



BUILDING A STRONG BUSINESS

How to be a reliable business partner in
an international business environment

Marlène Jans

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About



Marlène Jans

E: Mjans@rsmnl.nl

Director Corporate Governance & Culture

RSM Netherlands Business Consulting Services B.V. - Netherlands

Serving multinationals, financial institutions and external supervisors;
sparring partner & trusted boardroom advisor

- Royal Netherlands Institute of Chartered Accountants – Guidance on Soft Controls
- Dutch Association of Compliance Professionals – Expert Group on Culture & Behaviour

- Corporate law and corporate governance
- European Women on Boards
- Certified as Supervisory Board member and Compliance Professional
- Lecturer, and research for a.o. Erasmus University Rotterdam; 2 books and 30+ publications

Agenda

1. Introduction Corporate Governance Center Armenia
2. Why fight corruption
3. Strong ethics is good business
4. How to create a culture free of corruption & influence behaviour
5. Strong internal governance
6. Anti-corruption & bribery audit programme
7. View of United Nations
8. Wrap-up

Why fight corruption?

Corruption

- frustrates competition and innovation
- adds to cost of doing business around the world
- undermines global economy
- breeds terrorism
- threatens national security of countries and others around the world

“Corruption is one of the greatest enemies of progress in our time. It creates a system of patronage, where the resources are shared out by a small elite while the majority are trapped in poverty, denied the benefits and proceeds of growth that are rightfully theirs.”

UK PRIME MINISTER DAVID CAMERON, JULY 2015

Integrity is the license to operate for all of us



Statue 'Kreislauf des Geldes' / The circulation of money
(Karl-Henning Seemann - 1976 – Aachen Germany)

“Strong ethics is good business” – 2022 honorees

ETHISPHERE
GOOD. SMART. BUSINESS. PROFIT.

World's Most Ethical Companies



136

Organizations



45

Industries



22

Countries

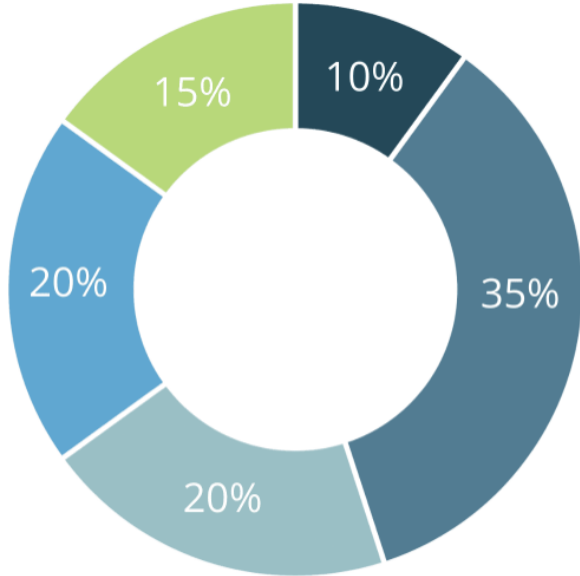


10.5

Trillion in Market Cap

“Strong ethics is good business”

The World’s Most Ethical Companies Evaluation Framework



GOVERNANCE

- Oversight
- Governance Principles
- Risk Management

LEADERSHIP & REPUTATION

- Legal compliance and ethical track record
- Ethical reputation the marketplace
- Awards and accolades garnered
- Examples of leadership locally, nationally, and globally

CULTURE OF ETHICS

- Efforts to establish ethical tone from top to middle
- Frequency with which culture is elevated
- Methods and outcomes

ETHICS & COMPLIANCE PROGRAM

- Program structure, responsibility, and resources
- Program oversight and tone at the top
- Written standards, training, and communication
- Detection, monitoring, auditing, and risk assessments
- Enforcement and discipline

ENVIRONMENTAL & SOCIETAL IMPACT

- Sustainability, citizenship and social responsibility
- Environment stewardship
- Community Involvement
- Corporate Involvement
- Corporate Philanthropy
- Workplace Impact and well-being
- Supply chain engagement and oversight

<https://worldsmoethicalcompanies.com/>

“Strong ethics is good business”

FIVE-YEAR ETHICS PREMIUM: 24.6%

According to Ethisphere's Ethics Index, the listed 2022 World's Most Ethical Companies honorees outperformed a comparable index of large cap companies by 24.6 percentage points from January 2017 to January 2022.

