

Siemens Compliance Program – Track Record and Challenges

Presented by Hentie Dirker

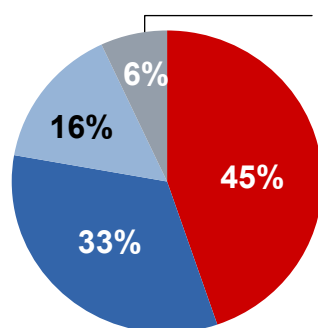
Ethics Center Luncheon,
Toronto, 12 January 2011



Committed to profit and growth

Revenue by Sector

Healthcare
€12,4 billion



Cross-Sector Businesses
€4,8 billion

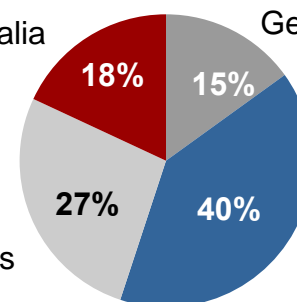
Industry
€34,9 billion

Energy
€25,5 billion

Total Revenue Sectors and Cross-Sector Businesses

Revenue by region

Asia, Australia



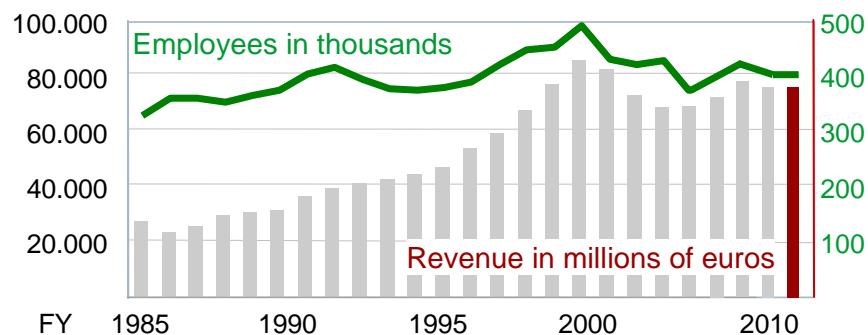
Germany

Americas

Europe, CIS,
Africa, Middle East
(excl. Germany)

Location of customer

Revenue and employees

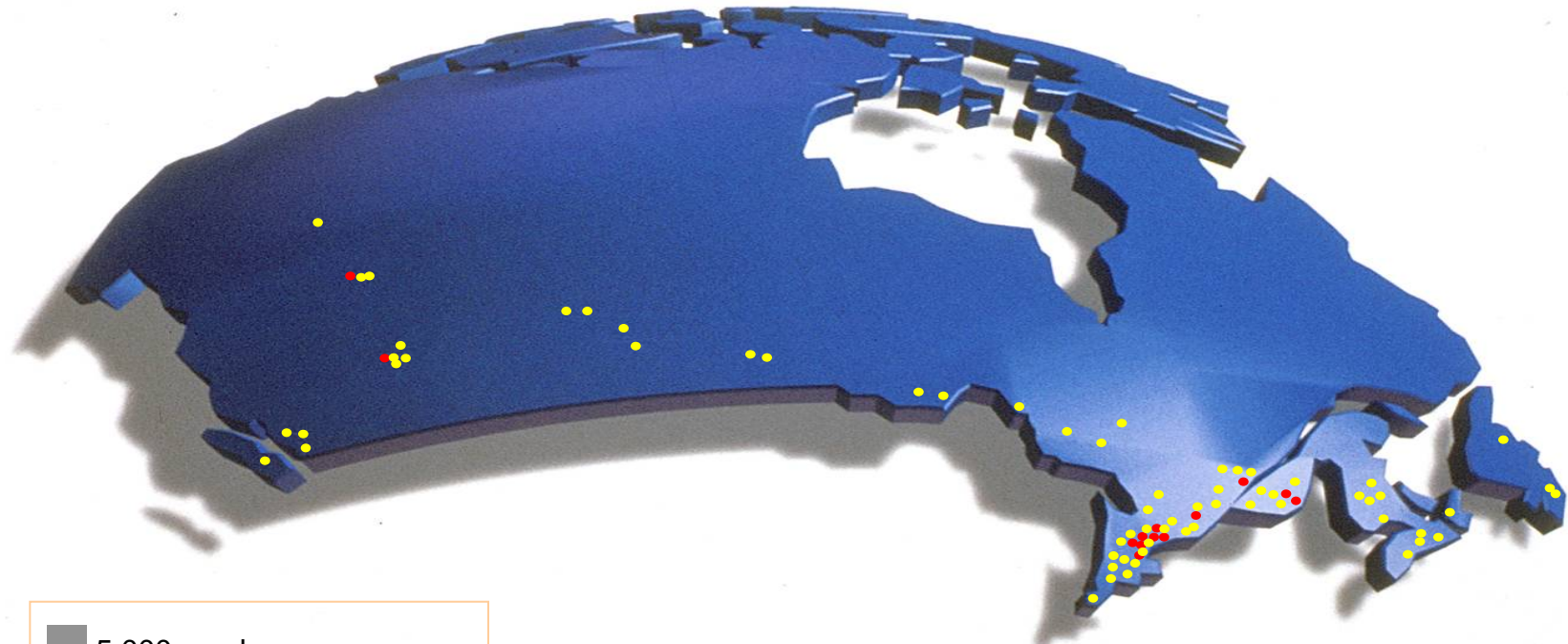


Key figures

Continuing operations
(in millions of euros)

	FY2009	FY2010
Revenue	76,651	75,978
New orders	78,991	81,163
Income	2,457	4,112
Free cash flow	3,786	7,111
Employees	405,000	405,000

Siemens in Canada has a strong local presence



- 5,000 employees
- \$2.5 CAD billion in revenue
- 69 offices
- 13 manufacturing facilities



As of September 30, 2009

Compliance is part of the DNA of Siemens

Why Compliance is necessary for our society and our markets

What we as Siemens do

How we do it – the Siemens Compliance program

What we achieved and where we´re going to

**Sustainability as the key to success:
Siemens has been in business for 163 years**

SIEMENS

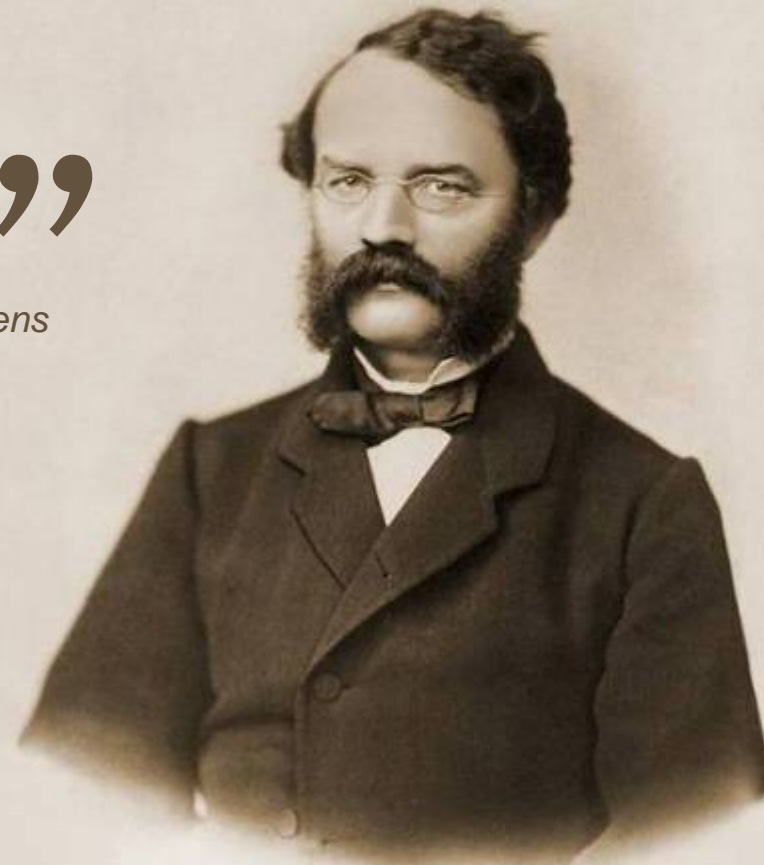
**“ I won't sell the future
for short-term profit. ”**

Werner von Siemens

Innovative

Excellent

Responsible



Our values have been the foundation for Siemens' success for over 160 years

SIEMENS

Our values – for long-term success worldwide

Responsible

... means that we undertake to conduct ourselves in an ethical and responsible manner



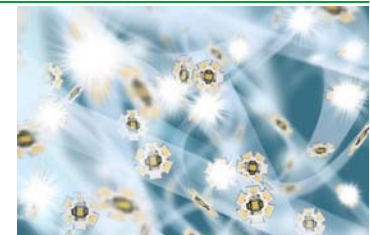
Excellent

... describes our high performance and the excellent result of our work



Innovative

... describes our endeavor to create sustainable value both now and in the future



**The message concerning Compliance is authentic,
clear and non-compromising**

SIEMENS

“Being a responsible company – this is what our foundation was built on, this is a core element of our values. Highest performance with highest ethics”

*Peter Löscher, President and
Chief Executive Officer of Siemens AG*



Source: P. Löscher; September 2010

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December 2010

Siemens AG © 2010, Corporate Compliance Office

Compliance is an integral part of our culture of integrity

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“Our value ‘responsible’ is based on integrity. Integrity requires taking responsibility and having the courage to make decisions following our inner compass.”

*Peter Y. Solmssen,
Member of the Managing Board and
General Counsel of Siemens AG*

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We Stand for Our Values

Responsible – Excellent – Innovative

Find further information at internet.siemens.com/compliance and
internet.siemens.com/values

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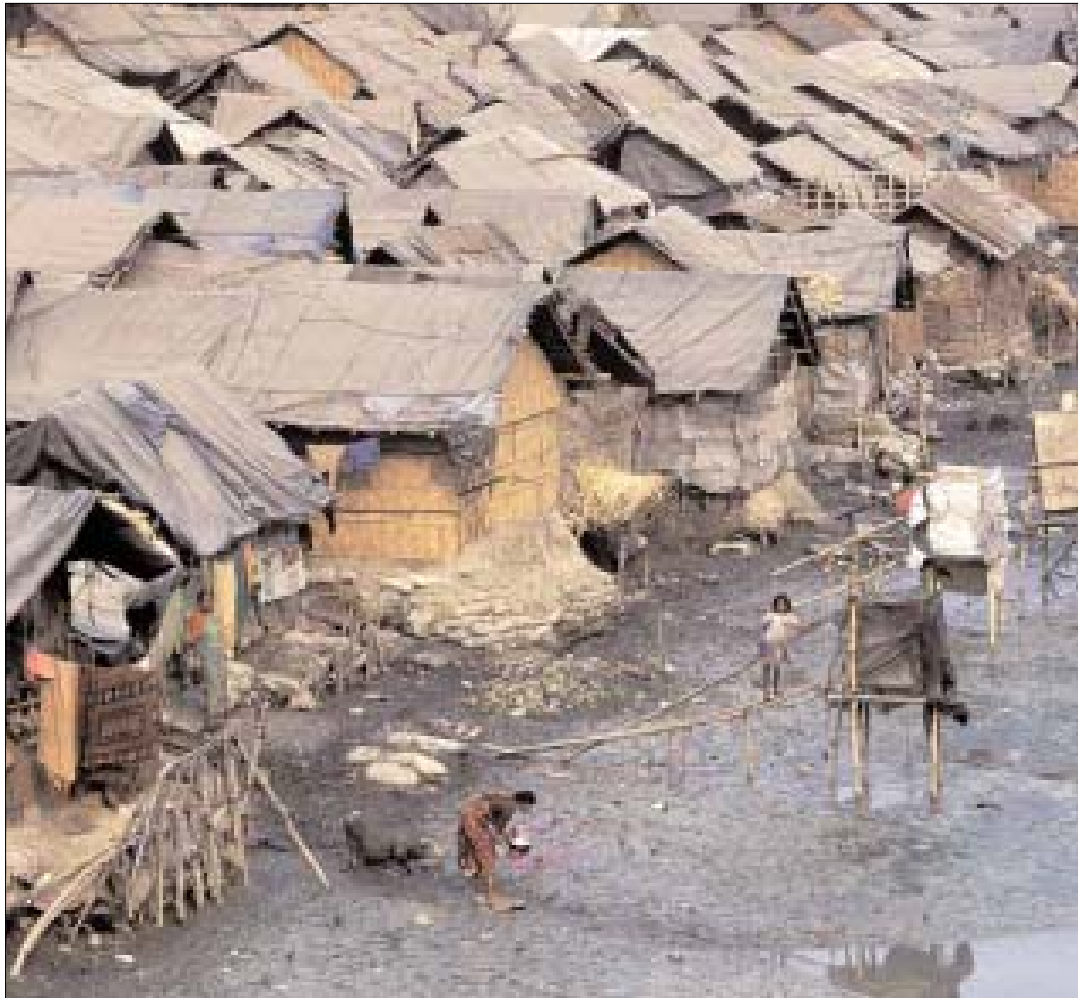
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Corruption blocks sustainable development of nations



