March 2011; a working group consisting of stakeholders from the business sector, regulatory agencies and civil society was formed and the working group brainstormed on gaps in the understanding of the nature of corruption in Nigeria; a survey instrument was put together to capture information which cannot be found through desk research
- A partnership has been established with the Securities and Exchange Commission for Directors' Education and Certification; a gathering of over 350 top business executives as part of SEC's quarterly meetings with the listed companies contributed to findings on the state of corporate governance in Nigeria
- In September 2011, CBI entered into an agreement with the Humboldt-Viadrina School of Governance in Berlin to review the CBI rating system; in August, a first trial batch of four companies did a self-assessment of their compliance; external assessors will be appointed to determine their level of compliance
- CBI assisted the Public Complaints Commission (as the national ombudsman) in developing a more transparent reporting framework; Public Integrity Networks to be officially launched along with the Scrutiny Newsletter in Abuja on October 27, 2011; the network seeks to train 2,000 young graduates and certify them as public integrity advocates
- A BAAC CBI Baseline workshop was undertaken in June 2011; the outcomes from the two-day workshop for the overall program are a set of indicators and benchmarks for the indicators; identified information gaps; sources and strategies to fill the information gap; and a Monitoring and Evaluation (M&E) framework for the project



#### DESCRIPTION OF INTEGRITY PARTNER (www.ethicsa.org)

The **Ethics Institute of South Africa** is a non-profit, public benefit organization, active since August 2000. EthicSA's mission is building an ethical Africa by forming partnerships with the public and private sectors, and serving as a resource through:

Thought leadership:

promoting ethical values, setting ethical standards and raising ethical awareness

Research:

in the fields of organizational ethics management

Assessment: assessing organizations' ethics programs against widely recognized ethics standards

Training:

open and in-house courses to develop ethical skills for the workplace; Ethics Officer Certification Programs

Support:

ethics support and advisory services to members

Project management in the field of ethics and anti-corruption for the public and private sectors

Name of Integrity Partner:

## Ethics Institute of South Africa (EthicSA)

PROJECT:

**Capacitating African business networks to implement global anti-corruption initiatives and good practices**

COUNTRY OF IMPLEMENTATION:

**Angola,  
South Africa**

DURATION:

**5 years**

USD (MILLION):

**1.5 M**

REGISTERED IN:

**South Africa**

Business networks and individual businesses seldom have the appropriate expertise to implement internationally developed anti-corruption and good governance guidelines, standards and initiatives, and are often unaware of their existence. Other challenges in the anti-corruption field relate to making impacts felt at ground level, and creating platforms for the private and public sectors to engage on corruption challenges and Collective Action solutions.

This project will attempt to address these challenges and to build local capacity in two

countries. In Angola the focus will be on Collective Action initiatives in the private sector with the aim of enhancing ethical business practices and good governance standards. This should improve the investment climate and enhance the ease of doing business in Angola.

In South Africa the project will aim to reduce corruption on the ground level, by engaging with municipalities and businesses at the local level to implement collective projects that will impact positively on the ethical business climate and municipal service delivery.

#### PROJECT AT A GLANCE:

The project aims to capacitate African business networks with the implementation of anti-corruption initiatives and good governance practices. The project will be implemented in Angola and in South Africa (at municipal level).

#### KEY ACTIVITIES YEAR 1:

##### Angola

- An MOU with an Angolan business network was signed for the development of training capacity within the business network; a business training program was rolled out and a common standard for the private sector in Angola on responsible business was developed
- Partners for local capacity building were identified, MOUs were signed and partners have been successfully trained
- Seven training-of-trainers modules have been developed and two are being developed
- The Ethics Officer Certification Programme (EOCP) course was translated into Portuguese
- Partners have been identified to conceptualize and establish an Ethics Institute for Angola

##### South Africa

- Engaged with Chambers of Commerce in three municipalities who committed their participation; two municipalities showed keen interest and await approval through their internal processes; one municipality committed to address its municipal council on ethics in general, and inform about the project specifically
- Engaged with National Treasury to get a better understanding of procurement regulations that are aimed at transparency in municipal finances
- As part of the move to investigate the professionalization of the Ethics Officer occupation in South Africa, meetings with a number of professional bodies have been held to ascertain the approach to professionalization; a research survey has been conducted to gauge ethics officers' current views on this topic as well as their intentions for its future direction



## DESCRIPTION OF INTEGRITY PARTNER

**Federation of Korean Industries - International Management Institute (FKI-IMI)** is an affiliated non-for-profit organization of FKI, a non-for-profit organization representing the Korean business community (more than 420 members including Korean conglomerates). FKI-IMI nurtures current and future business leaders with diverse education and training programs: CEO programs include a Global Advanced Management Program with over 3,000 alumni of CEOs, intensive education courses for CMO, CFO, CSO, HR, PR and Sales etc. FKI-IMI offers a platform for business leaders to foster their strategic management competence and leadership for the 21st century knowledge economy era through morning, monthly, yearly and seasonal forums. ([www.imi.or.kr](http://www.imi.or.kr))

The Project Partner Global Competitiveness Empowerment Forum is a non-profit organization that provides professional and catalyst services in the areas of corporate social responsibility, sustainability and business integrity. ([www.g-cef.org](http://www.g-cef.org))

Name of Integrity Partner:

## Federation of Korean Industries - International Management Institute (FKI-IMI)

### in cooperation with Global Competitiveness Empowerment Forum, South Korea

PROJECT:

#### NABIS (Northeast Asia Business Integrity School)

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
South Korea	3 years	0.81 M	South Korea

NABIS aims to educate university students by nurturing leadership with integrity. Current business leaders and good practices in business ethics will be identified in order to promote fair market conditions in the Republic of Korea. NABIS trainers from Korean companies and Korean subsidiaries of Western and Northeast Asian companies operating in the Republic of Korea will teach NABIS students by using the NABIS curriculum that includes case studies from their own companies.

NABIS aims to influence behavioral changes by teaching the importance of business integrity in the free market and trade systems and by building a mutual learning and supporting community among NABIS students, candidate students and NABIS trainers.

NABIS activities also include train-the-trainer modules, workshops, scholarship and graduation ceremonies, CEO forums, as well as outreach activities to promote inclusion of NABIS modules into business schools and universities.

#### PROJECT AT A GLANCE:

The project aims to establish the Northeast Asia Business Integrity School (NABIS), an educational project for university students, in order to foster a clean and transparent business environment.

#### KEY ACTIVITIES YEAR 1:

- The joint MOU signing ceremony between FKI-IMI and Siemens AG, which the President of FKI-IMI, Chief Compliance Officer and Chief Counsel Compliance of Siemens AG, and CEO and Regional Compliance Officer of Siemens Ltd. Seoul attended, took place on April 20, 2011
- Twenty-four South Korean subsidiaries of multinational corporations and South Korean conglomerates were contacted and 8 companies (GS E&C, Homeplus, Kyobo Life Insurance, KEPCO, Korea Telecom, Siemens Ltd. Seoul, SK C&C and POSCO) that will participate as NABIS corporate trainers have been recruited
- Student Recruitment: FKI-IMI sent a call for applications to 1,600 students nationwide, i.e. to members of the Young Leaders Club (YLC) and the Elite Integrated Club (EIC); introductory sessions with EIC and YLC student chairs were held; student classes are planned for Year 2
- Curriculum (offline): NABIS trainer curriculum and training material were finalized;
- NABIS student curriculum and training material (including eight NABIS company cases) are in progress (finalization scheduled for February 2012)
- Curriculum (online): development of a NABIS e-learning curriculum and online program is also in progress
- Trainer training: A one time breakfast meeting with NABIS trainers was organized on September 2, 2011; more intensive trainer workshops are planned for Year 2
- Awareness raising of the project was achieved via the NABIS website [www.nabis.kr](http://www.nabis.kr), Facebook page and various press articles
- Outreach to academia, compliance related organizations (e.g. Ministry of Justice, UN Global Compact Korea Network, the Korean Anti-Corruption & Civil Rights Commission and the Fair Trade Commission) and CSR related organizations (e.g. Asian Forum on CSR) was implemented; further and more focused outreach is planned for 2012



## DESCRIPTION OF INTEGRITY PARTNER

**UN Global Compact:** The United Nations Global Compact is a policy and engagement platform for businesses that is committed to aligning its operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. ([www.unglobalcompact.org](http://www.unglobalcompact.org))

**PRME:** The mission of the Principles for Responsible Management Education (PRME) initiative is to inspire and champion responsible management education, research and thought leadership globally. The PRME are inspired by internationally accepted values such as the principles of the United Nations Global Compact. ([www.unprme.org](http://www.unprme.org))

**Foundation for the Global Compact:** the Foundation for the Global Compact raises funds from the private sector to support the work of the United Nations Global Compact. ([www.globalcompactfoundation.org](http://www.globalcompactfoundation.org))

Name of Integrity Partner:

## Foundation for the Global Compact in cooperation with the UN Global Compact and PRME (Principles for Responsible Management Education), USA

PROJECT:

**Project for the UN Global Compact and PRME: Sensitizing Future Business Leaders: Developing Anti-Corruption Guidelines for Curriculum Change**

COUNTRY OF IMPLEMENTATION: DURATION:

**Global**

**4 years**

USD (MILLION):

**1.48 M**

REGISTERED IN:

**USA**

The UN Global Compact and Principles for Responsible Management Education (PRME) will develop anti-corruption guidelines for management schools. The Guidelines will offer business schools academic modules to address transparency, ethics and anti-corruption. The Guidelines will address key topics, including corporate governance; business ethics; the business case for anti-corruption; corporate compliance; Collective Action; UN Convention against Corruption; Global Compact 10th Principle; public contracting/procurement; and, supply chain management. The Guidelines will

build upon existing resources and will incorporate input from the web-based and face-to-face meetings and seminars. After the Guidelines are developed, they will be disseminated to PRME-affiliated universities. A pilot phase will provide for follow up with participating institutions to evaluate the value and effectiveness of the Guidelines. Project success will be demonstrated in part by the business school graduates who can demonstrate better understanding of various anti-corruption and ethical decision-making strategies.



United Nations Global Compact



Foundation for the  
Global Compact

**PRME**

#### PROJECT AT A GLANCE:

Develop anti-corruption guidelines for curriculum change in graduate business education.

#### KEY ACTIVITIES YEAR 1:

- Business schools in the PRME network were provided with an overview of the objectives of the PRME Anti-Corruption Working Group (AC WG) in order to solicit their buy-in to the work plans; three web-based conferences were convened to discuss how the AC WG could move the project forward
- A paper “Integrating anti-corruption topics into the management education curriculum” has been developed and existing anti-corruption curricula in different regions have been reviewed to understand how anti-corruption topics are being taught in business schools
- The WG will produce “A Toolkit for an Anti Corruption curriculum framework for MBA students” that will contain teaching materials such as technical notes, articles, interactive tools, cases, and teaching methods and aims to empower business schools to teach what managers should do when confronting dilemma situations and how managers should handle anti-corruption issues from an individual, an organizational, and a systematic perspective
- To develop this toolkit, the PRME AC WG decided to divide the tasks by seven thematic subgroups (ethics, law, behavioral issues, economics, management, politics and context, teaching methods); the various sub-groups’ results are being compiled by a content coordinator in order to develop a first draft framework to be discussed at the working group workshop in December 2011



## DESCRIPTION OF INTEGRITY PARTNER

**UN Global Compact:** The United Nations Global Compact is a policy and engagement platform for businesses that is committed to aligning their operations and strategies with the universally accepted principles in the areas of human rights, labor, environment and anti-corruption. ([www.unglobalcompact.org](http://www.unglobalcompact.org))

**Foundation for the Global Compact:** the Foundation for the Global Compact raises funds from the private sector to support the work of the United Nations Global Compact. ([www.globalcompactfoundation.org](http://www.globalcompactfoundation.org))

Name of Integrity Partner:

# Foundation for the Global Compact in cooperation with the UN Global Compact and its local networks

PROJECT:

## Project for the UN Global Compact: Promoting Collective Action through UN Global Compact Local Networks

COUNTRY OF IMPLEMENTATION: DURATION:

**Brazil, Egypt, India,  
Nigeria, South Africa**

**4 years**

USD (MILLION):

**2.87 M**

REGISTERED IN:

**USA**

This project aims to establish a high-impact anti-corruption Collective Action platform in five countries – Brazil, Egypt, India, Nigeria, and South Africa. By facilitating ongoing dialogue between the private and public sector, this project will provide a wide variety of stakeholders in these five countries with an opportunity to explore how specific Collective Action initiatives can create incentives for ethical business performance, and to discuss areas for further improvement. In so doing, the project aims to scale up existing anti-corruption efforts in the target countries, and provide partici-

pants with knowledge, skills, strategies and resources to promote ethical practices and transparency in business operations, within each country, and in international cross-sectoral relations. The project will emphasize the role of local actors in each of the target countries, engaging and building capacity of local stakeholders who are faced with corruption in their routine transactions and business relationships.





United Nations Global Compact



Foundation for the  
Global Compact

#### PROJECT AT A GLANCE:

Launch and implement an anti-corruption Collective Action initiative in five countries (Brazil, Egypt, India, Nigeria, and South Africa) through Global Compact Local Networks.

#### KEY ACTIVITIES YEAR 1:

**Brazil** (in cooperation with UN Global Compact and Instituto Ethos)

- GCO-Instituto Ethos reached out to key partners and company stakeholders, and developed joint communication material to help stakeholders better understand the project
  - GCO-Instituto Ethos conducted research on companies that participate in this project through their subsidiaries and supply chains
  - GCO-Instituto Ethos developed joint letters signed by the Global Compact and the Ethos Institute, which were sent to companies to be engaged in Sectorial Agreements, to the Companies and Investors National Committee, and to the International Olympic Committee (IOC) and FIFA
  - GCO-Instituto Ethos discussed with the Companies and Investors National Committee and engagement in the Health Equipment Sectorial Agreement with selected companies
- Awareness of this project was raised in major UN publications:
    - › “Catalyzing Transformational Partnerships between the United Nations and Business” issued on September 20, 2011 and presented to the UN Secretary-General during the Private Sector Forum 2011
    - › United Nations Secretary-General’s Report to the General Assembly under the agenda item “Towards Partnerships” (report introduced at the United Nations General Assembly in early November to all member states)

Name of Integrity Partner:

## Foundation for the Global Compact in cooperation with the UN Global Compact and its local networks

**Egypt** (in cooperation with UN Global Compact and Egyptian Junior Business Association)

- Due to the political change in Egypt, the project's official launch date was postponed until April 2011; immediately after the transition, GCO and the Egyptian Junior Business Association (EJB) engaged in a follow-up conversation and confirmed continued interest and commitment to the project
- EJB established contact with several stakeholders working on fighting corruption (including UNDP, TI, American Chamber of Commerce, etc.)
- In March, EJB organized a closed session to discuss areas for improvement to enhance the working environment; the session included members of the business community, the acting Minister of the Administrative Development, civil societies, the administrative control authority, and members of the EJB
- A roundtable discussion at a business-to-business conference in June was organized in order to discuss the effects of corruption on businesses and how to combat corruption; the roundtable included members of the business community, the acting Minister of the Administrative Development, and a member of the Social Contract Advisory, Monitoring and Coordination Center
- A think tank meeting for EJB members was held to identify factors contributing to corruption and possible means for resolving these issues
- The EJB met with several influential individuals that assisted in developing the working concept
- Two main focus points were developed as a result of the meetings, sessions, and workshops (Focus A: Developing anti-corruption policies and procedures for companies, with special emphasis on SMEs; Focus B: Contribute to the enhancement of the transparency of procurement in governmental tenders)



United Nations Global Compact



Foundation for the  
Global Compact

**India** (in cooperation with UN Global Compact and  
Global Compact Society – India)

- Major efforts were made in the last nine months to bring a range of stakeholders together and build upon the work of the anti-corruption sub-committee of the Global Compact Network India (GCI)
- Stakeholder mapping to identify key actors from the private and public sector, academia, independent consulting firms, and civil society was undertaken, and their views on the need for Collective Action programs was solicited
- Major partners were identified; in order to emphasize the need for a Collective Action project, the GCI developed an elaborated concept note highlighting project objectives and potential areas of engagement
- A draft policy paper on Corruption and Environment Sustainability was prepared in order to explore sectors e.g. power, minerals, infrastructure, oil and gas; simultaneously, an analysis of current GCI members was carried forth to determine the sector wise outreach of GCI; drawing from the experiences and inputs of the members involved, it was suggested that a particular sector should be identified on which to perform a risk assessment and analysis; as a result, a paper was developed to address corruption risks in the oil and gas sector and their linkages to environmental sustainability
- GCI introduced an ethical seminar series, which aims to reach out to a range of sectors; chart out the dilemmas and challenges of each sector; and explore best practices; the first seminar in this series was held in Mumbai and planned with the oil and natural gas sector; two additional ethical seminar series are to be held in November and December 2011

Name of Integrity Partner:

## Foundation for the Global Compact in cooperation with the UN Global Compact and its local networks

**Nigeria** (in cooperation with UN Global Compact and Nigerian Economic Summit Group)

- Already in March 2009, the GC Office, together with the World Bank Institute and the UN Office on Drugs and Crime, introduced a Collective Action workshop in Nigeria to discuss practical Collective Action tools and strategies to counter corruption in business operations; based on this activity, the UNGC and the Nigerian Economic Summit Group (NESG) jointly launched the anti-corruption Collective Action project aimed at building a business case for Collective Action
- Key stakeholders in the public and private sector that could help advance this project, as well as major obstacles to fighting corruption, were identified; institutional problems that contribute to corruption and could be mitigated through Collective Action were also addressed; several industry sectors that could benefit from the Collective Action project were discussed; and several stakeholders emphasized the need to raise awareness about current projects through media and outreach efforts
- An inaugural policy dialogue on the theme “Eliminating Corruption in Business Processes of Government” was held in Abuja on July 28, 2011; it focused on identifying specific aspects of government business processes that could be further improved to prevent corruption; participants in this meeting, drawn from the public sector, civil society, and the private sector, explored how these aspects could be tackled through Collective Action
- The focal point for the GC Network in Nigeria (NESG) participated in the anti-corruption training and South Africa’s inaugural Collective Action workshop, aimed at enhancing regional learning



United Nations Global Compact



Foundation for the  
Global Compact

#### South Africa (in cooperation with UN Global Compact and National Business Initiative, South Africa)

- The project has focused on creating awareness on anti-corruption Collective Action and gaining buy-in from key stakeholders in the process; key entities consulted about the project include Business Unity South Africa (BUSA) – a mandated business policy body; and government agencies responsible for anti-corruption such as the Department of Public Service and Administration and the National Treasury. Project objectives have been aligned with those of BUSA and the higher level National Anti-Corruption Forum (NACF)
- Business Unity South Africa and its Anti-Corruption Working Group adopted the initiative and provided technical input into the process
- Project partners participated in / supported several events throughout the year including the Global Compact Annual Members Meeting, GC Advisory Committee Meetings, National Business Initiative (NBI) meetings, and the inaugural workshop on anti-corruption

Collective Action held in September 2011

- Significant efforts have been made to work closely with South Africa's business schools and members of PRME, for example through participation at key events such as the Annual Conference of Africa Association of Business Schools. The aim is to share insights from the business community and feed this into the PRME process at the universities
- To understand South Africa's anti-corruption landscape, the project conducted a mapping exercise; most of the actors identified have been consulted to date and are aware of the process; ongoing exchange of information is taking place
- The project introduced Collective Action and Integrity Pacts as a model to the National Treasury (the government agency regulating big public procurement projects); consultations are ongoing to pave the way for piloting an Integrity Pact at a future large public procurement

#### Global Coordination

- The UN GC Office and the Foundation provided substantial content and process inputs to the project partners
- Engaged with all of the project partners on a regular basis, including bilateral discussions as well as collective discussions among project partners
- Communicated about the project to external stakeholders to raise the profile of this project
- Engaged key partners who can play a critical role in developing an incentive structure for Collective Action
- Building upon the lessons learned in year 1, the Global Coordination efforts will be directed towards strengthening relationships with project partners and external stakeholders to implement this project successfully; efforts will also focus on raising the profile of this project in major conferences, and through active outreach efforts



#### DESCRIPTION OF INTEGRITY PARTNER ([www.udesa.edu.ar](http://www.udesa.edu.ar))

Universidad de San Andrés is a non-profit, private, educational institution established in 1989. It aims at building an academic community oriented towards improving Argentina's economic and institutional development. Its unique governance structure creates incentives for fostering this objective based on equal opportunities, intellectual aptitudes and personal merits and efforts. San Andres graduates are, on average, influential members of the government, the business community, the civil society or the academia in Argentina and abroad. Its program on the Control of Corruption, created in 2007, has successfully conducted several research and policy oriented projects aimed at introducing strategies for asset recovery in high-profile corruption cases.

Name of Integrity Partner:

## Fundación Universidad de San Andrés (FUdeSA)

in cooperation with the Asociación Civil por la Igualdad y la Justicia (ACIJ) and the Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento (CIPPEC), Argentina

PROJECT:

**Towards a culture of anti-corruption compliance in Argentina:  
reorientation of incentives through Collective Action**

COUNTRY OF IMPLEMENTATION: DURATION:

**Argentina**

**3 years**

USD (MILLION):

**0.73 M**

REGISTERED IN:

**Argentina**

The first objective aims at generating knowledge on institutional, political and business incentives that shape corruption in Argentina, the interaction between formal and informal institutions in specific markets and areas, the cost of corruption to such markets and the mechanisms that may help to prompt actors into action for reform. The project will focus on the following issues: political financing, public procurement, responsibility of legal persons and the role of the legal profession in facilitating corrupt transactions.

Such knowledge will be the basis for shaping consensus-based reform proposals, aimed at shifting the incentives that facilitate corruption. The creation of a multi-stakeholder platform, will set discussions' and build consensus for such proposals. This will constitute the centerpiece of a "principle-based initiative", aiming at improving the legal framework and advancing policy reforms.

#### PROJECT AT A GLANCE:

The project is organized around two main objectives: 1) informing the debate about corruption in Argentina and 2) generating consensus-based policy reforms through a Collective Action process.

#### KEY ACTIVITIES YEAR 1:

- The project was announced through several press releases and a launching event was held at the Universidad de San Andrés Campus in May 2011
- A concept paper tailoring the notion of Collective Action against corruption to the Argentinean context was produced; it includes Collective Action experiences in other countries comparable to the Argentinean environment
- As part of the research, more than twenty in depth interviews with key actors (CEOs, compliance officers, industry associations, politicians, officials from political parties, high ranking Government staff) were conducted
- Awareness raising campaign: the concept paper was broadly disseminated online and at presentations at conferences (e.g. at the Ethics and Compliance Forum of the German-Argentinean Chamber of Commerce; the Annual Conference of the Ethics and Compliance Argentine Association; the IAE Business School Center for Governance and Transparency Annual Conference, etc.)
- Four diagnosis studies and baseline reports on corruption and the willingness for reform in Argentina are in progress and will be ready by March 2012
- Organization of a series of workshops is planned to discuss the results of the four diagnosis studies with relevant stakeholders; two workshops with the legal community took place in September and December 2011
- A high level conference to be held in Buenos Aires in May 2012 is planned, during which the diagnosis studies will be presented and the platform website will be launched
- An e-survey on compliance practices was conducted for 70 companies operating in the country; three op-ed pieces have been published



## DESCRIPTION OF INTEGRITY PARTNER ([www.humboldt-viadrina.org](http://www.humboldt-viadrina.org))

**The Humboldt-Viadrina School of Governance** in Berlin empowers and guides societal change agents by enabling them to reflect, act, and accomplish. Bridging society's multiple stakeholders, the Humboldt-Viadrina offers a unique portfolio of education, research, dialogues, projects and events – always seeking to advance practical implementation to drive societal change.

Formally founded in 2009, the Humboldt-Viadrina School of Governance is a joint project between the Humboldt-University Berlin and the European University Viadrina Frankfurt/Oder. The School is headed by Gesine Schwan, Stephan Breidenbach and Alexander Blankenagel, and advised by respectable global governance practitioners, including Kofi Annan, Peter Eigen, Pascal Lamy, Sabine Leutheusser-Schnarrenberger, Joseph Nye, Mary Robinson, and Richard von Weizsäcker.

Name of Integrity Partner:

# Humboldt-Viadrina School of Governance

PROJECT:

## Best Practice on Anti-Corruption Incentives and Sanctions for Business

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
Global	3 years	1.3 M	Germany

The project aims at providing interested parties from government, business, and civil society, with an overview of existing and potential mechanisms of incentives and sanctions to encourage companies to engage against corruption. Further to a multi-stakeholder selection process of priorities, comprehensive research will be conducted to prepare a catalog of qualitative assessments of the effectiveness or reasons for failures of each identified anti-corruption incentive and sanction. This will include explanatory comments to facilitate their increased or improved use in enforcement practice and as voluntary measures. The appli-

cability of selected key incentives and sanctions will be tested with local multistakeholder pilot groups in selected countries by identifying key agents and moderating dialogs to advance the effective change process. Outcomes of these activities will be used to develop 1. a practitioner handbook which comprises experiences, learning and best practices, and 2. learning modules to support online as well as in-person training. Both outcomes provide a sustainable framework for further education and motivation in implementing such mechanisms.



#### PROJECT AT A GLANCE:

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The project analyzes and tests in real world situations existing and potential anti-corruption incentives and sanctions to achieve a sustainable impact on the behavior of business by providing successful models for practical implementation.

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#### KEY ACTIVITIES YEAR 1:

- A framework has been established to identify and structure incentives and sanctions that motivate businesses to counter corruption
- The research results on incentives and sanctions have been validated through a Quick Feedback Survey and they were discussed with more than 30 individual experts and organizations (e.g. UNODC, IACA)
- A Global Expert Survey has been launched to provide information regarding: the assessment of anti-corruption incentives and sanctions in motivating businesses to counter corruption; the importance of different stakeholders in setting anti-corruption incentives and sanctions for businesses; and the impact of different commercial & operational, legal and reputational incentives and sanctions on businesses (to be published in March 2012)
- A functional concept for a web-based Information Portal, designed to display actual cases of incentives & sanctions, implementation guidelines and further readings, has been drafted
- The country selection for the testing of applicability of selected incentives and sanctions in a local context has been completed (Mexico, Nigeria, Qatar)



## DESCRIPTION OF INTEGRITY PARTNER (www.iaca.int)

**The International Anti-Corruption Academy (IACA)** – a joint initiative by the United Nations Office on Drugs and Crime (UNODC), the Republic of Austria, the European Anti-Fraud Office (OLAF) and other stakeholders – is a pioneering institution that aims to overcome current shortcomings in knowledge and practice in the field of anti-corruption. In pursuing this aim, the Academy will function as an independent centre of excellence in the field of anti-corruption education, training, networking and cooperation, as well as academic research. It will take a holistic and inter-disciplinary, inter-regional, inter-cultural and inter-sectoral approach.

The curricula which will embrace diverse cultural traditions and focus on country- or client-specific requirements will be flexible enough for participants and students to balance their careers and studies. The Academy will cover a vast spectrum of lectures, seminars, specific events, conferences and other training activities, including (academic) degree programs, and will offer a broad range of tailor-made courses. In doing so, the academy will also provide distance-learning and web-based tools.

Name of Integrity Partner:

# International Anti-Corruption Academy (IACA)

PROJECT:

## International Anti-Corruption Academy (IACA)

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
Global	5 years	2.02 M	International Organization, Austria

**International Anti-Corruption Summer School (IACSS):** Within the overall project of IACA the project activity of IACSS aims to ensure the continuation of a well-established process which, inter alia, contributes to the fourth pillar of the Academy's programs and activities: acting as a platform for direct dialogue and networking. Further developing the "Practice meets Science" approach, it will again bring together national and international practitioners of various backgrounds from the private and public sectors, students, media and NGO representatives, and internationally distinguished professors and academics from different disciplines and institutions.

Grants for students and participants from least developed countries (LDCs)/emerging markets (EMs): In congruence with the inter-regional approach of IACA, students and participants from all parts of the world should have the possibility to study and work at the Academy. In order to keep tuition fees affordable and to be able to provide training grants to students and participants who would otherwise not be able to attend, grants to students and participants will be provided.



#### PROJECT AT A GLANCE:

The International Anti-Corruption Academy (IACA) is an international centre of excellence for a new and holistic approach to fighting corruption.

#### KEY ACTIVITIES YEAR 1:

IACA was officially established as an international organization in March 2011 and is comprised of 58 members.

In July 2011, the International Anti-Corruption Summer Academy (IACSA) took place:

- 66 anti-corruption practitioners representing 60 countries participated. They came from the private and public sectors, the media, and NGOs, and included students and researchers from areas related to anti-corruption
- 15 scholarships for participants from Least Developed Countries were granted
- 10 internationally-renowned professors, guest lecturers and anti-corruption practitioners took part in the ten-day course of study. It included 56 lecture hours and three panel discussions
- Lectures, including many case studies, covered the fields of ethics, psychology, political science, sociology, law, prevention and the fight against corruption, the public sector and integrity, and compliance in the private sector
- The Academy provided innovative insight into anti-corruption through a holistic approach that was designed to bridge the gap between science and practice
- Teambuilding, stress relief, sports activities and a variety of social events were included to complement the academic side of the program
- Upon completion of the study course the participants received an IACSA certificate
- A collection of articles written by renowned anti-corruption academics and practitioners who lectured at IACSA will be published in the IACA compilation "Practice Meets Science. Contemporary Anti-Corruption Dialogue"

Starting in 2012, IACA will offer an eighteen-month Master in Anti-Corruption Studies (MACS) degree; designed to enhance understanding of the intricacies of corruption, the MACS will provide its participants with the latest tools and analytical frameworks for better preventing and combating corruption; integrating a vast spectrum of disciplines and perspectives, it will address all sectors of society and each corner of the globe; a draft curriculum is under development.



#### DESCRIPTION OF INTEGRITY PARTNER ([www.iblf.org](http://www.iblf.org))

Founded in 1990, IBLF is an independent, not-for-profit global organization working with business leaders to deliver innovative solutions to sustainable development challenges worldwide. Over the past two decades, it has become widely respected by NGOs, companies, governments and global organizations for its neutrality, professionalism, thought leadership and reach. IBLF is unaligned to any political, partisan or national interests. It advocates and promotes business leadership in corporate responsibility and development across multiple sectors, markets and issues.

IBLF is supported by a network of over 85 multinational companies from Europe, America, Asia and the Middle East

Name of Integrity Partner:

## International Business Leaders Forum (IBLF)

in cooperation with the School of Public Administration of the Renmin University, China

PROJECT:

### Transforming Principles of Integrity and Transparency into Practice in Emerging Markets

COUNTRY OF IMPLEMENTATION: DURATION:

China, Russia

3 years

USD (MILLION):

1.5 M

REGISTERED IN:

United Kingdom

During the three-year project, IBLF will seek to bring to Russia and China the best international practices in corporate approaches to compliance, raise knowledge and consciousness of the costs of corruption and the benefits of combating it, and bring innovative management tools and techniques to multinational and local companies.

The project, which will be managed in Russia by IBLF's branch office in Moscow, and by partners at Renmin University in Beijing, will

include a range of activities including workshops and round-tables allowing corporate executives to exchange experience and best practices, meetings for the countries' top business leaders, and the development of collective approaches by companies to combat corruption in specific industries. In China, surveys and studies into the business case for integrity will be conducted, while in Russia, leading business and law schools will be provided with educational.

#### PROJECT AT A GLANCE:

“Transforming Principles into Practice in Emerging Markets” brings to Russia and China the best international corporate approaches to compliance.

#### KEY ACTIVITIES YEAR 1:

##### Global Coordination

- Activity 1: Project Management
  - › Director and CEO have supported the project team creation in China and Russia
  - › The global coordination team, including the finance team, has put in place financial systems to monitor project delivery
- Activity 2: Fundraising
  - › Outreach to UK and Europe based multinational companies in order to attract financial support of IBLF’s anti-corruption program
  - › Successful applications were made to the UK Prosperity Fund to support anti-corruption projects in Russia and in India
- Activity 3: International Liaison
  - › Director attended the OECD anti-corruption meeting in Paris in April 2011
  - › CEO attended WEF Europe annual meeting in Vienna in June where she chaired a panel on anti-corruption; as a result she was subsequently invited to join WEF’s Global Agenda Council on anti-corruption, the webinars of which both she and the director have participated in
  - › Director attended the Economist’s ‘High-Growth Markets Summit’ in September 2011 in London together with 350 experts discussing the best strategies and tactics for success in these markets
  - › Director supported development of an anti-corruption program in India and the expansion of IBLF’s global footprint

Name of Integrity Partner:

## International Business Leaders Forum (IBLF)

**China** (in cooperation with the School of Public Administration of the Renmin University, China)

- Two roundtables took place hosted by Renmin University
  - › The first roundtable on “China’s Efforts to Combat Corruption and Build a Clean Government” included 80 participants from business, government, NGOs and media and took place in April 2011
  - › The second roundtable on “Practical Approaches to Reducing the Risk of Corruption in Business Operating in China” gathered over 30 high-level executives from multinational and big Chinese enterprises in September 2011
- A draft for a first publication on good corporate compliance practices was prepared, which includes an anti-corruption glossary, guidelines and a benchmarking survey
- Redesign of the China Business Leaders Forum (CBLF) website was finished; the new website was launched in November 2011
- Fundraising meetings were held in Beijing, Shanghai, Hong Kong and London, and commitments for co-sponsorships were obtained from the German Development Agency (GIZ), Syntao Company and KMPG
- Sub-contract partnership agreement was signed with Renmin University, a project team was put in place in Beijing, and the staff is being trained

## Russia

- Several roundtables were held as for instance the roundtable on the UK Bribery Act and the CEO dinner with Richard Alderman (Serious Fraud Office) and Lanny Breuer (US Department of Justice); panels were held at the legal forum of the U.S.-Russia Business Council (USRBC) and at the legal update meeting of the Russian Institute of Directors (RID)
- First Collective Action activities such as market mapping and project definition were started
- Website: finalized design and content approach and conducted a focus group
- Publication: after identifying good examples and interviewing company representatives, IBLF Russia started writing case studies and compiling other material
- Preparation of education material: agreement on methodology and aim; first business schools have been identified and signed up; development of material was started
- First Student-Practitioner meeting, which will take place in year 2, was planned
- Several articles on the visit of the Director of the Serious Fraud Office (Richard Alderman) to Moscow, as well as other articles on anti-corruption, were published in order to raise awareness of the project
- Commitment to co-sponsor preparation of educational material was obtained and 2 staff members were seconded by Hilti (V. Cherepanova, Internal Audit Manager, and G. Sumin, Corporate Culture Manager)



## DESCRIPTION OF INTEGRITY PARTNER (www.ethos.org.br)

**Ethos Institute**, founded in 1998, has as its mission to mobilize, encourage, and help companies manage their business in a socially responsible way, making them partners in building a sustainable and fair society.

