A REPORT ON ANTI-CORRUPTION AND GOOD GOVERNANCE EFFORTS IN NIGERIA

A PUBLICATION OF THE NIGERIAN LOCAL NETWORK OF THE UNITED NATIONS GLOBAL COMPACT

Supported by
NIGERIAN ECONOMIC SUMMIT GROUP
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Information provided in this report may be quoted and used as long as there is proper acknowledgement of source.

FOREWORD

WHY CORRUPTION IS BAD FOR BUSINESS

Olajobi Makinwa
Head Transparency and Anti-Corruption Initiatives
United Nations Global Compact

The attainment of the Millennium Development Goals (MDGs) by 2015 has been the focus of the international community as it strives for world economic and social progress in the years beyond. Post-2015 development efforts are already underway. Drawing from the success of the Rio+20 Corporate Sustainability Forum in June 2012, the UN Secretary-General has assigned the UN Global Compact a position on a par with his High-Level Panel on the Post-2015 Development Agenda. It is essential therefore that we ensure future development efforts are not marred by corruption.

Corruption remains the biggest obstacle to development efforts around the world. Time and time again, world leaders, governments and industry leaders have held seminars, trainings and come up with action plans to strategize on the best means to rid our society of corruption. Getting rid of corruption requires a collective effort of all stakeholders. This is why the United Nations Global Compact has prioritized anti-corruption initiatives and has enshrined as its 10th principle that “Businesses should work to eliminate corruption in all forms” UNGC Principle 10.

What is the cost of corruption and how can it be measured? The cost of corruption lies not only in the billions of dollars lost through corrupt practices, but in the adverse impacts it has on sustainable development, with a disproportional impact on poor communities. Corruption has an extensive and costly impact on the private sector as it raises transaction costs, undermines fair competition, distorts development priorities, and impedes long-term foreign and domestic investment. To prevent future development efforts from being undermined by corruption, it is critical to integrate good governance and anti-corruption into the post-2015 development agenda.

In December 2010, the Global Compact launched Global Compact Anti-Corruption Project in Five Countries including Nigeria Through our local network partner in Nigeria, the Nigerian Economic Summit Group (NESG), we have been able to map out high-impact collective-action platforms on anti-corruption. The Corporate Integrity Initiatives Report, a premier publication of the NESG on Anti Corruption initiatives is very timely.

This report will offer an opportunity for a wide range of stakeholders to explore how
Collective action can create incentives for ethical business performance and to discuss areas for further improvement. The case studies of companies featured in this report highlights three main areas in the fight against corruption.

They include:
- Supply Chains,
- Anti-Corruption Initiatives and
- Showcasing ethical conduct as a case for business profitability.

It is important that companies have a detailed, competitive and transparent process for procurement and verification of supply chain processes. The Global Compact encourages signatories to engage with their suppliers around the Ten Principles, and thereby to develop more sustainable supply chain practices. Flowing from this, the UNGC supports corporate efforts to disclose anti-corruption implementation, enhance corporate governance, and innovative collective action and public-private partnership initiatives.

The fight against corruption requires collective efforts and I cannot reiterate this enough. The attainment of a sustainable future where corruption is exposed and rejected, where integrity prevails, and where the hopes and dreams of millions are realized is a cause we must uphold. It is therefore our duties as stakeholders to ensure that we work together to embrace a culture of transparency, integrity and responsible business behaviour.

This publication, which was developed by the Nigerian Economic Summit Group, the Nigerian local network partner of the UNGC in partnership with a member organisation, CSR-in-Action illustrates case studies and examples drawn from local and multinational businesses operating in Nigeria. The companies were drawn from the financial services, FMCG, Legal, Health and Engineering sectors to get a holistic view of anti-corruption policies across sectors. It showcases efforts made by these companies in implementing the 10th principle and of course, the challenges encountered in pursuance of this aim.

**INTRODUCTION**

Corruption is a malady that has eaten deep into the fabric of the Nigerian society. The business climate is not left out as organisations in the public and private sector battle issues of corruption and noncompliance with regulations. At its nucleus, corruption is an institutional problem and the key to battling corruption lies in the transformation of the institutional frameworks that breed it. In recent times, companies around the world have been called to entrance responsible and ethical business practice in their organisations. Transforming the business climate in Nigeria requires an in-depth understanding of the factors that allow corruption to thrive.

The cost of corruption is high as it affects all spheres of the society. Corruption has a damaging impact on the private sector as it increases the cost of transactions, promotes unfair competition, obstructs development priorities, and inhibits long-term foreign and domestic investment. Reform efforts have been geared towards public sector regulatory efforts without much focus on involving the private sector.

This is why the United Nations established the United Nations Global Compact (UNGC), an initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UNGC has adopted a principles-based approach, which promotes responsible business practice across a broad spectrum of areas including human rights, environment, labour and corruption.

The UNGC 10th principle calls companies to action against corrupt practices. Companies are expected to integrate this principle into their daily business activities, and to participate in collective action and multi-stakeholder initiatives. The ultimate reduction and elimination of corruption in the business environment will require collective action on the part of business. Collective action remains key to embarking on the journey to a corruption-free business climate.

![Fig 1: A diagrammatic representation of how companies can commit to fighting corruption](image-url)
The Report presents 11 case studies from national and multinational enterprises in Nigeria. Each case study aims to understand company’s policies across three broad areas: supply chain procedure, anti-corruption initiatives and showcasing ethical behaviour as a case for business profitability. The selected companies are members of the Nigerian Economic Summit group.

- **Case study 1** is DNTyre and Rubber Plc. (formerly Dunlop Nigeria), a tyre importation and distribution company. The company’s commitment to ethical standards for both its supply chain and employees is examined.
- **Case study 2** moves to the FMCG sector wherein Nestle Nigeria Plc. is featured. Under the auspices of its “Creating Shared Value” initiative, Nestle has different policies in place in its bid to be a socially responsible corporation. Its robust code of business conduct lays out the group’s anti-corruption and zero tolerance policies.
- **Case study 3** is on Shell Petroleum Development Company of Nigeria, which has extensive anti-corruption policies across its value chain.
- **Case study 4** presents an organisation in the financial services sector, namely Stanbic IBTC bank that has developed a robust code of ethics and clear reporting mechanisms.
- **Case study 5** presents Siemens, the Nigerian arm of the multinational Siemens AG who is practicing collective action approach to fighting corruption. The Siemens integrity fund has helped fund anti-corruption initiatives in Nigeria.
- **Case study 6** focuses on St. Nicholas Hospital, one of the oldest private hospitals in Lagos, Nigeria and examines its transparent supply policies which translate to a reputation for integrity and continued provision of quality health services.
- **Case study 7** is Olaniwun Ajayi LP, a law firm committed to maintaining high standards and client respect by entrenching a culture of ethical behaviour in its employees and ensuring that its clients adhere to anti-corruption legislation.
- **Case study 8** showcases MTN Nigeria, which has a robust compliance framework and
- **Case study 9** showcases Cotecna Destination Inspection Limited, the Nigerian arm of the Swiss based Cotecna Group. Cotecna Inc. The company’s robust compliance policies ensure that its suppliers and employees commit to ethical standards. It also gives ample examples of its zero tolerance for corruption and how being ethical has not only earned them a reputation but also increased profitability.
- **Case study 10** features Accenture Nigeria
- **Case study 11** is on Kakawa Discount House, which showcases its clear supply chain procedure as well as its strict adherence to anti-corruption legislation.

The editors hope that this report will encourage other Nigerian organisations to share and contribute their various initiatives aimed at reducing corrupt practices and ensuring adherence to ethical and responsible business practices.
DN Tyre & Rubber Plc was incorporated in 1961 as Dunlop Nigeria Industries Ltd, a subsidiary of Dunlop UK and manufacturer/marketer of automotive tyres and was immediately listed on the Stock Exchange. It commenced business by trading in tyres imported by the Group and later expanded into the manufacturing of automotive tyres. Over the years, the company grew to become a leader in the world of manufacturing, producing the first tubeless car tyres in Nigeria and amassing quality awards for its products from both Nigeria and the European Economic Community.

DNTR however became a victim of the decaying infrastructure in Nigeria and in the last seven years has been struggling to remain viable. In 2002, in a bid to sustain its profitability and growth and to sustain its position as a leading tyre manufacturer, management took the decision to expand into production of the All Steel Radial Truck tyres. The factory was built for N8billion using funds from banks and from some other investment of the Company, which it called in for this purpose. To meet production costs, the prices of Dunlop tyres remained higher than that of imported tyres and as a result in 2008 the factory was closed down and the staff downsized accordingly.

DNTR had held the exclusive franchise to the Dunlop product brand in Nigeria. This was conditional upon it maintaining a Technical Know-How arrangement with Dunlop South Africa (now Apollo Tyres, South Africa "Apollo"). With the cessation of manufacturing, there was no further need for a technical know-how arrangement with the Apollo. Apollo terminated its franchise agreement with Dunlop Nigeria. This led to the change of name of Dunlop Nigeria to its current name of "DN Tyre & Rubber Plc.”

DN Tyre and Rubber Plc has a subsidiary company known as Pamol (Nigeria) Limited. On 1st March 1997, DN Tyre & Rubber Plc then Dunlop Nigeria Plc acquired the shares of Unilever Plc and now holds 60% equity interest in the company. Pamol is a private limited liability Company with its Headquarters situated at Calabar. The company has Rubber Plantations in Cross River, Delta and Edo states.

CORPORATE GOVERNANCE
DN Tyre & Rubber Plc is run by a board of six directors. Two of those directors have executive functions while others including the chairman are non-executive. Three of them are independent. The non-executive directors are accomplished individuals with a track record of personal devotion to standards of excellence and ethical conduct. None of them has personal business dealings or other relationship with the company, which could impair the exercise of independent judgment.

SUPPLY CHAIN POLICIES
DN Tyre & Rubber Plc suppliers differ from department to department. For the corporate department, suppliers include suppliers of branded materials, lawyers offering professional services, external contractors, cleaners, and security companies. The marketing department’s suppliers include transporters, providers of merchandise. Whenever supplies are needed, internal notices are placed on the company’s notice boards. Newspaper adverts are usually not used. The company has a list of registered suppliers whose integrity and reputation has been proven over the years. 3 or 4 of these suppliers are usually chosen through a transparent process and the company takes the most competitive price and quality.

In drafting the company’s procurement procedures, the company adheres to ISO standards. DNTR possesses SON’s ISO 9002. Though it has suspended its manufacturing activities, the Company is determined to retain the reputation for excellence, which it had achieved as a manufacturer of automotive tyres. This reputation for excellence attracted the award of several quality laurels. These laurels include the globally recognized NIS Certification Mark of Quality.
The Challenge of Transformation and Upholding Ethical Standards

awarded by the Standards Organization of Nigeria (SON) (for 15 consecutive years), SON’s ISO 9002 and the E11 Mark, which is the European Community’s symbol of tyre excellence.

In order to prevent, detect and respond to internal fraud, the company puts in place checks and balances. Usually, in a supply process about three to four departments are involved and this makes it difficult for fraud in supplies to occur. Goods being supplied on the premises for example, have to go through security checks. The money for these goods would have passed from the accounts department. The storekeepers also take records to avoid discrepancies in quantity of goods supplied. The company ensures that there is proper documentation in place to show purchasing processes and transactions. Local Purchase Orders (LPOs) are usually raised by the finance department. For small-scale supplies, where purchasing orders are raised, the cash office raises a docket and pays artisans in cash.