1 Corruption leads to bad decisions and to the misallocation of resources

2 It cripples national economies, especially those of developing countries

3 It distorts competition and slows economic development

Corruption kills our markets



1 A corrupt company culture diminishes transparency and credibility

2 With less incentive to compete on the basis of quality and price, product quality suffers

3 Inaccurate accounting (books and records) leads to loss of control

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Why Compliance is necessary for our society and our markets

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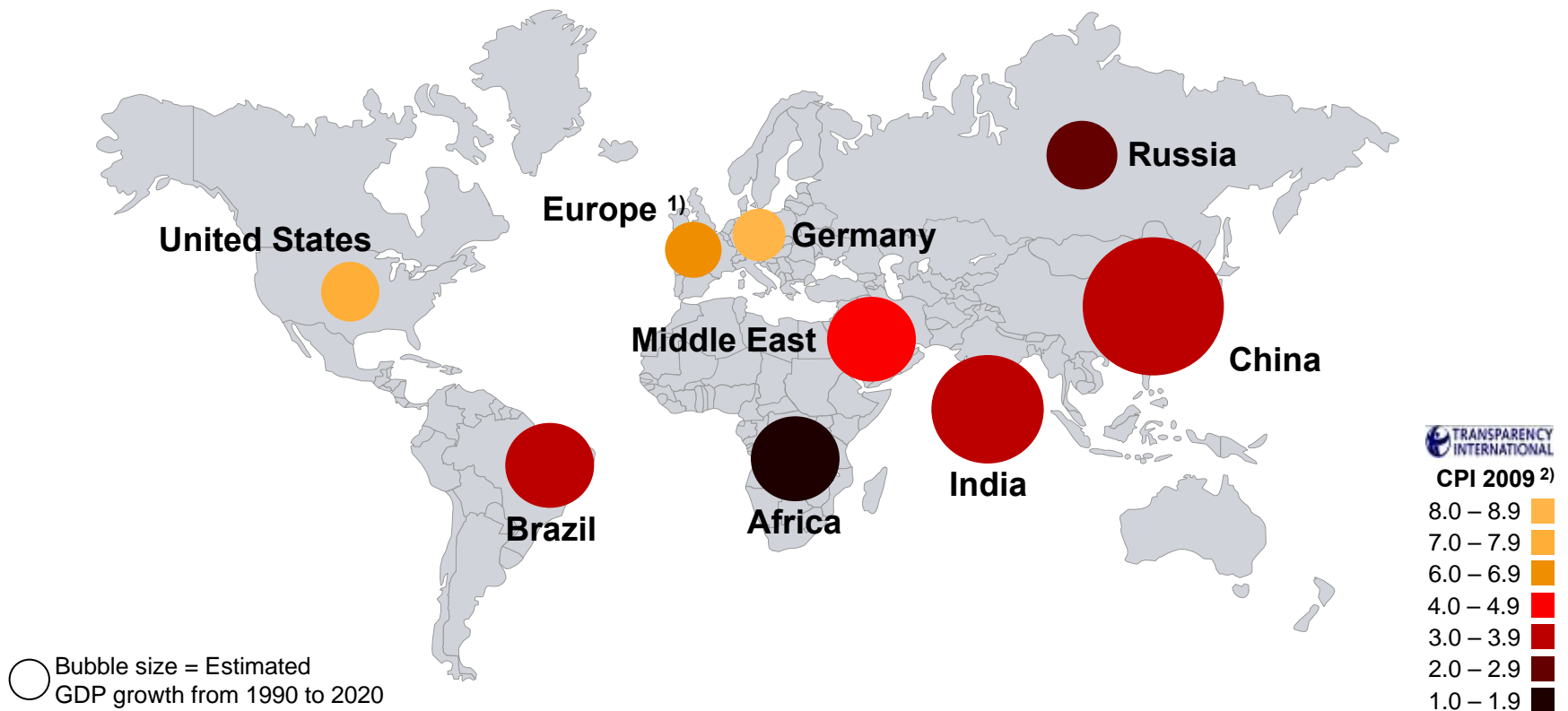
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What we achieved and where we´re going to

Tapping future growth in emerging markets requires a proper implementation of compliance



Strengthening local presence in fast-growing markets to gain market share...



...is as important as implementing compliance to protect against the high corruption risk

1) Europe = EU 15 w/o Germany 2) Source: Transparency International – Corruption Perceptions Index 2009

“Collective Action” fosters high compliance standards for all market players

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- Fight corruption in concert with competitors and other players
 - Create high compliance standards via a concept of prevention
- 
- Integrate an independent institution for promotion and monitoring
 - Define sanctions in case of violations



1) Non-governmental organizations such as Transparency International

Collective Action: What we do to drive fair market conditions

Since 2008

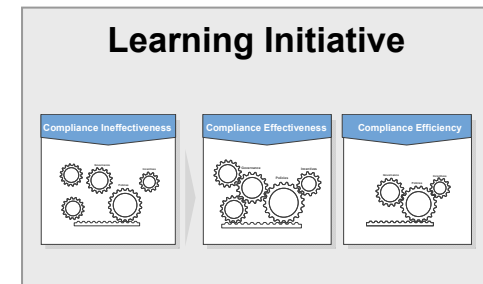
Since 2009

Q4/'10

Continuous stakeholder dialogue

Collective Action project

Project Compliance Learning Initiative



- Fight corruption in joint agreement with industry peers and other stakeholders
- Promote Integrity and Compliance Pacts as well as Long-Term Initiatives in order to foster fair competition in public sector
- www.siemens.com/integrity-initiative to fight fraud and corruption (US\$ 100 million over next 15 years)

- Increase compliance awareness of current and future business leaders
- Share compliance best practices with stakeholders by www.siemens.com



Start March 2010

1) **NGO**: Non-Government Organization
IO: International Organization
IBLF: International Business Leaders Forum

TI: Transparency International
PACI: Partnering Against Corruption Initiative

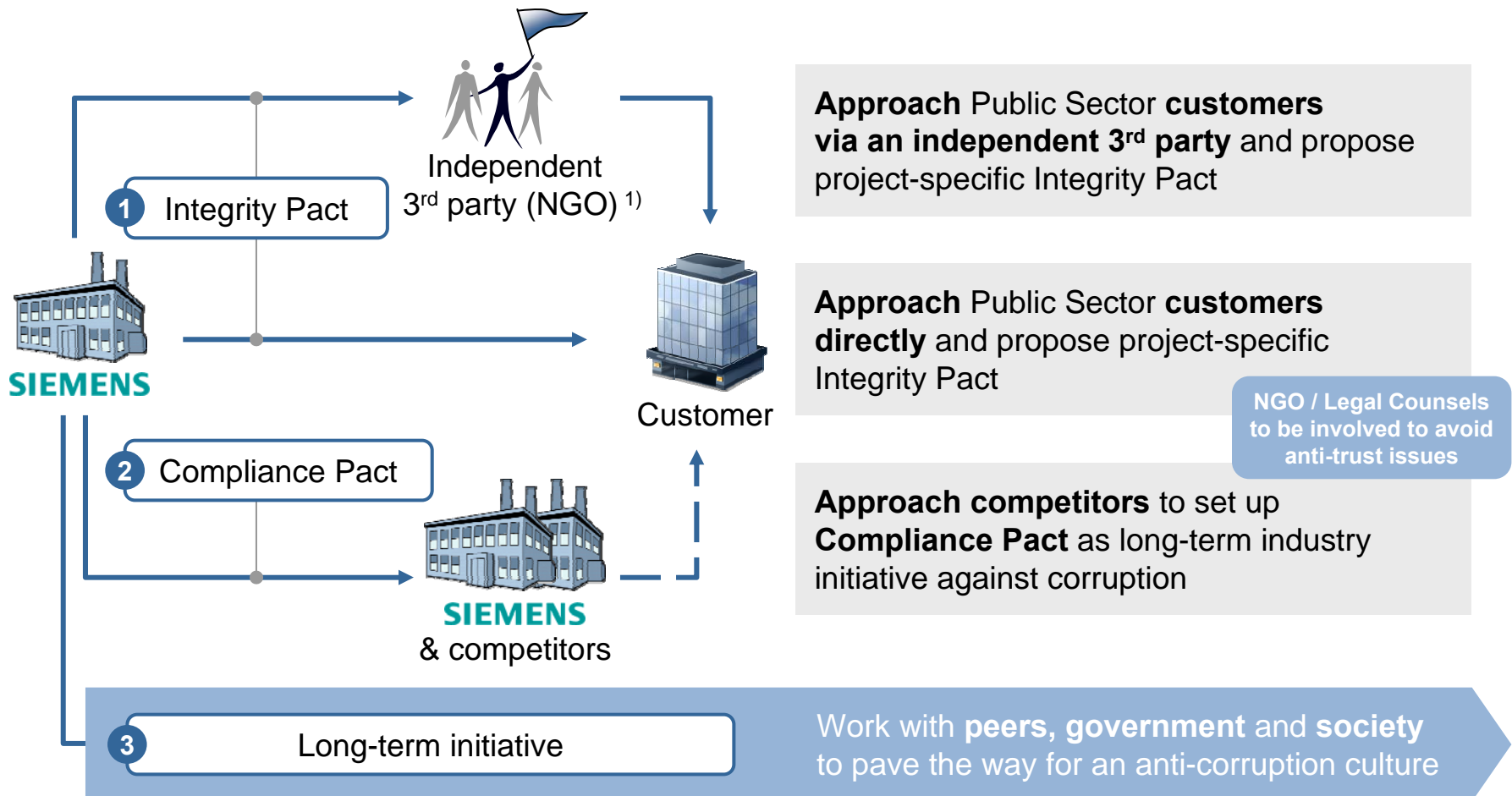
ICC: International Chamber of Commerce
CIPE: Center for International Private Enterprise

2) Is designed for class room discussions in university and highlights the importance of business integrity and compliance. Will be taught in the spring term 2010.

Siemens can drive Collective Action through different channels



Channels to drive Collective Action



1) Non-Governmental Organization, e.g. Transparency International

Source: Collective Action Project



Siemens Integrity Initiative – Key parameter: “This is Siemens’ money!”

