



Ethics Promotion Programme for
Listed Companies

**Forestalling Corrupt Practices With Ethical Governance:
Listed Companies And The ICAC**

Mr Raymond NG
Director of Community Relations, ICAC

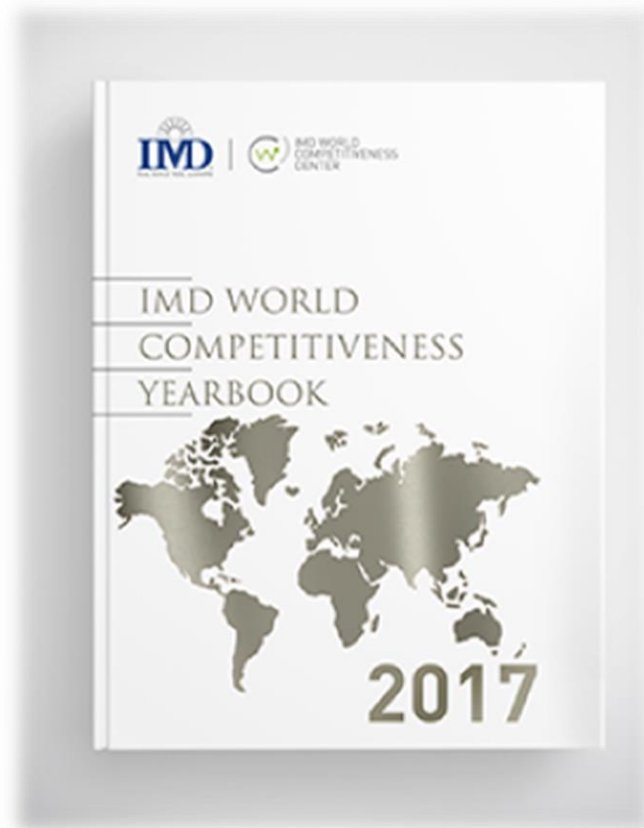


Conference on Business Ethics for Listed Companies
上市公司商業道德會議 2017

Corporate Governance: Compliance and Beyond
企業管治：符規以外

“Good corporate governance is about ‘intellectual honesty’ and not just sticking to rules and regulations, ... capital flowed towards companies that practiced this type of good governance.”

*The King Report on Corporate Governance,
The Institute of Directors in Southern Africa*