Ethos prioritizes the strengthening of democratic institutions with improved regulations, and provides for the creation of social control mechanisms for the government and the market.

For the coming ten years, it identifies the strategic opportunity to influence a public policies transformation, proposing changes for an inclusive, green and responsible economy. This transformation requires a change in public discourse, in government action, and in business management.

## Project profiles and highlights of activities in 2011

Name of Integrity Partner:

# Instituto Ethos – Ethos Institute for Business and Social Responsibility

PROJECT:

**Clean games inside and outside of the stadium (World Cup 2014, Olympics 2016)**

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
<b>Brazil</b>	<b>5 years</b>	<b>3.11 M</b>	<b>Brazil</b>

The 2014 World Cup and the 2016 Olympic Games provide an opportunity to set an example in the fight against corruption and to ensure that resources invested in infrastructure are spent in a transparent and efficient way.

The project's specific objectives are to raise the:

- Level of transparency in public procurement and expenditure;
- Integrity level of public-private sector relations and agreements;
- Level of social control over public budget and expenditure.

The main activities are the development of: corporate self-regulation mechanisms through the establishment of Sector Agreements, a set of Local Administration Transparency Indicators applicable to the host cities of the events; a Local Administration Transparency Pact; social control mechanisms and instruments providing the society with tools to understand and follow public expenditure and contracts and to engage business; and social mobilization for the approval of a set regulation bills fostering integrity and combating corruption.



#### PROJECT AT A GLANCE:

Promoting transparency and integrity for the 2014 World Cup and the 2016 Olympic Games through Collective Action, social monitoring and control mechanisms.

#### KEY ACTIVITIES YEAR 1:

- Inter-sectoral dialogues engaging public and private sectors and civil society organizations were held to mobilize national and local support for the project, to enhance awareness of potential corruption issues related to the Olympics and the World Soccer Championship and to encourage broad participation in the fight against corruption
- Three national committees on Collective Action and 12 local committees in the 12 host cities for the events were set up and have established a dialogue with those organizations engaged in the coordination of the World Cup and Olympic Games in Brazil
- Thematic national committees engaged in specific issues related to the events, such as (i) legal aspects and whistleblowing, and (ii) Corporate Social Responsibility (CSR) for sponsors, investors and companies involved in the infrastructure investment for the events
- Meetings with companies in the healthcare and construction sectors were held in order to discuss the development of sectoral anti-corruption agreements
- The Project helps to build know-how within civil society on how to gain access to information on public procurement tenders and on how to ensure transparent public fund management; Local Administration Transparency Indicators and publications such as 'Jogo Limpo x Jogo Sujo' as well as 'Guia como Ler Contratos' are being developed; a website was launched, containing news about the project and information about planned investments (<http://www.jogoslimpos.org.br/>)
- Government, private sector and civil society cooperated to improve the regulatory framework on transparency and fighting corruption: the Law on Access to Public Information was adopted in Brazil; efforts to legally establish the obligation to identify all the public expenses related to the mega-events in the public budget were made; the passing of a bill on the administrative and civil liability of legal persons for acts of corruption committed against the national and foreign public administration was supported



#### DESCRIPTION OF INTEGRITY PARTNER (www.maala.org.il)

**Maala – Business for Social Responsibility** is Israel's leading advocate on corporate values and citizenship.

Founded in 1998, Maala is a non-profit membership organization that serves to advocate, consultant, educate and facilitate and encourage corporations to identify opportunities to promote CSR. Today their membership exceeds 130 of Israel's leading companies, and the 2010 Index ranks 75 companies with a turnover of over \$79 billion and a workforce of over 173,000 employees.

#### Project profiles and highlights of activities in 2011

Name of Integrity Partner:

## Maala - Business for Social Responsibility

PROJECT:

### Maala's Corporate Social Responsibility Collective Voluntary Anti-Corruption Standard Program

COUNTRY OF IMPLEMENTATION: DURATION:

Israel

5 years

USD (MILLION):

0.48 M

REGISTERED IN:

Israel

#### Main activities:

- Expansion of the section on assessment of ethical and governance standards of the Maala Index.
- Increase the number of companies in the Maala Index and educate investors about the benefits of the index.
- Development and publication of a working tool-kit that helps to understand implement and practice anticorruption/ bribery and ethical governance standards.
- Conduct a media campaign, which creates awareness of the business sector's obligation to abide by ethical management, corporate governance and anti-corruption standards.
- Conduct 11 learning sessions.
- Conduct an annual conference to serve as forum for public dialogue and to raise awareness.

#### PROJECT AT A GLANCE:

The aim of the project is to encourage companies to voluntarily adopt and strengthen standards of transparency, ethics, corporate governance and prevention of corruption.

#### KEY ACTIVITIES YEAR 1:

- Criteria for governing ethics and preventing corruption in the 2012 Maala Index were finalized, taking into account stakeholders' feedback
- Companies' information for the 2011 Maala Index was collected, analyzed and published
- A learning session for Maala members and advisors was conducted on April 4, 2011, where tools for prevention of corruption and the idea of the introduction of an ethical code of conduct in an organization were presented
- An analysis on the current status of Corporate Social Responsibility (CSR) at companies as well as the overall Israeli integrity and CSR situation was publicized
- A mapping of global trends in bribery prevention was undertaken; results have been used in order to develop a 'Fair Business Conduct' model reflecting Israel's unique business culture and market
- Two roundtable sessions on the initial design of the 'Fair Business Conduct' model were held
- Internet interface is currently under development
- A media campaign was undertaken in order to promote business integrity and CSR; this included a report on the results of the Maala Index, interviews and articles on Israeli integrity, fair business conduct and CSR



#### DESCRIPTION OF INTEGRITY PARTNER (www.mbc.com.ph)

The **Makati Business Club** is a private non-stock, non-profit business association organized as a Forum for Constructive Ideas. The main thrust of the MBC is to foster and promote the role of the business sector in national development efforts, both in the planning and the implementation of policies. It is committed to addressing national economic and social issues that affect the development of the Philippines.

Founded in 1981, the MBC is composed of senior business executives representing the largest and most dynamic corporations in the Philippines. It has become the leading private forum for meetings that bring together business, government, and community leaders in the country. The MBC carries out its objectives through four main lines of activity: policy advocacy, information services and publishing, investment promotion, and corporate citizenship.

Name of Integrity Partner:

## Makati Business Club (MBC) in cooperation with the European Chamber of Commerce in the Philippines

PROJECT:

**SHINE PROJECT – Strengthening High-level commitment for Integrity Initiatives and Nurturing Collective Action of Enterprises advocating for fair market conditions**

COUNTRY OF IMPLEMENTATION:

**Philippines**

DURATION:

**4 years**

USD (MILLION):

**1.04 M**

REGISTERED IN:

**Philippines**

The specific objectives are to:

- Identify key concerns of the private sector which affect integrity and transparency in business transactions;
- Develop a unified “Business Code of Conduct” as a standard for local and foreign business entities;
- Create an “Industry Integrity Pact” that provides control measures to ensure transparency and integrity in business transactions;
- Develop products to set up integrity practices as basis for an audit and certification program for participating companies; and
- Institutionalize the whole process to promote sustainability of the Integrity Initiative



#### PROJECT AT A GLANCE:

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The project aims at initiating Collective Action between foreign and local businesses in order to support fair market conditions. The Integrity Initiative will encourage companies to commit to having no tolerance for corruption, and to sustainable development.

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#### KEY ACTIVITIES YEAR 1:

- The project was launched in December 2010 and over 300 CEOs and top corporate officials expressed their support
- Roll-out of the Integrity Pledge: one version for corporations and one for government agencies was developed (the government version also includes provisions to uphold the 'Code of Conduct and Ethical Standards for Public Officials and Employees' and to reduce red tape by continuous simplification of processes according to the 'Anti-Red Tape Act of 2007'); the Pledge urges signatories to combat graft in all forms, set transparent policies in giving and receiving gifts or political donations, conduct integrity trainings, implement internal control systems, and enter into Integrity Pacts, among other actions; signing the Pledge is not legally binding but it serves as the first step to initiate institutional reforms and strong moral commitment
- So far, more than 800 CEOs/presidents, 25 heads of government agencies, and over 10 industry associations have signed the Integrity Pledge
- Developed the Integrity Compliance Framework and related control measures for businesses
- Designed the Unified Code of Conduct for Business based on surveys of existing codes of conduct and compliance practices of company signatories to the integrity pledge
- Held a series of focus group discussions with practitioners and consulted with experts to validate acceptability and practicality of the Framework and Code of Conduct
- Launched the Unified Code of Conduct for Business during the Integrity Summit in September 2011, which the President of the Philippines, H.E. Benigno S. Aquino III, attended; global trends in good governance, lessons from the region, compliance programs and practices by local companies were discussed at the event, and it was covered widely in the media



#### DESCRIPTION OF INTEGRITY PARTNER (www.oecd.org)

The Organisation for Economic Co-operation and Development (OECD) is an inter-governmental organization bringing together 34 countries that seek to promote economic growth, prosperity, and employment through co-operation and policy dialogue. The Organisation benchmarks best practices and develops binding and non-binding standards promoting common rules in areas where multilateral agreement is necessary to ensure the correct functioning of markets. The OECD has considerable experience in anti-corruption and gives high priority to the issue, ensuring the effective implementation and enforcement of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Launched in 2004 at the request of countries in the Middle East and North Africa (MENA), the MENA-OECD Initiative works to accelerate regional policy and economic reform. The MENA-OECD Investment Programme, one of the two pillars of the Initiative, aims at improving the business climate and establishing a favorable trade and investment environment as driving forces for economic growth and employment in the MENA region.

Name of Integrity Partner:

## Organisation for Economic Co-operation and Development (OECD), MENA Initiative on Governance and Investment for Development

PROJECT:

### Enhancing Business Integrity in the MENA Region

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
Middle East and North Africa	3 years	0.75 M	International Organization, France

Governments, international organizations and the business community have adopted legally binding and non-binding anti-corruption and integrity instruments at the regional and global levels. A majority of Arab countries have ratified, and are consequently bound to implement, the United Nations Convention against Corruption (UNCAC). The Arab Anti-Corruption and Integrity Network (ACINET), established with UNDP support and OECD assistance, is an inclusive regional platform for knowledge-sharing, networking, capacity development and policy dialogue which demonstrates commitment of Arab countries to the fight against corruption.

To ensure an attractive business environment for investment and trade, corruption issues need to be addressed as part of a private sector development strategy. Given the growth of the private sector and associated competition challenges, promoting anti-corruption awareness is essential. Through regular public-private conferences and training sessions, the project will raise awareness of existing international principles and best practice in the area of anti-corruption and build regional capacity to comply with international anti-corruption and integrity standards.

#### PROJECT AT A GLANCE:

Enhancing Business Integrity in the MENA Region seeks to raise awareness of international principles and best practices in combating corruption in the Middle East and North Africa (MENA).

#### KEY ACTIVITIES YEAR 1:

- National and regional roundtables brought together representatives from the public sector, the business community and civil society to discuss means of promoting anti-corruption measures and good business integrity practices: A private sector meeting on Integrity and Economic Development in Gulf Countries (Doha, May 2011), a multi-stakeholder dialogue on Putting Commitments into Practice: Transparency, Participation and the Rule of Law (Rabat, June 2011), a conference with the Tunisian Commission Nationale d'Investigation sur la Corruption et la Malversation (Hammamet, September 2011) and a back to back private sector consultation (Tunis, September 2011)
- Participants at the multi-stakeholder dialogue in June 2011 proposed a regional MENA-OECD Business Integrity Network to provide a forum for peer-learning and knowledge-sharing; so far, a national network was launched in Egypt and the Tunisian and Moroccan business communities have also called for such a network
- The Programme regularly reports its activities to the OECD Working Group on Bribery and other relevant internal or external instances in order to raise wider awareness
- Multi-lingual training material have been tabled and are under permanent development (focus is on raising awareness of international anti-corruption instruments, promoting public-private dialogue, and providing information for businesses on means to prevent corruption)
- The Programme's activities are published on the OECD website, which will be further developed
- The activities benefit from the strong support of the French Employer organisation MEDEF, which is also leading the anti-corruption work of the Business and Industry Advisory Committee to the OECD, in addition to various other business organisations
- To develop national ownership and enhance effectiveness, all activities are developed with the support from locally established partners e.g. CGEM/AFEM in Morocco, CIPE and the Egyptian Junior Business Association in Egypt, Institut Arabe des Chefs d'Entreprises in Tunisia



#### DESCRIPTION OF INTEGRITY PARTNER (www.oziveni.cz)

**Oživení**, meaning “Renewal”, was established in 1997 in Prague, Czech Rep., as a non-governmental not-for-profit organization primarily devoted to promoting sustainable mobility, cycling, and reducing car traffic in cities. Since 2000 the amount of public advocacy and watchdog activities has risen, and the main organization’s goals are currently promoting public scrutiny, transparency, public awareness, and free access to information.

Its anti-corruption activities include legislative work at the national level, development and enforcing of municipal anti-corruption policies and tools, systematic monitoring and analysis in the area of conflict of interests, monitoring and public exposure of specific cases of conflict of interests and corruption – watchdog activities, anti-corruption audits and consultancy, free legal aid, and networking services for CSOs involved in anti-corruption work.

Name of Integrity Partner:

## Oživení

## in cooperation with Transparency International Slovakia and the Economics Institute of the Academy of Sciences of the Czech Republic

PROJECT:

### Improvement of Public Procurement Systems in the Czech and Slovak Republics

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
Czech Republic, Slovakia	3 years	0.6 M	Czech Republic

Procurement is one of the areas most vulnerable to corruption in the Czech and Slovak Republics. The main root causes for in-transparent procurement are weak laws and lack of oversight. The project’s objectives are to prepare a set of law amendments based on economic research and legal analyses of current weaknesses of the legal system. Furthermore, the project will aim at identifying potential loopholes, and analyze current practices of state oversight over procurement.

Economic research will support the general recommendations that an anti-corruption approach, incl. open tenders, electronic auctions, or restrictions for evaluations criteria, could increase efficiency of public budgets spending. Together with the support of an anti-corruption business platform, the amendment will be presented to the Parliaments.

To raise awareness with media and general public, this project will develop an ideal model for an official electronic tender bulletin, enhancing the possibilities of public control by publishing information on tenders.





#### PROJECT AT A GLANCE:

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The project aims at improving public procurement practices through amendments to the anti-corruption law which are supported by a business platform.

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#### KEY ACTIVITIES YEAR 1:

- Participated in the legislative process of the new public procurement act; membership in the business platform and advisory body for the new law (comments on the creation of amendments to the law were provided)
- Attended six meetings of the Platform for Transparent Public Procurement at which the new public procurement law was discussed and commented
- Legislative conference on consequences of the new public procurement act and urgency of further reforms was organized (Sept. 1st 2011, Prague)
- Open letters to the Minister for Regional Development were written, including suggestions and comments on the amendment draft
- Analysis of the public procurement process and practice: implemented analysis of transparency and openness of the public procurement procedures (systemic and statistical analysis of the main barriers to greater transparency and competition)
- Conducted a study of public procurement in practice through a quantitative analyses of public procurement in the Czech and Slovak Republic, including for instance analyses of price statistics, number of competition bids, length of competition deadlines, choice of the evaluation criteria
- Two video spots were produced that should raise awareness in public about the problem of corruption in public procurement
- Methodology for using e-auctions was carried out in cooperation with the Slovak Public Procurement Office and a workshop on this topic was organized; study about the impact of e-auctions on the efficiency of public spending was completed
- Three reports have been issued on the status of implementation of the Coalition for Transparent Business; two roundtables of the coalition were attended



## DESCRIPTION OF INTEGRITY PARTNER (www.kemitraan.or.id)

The Partnership for Governance Reform ('the Partnership') is a multi-stakeholder organization working with government agencies and civil society organizations (CSOs) to advance reform at both national and local levels. The Partnership builds crucial links between all levels of government and civil society to sustainably promote good governance in Indonesia. The Partnership has implemented 359 projects since 2000 with a total budget of approximately USD 80 million.