Objective: Fighting Corruption & Fraud through collective action, education & training

Financial

- USD 100 Million over 15 years
- First funding round (December 9, 2009): ~USD 40 Million, 3-5 years
- Additional funding rounds will be announced separately
- Funding of up to USD 5 Million per project proposal, minimum of USD 50,000

Content

- 2 project categories: Collective Action (2/3), Education & Training (1/3)
- Focus on clear business impact and Siemens markets and sectors
- Objective: Create fair market conditions for all market participants
 - Raise standards and create awareness on compliance and business integrity
 - Create a common platform for dialogue for the private and public sector
 - Strengthen the rule of law

Process

- Public invitation to submit proposals
- Open, competitive selection in two phases (expression of interest, full proposal)
- Payment of funds linked to achievement of milestones (Funding Agreement)
- Eligible organizations: non-profit organizations

Role of World Bank

- Veto rights over selection of organizations
- Audit rights over use of funds
- Annual reporting obligation for Siemens (progress and financial reports, forecasts)

Together with our suppliers we fight corruption throughout our supply chain

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Code of conduct for Siemens suppliers

- Compliance with laws and regulations
- **Prohibition of corruption and bribery**
- Respect for employees' fundamental rights
- Prohibition of child labor
- Employee health and safety
- Environmental protection
- Our suppliers' suppliers



Compliance is part of the DNA of Siemens

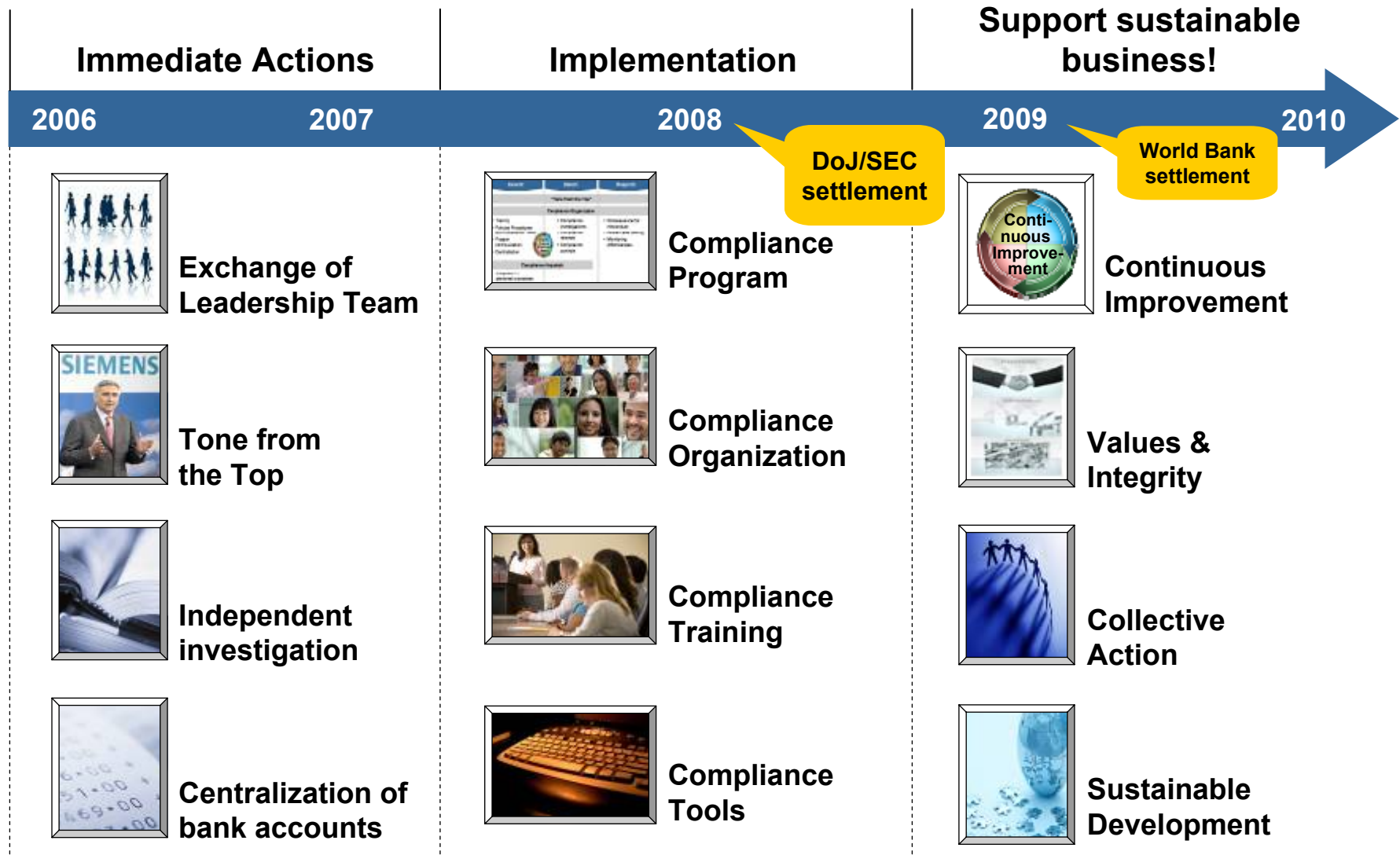
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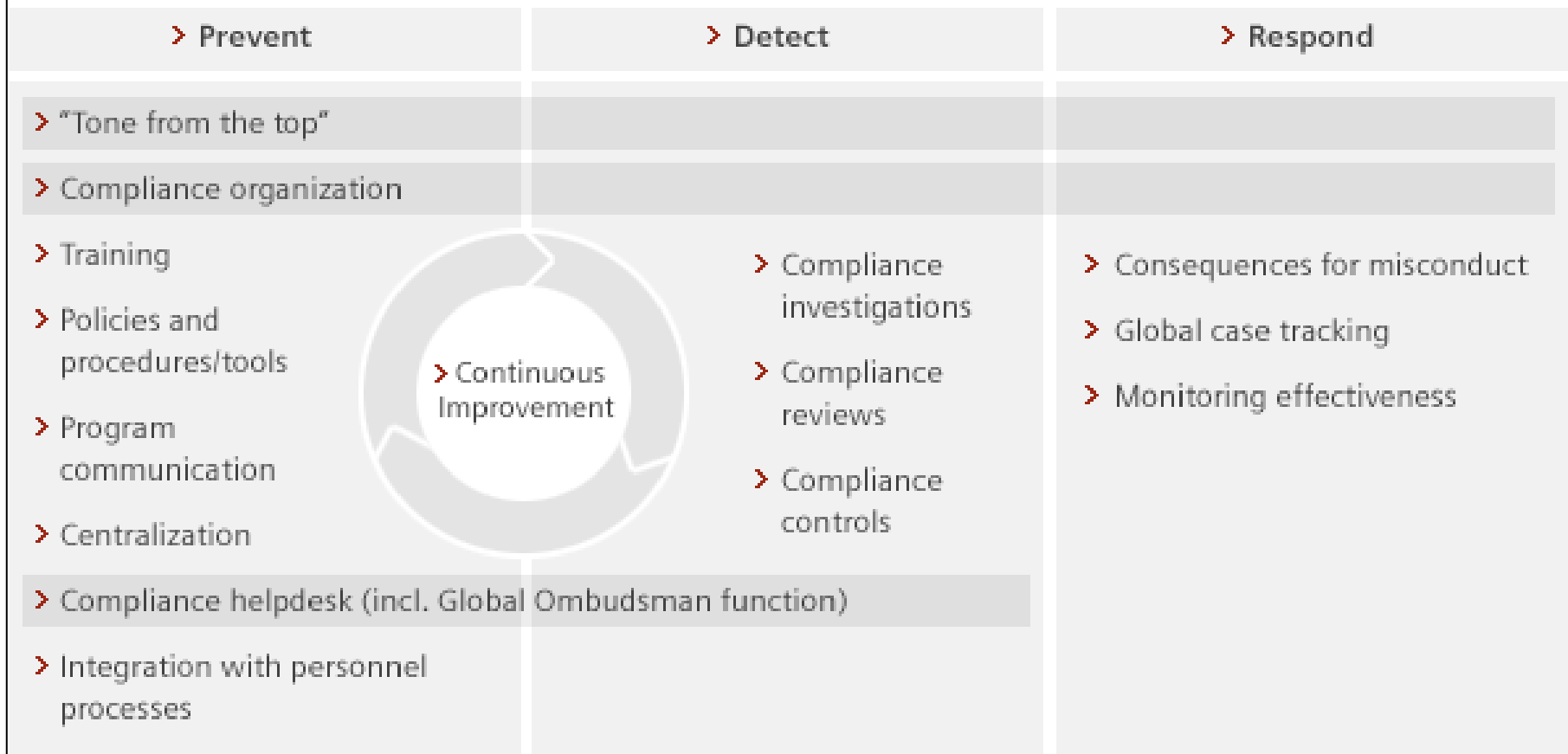
In the change process, several elements were crucial in becoming a recognized leader in terms of integrity



