



NORGES BANK
INVESTMENT MANAGEMENT

ANTI-CORRUPTION

EXPECTATIONS
TOWARDS
COMPANIES



The purpose of this document is broadly to set out the ways in which Norges Bank Investment Management, as a financial investor, expects companies to work against corruption in all its forms. Our expectations are primarily directed at company boards and intended to serve as a starting point for our interaction with companies on the topic of anti-corruption.

Working against corruption is a key component of corporate responsibility. In line with the G20/OECD Principles of Corporate Governance, we expect company boards to take into account the interests of all relevant stakeholders. Boards should ensure that the company sets a clear policy on anti-corruption and that relevant measures are integrated into business strategy, risk management and reporting. Boards should ascertain that relevant measures are implemented and enforced, and that the ensuing responsibilities are assigned and communicated in the organisation. Boards should effectively guide, monitor and review management in carrying out these efforts.

Anti-corruption

Norges Bank Investment Management is responsible for managing the Norwegian Government Pension Fund Global. We work to safeguard and build financial wealth for future generations. Norges Bank Investment Management will, as a starting point and where appropriate, base its practices on internationally recognised standards such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the G20/OECD Principles of Corporate Governance, and the OECD Guidelines for Multinational Enterprises.



PURPOSE OF THE EXPECTATIONS

The purpose of this document is broadly to set out the ways in which Norges Bank Investment Management, as a financial investor, expects companies to work against corruption in all its forms. Our expectations are primarily directed at company boards and intended to serve as a starting point for our interaction with companies on the topic of anti-corruption.

RELEVANCE OF ANTI-CORRUPTION EFFORTS

Norges Bank Investment Management's point of departure for these anti-corruption expectations is our investment mandate and long-term financial objective of safeguarding the fund's assets. The fund is a financial investor and diversifies its investments across a large number of markets and securities. As a globally diversified investor, Norges Bank Investment Management is exposed to the risk of corruption both in entire markets and at the individual companies in which it invests.

Corruption at companies and their agents, or in capital markets, undermines economic efficiency, disadvantages compliant companies and is detrimental to shareholder value. In the long term, broadly diversified investors are likely to see reduced returns due to capital being diverted away from its most efficient allocation. Corruption, and a wider lack of the rule of law, are barriers against the effective participation of countries in the global economy.

Corruption remains a serious challenge for companies in most parts of the world and across all industries. Corruption exposes companies to legal and financial risk through penalties and blacklisting. In addition, corruption exposes companies, their investors and business partners to significant reputational risk.

The UN Convention against Corruption requires states to implement anti-corruption measures. Further, the OECD Anti-Bribery Convention establishes legally binding standards to criminalise bribery of foreign public officials in international business transactions. Many countries have recently reinforced their anti-corruption legislation and enhanced enforcement actions. Principle 10 of the UN Global Compact urges companies not only to avoid bribery, extortion and other forms of corruption, but also to develop policies and concrete programmes to address it.

Companies should comply with all applicable anti-corruption laws. While anti-corruption laws and their enforcement are the responsibility of national governments, international principles for responsible business conduct recognise the important role that company boards play in setting corporate anti-corruption policy, as well as monitoring the implementation and effectiveness of anti-corruption programmes. Norges Bank Investment Management

endorses the view that anti-corruption policy is a board responsibility.

As an investor, Norges Bank Investment Management analyses opportunities and risks to its investments. We expect companies to identify and manage corruption risk, and to report publicly on their anti-corruption efforts. We use such information to understand how the issue of corruption may affect the performance and prospects of companies and markets, and what steps companies are taking to address these challenges in their long-term business strategy.

EXPECTATIONS TOWARDS COMPANIES

Combating corruption is a key component of corporate responsibility. In line with the G20/OECD Principles of Corporate Governance, we expect company boards to take into account the interests of all relevant stakeholders. Boards should ensure that the company sets a clear policy on anti-corruption and that relevant measures are integrated into business strategy, risk identification and management, and reporting. Boards should ascertain that relevant measures are implemented and enforced, and that the ensuing responsibilities are assigned and communicated in the organisation. Boards should effectively guide, monitor and review management in carrying out these efforts.

A.

Establish clear policy on anti-corruption

- Boards should ensure that companies establish anti-corruption policies and procedures to prevent, identify and address corruption in the organisation. Anti-corruption policies should be informed by a comprehensive risk assessment relating to the potential for corruption in all aspects of business operations.
- Companies should ensure that they clearly communicate to employees and business partners their anti-corruption policies and procedures in a manner which demonstrates explicit and active commitment from senior management against corruption.
- Companies should regularly ensure that all business units implement anti-corruption policies appropriately and that responsibilities and authorities are assigned and communicated.
- Companies should establish a code of conduct and appropriate contractual obligations which govern their relationship with business partners, including the right to audit such parties.

B.
Integrate anti-corruption into business operations

- Companies should conduct ongoing due diligence to identify corruption risk in their business operations, including before entering new markets or new business relationships, and implement appropriate measures to prevent corruption. Companies should make reasonable efforts to identify the beneficial owners of their business partners.
- Companies should have an effective compliance function with dedicated and experienced employees, and with an independent reporting line to the board and senior management.
- Companies should provide and document appropriate and regular training on anti-corruption for all relevant employees and, where appropriate, business partners.
- Companies should have a whistleblowing mechanism that provides a separate and confidential escalation route when reporting through a line manager is not appropriate, or if the whistle-blower wishes to remain anonymous. Companies should encourage a culture where employees can speak up about corruption without fear of retaliation.

C.
Report and engage on anti-corruption programme

- Companies should publicly disclose their anti-corruption policies and processes, including how they deal with incidents.
- Companies should disclose whether they have a procedure for regular, independent external assurance of their anti-corruption programme, and whether the findings of such assurance are communicated to the board.
- Companies should have a procedure for appropriate disclosure to relevant authorities on irregularities identified and actions taken.
- Companies should have a procedure for engaging constructively with policy-makers and regulators on anti-corruption, and be transparent about that procedure. Companies should also endeavour to engage with other businesses, industry groups, professional organisations and other stakeholders to identify and address corruption risk.





NORGES BANK INVESTMENT MANAGEMENT
Bankplassen 2, P.O. Box 1179 Sentrum, NO-0107 Oslo, Norway
T: +47 24 07 30 00, www.nbim.no