ANTI-CORRUPTION POLICIES

DN Tyre & Rubber Plc. has zero tolerance for corruption and this is enshrined in their policies. The employee code of conduct explicitly states that fraudulent conduct is not condoned. There are methods in place to keep staff informed about the importance of ethical conduct in general. These include departmental meetings, team building, etc.

In reporting cases of corruption, there is a chain of command, which involves the Human Capital department and Legal departments. Where fraud is suspected in the finance department and external auditors may also be involved.

Once a member of staff is suspected of fraud, there is an investigation process that takes place. This involves a query being issued, submission of response to query (sometimes this may take place alongside a suspension) and dismissal.

There is no written policy against receipt of gifts. However, senior staff are obligated to refuse any gifts that may influence them in discharge of duties. Annual distributor meetings are usually held and distributors who have outperformed and surpassed sales targets are rewarded by the company with corporate branded gifts. In a country like Nigeria, the issue of facilitation payments is something every company battles with. There is always the challenge of balancing commercial costs and ethical decisions. In such situations, managers will have to act conscientiously and take a decision that is in line with company principles.

The company recently formalized its whistle-blowing policy in 2012. There is now a dedicated online forum where employees can report complaints. There is also a reporting chain. The new policy gives staff access to email addresses of top management. Staff can directly lay a complaint to the Group Managing Director (GMD).

ZERO TOLERANCE FOR CORRUPTION

There have been instances when the company has been forced to dismiss staff for unethical conduct. A case in point was the collusion of storekeepers. An internal audit revealed that there was shortage in the supply of rubber from Pamol (subsidiary company) located in Calabar to the stores in Lagos. On further investigation, it was revealed that on receipt of the rubber, the storekeepers would record less than the amount supplied and the rest would surreptitiously be taken out. Upon transfer to the factory, these storekeepers would then manipulate the figures to reflect as correct. This was discovered during a random spot-check by the audit department. As the issue had to deal with fraudulent behaviour, the police was called in after conducting investigations and the perpetrators were prosecuted.

ETHICS AND COMPLIANCE

The company is committed to corporate ethical conduct and observance of due process. It maintains relevant financial and legal structures provided by law. A shareholding policy applicable to directors and senior managers and their dependants prohibits dealing in shares of the company, except within a window of six weeks after the publication of the company’s annual or quarterly results and then, only prior full disclosure.

In the past, DNTR had embarked on annual campaigns with Federal Road Safety Corps on tyre safety. The campaign sought to enlighten the public about the
dangers of defective tyres and how to avoid them.

As a result of ethical behaviour, DNTR has achieved success in the following ways:

1. Employees are aware that the company does not condone unethical behaviour and are encouraged to report it.
2. The company’s suppliers know that DNTR operates a transparent selection policy and abide by it.
3. The reputation for excellence and ethical conduct means that the company’s customers feel very comfortable dealing with them.

The Challenge Of Transformation And Upholding Ethical Standards

The Nestlé “Corporate Business Principles” are at the basis of the company’s culture, which has developed over the span of 140 years and describe the organization’s core commitment to its stakeholders. The “Management and Leadership Principles” form the basis of how Nestle conducts its business. Nestlé’s business practices are governed by integrity, honesty, fair dealing and full compliance with applicable laws.

NESTLE NIGERIA PLC

CREATING SHARED VALUE THROUGH RESPONSIBLE BUSINESS PRINCIPLES AND PRACTICE

Nestle is a Swiss multinational food and beverage company headquartered in Vevey, Switzerland. It is the largest food company in the world measured by revenues. Nestle’s products include baby food, bottled water, breakfast cereals, coffee, confectionery, dairy products, ice cream and pet foods. Nestle Nigeria Plc manufactures, markets and distributes food products throughout Nigeria.

SUPPLY CHAIN POLICIES

Nestle worldwide and all its subsidiaries require suppliers, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to the organization’s non-negotiable standards.

The Nestlé Supplier Code specifies minimum standards that suppliers, agents, subcontractors and their employees should respect and adhere to. The Supplier Code includes requirements such as business integrity, sustainable operating and agricultural practices, labour standards, safety, health and environmental practices.

To ensure that the Supplier Code is put in practice, the company reserves the right to verify the suppliers’ compliance with the Code on a regular basis.
Creating Shared Value Through Responsible Business Principles and Practice

NESTLE QUALITY POLICY

Nestlé’s actions to ensure quality and food safety are guided by the Nestlé Quality Policy which describes the company’s commitment to:

- Build trust by offering products and services that match consumer expectation and preference
- Comply with all internal and external food safety, regulatory and quality requirements
- Gain a zero defect, no-waste attitude by everyone in our company
- Make quality a group-wide objective

Nestlé Quality Management System is the platform globally used to guarantee food safety, compliance with quality standards and to create value for consumers. Internal Quality Management System is audited and verified by independent certification bodies to prove conformity to international standards, ISO norms, laws and regulatory requirements.

ANTI-CORRUPTION POLICIES

Nestlé condemns any form of bribery and corruption (Sections 10 and 11 of its Code of Business Conduct) and shares the view of the United Nations Global Compact, which flags corruption as a major hindrance to sustainable development (Principle 10 of the UN Global Compact). Nestlé prohibits all forms of bribery of “Public Officers” or “Business Partners.”

The Nestlé Code of Business Conduct, one of the organisation’s key policies, including its commitment against any form of corruption or bribery, has been issued jointly by the Executive Board and the Board of Directors of Nestlé S.A Switzerland. The Code has been deployed throughout the entire organization worldwide and its implementation is accompanied by a robust and comprehensive training regime led jointly by Human Resources, Legal and Group Compliance departments.

Nestlé’s zero tolerance policy against corruption is extremely strong. Accountability for compliance with the Code of Business and for adhering to the zero tolerance policy in the area of corruption lies with the Market Head i.e. the overall responsible CEO in a given territory. The Market Head is supported by dedicated functions such as Legal, Human Resources, Audit and Compliance, which assist in training and advising employees as well as monitoring employees’ behaviour and consequence management.

Anti-corruption monitoring is a component of Nestlé’s business auditing, both internally and externally. Activities that infringe on the Code of Business Conduct, including cases of bribery or corruption, are investigated on a case-by-case basis and may result in disciplinary sanctions or criminal charges.

We will not accept bribes
- all forms of Nestlé prohibited bribes
- bribery of “Public Officers” or “Business Partners”
- Nestlé is against using bribes to obtain or retain a business advantage and does not allow its employees or other representatives to have commercial dealings on anything but rational, objective and transparent criteria
- Accordingly, accepting bribes can never be deemed tolerable, regardless of the circumstances.

We will not facilitate payments
- Nestlé does not allow facilitation payments. Such payments are only acceptable if they are necessary to prevent the risk of an immaterial physical harm of a Nestlé employee

We are against facilitation payments
- Under no circumstances must intermediary be used for the purpose of circumventing any of these rules
- Moreover, we strictly forbid third parties acting on Nestlé’s behalf to pay bribes or facilitate payments. The decision to hire an intermediary needs to follow an appropriate due diligence and selection process

Figure 1: Nestlé Anti-Corruption Commitment

REPORTING MECHANISMS

Nestlé encourages and expects its employees to report any misconduct either openly or confidentially. The Integrity Reporting System, which began rolling out in 2011, provides an additional option for anonymous, confidential reporting of non-compliance. The Integrity Reporting System includes the rollout of a dedicated website for employees to deal with compliance-related grievances. This anonymous whistle blowing system enables staff to raise concerns in relation to the company’s operations and report malpractices, illegal acts or omission by employees. Such concerns could be communicated to the company through the Integrity Reporting System. Nestlé employees are encouraged to raise concerns with line management, specialized functions or directly with senior management; if deemed appropriate they can file complaints anonymously through Nestlé’s Integrity Reporting System, which is run by a third party and accessible 24/7 via web or phone service.

Figure 1: Nestlé Anti-Corruption Commitment
Nestlé’s stance against corruption is unilateral and consistent across the entire Nestlé Group. An online anti-corruption assessment-training programme was developed in 2010 to help employees avoid inappropriate behaviour. The tool incorporates short animations and a ‘best practice’ document, and is available in all the countries Nestlé operates in. The tool now has a tracking capability, which will allow the company to make the training mandatory and monitor actual participation.

**CREATING SHARED VALUES**

Creating Shared Value (CSV) is a business concept intended to encourage businesses to create economic and social value simultaneously by focusing on the social issues that they are capable of addressing. In 2006, Nestlé adopted the CSV approach, focusing on three areas – nutrition, water and rural development – as these are key to their business activities.

**CONCLUSION**

Nestlé is a principle-based company and its Corporate Business Principles derived from the tenets of the UNGC form the foundation of all business activities worldwide. The emphasis laid on value-based business has been the staying power of the company and ensuring that all its subsidiaries comply with laid down principles is key.

**SHELL NIGERIA**

**ETHICS AND COMPLIANCE FOR PROFITABLE BUSINESS**

Shell Plc. is one of the world’s largest petrochemical companies. SPDC, its Nigerian subsidiary operates in an oil producing area and as such must be mindful of environmental, social and workplace considerations. This article sheds light on the company’s numerous codes and policies aimed at entrenched a culture of ethics in its employees and suppliers alike. It also looks at policies in place to ensure compliance and the group’s adherence to international best practice in ethics, safety, security and reporting.

Shell Plc. is a global group of energy and petrochemical companies that aims to meet the energy needs of society, in ways that are economically, socially and environmentally viable. The company’s headquarters is in The Hague, Netherlands and the parent company of the Shell group is Royal Dutch Shell plc. which is incorporated in England and Wales.

Shell’s business activities in Nigeria include exploration and production of oil and gas onshore as well as offshore and gas sales and distribution. Shell also has an interest in Nigeria’s largest liquefied natural gas plant (NLNG). With offices in Port Harcourt, Warri, Lagos and Abuja, Shell operated companies SPDC, SNEPCo and SNG employ more than 6000 direct employees and contractors of which over 90% are Nigerian.

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**Shell Nigeria Business Operations**

**Shell Petroleum Development Company of Nigeria Ltd (SPDC)**

- SPDC operates Nigeria’s largest oil and gas joint venture on behalf of a government-owned Nigerian National Petroleum Corporation (55%), SPDC (30%), TEPCC (10%) and NNPC (5%).

**Shell Nigeria Gas (SNG)**

- SNG is the only international oil and gas company to set up a gas distribution company in Nigeria to supply refinery customers.

**Shell Nigeria Exploration and Production Company (SNEPCO)**

- SNEPCO operates the Bonga, Nigeria’s first deepwater oil discovery. The Bonga facility has the capacity to produce more than 200,000 barrels per day of oil and 150 MM standard cubic feet of gas per day.
SUPPLY CHAIN AND CONTRACTING PROCEDURE

All employees and contractors working for Shell, including those at joint ventures operated by Shell, are required to act in accordance with the mandatory Health, Safety, Security, Environment and Social Performance (HSSE & SP) Control Framework. The HSSE & SP framework defines standards and accountabilities for staff at varying levels of the organisation.

The accountability for running projects and facilities responsibly lies with the business managers. They work with communities, non-governmental organisations, partners and others to better understand and address the impact of operations. HSSE & SP specialists work with business managers to implement standards to help improve the company’s sustainability performance. Shell has comprehensive assurance processes in place to monitor compliance.