Compliance is not just a program – it's a way of doing business

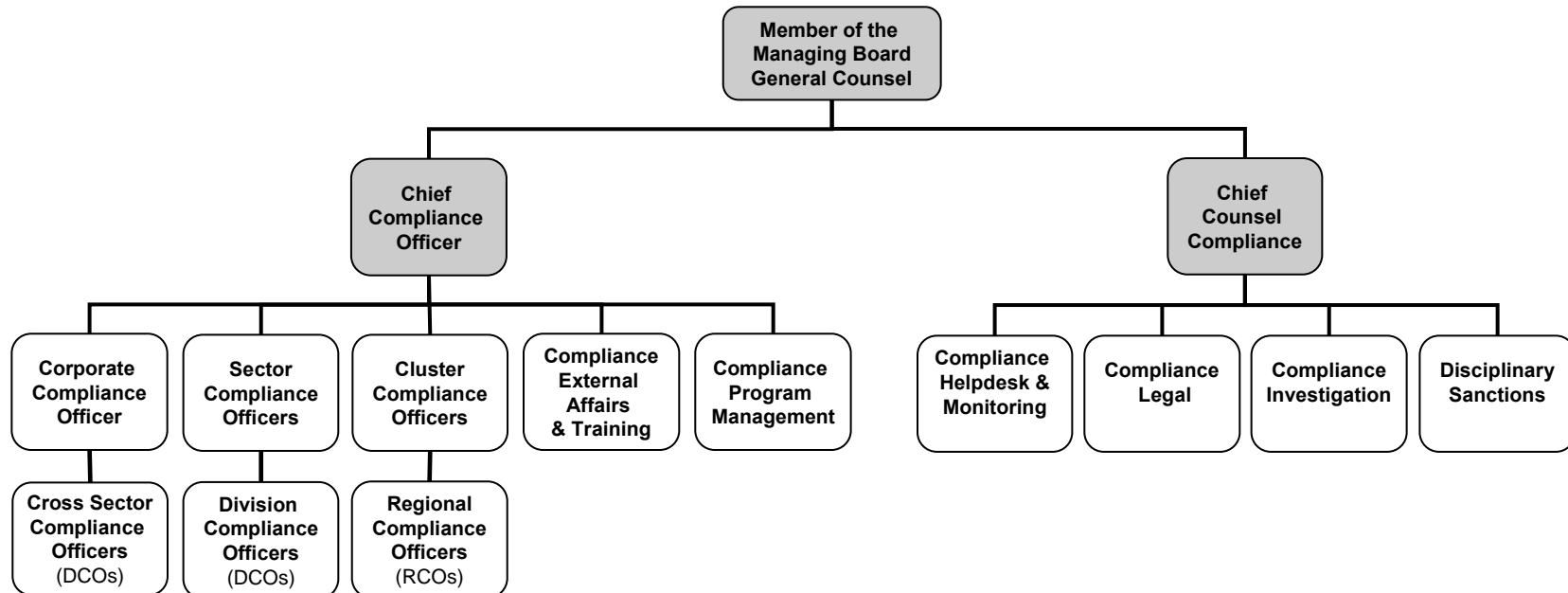


> The Siemens Compliance Program



Global Compliance Organization – Corporate Functions

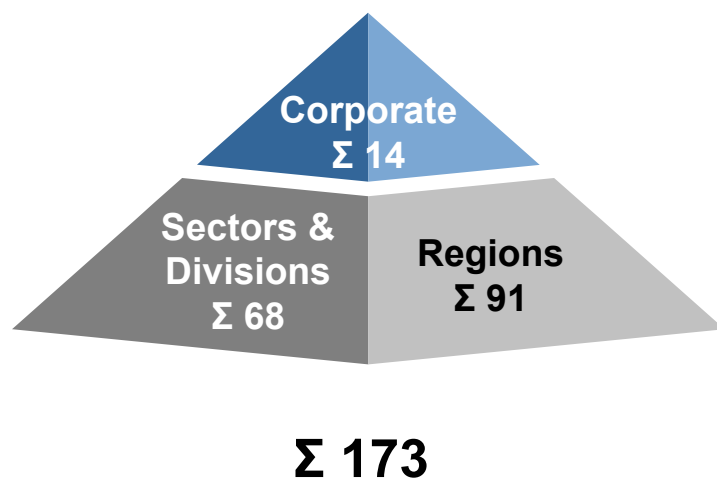
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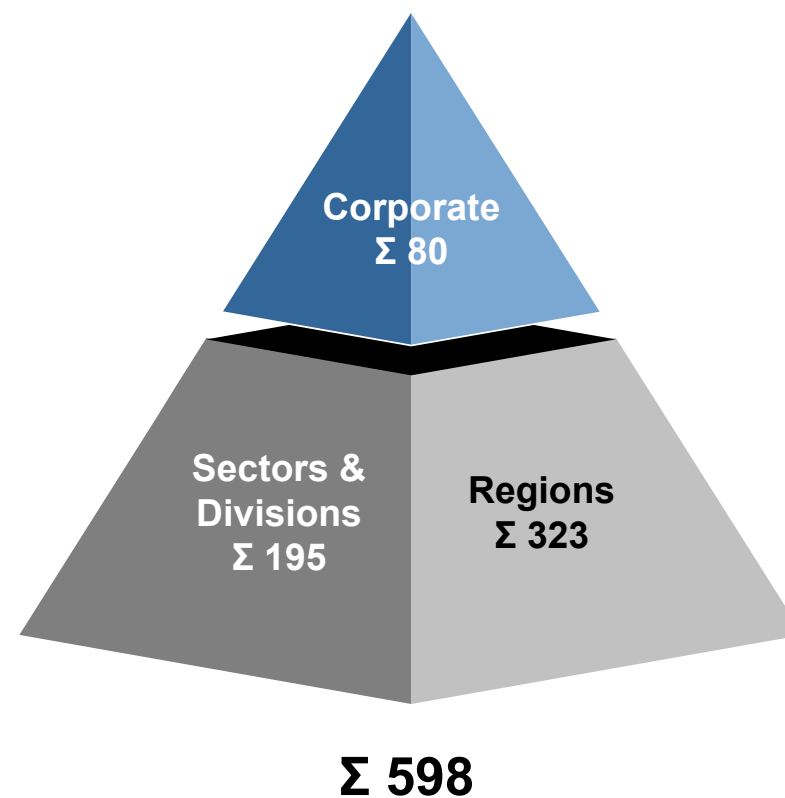
- Compliance represented in Managing Board
 - Strong corporate governance
- Embedded in business units and regions

Global Compliance Organization in the Sectors and Regions

Employees FY 2007



Employees FY 2009



Scope of Compliance: Compliance at Siemens

Q4 FY 2010 – Compliance Review

What is Compliance

- **Observing the law and the legal system** in every country where we do business **and the applicable Siemens policies**, especially the Siemens Business Conduct Guidelines
- **Compliance** is not a program, **it's a way of doing business** – promoting integrity at Siemens

Scope of Compliance Organization

- Drives Compliance in the fields of **Anti-corruption and Anti-trust** throughout all three Compliance dimensions (Prevent – Detect – Respond)
- and
- **Support to other governance functions** (e.g. EHS, etc.) in respect to the Compliance dimensions Detect and Respond in cases of intentional misconduct by investigations, disciplinary actions and remediation

“Compliance is not a program, it’s a way of doing business - promoting the Siemens reputation for integrity”

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Our mid term objectives

Ensure Compliance most efficiently

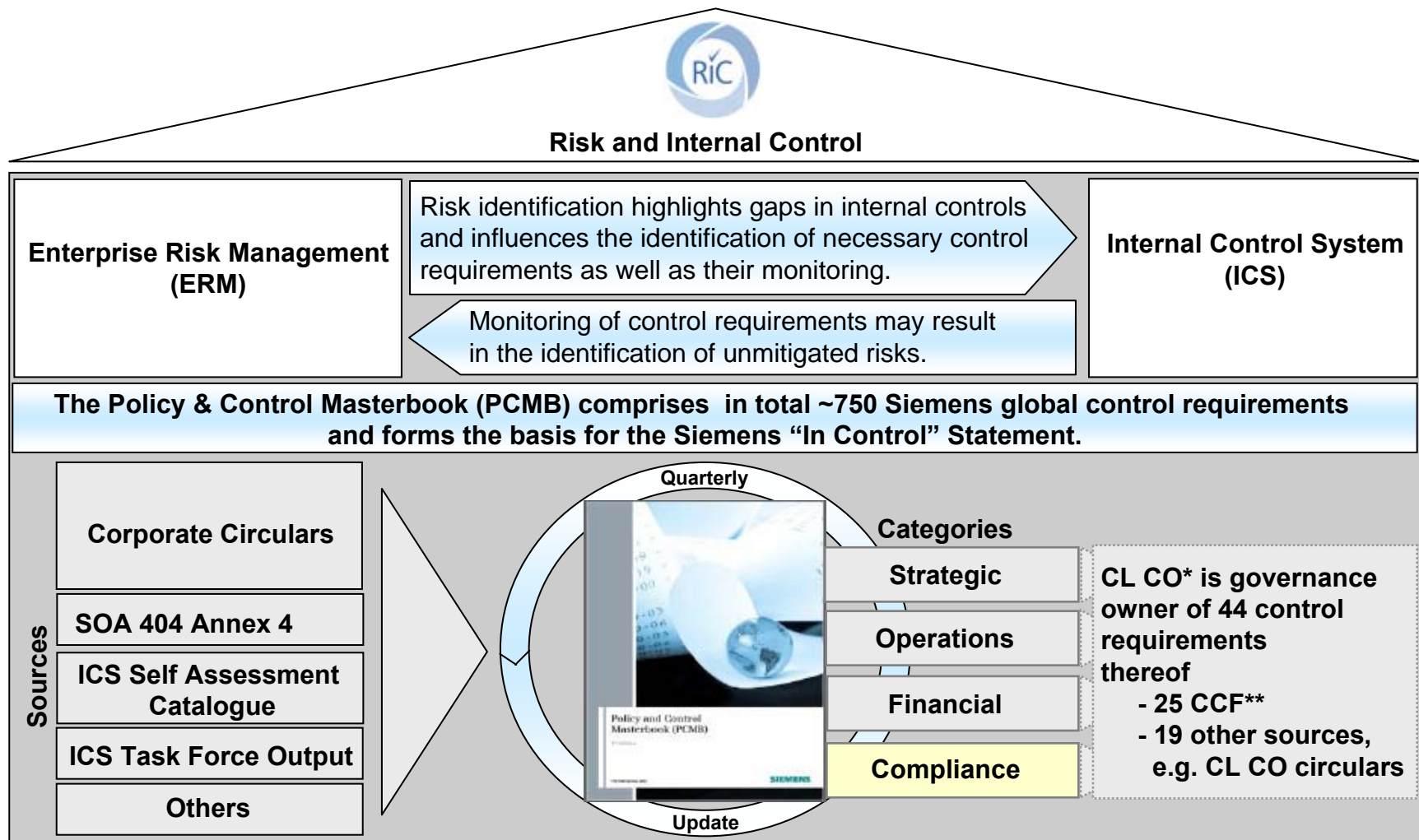
Compliance Risks are known, and

- monitored and managed effectively (no systematic breaches)
- managed efficiently (minimum administrative burden)

Drive Business Integrity

- Enable Organization to take ethical decisions and live up to Siemens values
- Promote and drive Collective action in order to level the playing field for fair competition

Compliance is one of the four main categories of the Internal Control System



* CL CO = Corporate Legal Compliance; ** CCF = Compliance Control Framework

**... however, ultimately, controls are not enough.
We need to continue fostering an integrity culture**

Questions to guide Siemens employees towards compliant and responsible behavior

- 1 Is it the right thing for Siemens?**
- 2 Is it consistent with Siemens core values and mine?**
- 3 Is it legal? Is it ethical?**
- 4 Is it something I am willing to be held accountable for?**

**If the answer is YES to all of those questions,
DON'T WORRY, BE CONFIDENT**



Strong communication and exemplary behavior are core tasks of top management to drive Compliance, ...

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“Tone from the Top“



Communication

- Provide strong, clear and sustainable messages
- Involve in dialogues with middle management
- Show strong presence internationally throughout the entire organization



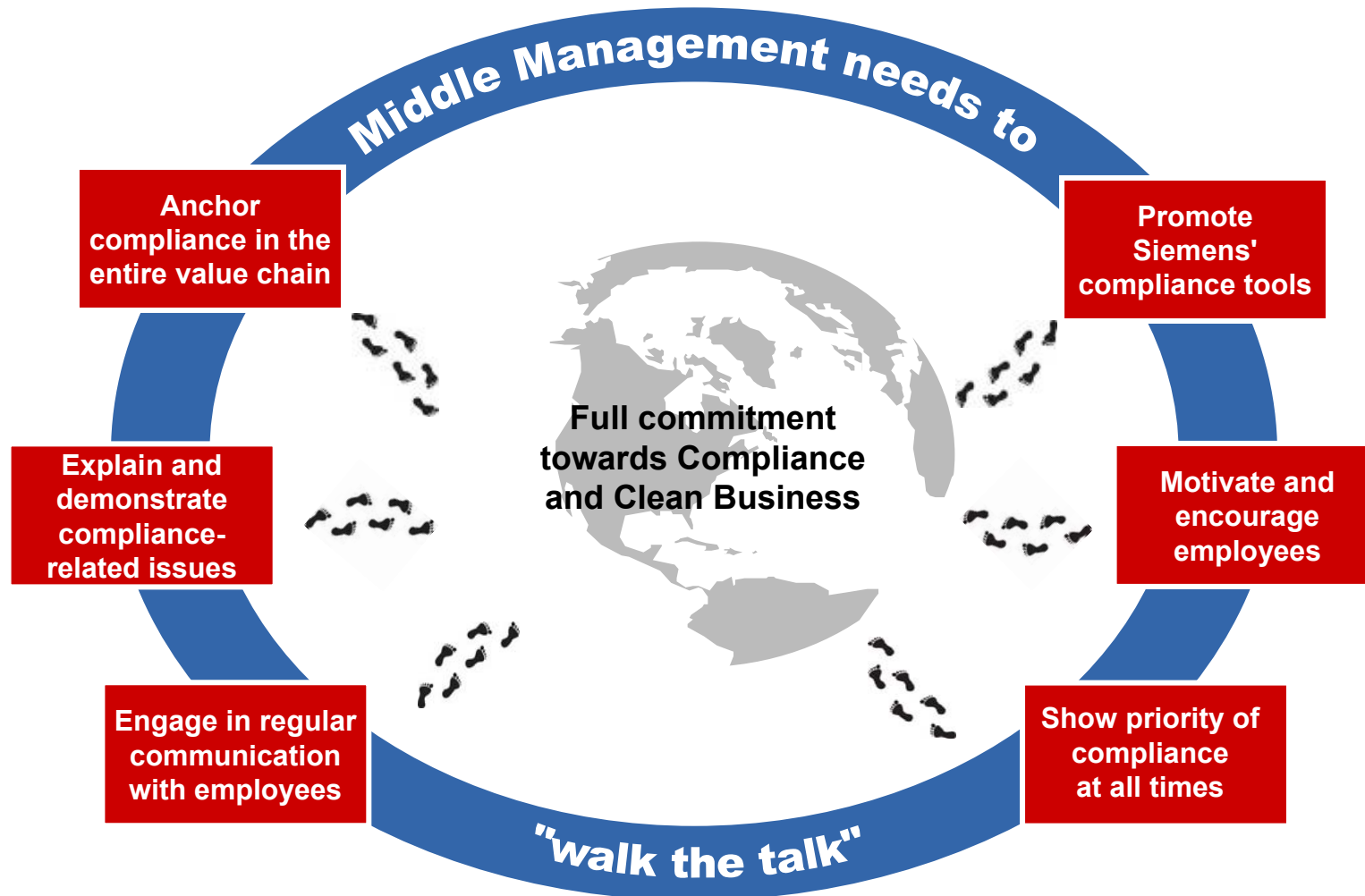
Behavior

- Act as role models with all attitudes and behaviors
- Live and spread Siemens' company values internally and externally
- Prove the credibility of messages by putting the talking into actions

"Only Clean Business is Siemens Business. Everywhere – Everybody – Every Time!"

