

The oil and gas industry often operates in countries where the social and political environment is challenging and governments may lack the capacity, infrastructure and will to enforce legislation and regulatory frameworks.



## PREVENTING CORRUPTION: PROMOTING TRANSPARENT BUSINESS PRACTICES

The oil and gas industry is committed to opposing corruption and improving transparency. At a minimum this means obeying local and applicable anti-corruption and bribery laws and making it clear to employees that it is unacceptable to give or receive bribes. Although bribery and corruption can exist in states at all levels of prosperity, countries rich in natural resources are at particular risk, given the potential sums of money available.

Corruption can hinder efforts to broaden economic and social benefits from development.

The obstruction of democratic processes and misuse of public funds can discourage much-needed investment. They can deter international corporations from financing new projects, and can threaten existing operations.

### WHAT CAN THE OIL AND GAS INDUSTRY DO?

Revenue transparency is a mechanism for disclosing information about revenue flows and payment information from oil and gas activities in resource-rich countries. Oil and gas

companies contribute large sums of money to the fiscal revenue streams of host governments. Companies can help strengthen measures to combat corruption by providing greater transparency about these payments and where they go.

In particular, it is standard practice at many oil and gas companies to:

- make contractor selection impartial, transparent and based on merit;
- monitor gifts and entertainment to or from government officials, potential or current suppliers, customers and politicians;
- prevent money-laundering;
- ban anti-competitive activities such as collusion with competitors on pricing or allocation of customers;
- monitor conflicts of interest – e.g. employees with links to a company submitting a bid cannot then assess the proposal;
- maintain accurate records and internal controls, so that company payments are honestly described and corporate funds are used lawfully;
- co-operate with the collection of information by authorized government or regulatory

## For further information

Business Principles for Countering Bribery – [goo.gl/zsy8S](http://goo.gl/zsy8S)

Extractive Industries Transparency Initiative – [www.eiti.org](http://www.eiti.org)

OECD Guidelines for Multinational Enterprises – [www.oecd.org](http://www.oecd.org)

UN Global Compact's Principle 10 – [goo.gl/RThS](http://goo.gl/RThS)

World Economic Forum's Partnering Against Corruption Initiative – [goo.gl/SvWd3](http://goo.gl/SvWd3)

## Industry initiatives

Many oil and gas companies are involved in and committed to international, global initiatives that are working to eliminate bribery and corruption and promote fair, transparent business processes.

- The **Extractive Industries Transparency Initiative**, created in collaboration between the oil and gas industry, the mining industry, governments and NGOs, encourages regular publication of payments by companies to governments and revenues received by governments from companies.
- The **UN Global Compact's Principle 10** provides a practical tool that enables companies, as signatories of the Global Compact, to report progress on the principle of anti-corruption.

- The **World Economic Forum's Partnering Against Corruption Initiative** helps companies address corruption and take collective actions with other companies, governments and civil society.
- The **OECD Guidelines for Multinational Enterprises** makes recommendations on disclosure, fair competition and combating bribery and corruption.
- **Business Principles for Countering Bribery**, an international multi-stakeholder initiative led by Transparency International and Social Accountability International, assists companies in the design and implementation of effective anti-bribery policies.

officials – e.g. on safety performance, emissions or for tax assessment;

- not conceal, alter or destroy data subject to litigation or official investigation;
- implement community investment programmes transparently and ethically;
- comply with relevant trade restrictions and export controls, and
- document financial, health, safety, environmental and social achievements and challenges.

The oil and gas industry can also contribute through open participation and debates on public policy and legislative developments.

*"Corruption increases the cost of doing business globally by up to 10% on average ... Doing business with integrity attracts and retains principled, motivated employees and ethically-oriented investors."*

Partnering Against Corruption Initiative

Business and citizens alike thrive best when regulations are clear, competition is fair and public funding is transparent.

Transparency about political engagement and financial contributions is an important way of maintaining the trust of oil and gas industry stakeholders.

## WHAT NEXT?

The oil and gas industry is committed to providing energy that contributes to global economic and social development, while opposing corruption and improving transparency. The industry will continue to work with key stakeholders, and through new and existing initiatives to eliminate bribery and corruption, and promote fair and transparent business processes. ■

## WHAT ARE THE BENEFITS OF TRANSPARENCY?

**IPIECA** is the global oil and gas industry association for environmental and social issues. It develops, shares and promotes good practices and knowledge to help the industry improve its environmental and social performance; and is the industry's principal channel of communication with the United Nations.

**OGP** works on behalf of the world's oil and gas exploration and production companies to promote safe, responsible and sustainable operations. It represents the industry before international organizations and regionally at the European Commission.

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