## Project profiles and highlights of activities in 2011

Name of Integrity Partner:

# Partnership for Governance Reform - Kemitraan

PROJECT:

**Collaborative Leveraging of E-procurement Accountability, Nexus and Integrity for the Newfound Governance (CLEANING)**

COUNTRY OF IMPLEMENTATION:

**Indonesia**

DURATION:

**3 years**

USD (MILLION):

**1.5 M**

REGISTERED IN:

**Indonesia**

The main objectives are:

- to adapt and mainstream anti-corruption principles, values & standards as guided by the UN Convention against Corruption (UNCAC) and other international legal instruments at national and local levels;
- to develop capacities in corruption prevention and prosecutions within agencies dealing with e-procurement;
- to develop reliable feedback and improvement mechanisms through monitoring and evaluation.

To achieve these objectives, several key activities will be undertaken: analyzing gaps between international legal instruments and national law, adapting international procurement standards into national law through drafting of new laws and standards, and assisting private sectors and small & medium vendors to comply with the adopted national legal frameworks. The project will also enhance the capacity of vendors, government's E-Procurement Agencies, train their staff, educate e-procurement watch organizations and assist local government in implementing anti corruption and integrity system for procurement.

#### PROJECT AT A GLANCE:

The main objective of this project is to improve transparency of public procurement in Indonesia, through building a public-private-civil society organization alliance and meeting the internationally accepted anti-corruption standards.

#### KEY ACTIVITIES YEAR 1:

- The project's launch was held on February 9, 2011 and was attended by the Indonesian Corruption Eradication Commission (KPK), the National Public Procurement Agency (NPPA) and the Association of Indonesian Employers (APINDO), which agreed to oversee the project implementation
- The heads of local e-procurement agencies and various civil society organizations (CSOs) as well as local representatives of APINDO from five regions have committed to support the 'Partnership for Governance Reform' (PGR) in the implementation of the CLEAN-ING project by co-organizing needs assessments and capacity building efforts
- PGR has developed three draft analyses on gaps between international and national legal and regulatory frameworks on procurement and e-procurement, and assessed integrity in existing public procurement processes. These gap analyses will serve as the basis for the formulation of laws and regulations related to procurement and e-procurement; the draft gap analyses showed that the criminal legal aspect needs further review in the next year
- A need assessment report on the capacity of procurement stakeholders in five regions has been developed together with the Faculty of Economics of the University of Gadjah Mada
- Following a series of focus group discussions with CSOs that are members of the State Budget Advocacy Network, PGR conceptualized the "Participatory Monitoring and Evaluation System of Public Procurement", a publicly accessible web portal which can be used by independent procurement watch organizations to monitor public tenders and inform on irregularities in the process; the web portal should serve as an instrument for participatory public procurement oversight in five regions



## DESCRIPTION OF INTEGRITY PARTNER

([www.polmed.org.pl](http://www.polmed.org.pl))

**POLMED** is the biggest and highly recognized chamber of commerce, which represents manufactures and distributors of medical devices in Poland. It acts as a source of information for members, protects their interests and conveys their views to decision makers in the industry and the government. POLMED aims to ensure members operate in a business friendly environment. POLMED provides trainings and consultations necessary for their members' business operations. It focuses on promoting the rules of professional ethics and honesty in business practices among their members. The Code of Business Practice established by POLMED is based on EUCOMED Code of Ethics. POLMED believes that the Code's implementation will significantly improve the quality of their members' interactions with the medical environment. In the near future POLMED sees itself as a leader in initiating changes in the medical devices market in Poland, which aims to satisfy the needs of patients, medical professionals and POLMED member companies and therefore stimulate the development of the industry.

## Project profiles and highlights of activities in 2011

Name of Integrity Partner:

# POLMED

## (The Polish Chamber of Commerce of Medical Devices)

PROJECT:

MedKompas Poland			
COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
Poland	4 years	0.46 M	Poland

The MedKompas project will achieve its aim by organizing trainings on ethical business practices, and by a general promotion campaign on ethical cooperation between medical devices market participants and healthcare professionals.

This promotion of ethical business conduct will spread knowledge on threats resulting from corrupt behavior and the advantages of ethical business practices.

- Trainings are planned to be carried out all over the country for the period of 4 years with the target group identified as representatives of medical devices companies and healthcare professionals.

- Polmed intends to promote and shape ethical patterns of behavior by means of a general promotional campaign.

The campaign will be addressed to representatives of both healthcare facilities and medical devices companies in order to indicate relevant and ethical rules for the cooperation between these two groups.

#### PROJECT AT A GLANCE:

The project aims at initiating a network of compliance managers and to promote ethical cooperation among participants in the medical devices market.

#### KEY ACTIVITIES YEAR 1:

- A press conference launching the MedKompas project was organized aiming at promoting the project in the media
- Eight trainings were held where the overall number of participants was 205, whereas it had been initially foreseen that 160 individuals would be trained; 100% of participants who took part in the test passed it
- POLMED was given official support and eight local divisions of the Polish Chamber of Physicians and Dentists (PCPD) signed declarations to cooperate regarding MedKompas
- MedKompas trainings obtained the official certification of PCPD (healthcare professionals attending the training gain educational points required by legal regulations)
- Entered into a barter agreement to cross-link each others' web pages with the popular web portal [www.TargiMedyczne.pl](http://www.TargiMedyczne.pl); the cross-linkage between the POLMED web page and the web portal dedicated to healthcare professionals further promotes the MedKompas project and helps to attract additional participants
- 25 publications of promotional materials on the project and trainings were produced and published both in the press and internet
- Q&A document drawn up and published on January 25, 2011 on [www.medkompas.pl](http://www.medkompas.pl)
- Distribution of 3,500 leaflets promoting the MedKompas project
- A MedKompas project web page has been created, which includes an online forum that allows people to post and discuss trainings and compliance aspects, ask questions, and exchange their views
- The MedKompas project has been promoted at a substantial number of professional events related to the healthcare sector



#### DESCRIPTION OF INTEGRITY PARTNER (www.sequa.de)

**sequa** is a non profit development organization operating worldwide. They promote the development of the private sector and its membership organizations as well as education, training and further qualification. It is Germany's top business membership organizations that are sequa's shareholders (DIHK, ZDH, BDA, BDI) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. GIZ was established on 1 January 2011 as a merger of the Deutscher Entwicklungsdienst (DED) gGmbH (German Development Service), the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH (German Technical Cooperation) and Inwent, Germany. GIZ is a federally owned enterprise, supporting the German Government in achieving its objectives in the field of international cooperation.

Name of Integrity Partner:

**sequa gGmbH**

**in cooperation with German Agency for International Cooperation (GIZ), Chengdu General Chamber of Commerce and Hunan Provincial Chamber, China**

PROJECT:

#### **Strengthening Business Membership Organizations for Fighting Corruption**

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
<b>China</b>	<b>3 years</b>	<b>1.49 M</b>	<b>Germany</b>

BMOs have become important players in the process of promoting transparency and fair markets. To strengthen anti-corruption initiatives in China, the project will make available the expertise of German BMOs (German chambers and sectoral associations and their umbrella associations such as DIHK, BDI etc.) and their members, in combination with the expert network of GIZ GmbH and sequa gGmbH. GIZ GmbH and sequa gGmbH will support the Chinese project partners to develop anti-corruption approaches and improve organizational strengths and management capacities, e.g. qualification of staff and the development of training material.

Key activities are:

- Establishment and support of public-private dialogue platforms,
- Development and implementation of industry-specific standards,
- Knowledge management and exchange of best practices and
- Capacity building within Chinese BMOs. At the final stage of the project all Chinese partner BMOs should be able to provide professional support mechanisms or business development services incorporating anticorruption topics to their member enterprises on a self-sustainable basis.

#### PROJECT AT A GLANCE:

The project aims to strengthen Chinese Business Membership Organisations (BMOs) in fighting corruption in China through regular public-private dialogue, industry specific standards and capacity building of BMOs.

#### KEY ACTIVITIES YEAR 1:

- Cooperation agreements with the two project partners in China were developed and signed
- Both chambers nominated staff and set up Compliance Help and Info Desks with hotline and email contact; the establishment of the hotlines was positively recognized by the relevant regional governments
- Relevant sectors for Hunan (real estate, automobile products, metal materials) and Chengdu (food, furniture, machinery and automobile) were identified; chamber staff made the first company site visits and held discussions with CEOs about compliance standards
- Questionnaires were developed and distributed to affiliated chambers, sector associations and companies to identify training needs and the status of corruption in the private sector in the two regions, Hunan and Chengdu
- Content for websites in both chambers was collected and basic structures for websites were developed
- Training and information material was collected, translated and distributed among project staff: e.g. "Global Infrastructure Anti-Corruption Centre and Transparency International (UK), Anti-Corruption Training Manual, 2008"
- A project leaflet was developed and is available in English and Chinese
- Two capacity building workshops for chamber staff were carried out:
  - › in Chengdu: by the local Disciplinary Commission (lawyer) to train chamber staff in legal compliance regulations and laws
  - › in Hunan: the chamber invited sector chamber leadership for a workshop with Siemens senior compliance managers



## DESCRIPTION OF INTEGRITY PARTNER ([www.transparency.bg/en](http://www.transparency.bg/en))

During its twelve years of existence, **Transparency International – Bulgaria** has gained substantial visibility in Bulgaria, and has established the necessary links with the general public and gained its reputation as an organization of integrity and stability.

TI-Bulgaria has assumed a substantial presence in the country's public space. It has created a network of experts and volunteers and has implemented several successful monitoring initiatives, which has given it a place among the 10 most active and viable CSOs.

Name of Integrity Partner:

# Transparency International – Bulgaria

PROJECT:

**Promoting Integrity through Advocacy: Counteracting Corruption in Public Contracting**

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
<b>Bulgaria</b>	<b>3 years</b>	<b>0.45 M</b>	<b>Bulgaria</b>

- Analysis of legal framework and adaptation of the concept of Integrity Pacts (IP) in Bulgaria
- Promotion of the IP concept, organization of working meetings and public discussions with both private sector and public administration representatives; publication of articles and expert positions in the media; advocacy to civil society and private sector; set-up of a monitoring coalition
- Pilot implementation of the IP tool: training of civil servants in the implementation of IPs' in public contracting; test of the IP tool in selected tenders; monitoring and assessment of impact of IPs' on the contracting process; recommendations for improvements
- Create a Public Contracting Transparency and Integrity Indicators (PCTII) tool that builds upon the outcomes of the implementation of the pilot IP's and publication of a PCTII manual
- Promotion of PCTII tool and use for training representatives of the private sector, civil society and media



#### PROJECT AT A GLANCE:

The key objective is to enhance integrity standards and transparency in awarding of contracts with significant public interest, through policy change in Bulgaria.

#### KEY ACTIVITIES YEAR 1:

- The project was launched through press-releases in the national electronic media and in newspapers
- A comprehensive analysis of the deficiencies of the Bulgarian legislation and an assessment of public contracting procedures with a focus on detecting practices by state and local authorities to conduct non-transparent procurement procedures was carried out
- A series of expert meetings in order to refine the monitoring methodology for the assessment of public contracting procedures was conducted
- A sociological survey revealed major trends in the perception of Integrity Pacts (IP) by business and administration
- Six focus group discussions with representatives from state institutions, local governments, the private sector and business associations were held in Sofia in July 2011 in order to develop a set of indicators for transparency in public procurement processes, recommendations and proposals for legal amendments and changes in procurement practices
- The concept of Integrity Pacts was adapted to the Bulgarian context based on surveys, working meetings and expert analyses
- A model for Integrity Policy is under development; the Integrity Policy outlines general parameters and standards of the environment that would facilitate the effective implementation of the Integrity Pact within the institutions and business organizations
- A Website was set up that contains sections presenting the project, news and events, contacts, links and an online poll
- A public advocacy campaign to promote integrity standards in tender procedures was started; input was taken from various publications on procurement processes; a series of articles and interviews with the representatives of TI-Bulgaria have been published



## DESCRIPTION OF INTEGRITY PARTNER (www.transparency.it)

**Transparency International Italia (TI-It)**, the Italian chapter of Transparency International, founded in Milan in 1996, promotes the active role of civil and moral education in strengthening civil society against corruption and crime. It interacts with the public and private sector, academia, and researchers. Main activities are: promotion of transparent and efficient governance by preventing corruption and misuse of resources; raising awareness in public opinion on the urgency of fighting corruption and related crimes; enhancing ethics in schools and universities, supporting the national ratification of international juridical and economic laws and conventions; encouraging the public and private sectors to fix and implement ethics principles and codes; and advocating for good governance and protection of collective interests.

Name of Integrity Partner:

# Transparency International - Italia

PROJECT:

Sustainable Procurement Protecting the Green Sector Market from Corruption and Fraud			
COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
Italy	3 years	0.6 M	Italy

“Protecting the green sector market from corruption and fraud” aims at designing a sound framework to avoid misuses and illegal practices, enhancing awareness in the business environment and among public institutions, promoting fair market conditions through clear and transparent procedures, and disseminating results to raise awareness on the issue.

The project will gain knowledge on criminal patterns, market and corporate vulnerabilities, organize laboratories to enhance the capacity

to prevent risks and reduce losses, and set up a dialogue platform between public and private sector to promote the design and adoption of ad hoc standards.

The focus will be placed on three specific sectors: renewable energies, logistics/mobility of persons and goods, and innovation technologies.

To carry out this project a multi-disciplinary partnership has been established by TI-It (Integrity Partner), National Anti-Corruption Authority, and RiSSC – Research Centre on Security and Crime.

#### PROJECT AT A GLANCE:

“Protecting the green sector market from corruption and fraud” is a civic, institutional and scientific project for protecting the green economy from threats of fraud and corruption, thus promoting relevant sustainable and ethical standards.

#### KEY ACTIVITIES YEAR 1:

- The focus of the research on vulnerabilities in the public and private sector related to the green economy was refined through various consultation rounds; a research plan was established
- The research is focusing on the analysis of the national and international regulatory framework, best practices, legal cases and financial flows in the sector of renewable energy
- Experts for the Technical Scientific Committee, which will evaluate research results, were identified
- The production of a DVD on corporate success stories on compliance in the green sector, intended for awareness raising and training purposes, is planned
- Planning and set up of Thematic Roundtables that should raise awareness and promote solutions for countering corruption in the green sector (and sectors linked to the green sector): for example - scientific communication, energy systems, sustainable procurement, mobility, sustainable cities, innovation, finance/industry and forest/water/waste
- Identification and networking with public and private stakeholders to select them as participants in the thematic roundtables, private platforms, National Forum in 2012 and the international conference scheduled for 2013
- Identification of schools and universities for dissemination of results and capacity building
- Acquisition of patronage of the Ministry of Environment for the National Forum
- Creation of a project logo and a remote digital platform for documents and internal information sharing



**DESCRIPTION OF INTEGRITY PARTNER**  
(www.transparenciamexicana.org.mx)

**Transparencia Mexicana (TM)** was founded in 1999 and is the national chapter of Transparency International (TI), the global coalition against corruption. TM approaches corruption from a holistic standpoint, engaging with public and private actors to reduce corruption by creating changes in the institutional and legal framework of the Mexican state. Acknowledging that forms of corruption adapt to country-specific norms, TM pursues an agenda tailored to fight corruption within Mexico, while at the same time adhering to standards and practices established by TI Secretariat.

Name of Integrity Partner:

## Transparencia Mexicana

PROJECT:

### Social Witness/Integrity Pact in Government Procurement – The Mexican Experience

COUNTRY OF IMPLEMENTATION:

Mexico

DURATION:

3.4 years

USD (MILLION):

0.23 M

REGISTERED IN:

Mexico

Since 2000, TM has implemented Integrity Pacts/Social Witness (IP/SW) tools in around 100 public procurement processes and has developed a methodology applied to the Mexican context that can be useful to government and private actors in other contexts. This methodology combines a mini-contractual form in a bidding process (IP) with an intensive monitoring during the bidding process (SW). The result is a light legal structure with a real-time monitoring process which provides an external, technical and independent view without reducing efficiency, partially restores public distrust in procurement, creates an environment for open discussions of technical decisions, promotes government innovation, and contributes to competition, efficiency and savings. To date,

much of the research related to the IP/SW has combined national experiences and practice, without determining the systemic impact for a branch of government, sector or type of company in a cross-time analysis. This project will have this systemic approach, in order to be useful to procurement sectors in any context. The objective is to conduct an analytical review, and to promote the Mexican experience with a particular focus on its economic impact, social results and a new framework for Collective Action among participants in procurement processes. Activities include an analytical review, the production of independent chapters under an editorial plan, and the communication/promotion of the Analytical Review Report with relevant stakeholders.