Major contracts with third parties include requirements to follow its Business Principles, Code of Conduct and HSSE standards. The officials in shell also help contractors and suppliers to understand and meet the requirements.

SPDC started its Indigenous Contracting Policy in 1998 and this has evolved into a Nigerian Content development strategy with the goal of facilitating the development of competencies, capabilities and competitiveness of Nigerian contractors. In this way, the company strives to support Nigeria’s industrial development in line with its commitment to Sustainable Development.

INTERNAL CODES OF ETHICS IN SHELL

Shell employees share a set of core values – honesty, integrity and respect for people.

The Shell General Business Principles and Code of Conduct guide the business activities of Shell companies. Shell also supports a number of external voluntary codes. These include the UN Declaration on Human Rights, the UN Global Compact, the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, and the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

In 2006, Shell launched a global Code of Conduct to help staff to apply its Business Principles. The Code of Conduct guides employees on how to apply the Shell General Business Principles in line with core values of honesty, integrity and respect. It provides practical advice on how to comply with laws and regulations and how to relate to customers, communities and colleagues. The Shell Code of Conduct covers such areas as: Fighting Corruptive Practices, National and International Trade, Health Safety and the Environment.

Safeguarding Information and Communications. All Shell staff are required to complete Code of Conduct training and further training is available on other compliance topics.

Shell’s General Business Principles were first published in 1976. The eight business principles are based on the company’s core values. All Shell companies are expected to comply with the Shell General Business Principles. In joint ventures, the company uses its influence to persuade its partners to adopt and apply principles consistent with Shell. Contractors are also expected to conform to the Principles in all aspects of their work with Shell companies. The SGBP has been adopted by all Shell companies and, amongst other things, provides that all persons must avoid conflicts of interest between their private financial activities and their part in the conduct of company business.

There is a code of ethics for executive directors and senior financial officers of the shell group. This Code is specifically intended to meet the requirements of Section 406 of the Sarbanes Oxley Act and the listing requirements of the New York Stock Exchange by providing for a number of implementing requirements in the area of disclosure controls and the avoidance of conflicts of interest.

The Corporate and Social Responsibility Committee (CSRC) of the Board of Royal Dutch Shell plc. reviews policies and performance with respect to the Shell General Business Principles, Code of Conduct, HSSE & SP standards and issues of public concern on behalf of the Board. Besides its regular meetings, the CSRC visits facilities to become more familiar with global operations. In 2012, the CSRC visited Nigeria and observed the environmental damage from illegal refining in the Niger Delta. While there, it also visited facilities and met with government officials, community representatives and local non-governmental organisations.

Shell employees, and contractors working for Shell, must abide by their Code of Conduct. In 2012, 209 violations of the Code of Conduct were reported (226 in 2011; 205 in 2010). As a result, the company dismissed or terminated the contracts of 93 employees and contractors (78 in 2011; 77 in 2010).

ANTI-BRIBERY AND CORRUPTION

Shell’s compliance programme supports its long-established position against the direct or indirect offering, paying, soliciting or accepting of bribes in any form, including facilitation payments. It includes mandatory procedures and training on topics such as political payments, gifts and hospitality, and conflicts of interest. Anyone working for Shell who does not comply with anti-bribery laws faces disciplinary action, up to and including dismissal or termination of their contract.
Shell does not accept the direct or indirect offer, payment, soliciting or acceptance of bribes in any form. The Group’s anti-bribery commitment is long standing. Business integrity has been an integral part of Shell’s General Business Principles since 1976 and has been reinforced internally ever since.

The Shell Global Helpline is open 24 hours a day, seven days a week through a local telephone number in each country or through the internet. It allows employees and business partners to seek advice and report concerns anonymously and in their own language, about potential incidents of bribery and fraud or other violations of the Code of Conduct and Business Principles.

**COMPETITION LAWS**

Shell aims to do business fairly, ethically and in accordance with applicable competition laws which prohibit practices like price-fixing and market sharing. The Code of Conduct makes it clear that any violation of the rules will result in disciplinary action up to and including dismissal.

The company has been running a training programme since the early 1990s to raise awareness and help employees follow competition laws. As part of its global antitrust compliance programme anyone in contact with competitors, suppliers or business customers must undertake training. Shell monitors all the countries in which it trades and reports publicly where it has been found guilty by any Competition Authority of having violated competition law.

**PAYMENTS TO GOVERNMENTS**

In some energy-producing countries, payments in taxes and royalties from oil and gas production can be the main source of government revenue. The company supports great transparency in such payments. The company also voluntarily publishes details of payments made to governments in some of the main countries it operates.

Shell’s operations generate revenue through taxes and royalties for governments around the world. In 2012, the company paid globally $21.0 billion in corporate taxes, and $3.6 billion in royalties. It collected $85.1 billion in excise duties and sales taxes on our fuel and other products on behalf of governments. Shell encourages and support government efforts to use revenues from energy production effectively.

**EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE**

Shell Plc is a founder and board member of the Extractive Industries Transparency Initiative (EITI). The UK government launched the initiative in 2002 to increase the transparency of revenues governments receive from oil and mineral activities.

This includes payments made by companies like Shell such as signature bonuses, taxes and royalties, and profits from state-owned companies. Shell was the first company in 2003 to publish their royalties, taxes and other payments made to the Nigerian government, with their permission and support.

Shell has also signed up to the Voluntary Commitment for Security and Human Rights whereby all of Shell’s global security staff are required to a set of strict Human Rights guidelines. This is in addition to acting in accordance to local and international standards.

**REPORTING STANDARDS**

Shell began reporting voluntarily on its environmental and social performance with the first Shell Report in 1997. The company’s reporting focuses on the environmental and social challenges that most affect business performance and matter most to its key stakeholders. The company provides regular information to the Carbon Disclosure Project, Dow Jones Sustainability Index, FTSE4Good Index and other organisations that assess the economic, environmental and social performance of companies.

Internal controls such as audit trails and statistical checks help assure the accuracy of the Shell Sustainability Report. The External Review Committee of independent experts’ helps make sure reporting is balanced, relevant and responsive to stakeholders’ interests. Lloyd’s Register Quality Assurance Ltd has provided limited assurance of the company’s direct and indirect greenhouse gas emissions data for 2012.

Shell reports in accordance with the Global Reporting Initiative (GRI) and in line with the oil and gas industry guidelines developed by the International Petroleum Industry Environmental Conservation Association (IPIECA), the American Petroleum Institute (API) and the International Association of Oil & Gas Producers (OGP).

**REPORTING STANDARDS**

All Shell Companies in Nigeria have a long term and continuing commitment to the country, its people and the economy. Shell Plc has set high standards of performance and global behavior that are applied globally. The shell general business principles, code of conduct and code of ethics help all shell employees, contractors and stakeholders act according to the core values of honesty, integrity and respect for people and to ensure compliance with relevant legislation at all times.
STANBIC BANK

SHOWCASING ETHICAL PRACTICE AND COMPLIANCE STANDARDS

This article focuses on the efforts made by Stanbic IBTC bank to ensure adherence to ethical standards. Business at Stanbic IBTC bank is value driven and restated in the Bank's social compact. Its formal and well laid out code of ethics shows the various systems that have been put in place to ensure that the bank's employees act conscientiously and ethically at all times.

Stanbic IBTC Bank is a provider of integrated financial services including personal banking, corporate banking, credit cards, business banking, pensions and wealth management products and services. Stanbic IBTC bank (a member of the Standard Bank Group of South Africa) is a product of a merger between the Nigerian Operation of Standard Bank Group formerly known as Stanbic and the former IBTC bank. The merger was done by way of the first ever tender offer in Nigeria and a $525 million FDI, the largest in Nigerian financial history. The merger was officiated in August of 2007 and legalized on the 24th of September 2007.

ORGANISATIONAL STRUCTURE

Stanbic IBTC Holdings PLC has nine customer-facing business divisions, designed to align product development and service delivery. The banking and non-banking businesses are:

- Stanbic IBTC Holding PLC
- Stanbic IBTC PLC
- Stanbic IBTC Asset Management Ltd
- Stanbic IBTC Capital Ltd
- Stanbic IBTC Trustees Ltd
- Stanbic IBTC Investment Ltd
- Stanbic IBTC Trustee Nigeria Ltd
- Stanbic IBTC Stockbroker Ltd
- Stanbic IBTC Ventures Ltd

SUPPLY CHAIN POLICIES

In awarding contracts to vendors, Stanbic IBTC bank has a procurement policy and vendor on-boarding process. For callout situations, a minimum of three quotes from approved vendors is preferred and a purchase order is issued to the preferred vendor. There is also a cross-functional team that evaluates and selects vendors for specific services with whom the bank has service agreements and contracts.

Supply chain policies within the bank are drafted by procurement professionals and submitted for approval by appropriate authorities in the company. The bank has a procurement committee that approves selection of vendors for jobs from a pre-determined amount. In implementing supply chain policies, five departments are responsible for driving the processes including the Procurement department, Finance department, Risk and Compliance department, Operation Control department, Legal department.

In assessing suppliers’ reputation for integrity and ethical conduct, the bank has strict policies in place to ensure suppliers integrity. Such processes include Legal search of supplier’s company certificate of registration and incorporation, Reference Check, Safewatch Check and Credit Check (where required). Suppliers’ history on previously implemented contracts is verified through a thorough reference check.

In order to detect and prevent internal frauds, Risk and Control Self-Assessment (RCSA) for the department is carried out twice a year. Employees also have to complete a declaration of interest form twice a year.

In the long run, the bank plans to establish e-procurement policies for more effective supply chain management.

ANTICORRUPTION AND ETHICS POLICY

The Standard Bank group supports the UN Global Compact and its ten principles covering human rights, labour, environment and anti-corruption. As a member of Standard Bank Group, Stanbic IBTC bank has also adopted the Equator Principles, a voluntary set of standards for determining, assessing and managing social and environmental risk in project financing.

Stanbic IBTC focuses on producing superior returns for shareholders and achieving this through responsible and sustainable business growth. Stanbic IBTC bank has an Anti-bribery and corruption policy in place. This policy is read and evidence of understanding is executed by all members of staff. Stanbic IBTC Bank also has a whistle blowing hotline where corrupt practices and fraud can be reported.
The Financial Crime Control Unit of the Risk Management department regularly organizes awareness campaigns to sensitize members of staff of the need to comply with this policy. The effectiveness of these mechanisms is reported to the Central Bank of Nigeria (CBN) on a monthly and quarterly basis.

There are procedures in place to report fraud and corruption cases. They include Whistle blowing (phone, email), Complaints from customers, Complaints from staff or other internal stakeholders investigation requests.

In reporting fraud and corruption cases, there is a clearly documented disciplinary process. Anti-corruption policies are well publicized and the Fraud Awareness Working Group (FAWG) creates awareness about the bank’s policies. The FAWG ensures strict adherence to regulatory policies and guidelines in conducting its business. The group also embarks on review of KYC on a regular basis.

**STANBIC IBTC BANK’S SOCIAL COMPACT**

The bank focuses on corporate citizenship and has embraced what it terms 'the social compact statement'. This statement demonstrates its social commitment to various stakeholders.

Stanbic IBTC will contribute to the socio-economic development of the communities in which we operate in a way which is consistent with the nature and size of our operations. We will responsibly provide financial services and products, bearing in mind the needs of society, our clients, our staff, our shareholders, the environment and future generations.