... but, "the tone from the top" has to be lived and communicated throughout all management levels

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Compliance Helpdesk consists of five parts

"Tell Us"




The Compliance HelpDesk "Tell Us" function provides global, round-the-clock facilities for making statements on compliance-related breaches.

"Ask Us"



Do you have any questions about compliance? You can ask them at any time via the Compliance HelpDesk "Ask Us."

"Find It"



Use "Find It" to search for compliance related information, such as FAQs, policies & guidelines or training material.

"Approve It"



"Approve It" is the platform for approval requests regarding gifts and hospitality

"Improve It"



With "Improve It" you can help to improve the Compliance program by adding your ideas and suggestions.

Compliance Helpdesk
&
Monitoring

Siemens employees have been provided with training specific to their roles and responsibility



	Type of Training	Target Group	Trained so far
 <p>In-person trainings</p>	<ul style="list-style-type: none"> Basic and Refresher Training on <ul style="list-style-type: none"> Anti-Corruption Antitrust Training on Compliance Tools ¹⁾ Introduction Program for Compliance Officers and Leaders@Compliance 	<ul style="list-style-type: none"> Senior Management “Sensitive Functions” ²⁾ Compliance Organization Business/regional specific groups (e.g. project management, procurement, assistants) 	<ul style="list-style-type: none"> ~1,400 Senior Managers ~91,000 employees from “Sensitive Functions” ~ 260 Compliance Officers/team members
 <p>Web-based trainings</p>	<ul style="list-style-type: none"> Anti-Corruption Global Competition (antitrust) Business Conduct Guidelines Your Signature – Your Responsibility 	<ul style="list-style-type: none"> Employees with signing authority 	<ul style="list-style-type: none"> ~188,000 employees with signing authorization

1) Limits of Authority (LoA, approval process for business projects), Business Partner Due Diligence, gift & hospitality 2) Manager / staff who interact with govt. officials (“sensitive functions”), personnel involved in sales, project management, regular interactions with government (such as Tax, Customs)

Specific media from Compliance are addressing focus groups, ...



Compliance Update!

Newsletter for the Global Compliance Organization



Compliance CardSet



Compliance Comic Brazil



Anti-Corruption Handbook



Corporate Compliance Intranet



Andy's Welt Industry IA, DT



Compliance Quiz Austria



Business Conduct Guidelines



Siemens Management Info

... but personal dialogue and engagement are what counts to create a culture of integrity

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1. What are our Siemens standards?



- Compliance Training
- Siemens wide road show of BoM members and CCO
- Skip level meetings
- Regional / Global Conferences
- DialogMap® on “the four integrity questions“ (*project*)



Compliance is part of the DNA of Siemens

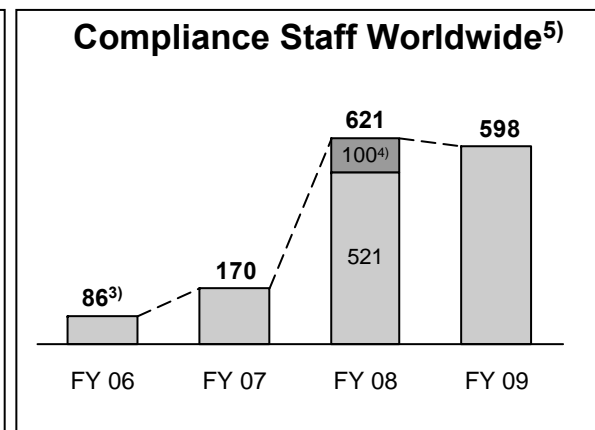
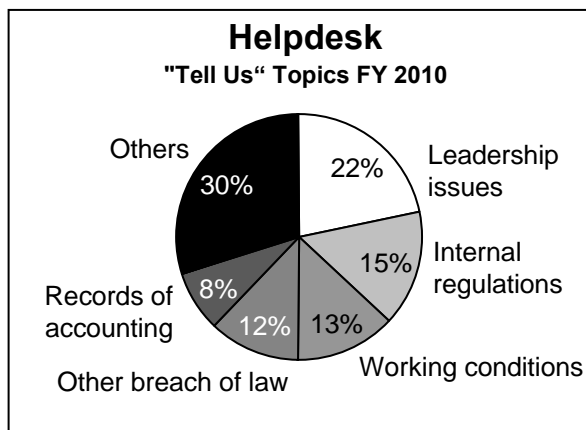
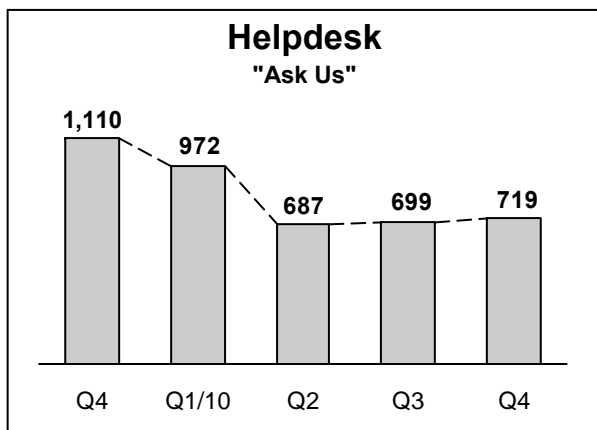
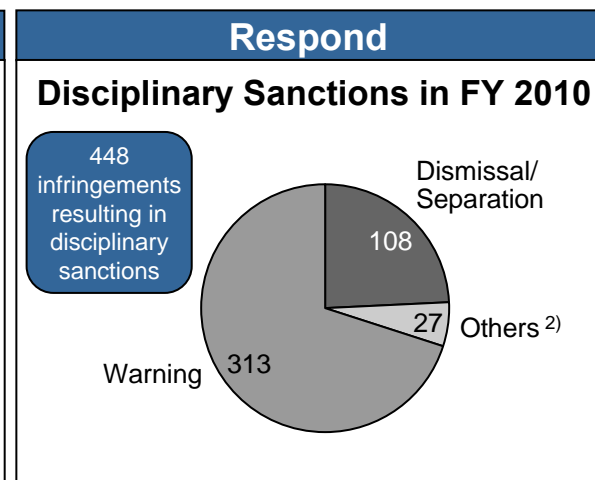
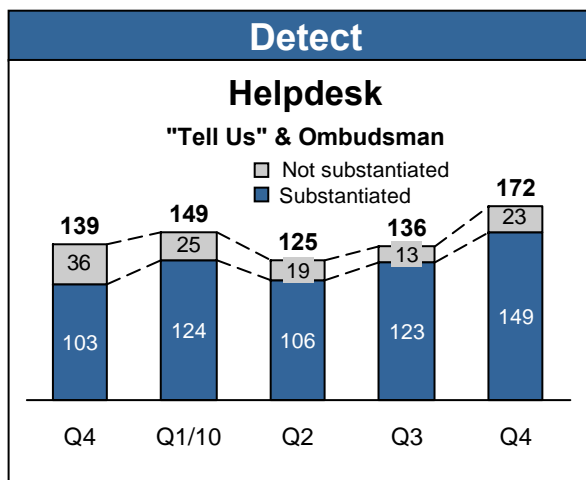
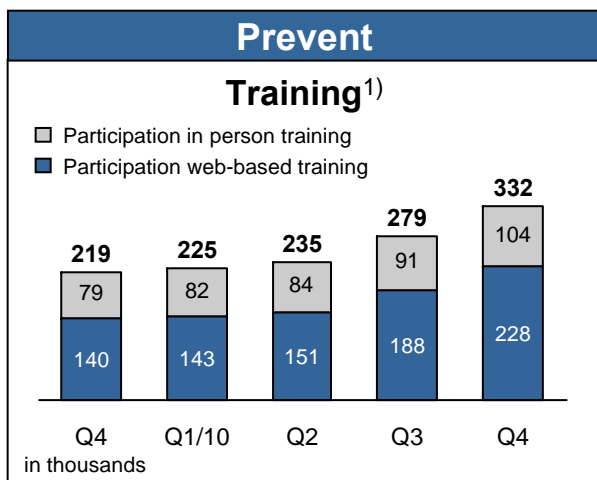
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Compliance – Progress Report FY 2010



1) Cumulative 2) Forfeiture of variable payment elements, transfer to another position, suspension 3) Compliance only one area of responsibility
 4) Including Implementation Management 5) KPI not continued after successful ramp up of Compliance Organization

A chapter is closed - but the fight against corruption is never over

- A painful chapter is over - settlement with German and US-authorities reached
Overall costs ~2 billion Euros
- DoJ/SEC has appointed a Monitor who is watching our compliance progress

What's next?

- **Compliance still has top priority**
- **Siemens has a best-in-class compliance system – and on this basis has started to fight corruption with "Collective action"**

Major lessons from the Compliance turnaround



- 1** Establish an independent Compliance Organization with strong governance
- 2** Implement a compliance program which interlocks prevention and sanctions
- 3** Let people understand why only clean businesses are sustainable
- 4** Make compliance a rigorous component of the incentive system
- 5** Collective Action - Find allies to level the playing field

Keep always momentum and be never satisfied

Thank you, Questions?



Siemens Integrity Initiative

One-Page Project Profiles

www.siemens.com/integrity-initiative

Projects funded in the First Funding Round

Status: December 9, 2010

**This presentation will be updated on an ongoing basis;
additional projects will be announced by spring 2011.**

contact information: office.integrityinitiative@siemens.com

List of projects funded in the first funding round

Additional projects will be announced by spring 2011

Integrity Partner	Funding in USD	Country of Implementation
Basel Institute on Governance, Switzerland	1.86 M	Global
Beijing New Century Academy on Transnational Corporations, China	0.88 M	China
Central European University, Hungary in cooperation with Tiri –Making Integrity Work, UK	3.0 M	Central and Eastern Europe
Ethics Institute of South Africa (EthicSA)	1.5 M	Angola, South Africa
Foundation for the Global Compact, USA in cooperation with the UN Global Compact and PRME (Principles for Responsible Management Education)	1.48 M	Global
Foundation for the Global Compact, USA in cooperation with the UN Global Compact and its local networks	2.87 M	Brazil, Egypt, India, Nigeria, South Africa
Humboldt Viadrina School of Governance, Germany	1.3 M	Global
Instituto Ethos – Ethos Institute for Business and Social Responsibility, Brazil	3.1 M	Brazil
International Anti-Corruption Academy (IACA), Austria	2.0 M	Global
International Business Leaders Forum (IBLF), United Kingdom in cooperation with the School of Public Administration of Renmin University, China	1.5 M	China, Russia
Makati Business Club, Philippines in cooperation with the European Chamber of Commerce in the Philippines	1.0 M	Philippines

List of projects funded in the first funding round

Additional projects will be announced by spring 2011

Integrity Partner	Funding in USD	Country of Implementation
Organisation for Economic Co-operation and Development (OECD), MENA-OECD Investment Programme	0.75 M	Middle East and North Africa
Oživení, Czech Republic in cooperation with Transparency International Slovakia and the Economics Institute of the Academy of Sciences of the Czech Republic	0.6 M	Czech Republic, Slovakia
Partnership for Governance Reform – Kemitraan, Indonesia	1.5 M	Indonesia
Transparency International Italy	0.6 M	Italy
Transparency International Mexico	0.2 M	Mexico
Transparency International USA in cooperation with Social Accountability International, USA	0.66 M	USA, Global
Vietnam Chamber of Commerce and Industry (VCCI) In cooperation with the International Business Leaders Forum (IBLF)	0.5 M	Vietnam

Name of Integrity Partner: Basel Institute on Governance

Name of Project: Promoting Effective Industry Standards

Project Partner Organizations: ---

Country of implementation:
Global

Duration (in years):
5 years

USD (million):
1.86 M

Registered in:
Switzerland

Project Summary:

The Basel Institute acting as the Center for Global Industry Standards will develop and coordinate collective action initiatives. It will bring together stakeholders to agree on and implement sector-specific anti-corruption standards.

The Basel Institute has been instrumental in the design and implementation process of several joint multi-stakeholder efforts to set industry standards in a number of sectors of the economy through collective action across the globe, among them, the „Wolfsberg Anti-Money Laundering Principles.“ On the basis of its know-how, the Basel Institute is best placed to continue this work further and bring it to new sectors and to a new level. This project will formalize the existence of the - Centre for Global Industry Standards - located at the Basel Institute.

The Centre for Global Industry Standards will promote, facilitate and create collective action initiatives by bringing together stakeholders involved in specific economic sectors into a dialogue to agree on governance and anti-corruption standards and their implementation. The Centre will also contribute to the coordination and integration of standards at the global level. The role of the Centre is mainly that of independent expert and facilitator; in our experience, the success of collective action is based on being driven by its participants.

Description of Integrity Partner

The Basel Institute on Governance is a practice-oriented and interdisciplinary think tank conducting research, policy advice, building capacity and providing support in the area of good governance at the public and corporate level. Our mandate is to promote good governance in the public sector and in the business community, nationally and internationally, through targeted and qualified expertise, scientific research and training. Our strategy is to combine academic and interdisciplinary competence with hands-on practical experience to provide accurate analysis and sound problem solving methods. We offer customized solutions to our partners in the public and private spheres. Founded in 2003 as an independent and non-profit institution, we are associated with the University of Basel and are composed of internationally recognized academics and practitioners with long-standing experience in the various areas of work that the Basel Institute promotes. (www.baselgovernance.org)



Name of Integrity Partner: Beijing New Century Academy on Transnational Corporations

Name of Project: NATC's Collective Action Initiative - Fostering a Better Business Environment in China

Project Partner Organizations: ---

Country of implementation:
China

Duration (in years):
3 years

USD (million):
0.88 M

Registered in:
China

Project Summary:

NATC will provide practical training to Chinese companies on compliance issues and develop and present recommendations on compliance law to Chinese policy makers.

The initiative will work to improve legal compliance within Chinese companies, make recommendations to improve compliance policy issued by governmental departments, and bring leaders from these groups into closer communication with one another.

To support a long-term dialogue on ethical compliance in China, NATC will establish a 'Compliance Executive Club' whose members will range from government officials to business executives. To address some of the issues that come up in pursuing organizational compliance, NATC will publish a guide for organizational compliance and hold tailored training workshops to improve compliance results. For daily support and information, a compliance website will be established and maintained. The website will contain a thorough database of compliance information.

To improve compliance policy, NATC will develop and present research-based policy recommendations to the departments responsible for such policy.

Description of Integrity Partner

NATC is a non-profit organization duly formed in 2005. Before this time, it was a part of the Ministry of Commerce (MOFCOM). In January 2005, the Ministry of Commerce's Chinese Academy of International Trade and Economic Cooperation (CAITEC) and the Beijing Fazheng Group cofounded the newly structured NATC. The employees consist of researchers, retired governmental department leaders, and other professionals and consultants. (www.tncchina.org.cn)

Currently, NATC has four main objectives in its work:

- 1) Identify and research problems in Chinese business practice and government administration
- 2) Provide policy recommendations to the Chinese government that produce results in promoting a better business environment
- 3) Aid Chinese companies in strengthening legal compliance and undertaking comprehensive social responsibility
- 4) Bridge open dialogues with policy makers and other stakeholders



Name of Integrity Partner: Central European University, Budapest

Name of Project: Integrity Education: Leveling the playing field in emerging and transitional markets of Central and Eastern Europe and the former Soviet Union

Project Partner Organizations: Tiri-Making Integrity Work

Country of implementation:
CEE and former Soviet Union

Duration (in years):
5 years

USD (million):
3.09 M

Registered in:
USA and Hungary

Project Summary:

Through integrity education the project will shape the behavior of current and future business practitioners and public administrators in the region.

Central European University (CEU) aims to level the playing field by shaping and influencing the behaviors of approximately 16,000 undergraduate and graduate students and 3,500 executives in Central and Eastern Europe and the former Soviet Union over the next five years. Through integrity education, the project will equip participants with the practical insights, skills and tools required to operate with integrity in weak governance environments. The project will develop the Center for Integrity in Business and Government at the CEU Business School, which will provide an institutional framework for cross-disciplinary teaching and research on issues of integrity and anti-corruption, and will deliver integrity curricula in graduate and executive education programs at CEU. The Center will serve as a regional resource of excellence in integrity education, and together with our project partner, Tiri, will help build the capacity of targeted institutions of higher learning across the region through facilitating local curriculum development.

Description of Integrity Partner

Central European University, Budapest, is a unique graduate institution accredited in both the United States and Hungary. It is dedicated to building open societies through serious and morally responsible intellectual engagement inspired by, and in the service of, pressing social needs. Students are drawn from more than 100 countries for Master's, doctoral, and executive education programs in the fields of business, social sciences, humanities, law, management, environmental studies, government and public policy. The CEU Business School was the first educational institution in the region to train managers by offering a western graduate business program leading to an American MBA. (www.ceu.hu)

Name of Integrity Partner: The Ethics Institute of South Africa (EthicSA)

Name of Project: **Capacitating African business networks to implement global anti-corruption initiatives and good practices**

Project Partner Organizations: ---

Country of implementation:
**Angola and
South Africa**

Duration (in years):
5 years

USD (million):
1.5 M

Registered in:
South Africa

**Project
Summary:**

The project aims to capacitate African business networks with the implementation of anti-corruption initiatives and good governance practices. The project will be implemented in Angola and in South Africa (at municipal level).

Business networks and individual businesses seldom have the appropriate expertise to implement internationally developed anti-corruption and good governance guidelines, standards and initiatives, and are often unaware of their existence. Other challenges in the anti-corruption field relate to making impacts felt at ground level, and creating platforms for the private and public sectors to engage on corruption challenges and collective action solutions.

This project will attempt to address these challenges and to build local capacity in two countries. In Angola the focus will be on collective action initiatives in the private sector with the aim of enhancing ethical business practices and good governance standards. This should improve the investment climate and enhance the ease of doing business in Angola.

In South Africa the project will aim to reduce corruption on the ground level, by engaging with municipalities and businesses at the local level to implement collective projects that will impact positively on the ethical business climate and municipal service delivery.

**Description
of Integrity
Partner**

The Ethics Institute of South Africa is a non-profit, public benefit organization, active since August 2000. EthicSA's mission is building an ethical Africa by forming partnerships with the public and private sectors, and serving as a resource through:

Thought leadership: promoting ethical values, setting ethical standards and raising ethical awareness

Research: in the fields of organizational ethics management

Assessment: assessing organizations' ethics programs against widely recognized ethics standards

Training: open and in-house courses to develop ethical skills for the workplace; Ethics Officer Certification Programs

Support: ethics support and advisory services to members

Project management in the field of ethics and anti-corruption for the public and private sectors

www.ethicsa.org



Name of Integrity Partner: Foundation for the Global Compact

Name of Project: Project for the UN Global Compact and PRME: Sensitizing Future Business Leaders: Developing Anti-Corruption Guidelines for Curriculum Change

Project Partner Organizations: UN Global Compact, PRME – Principles for Responsible Management Education

Country of implementation:
Global

Duration (in years):
4 years

USD (million):
1.48 M

Registered in:
USA

Project Summary:

Develop anti-corruption guidelines for curriculum change in graduate business education

The UN Global Compact and Principles for Responsible Management Education (PRME) will develop anti-corruption guidelines for management schools. The Guidelines will offer business schools academic modules to address transparency, ethics and anti-corruption. The Guidelines will address key topics, including corporate governance; business ethics; the business case for anti-corruption; corporate compliance; collective action; UN Convention against Corruption; Global Compact 10th Principle; public contracting/procurement; and, supply chain management. The Guidelines will build upon existing resources and will incorporate input from the Web-based and face-to-face meetings and seminars. After the Guidelines are developed, they will be disseminated to PRME-affiliated universities. A pilot phase will provide for follow up with participating institutions to evaluate the value and effectiveness of the Guidelines. Project success will be demonstrated in part by the business school graduates who can demonstrate better understanding of various anti-corruption and ethical decision-making strategies.

Description of Integrity Partner

UN Global Compact: The United Nations Global Compact is a policy and engagement platform for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. (www.unglobalcompact.org)

PRME: The mission of the Principles for Responsible Management Education (PRME) initiative is to inspire and champion responsible management education, research and thought leadership globally. The PRME are inspired by internationally accepted values such as the principles of the United Nations Global Compact. (www.unprme.org)

Foundation for the Global Compact: the Foundation for the Global Compact raises funds from the private sector to support the work of the United Nations Global Compact (www.globalcompactfoundation.org)



Name of Integrity Partner: Foundation for the Global Compact

Name of Project: Project for the UN Global Compact: Promoting Collective Action through UN Global Compact Local Networks

Project Partner Organizations: UN Global Compact; Ethos Institute, Brazil; Egyptian Junior Business Association; Global Compact Society – India; Nigerian Economic Summit Group; National Business Initiative, South Africa

Country of implementation:
Brazil, Egypt, India, Nigeria, South Africa

Duration (in years):
4 years

USD (million):
2.87 M

Registered in:
USA

Project Summary:

Launch and implement an anti-corruption collective-action initiative in five countries (Brazil, Egypt, India, Nigeria, and South Africa) through Global Compact Local Networks

This project aims to establish a high-impact anti-corruption collective action platform in five countries – Brazil, Egypt, India, Nigeria, and South Africa. By facilitating ongoing dialogue between the private and public sector, this project will provide a wide variety of stakeholders in these five countries with an opportunity to explore how specific collective action initiatives can create incentives for ethical business performance, and to discuss areas for further improvement. In so doing, the project aims to scale up existing anti-corruption efforts in the target countries, and provide participants with knowledge, skills, strategies and resources to promote ethical practices and transparency in business operations, within each country, and in international cross-sectoral relations. The project will emphasize the role of local actors in each of the target countries, engaging and building capacity of local stakeholders who are faced with corruption in their routine transactions and business relationships.

Description of Integrity Partner

UN Global Compact: The United Nations Global Compact is a policy and engagement platform for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

www.unglobalcompact.org

Foundation for the Global Compact: the Foundation for the Global Compact raises funds from the private sector to support the work of the United Nations Global Compact www.globalcompactfoundation.org

Name of Integrity Partner: HUMBOLDT-VIADRINA School of Governance

Name of Project: Best Practice on Anti-Corruption Incentives and Sanctions for Business

Project Partner Organizations: ---

Country of implementation:
Global

Duration (in years):
3 years

USD (million):
1.3 M

Registered in:
Germany

Project Summary:

The project analyzes and tests in real world situations existing and potential anti-corruption incentives and sanctions to achieve a sustainable impact on the behavior of business by providing successful models for practical implementation.

The project aims at providing interested parties from government, business, and civil society, with an overview of existing and potential mechanisms of incentives and sanctions to encourage companies to engage against corruption. Further to a multi-stakeholder selection process of priorities, comprehensive research will be conducted to prepare a catalog of qualitative assessments of the effectiveness or reasons for failures of each identified anti-corruption incentive and sanction. This will include explanatory comments to facilitate their increased or improved use in enforcement practice and as voluntary measures. The applicability of selected key incentives and sanctions will be tested with local multi-stakeholder pilot groups in selected countries by identifying key agents and moderating dialogs to advance the effective change process. Outcomes of these activities will be used to develop 1) a practitioner handbook which comprises experiences, learning and best practices, and 2) learning modules to support online as well as in-person training. Both outcomes provide a sustainable framework for further education and motivation in implementing such mechanisms.

Description of Integrity Partner

The HUMBOLDT-VIADRINA School of Governance in Berlin empowers and guides societal change agents by enabling them to reflect, act, and accomplish. Bridging society's multiple stakeholders, the HUMBOLDT-VIADRINA offers a unique portfolio of education, research, dialogues, projects and events – always seeking to advance practical implementation to drive societal change. Formally founded in 2009, the HUMBOLDT-VIADRINA School of Governance is a joint project between the Humboldt-University Berlin and the European University Viadrina Frankfurt/Oder. The School is headed by Gesine Schwan, Stephan Breidenbach and Alexander Blankenagel, and advised by respectable global governance practitioners, including Kofi Annan, Peter Eigen, Pascal Lamy, Sabine Leutheusser-Schnarrenberger, Joseph Nye, Mary Robinson, and Richard von Weizsäcker. (www.humboldt-viadrina.org)

Name of Integrity Partner: Instituto Ethos - Ethos Institute for Business and Social Responsibility

Name of Project: Clean games inside and outside of the stadium (World Cup 2014, Olympics 2016)

Project Partner Organizations: ---

Country of implementation:
Brazil

Duration (in years):
5 years

USD (million):
3.1 M

Registered in:
Brazil

Project Summary:

Promoting transparency and integrity for the 2014 World Cup and the 2016 Olympic Games through collective action, social monitoring and control mechanisms

The 2014 World Cup and the 2016 Olympic Games provide an opportunity to set an example in the fight against corruption and to ensure that resources invested in infrastructure are spent in a transparent and efficient way.

The project's specific objectives are to raise the:

- Level of transparency in public procurement and expenditure;
- Level Integrity level of public-private sector relations and agreements;
- Level of social control over public budget and expenditure.

The main activities are the development of: corporate self-regulation mechanisms through the establishment of Sectoral Agreements, a set of Local Administration Transparency Indicators applicable to the host cities of the events; a Local Administration Transparency Pact; social control mechanisms and instruments providing the society with tools to understand and follow public expenditure and contracts and to engage business; and social mobilization for the approval of a set regulation bills fostering integrity and combating corruption.

Description of Integrity Partner

Ethos Institute, founded in 1998, has as its mission to mobilize, encourage, and help companies manage their business in a socially responsible way, making them partners in building a sustainable and fair society.

Ethos prioritizes the strengthening of democratic institutions with improved regulations, and provides for the creation of social control mechanisms for the government and the market.

For the coming ten years, it identifies the strategic opportunity to influence a public policies transformation, proposing changes for an inclusive, green and responsible economy. This transformation requires a change in public discourse, in government action, and in business management. (www.ethos.org.br)

Name of Integrity Partner: International Anti-Corruption Academy (IACA)

Name of Project: International Anti-Corruption Academy (IACA)

Project Partner Organizations: ---

Country of implementation:
Global

Duration (in years):
5 years

USD (million):
2.0 M

Registered as:
**International Organization,
Austria**

Project Summary:

The International Anti-Corruption Academy (IACA) is an international centre of excellence for a new and holistic approach to fighting corruption

International Anti-Corruption Summer School (IACSS)*: Within the overall project of IACA the project activity of IACSS aims to ensure the continuation of a well-established process which, inter alia, contributes to the fourth pillar of the Academy's programs and activities: acting as a platform for direct dialogue and networking. Further developing the "Practice meets Science" approach, it will again bring together national and international practitioners of various backgrounds from the private and public sectors, students, media and NGO representatives, and internationally distinguished professors and academics from different disciplines and institutions.

Grants for students and participants from least developed countries (LDCs)/emerging markets (EMs)*: In congruence with the inter-regional approach of IACA, students and participants from all parts of the world should have the possibility to study and work at the Academy. In order to keep tuition fees affordable and to be able to provide training grants to students and participants who would otherwise not be able to attend, grants to students and participants will be provided.

Description of Integrity Partner

The International Anti-Corruption Academy (IACA) – a joint initiative by the United Nations Office on Drugs and Crime (UNODC), the Republic of Austria, the European Anti-Fraud Office (OLAF) and other stakeholders – is a pioneering institution that aims to overcome current shortcomings in knowledge and practice in the field of anti-corruption. In pursuing this aim, the Academy will function as an independent centre of excellence in the field of anti-corruption education, training, networking and cooperation, as well as academic research. It will take a holistic and inter-disciplinary, inter-regional, inter-cultural and inter-sectoral approach.

The curricula which will embrace diverse cultural traditions and focus on country- or client-specific requirements, will be flexible enough for participants and students to balance their careers and studies. The Academy will cover a vast spectrum of lectures, seminars, specific events, conferences and other training activities, including (academic) degree programs, and will offer a broad range of tailor-made courses. In doing so, the academy will also provide distance-learning and web-based tools.

(www.iaca-info.org)

Name of Integrity Partner: International Business Leaders Forum (IBLF)

Name of Project: Transforming Principles of Integrity and Transparency into Practice in Emerging Markets

Project Partner Organizations: China - School of Public Administration of the Renmin University

Country of implementation:

**Russia and
China**

Duration (in years):

3 years

USD (million):

1.5 M

Registered in:

UK

**Project
Summary:**

"Transforming Principles into Practice in Emerging Markets" brings to Russia and China the best international corporate approaches to compliance.

During the three-year project, IBLF will seek to bring to Russia and China the best international practices in corporate approaches to compliance, raise knowledge and consciousness of the costs of corruption and the benefits of combating it, and bring innovative management tools and techniques to multinational and local companies.

The project, which will be managed in Russia by IBLF's branch office in Moscow, and by our partners at Renmin University in Beijing, will include a range of activities including workshops and round-tables allowing corporate executives to exchange experience and best practices, meetings for the countries' top business leaders, and the development of collective approaches by companies to combat corruption in specific industries. In China, surveys and studies into the business case for integrity will be conducted, while in Russia, leading business and law schools will be provided with educational materials on business ethics. The program will be supported by Russian and Chinese language websites and publications which will provide business with the latest developments in international and local legislation, management techniques, and positive experience from around the world.

**Description
of Integrity
Partner**

Founded in 1990, IBLF is an independent, not-for-profit global organization working with business leaders to deliver innovative solutions to sustainable development challenges worldwide. Over the past two decades, we have become widely respected by NGOs, companies, governments and global organizations for our neutrality, professionalism, thought leadership and reach. IBLF is unaligned to any political, partisan or national interests. We advocate and promote business leadership in corporate responsibility and development across multiple sectors, markets and issues. IBLF is supported by a network of over 85 multinational companies from Europe, America, Asia and the Middle East. (www.iblf.org)

Name of Integrity Partner: Makati Business Club

Name of Project: SHINE PROJECT - Strengthening High-level commitment for Integrity Initiatives and Nurturing collective action of Enterprises advocating for fair market conditions

Project Partner Organizations: European Chamber of Commerce of the Philippines

Country of implementation:
Philippines

Duration (in years):
4 years

USD (million):
1.0 M

Registered in:
Philippines

Project Summary:

The project aims at initiating collective action between foreign and local businesses in order to support fair market conditions. The integrity initiative will encourage companies to commit to having no tolerance for corruption, and to sustainable development.

The specific objectives are to:

- 1) identify key concerns of the private sector which affect integrity and transparency in business transactions;
- 2) develop a unified "Business Code of Conduct" as a standard for local or foreign business entities;
- 3) create an "Industry Integrity Pact" that provides control measures to ensure transparency and integrity in business transactions;
- 4) develop products to set up integrity practices as basis for an audit and certification program for participating companies; and
- 5) institutionalize the whole process to promote sustainability of the integrity initiative.

Description of Integrity Partner

The Makati Business Club is a private non-stock, non-profit business association organized as a Forum for Constructive Ideas. The main thrust of the MBC is to foster and promote the role of the business sector in national development efforts, both in the planning and the implementation of policies. It is committed to addressing national economic and social issues that affect the development of the Philippines.

Founded in 1981, the MBC is composed of senior business executives representing the largest and most dynamic corporations in the Philippines. It has become the leading private forum for meetings that bring together business, government, and community leaders in the country. The MBC carries out its objectives through four main lines of activity: policy advocacy, information services and publishing, investment promotion, and corporate citizenship. (www.abc.com.ph)

Name of Integrity Partner: Organisation for Economic Co-operation and Development (OECD)

Name of Project: Enhancing Business Integrity in the MENA Region

Project Partner Organizations: ---

Country of implementation:
Middle East and North Africa

Duration (in years):
3 years

USD (million):
0.75 M

Registered as:
International Organisation, France

Project Summary:

Enhancing Business Integrity in the MENA Region seeks to raise awareness of international principles and best practice in combating corruption in the Middle East and North Africa (MENA).

Governments, international organisations and the business community have adopted legally binding and non-binding anti-corruption and integrity instruments at the regional and global levels. A majority of Arab countries have ratified, and are consequently bound to implement, the United Nations Convention against Corruption (UNCAC). The Arab Anti-Corruption and Integrity Network (ACINET), established with UNDP support and OECD assistance, is an inclusive regional platform for knowledge-sharing, networking, capacity development and policy dialogue which demonstrates commitment of Arab countries to the fight against corruption.

To ensure an attractive business environment for investment and trade, corruption issues need to be addressed as part of a private sector development strategy. Given the growth of the private sector and associated competition challenges, promoting anti-corruption awareness is essential. Through regular public-private conferences and training sessions, the project will raise awareness of existing international principles and best practice in the area of anti-corruption and build regional capacity to comply with international anti-corruption and integrity standards.

