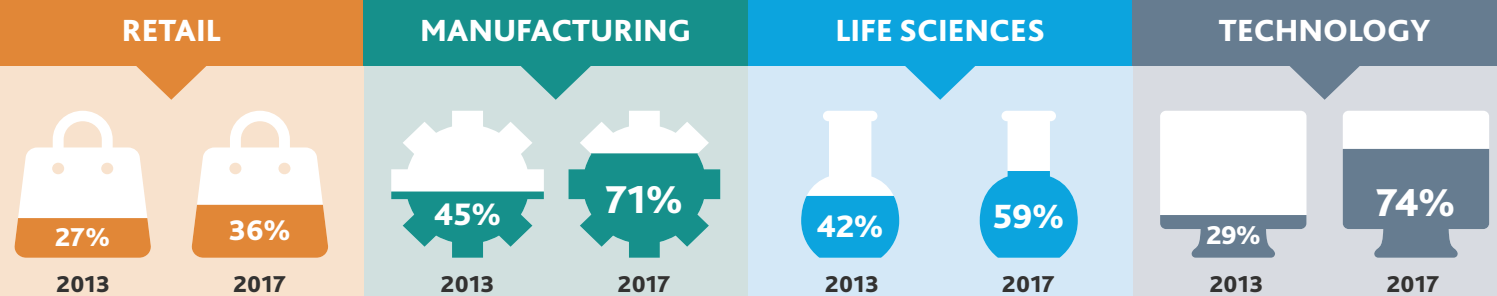


GLOBAL BUSINESS CORRUPTION CONCERNS CREEP UP

The New Year is here, and many companies have plans to expand abroad. Those looking to take their operations overseas must be aware of the multiple corruption risks this may bring. In fact, a growing proportion of the largest 100 publicly traded companies by revenue across four industries—retail, manufacturing, life sciences, and tech—cited compliance with the Foreign Corrupt Practices Act (FCPA) and other anti-corruption laws as a top risk, according to BDO's *2017 RiskFactor Report* series.

PERCENTAGE OF COMPANIES CITING COMPLIANCE WITH ANTI-CORRUPTION LAWS AS A RISK



TOP 3 FACTORS FUELING CORRUPTION RISK



1/ An Increasingly Complex Global Regulatory Environment

A greater anti-corruption focus globally is a net positive—but also means companies must comply with more regulations in more jurisdictions.

REMINDER: Companies must comply with the anti-graft regulations in their home countries AND all of the other countries they are operating in.



2/ More Third-Party Relationships

As businesses expand abroad, business partners and third-party relationships increase—along with the risk of corruption.

REMINDER: Companies that are ethical and have effective anti-corruption controls over their own operations may still fall victim to the corrupt activities of their agents, distributors, and/or other business partners.





3/ Exposure to Different Business Cultures


Companies expanding abroad may be exposed to entirely different business cultures than the one(s) they're used to—some of which may view certain acts of corruption, such as bribery, as the norm.


REMINDER: The FCPA prohibits the payment of bribes to foreign officials anywhere in the world. Even if corruption is viewed as the "norm" in one region, companies are still liable for their actions.


HOW CAN ORGANIZATIONS MITIGATE CORRUPTION RISK?


 Conduct or refresh your Fraud & Corruption Risk Assessment regularly.

 Enhance fraud and corruption controls based on risk assessments, including accounting controls, training, policies and procedures, and tone at the top.

 Test transactions and controls in a timely manner using independent and objective sources familiar with your industry, local culture, and business practices where you are operating.

 Employ robust data analytics as part of your testing regime.

 Conduct risk-based due diligence of agents, distributors, other business partners, and employees.

 Monitor, re-evaluate, and refresh accordingly.

REMINDER: FCPA violations may result in enormous penalties, disgorgement, reputational damage, and decreased employee morale. A robust anti-corruption program may avoid these costs and pay handsome dividends over time.

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