**STANDARD BANK GROUP CODE OF ETHICS**

The Standard Bank group’s code of ethics provides clear parameters about acceptable principles within which standard bank employees are empowered to act. The code of ethics serves as an important reference point for current and future policies and is in line with best practice in terms of governance and compliance. It is designed to:

- Facilitate greater empowerment and faster decision-making at all levels of business, and
- Ensure that, as a significant player in the financial services industry, the bank adheres to the highest standards of responsible business practice in its interactions with all stakeholders.

**REPORTING MECHANISMS IN STANBIC IBTC BANK**

The bank’s code of ethics lays down distinct reporting mechanisms for employees who are under obligation to seek clarification on issues relating to ethics, report unethical conduct and need advice on how to proceed.

The Bank’s code of ethics was certified by the Institute of Ethics, South Africa as conforming to international best practice.

**ETHICS ADVICE PROCEDURE**

Employees of the bank have an obligation to confidentially seek advice and clarification until the issue is resolved in the manner detailed below:

1. Resolve the issue by yourself or with one of your team members.
2. Resolve the issue by means of a confidential meeting with your direct line manager (or other appropriate person, as set out in the applicable local business unit procedure).
3. Resolve the issue by means of a confidential discussion with your business unit human resources officer.
4. Resolve the issue by means of a confidential discussion with your business unit human resources executive.
Issues brought to the attention of managers, human resources officers or human resources executives are resolved through one of the following mechanisms:

- Reference to appropriate local business unit or standard bank policies and procedures.
- One-on-one discussion between the person raising the issue and the manager, human resources officer or executive.
- Facilitation of a discussion amongst affected persons.
- Referral to the ethics reporting process.

ETHICS REPORTING PROCEDURE

There are different procedures to follow depending on whether the issue involves theft, fraud, corruption or any other conduct contrary to the bank’s code of ethics.

If the issue involves theft, fraud or corruption:

1. Report the issue confidentially to your line manager.
2. Report the issue via the ethics and fraud hotline or other appropriate local business unit reporting or whistle-blowing mechanism.
3. Refer the issue to one of the informal resolution mechanisms described in the ethics advice process or other appropriate procedure.
4. Refer to the appropriate local business unit grievance, disciplinary, compliance or other processes.
5. Refer to the forensics division for investigation and action.
6. Refer to the appropriate business unit ethics officer for his/her personal attention.

CONCLUSION

Stanbic IBTC bank has a robust, uniform ethics and compliance policy, which is followed by the group’s entities globally. This culture of ethics makes it easy for employees, stakeholders and staff alike to imbibe the organisation’s culture on ethics and understand its zero tolerance for corrupt activities. The reporting mechanisms are clear and detailed and make for transparent reporting on unethical issues. The bank makes it clear that values-based business is key and the various documented policies help its employees put these values into practice in their professional lives.
Siemens AG

PROMOTING COLLECTIVE ACTION TO FIGHT CORRUPTION

Since 2003, Siemens AG has been a member of the United Nations Global Compact. Siemens has committed itself to the ten principles of the Global Compact relating to human rights, labor standards, environmental protection and anticorruption initiatives. This article examines the organisation’s supply chain policies and the various policies in place to ensure that Siemens suppliers adhere to ethical standards. The concept of collective action against corruption is also explained in light of the Siemens Integrity Initiative.

Siemens has been active in Nigeria since 1950. Siemens AG is a German multinational engineering and electronics conglomerate company headquartered in Munich and Berlin, Germany. Siemens principal activities are in the fields of industry, energy, transportation and healthcare. The company’s operations are divided along five main areas including: Industry, Energy, Healthcare, Infrastructure & Cities, and Siemens Financial Services (SFS).

The Nigerian Content Development and Monitoring Board designated Siemens an original equipment manufacturer (OEM), leading to the award of the Nigerian Content Certificate, a key requirement for bidding and winning contracts in Nigeria’s oil and gas industry. Siemens signed a memorandum of strategic collaboration and partnership with the Nigerian Federal Government. The company has built two major power plants in Nigeria and supplied and installed more than 100 small gas turbines and compressors in onshore and offshore oil and gas facilities.

In fiscal year 2012 (October 1, 2011 – September 30, 2012), Siemens’ sales to customers in Nigeria amounted to more than EUR 121 million and new orders totaled nearly EUR 55.6 million. Siemens currently has 130 employees in Nigeria.

SUPPLY CHAIN POLICIES

For Siemens, corporate responsibility means providing outstanding and innovative products and services for society while fulfilling all ethical, economic, ecological and social responsibilities. These goals apply in particular to the company’s entire value chain. The Code of Conduct for Siemens Suppliers is based to a great extent on the principles of the Global Compact.

Supply chain policies in Siemens evolved as a result of the development of Siemens Supply Management Unit. These policies are managed in line with the global best practices for Supply Chain Management. The main drivers and implementers of the company’s supply chain policies is the Siemens Corporate Supply Chain management located at Siemens AG head office in Germany. Siemens Limited Nigeria’s management also implements these processes locally. Siemens requests all its suppliers to provide documentation, which are then used to assess them. The company’s values are communicated to all suppliers and all suppliers are required to sign declaration that they are committed to our desire to do only clean business. The organisation uses electronic tools to check suppliers’ history including the internet, market intelligence and surveys. The Siemens code of conduct for Siemens suppliers and registration documents make it clear that the company will only do clean business.

The Supply Chain Management has controls and polices in place to prevent internal fraud. In particular, the Siemens Compliance System assists Supply chain management to prevent, detect and respond to Supplier frauds. The Siemens Compliance Helpdesk provides a worldwide, round-the-clock outlet for complaints, either from employees or other external stakeholders, relating to violations of the Siemens Business Conduct Guidelines.

The Helpdesk is operated by an external service provider specialising in the secure and confidential treatment of sensitive content. The telephone and web-based system that lies behind this Intranet site enables complaints to be made online in ten languages. With the “Ask Us” function, employees can request any information related to compliance matters. “Tell Us” provides a medium to securely submit information regarding unethical and unlawful business practices. There are also trainings for all Siemens Staff and various awareness programs for suppliers in place.

The Siemens Supply Chain Management is always regularly audited and systems are continually revised and reviewed. The Siemens Corporate Supply Chain Management Unit at the head office in Germany audits and reviews policies regularly to ensure that the company is in line with global best practices.

SIEMENS
Vendor Registration Form — Supplier Management, Version 03/2013 ’B’, last update: March 21, 2013

INFORMATION SHARED WILL BE TREATED AS CONFIDENTIAL.
Please note that some of the information set out herein may be disclosed to Siemens AG or to another associated or subsidiary company of Siemens.
Without a valid purchase order please do not accept any orders on behalf of Siemens Limited.

1. Supplier Trading Information

<table>
<thead>
<tr>
<th>Supplier Name</th>
<th>Vendor Code</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. FIRS/Banking Information/Payment Terms

Income Tax Registration Number
VAT Registration Number

I/We hereby agree to payment through utilizing the facility of Bank Transfer for payments to my/our account.

Name of Bank
Sort Code (9 Digits)
Swift Code

Name of Account Holder
Account Number
Account Type:
Current
Savings

It is Mandatory to have an IBAN Number within the banking details should the supplier be based in Europe, Costa Rica, Dominican Republic, Israel, Kazakhstan, Korea, Lebanon, Mauritania, Mauritius, Saudi Arabia, Tunisia and United Arab Emirates.

Payment Terms:
Siemens payment term is 60 days net and any payment shorter than 60 Days will attract early payment discounts. Contractual agreed payment terms however have precedence to the stated payment terms.

15 Days Net (3% Discount)
30 Days Net (2% Discount)
45 Days Net (1% Discount)
60 Days Net

3. Please indicate if your Company fall into any of the below mentioned categories

1. Do government / government related entities / parastatal own any shares in your entity: .....
   Yes / No
   if yes, please provide percentage: .....

2. Do government / government related entities / parastatal have any direct or indirect control over business: .....
   Yes / No
   If yes, provide details: .....

4. Declaration

I / We the undersigned hereby confirm the above and enclosed information provided, to the best of my knowledge to be true and correct.

I / We understand that the acceptance of this registration and / or removal of the company represented from the supplier register to be in accordance with the sole discretion of Siemens Ltd.

Signed on this ______ day of ______________________________ 20______

Name
Signature
Capacity
Date

5. Required documentation (Vendors, Business Partners, Others)

- Certificate of Incorporation
- Yes
- No
Appendix A: Siemens Vendor Registration Form

Corporate Responsibility declaration for supplier qualification V1.0, July 31, 2008

Declaration of the Supplier:

We hereby declare the following:

- We have received a copy of the ‘Code of Conduct for Siemens Suppliers’ (hereinafter referred to as the ‘Code of Conduct’) and hereby commit ourselves, in addition to our commitments set out in the supply agreements with Siemens, to comply with its principles and requirements.

- We agree that this declaration is subject to the substantive law in Nigeria without reference to any of its conflict of law rules.

Place, date

Signature

Name (BLOCK CAPITALS), Function Company Seal

Appendix B: Declaration of the Supplier

ANTI-CORRUPTION POLICIES

In formulating compliance and anti-corruption policies, Siemens adheres to the standards set by the United Nations Global Compact’s Ten Principles. The Siemens Compliance system and business conduct guidelines are comparable to the standards set out by the UNGC. The Siemens compliance system is designed to prevent, detect and respond to all corruption issues in the organisation.

In addition to the Compliance system, Siemens promotes collective action, which basically means that all companies that want to promote ethical business come together to fight corruption by presenting a common front to all stakeholders in the business environment. Siemens works with various interest groups to build an alliance against corruption and to approach and resolve the problem from multiple angles.

Siemens as an organization has zero tolerance for corrupt business. The organisation has a comprehensive whistle-blower program that provides several platforms for anonymous reporting. Siemens compliance system has a global hierarchy. Once any report is made, it is investigated and dealt with. Compliance investigations are conducted and any erring staff is disciplined. Remediation may involve improvement of established processes.

Siemens has a detailed gift and hospitality policy to ensure that any gifts or any form of hospitality are given in a transparent way all sponsorships, donations etc are carefully assessed before they can be made. Staff are constantly trained and informed about the company’s policies on gifts.

There are policies in place to reduce the risks related to corruption and unethical practices. Such policies include Gift and Hospitality policies, business partner policy (for intermediaries who deal with the public and private sector on the organisation’s behalf) and sponsoring, donation and membership policy.

Siemens has launched the Siemens Integrity Initiative in Nigeria. It supports organizations and projects fighting corruption and fraud through Collective Action, education and training.

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.

CONCLUSION

Good corporate citizenship is intrinsic to the company’s business activities. Siemens is fully committed to a business strategy that generates profits while contributing to the well being of the societies it serves.
This feature identifies and discusses how organizational ethics act as the framework that supports quality, facilitate policy making and accountability at St Nicholas hospital. At St Nicholas hospital, the merits of responding appropriately to ethical responsibilities cannot be overemphasized and responsible and sustainable business principles have been central to its business approach, ultimately resulting in a healthcare facility that has endured over the years.

In awarding contracts to suppliers or vendors, the hospital has a policy of procuring from a mix of small, medium and large businesses as a balance mechanism. It particularly supports and encourages small business using supportive and educative approach to doing business with them. For instance, in cases of artisans such as carpenters or plumbers, the hospital has encouraged them to open bank accounts where they previously had none, educating them on the benefits of having a legal and financial structure for their business. Large businesses are required to have Bank guarantees, business registration number, tax identification number, amongst other legal requirements and of course, a bank account to promote a culture of cashless transactions and reduce the incidence of fraud, bribery etc.