ETHISPHERE
GOOD. SMART. BUSINESS. PROFIT.

*Solactive US Large Cap Index (GTR)



The World's Most Ethical Companies historically outperform their peers and competitors financially, demonstrating a tangible ROI for doing the right thing.

The connection between good ethical practices and financial performance, called the Ethics Premium, has been tracked for 16 years.

How to create a culture free of corruption?

Integrity:

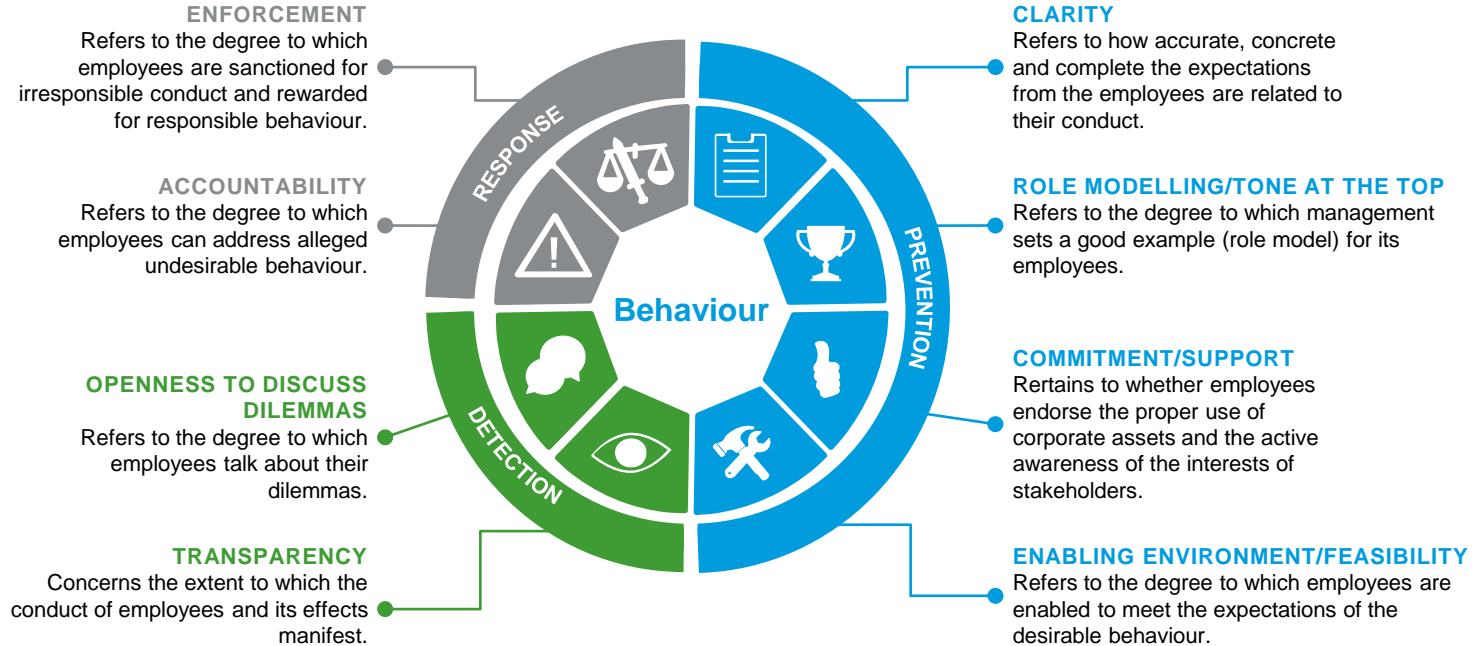
- doing the right thing, also when no one is watching
- Always doing what is right and good, regardless of the immediate consequences



We all want to make beautiful products and provide good services to customers. We need to know who and how we do business with. Doing business with proven integrity and control is a license to operate for companies in every sector.