#### PROJECT AT A GLANCE:

The project aims to produce an Analytical Review Report of the Integrity Pacts/Social Witness tools that Transparencia Mexicana has applied in around 100 public procurement processes.

#### KEY ACTIVITIES YEAR 1:

- Internal Working Group was set up with the aim to analyze the topics to be addressed in the Analytical Review Report (book on citizens and markets with a special focus on public procurement in Mexico)
- Working group started with the identification of stakeholders in Mexico involved in public procurement processes
- A seminar took place on April 6, 2011 and brought together the public sector (including the sub-secretary responsible for public procurement), the private sector, civil society organizations and academia
- The seminar allowed stakeholders to discuss topics such as compliance standards for private and public sectors, economic competition, and differing legal frameworks for public procurement at federal and state-level; it was also fundamental for the mapping of involved stakeholders and collecting information on the Mexican experience in public procurement
- To complement the work of the seminar Transparencia Mexicana decided to produce an e-book featuring national and international experiences
- Transparencia Mexicana launched a call for papers to gather national and international experiences on the subject of "Citizens and Public Procurement", targeting a wide public, including international organizations, universities, NGOs, relevant public and private sector actors; a total of 15 international and three national applications were received
- A Review Committee was set up to define the selection criteria and evaluate the proposed articles; it also determined the communication process for providing selection results and further information on next steps
- Articles will be received mid-November and Transparencia Mexicana expects to publish the first e-book in March 2012



#### DESCRIPTION OF INTEGRITY PARTNER (www.transparency-usa.org)

TI-USA works at home and abroad to combat corruption and promote transparency and integrity in government, business and development assistance. Since its founding in 1993, TI-USA has been actively involved in the development of private sector integrity programs and has advocated for greater global adherence to them. It has initiated and engaged in numerous industry-sector initiatives and collaborative projects, mobilizing Collective Action with a wide array of interests, including corporations, major business organizations, labor groups, and other NGOs. TIUSA has a track record of success in the promotion of private sector best practices.

Name of Integrity Partner:

## Transparency International – USA in cooperation with Social Accountability International, USA

PROJECT:

### Verification of Corporate Anti-Corruption Programs

COUNTRY OF IMPLEMENTATION:

USA

DURATION:

3 years

USD (MILLION):

0.66 M

REGISTERED IN:

USA

The overarching, long-term goal of this project is to improve credibility of corporate compliance programs. Achieving this will help increase public confidence and enhance credibility with investors, rating agencies, financial institutions, export credit agencies and government procurement agencies, which increasingly expect corporations to demonstrate effective compliance programs. This project will assess the strengths and weaknesses of the most commonly used methods of compliance verification and will develop recommendations for companies when considering anti-corruption compliance verification.

The project aims at achieving the long-term goal by:

- Reviewing, assessing and reporting on the efficacy of current approaches to compliance verification;
- Creating awareness and better understanding of the verification methods; and
- Promoting broad acceptance of the relative merits of the methods and findings.

This project will be supported by Michael Hershman, Mark Mendelsohn and Fritz Heimann.

#### PROJECT AT A GLANCE:

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The project will look at the key role that compliance verification methods play in assessing companies' adherence to their anti-corruption programs.

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#### KEY ACTIVITIES YEAR 1:

- This project is designed to assess the strengths and weaknesses of the most commonly used methods of corporate anti-corruption compliance verification, including self-reporting, compliance assessments by accounting and law firms, and verification by government-imposed monitors; the final product will be a Guidance Report addressing (1) the usefulness of each verification method, and (2) which methods may be most appropriate in various circumstances
  - TI-USA reviewed leading corporate disclosure models (e.g. Global Reporting Initiative Corruption Performance Indicators, UN Global Compact Reporting Guidance under the 10th Principle) and interviewed accounting firms, law firms, non-profit organizations and companies providing compliance assessment and verification services
  - TI-USA also reviewed information on eleven social standards certification systems (e.g. Forestry Stewardship Council, Fair Trade Labeling Organizations International) and the "TI Framework for Voluntary Independent Assurance of Corporate Anti-Bribery Programmes"
- Research revealed that:
- Public reporting on corporate compliance programs is currently subject to multiple standards with wide variation in the disclosure measured or recommended
  - None of the accounting or law firms provide certifications or verification services, although they do conduct compliance reviews
  - Accounting firms have a comprehensive methodology which has the goal of identifying areas where companies can improve implementation of their anti-corruption compliance program; law firm reviews focus on FCPA compliance
  - Existing social certification systems are used by consumers, governments, and investors as indicators of the implementation of good practices including due to internal complaint systems and the certification process
  - TI-USA will test these and other preliminary findings in Year 2 and will develop activity reports



## DESCRIPTION OF INTEGRITY PARTNER (www.undp.org)

UNDP is the UN's global development network. It operates in 166 countries, working with them on their own solutions to global and national development challenges. UNDP's network links and coordinates global and national efforts to reach the Millennium Development Goals, by helping countries build and share solutions to the challenges of Democratic Governance, Poverty Reduction, Crisis Prevention and Recovery, Environment and Energy, and HIV/AIDS. UNDP is the lead agency on democratic governance in the UN system supporting efforts to advance democratic governance in four main areas: (1) Expanding people's opportunities to participate in political decision-making, particularly those of women and the poor; (2) Making democratic institutions more accountable and responsive to citizens, supporting national parliaments, public administrations and rule of law; (3) Promoting the principles of democratic governance — in particular, anti-corruption, human rights, women's empowerment and equal opportunity; and (4) Supporting country-led democratic governance assessments that help countries to assess their needs, monitor their progress and achieve their goals. UNDP's activities in the Arab States region build on UNDP's five thematic priorities, with additional emphasis placed on addressing the main impediments to human development in the region as identified by the Arab Human Development Report series, namely freedom and good governance, knowledge, and women's empowerment.

Name of Integrity Partner:

# United Nations Development Programme - Regional Bureau for Arab States (UNDP - RBAS)

PROJECT:

## Anti-Corruption and Integrity in the Arab Countries (ACIAC)

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
Arab States Region	3 years	1.78 M	International Organization, USA

The project is a major component in a broader regional anticorruption initiative that will generate knowledge and support inclusive anticorruption policy reform. It will develop the capacities of representatives from at least 40 civil society organizations (CSOs) and businesses across the region, focusing on the implementation of articles 12 and 13 of the UNCAC, and on mainstreaming transparency and integrity standards and practices in various business sectors, with a view to enabling concrete participation in national anticorruption strategies in at least 4 countries.

Key activities include

- training leading non-governmental practitioners (NGPs), using specially developed material,
- supporting CSOs and businesses to formulate joint policy positions on various anticorruption themes and engage governments in direct dialogue thereon, and
- developing a service oriented Portal for the Arab Anti Corruption and Integrity Network (ACINET) to promote knowledge sharing between various stakeholders





*Empowered lives.  
Resilient nations.*

#### PROJECT AT A GLANCE:

The project will enable non-governmental actors to help in developing, implementing & monitoring national anticorruption strategies in Arab countries.

#### KEY ACTIVITIES YEAR 1:

- In partnership with the Tunisian National Fact-Finding Commission on Corruption and Malversation, and under the umbrella of the Arab Anti-Corruption and Integrity Network (ACINET), UNDP organized a major regional conference, attended by more than 90 participants, to promote policy dialogue on anti-corruption in sectors that deliver public services in Arab countries; at the end of the conference, which also witnessed the announcement of the UNDP/Siemens cooperation, high-level officials, civil society leaders and business representatives in Djibouti, Egypt, Iraq, Jordan, Morocco, oPt, Tunisia, and Yemen identified elements for action in 2012/2013 against corruption in the health, water, and education sectors
- The Siemens Integrity Initiative contribution enabled 14 civil society leaders representing Iraq, Jordan, Morocco, oPt, and Yemen as well as three major regional civil society organizations (Arab NGO Network for Development, Arab Parliamentarians against Corruption, and Article 13 Alliance) to actively participate in the regional policy dialogue and contribute to the shaping of these priorities; the implementation of these priorities will be supported by the Arab Anti-Corruption and Integrity Network (ACINET) and UNDP under the Anti-Corruption and Integrity in the Arab Countries (ACIAC) project, as well as various other partners



#### DESCRIPTION OF INTEGRITY PARTNER (www.unodc.org)

UNODC is mandated to assist Member States in their efforts to fight illicit drugs, crime and terrorism through: 1. field-based technical cooperation projects to enhance the capacity of Member States; 2. research and analytical work to increase knowledge and understanding of drugs and crime issues and expand the evidence base for policy and operational decisions; and 3. normative work to assist States in the ratification and implementation of the relevant international treaties, the development of domestic legislation on drugs, crime and terrorism, and the provision of secretariat and substantive services to the treaty-based and governing bodies.

In its resolution 58/4 of 31 October 2003, the UN General Assembly adopted the UN Convention against Corruption. The Convention entered into force on 14 December 2005 and to date has been ratified by 150 Member States and the European Union. A Conference of the States Parties has been established by the Convention to promote and review its implementation. UNODC is the guardian of the Convention and the Secretariat of the Conference of the States Parties. The Convention is the legal instrument underlying the UN Global Compact's 10th Principle against Corruption.

Name of Integrity Partner:

## United Nations Office on Drugs and Crime (UNODC)

### in cooperation with the International Anti-Corruption Academy (IACA), Austria

PROJECT:

#### Incentives to Corporate Integrity and Cooperation in accordance with the UN Convention Against Corruption

COUNTRY OF IMPLEMENTATION: DURATION:

India, Mexico

3 years

USD (MILLION):

1.12 M

REGISTERED IN:

International  
Organization, Austria

This project aims to promote States' implementation of articles 26 (Liability of legal persons), 32 (Protection of witnesses, experts and victims), 37 (Cooperation with law enforcement authorities) and 39 (Cooperation between national authorities and the private sector) of the United Nations Convention against Corruption and to facilitate private actors' compliance with the Tenth Principle of the UN Global Compact by:

1. reviewing, in the framework of high-level committees of public officials and private sector representatives, legislation on corporate liability and legal incentives for companies to voluntarily report on internal inci-

dents of corruption and cooperate with public authorities, and recommending amendments to ensure full compliance with the Convention;

2. designing and delivering joint training workshops for law enforcement, judicial authorities and companies' representatives on existing domestic laws governing corporate liability;
3. organizing meetings of international experts to share existing knowledge and generate innovative approaches on how governments should best encourage and reward companies which report instances of corruption.

#### PROJECT AT A GLANCE:

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The project aims to create systems of legal incentives to companies' integrity efforts, hence encouraging business to come forward and report internal incidents of corruption.

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#### KEY ACTIVITIES YEAR 1:

##### Global Coordination

- A coordination meeting was held with the Humboldt-Viadrina School of Governance to discuss potential synergies
- The aim is to compile best practices for the implementation of articles 26 (Liability of legal persons), 32 (Protection of witnesses, experts and victims), 37 (Cooperation with law enforcement authorities) and 39 (Cooperation between national authorities and the private sector) of the UN Convention against Corruption in Year 2 in order to present these to international experts in 2012

##### India

- Meetings were held with the UN Global Compact office in New Delhi and groundwork was initiated, contact was made with the Central Vigilance Commission (CVC) and the Confederation of Indian Industry (CII) and a joint meeting is scheduled for year 2
- In order to conduct baseline surveys, engage trainees and formulate training programs, academic and legal institutions have been identified (e.g. National Legal Services Authority (NALSA), National Law School, NALSAR (National Academy of Legal Studies and Research))

##### Mexico

- Meeting with the Ministry of Foreign Affairs to present the project to the Mexican Government; the Ministry of Public Administration was selected as the federal counterpart to co-develop the activities of the project; the General Attorney's office will take an observer role; a Coordination Committee was established and will serve as a control mechanism
- Mechanisms of collaboration have been set up with the State Government of Mexico City and of Puebla and a general review of the legal context and operational issues on state and federal level has been with regard to crime prevention and law enforcement
- Mexico seems to have implementation mechanisms of relevant UNCAC articles in place and the focus will be to strengthen these



#### DESCRIPTION OF INTEGRITY PARTNER ([www.unodc.org](http://www.unodc.org))

UNODC is mandated to assist Member States in their efforts to fight illicit drugs, crime and terrorism through: 1. field-based technical cooperation projects to enhance the capacity of Member States; 2. research and analytical work to increase knowledge and understanding of drugs and crime issues and expand the evidence base for policy and operational decisions; and 3. normative work to assist States in the ratification and implementation of the relevant international treaties, the development of domestic legislation on drugs, crime and terrorism, and the provision of secretariat and substantive services to the treaty-based and governing bodies.

In its resolution 58/4 of 31 October 2003, the UN General Assembly adopted the UN Convention against Corruption. The Convention entered into force on 14 December 2005 and to date has been ratified by 150 Member States and the European Union. A Conference of the States Parties has been established by the Convention to promote and review its implementation. UNODC is the guardian of the Convention and the Secretariat of the Conference of the States Parties. The Convention is the legal instrument underlying the UN Global Compact's 10th Principle against Corruption.

Name of Integrity Partner:

## United Nations Office on Drugs and Crime (UNODC)

PROJECT:

### Outreach and Communication Program for the United Nations Convention Against Corruption (UNCAC)

COUNTRY OF IMPLEMENTATION: DURATION:

Global

3 years

USD (MILLION):

0.75 M

REGISTERED IN:

International  
Organization, Austria

The project seeks to enhance companies' knowledge of how UNCAC can make a difference in their daily work both internally and in their interaction with public counterparts, and to encourage the business community to turn their anti-corruption commitments into action by bringing their integrity programs in line with the universal principles of UNCAC. The project also seeks to support learning institutions which have come to realize that they do have a role to play in preparing the next generation of public and business leaders to the challenge of making right and ethical decisions.

This will be achieved by:

1. creating and disseminating a structured outreach and communication program that combines a global perspective with local contexts, reaching out to private companies, particularly the UN Global Compact business participants;
2. developing a comprehensive academic learning course on UNCAC and its implication for public administrators and private operators to be embedded in curricula of business, law and public administration schools.

#### PROJECT AT A GLANCE:

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This project aims to support private actors' integrity efforts by educating present and future generations of business and public leaders and better informing the corporate community of the UN Convention against Corruption (UNCAC).

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#### KEY ACTIVITIES YEAR 1:

- Initiated procurement process for obtaining public relations (PR) expertise and services to provide guidance on the PR elements of the envisaged outreach strategy
- Research on principles contained in the United Nations Convention against Corruption that impact the private sector was undertaken in order to formulate key messages for the business community to serve as a basis for the communication strategy
- Information on project activities were included in the pre-session documentation prepared for the Second Intersessional Meeting of the Open-ended Intergovernmental Working Group on Prevention and the Fourth Session of the Conference of the States Parties to the United Nations Convention against Corruption
- Initial contact was made with academic institutions regarding potential collaboration on the development of an UNCAC academic module for universities, including the International Anti-Corruption Academy and the UN Global Compact/Principles for Responsible Management Education Initiative
- Preliminary research and compilation of materials has been prepared with a view to starting substantive work on the UNCAC academic module
- A coordination meeting was held with the Humboldt-Viadrina School of Governance on their Siemens Integrity Initiative project to discuss potential synergies



#### DESCRIPTION OF INTEGRITY PARTNER (www.unodc.org)

UNODC is mandated to assist Member States in their efforts to fight illicit drugs, crime and terrorism through: 1. field-based technical cooperation projects to enhance the capacity of Member States; 2. research and analytical work to increase knowledge and understanding of drugs and crime issues and expand the evidence base for policy and operational decisions; and 3. normative work to assist States in the ratification and implementation of the relevant international treaties, the development of domestic legislation on drugs, crime and terrorism, and the provision of secretariat and substantive services to the treaty-based and governing bodies.

In its resolution 58/4 of 31 October 2003, the UN General Assembly adopted the UN Convention against Corruption. The Convention entered into force on 14 December 2005 and to date has been ratified by 150 Member States and the European Union. A Conference of the States Parties has been established by the Convention to promote and review its implementation. UNODC is the guardian of the Convention and the Secretariat of the Conference of the States Parties. The Convention is the legal instrument underlying the UN Global Compact's 10th Principle against Corruption.