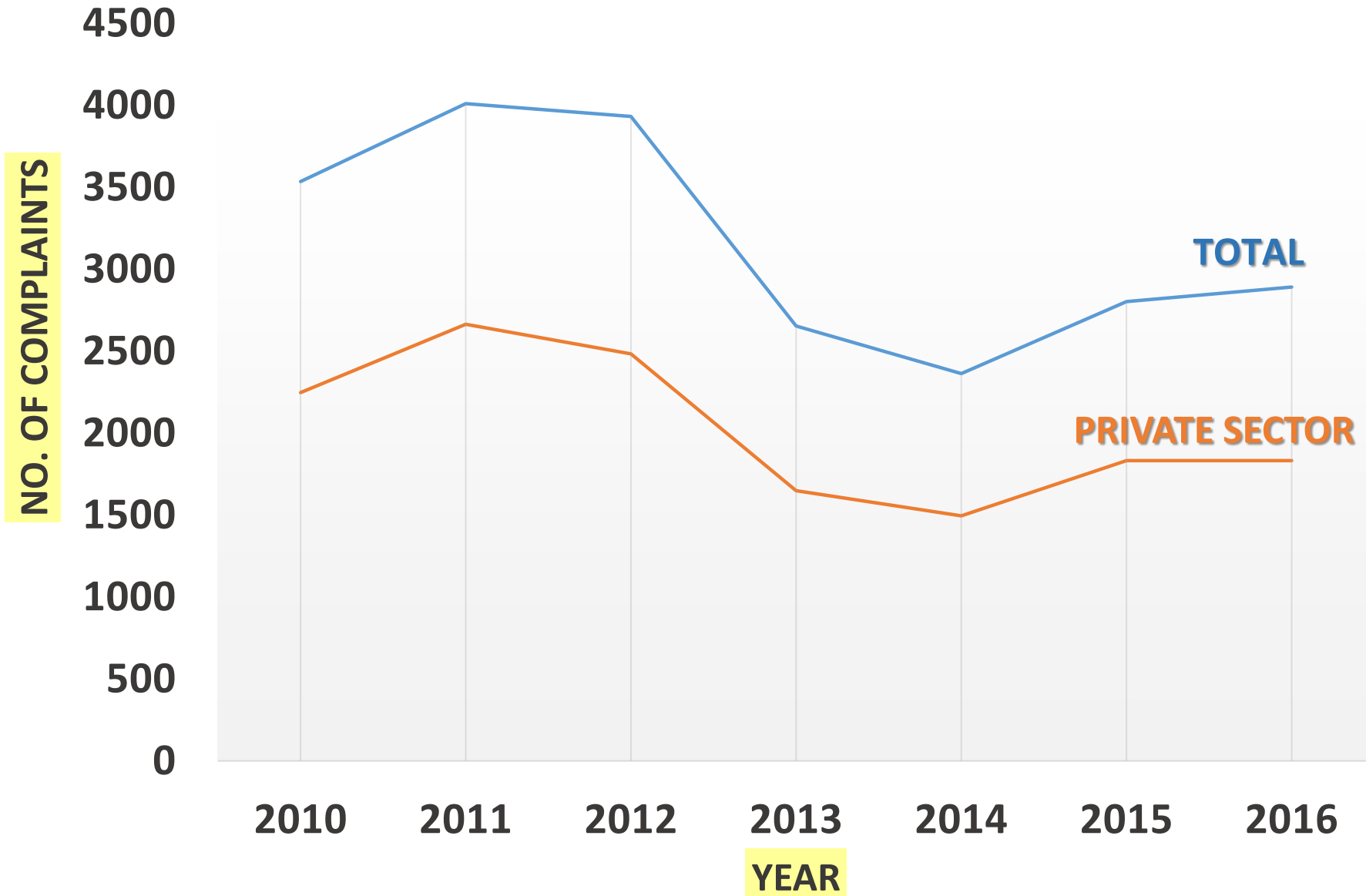


1. Hong Kong

2. Switzerland

3. Singapore

No. of Corruption Complaints



International Indexes



World Competitiveness Yearbook
1st/63 economies



Global Business Bribery Risk Index
1st in Asia region
4th/199 places with least corruption risk



Index of Economic Freedom
1st for 23 years



Rule of Law Index
**8th/113 regions in the aspect of
eliminating corruption**



The Global Competitiveness Report
9th/138 economies



Clean Index
15th/176 countries



2016 Trace Matrix



Conducted by the RAND Corporation

Hong Kong was ranked the **1st** in
Asia region and the **4th**
economy/199 places with the
LOWEST business bribery risk



TRACE
TRACE Matrix
Country Ranking

1. Sweden



2. New Zealand



3. Estonia



4. Hong Kong



5. Norway



A Judge's Remarks:

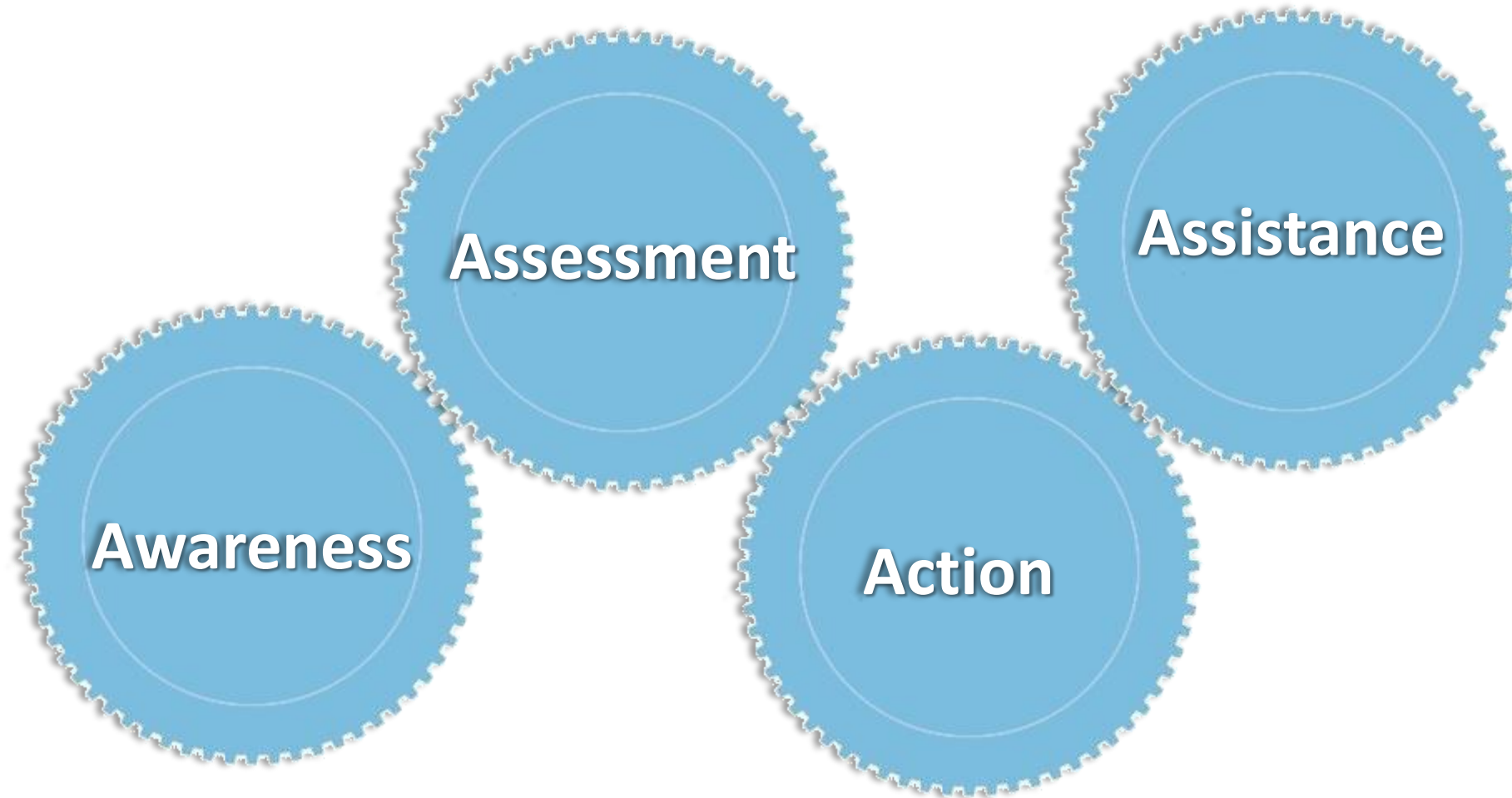


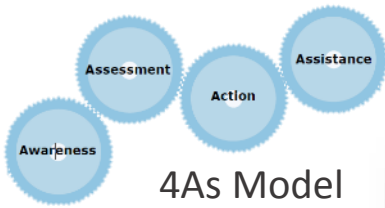
“The dishonest acts of the defendants ... not only affected economic interests of the parties concerned, more importantly it shakes the confidence in the system and the integrity of our stock market. In turn, it will have a severe adverse impact on our effect to build Hong Kong as a leading financial centre ...”

(District Court Judgment In DCCC265&266/2009, June 2011)