The hospital has instituted a formal procurement policy that has been signed off by the executive team. Members of both the procurement and finance committee serve as implementers of this policy, providing a form of checks and balances. To ensure transparency at all times, part of these policies entail that up to three competitive quotes be given for supply bids up to a certain monetary limit. Any other supply need beyond this amount is by a tender process. Plans are in place to have local adverts placed out for future tendering processes. Also there is list of reputable contractors that are occasionally invited to tender for certain supply needs and sometimes, the hospital waives this tendering process and purchases directly from reputable sources.

The hospital enforces its procurement policy equally along all levels of its suppliers. In assessing suppliers’ reputation for integrity, the hospital works with reputable pharmaceutical companies in order to ensure safety and efficacy of drugs supplied. This has helped it maintain a reputation as a healthcare facility of choice for many clients both within Nigeria and in the West African region.

As an accountable business entity committed to responsible business practices, St. Nicholas hospital has a stringent employment process policy in place which is meant to weed out incompetent or questionable applicants right at the beginning of the application process. There is also a strict internal and external auditing process in place so that all financial transactions are examined thoroughly by the finance committee before approval.

As a function of total quality management, the hospital benchmarks it transparency policies against the National Health Service (NHS) in the United Kingdom and also has partners in India that it works with on meeting international best practices in the healthcare sector.
ANTI CORRUPTION POLICY

Internally, the hospital runs a culture of an open-door policy in which employees are encouraged to come forward with any information that could otherwise jeopardise the business either internally or externally. The hospital recognises the import of conducive working conditions and continually strives to make its business a place of choice for its employees. On the other hand, a zero tolerance policy on corruption including bribery and fraud are firmly entrenched in the system and there is an effective disciplinary procedure for erring staff. A case in point was when a member of staff was caught on camera stealing cell phones in the hospital premises. The employee was summoned by the relevant authority, questioned, shown the evidence to back up the reasons for summons and summarily dismissed. In another case, another long-term employee was found to be diverting drugs from the hospital Pharmacy to her own private pharmacy. The said employee’s fraudulent actions had been reported to hospital authorities by another concerned employee who worked in the same department. In effect, the hospital’s Whistleblowing policy is active and encourages employees to flag any issues of malpractices without fear of any negative repercussion on the part of the own who raises the concern.

Also going forward, as an improvement on the current system of paper manuals holding the code of conduct, the hospital plans to install an intranet system through which staff would get easier electronic access to the hospital’s policies and compliance requirements. It will also serve as a channel through which employees may voice any concerns whatsoever and aims to be an improvement on the current system of a suggestion box for incident reporting.

The hospital so far has not recorded instances of fake drug receipts from its drug supply partners as they only deal directly with top rated pharmaceutical companies. Historical relationships play a big role in this and the hospital also keeps abreast of current industry ratings of its suppliers including other parties in its supply chain such as medical equipment suppliers and other vendors. Suppliers are paid on time and the idea of paying bribes to fast-track payments is strictly discouraged. However in the event that suppliers default and unethical conduct is detected, St Nicholas hospital will terminate business relationship with that vendor/contractor.

From time to time, as part of its community and social development efforts, the hospital also conducts medical outreaches in its surrounding communities where free treatment is tailored to the needs of the local people.

CONCLUSION

As a business entity and despite the limitations and occasional challenges in implementing transparent and sustainable business process, St Nicholas hospital knows that to continue to remain viable, it must continue to promote a culture of zero tolerance to unethical behaviour as standard policy in its business practice. With the additional culture of accountability and administrative support being fostered, greater anti-corruption results will continue to be accomplished and the business community in Nigeria at large will be more likely to replicate these successes.
OLANIWUN AJAYI LP

ENTRENCING A CULTURE OF ETHICS

This article provides an overview of the ethical practices carried out at Olaniwun Ajayi LP and how compliance with anti-corruption legislation translates to a reputation for ethics and client satisfaction for the firm.

Lawyers and staff at Olaniwun Ajayi have imbued the culture of ethical conduct and integrity. This is particularly encouraged through the firm’s open door policies, its zero tolerance for corruption, defined reporting mechanisms for unethical conduct and its honest relationship with clients and suppliers alike. The Employee Handbook helps the organisation ensure that its employees appreciate and observe the highest standards of professional conduct.

Olaniwun Ajayi LP is one of the leading law firms in Nigeria. Founded in 1962 by Sir Olaniwun Ajayi KJW, the firm has eight partners and about 50 lawyers qualified in multiple jurisdictions notably Nigeria, the United Kingdom and the United States of America. Lauded as a ‘good firm in Africa’ by the Times of London and ‘One of the best firms in the Country’ by Chambers Global, Olaniwun Ajayi LP has a top tier ranking in the IFLR 1000 (International Financial Law Review).

Its core practice areas include Corporate and Commercial law, and it acts on a wide range of matters relating to financial law, domestic and international Capital Market activities, Joint Ventures, Mergers & Acquisitions, Project Finance and Insolvency. The other areas in which Olaniwun Ajayi renders legal advisory services are Energy and Natural Resource Law, Intellectual Property Law and Policy, Engineering and Construction Law, Insurance, Taxation, Shipping and Telecommunications Law.

The firm’s clients include private entrepreneurs, key sector operators, financial institutions, governments and governmental agencies as well as multinational corporations.

PROCUREMENT AND SUPPLY PROCEDURE

Olaniwun Ajayi LP has as its main supplies: Stationery, Books, Electronic and IT equipment.

Stationery is purchased from any vendor who can give competitive prices. Suppliers of stationery are sourced by in-house administrative staff and are generally retained until such a time prices are no longer competitive or there is a noticeable drop in the quality of goods supplied.

Books are the mainstay of any legal practice and are an integral part of Olaniwun Ajayi. As such, the firm invests heavily in its books. In a bid to keep up to date with new legal trends both locally and internationally, the firm engages specific publishers that stock law books and has a standing order with those publishers. Emails come in periodically from these publishers keeping the firm abreast and as the books are released, they are purchased as the firm does not compromise on knowledge enhancement. Law Reports are published every week and also purchased. It is therefore essential that the firm maintains a relationship with one or two publishers who supply these essential books as needed. In terms of introducing new publishers, the firm stays ahead through purchase of e-law reports, and so these quotes are received via email from the publishers.
When the firm moved to its state of the art Lagos office, it did a lot of bulk purchase of IT equipment. IT equipment is upgraded periodically by the firm’s IT managers and recurrent supplies include supply of laptops and phone boxes.

There is no set process for tendering of goods as the firm does not supply goods. However, the firm receives bids from service providers including consultants sending in proposals to offer services such as document management, people management. Once the firm decides that the services being proposed may be of value, it may go ahead to invite such for further presentation to and approval by management.

**COMPLIANCE WITH SECTOR SPECIFIC PRINCIPLES AGAINST CORRUPTION**

1. **Rules of Professional Conduct:**

   The legal profession in Nigeria has a code of conduct known as “Rules of Professional Conduct in the Legal Profession” which regulates and controls the affairs of its members. These codes express, in specific terms, the standards of professional conduct expected of lawyers in their relationship with the public, the legal system, and the legal profession. Lawyers in Olaniwun Ajayi are bound by them. Because of the nature of the profession, any lawyer found to be unethical may face disciplinary action by the Bar Council. To that extent, lawyers are bound to act with integrity, in an ethical manner and also obliged to maintain client confidentiality at all times.

2. **Compliance with Mandatory Government registration:**

   Olaniwun Ajayi LP provides financial advice to clients and as such is a registered member of the Financial Reporting Council of Nigeria. Similarly, the firm is also registered under the Special Control Unit Against Money Laundering (SCUML) which makes it mandatory for Designated Non-Financial Institutions (DNFIs) including law firms to declare activities and all record of transactions in compliance with the CBN’s anti-money laundering and combating financing of terrorism regulations.

3. **Ensuring Client Compliance with International Anti Corruption Legislation:**

   Olaniwun Ajayi LP has a duty/obligation to advise its multinational clients with business interests especially in the UK and USA to abide by international best practice. The firm carried out extensive reviews of the UK Bribery Act 2010 and the USA Foreign Corrupt Practices Act (FCPA) in order to better advise its clients on compliance with these laws. Clients were also informed of the necessity to carry out trainings and document the anti-bribery provisions in staff handbook, so as to ensure that their staff keep within the ambit of these provisions.

   The Bribery Act 2010 (c.23) is an Act of the Parliament of the United Kingdom that covers the criminal law relating to bribery. The Act has a near universal jurisdiction, allowing for the prosecution of an individual or company with links to the United Kingdom, regardless of where the crime occurred. The FCPA applies to any person who has a certain degree of connection to the United States and engages in foreign corrupt practices. The Act also applies to any act by U.S. businesses, foreign corporations trading securities in the United States, American nationals, citizens, and residents acting in furtherance of a foreign corrupt practice whether or not they are physically present in the United States.

   Olaniwun Ajayi LP as an entity is however not bound by the provisions of these acts as the firm does not have UK or US affiliate branches and so cannot be liable to prosecution under the Act.

**FRAMING ETHICS IN HEALTHCARE PRACTICE**

**Bribes:**

The Firm does not give or accept bribes.

**Facilitation Payments:**

These may be given reluctantly to expedite public services.

**Corporate Gifts:**

The firm does not give gifts to clients or judges except on special occasions like Christmas or end of year where corporate gifts are given.

**Political and Charitable Contributions:**

The firm does not give money to political parties but sometimes contributes to charities.

**Money Laundering:**

The firm does not assist in laundering money from criminal activities.

The firm does not have a written policy on bribery, but all staff members know and understand that bribe taking is not an acceptable standard of the firm. Bribe is not given in any form to judges or clients. Clients are only given gifts during occasions such as clients’ personal celebration or seasonal celebrations such as Christmas, end of year.

In terms of facilitation payments i.e. payments to a public official in order to enhance his capacity to perform, the firm does not expressly prohibit it. The dilemma herein is that as Lawyers who need to obtain information from public bodies such as courts and other government agencies, the officials may make it ‘impossible’ to do so. The strategy adopted by the firm is to encourage staff to develop relationships with these officials and not offer any form of enticement before the job is done. The idea is not to encourage such officials to expect a payment before performing their duties.
Olaniwun Ajayi restates its zero-tolerance corruption policy in its well documented staff handbook, which has an entire section dedicated to discipline. There are clear cut sections on categories of offences including Theft, Gross Negligence and illegal activities and the attendant punishment including summary dismissal. Employee appraisal forms are designed in such a way that integrity is a key factor in assessing staff for the year.

**CULTURE OF ETHICS REPORTING CORRUPTION**

The firm has an informal whistle blowing policy wherein employees are free to report any unethical incidents and will be guaranteed protection or cover of anonymity if necessary. Mechanisms for reporting include:

- **The Whisperers**
  - An anonymous forum where employees can raise concerns at a particular business integrity or directly to the partners

- **Village Meetings**
  - A weekly forum where employees deliberate, shed light on matters they are working on and seek guidance on issues from partners.

- **Ward Rounds**
  - Employees are engaged by partners at informal sessions to discuss any concerns they may face and are free to report any issues.