Name of Integrity Partner:

## United Nations Office on Drugs and Crime (UNODC)

in cooperation with the International Anti-Corruption Academy (IACA), Austria

PROJECT:

### The 6 P's: Public-Private Partnership for Probity in Public Procurement

COUNTRY OF IMPLEMENTATION:	DURATION:	USD (MILLION):	REGISTERED IN:
India, Mexico	3 years	1.22 M	International Organization, USA

The project will promote States' implementation of article 9 of the UN Convention against Corruption (UNCAC) and support private actors' efforts to comply with the Tenth Principle of the UN Global Compact, by:

1. reviewing, in the framework of high-level committees of public officials and representatives of the private sector, systems of public procurement, and assessing their compliance with UNCAC, with recommendations feeding into possible legislative amendments;
2. designing and delivering a joint training program for public procurement personnel and private counterparts on the system of public procurement in force in both countries, giving participants opportunity for mutual learning;
3. organizing meetings of international experts to share lessons learned and good practices in aligning national public procurement systems with the requirements of UNCAC, and to formulate model practices. Subject to the need for further training activities, a training module on integrity in public procurement will be developed.

#### PROJECT AT A GLANCE:

The project aims to reduce vulnerabilities to corruption in public procurement systems and to bridge knowledge and communication gaps between public procurement administrations and the private sector.

#### KEY ACTIVITIES YEAR 1:

##### Global Coordination

- Promote states' implementation of article 9 of the UN Convention against Corruption (establish systems of procurement based on transparency, competition and objective criteria in decision-making)

##### India

- Meetings were held with the UN Global Compact office in New Delhi and ground work was initiated; contact was made with the

Central Vigilance Commission (CVC) and the Confederation of Indian Industry (CII) and a joint meeting is scheduled for year 2

- In order to conduct the baseline surveys, engage trainees and formulate training programs, academic and legal institutions have been identified (e.g. National Legal Services Authority (NALSA), National Law School, NALSAR (National Academy of Legal Studies and Research))

##### Mexico

- Meeting with the Ministry of Foreign Affairs to present the project to the Mexican Government; the Ministry of Public Administration was selected as the federal counterpart to co-develop the activities of the project; the General Attorney's office will take an observer role; a Coordination Committee was established and will serve as a control mechanism

- Mechanisms of collaboration have been set up with the State Government of Mexico City and of Puebla and a general review of the legal context and operational issues on state and federal level has been conducted with regard to public procurement (Mexico seems to have implementation mechanisms of relevant UNCAC articles in place and focus will be to strengthen these)
- First meeting for the review of legislation and operational processes with regard to public procurement took place at the federal government in September 2011; the mechanisms to implement the principles reflected in article 9 of the UN Convention against Corruption were discussed, these mechanisms will be the focus of further consideration and review



#### DESCRIPTION OF INTEGRITY PARTNER ([www.feps.eun.eg](http://www.feps.eun.eg))

The Center for Economic and Financial Research and Studies, is affiliated to the Faculty of Economics and Political Science, of Cairo University. The faculty of Economics and Political Science is among the most reputable and distinguished faculties of the Cairo university, well known for its initiatives to raise awareness and enhance extra curricular activities among students. The Center for Economic and Financial Research and Studies, is one of the oldest and most active research centers, with multi-dimensional activities, among them is developing the skills of students

Name of Integrity Partner:

## University of Cairo, Center for Economic and Financial Research and Studies

PROJECT:

**Fighting Corruption and Fraud through Collective Action, Education and Training (Towards a Transparent Economy)**

COUNTRY OF IMPLEMENTATION: DURATION:

**Egypt**

**5 years**

USD (MILLION):

**0.85 M**

REGISTERED IN:

**Egypt**

#### Main activities:

- Raise public awareness about indicators of measuring transparency, and the importance and means of combating corruption (target audience is the general public with a special focus on faculty students and the youth)
- Educate faculty students about the benefits of disclosing and sharing information, and the best means of doing this, in light of international best practices; conduct student research competitions (target audience are faculty students, but may expand to include junior candidates in relevant governmental entities and major economic sectors such as the financial sector, small and medium enterprises, and the corporate sector).
- Integrate knowledge about corruption and transparency in academic curricula; train academic professionals on how to teach these new concepts (target audience are academic professors who are in charge of disseminating acquired knowledge to future generations of students)



#### PROJECT AT A GLANCE:

The aim of this project is to raise awareness, organize extra curricular activities and to create curricula for enhancing the knowledge on transparency and combating corruption among faculty students.

#### KEY ACTIVITIES YEAR 1:

- Project was launched in April 2011
- Despite the political instability and security concerns in Egypt, it was possible to implement and prepare for the following activities:
  - › Implementation of two training programs, and preparation for three other trainings
  - › Implementation of one students` competition, and preparation for another one
  - › Implementation of one discussion forum on "Anti-Corruption Institution: A new one or Restructuring Existing Institutions?"
  - › Preparations are taking place for the simulation model for an Anti-Corruption and Transparency Enhancement Authority
  - › Preparations are taking place for the annual conference (maybe with presence of international organization)
- › New reading materials have been suggested for two existing courses (financial economics and public finance), and preparations are taking place for a third course in management
- Promotion of the project and outreach via Facebook resulted in an above satisfactory level of participation in spite of the unstable surrounding conditions in the country



#### DESCRIPTION OF INTEGRITY PARTNER ([www.vcci.com.vn](http://www.vcci.com.vn), [www.vbli.vn](http://www.vbli.vn))

The Office for Business Sustainable Development (SDforB) was established in 2006 by the Vietnam Chamber of Commerce and Industry (VCCI) which is an independent, non-governmental and national organization representing the Vietnamese business community, business associations, and employers for the promotion and protection of their interests in domestic and international relations. Furthermore, the Chamber has served as a forum for the exchange of information and ideas among businesses and between businesses with governmental authorities on matters concerning economic activities, the business environment, and sustainable development in Vietnam. As an integral part of VCCI, SDforB concentrates on support and orientation activities to assist the Vietnam business community and entrepreneurs in achieving sustainable development and productive integration in the 21st century.

Name of Integrity Partner:

## Vietnam Chamber of Commerce and Industry (VCCI, Office for Business Sustainable Development) in cooperation with the International Business Leaders Forum (IBLF), United Kingdom

PROJECT:

### Integrity and Transparency in Business Initiative for Vietnam

COUNTRY OF IMPLEMENTATION:

**Vietnam**

DURATION:

**3 years**

USD (MILLION):

**0.5 M**

REGISTERED IN:

**Vietnam**

The initiative aims at bringing companies operating in Vietnam together to work towards improving integrity and transparency of the way business is conducted. It is expected that the key objective will be achieved by focusing on three main activities. Initially, the project puts emphasis on implementation of research and the development of technical and communication tools to raise awareness and understanding of transparency concept and the need for improvement of business practices. In parallel with awareness raising, it encourages

enforcement of reforms through promoting multistakeholder consultation and dialogue and policy advice on transparency and integrity. Finally, it promotes positive change in business practice through development and implementation of training programs. It is believed that the achievements from implementing these activities will be scaled up, to have greater impact from sustainable improvement of transparency and integrity in doing business in Vietnam.

#### PROJECT AT A GLANCE:

The initiative's aim is to mobilize the business community in Vietnam around the challenges of integrity, transparency and corruption.

#### KEY ACTIVITIES YEAR 1:

- Research on the current status of corruption in the business sector in Vietnam was undertaken (available by Jan 21, 2012); objectives of the research are (1) to assess the current status of corruption in the business sector in Vietnam, including relationships with the government and between businesses; (2) to assess impacts of corruption on business; purposes of the research are (1) to be in a position to better support businesses in preventing and fighting corruption by developing tools and guides, organizing training courses, and by engaging businesses in transparency and integrity initiatives; and (2) to make recommendations to develop and/or enforce state policies related to preventing and fighting corruption in the business sector
- Existing good business practices were (1) collected, (2) shared in 2 workshops with about 90 participants representing businesses, business associations, government agencies, law firms, consulting firms, and universities, and (3) have been published on ITBI's website, at <http://www.itbi.org.vn/en/Publications/Code-of-Conduct.aspx>, which was put into full operation by mid September
- Analysis of the impacts of corruption on the competitiveness of the business sector in Vietnam has been articulated in press releases, workshops, consultation roundtables, newsletters, posters, etc.
- Project newsletters were published and project posters were distributed
- A guide book was written and posted on the project's website
- Training materials with updated legal requirements in Vietnam, roles and responsibilities of businesses in fighting corruption, as well as efforts of the government in support of business were developed; two training workshops were organized for about 60 participants who were representatives from businesses and business associations
- Introductory emails were sent to ITBI stakeholders and businesses who attended ITBI's recent events (training, sharing experiences, consultations)
- Consultation roundtables were held and opinions on business priorities in the fight against corruption have been identified



Overview on Annexes  
Selection of documents and templates  
used during the First Funding Round as  
well as other relevant material

# Overview on Annexes

Selection of documents and templates  
used during the First Funding Round as well as  
other relevant material

## Main project focus: Fighting Corruption & Fraud

### Annex 1:

Timetable 1st Funding Round – Siemens Integrity Initiative

### Annex 2:

Expression of Interest Form (Eol)

### Annex 3:

Term Sheet Funding Agreement  
(Funding Round December 9, 2009)

### Annex 4:

FAQs, Status January 26, 2010

### Annex 5:

Siemens and World Bank Group Press Release dated December 9, 2009 on the launch of the Siemens Integrity Initiative

### Annex 6:

Siemens and World Bank Group Press Release dated December 9, 2010 on start of selected projects

## Annex 1

## Timetable 1st Funding Round and original global call for application

December 2009

1. Call for Expressions of Interest	
December 9, 2009:	Call for EOIs
January 31, 2010:	Deadline for submission of EOI
<b>Initial review phase</b>	
February – April 2010	
2. Invitation to submit Full Proposal	
April 2010:	Invitation to selected applicants to submit a Full Proposal
June 25, 2010:	Deadline for submission of Full Proposal
<b>Review and due diligence</b>	
July – September 2010	
Award and signing of Funding Agreement	
ca. September 2010:	Invitation to final short list of applicants to enter into a Funding Agreement with Siemens AG
ca. December 2010:	Announcement of selected project proposals

Siemens reserves the right to involve third parties, and in particular the World Bank, in the review and selection process at any time. The World Bank Group will have audit rights over the use of the funds and veto rights over the selection of anti-corruption groups or programs receiving funds.

To avoid any uncertainty, Siemens reserves full and complete discretion in the selection of the organizations that will be awarded funds from the Siemens Integrity Initiative until the Funding Agreement is signed. The decision to move ahead with any of the applicants in the selection process or not is therefore not subject to any judicial review or scrutiny of any kind. Siemens may decide fully at its own discretion to fund proposed projects at lower amounts than those asked for, or only selected parts of a project and the proposed activities.

Participation in the selection process and/or successful review does not entitle the applicant to be selected for the award of any funds. Successful participation in any funding round and

the award of funds to any applicant does not entitle or qualify such applicant to be awarded further funds in any subsequent funding round.

The selection process will be exclusively subject to German law, excluding any conflict of law provisions. Judicial review of the selection process or Siemens' decisions during the selection process is excluded.

### EXPRESSION OF INTEREST

Applicants must submit the Expression of Interest (EOI) form filled out in full, in English, with all the required information and supporting documentation

- at the latest by January 31, 2010
- via the following email address:  
[application.integrityinitiative@siemens.com](mailto:application.integrityinitiative@siemens.com)

Please note that the deadline for introducing new applications for the first funding round has expired!

The Expression of Interest form includes an overview of the project goals, a summary of activities, a budget plan and time frame for the project as well as background information on the applicant. For details please refer to the Expression of Interest (EOI) form.

The Expression of Interest phase is intended to identify those project proposals that have the best fit with the goals of the Siemens Integrity Initiative. From the fully completed Expressions of Interest forms received by the above deadline, Siemens will select the most promising applications for the second stage of the selection process and invite the successful applicants to submit a Full Proposal.

## Annex 1

### Timetable 1st Funding Round and original global call for application

December 2009

#### NEXT STEPS:

1. Fill in Expression of Interest form and gather supporting documentation

All applicants must fill out the Expression of Interest form in English and provide the required supporting documentation (as per Annex 1 of the Expression of Interest form); where two or more organizations jointly participate in an application, the information and documentation outlined in Annex 1 must be submitted with respect to EACH organization.

2. Send signed Expression of Interest form to Siemens

The Expression of Interest form including its annexes must be signed by an authorized representative of the applicant organization and sent together with the required supporting documentation to the following email address: [application.integrityinitiative@siemens.com](mailto:application.integrityinitiative@siemens.com) by January 31, 2010 at the latest.





### 3. Siemens confirms receipt of EOI

Siemens will confirm receipt of the EOI form by e-mail once complete; such confirmation is without prejudice to the review and selection process. No Expression of Interest form will be reviewed unless the supporting documentation has been handed in full as defined in Annex 1 of the Expression of Interest form, via the above-mentioned e-mail address and by the stated deadline.

### 4. Initial review of Expression of Interest forms

Siemens will review those Expression of Interest forms that meet the above criteria and deadline, and will select those applications that present the most innovative and promising project ideas in line with the goals of the Siemens Integrity Initiative. The World Bank Group will have veto rights over the selection of anti-corruption groups or programs receiving funds.

### 5. Notice to Applicants

Applicants will be informed in due course by Siemens and by e-mail on the outcome of the Initial Review, and whether they will be invited to the Full Proposal stage of the selection process. Siemens will not be obliged to state reasons for any selection decision, including but not limited to the grounds for its decision not to move forward with any particular applicant organization at any stage of the selection process.

## Annex 2

## Expression of Interest Form (EoI)

### SIEMENS

#### Siemens Integrity Initiative

Creating fair market conditions

Fighting corruption and fraud through collective action, education & training

Expression of Interest – funding round December 9, 2009

#### 1. Summary

Project name:	
Name of applicant <sup>1</sup> :	
Category of application:	<input checked="" type="checkbox"/> Collective Action <input type="checkbox"/> Education & Training
Total amount of funding required: (in USD)	
Intended start of project: (month/year)	
Planned project duration: (number of months)	
Countries covered:	
Business Sectors covered <sup>2</sup> :	
Main contact for this application: Name, title, phone, e-mail	

<sup>1</sup> In case of joint applications, specify the organization assume the leading position; see Annex 1 for supporting information regarding all organizations participating in the project.

<sup>2</sup> For example, Healthcare, Energy, Industry, or others.

#### 2. Organizations participating in the project

List the names of all organizations that will participate in the implementation of the project and their respective role:

Name of organization	Role in project
1.	
2.	
3.	
4.	
5.	

**IMPORTANT!** For EACH organization participating in the project, fill out Annex 1 and submit it with the Expression of Interest form together with the required supporting documentation.

**Joint applications:** Where several organizations plan to implement the project jointly, an outline of the (planned) split of responsibilities/ work share must be given here:

### **3. Project proposal (summary):**

1. **Key rationale for the project:** (describe the concrete starting point of the project, the central problems and root causes; this description should make the context of the project clear)  
(maximum 200 characters)

2. **Key objective of the project:** (describe what the project is setting out to achieve, the target group and beneficiaries of the project)  
(maximum 200 characters)

3. **Key activities planned:** (describe the key activities that you will undertake to achieve the outlined objectives of the project including an estimated timeline)  
(maximum 2,500 characters)

4. **List of concrete results and milestones:** (describe the output and outcome of activities and give estimated dates when certain results will be achieved)

## Annex 2

Expression of Interest Form  
(EoI)

**5. Expected impact on business environment during implementation period of project:**  
(describe how activities will have a positive impact on the private sector and the business environment)  
(maximum 300 characters)

**6. Innovation:** (describe how the project represents a new and innovative way of countering corruption and fraud in the area/country)  
(maximum 300 characters)

**7. Sustainability:** (describe how the project will achieve financial and organizational sustainability on a longer-term basis)  
(maximum 300 characters)

**8. Growth potential:** (describe how the project could be scaled up and replicated)  
(maximum 300 characters)



## Annex 2

Expression of Interest Form  
(EoI)**V. Confirmation by the applicant organization**

We hereby confirm that the information contained in, and attached to this Expression of Interest form is complete, accurate and true. We understand that any material changes during the selection process must be communicated to Siemens immediately via the following e-mail address ([application.integrityinitiative@siemens.com](mailto:application.integrityinitiative@siemens.com)).

We also confirm that we are aware that Siemens may eliminate the application from the selection process for the ongoing, as well as any future funding rounds of the Siemens Integrity Initiative if any material piece of information or documentation provided in or related to this Expression of Interest (EOI) form, is found to be inaccurate or untrue, or where any material changes during the selection process are not correspondingly communicated to Siemens.

We understand that the decision to award any funds, including the decision to disregard any application fully, or award funds only partially, takes place at any stage of the selection process solely and exclusively at the discretion of Siemens. Siemens will not be obliged to provide a justification for its decisions in the selection process. Participation in the selection process and/or selection for the Full Proposal stage of the selection process may result in, but does not entitle an applicant to be selected for the award of any funds.

