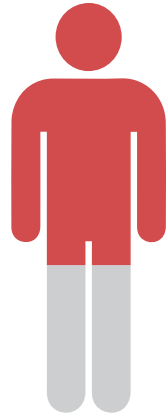


2020 GLOBAL ANTICORRUPTION SURVEY

Compliance in the new normal

AT A GLANCE

- Confidence in anticorruption programs is down;
- Respondents are uncertain about anticorruption risk as we transition to a new normal; and
- All at a time where companies are reducing compliance headcount/budget in light of Covid-19.



84%

of respondents say their industry is exposed to corruption risk – and **almost 40% of those say they view the risk as significant.**

CONFIDENCE IN ANTICORRUPTION PROGRAMS IS DOWN

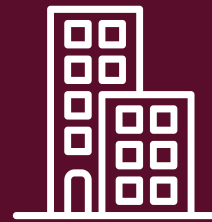


1 IN 4

respondents are not confident in their company's due diligence processes, representing a 250% increase year-over-year

1 IN 10

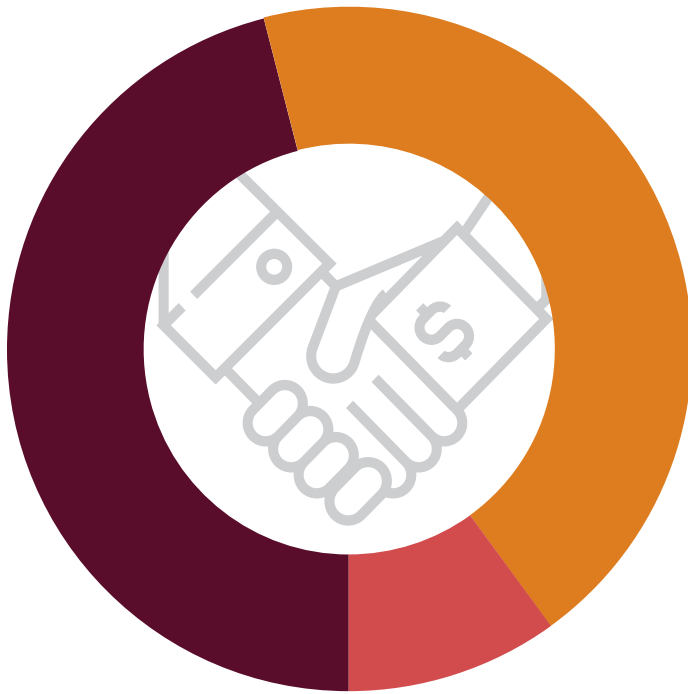
respondents view their company resources as insufficient to identify and respond to corruption risks, a 70% increase year-over-year



Meanwhile, **nearly 40% of respondents' companies** have reduced budget and/or headcount for compliance programs in light of Covid-19

RESPONDENTS HAVE VARIED VIEWS ON CORRUPTION RISK IN THE NEW NORMAL

Compliance is not immune to the uncertainty and varying opinions that Covid-19 has precipitated. Companies are increasingly making independent decisions while taking into account federal and local government regulations.



46%

of respondents believe **corruption risk will decrease** in the 'new normal' because there will be fewer opportunities to engage in corrupt practices.

44%

of respondents believe **corruption risk will increase** because the 'new normal' will lack appropriate policies and procedures, visibility and oversight will decline, and/or investigations of non-compliant activity will be difficult.

10%

of respondents responded 'neither'.

The impact of Covid-19 on corruption risk may be company-dependent and factor in company structure, size and resilience. Those with robust technology, defined culture, policies and procedures, and regional oversight may be better suited to the new normal, while those who rely on a centralized internal audit function to travel globally and ensure compliance under a single policy may face more challenges in the new normal.