Integrity is the license to operate for all of us

How to influence behaviour (soft controls)



How to be a reliable business partner



Steps	Internal stakeholders (management & employees)	External stakeholders/business environment
1. Clarity	<ul style="list-style-type: none"> • Develop a clear definition of the meaning of anti-corruption & bribery • Define clearly which behaviour you do and don't accept • Define your core values & Code of Conduct, including a commitment to business integrity 	<ul style="list-style-type: none"> • Publish on your website : <ul style="list-style-type: none"> • Core values & Code of Conduct • Who you want to be as a company • What you expect from your business partners (attitude, culture)
2. Role modelling - tone at the top	<ul style="list-style-type: none"> • Lead by example, live core values & Code of Conduct • Good examples encourage good behaviour, bad examples encourage bad behaviour 	<ul style="list-style-type: none"> • Show your business partners how you deal with ethical standards; protect your reputation • Make choices, take decisions and talk about it • Moral courage
3. Commitment/ support	<ul style="list-style-type: none"> • Motivate your staff to achieve their goals in ethical manner • Avoid pushing boundaries • Develop procedures for dealing with dilemmas 	<ul style="list-style-type: none"> • Stand behind your employees in tough situations, taking tough decisions • Avoid situations that can harm your company and reputation
4. Enabling environment/ Feasibility	<ul style="list-style-type: none"> • Enable your staff to do business in an honest and fair manner; sufficient staffing, tooling, equipment, know-how • Pressure, unrealistic goals may force staff to take shortcuts 	<ul style="list-style-type: none"> • Train staff well, so they feel confident in approaching business partners and know how to deal in compromising situations



How to be a reliable business partner (2)

Steps	Internal stakeholders (management & employees)	External stakeholders/business environment
5. Transparency	<ul style="list-style-type: none"> • Be transparent in developments around corruption; make behaviour visible, as well as decisions taken • Show effects of their behaviour, and that of others • Discuss positive results and rooms for improvement • Address your own role as senior management 	<ul style="list-style-type: none"> • Be open about consequences of compromising behaviour • Communicate about decisions taken in compromising situations plus their rationale • Publish anti-corruption approach and policies
6. Openness to discuss dilemmas	<ul style="list-style-type: none"> • Give room to discuss dilemmas • Talk about grey areas and how to deal with it • Avoid development of a code of silence 	<ul style="list-style-type: none"> • Discuss dilemmas with business partners • Give room for dissenting opinions
7. Accountability	<ul style="list-style-type: none"> • Hold staff accountable for their behaviour (KPI's) • Give room to express critical opinions • Implement speak-up procedures, ears open for whistleblowers and act in line with findings 	<ul style="list-style-type: none"> • Hold business partners accountable • Take signs from external whistleblowers seriously • Act in line with policies and be transparent about it
8. Enforcement	<ul style="list-style-type: none"> • Clearly intentional errors and violations are punished • Express appreciation for managers' and employees' honest behaviour • Carrot and stick 	<ul style="list-style-type: none"> • Take a firm decision in a compromising relationship, and carry it out (no tolerance) • Reward solid and honest business relationships, and terminate compromising ones • Carrot and stick

Strong internal governance

- Comply with Code of Corporate Governance of Republic of Armenia
- Checks & balances: install Supervisory Board with a serious mandate (supervisor, advisor/sparring partner and employer)
- Install strong compliance and risk management (2nd line) and internal audit (3rd line) functions, use risk based approach, based on principles of proportionality
- Develop a solid compliance and risk management framework:
 - monitor results
 - act in case of findings
 - Plan – Do – Check – Act
- Communicate about frameworks and findings
- KPI's, hiring and firing; employee assessment
- Avoid tunnel vision: give space to dissenting opinions, encourage to speak up

Develop an anti-corruption & bribery audit programme

Subjects for testing	
Tone at the top	Gifts, hospitality and expenses
Tone from the top	Political contributions
Policies & procedures	Charitable contributions
Facilitation of payments	Sponsorships
Significant investments	Incident handling process
Outside positions	Whistleblowing procedures, protection, etc.
Complaint handling process	Training & awareness, dilemma trainings

View of United Nations



<https://www.youtube.com/watch?v=a99UwXSuPdo&list=PLXTVMzsT4FMHswAoopiwBEIzpgnVltdG7&index=48>

Summary

- Practice what you preach
- Integrity is license to operate
- Strong ethics is good business
- Transparency: sunlight is the best disinfectant
- Strong internal governance contributes to building reliable business partnerships



Questions?