**FURTHERMORE, WE CONFIRM THAT AS OF THE DAY OF SIGNING THIS DOCUMENT NO INFORMATION HAS COME TO OUR ATTENTION THAT RAISES CONCERNS REGARDING THE INTEGRITY OF OUR ORGANIZATION, OR ANY ORGANIZATION INCLUDED IN THIS APPLICATION WITH REGARD TO CORRUPTION, BRIBERY, FRAUD, MONEY LAUNDERING OR SIMILAR INFRINGEMENTS AGAINST LEGISLATION.**

Sign and print name of applicant:

Date, name, function, organization

**Annex 1: Information for organizations participating in the project**

A pdf-copy of the following Annex 1 must be filed in, duly signed, attached to and submitted together with the Expression of Interest Form as well as the required supporting documentation (see 4. below) to the following e-mail address ([application.integrity@siemens.com](mailto:application.integrity@siemens.com)). Specify the project name for reference purposes.

**IMPORTANT NOTE!** In case of joint applications, this Annex must be completed and signed separately by **EACH** organization participating in the project. No Expression of Interest form will be reviewed unless the supporting documentation has been submitted in full, within the relevant deadline and via the above e-mail.

Project name	
--------------	--

**1. Key information on the organization / legal entity:**

Name of organization	
Legal form	
Main office address (street, city, post code, country)	
Date and place of establishment/ creation/ incorporation/ foundation	
Registration date and number. Name and location of registration authority (name, street, city, postal code, country)	
Prior names of organization if the name has changed during previous 3 years	
Name of all current legal representatives/ directors (first name, last name, title, function)	
Name of owner(s)/ shareholder(s) including percentage of ownership/ shares/ or, in case of organizations established under public law, the public entity to which the organization belongs (e.g. Ministry, etc.)	
Annual turnover/ budget (USD)	
No. of employees/ staff	
Is your organization or are your organization's financial statements subject to external financial audits? If so, pls. state the name of the auditor (including street, city, post code, country)	<input type="checkbox"/> Yes <input type="checkbox"/> No Name of auditor:
Indicate whether the organization is considered a non-national in the country where the project will be performed, or a tax-exempt national?	<input type="checkbox"/> Non-national <input type="checkbox"/> Tax-exempt national <input type="checkbox"/> Other, please specify:
Specify any branch offices/ subsidiaries used for the project	
Specify third parties/ consultants used for the project	

## Annex 2

Expression of Interest Form  
(EoI)**2. Main activities and references of the organization/ legal entity**

- main (business or other) purpose: (1 line)
  
- brief description of main activities: (3 lines)
  
- reference projects relevant to the proposal submitted (3 projects):  
(name of project, one line summary, total budget)
  
- Name of three referees (persons or organizations) Siemens may contact to inquire into the good reputation and standing of the organization (name, organization, address, e-mail, phone number)

Name of referee	Contact details
1.	
2.	
3.	



### 3. Additional questions:

<b>Is the organization applying for funding for this particular project:</b>	
<ul style="list-style-type: none"> <li>authorized to perform the planned project activities in the countries mentioned in the project proposal</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
Please explain briefly which forms of authorization are lacking, if the answer to the question above is NO:	
<ul style="list-style-type: none"> <li>part of a political party or any organization close to any specific political party?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>part of a religious community/church or any organization close to any specific religious community/church?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>part of the World Bank Group or Siemens group of companies?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>currently involved in any relevant litigation or investigation? (relevant litigation or investigation is such litigation or public investigation that by the nature of the scope, circumstances or subject matter of the case may arouse suspicion against the organization/ legal entity with respect to its integrity and adherence to those fundamental principles contained in the <a href="#">Siemens Business Conduct Guidelines</a>)</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Has the organization, or any of the legal representatives during the last 3 years:</b>	
<ul style="list-style-type: none"> <li>been the subject of an investigation/ been accused of or been convicted of corruption, bribery or fraud charges?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>received administrative or other sanctions due to corruption, bribery or fraud charges or allegations?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>been barred from participation in any tendering activities for projects for public or international institutions?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
If so, pls. provide details:	
<b>Are any of the legal representatives/ directors of the applying organization/ legal entity or any of the core project team involved related to or closely associated on a personal or business basis with:</b>	
<ul style="list-style-type: none"> <li>government officials in the country where the project will be carried out?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>Siemens?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>the World Bank?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
If so, pls. provide details:	

## Annex 2

## Expression of Interest Form

(EoI)

Term Sheet Funding  
Agreement

(Funding Round

December 9, 2009)

**4. Supporting documentation**

The following supporting documentation must be submitted together with the Expression of Interest form. The documentation must be up to date (not older than 2 months), accurate and readable; where documents are in a language other than German or English, the document PLUS an official translation must be handed in stating the institute, name and full postal address including country of the translator.

Unless otherwise stated explicitly below, a simple copy of the required documents is sufficient (pdf-format). All documents and information must be in either German or English. Documents and extracts from local public registers, licenses, permits and other official documents that cannot be obtained in either language, must be accompanied by a professional translation into either German or English stating the institute, name and address (street, city and country) of the translator.

1. If the organization is under obligation to register with any local authorities: an up-to-date extract from the relevant public register, or copy of any pending application for registration in such register.
2. Financial statements/ balance sheets/ financial plan of the organization (including, where applicable the balance sheet, profit and loss account/income statement and all notes and proofs as well as the internal cost accounting) together with the management report and audit report of the auditors for the last completed fiscal year of the organization.
3. To the extent not visible from 2, description of the essential methods for preparing the financial statements/ balance sheets/ financial plans and valuation and changes in the aforementioned fiscal year.
4. Provide any documents which describe the policy of the Organization with regard to corruption and bribery, fraud, money-laundering, and generally compliance.

**5. Confirmation**

We hereby confirm that the information contained in, and attached to the Annex 1 of this Expression of Interest form is complete, accurate and true. We understand that any material changes during the selection process must be communicated to Siemens immediately via the following e-mail address ([application.integrityinitiative@siemens.com](mailto:application.integrityinitiative@siemens.com)).

We also confirm that we are aware that Siemens may eliminate the application from the selection process for the ongoing, as well as any future funding rounds of the Siemens Integrity Initiative if any material piece of information or documentation provided in or related to this Expression of Interest (EOI) form, is found to be inaccurate or untrue, or where any material changes during the selection process are not correspondingly communicated to Siemens.

We understand that the decision to award any funds, including the decision to disregard any application fully, or award funds only partially, takes place at any stage of the selection process solely and exclusively at the discretion of Siemens. Siemens will not be obliged to provide a justification for its decisions in the selection process. Participation in the selection process and/ or selection for the Full Proposal stage of the selection process may result in, but does not entitle an applicant to be selected for the award of any funds.

**FURTHERMORE, WE CONFIRM THAT AS OF THE DAY OF SIGNING THIS DOCUMENT NO INFORMATION HAS COME TO OUR ATTENTION THAT RAISES CONCERNS REGARDING THE INTEGRITY OF OUR ORGANIZATION, OR ANY ORGANIZATION INCLUDED IN THIS APPLICATION WITH REGARD TO CORRUPTION, BRIBERY, FRAUD, MONEY LAUNDERING OR SIMILAR INFRINGEMENTS AGAINST LEGISLATION.**

Sign and print name of applicant:

\_\_\_\_\_  
Date, name, function, organization

# SIEMENS

## Siemens Integrity Initiative

Creating fair market conditions

Fighting corruption and fraud through collective action, education & training

### Funding Agreement Term Sheet – Funding round December 9, 2009

Status: December 7, 2009

The following represents a non-comprehensive summary of principles and terms and conditions that may become part of the Funding Agreement, and that any applicant will have to agree to in order to qualify for the selection process. Siemens reserves the right to amend, alter and/or add to the details of these terms as may be required at the sole discretion of Siemens, for the purposes of the selection process, the Siemens Integrity Initiative, any specific project selected for award of funds, or for reasons of locally applicable laws that cannot be contracted out of, any time in the course of the selection process and before the final signing of any funding agreement. The full text of the Funding Agreement will be sent out together with the invitation to the Full Proposal round of the selection process. Invitation to the Full Proposal round of the selection process does not grant a right to be selected for award of funds from the Siemens Integrity Initiative; the selection remains at Siemens' sole and exclusive discretion until the end of the selection process and the final award of funds to selected recipients through the individual Funding Agreements. Siemens will not pay out any funds to any organization before a detailed Funding Agreement has been signed, come into effect, and all conditions for payout under such a Funding Agreement have been met.

#### 1. Parties to the Funding Agreement

- o A Funding Agreement will be concluded between Siemens AG, Munich, Germany (in the following "Siemens") and each of those applicants that Siemens at its sole discretion selects for the award of funds (in the following: the "recipient(s)") under the Siemens Integrity Initiative agreed with the World Bank in the Settlement Agreement.
- o Where several organizations submit a joint proposal, the organization that signed and submitted the Expression of Interest form (as opposed to organizations listed as project partners and thus having submitted only the Annexes) must sign the Funding Agreement and assume the function of project leader; the remaining project partner organizations will be explicitly named in the Funding Agreement, and must hand in certain commitments in writing, which will be attached to the Funding Agreement, but which will not release the project leader organization from its overall responsibility for the successful implementation of the project, and the proper use of the funds awarded by Siemens by all participants in the project.

#### 2. Scope of the Funding Agreement

- o The Funding Agreement will specify the terms and conditions under which Siemens grants a recipient certain funds from the Siemens Integrity Initiative to be used exclusively for agreed purposes and project activities in the area of anticorruption or fraud (in the following the "project"), including amounts of such funds, conditions for release of such funds, reporting duties, monitoring and auditing rights, etc.

## Annex 3

Term Sheet Funding  
Agreement  
(Funding Round  
December 9, 2009)

**3. Work plan and project activities; milestones**

- o Siemens will only fund activities/ programs/ organizations with a detailed work plan in the field of anticorruption or fraud over a specified time period; the work plan must be set out in detail at the Full Proposal phase of the selection and review process, and will become part of the Funding Agreement. Any change of such work plan must be agreed with Siemens.
- o The work plan will detail reasonable milestones for the implementation of the project, as well as milestones for the payment of funds.

**4. Recipient's undertakings**

- o Recipients will be asked to sign specific representations and warranties, and to engage in certain undertakings in the Funding Agreement regarding for example, their organizational structure and financial status, their management and reporting systems, the integrity of their organization and of the persons employed there, and the strict use of the funds provided by Siemens in line with the Funding Agreement.
- o The scope and nature of such representations and undertakings will depend on the recipient's organization, the outcome of the due diligence on the recipient, the country concerned, including the perceived corruption risk there, and other risk indicators.
- o These representations shall include that the Recipient has adhered to specific applicable accounting standards in setting up their financial statements, and that they will continue to do so during the project implementation.

**5. Adherence to anticorruption standards**

- o Recipients must confirm their unconditional adherence to a level of compliance standards comparable to those contained in the Siemens Conduct Guidelines.
- o Recipients must comply with any applicable anti-corruption laws and regulations in their country, and the country where the project is being performed.
- o Recipients must confirm they have not breached any law or regulation that will or is likely to have a material impact on the project, or the reputation of any organization related to the project including, in particular the Siemens Integrity Initiative.
- o Recipients must ensure there is no potential conflict of interest situation with respect to Siemens, the World Bank or any other person or institution, whether involved in the project or not, during implementation of the project.
- o Recipients must disclose to Siemens any potential conflict of interest situation or compliance violation that they become aware of during the implementation of the project, immediately this is noticed.
- o Siemens may terminate the Funding Agreement, and may suspend the funding for a project at any time where there are suspicions that question the integrity of the Recipient, his board members, managing staff or key personnel in relation to the standard as set by the Siemens Business Conduct Guidelines.

**6. Funding Principles**

- o Funding will be subject to the recipient adhering to effective accounting and financial reporting standards as agreed in more detail in the Funding Agreement.
- o Funding by Siemens will be strictly tied to, and only able to be used by the approved organization/ legal entity of the recipient, and for those activities/



purposes agreed in the work plan that will be attached to the Funding Agreement.

- o Funding will be made in separate instalments to be agreed upon, and subject to meeting all agreed milestones and release conditions for each instalment/ payout.
- o Payments will only be made to a bank account held by the recipient in the country where the project is performed, or in case of joint applications, such other bank account that may be agreed to be appropriate, and held by the project leading organization.
- o Administrative/ personnel costs will not be considered for funding except as expressly acknowledged in the Funding Agreement; under no circumstances will Siemens award funds for such costs where it cannot be clearly demonstrated that they are exclusively linked to the approved project and activities, are contained in the work plan or approved financial plan for the Project, and are within a maximum range of 10 percent of the amount to be funded by Siemens.
- o In specific situations, Siemens may require some form of security with respect to the funds through, for example, a pledge on the organization's bank account to which the funds are paid or the establishment of a separate escrow bank account.
- o Siemens may impose a funding limit per organization, irrespective of the applicant's project plan submitted during the selection phase.

#### **7. Documentation, monitoring, checks and auditing**

- o Siemens will perform pre-contract due diligences on the financial management capacity and reporting systems of each applicant organization.
- o Siemens will put the necessary processes in place to perform regular reviews of the progress in each project, have effective financial reporting in place for all projects, including financial audits at least once a year for larger organizations or projects.
- o Recipients must submit detailed activity reports on a regular basis to be agreed, in a format acceptable to Siemens, as well as any other supporting documentation where defined in the Funding Agreement or reasonably requested by Siemens. Siemens will ask for, as a minimum, quarterly progress reviews and annual progress reports.
- o Any instalment/ payout will be subject to timely receipt of complete and accurate documentation from the recipient, including such activity reports acceptable to Siemens.
- o Siemens may require certain numerical scoring criteria to be specified in the Funding Agreement which permit the applicant's performance in the project to be measured.
- o Siemens will ask for a regular, at least annual, representation from the recipient that the funds have been spent properly.
- o Siemens may itself or through independent third parties monitor the project activities, and at any time Siemens may have the recipient's activities in the Project audited by an independent auditor.
- o Without prejudice to Siemens' rights, the World Bank Group will have audit rights over the use of the funds. The Funding Agreement will specify in detail the conditions under which the World Bank will be entitled to exercise its audit rights.

## Annex 3

Term Sheet Funding  
Agreement

(Funding Round

December 9, 2009)

## FAQs

Status January 26, 2010

**8. Default/ termination/ indemnities**

- o In general, Siemens will not consider terminating the Funding Agreement without cause nor allow for termination without cause of the same by the Recipient.
- o In case of termination for cause, Siemens will require full indemnification against all losses and disadvantages, by the Recipient.
- o Any funds not used upon termination of the Funding Agreement or project must be returned to Siemens, without delay by the Recipient.

**9. Confidentiality, Siemens' name and brand, PR activities**

- o Applicants may not use Siemens brand or name, and may not publish the fact they are participating in the Siemens Integrity Initiative for advertising or promotional purposes unless it has been thus agreed with Siemens in writing. Siemens will permit and require recipients to use its name and brand when making reference to the fact that they receive funds from the Siemens Integrity Initiative for advertising or other public communication purposes, this, however, will be strictly limited to the project and as further agreed by Siemens in the Funding Agreement.
- o Siemens reserves the right to refer to the activities of the applicant for the purposes of press releases or other public statements, for example on websites, in World Bank reporting and reporting in general about Siemens' compliance activities throughout the world.

**10. Role of the World Bank**

- o Siemens will be entitled under the Funding Agreement to share openly any and all information regarding the recipient and the recipient's project with the World Bank, this, however, will be solely for the purpose of the selection process, the awarding of funds, and the implementation as well as auditing of the projects.

**11. Relationship Siemens – recipient**

- o Siemens and the recipient will remain fully independent organizations; Siemens will neither acquire a share in the recipient's organization nor otherwise acquire any interest in nor establish any kind of partnership with the recipient's organization.

**12. Miscellaneous**

- o The Funding Agreement language will be English or, at the choice of the recipient, German.
- o The applicable law of the Funding Agreement will be German law.
- o Siemens will require an alternative dispute resolution clause in the Funding Agreement; such dispute resolution must be final and binding on the parties, and the language of the proceedings must be either English or German. The place of the proceedings is either Munich, Germany, or if another place is agreed on with Siemens, such place as is stipulated in the Funding Agreement. In general, Siemens is willing to submit disputes to final and binding arbitration but only under either the rules of the International Chamber of Commerce (ICC), Paris or the Deutsche Institution für Schiedsgerichtsbarkeit (DIS), Bonn.

## SIEMENS

### Siemens Integrity Initiative

Creating fair market conditions

Fighting corruption and fraud through collective action, education & training

#### Frequently Asked Questions (FAQs) – Funding round December 9, 2009

Status: January 26, 2010

#### NEW Questions and Answers:

**Q: How strictly do we have to adhere to the limit of characters/letters that are stated in the Expression of Interest template?**

A: We encourage applicants to be brief and precise with the information provided in the EOI template. If the limits stated in the template are slightly exceeded, we will not exclude the EOI from further review.

**Q: I encountered difficulties in filling out the EOI template, for example, I cannot click on the yes/no buttons?**

A: The word-document uses macros for ticking of the boxes. When you open the document you should receive a security warning and a question whether you want to activate macros or not; you need to activate the macros otherwise some parts of the documents cannot be filled in.

