



Anti-corruption survey in the private sector

The Luxembourg Chamber of Commerce in partnership with
Ernst & Young - Fraud Investigation and Dispute Services

2013 Luxembourg

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About the survey

In May 2013 the Chamber of Commerce, in partnership with Ernst & Young Fraud Investigation and Dispute Services Luxembourg, launched an online survey to the top Luxembourg business leaders to gain insight into the “Tone at the Top” on corruption in the Luxembourg private sector. 197 Luxembourg Board members, C-suite executives and top managers responded to the survey.

Forewords

Corruption should not be examined as a simple isolated phenomenon. It spreads wherever companies have the feeling that *"this is the way business is done by others"* and as such, any attempts to successfully fight this state of mind is best undertaken through a collective action.

With the latest economic crisis still painfully present in Europe, our companies increasingly look for growth options, either by increasing their existing market share and/or by trying to prospect new territories. While the second option is a logical answer to business expansion it is an unfortunate undisputed fact that these new markets are often exposed to a higher degree of corrupted practices which are part of the local business practices. This is not only theory for our local businessmen: **no less than 31% of our respondents believe that in the past they have lost a contract due to corrupt practices from their competitors.**

Corruption cannot be accepted as a lesser evil and taking this course of action will not be profitable in the coming years. With the Foreign Corrupt Practices Act, the American Government has given itself the means to reach out and to sanction corrupt practices anywhere in the world and hold responsible any company and individual. In addition, taking the example of the USA, an increasing number of countries around the world are following this example and enforcing much stricter regulations to fight corruption, as did the UK Bribery Act taking the lead at European Union level.

Luxembourg promotes sound business practices because this is the only way that leads to sustainable growth for companies – and of the country. Ethics, as well as providing excellence in services and products, should be at the very heart of our business leaders and our entrepreneurs, because it is our reputation and our future which is at stake. **More than 50 % of our respondents agree that strong anti-corruption signals coming from the Luxembourg private sector and the government are beneficial to the economic promotion of our country.**

The Chamber of Commerce, in partnership with Ernst & Young Fraud Investigation and Dispute Services Luxembourg, is proud to publish the results of the very first anti-corruption survey done in Luxembourg within the private sector. We believe this is one of the steps needed in order to allow Luxembourg companies to grow, expand and win – while staying on the right track.



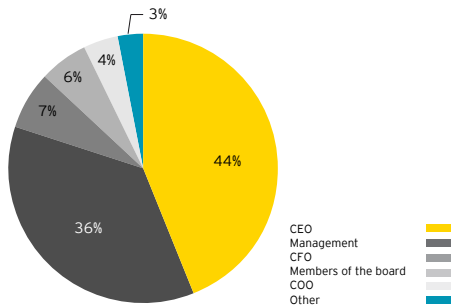
Pierre Gramegna
Luxembourg Chamber of Commerce
Director General



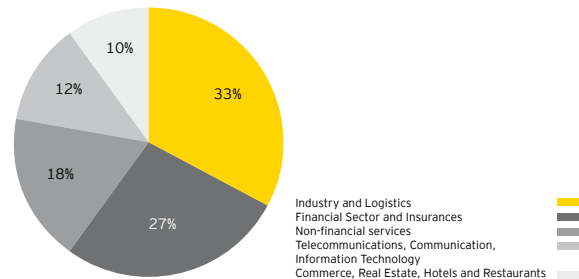
Gerard Zolt
Ernst & Young Luxembourg
Fraud Investigation
and Dispute Services
Country Practice Leader

Who answered the survey?

Position



Sector



Navigating today's complex business risks Ernst & Young Europe, Middle East, India and Africa (EMEIA) fraud survey 2013

Some results have been compared to those of Ernst & Young's EMEIA 2013 fraud survey, Navigating today's complex business risks. The survey of more than 3,000 board members, executives, managers and their teams across 36 countries shows that financial pressure to produce growth and profit in challenging economic conditions is resulting in widespread fraud, bribery and corruption in large organizations across the region. The survey also highlights that compliance programs to manage the risk are not working as effectively as they should.