“4As” Model

Enhancing Ethical Governance





Awareness of the Anti-bribery Laws

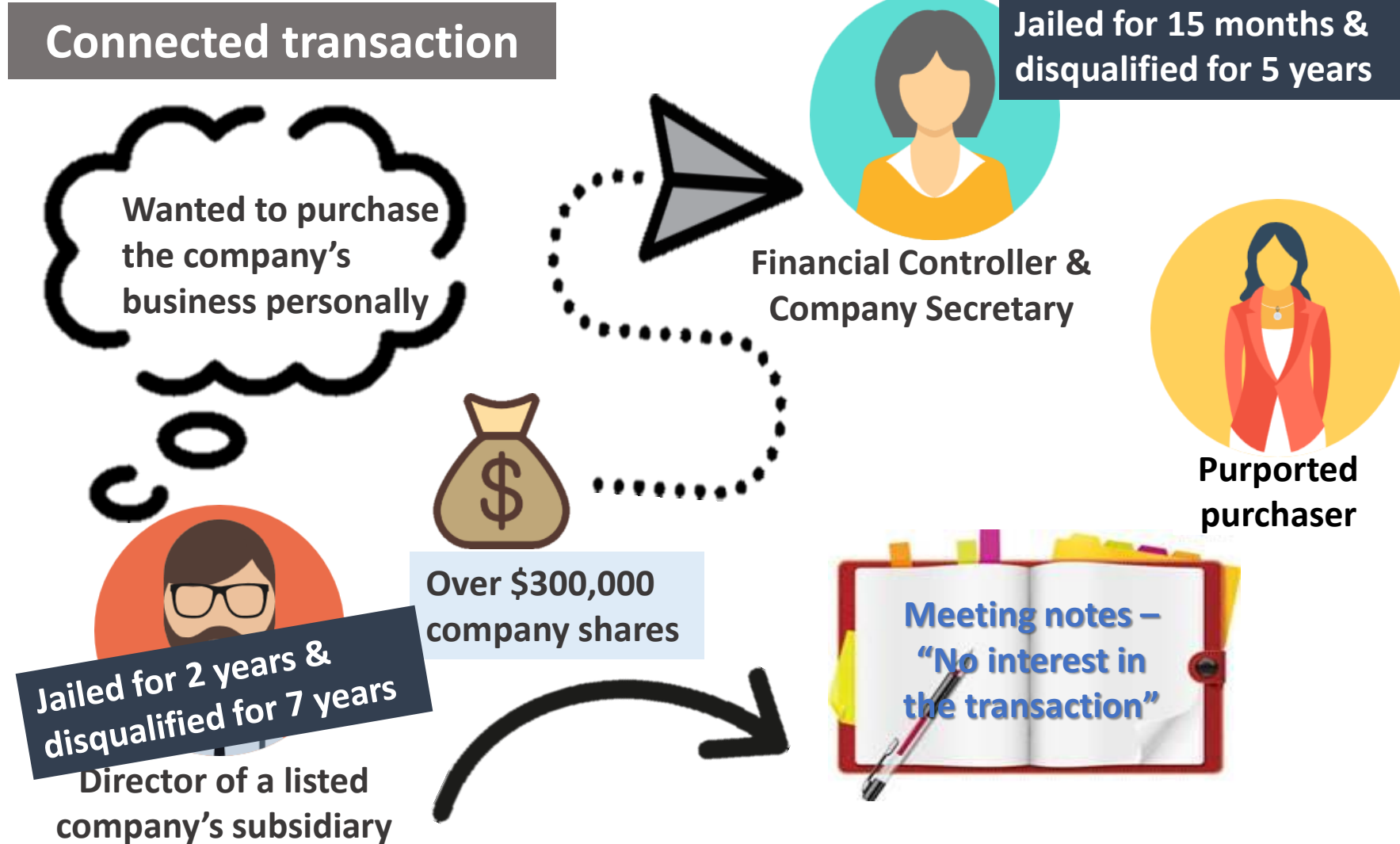
Private Sector Corruption

Section 9 of Prevention of Bribery Ordinance

- 🌐 **Any agent**
- 🌐 **without the principal's permission**
- 🌐 **solicit / accept any advantage**
- 🌐 **any act in relation to the principal's affairs or business**

Both offeror and recipient of bribery are guilty
Max. penalty: 7 years imprisonment and \$500,000

Concealing a connected transaction



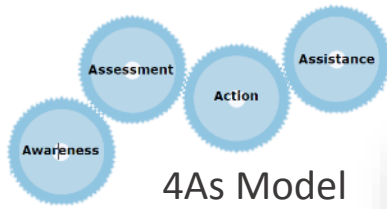
Corrupt practices in listed companies



2012 – 2016 :