**Q: In Annex 1, section 3: some of the buttons cannot be clicked without cancelling out other answers. What shall I do?**

A: Some EOI templates encountered technical difficulties. We have uploaded a new EOI template. You could either use this new template, or provide answers manually and hand in a scanned version of Annex 1. We apologize for the inconvenience.

**Q: My project includes collective action as well as education & training aspects however the template does not allow to choose both categories?**

A: If education & training is part of a collective action effort, please choose collective action to reflect this. If you are submitting two distinct projects, you might want to fill out two EOI templates.

#### OLD Questions and Answers:

**Q: Who is eligible to apply for funding under the Siemens Integrity Initiative?**

A: The Siemens Integrity Initiative is open to applications from all non-profit organizations, such as the following: non-governmental organizations (NGOs), international, in particular inter-governmental organizations, business associations, and academic institutions.

**Q: Can a government apply for funding?**

A: Governments are not eligible to apply for funding from the Siemens Integrity Initiative.

**Q: My initiative is not registered as a legal entity, can I apply for funding?**

A: No. All applications must be in the name of a legal entity, private or public, that is able and willing to sign the Funding Agreement upon award of funds.

**Q: I have never worked in the area of anti-corruption before, can I apply for funding?**

A: No. Applicants will be asked to demonstrate experience in the field of anti-corruption and fraud and to confirm their capacity to implement projects of similar size; start-up organizations are eligible for funding if the individuals acting on behalf of such organizations can demonstrate that they have the relevant experience.

## Annex 4

## FAQs

Status January 26, 2010

**Q: Can several organizations submit a joint proposal?**

A: Applicants may hand in joint applications with other organizations, provided one organization assumes a leading position, signs the overall funding agreement and in case of an award responsibly administers the distribution of funds between those participating in this joint application/project.

**Q: Which type of projects will be funded?**

A: The Siemens Integrity Initiative will fund projects that fight corruption and fraud through collective action, education and training. For further details, please visit the web page 'Eligibility and Selection Criteria'.

**Q: Can an organization that was awarded funding distribute such funding to other organizations?**

A: The Siemens Integrity Initiative does not support indirect funding. Organizations that are interested in applying for funding must apply directly or can hand in a joint proposal with another organization. All sub-contractors must be named in the full proposal.

**Q: What is the maximum amount of funding per project or organization?**

A: The maximum funding per project proposal will be USD 5 million. Applications from projects for amounts below this maximum are welcome where funding is above a minimum of USD 50,000. Applicants may submit several projects; Siemens may however introduce a funding limit per organization in the course of the selection process.

**Q: Will Siemens accept proposals where it is asked to fund only part of the project budget?**

A: Siemens welcomes joint or multi-lateral proposals i.e. where two or more funders or organizations contribute to the success of the project in question. The project proposal must clearly outline the proposed project structure and state the percentages of funding per organization.

**Q: How do I submit my application?**

A: All applications must be submitted via e-mail to the following e-mail address: [application.integrityinitiative@siemens.com](mailto:application.integrityinitiative@siemens.com) at the latest by January 31, 2010. Applications must include a filled out and signed Expression of Interest (EOI) template and must be accompanied by the supporting documents as outlined in Annex 1 of the template.

**Q: Do I have to fill out Annex 1 of the Expression of Interest template for all organizations that participate in the project?**

A: Annex 1 must be filled out and signed for each organization participating in the application.

**Q: Do I have to provide the supporting documentation that is listed in Annex 1 of the Expression of Interest template for all organizations participating in the project?**

A: The documents listed in Annex 1 must be provided for each organization participating in the application.

**Q: If I don't receive any response, does this mean that I have not passed the review and due diligence?**

A: Siemens will confirm receipt of the Expression of Interest form by e-mail once complete and applicants will be informed in due course by Siemens and by e-mail on the outcome of the Initial Review, and whether they will be invited to the Full Proposal stage of the selection process. If you have not heard anything, your application might not have been received or, if it has been received, the selection process might not have finished.

**Q: When does the World Bank exercise its veto right?**

A: The World Bank retains a discretionary right to veto Siemens' approval of any of the organizations that apply for the funding under the terms of the Settlement Agreement. This discretionary veto right is not subject to appeal from either Siemens or the relevant organization. Siemens will inform the organization if the Bank exercises its veto right.



**Q: Which documents do I have to submit for the Full Proposal?**

A: All organizations invited for the Full Proposal stage will receive a template for the submission of the Full Proposal which will provide further information on documents that have to be submitted jointly with the Full Proposal. The Full Proposal should include, among other information, further details on the output of the project, and should specify concrete milestones and detailed annual budgets, which will form part of the Funding Agreement if funds are awarded.

**Q: Will the results of this funding round be publicized?**

A: Once organizations that have been selected for funding have accepted and signed the Funding Agreement, a list of projects and organizations that have been awarded funds from the Siemens Integrity Initiative will be publicized on the website:  
[www.siemens.com/integrity-initiative](http://www.siemens.com/integrity-initiative)

**Q: When will the next funding round take place?**

A: Additional funding rounds will be announced separately. The Siemens Integrity Initiative will release its funds over 15 years.

**Q: Can an organization that has not been successful in the first funding round apply for funding in the next funding rounds?**

A: Unless the World Bank has exercised its veto right or the due diligence check on the organization has resulted in findings that are incompatible with the Siemens Business Conduct Guidelines, organizations are eligible to apply in following funding rounds.

**Q: Can an organization that has been awarded funding apply again for funding in the next funding rounds?**

A: Successful participation in any funding round and the award of funds to any applicant does not entitle or qualify such applicant to be automatically awarded further funds in any subsequent funding round. Organizations have to apply for each funding round separately.

**Q: Can organizations apply for additional funding from other donor organizations after they have been awarded funding from Siemens?**

A: In general, Siemens welcomes funding from additional donors as long as this is clearly communicated and agreed upon before such funding is accepted.

Contact for questions:  
[office.integrityinitiative@siemens.com](mailto:office.integrityinitiative@siemens.com)

## Annex 5

Siemens and World Bank  
Group Press Release  
dated December 9, 2009  
on the launch  
of the Siemens  
Integrity Initiative



**SIEMENS**



**THE WORLD BANK**  
Working for a World  
Free of Poverty

Munich, December 9, 2009

Joint press release by Siemens AG and the World Bank

**Siemens launches US\$100-million initiative for anti-corruption**  
Non-profit organizations can immediately apply to Siemens for funding

**Siemens AG will distribute funds totaling US\$100 million, over 15 years, to nonprofit organizations worldwide that promote business integrity and fight corruption. Applications for support from the Siemens Integrity Initiative can be submitted as of today. "Siemens stands for clean and sustainable business," said Peter Y. Solmsen, Member of the Managing Board and General Counsel of Siemens AG. "This initiative will boost our efforts for more business integrity and fair market conditions globally. We are looking forward to making this a joint success with the World Bank and other partners."**

The Siemens initiative is part of the World Bank-Siemens AG comprehensive settlement that was agreed on July 2, 2009. "We welcome the company's initiative in support of fair and equal conditions in a highly competitive global market," commented Leonard McCarthy, World Bank Integrity Vice President. "This initiative can help spread the word and change expectations of the business environment particularly in parts of the world where governance and integrity remain a challenge to development effectiveness."

The Siemens Integrity Initiative supports projects that prevent and fight fraud and corruption. These include training and education projects as well as collective action, in which companies and institutions build alliances to achieve clean markets and fair competition. The selection process will favor projects having a direct impact on the private sector and that aim, among others, to strengthen compliance standards and legal systems.

Those eligible for funds include non-government organizations (NGOs), international organizations, associations and universities. Applications for funding must be submitted to Siemens at latest by January 31, 2010. The World Bank Group will have audit rights over the use of these funds and

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veto rights over the selection by Siemens of anti-corruption groups or programs receiving funds.  
Additional information on financing eligibility is available at: [www.siemens.com/integrity-initiative](http://www.siemens.com/integrity-initiative)

#### **Background:**

The comprehensive settlement with Siemens arose out of a World Bank investigation and the company's acknowledgment of past misconduct in its global business. As part of the settlement, Limited Liability Company Siemens (ООО Siemens), a Russian subsidiary of Siemens AG, has been debarred for four years in connection with violations committed prior to 2007. The findings resulted from an investigation by the World Bank's Integrity Vice Presidency into fraudulent and corrupt practices under the Bank-financed "Moscow Urban Transport Project".

**Siemens AG** (Berlin and Munich) is a global powerhouse in electronics and electrical engineering, operating in the industry, energy and healthcare sectors. For over 160 years, Siemens has stood for technological excellence, innovation, quality, reliability and internationality. The company is the world's largest provider of environmental technologies, generating €23 billion – nearly one-third of its total revenue – from green products and solutions. In fiscal 2009, which ended on September 30, 2009, revenue totaled €76.7 billion and net income €2.5 billion. At the end of September 2009, Siemens had around 405,000 employees worldwide. Further information is available on the Internet at: [www.siemens.com](http://www.siemens.com).

The **World Bank Group** is one of the world's largest sources of funding and knowledge for developing countries. It comprises five closely associated institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), which together form the World Bank; the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). Each institution plays a distinct role in the mission to fight poverty and improve living standards for people in the developing world.

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## Annex 6

Siemens and World Bank  
Group Press Release  
dated December 9, 2010  
on the launch  
of selected projects

**SIEMENS****THE WORLD BANK**Working for a World  
Free of Poverty

Munich, Germany, December 9, 2010

**Siemens selects initial projects for US\$100 million integrity initiative**

Siemens AG today announced the first anti-corruption projects that will receive financing from the US\$100 million integrity initiative to promote clean markets. This initiative is part of the World Bank-Siemens AG comprehensive settlement that was agreed on July 2, 2009. An initial tranche of US\$40 million will now be distributed to more than 30 initiatives from over 20 countries that have been selected. Around 300 nonprofit organizations from 66 countries had applied for funding during the first round.

"Siemens stands for top performance with the highest ethical standards," said Peter Y. Solmsen, Member of the Managing Board and General Counsel of Siemens AG. "Together with the World Bank Group, we want to promote integrity and fair competition worldwide. With the selection of the projects for the Siemens Integrity Initiative, we have taken the first important step in this direction."

"We welcome the company's initiative and clear commitment to the principle that only clean business is good, sustainable business", said Leonard McCarthy, Integrity Vice President of the World Bank Group. "Corruption steals from the poor, and it can only be tackled on a joint basis. The projects of the Siemens Integrity Initiative will help strengthen the will to combat corruption worldwide and improve conditions for everyone."

Projects that will be supported by this initial tranche include assisting the Brazilian organization Instituto Ethos in ensuring the transparent award of the infrastructure contracts for the Football World Cup 2014 and the Olympic Games 2016 in Brazil. In Europe, the newly founded International Anti-Corruption Academy is receiving funding for research and teaching. This Vienna-based international organization was set up to train anti-corruption experts from all over the world.

Other initiatives will be supported in the following countries: Angola, Brazil, China, Egypt, Hungary, India, Indonesia, Italy, Mexico, Nigeria, the Philippines, Russia, the Slovak Republic, South Africa, the Czech Republic, the U.S. and Vietnam and various Middle Eastern states.

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As part of the World Bank-Siemens AG settlement agreement, the World Bank has audit rights over the use of the funds and veto rights over the selection by Siemens of anti-corruption groups or programs receiving funds. The selection was made with a view to achieving a balance with respect to the topics and the regional distribution of the funds.

In December 2009, Siemens announced that funds totaling US\$100 million would be distributed over the next 15 years to nonprofit organizations worldwide that promote business integrity and fight corruption. This initiative is part of the agreement concluded between Siemens and the World Bank following an investigation by the World Bank's Integrity Vice Presidency and Siemens' acknowledgement of past misconduct in its global business.

"Siemens is now setting a global example," said Theo Waigel, the company's independent Compliance monitor. "Here a compliance organization with over 600 employees has been established. The new management operates according to the basic principle that only clean business is Siemens business."

Further funding agreements as part of the World Bank-Siemens Initiative will be announced in 2011.

**An image of World Bank President Robert Zoellick and Siemens CEO Peter Löscher launching the Siemens Integrity Initiative is available at: [www.siemens.com/presspictures](http://www.siemens.com/presspictures)**

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**Detailed information about the criteria for the selection and profiles of the projects to be funded can be found at: [www.siemens.com/integrity-initiative](http://www.siemens.com/integrity-initiative).**

#### Background:

The comprehensive settlement with Siemens arose out of a World Bank investigation and the company's acknowledgment of past misconduct in its global business. As part of the settlement, Limited Liability Company Siemens (DOO Siemens), a Russian subsidiary of Siemens AG, has been debarred for four years in connection with violations committed prior to 2007. The findings resulted from an investigation by the World Bank's Integrity Vice Presidency into fraudulent and corrupt practices under the Bank-financed "Moscow Urban Transport Project".

**Siemens AG** (Berlin and Munich) is a global powerhouse in electronics and electrical engineering, operating in the industry, energy and healthcare sectors. For over 160 years, Siemens has stood for technological

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## Annex 6

Siemens and World Bank  
Group Press Release  
dated December 9, 2010  
on the launch  
of selected projects

excellence, innovation, quality, reliability and internationality. The company is the world's largest provider of environmental technologies, generating some €28 billion – more than one-third of its total revenue – from green products and solutions. In fiscal 2010, which ended on September 30, 2010, revenue totaled €76 billion and net income €4.1 billion. At the end of September 2010, Siemens had around 405,000 employees worldwide. Further information is available on the Internet at: [www.siemens.com](http://www.siemens.com).

The **World Bank Group** is one of the world's largest sources of funding and knowledge for developing countries. It comprises five closely associated institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), which together form the World Bank; the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). Each institution plays a distinct role in the mission to fight poverty and improve living standards for people in the developing world.

This document contains forward-looking statements and information – that is, statements related to future, not past, events. These statements may be identified by words such as "expects," "looks forward to," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "will," "project" or words of similar meaning. Such statements are based on the current expectations and certain assumptions of Siemens' management, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens' control, affect Siemens' operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. In particular, Siemens is strongly affected by changes in general economic and business conditions as these directly impact its processes, customers and suppliers. This may negatively impact our revenue development and the realization of greater capacity utilization as a result of growth. Yet due to their diversity, not all of Siemens' businesses are equally affected by changes in economic conditions; considerable differences exist in the timing and magnitude of the effects of such changes. This effect is amplified by the fact that, as a global company, Siemens is active in countries with economies that vary widely in terms of growth rate. Uncertainties arise from, among other things, the risk of customers delaying the conversion of recognized orders into revenue or cancellations of recognized orders, of prices declining as a result of continued adverse market conditions by more than is currently anticipated by Siemens' management or of functional costs increasing in anticipation of growth that is not realized as expected. Other factors that may cause Siemens' results to deviate from expectations include developments in the financial markets, including fluctuations in interest and exchange rates (in particular in relation to the U.S. dollar), in commodity and equity prices, in debt prices (credit spreads) and in the value of financial assets generally. Any changes in interest rates or other assumptions used in calculating pension obligations may impact Siemens' defined benefit obligations and the anticipated performance of pension plan assets resulting in unexpected changes in the funded status of Siemens' pension and post-employment benefit plans. Any increase in market volatility, further deterioration in the capital markets, decline in the conditions for the credit business, continued uncertainty related to the subprime, financial market and liquidity crises, or fluctuations in the future financial performance of the major industries served by Siemens may have unexpected effects on Siemens' results. Furthermore, Siemens faces risks and uncertainties in connection with certain strategic reorientation measures; the performance of its equity interests and strategic alliances; the challenge of integrating major acquisitions and implementing joint ventures and other significant portfolio measures; the introduction of competing products or technologies by other companies or market entries by new competitors; changing competitive dynamics (particularly in developing markets); the risk that new products or services will not be accepted by customers targeted by Siemens; changes in business strategy; the outcome of pending investigations, legal proceedings

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and actions resulting from the findings of, or related to the subject matter of, such investigations, the potential impact of such investigations and proceedings on Siemens' business, including its relationships with governments and other customers, the potential impact of such matters on Siemens' financial statements, and various other factors. More detailed information about certain of the risk factors affecting Siemens is contained throughout this report and in Siemens' other filings with the SEC, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and on the SEC's website, [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends to, nor assumes any obligation to, update or revise these forward-looking statements in light of developments which differ from those anticipated.

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More information on Collective Action is available on  
**[www.siemens.com/collective-action](http://www.siemens.com/collective-action)**

In addition to this report, Siemens published information on its activities in this field in its comprehensive Annual Report ([www.siemens.com/financialreports](http://www.siemens.com/financialreports)) at the end of the fiscal year as well as in its Sustainability Report ([www.siemens.com/sustainability-report](http://www.siemens.com/sustainability-report)).

This report has been compiled to the best of our knowledge and includes information which has been submitted to the Siemens Integrity Initiative Project Office till March 6, 2012.

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