

EXECUTIVE SUMMARY

Financial Advisory Services



AlixPartners Annual Global Anticorruption Survey 2016

The record number of enforcement actions taken by the US Securities and Exchange Commission is proof that corruption, fraud, and other misconduct remain legitimate problems for many companies globally. Vigorous enforcement, which today involves the use of sophisticated technology and data analytics tools to generate cases, produced a record 807 enforcement actions and roughly \$4.2 billion in sanctions in 2015.¹

The scope of the problem is evident, according to the 2016 AlixPartners Global Anticorruption Survey, which polled general counsel and compliance officers at companies representing more than 20 major industries in the United States, Europe, and Asia. The survey explored the impact of corruption risk on the global business environment, measured the impact of anticorruption laws and regulations on compliance-related activities, and assessed the ways companies are preventing, identifying, and handling corruption risk.

The toll on business

- ▶ 23% of respondents said their companies lost business during the previous 12 months as a result of situations involving illicit payments to government officials, compared with 22% in our 2015 survey
- ▶ 32% said they have ceased doing business with certain partners because of corruption risk, compared with 28% last year
- ▶ 36% said their companies pulled out of or delayed acquisitions because of potential corruption risk, compared with 26% last year
- ▶ 64% said they have not avoided doing business in a region based on possible corruption risk, compared with 66% last year

A problem that spans many industries and geographies

- ▶ 90% of respondents said their industries are exposed to corruption risk, compared with 85% in our 2015 survey, with 28% citing “significant risk”—up from 22% last year
- ▶ 78% and 68% of respondents rated risk levels as significant for Africa and the Middle East, respectively, compared with 59% and 48% in 2015—a sharp increase for both regions

- ▶ 73% of respondents indicated significant levels of risk in Russia, compared with 75% in last year’s survey

For a majority of inside counsel and compliance officers, enforcement efforts making an impact

- ▶ 75% of respondents said their companies have dedicated anticorruption programs
- ▶ 67% said they had reviewed policies in the past year
- ▶ 51% said they had implemented anticorruption programs in the past 10 years
- ▶ 66% have whistle-blower hotlines; 27% have received tips related to corruption during past 12 months

Anticorruption efforts: What’s working? And what are the challenges?

- ▶ 75% said variations of policies by country are the main obstacles to combating corruption; also cited were inadequate staffing (69%) and a lower priority on compliance (64%), compared with business objectives
- ▶ 85% cited internal audits as the most-effective means of reducing risk; also cited were compliance policies (85%), training (82%), and increased scrutiny of books and records or internal controls (80%)

Data issues rising in cross-border investigations

- ▶ 77% said their companies face challenges in navigating local data protection laws
- ▶ 76% cited ensuring the security of their data as “challenging”
- ▶ 27% said they expect an increase in challenges associated with moving data across country borders

¹ US Securities and Exchange Commission press release, October 22, 2015, <https://www.sec.gov/news/pressrelease/2015-245.html>.

Respondent profile

FIGURE 1: Company revenue (most recent fiscal year, USD)

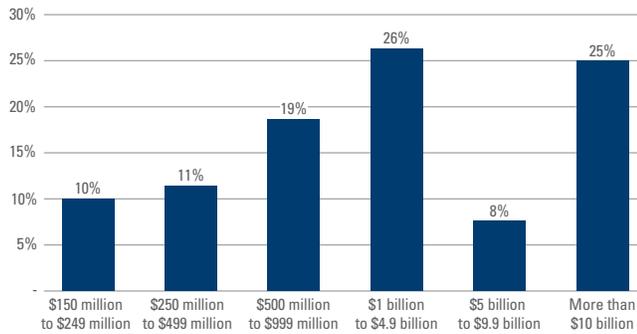
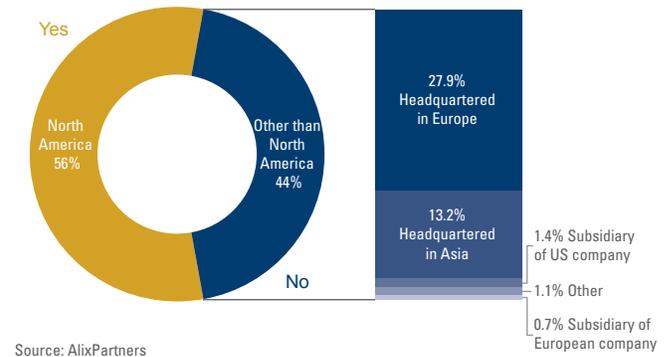


FIGURE 2: Company headquarters location



FOR MORE INFORMATION, CONTACT:

Guenter Degitz

Managing Director
gdegitz@alixpartners.com
+49 (0) 151 1626 7599

Harvey Kelly

Managing Director
hkelly@alixpartners.com
+1 (646) 746 2422

Mike Murphy

Managing Director
mmurphy@alixpartners.com
+1 (415) 848 0302

ABOUT ALIXPARTNERS

AlixPartners is a leading global business-advisory firm of results-oriented professionals who specialize in creating value and restoring performance. We thrive on our ability to make a difference in high-impact situations and deliver sustainable, bottom-line results.

The firm's expertise covers a wide range of businesses and industries, whether they are healthy, challenged, or distressed. Since 1981, we have taken a unique, small-team, action-oriented approach to helping corporate boards and management, law firms, investment banks, and investors to respond to crucial business issues. For more information, visit alixpartners.com.

AlixPartners. *When it really matters.*

The opinions expressed are those of the author, and do not necessarily reflect the views of AlixPartners, LLP, its affiliates, or any of its or their respective professionals or clients. This article, entitled "AlixPartners Annual Global Anticorruption Survey 2016" was prepared by AlixPartners, LLP, for general information and distribution on a strictly confidential and nonreliance basis. No one in possession of this article may rely on any portion of it. The article may be based in whole or in part on projections or forecasts of future events. A forecast by its nature is speculative and includes estimates and assumptions that may prove to be wrong. Actual results may and frequently do differ from those projected or forecast. The information in this article reflects conditions and our views as of this date, all of which are subject to change. We undertake no obligation to update or provide any revisions to the article. The information contained in this article is also subject to the terms, limitations, and assumptions contained in the AlixPartners Annual Global Anticorruption Survey, a copy of which can be provided upon request, including those assumptions, disclaimers, and other limitations contained in that survey.