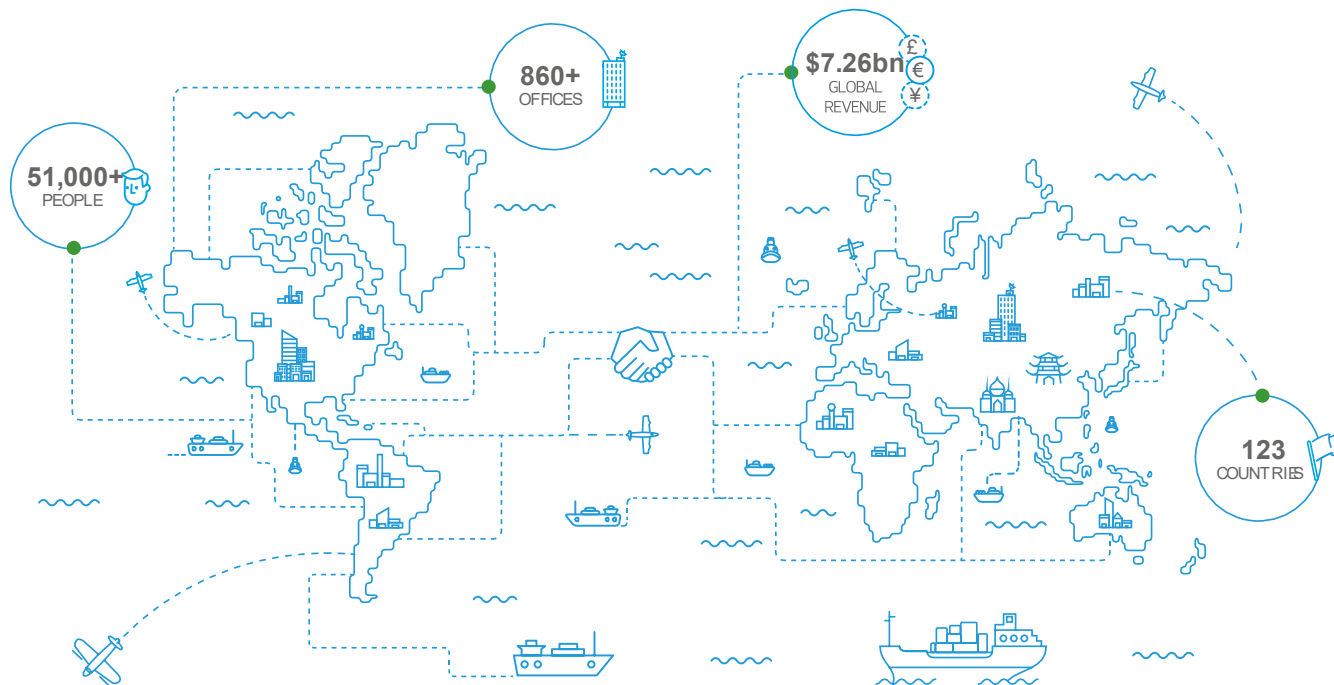
About RSM

RSM International is one of the fastest growing networks in the world in the field of audit, tax and consulting. We can rely on this RSM network for international services in more than 120 countries.

RSM Netherlands has 600 professionals and 9 locations throughout the Netherlands.

We empower customers to make the right decisions with confidence.

Our customers, colleagues and society experience 'The Power of Being Understood' through connecting, engaging and sharing knowledge & insights.



RSM values

 <p>RESPECT</p> <p>treat others as we would like to be treated</p> <p>We display respect in each interaction with:</p> <ul style="list-style-type: none">ClientsEmployeesPartners	 <p>INTEGRITY</p> <p>do the right thing</p> <p>We stay true to our beliefs in:</p> <ul style="list-style-type: none">DecisionsNegotiationsCommunications	 <p>TEAMWORK</p> <p>work together effectively</p> <p>We cultivate genuine collaboration:</p> <ul style="list-style-type: none">In work groupsAcross member firmsAcross functionsAmongst leaders	 <p>EXCELLENCE</p> <p>be the best in everything we do</p> <p>We achieve distinction through:</p> <ul style="list-style-type: none">Our standardsOur operationsThe work we deliver	 <p>STEWARDSHIP</p> <p>better our network and members, and develop our people</p> <p>We make RSM a better place by:</p> <ul style="list-style-type: none">Developing our peopleBuilding our brandSupporting our communities
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THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING