

2023 GLOBAL ANTI-CORRUPTION SURVEY

Is your organization fit to combat corruption?





KEY TAKEAWAYS



Economic uncertainty heightens concern about increases in corruption risk.



Companies are considering enhancements to anti-corruption programs, such as deploying technology solutions; culture and conduct initiatives; and conducting more frequent and thorough risk assessments.



Despite the adverse economic environment, companies continue to ensure anti-corruption programs have adequate budget to execute their mandate.

EXECUTIVE SUMMARY

AlixPartners' 2023 Global Anti-Corruption Survey relies on 300+ respondents employed in 20 industries in North America, Latin America, and Europe. Companies represented have \$500 million+ in revenue. Respondents include compliance and risk management professionals, corporate counsels, and other professionals in legal, accounting/finance, and purchasing/procurement.

Objective of the 11th annual survey was to evaluate:



Corruption risk on the global business environment



Effectiveness of current anti-corruption practices



Corporate strategies designed to enhance anti-corruption programs

With every survey comes a unique backdrop. Corporate leadership teams are bracing for economic turbulence after a period of growth. In a downturn, corporate leaders may consider shifting resources away from risk management activities or – in extreme situations – engaging in unethical activities to protect their bottom line.

Despite the challenging economic environment, our survey results show that anti-corruption is not being ignored. Nine out of ten respondents are revisiting compliance programs to address an array of factors affecting corruption risk including economic uncertainty, deglobalization, supply chain disruption, and cryptocurrency. To underscore how diverse the threats are, nearly half of respondents could not identify a single greatest corruption risk facing their organization.

A year ago, AlixPartners found many respondents believed their organizations had inadequate resources, policies, procedures, and C-Suite support. We are encouraged to see the tone has changed, with many companies taking action to review capabilities and address risk. An overwhelming number of respondents now say policies and procedures are sufficient to combat corruption risks.

Still, there is ample work to do. As companies look to enhance anti-corruption programs they must prioritize what investments to make. Respondents are prioritizing technology solutions, culture and conduct initiatives, and the ability to conduct more frequent and thorough risk assessments.

Please explore more of what the survey revealed. Don't hesitate to share your thoughts and discuss how AlixPartners might assist your company in its own anti-corruption efforts with any of this survey's authors.

Warmest regards,

Sean Dowd

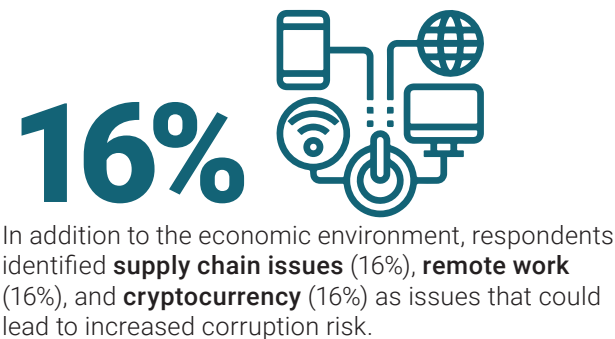
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ASSESSING CORRUPTION RISKS IN AN ADVERSE ECONOMIC ENVIRONMENT

Respondents identified a diverse list of potential disruptions:



Nearly half of respondents say there is no one greatest corruption risk facing their organization right now.

This encapsulates the challenge anti-corruption professionals face. Companies engage in an array of business activities, sometimes in multiple foreign countries with different regulatory regimes and business norms. Companies should establish an anti-corruption program that not only understands today's risks but is easily scaled to address the unforeseen risks of tomorrow.

FOCUS AREAS FOR PROGRAM ENHANCEMENTS

Nearly 90% of all respondents are considering enhancements to their anti-corruption program. Upgrades include:



DEPLOYING TECHNOLOGY SOLUTIONS



CULTURE AND CONDUCT INITIATIVES




RE-EVALUATING RISK ASSESSMENTS

Technology investments will be crucial for companies looking to identify and assess corruption risk in the near-and long-term.

47%

Some 47% of respondents say technology solutions and monitoring services are currently utilized in anti-corruption activities, while 48% of respondents believe technology will play a significant role in the future.

 Roughly one-third (35%) of respondents are considering increasing spending on **monitoring, surveillance**, and other **oversight technologies** to proactively identify improper activity or conduct.

The time is now for companies to install a safety net. Creating an effective risk management culture where employees are held to clear behavioral expectations and are encouraged to raise issues and concerns within the course of their work can highlight compliance failures or misconduct before they become larger issues.

31%

In the survey, 31% of respondents identified the need to enhance the ‘Tone at the Top’ coming from senior executives regarding ethical conduct and anti-corruption. Meanwhile, 32% are considering developing/enhancing anti-corruption specific training for employees.



Whistleblower hotlines are an effective tool for managing corruption risk. Companies should consider establishing a mechanism for employees and other parties to report concerns confidentially and/or anonymously. Only 30% of respondents have established a whistleblower hotline to report corruption allegations.

Risk assessments are an essential tool for understanding the corruption risks caused by the company’s employees, stakeholders, and business activities.

AlixPartners found 31% of respondents performed an anti-corruption risk assessment within the last twelve months. This is lower than expected. However, 27% are considering implementing/enhancing risk assessments for new business lines or areas with increasing risk of corruption.

BUDGET RESILIENCE IN AN ADVERSE ECONOMIC ENVIRONMENT

A year ago, many respondents believed their organizations had inadequate resources and C-Suite support for their anti-corruption program.

86%

This year, the tone has changed with 86% of respondents saying their company allocated sufficient budget to anti-corruption teams and programs. Three-quarters of respondents at least somewhat agree there will be budgetary pressures on their company.

However, a vast majority (69%) say that pressure will have little to no impact on their anti-corruption program.

Respondents identified the following areas as priorities for increased investment:



35% of respondents would develop or purchase new software/technology tools



31% would increase additional headcount on anti-corruption teams



31% would conduct more frequent risk assessments



29% would subscribe to better due diligence services



26% would conduct more frequent trainings



Companies should continue to evaluate the financial and headcount needs of their anti-corruption program and consider whether the program has adequate stature and authority within the organization to act as needed.

CONCLUSION

Increased corruption risk may result from the current adverse economic environment. It is critical for companies to establish an effective and well-funded anti-corruption program.

AlixPartners' 2023 Global Anti-corruption Survey highlights the continued investment companies are making to ensure their anti-corruption programs can adequately execute their mandate while identifying enhancements to meet the risks of the future.

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ALIXPARTNERS' ANNUAL GLOBAL ANTI-CORRUPTION 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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