We asked respondents to reflect on which aspects of the new normal would be most likely to increase corruption risk. 1 in 3 selected:



**CONDUCTING
INQUIRIES, INTERVIEWS OR
INVESTIGATIONS REMOTELY**



**EMPLOYEES
WORKING REMOTELY**



**TECHNOLOGY
LIMITATIONS**

IMPLICATIONS OF DECREASED TRAVEL ON COMPLIANCE PROGRAMS

80 to 90% of respondents noted a medium-to-high corruption risk for:



**LICENSING & BUSINESS
REGISTRATION FEE**



GIFTS



ENTERTAINMENT



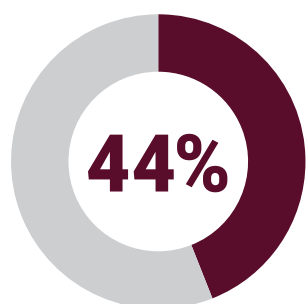
CONSULTANCY FEES

While the perceived corruption risk attributable to Procurement remains high, the perceived risk associated with Sales functions has decreased 30% year-over-year with only 33% of respondents identifying it as subject to the highest level of corruption risk. With travel limiting how the Sales function engages with customers, bribes associated with entertainment expenses and meeting in person are less likely.

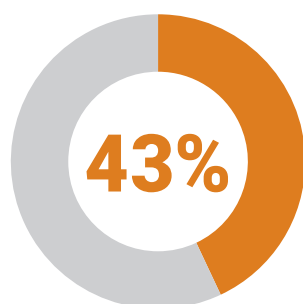
These numbers will likely shift in the months to come as travel continues to be limited. There will also likely be an increased emphasis on training of foreign subsidiaries and third parties as companies look to hire others to observe local branches and subsidiaries or look to train ambassadors within the firm.

TOP GLOBAL CONCERNS ABOUT THE TRANSITION TO THE NEW NORMAL

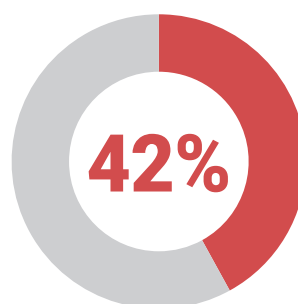
Reliance on in-country/
in-market compliance and
anticorruption function



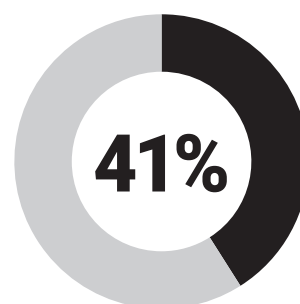
Anticipated need for
increased remote working
(and view this as increasing
corruption risk)



Corporate need for
revenue/income putting
additional pressures
on compliance and
anticorruption functions



Quality/competence of
work force (e.g. post
lay-offs to the extent
applicable)



THE TOP PRIORITIES FOR ANTICORRUPTION PROGRAMS VARIED BY REGION AND BY COUNTRY

#1

#2



United States

Improving technology and
enabling remote workforce



Changing policies and
procedures to reflect new normal



United Kingdom

Improving technology and
enabling remote workforce



Changing policies and
procedures to reflect new normal



Germany

Changing policies and
procedures to reflect new normal



Increasing local
anticorruption spend



Mexico

Increased scrutiny of third parties
and/or business partners



Increasing frequency or
quantity of internal audits



Brazil

Improving technology and
enabling remote workforce



Increased
training



Argentina

Changing policies and
procedures to reflect new normal



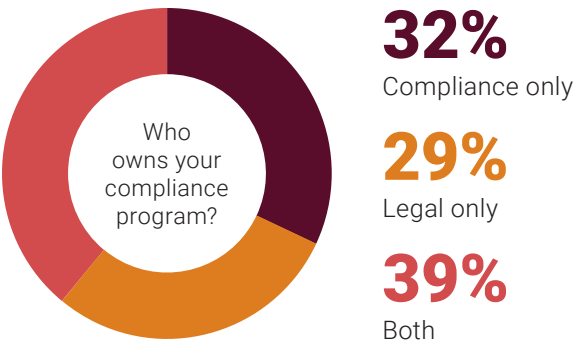
Increasing local
anticorruption spend



CONSIDERATIONS FOR EFFECTIVE COMPLIANCE PROGRAMS

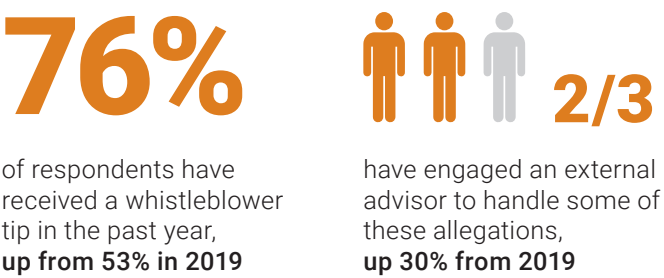
Effects of ownership

Balancing the autonomy of compliance programs:



Companies continue to navigate where to house compliance. Some companies have autonomous compliance groups, while still others keep compliance with the legal function. This will depend on the company's size and maturity, as well as their culture and regulatory experience.

