Addressing global anti-corruption enforcement trends: how Statoil's procedures meet changing challenges

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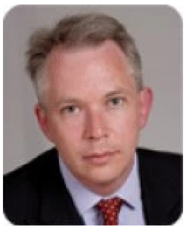 

Statoil's oil and gas exploration and production operations are conducted on the Norwegian continental shelf and further afield in countries around the world including Angola, Azerbaijan, Indonesia, Libya and Mozambique. In addition to its exposure under local laws where it operates, Statoil is subject to Norwegian, English and US law.

Statoil has a commitment to maintaining best practice in its anti-corruption efforts, just as in other areas of its business, and it devotes significant resources to these efforts. Its practices are relevant to smaller companies and to companies whose risk profile is different; some core approaches are needed for all effective anti-corruption programmes. Statoil's practices are scaleable and can be applied effectively to smaller companies and to those who have a different focus for their anti-corruption resources.

Global enforcement trends

Understanding UK and international developments in anti-corruption law and enforcement is an important part of understanding what is required of companies by different enforcement authorities around the world. It also serves as a reminder of the high cost of failing to comply with those requirements.

Clear trends have developed in the last year in global anti-corruption enforcement:

- More jurisdictions have come forward to enforce anti-corruption laws, including Canada, Brazil and the Ukraine.
- Companies now face a multiplicity of investigations. For example, China's investigation into GlaxoSmithKline has been followed by further investigations into GlaxoSmithKline in Poland, the United Kingdom and the United States.
- The United States has continued its willingness to impose huge financial penalties by negotiated settlements.
- In 2014 the United Kingdom's Serious Fraud Office (SFO) announced corruption investigations into Rolls-Royce and GlaxoSmithKline, and commenced a prosecution of Alstom.
- In the United Kingdom and the United States there is emphasis on the importance of a company's anti-corruption procedures and on its response to allegations of wrongdoing in considering the penalties for corruption. Companies such as Credit Suisse that have failed in their internal investigations into corruption

have faced increased penalties. Morgan Stanley is an example of the US authorities accepting that the high standard of anti-corruption procedures and the bank's response to finding corruption by an employee were such that the bank should not be penalised at all.

- Both the United States and the United Kingdom have shown that they will prosecute individuals for their involvement in their company's corruption, using evidence obtained in the investigation of the company.
- The United Kingdom introduced Deferred Prosecution Agreements in 2014, enabling a negotiation between companies and the SFO under judicial supervision to resolve corruption charges by agreements conditioning future conduct.

The effect of these trends is to place a greater emphasis on the importance of companies' anti-corruption procedures and on their responses to allegations of wrongdoing.

Statoil's approach

Statoil's legal group, through its Chief Compliance Officer, leads its anti-corruption efforts. This structure provides the objectivity and independence necessary for the proper support and implementation of Statoil's anti-corruption programme. The Chief Compliance Officer may, if required, report directly to the CEO or the Chairman of the board.

The programme is based on three pillars: prevention, detection and response.

Prevention	Detection	Response
Board and management commitment	Reporting	Incident handling
Clear policies and standards	Non-retaliation policy	Disciplinary actions
Communication and training	Advisory function	Learning/rectification
Ethics committees	Compliance network	Investigations
Risk assessment and due diligence	Verifications	Self-reporting
Contractual standards	Audits	
	Internal controls	
	Supplier follow up	

At the heart of the Statoil programme is the support it receives from CEO Helge Lund, and from the main board. Without that level of support a company's anti-corruption programme will fail. Employees and contractors need to understand that the company's top management mean what they say when they speak about the importance of compliance.

Providing support at the launch of a programme is not enough. It needs to be enforced by repetition and by conduct. Statoil's regular ethics committee reports at the board and corporate executive committee meetings to ensure that management focuses on compliance and ethical issues and promotes common understanding and practice within the company.

Regular corruption risk assessments are an integral part of Statoil's anti-corruption programme. These identify risks, assess their potential impact and establish specific mitigating actions. The corruption risk assessments also update the management about corruption risks in Statoil's business activities to enable it to take appropriate action.

Key elements of Statoil's anti-corruption programme that can be adapted for organisations of different sizes facing different risk are

- Policies and procedures – The basis for Statoil's anti-corruption programme is the company's Ethics Code of Conduct. Statoil also has a set of policies and procedures that address particular aspects such as gifts and entertainment. The Ethics Code of Conduct is reviewed and approved by the board on an annual basis.
- Training and communication – An effective anti-corruption programme must be embedded in the organisation through training, communication and implementation of appropriate internal controls. Statoil has an e-learning programme that is mandatory for all employees. Statoil also provides tailor made workshops for employees in exposed positions and relevant business partners and suppliers.
- due diligence – Statoil conducts integrity due diligence on potential suppliers and business partners with a view to ensuring that Statoil does not enter into a business relationship that will expose the company to corruption or other integrity risks.

Corruption risk cannot be avoided: the best anti-corruption procedures will not prevent all corruption. But the best procedures and the right responses to corruption concerns should earn a reduction in penalties or even avoidance of prosecution; just as substandard procedures and poor responses will earn increases in penalties and possibly criminal sanctions for individuals.

Just like other companies taking anti-corruption seriously, Statoil keeps its procedures and practices under review to try and ensure that it maintains best practice in its anti-corruption efforts. Its approach and procedures can readily be used by other companies as they seek to improve their own defences against corruption.

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About Carine Smith Ihenacho
Carine Smith Ihenacho is the global Chief Compliance Officer of Statoil. She heads a team of lawyers and business advisors covering business ethics and compliance for Statoil, facilitating conformance with compliance standards across the business operations and a range of policy areas, such as anti-corruption, sanctions, competition compliance, human rights and anti-money laundering . Prior to joining Statoil in 2010, Carine was the General Counsel of Aibel, an international oil & gas service provider. Carine has more than 20 years' experience as a lawyer, both in the financial and oil and gas industry and in law-firms.

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Nick Burkill is Co-head of Advocacy in the London office of Dorsey and Whitney and the co-chair of the firm's Anti-Corruption Practice Group. He is ranked as one of the top commercial and fraud litigators in the UK and identified by the Chambers UK directory as an expert on the UK's Bribery Act. He has extensive experience in domestic and international investigations and disputes concerning fraud and corruption. Nick is an accredited mediator, solicitor advocate and a regular speaker and commentator.

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