**HANDLING INTEGRITY ISSUES**

There have been instances when integrity of employees has been called into question. A case in point was the “Receipt and Lunch Allowance Saga”. The location of the office makes it difficult to get lunch, and so management provided a lunch allowance for staff. The challenge was that the lower cadre of staff preferred having lunch at local eateries, which do not typically issue receipts. The integrity issue arose because the finance department needed receipts in order to reimburse staff and so staff would produce fake receipts in order to claim the monetary equivalent. When this was detected, it was flagged as an integrity issue and the firm called erring members to order by stating that such a practice would never be tolerated and that this issue should have been tabled before management instead of trying to solve it through fraudulent means.

**SHOWCASING ETHICS AS A BUSINESS CASE FOR PROFITABILITY**

Olaniwun Ajayi LP is committed to the highest standards of ethical conduct particularly among its employees and this has been the core of the firm’s value proposition for over five decades. Maintaining a good reputation is key to the survival of any firm.

The biggest challenge the firm faces in building this culture of ethical conduct is ensuring that its reputation for ethical standards is upheld by employees at all times and that third parties such as other government officials understand that the firm does not tolerate unethical conduct.

Olaniwun Ajayi is committed to upholding the principles of the United Nations Global Compact. Responsible business practice is crucial to the survival of the firm. The firm’s continued presence in a range of practice areas illustrates the diversity and quality of talent currently residing within its offices. It has not only consolidated but built on this reputation and continues to exceed client expectations for ethical standards and quality delivery.
MTNN is a leading mobile operator in Nigeria with over 45 million subscribers and counting. MTN Nigeria Communications Limited (hereafter MTNN) is the largest subsidiary in the MTN Group, which is headquartered in South Africa. MTNN was launched full commercial operations in 2001 and operates in all 36 states in Nigeria. MTN Nigeria is a subsidiary of MTN Group, a leading African telecommunications company with a presence in 25 African countries.

### Corporate Governance and Reporting Principles

MTNN's Board of Directors is the focal point for its Corporate Governance and oversees the functioning of the company. It is responsible for the adoption of strategic plans, monitoring of operational performance and management, and the development of appropriate and effective risk management policies and processes.

MTNN is compliant with both local (Companies and Allied Matters Act) and global sustainability reporting standards, protocols, and guidelines in reporting on its business performance. It also uses the International Financial Reporting Standards (IFRS) and the United Nations Global Reporting Initiative (GRI) as key standards of reference.

### Employee Engagement

- **For Employees**: Training on anti-corruption is carried out at various levels through both in-house and external courses. MTNN largely follows International Best Practice, company-developed policies and procedures to mitigate and punish corrupt and unethical practices. Some of the policies include the Fraud Incident Reporting Framework, MTN Group Anti-Robbery and Corruption Policy, Group Political Donations Policy, and Group Gifts Policy.

### Risk Management and Compliance

MTNN adheres strictly with frameworks set at Group and at Operating Unit level through approved corporate governance guidelines. The company is also guided by established bodies of which it is a member, including The Nigeria Extractive Industries Transparency Initiative (NEITI), United Nations Global Compact (UNGC), and Convention for Business Integrity (CBI) among others.

- **Each department is responsible for ensuring compliance with their own requirements**. The risk management compliance and corporate governance committee plays a primary role in co-ordinating compliance and ensuring that the company complies with the prevailing legislation, codes, and standards. In addition, fraud risk management staff are members of several international anti-fraud and corruption agencies.

### Effective Management of Company’s Ethics

MTNN’s overarching philosophy is to ensure that its people conduct the company’s affairs with integrity, honesty, and professionalism. To ensure that the company’s ethics are managed effectively, each division within the business is actively involved in the process of monitoring and compliance.

### Principle | Application | Status
---|---|---
**Employee Engagement** | For Employees: Training on anti-corruption is carried out at various levels through both in-house and external courses. MTNN largely follows International Best Practice, company-developed policies and procedures to mitigate and punish corrupt and unethical practices. Some of the policies include the Fraud Incident Reporting Framework, MTN Group Anti-Robbery and Corruption Policy, Group Political Donations Policy, and Group Gifts Policy. | Applied and on-going

**Risk Management and Compliance** | Each department is responsible for ensuring compliance with their own requirements. The risk management compliance and corporate governance committee plays a primary role in co-ordinating compliance and ensuring that the company complies with the prevailing legislation, codes, and standards. In addition, fraud risk management staff are members of several international anti-fraud and corruption agencies. | Applied and on-going

**Effective Management of Company’s Ethics** | MTNN’s overarching philosophy is to ensure that its people conduct the company’s affairs with integrity, honesty, and professionalism. To ensure that the company’s ethics are managed effectively, each division within the business is actively involved in the process of monitoring and compliance. | Applied and on-going
MANAGING THE PROCUREMENT PROCESS

MTNN’s Board of Directors is the focal point for its Corporate Governance and retains full and effective control over the company’s operations. It is responsible for the adoption of strategic plans, monitoring of operational performance and management, and the development of appropriate and effective risk management policies and processes.

MTNN is compliant with both local (Companies and Allied Matters Act) and global sustainability reporting standards, protocols and guidelines in reporting on its business performance. It also uses the United Nations Global Reporting Initiative (GRI) as a key standard of reference in addition to the International Financial Reporting Standards (IFRS).

At MTNN, there are specific policies and procedures in place in its supply chain process. Typically, the process is guided by a combination of Supplier Approval Process, Procurement Y’ello book (from MTN Group Procurement) and Procurement Policy. The results of extensive relevant stakeholder consultations, these processes are designed to streamline the way the business carries out its day to day operations and are mainly driven by the Procurement Department but with the active collaboration of all divisions within the business.

Within MTNN, there is the existence of certain measures in place directed at assessing suppliers’ reputation for integrity and ethical conduct and they include:

• A Supplier Relationship Management & Process (SRM & P) unit, which organises a Supplier Forum, meant to acquaint suppliers with ethical business conduct in relation to MTNN.

• In addition, there is a “Supplier Code of Conduct” which every registered MTNN Supplier has to attest to during registration.

• In checking supplier history on previous contracts implemented, primarily, the company uses the Supplier Performance Management Process.

As part of MTNN’s on-going supplier performance assessment and anti-corrupt practices system, there is the Supplier Forum, where all issues relating to performance, fraud and ethical conduct are discussed. Nonetheless, in the event that a supplier’s conduct is found to have violated the company’s strict Code of Ethical Conduct, there is the ‘Supplier Grey listing/Blacklisting Process’ which stipulates the penalty depending on the gravity of offence. Long-term, as the business continues to evolve, and adapt to changes in its environment, it will continually review and improve its processes as or if the need arises.

ANTI-CORRUPTION INITIATIVES

As a responsible corporate citizen and to mitigate the effects of corruption within its business operations, MTNN’s take on the “Zero-tolerance” policy against corruption is one of utmost compliance, having in place, firm guidelines meant to tackle corrupt or fraudulent practices, which the organisational hierarchy abides by and they include:

• Code of Ethics Statement

The board has endorsed a social and ethics statement, which embodies the company’s values, ethical standards and behaviours. The code of business conduct is subject to be reviewed annually and helps promote highest standards of ethical behaviour amongst all cadres of staff within the company.

• Conflict of Interest

Directors and all other employees are prohibited from using their position with respect to having confidential company information, to derive a financial benefit for themselves. Therefore, it is expected that any conflicts of interest be declared in order to recuse them from participating in such transactions. Indeed a no gift directive from vendors has been issued to all employees by MTN Group.

• Anti-Fraud Mechanisms

Internally, instituted include whistle blowing procedures, fraud hotlines as well as anonymous tip offs. The tip off platform is also managed by an external consultant to ensure anonymity and any report will be treated with utmost confidence. There is also a clear chain of command in reporting violations of ethical conduct as employees can report to their specific Line Management or to Operating or Group Business Risk Management Department.

CONCLUSION

Looking ahead, MTN remains fully committed to embedding the highest standards of ethics and good governance in its business operations and monitor regulatory compliance alongside responding to any emerging issues in relation to governance and legislation codes.
This feature summarizes Cotecna’s business operations in relation to ethical policies encompassing its supply chain process and business model. With the growing understanding of the need to adopt responsible business practices, Cotecna ensures that its business activities are in compliance with sector-specific codes. This article goes on to highlight its commitment to openness and transparency and how this holistic approach is vital to its business.

Cotecna Destination Inspection Limited (CDIL) is a member of the Cotecna group with the Nigerian headquarters located in Victoria Island, Lagos and having a workforce of about 285 skilled staff. The company is one of the world’s leading firms involved in the business of customs inspection, security, testing and certification. A family-owned business founded in Switzerland 1974, today it has become a group with an international network having offices in more than 60 countries.

Cotecna is involved in destination inspection and tracking of cargo (Testing, Inspection and Certification (TIC) services), electronic documentation process and also advises government on duties payable. It offers Verification of Conformity (VOC) and is responsible for the acquisition, operation and maintenance of container scanning equipment.

As an inspection facilitator, the company specializes in helping governments develop systems targeted at combating fraud, modernizing customs, protect customs revenue, and maintain internal security at national borders. It also delivers the same services to the private sector in addition to offering trade finance services. In 1984, the Nigerian government selected Cotecna, as part of a consortium of international service providers to carry out a comprehensive import supervision scheme. In 2006, the company was awarded a contract by the Nigerian government for a build, own, operate and transfer (BOOT) destination inspection scheme under a seven (7) year contract. A Destination Inspection Contract was put in place by Cotecna and the Nigerian Customs Service and the contract was concluded in June 2013. Cotecna continues to offer scanning and inspection services at various sea ports and land borders around Nigeria.

CORPORATE GOVERNANCE

Cotecna is committed to continually upholding the highest professional and ethical standards and make that a business promise in every transaction. The company is a member of the International Federation of Inspection Agencies (IFIA), and complies with the IFIA Compliance Code. In addition, a Business Ethics and Compliance programme is in place at Cotecna, at the heart of which is the company’s Business Ethics and Compliance Code. Ultimate responsibility for the Compliance programme is vested in the Cotecna Group Board, which publishes the Compliance Principles. The board nominates a member of senior management as compliance officer and in turn, the Compliance officer reports to the Managing Director. Senior managers throughout the organization also have responsibility for implementation of compliance in their particular areas of responsibility such as Operations, Human Resources and Legal.

Overall, the company employs a proactive and inclusive approach towards its corporate governance systems ensuring that concrete problems are tackled in teams, and that director, other decision-makers and government representatives are closely worked with.

SUSTAINABLE PROCESSES AND PROCEDURES GOVERNING THE SUPPLY CHAIN

Cotecna has a number of suppliers in its supply chain having Smith Detectives, scanner suppliers from Germany as a major supplier of scanning equipment. Locally, main vendors are stationery, diesel, furniture, Information Technology and Communication equipment providers.

Cotecna adheres to strict company guidelines in awarding supply contracts and handles all its procurement practices in a fair and transparent manner. The Internal Control department is charged with driving this policy, using certified Quality System management auditors. For instance, in evaluating prospective contractors and suppliers, or even to verify a supplier’s ethical conduct, as part of its strict standards, due diligence is carried out on the company, its capacity and availability of qualified staff to meet Cotecna’s needs. Upon satisfactory evaluation and selection, the contractor or supplier is then added to the supplier list and the company makes known its Business Ethics and Compliance code. Suppliers are consequently rated in terms of quality of service, timeliness of delivery and value-added.