Description of Integrity Partner

The Organisation for Economic Co-operation and Development (OECD) is an inter-governmental organisation bringing together 34 countries that seek to promote economic growth, prosperity, and employment through co-operation and policy dialogue. The Organisation benchmarks best practices and develops binding and non-binding standards promoting common rules in areas where multilateral agreement is necessary to ensure the correct functioning of markets. The OECD has considerable experience in anti-corruption and gives high priority to the issue, ensuring the effective implementation and enforcement of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. (www.oecd.org)

Launched in 2004 at the request of countries in the Middle East and North Africa (MENA), the MENA-OECD Initiative works to accelerate regional policy and economic reform. The MENA-OECD Investment Programme, one of the two pillars of the Initiative, aims at improving the business climate and establishing a favourable trade and investment environment as driving forces for economic growth and employment in the MENA region.

Name of Integrity Partner: Oživění, o.s.

Name of Project: Improvement of Public Procurement Systems in the Czech and Slovak Republics

Project Partner Organizations: Transparency International Slovakia, Economics Institute of the Academy of Sciences of the Czech Republic

Country of implementation:
**Czech Republic,
Slovakia**

Duration (in years):
3 years

USD (million):
0.6 M

Registered in:
Czech Republic

Project Summary:

The project aims at improving public procurement practices through amendments to the anti-corruption law which are supported by a business platform.

Procurement is one of the areas most vulnerable to corruption in the Czech and Slovak Republics. The main root causes for in-transparent procurement are weak laws and lack of oversight. The project's objectives are to prepare a set of law amendments based on economic research and legal analyses of current weaknesses of the legal system. Furthermore, the project will aim at identifying potential loopholes, and analyze current practices of state oversight over procurement. Economic research will support the general recommendations that an anti-corruption approach, incl. open tenders, electronic auctions, or restrictions for evaluations criteria, could increase efficiency of public budgets spending. Together with the support of an anti-corruption business platform, the amendment will be presented to the Parliaments. To raise awareness with media and general public, this project will develop an ideal model for an official electronic tender bulletin, enhancing the possibilities of public control by publishing information on tenders.

Description of Integrity Partner

Oživění, meaning "Renewal", was established in 1997 in Prague, Czech Rep., as a non-governmental not-for-profit organization primarily devoted to promoting sustainable mobility, cycling, and reducing car traffic in cities. Since 2000 the amount of public advocacy and watchdog activities has risen, and the main organization's goals are currently promoting public scrutiny, transparency, public awareness, and free access to information. Our anti-corruption activities include legislative work at the national level, development and enforcing of municipal anti-corruption policies and tools, systematic monitoring and analysis in the area of conflict of interests, monitoring and public exposure of specific cases of conflict of interests and corruption – watchdog activities, anti-corruption audits and consultancy, free legal aid, and networking services for CSOs involved in anti-corruption work. (www.oziveni.cz)

Name of Integrity Partner: Partnership for Governance Reform ('the Partnership') - Kemitraan

Name of Project: Collaborative Leveraging of E-procurement Accountability, Nexus and Integrity for the Newfound Governance (CLEANING)

Project Partner Organizations: ---

Country of implementation:
Indonesia

Duration (in years):
3 years

USD (million):
1.5 M

Registered in:
Indonesia

Project Summary:

The main objective of this project is to improve transparency of public procurement in Indonesia, through building a public-private-civil society organization alliance and meeting the internationally accepted anti-corruption standards

The main objectives are: (i) to adapt and mainstream anti-corruption principles, values & standards as guided by the UN Convention against Corruption (UNCAC) and other international legal instruments at national and local levels; (ii) to develop capacities in corruption preventions and prosecutions within agencies dealing with e-procurement; (iii) to develop reliable feedback and improvement mechanisms through M&E.

To achieve these objectives, several key activities will be undertaken: analyzing gaps between international legal instruments and national law, adapting international procurement standards into national law through drafting of new laws and standards, and assisting private sectors and small & medium vendors to comply with the adopted national legal frameworks. The project will also enhance the capacity of vendors, government's E-Procurement Agencies, train its staff, educate e-procurement watch organizations and assist local government in implementing anti corruption and integrity system for procurement

Description of Integrity Partner

The Partnership for Governance Reform ('the Partnership') is a multi-stakeholder organization working with government agencies and civil society organizations (CSOs) to advance reform at both national and local levels. The Partnership builds crucial links between all levels of government and civil society to sustainably promote good governance in Indonesia. The Partnership has implemented 359 projects since 2000 with a total budget of approximately 80 million US dollars. (www.kemitraan.or.id)



Name of Integrity Partner: TRANSPARENCY INTERNATIONAL ITALIA (TI-It)

Name of Project: SUSTAINABLE PROCUREMENT
Protecting the Green Sector Market from Corruption and Fraud

Project Partner Organizations: ---

Country of implementation:
Italy

Duration (in years):
3 years

USD (million):
0.6 M

Registered in:
Italy

Project Summary:

“Protecting the green sector market from corruption and fraud” is a civic, institutional and scientific project for protecting the green economy from threats of fraud and corruption, thus promoting relevant sustainable and ethical standards.

“Protecting the green sector market from corruption and fraud” aims at designing a sound framework to avoid misuses and illegal practices, enhancing awareness in the business environment and among public institutions, promoting fair market conditions through clear and transparent procedures, and disseminating results to raise awareness on the issue. The project will gain knowledge on criminal patterns, market and corporate vulnerabilities, organize laboratories to enhance the capacity to prevent risks and reduce losses, and set up a dialogue platform between public and private sector to promote the design and adoption of ad hoc standards.

The focus will be placed on three specific sectors: renewable energies, logistics/mobility of persons and goods, and innovation technologies.

To carry out this project a multi-disciplinary partnership has been established by TI-It (Integrity Partner), National Anti-Corruption Authority, and RiSSC – Research Centre on Security and Crime.

Description of Integrity Partner

Transparency International Italia (TI-It), the Italian chapter of Transparency International, founded in Milan in 1996, promotes the active role of civil and moral education in strengthening civil society against corruption and crime. It interacts with the public and private sector, academia, and researchers. Main activities are: promotion of transparent and efficient governance by preventing corruption and misuse of resources; raising awareness in public opinion on the urgency of fighting corruption and related crimes; enhancing ethics in schools and universities, supporting the national ratification of international juridical and economic laws and conventions; encouraging the public and private sectors to fix and implement ethics principles and codes; and advocating for good governance and protection of collective interests. (www.transparency.it)

The project will be supported by : Autorità Nazionale Anticorruzione – National Anti-Corruption Authority (Presidenza del Consiglio dei Ministri - Dipartimento della Funzione Pubblica)

Name of Integrity Partner: TRANSPARENCIA MEXICANA (TM)

Name of Project: Social Witness / Integrity Pact in Government Procurement - The Mexican Experience

Project Partner Organizations: ---

Country of implementation:
Mexico

Duration (in years):
3.4 years

USD (million):
0.2 M

Registered in:
Mexico

Project Summary:

The project aims to produce an Analytical Review Report of the Integrity Pacts/Social Witness tools that Transparencia Mexicana has applied in around 100 public procurement processes.

Since 2000, TM has implemented Integrity Pacts/Social Witness (IP/SW) tools in around 100 public procurement processes and has developed a methodology applied to the Mexican context that can be useful to government and private actors in other contexts. This methodology combines a mini-contractual form in a bidding process (IP) with an intensive monitoring during the bidding process (SW). The result is a light legal structure with a real-time monitoring process which provides an external, technical and independent view without reducing efficiency, partially restores public distrust in procurement, creates an environment for open discussions of technical decisions, promotes government innovation, and contributes to competition, efficiency and savings. To date, much of the research related to the IP/SW has combined national experiences and practice, without determining the systemic impact for a branch of government, sector or type of company in a cross-time analysis. This project will have this systemic approach, in order to be useful to procurement sectors in any context. The objective is to conduct an analytical review, and to promote the Mexican experience with a particular focus on its economic impact, social results and a new framework for collective action among participants in procurement processes. Activities include an analytical review, the production of independent chapters under an editorial plan, and the communication/promotion of the Analytical Review Report with relevant stakeholders.

Description of Integrity Partner

Transparencia Mexicana (TM) was founded in 1999 and is the national chapter of Transparency International (TI), the global coalition against corruption. TM approaches corruption from a holistic standpoint, engaging with public and private actors to reduce corruption by creating changes in the institutional and legal framework of the Mexican state. Acknowledging that forms of corruption adapt to country-specific norms, TM pursues an agenda tailored to fight corruption within Mexico, while at the same time adhering to standards and practices established by TI Secretariat. (www.transparenciamexicana.org.mx)

Name of Integrity Partner: Transparency International-USA

Name of Project: Verification of Corporate Anti-Corruption Programs

Project Partner Organizations: Social Accountability International

Country of implementation:
USA

Duration (in years):
3 years

USD (million):
0.66 M

Registered in:
USA

Project Summary:

The project will look at the key role that compliance verification methods play in assessing companies' adherence to their anti-corruption programs.

The overarching, long-term goal of this project is to improve credibility of corporate compliance programs. Achieving this will help increase public confidence and enhance credibility with investors, rating agencies, financial institutions, export credit agencies and government procurement agencies, which increasingly expect corporations to demonstrate effective compliance programs. This project will assess the strengths and weaknesses of the most commonly used methods of compliance verification and will develop recommendations for companies when considering anti-corruption compliance verification.

The project aims at achieving the long-term goal by: (i) Reviewing, assessing and reporting on the efficacy of current approaches to compliance verification; (ii) Creating awareness and better understanding of the verification methods; and (iii) Promoting broad acceptance of the relative merits of the methods and findings. This project will be supported by Michael Hershman, Mark Mendelsohn and Fritz Heimann.

Description of Integrity Partner

TI-USA works at home and abroad to combat corruption and promote transparency and integrity in government, business and development assistance. Since its founding in 1993, TI-USA has been actively involved in the development of private sector integrity programs and has advocated for greater global adherence to them. It has initiated and engaged in numerous industry-sector initiatives and collaborative projects, mobilizing collective action with a wide array of interests, including corporations, major business organizations, labor groups, and other NGOs. TI-USA has a track record of success in the promotion of private sector best practices. (www.transparency-usa.org)

Name of Integrity Partner: Vietnam Chamber of Commerce and Industry
(Office for Business Sustainable Development)

Name of Project: Integrity and Transparency in Business Initiative for Vietnam

Project Partner Organizations: International Business Leader Forum (IBLF)

Country of implementation:
Vietnam

Duration (in years):
3 years

USD (million):
0.5 M

Registered in:
Vietnam

Project Summary:

The initiative's aim is to mobilize the business community in Vietnam around the challenges of integrity, transparency and corruption.

The initiative aims at bringing companies operating in Vietnam together to work towards improving integrity and transparency of the way business is conducted. It is expected that the key objective will be achieved by focusing on three main activities. Initially, the project puts emphasis on implementation of research and the development of technical and communication tools to raise awareness and understanding of transparency concept and the need for improvement of business practices. In parallel with awareness raising, it encourages enforcement of reforms through promoting multi-stakeholder consultation and dialogue and policy advice on transparency and integrity. Finally, it promotes positive change in business practice through development and implementation of training programs. It is believed that the achievements from implementing these activities will be scaled up, to have greater impact from sustainable improvement of transparency and integrity in doing business in Vietnam.

Description of Integrity Partner

The Office for Business Sustainable Development (SDforB) was established in 2006 by the Vietnam Chamber of Commerce and Industry (VCCI) which is an independent, non-governmental and national organization representing the Vietnamese business community, business associations, and employers for the promotion and protection of their interests in domestic and international relations. Furthermore, the Chamber has served as a forum for the exchange of information and ideas among businesses and between businesses with governmental authorities on matters concerning economic activities, the business environment, and sustainable development in Vietnam. As an integral part of VCCI, SDforB concentrates on support and orientation activities to assist the Vietnam business community and entrepreneurs in achieving sustainable development and productive integration in the 21st century. (www.vcci.com.vn, www.vbli.vn)