Whistleblower hotlines continue to ring

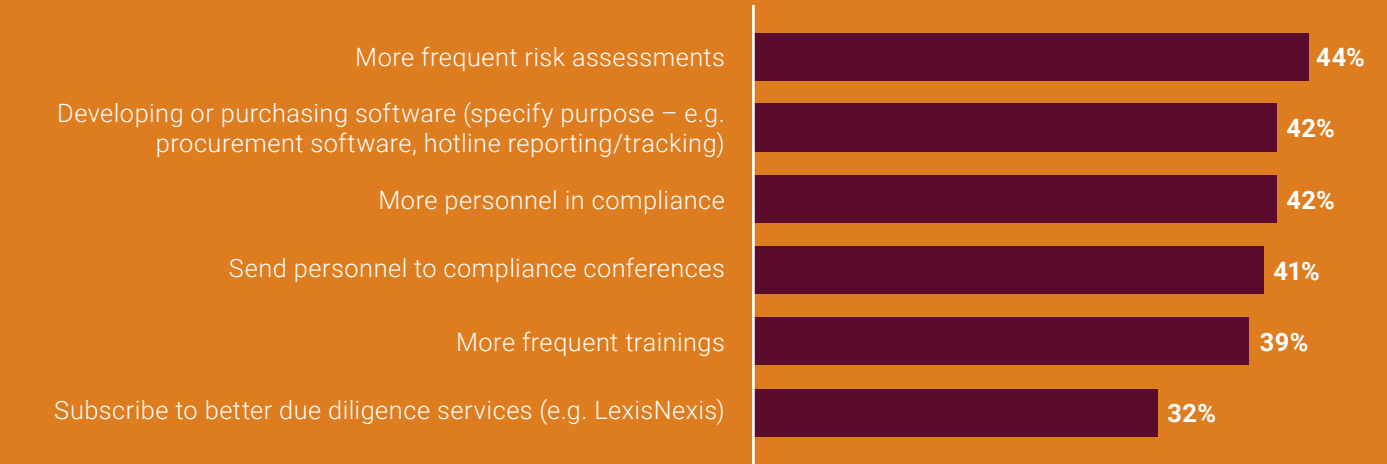


Risk assessments

Antibribery and anticorruption risk assessments and benchmarking review remain important. 9 out of 10 respondents conduct these assessments – 90% of whom did so within the last two years. More frequent risk assessments were cited by nearly half of the respondents as a top priority for enhancing their organizations' compliance program.

WHAT CHANGES WOULD YOU MAKE?

If given a larger budget, what would be the top priorities to further enhance your company's compliance program (respondents chose up to three)?



DATA, ANALYSIS & REAL TIME MONITORING

Organizations continue to use data and enhance systems to access data for monitoring corruption and implementing compliance programs. 3 out of 4 respondents use real time monitoring for suspicious behavior and 89% of respondents think their company is successful in using data to identify corruption.



Year-over-year, data privacy remains the #1 issue keeping our respondents awake at night, selected by 55% of respondents.

What are the challenges?

- 1** Lack of integration of systems and secure data: over 80% of respondents indicated that this was a challenge to conducting cross-border investigations.
- 2** Moving data across country borders: 40% of respondents expect an increase in challenges associated with moving data across country borders, an increase in 25% YoY.
- 3** Local laws: 28% of respondents believes there are major impediments to collecting and analyzing data due to the local laws, an increase of 133% YoY.

REGIONAL SPOTLIGHT

30%

of respondents have avoided doing business in Greater China due to the high risk for corruption.

Other geographies with the highest perceived corruption risk include:



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ALIXPARTNERS' ANNUAL GLOBAL ANTICORRUPTION SURVEY

The AlixPartners global anticorruption survey polled more than 300 corporate counsel, legal, compliance, accounting/finance, and purchasing/procurement professionals representing more than 20 major industries in North America, Latin America and Europe.

ABOUT US

For nearly forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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