In cases were unethical conduct is detected in a contractor/supplier, the company refrains from dealing with such suppliers upon completion of investigation of the breached conduct. The company also gives opportunity for suppliers to perform better in cases of very slight breach. For instance, the company reports an incidence in which a newly appointed diesel supplier gave a member of staff a little amount of money after supplying diesel. The staff reported this incident to internal control, the supplier was summoned and the company’s reiterated its view on the monetary gift as being inappropriate.
Of course, there is an operational gift policy in place as well which is open, lawful and set within specified monetary limits. In instances where the company’s staff receive gifts, these gifts have to be logged in at the Corporate department who then acknowledge receipt on behalf of the staff/internal control.

**RISK MANAGEMENT AND COMPLIANCE**

At Cotecnai, the internal control/quality management and compliance functions are retained within the same strategic business unit and a compliance manager monitors and coordinates all of these functions. Although risk management is typically housed in the quality control and compliance department, the company runs a system in which all employees are encouraged to be achievers and also contribute to the company’s mission, and held accountable for compliance with anti-corruption efforts. This is done by way of mandatory business ethics and compliance training within six months of joining the company and then annual refresher courses serving as a reinforcement mechanism. In addition, the company has an active whistle blowing policy whereby employees are encouraged to report violations or suspected violations in person to a line manager, anonymously or by phone without the fear of reprisal. As an additional feature, Cotecnai abides by the IFIA requirements of existing the services of an external independent auditor to examine its compliance system annually and report to the IFIA directly on compliance or even on any violations. In general, complaints regarding non-compliance with the IFIA Code are lodged with IFIA in accordance with its complaints and disciplinary procedures.

• **Integrity:** Cotecnai is committed to operating in good faith and in a professional, honest manner in all its activities.

• **Conflicts of Interest:** Cotecnai avoids conflicts of interest in all of its financial or commercial transactions with any entity whatever.

• **Confidentiality:** All information received by Cotecnai in the course of the provision of services, is treated with the utmost level of business confidentiality, with employees signing a non-disclosure agreement.

• **Anti-bribery:** Cotecnai through specific guidelines, strictly prohibits both the offering and accepting of bribe in all its forms and ensures compliance with all relevant local laws.

• **Fair Marketing:** Cotecnai conducts all marketing in a straightforward open manner, shunning deceptive or misleading practices.

**RECOGNITION AND COMMITMENT TO INTERNATIONAL BEST PRACTICES**

Cotecnai is a member of Transparency International, a not-for-profit organisation dedicated to the fight against corruption around the world. It is also one of the few inspection companies who have been recognised and have gone on to receive the ISO/IEC 17020 accreditation on a worldwide scale for all its offices. The company has a relationship with the United Nations and over the years has worked with a number of UN agencies including WHO and FAO to inspect purchases of medical equipment and drugs. It has a long-standing partnership and affiliation with the International Federation of Inspection Agencies. Cotecnai has also been commissioned by the Standards Organisation of Nigeria (SON) to verify goods according to current best practice and industry standards.

**ETHICAL BEHAVIOUR AS A CASE FOR PROFITABILITY**

Cotecnai takes the business of being ethically responsible very seriously. Consequently, adherence to its Business Ethics and Compliance code is placed as a priority over any commercial consideration. The company maintains a policy in which facilitation payments are discouraged except where absolutely necessary. However where company policy permits these payments, it is done subject to certain compliance rules i.e. the payment must be accounted for appropriately and the demander of the payment must have a clear, non-discretionary obligation to perform the task. The company has reported losing its scanning contracts at one of the Ports due to its uncompromising stance on it business practices especially in relation to anti-corruption. In the same vein, its strict policies have also earned it a reputation as being a company to emulate in terms of high ethical standards and all round best business practices.

To conclude, Cotecnai’s Business Ethics has enabled the company survive the business environment in Nigeria. In a country where corruption is even encouraged and corrupt practices almost a given, it is quite commendable to see a company implement the highest standards of accountability and adherence to anti-corruption principles even if it may result in a loss of business.
INTEGRATING COMPLIANCE INTO THE BUSINESS PROCESS

With business environments constantly changing in terms of policies and legislation, it has become increasingly important that companies adopt business management systems that are adaptive and also adhere to compliance guidelines. This article examines the business ethics employed by Accenture Nigeria with emphasis on ethical leadership, corporate ethical values and organizational commitment to anti-fraud practices. Business processes at Accenture are those that support effective compliance management, especially as it is a fundamental part of Accenture’s character.

Accenture is a global management consulting, technology services and outsourcing company. In Nigeria, Accenture started operations in 1985 with less than 10 staff that worked on general consulting assignments. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance businesses and governments. Since inception of business operations in Nigeria, it has now evolved to become a major player in the financial services and oil and gas sector with expertise spanning other industries and business functions including communications & high technology and the public sector. A part of the global Accenture company, Accenture in Nigeria currently has 108 staff.

A STRONG FOUNDATION

Accenture places a premium on its business ethics, corporate governance and transparency of its operations, having its business practices guided by the Accenture Code of Business ethics. Recently revised and adopted in 2010, it is based on six (6) core-values; Stewardship, Best People, Client Value Creation, One Global Network, Respect for the Individual and Integrity as depicted above, all serving to drive a culture of compliance and accountability. The company takes pride in its people and also addresses environmental concerns as part of its business model. Led by a country managing director, the company’s board comprises a chairman, who provides governance and oversight functions regarding the strategy, operations and management of Accenture.

Accenture has been a signatory to the ten (10) principles of the United Nations Global compact since 2008 and especially views anti corruption seriously. Utilizing the Global Reporting Initiative (GRI) G3 guidelines as a foundation for its reporting approach, Accenture self-declares progress made (Communication of Progress document) on the United Nations Global Compact principles.

PROCUREMENT AND THE SUPPLY CHAIN

Accenture’s supply chain consists of third parties including independent contractors, subcontractors, consultants and agents and purchases goods and services based on price, quality and suitability. The company derives all policies from the global policy framework and runs a Supplier Inclusion & Diversity Program, as an important component of achieving high business performance is the relationship between the company and its suppliers. This has resulted in an Accenture Supplier Standards of Conduct, aimed at supplementing its Code of Business Ethics. Comprising of a set of standards and policies that suppliers are meant to uphold, Accenture helps suppliers comply and also expects that suppliers likewise hold their own suppliers to those particular standards. Committed to a sustainable procurement process, the company puts into consideration, the suppliers’ ethical, environmental and diversity performance when signing contracts. Accenture also holds all of its suppliers to high standards and has clear policies in relation to signing supplier contracts in order to balance both value and risk. In relation to all contracts, Suppliers provide value for money and comply with all specifications or requirements. Due to these stringent standards, most, if not all of the organization’s suppliers have been the same as since business start-up in Nigeria and have been able to deliver consistently exceptional products and services. Suppliers and independent contractors understand and comply with laws and regulations that apply to their respective businesses. Of course, in spite of a good working business history and relationship with its suppliers/contractors, Accenture reserves the right to terminate all business with suppliers if they are found violating or not complying with the company’s set standards of conduct.

A CASE AGAINST CORRUPTION

The compliance program practiced at Accenture derives from the company’s global integrated framework of Governance and risk compliance. Therefore, as an internal control mechanism for fraud and corrupt practices, Accenture’s Ethics and Compliance program is designed to raise awareness of corruption and foster the highest levels of ethical values amongst staff and external parties. Applying to Accenture personnel as well as third parties, the ethics and compliance program includes written standards, procedures, communications, training, communications, auditing, monitoring, consistent enforcement and discipline, all aimed at prevention, detection and appropriate reporting of
INTEGRATING COMPLIANCE INTO THE BUSINESS PROCESS

violations of law. The company strives to build a culture of ethical personal conduct that encompasses transparency, accountability and integrity amongst employees. In order to reduce risks related to corruption, barring exceptional circumstances, the company’s operates a policy of not accepting or giving inappropriate gifts or hospitality, as it could potentially be seen as unethical or compromising business relationships. In a rare number of instances when clients have offered cash gifts to employees and such employees have had to accept the money due to a possible issue of said clients not remitting the money back to company coffers, the monetary gifts were reported to the Ethics and Compliance lead who filed the report. Consequently the money was returned to said clients in an open and transparent manner with an Accenture letter-headed note accompanying the return and justifying the company’s policy on non-acceptance of inappropriate gifts.

Accenture’s policy on corruption is one of Zero tolerance. Period!!! Compliance to anti-bribery and anti-corruption laws is an integral part of its business framework. As part of its compliance processes, the company adheres to its global values and ethics and also complies with all relevant local and international laws to promote transparency and accountability. These include the US Foreign Corrupt Practices Act, the UK Bribery Act and is complaint to local laws in Nigeria too. The company advocates responsible business practices which is built on the belief that ethical business practices create value and ultimately create revenues. As a result, transactions that appear questionable or illegitimate are avoided by the company, as they would likely misrepresent the accounting results of all parties involved in the said transaction.

RECOGNITION AND THE TEAM AT ACCENTURE

Accenture in Nigeria prides itself on being an employer of choice and believes that by being the best place to work for its employees they can better serve clients, fostering a collaborative and mutually supportive environment. In 2012, the company won fourth place overall award in the Great Place to Work Awards.

At Accenture, employees are regarded as assets. It is therefore the personal responsibility of each employee to read the Business Ethics Code and have the necessary knowledge and training to commit to and embrace the culture of an ethical workplace. All employees are also encouraged to report any concerns on a compromise on Business Ethics through dedicated channels such as the Business Ethics Line. The company also enforces a policy of Whistleblowing and ensures that anyone reporting a concern can do so without fear of retaliation against such an employee. However in a case where an employee is found to be in violation of the Code of Business Ethics, Accenture conducts the necessary investigation and disciplines such violators, not ruling out termination of employment where appropriate.

This has contributed to Accenture maintaining an ethical workplace and continuous high performance in its business. The support of top management for quality is the main driver of practices including ethical leadership and compliance associated with Accenture over the years.

BUSINESS PROFITABILITY BASED ON ETHICAL POLICIES

Accenture’s zero tolerance to corruption and violations of its Ethics Code means it does not engage in transactions that are questionable, improper or illegitimate. The company’s reputation and stance on anti-corruption precedes it in any potential business with clients. As such, many clients prefer to deal with Accenture even bringing repeat business as they have come to realise that with Accenture, the culture and standard of excellence enable it to continually deliver high performance to its clients.
KAKAWA DISCOUNT HOUSE LIMITED

AN OVERVIEW OF ETHICAL PERFORMANCE

This article provides an insight into the business ethics of Kakawa Discount House Limited (KDHL). It discusses the relationship between its business principles and value-driven management. With increasing rate of corruption in the corporate world, it has become even more important to intensify anti-corruption efforts across all aspects of business. KDHL has adopted policies that integrate transparency, accountability and zero tolerance for corruption into its business practices. The article goes on to highlight the application of these ethical approaches to KDHL’s business including relations to both its internal and external stakeholders in terms of integrity and trust.

Kakawa Discount House Limited (KDHL) was established in 1995, and licensed by the Central Bank of Nigeria (CBN) as part of the financial services subsector. It helps to serve as a conduit through which banks channel and access excess liquidity from the Central Bank. Principal activities of the company include the trading in and holding of the Federal Government of Nigeria (FGN) Bond as well as the trading in, holding and provision of discount and rediscount of facilities for treasury bills, commercial and other eligible financial instruments.

One of only five discount houses in the Nigerian financial services sector, Kakawa Discount House Limited’s business is divided between wealth management, advisory services, security trading, financing options and institutional investment management. A pioneer for the marketing of Treasury bill to individual investors through the introduction of its proprietary product, it has a consortium of six of Nigeria’s major banks as shareholders.