Some of the specific findings include:

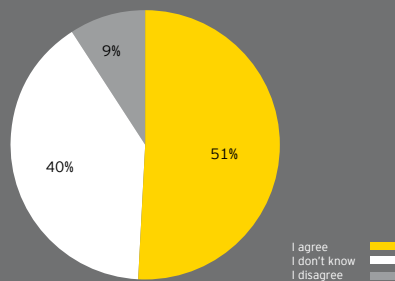
- Overall 42% of board directors and senior managers are aware of some type of irregular financial reporting in their company
- 57% of respondents feel that corrupt practices are widespread in their country
- 49% of sales staff do not consider their company's anti-corruption policy to be relevant to their work

The survey can be downloaded here:

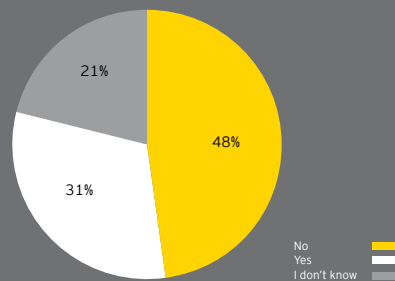
<http://www.ey.com/LU/en/Services/Assurance/Fraud-Investigation---Dispute-Services>

Perception of corruption

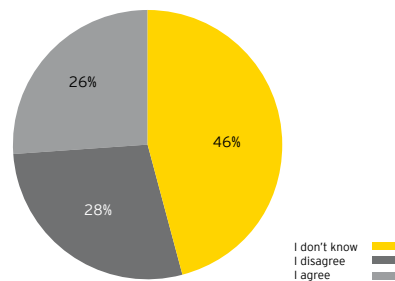
Do you believe that corruption is an issue in the European Union?



Do you believe that you have, in the past, lost contracts due to corrupt practices used by your competitors?

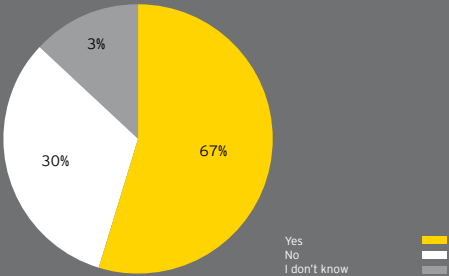


Do you agree with the following statement: *“Corrupt practices are increasing because of the economic downturn”*?

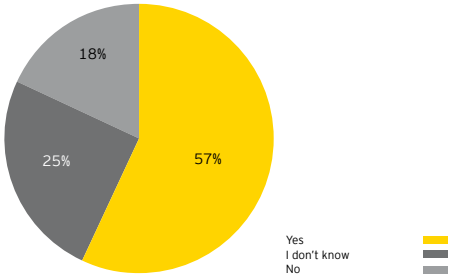


Policy and procedures

We have an anti-corruption policy

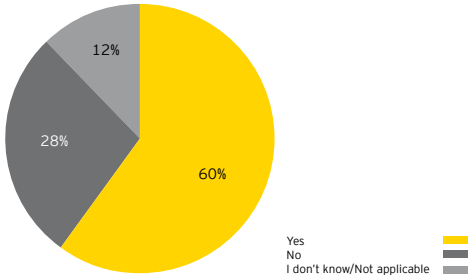


We have an anti-bribery/anti-corruption policy and code of conduct

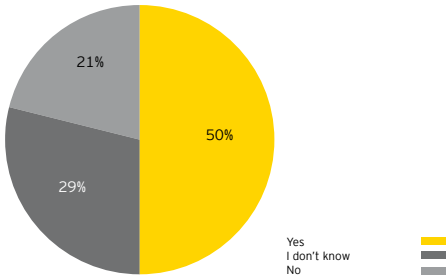


Source: Europe, Middle East, India and Africa fraud survey 2013
Base: 3,459 respondents

“Senior management has strongly and repeatedly communicated to our staff its commitment to our anti-corruption policy”



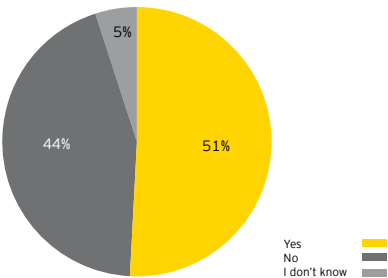
Senior Management has strongly communicated its commitment to our anti-bribery/anti-corruption policies



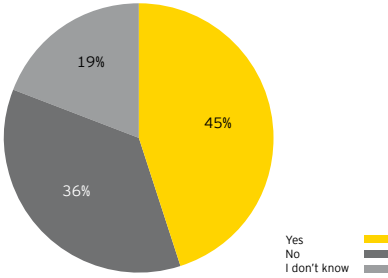
Source: Europe, Middle East, India and Africa fraud survey 2013
Base: 3,459 respondents



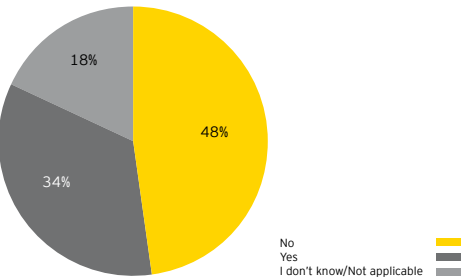
“We have anti-corruption procedures”



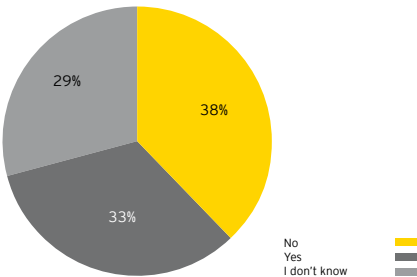
“Senior management has strongly and repeatedly communicated to our staff the need to apply our anti-corruption procedures”



“A training is provided concerning our anti-corruption policy and procedures”



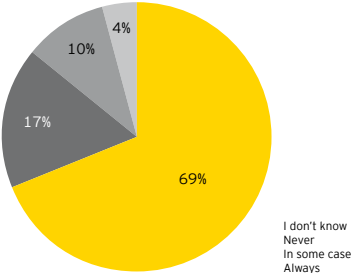
There is training on our anti-bribery/ anti-corruption policies



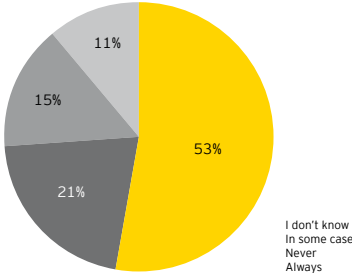
Source: Europe, Middle East, India and Africa fraud survey 2013
Base: 3,459 respondents

Risks in acquisition

How frequently has your company conducted corruption-related post-acquisition due diligence in the last five years?

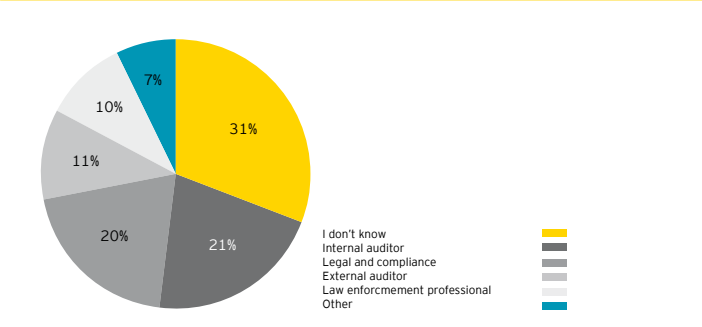


Do you believe that you or your company can be held responsible after an acquisition for corrupted practices that were undertaken before the acquisition?

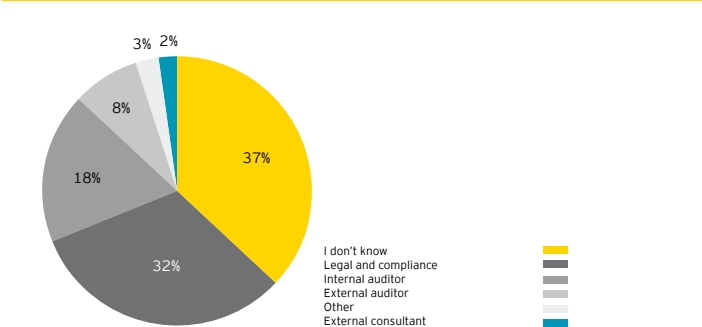


Tracking down the corrupt

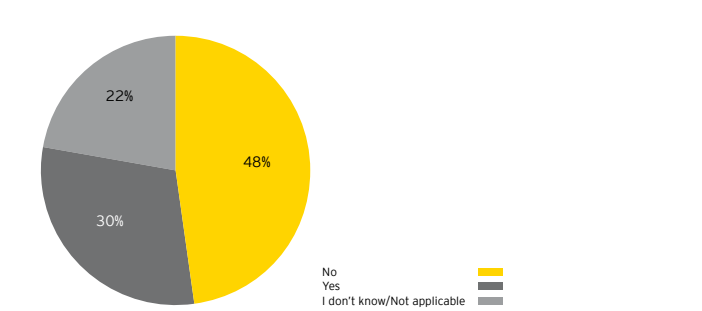
Who do you believe is most likely to detect and report that your company faces a corruption issue?



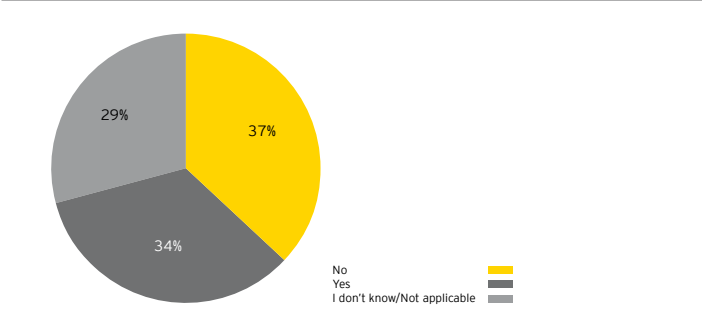
Who is the main responsible for verifying that the anti-corruption policies and/or laws are respected by your company?



Have you implemented a whistleblowing program accessible to your staff?



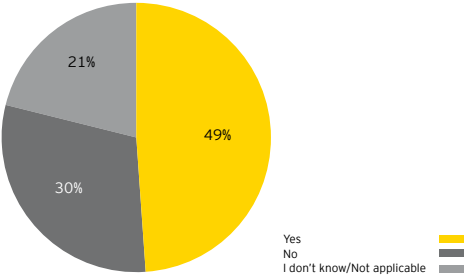
There is a whistleblowing hotline to report cases of fraud, bribery or corruption



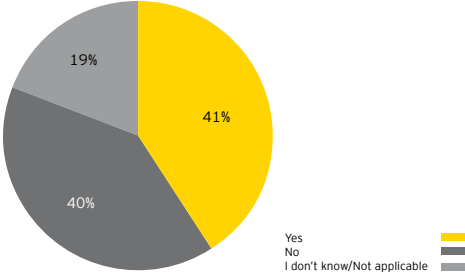
Source: Europe, Middle East, India and Africa fraud survey 2013
Base: 3,459 respondents

Prevention and sanctions

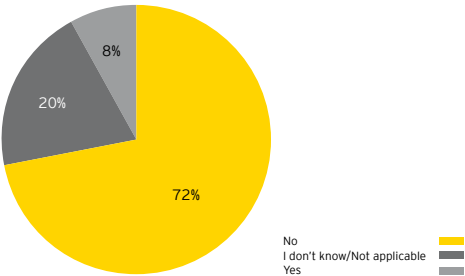
“Senior management has strongly and repeatedly communicated to our staff that no exceptions to applying our anti-corruption procedures are tolerated”



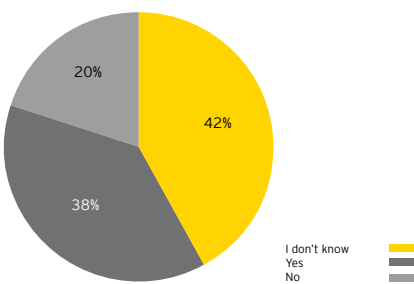
“There are clear internal penalties included in our anti-corruption procedures in case of breaches of our policy and procedures”



Have there been in the past staff members that have been sanctioned for breaches of our anti-corruption policy and procedures?



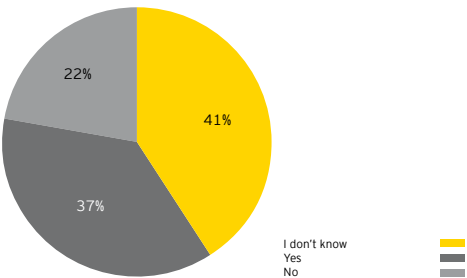
The Company has taken action against employees for breaching our policy



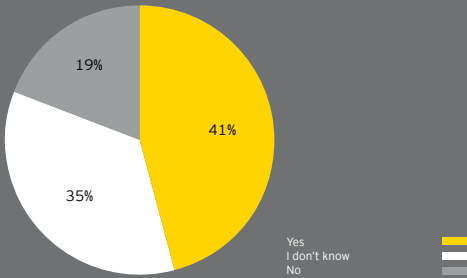
Source: Europe, Middle East, India and Africa fraud survey 2013
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The public-private cooperation

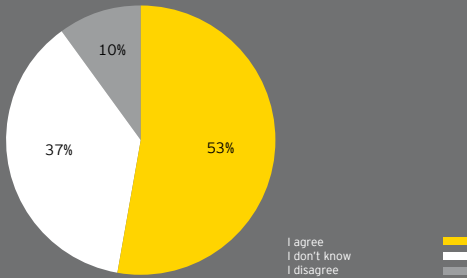
Do you believe that additional support from Luxembourg authorities for the private sector is needed in order to assist companies to handle corruption issues?



Do you believe that the Luxembourg government should consider introducing mandatory anti-corruption policies and procedures for large companies, such as already done in a number of other countries?



Do you agree with the following statement: "A strong position from our government on anti-corruption, combined with effective private sector initiatives to fight such corruption, is a very powerful signal for foreign investors and foreign companies to come to Luxembourg"



About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 167,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

About Ernst & Young's Fraud Investigation and Dispute Services

Dealing with complex issues of fraud, regulatory compliance and business disputes can detract from efforts to achieve your company's potential. Better management of fraud risk and compliance exposure is a critical business priority – no matter the industry sector. With more than 2,000 fraud investigation and dispute professionals around the world, we assemble the right multidisciplinary and culturally aligned team to work with you and your legal advisors. And we work to give you the benefit of our broad sector experience, our deep subject matter knowledge and the latest insights from our work worldwide. It's how Ernst & Young makes a difference.

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