Kakawa also established Kakawa Asset Management Limited, a wholly owned subsidiary licensed to act as fund managers to investors.

GOVERNANCE AND COMPLIANCE

Regulated by both the Central Bank of Nigeria and the Securities Exchange Commission (SEC), KDHL has in place, an internal governance process that guides its operations. Each department at the firm has its manual of operations, which is reviewed annually in accordance with company policy. Due to ownership by six banks, the board comprises mainly of directors of these banks all representing their financial institutions. With an additional independent Director nominated in accordance with the Code of Corporate Governance for Banks and other Financial Institutions, they all provide oversight function, ensuring that adequate systems of risk management & controls and compliance programs are in place and have the managing director of KDHL report to them on on going performance and developments in the firm.

The KDHL culture, built around its core values of Dedication, Fairness, Openness, Respect, Competence and Empathy (D-FORCE), benchmarks its business to international best practices. In line with the Federal Government of Nigeria’s directive on mandatory adoption of the International Financial Reporting Standards (IFRS), and pursuant to the Central Bank of Nigeria’s philosophy, KDHL has remained compliant and publishes its financial statement in accordance with the IFRS. It remains committed to the best practices of corporate governance both in its operations and its relationship with all concerned parties.

PROCUREMENT AND THE SUPPLY CHAIN

Kakawa Discount House has a few suppliers in its supply chain comprising of: Electrical and information technology equipment suppliers as well as stationery.

In dealing with these vendors/suppliers, KDHL has established a set of policies and procedures that guide its supply chain process. With the exception of buying supplies that cost very little over the counter, standard procedure at KDHL is a bidding process for supplies. This entails obtaining three or four quotes from competing vendors, checking best price amongst the quotes and also checking samples gotten from these vendors. This bidding process has been put in place to ensure transparency.

In addition, anything above a certain monetary threshold requires that a bank guarantee be provided by suppliers. Reputation of vendors is also a major consideration in choosing contractors/suppliers. Most decisions on sourcing suppliers are based on referrals from other businesses, individual background checks and ultimately, the most competitive quotes are signed off.

As KDHL recently moved into its property in February 2013, its supply chain consisted mainly of building and other contractors such as electrical fittings suppliers. In the case of this particular project, five contractors submitted bids and the one with the best quote and quality of work was approved for project execution. The Executive Director is in charge of overseeing the firm’s operations in general while the executive committee approves all payments to be made to suppliers.

COMMITMENT TO ANTI-CORRUPTION EFFORTS THROUGH INTERNAL POLICIES

KDHL remains fully committed to the integrity of its business and has instituted a comprehensive compliance framework for ensuring the effectiveness and monitoring of compliance with guidelines of money laundering and financial
AN OVERVIEW OF ETHICAL PERFORMANCE

crimes. In addition, the organization recognizes the value of a competent workforce and is deeply committed to maintaining high employment standards. As such, the firm endeavors to keep its employees well motivated and encourages them to conduct themselves in the most ethical manner with each other and most especially in relations with the firm’s clients.

The firm has a risk management framework put in place across its business and this serves as a system of checks and balances. The framework includes bi- monthly knowledge exchange sessions through which employees are constantly sensitized on the value of ethical business practices and responsible behavior.

There is also an employee handbook in place, and it is updated as necessary. For instance, in order to minimize the possibility of conflicts of interests, company policy at KDHL necessitates that all gifts be disclosed to the human resources department irrespective of the value. Kakawa is proactive in its stance against corruption and has adopted a zero tolerance approach to corruption in all its forms. In abiding with its core values, an integrated Whistle blowing policy is in place, aimed at contributing to the realization of the highest ethical standards in all of the company’s business operations.

The Whistleblowing policy amongst other reasons:

- Is aimed at encouraging and enabling employees to raise concerns about unethical practices internally without fear of retribution
- Helps foster a culture of openness, integrity and good relations company wide
- Enables management to be informed early of malpractices therefore allowing management of potential crisis and minimizing unpleasant publicity

In a case where internal fraud is suspected/established, the policy requires the employee be suspended while investigations are being conducted. Where there is an establishment of certain case of fraud or other unethical behaviour, erring employees are disciplined accordingly for non-compliance to ethical behaviour.

KDHL also has an established Customer Helpdesk for resolving customer complaints in compliance with the Central Bank of Nigeria’s directive.

BUSINESS PROFITABILITY THROUGH ETHICAL PRACTICES

KDHL recognizes the value that integrity holds for its business and constantly strives to conduct its business in a socially and morally upright manner. It is an organization that prides itself on making clear, ethical decisions in the best interest of its customers. As an illustration, in instances where customers become deceased, KDHL makes concerted efforts to trace and contact next of kin so that they can access funds from the account if they so wish at that, or a later time, in spite of an enabling environment for fraudulent practices. Kakawa has made deliberate efforts to stand apart positively from its competitors in the Financial Services sector, and this is an impressive and commendable effort considering the fact that legally, there is no regulation that mandates KDHL or other financial services provider, to contact next of kin in order to roll over benefits accruing from the deceased’s account/estate being held by the organisation. Such business practices are influenced by the firm’s commitment to enhancing relationships with external stakeholders and consequently, word of mouth has been said to bring additional business to the firm.
ENABLING CHANGE THROUGH COLLECTIVE ACTION (LOOKING AHEAD)

With corruption levels across all facets of business currently at unprecedented levels, there has been a growth of international interest in combating corruption at both international and local levels. This premier publication was borne out of a need to address efforts at curbing unethical conduct and sharp business practices in Nigeria. Increasing attention is being paid to adopting responsible business practices especially as the role of a fully efficient business environment for development is now generally recognized. However the challenge remains in getting all relevant stakeholders to be fully committed to adopting a culture of transparency in their businesses, as there has been an inclination for collective action to be undermined as some organizations shift responsibility to other stakeholders. Therefore, seeing frontline companies committed to compliance and embracing anti-corruption practices in their businesses is truly encouraging for businesses and indeed the country at large.

Nigeria’s image has constantly been battered in the international community due to her rating as one of the most corrupt countries in the world. Both petty and large scale corruption continually constitutes major challenges for businesses in Nigeria. With the issue of corruption becoming increasingly important in a globalizing world, and for Nigeria to achieve the status of being corruption free, anti-corruption regulation and a consequence management system to act as a deterrent for corrupt practices must not only be put in place, but strictly adhered to. Understanding collective action and how it works provides all parties concerned with a knowledge framework on which to build stakeholder consensus. Each case study examines the anti-corruption initiatives, ethical policies and practices instituted by particular businesses. As the case studies highlight, an agreed process of collective action with a high level of stakeholder participation will prove useful in strengthening integrity and transparency in the conduct of business in Nigeria.

Despite the presence of anti corruption measures and incentives, pervasive corruption can be persistent. Therefore, in combating corruption, driving a zero tolerance policy towards corruption should continually be a priority for the business community as the ethical obligations of business to refrain from corruption should always stand even when corrupt practices could potentially prove profitable for these firms. It is essential that the business community be a part of the drive for the solution by putting in place policies and practices that will address corruption. At all times, business establishments have an obligation to abstain from illegal payoffs or other settlements and respond in an ethical manner in their business transactions.

With Global Compact Local Networks (GCLNs) providing a platform for businesses and non-business stakeholders to advance the principles of the UN Global Compact at the local level, the platform provides firms with a holistic framework which not only enables them envision, but also provides a means to implement sustainable anti-corruption initiatives. This is especially as different sized organizations with responsibilities to numerous internal and external stakeholders in the society can adopt varied set of “best practices” that could cumulatively make a difference. This will ultimately contribute to organizations operating in a sustainable and socially responsible manner.

Finally, prioritising collective action and instilling a culture of ethical conduct across all strata of business is important if the cankerworm called corruption is to be overcome. In essence, all parties including governments, companies, academic institutions and civil society groups need to actively collaborate to improve transparency and to combat fraud and corruption in all its ramifications. Inevitably, in identifying a collective way forward, it is expected that a shared interest will enable all concerned, to undertake some voluntary action in pursuit of this common interest since corruption has a strong tendency to persist.

Gratitude goes to CSR-in-Action, a collective action network and advocacy group for its partnership in successfully researching and compiling these case studies. Congratulations goes to the all of the businesses/firms in this feature for the stand taken on anti-corruption, their role in promoting sustainable business practises, and for contributing to this crucial topic.

Frank Nweke II
(Network Representative)
Nigerian Economic Summit Group/Global Compact Network, Nigeria
ABOUT THE NIGERIAN ECONOMIC SUMMIT GROUP

The Nigerian Economic Summit Group (NESG) is a not-for-profit, non-partisan private sector organization serving as a platform for bringing together private sector leaders and senior public sector officials.

The Nigerian Economic Summit Group hosts the Global Compact Network Nigeria, serving as its local network partner after being launched in 2006 and is managed by a Steering Committee of 14 members. The NESG as a Global Compact Local Networks (GCLN) provides a platform for participating companies and non-business stakeholders to advance the UN Global Compact and its principles at the local level. With approximately 100 established and emerging networks around the world, GCLNs serve an essential role in rooting the Global Compact within national contexts and advancing local priorities and needs. All companies are encouraged to participate in their Local Network, as well as engaging in countries where they have operations.

The Corporate Integrity Initiatives Report is being driven by the Nigerian Economic Summit Group under the aegis of the United Nations Global Compact (UNGC). The report is geared towards enhancing the visibility of collective action and policy dialogues in Nigeria. Bringing together government and private sector representatives, the NESG network coordinates collective action and policy dialogue activities with the aim of discussing issues of local and global concern, creating an enabling environment for corporate sustainability, and encouraging policies that incentivize sustainable corporate actions.

The network provides technical support such as trainings on Communication on Progress (COP) and sector-specific topics to help participants implement the UN Global Compact ten principles.

In order to help participants integrate international best practices into their skill sets, the network provides training on global tools and best practices. Participants can build capacity to engage in international discourse by attending global and regional conferences and workshops organized by the network, the UN Global Compact and partners.

In promoting corporate sustainability standard practice for businesses in Nigeria, in December 2011, the NESG in conjunction with the United Nations Global Compact and the Siemens Integrity Initiative organized an anti-corruption seminar in the second phase of the Siemens Anti-Corruption project. The event was attended by representatives from companies, SMEs, media, NGOs and civil society. The head of Anti-Corruption and Transparency at the Global Compact spoke on ‘The Changing Landscape of Anti-Corruption Campaigns in the International Arena’ and mechanisms and conventions for fighting corruption globally were highlighted. In-depth discussion of these topics highlighting their relevance to Nigerian businesses are planned for the future access to global tools.

In the long term, the NESG will endeavour to continue increasing participation in the network by publicizing its value for existing and new members and the Corporate Integrity Initiatives Report is a premier avenue for achieving this.

UNITED NATIONS GLOBAL COMPACT: THE TEN PRINCIPLES

The United Nations Global Compact (UNGC) is an initiative of the United Nations aimed at encouraging companies to be committed to and adopt policies that are both sustainable and socially responsible.

Launched in Nigeria in 2006, it is a principle-based framework and the UN Global Compact’s ten principles are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention against Corruption

Seeking to align business operations with ten principles that cover the areas of human rights, labour standards, the environment and anti-corruption, it is the world’s largest voluntary corporate sustainability initiative.

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.