13 prosecutions

against persons in
senior management
of listed companies



Assessment of Challenges and Risks

Bogus accounting records



Jailed for 4 years & disqualified for 5 years

Chairman



Jailed for 3.5 years & disqualified for 4 years

Executive Director



Submitted falsified documents to auditor



Exaggerated the turnover by almost 4-fold



Conspired with staff



Arranged fake stakeholders for audit interviews

Cross-boundary malpractices

Local laws with
extra-territorial jurisdiction



United Kingdom
UK Bribery Act



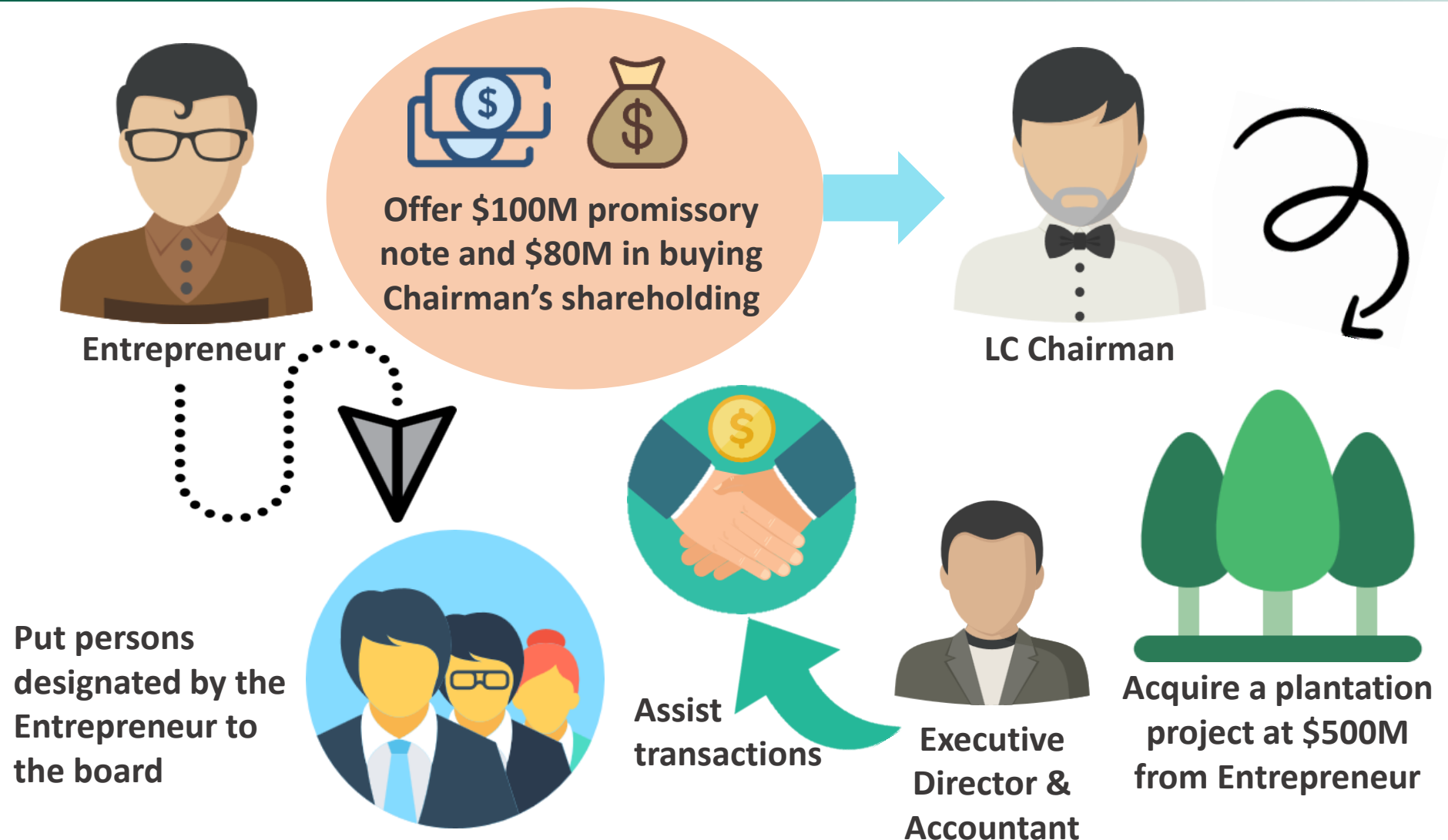
United States of America
Foreign Corrupt Practices Act



People's Republic of China
Criminal Law



Bribery and fraud over backdoor listing



Bribery and fraud over backdoor listing

- Concealed transactions in circulars and related documents



Bribery and fraud

Jailed up to 7 years and 9 months & disqualified for 10 years

Two important facets



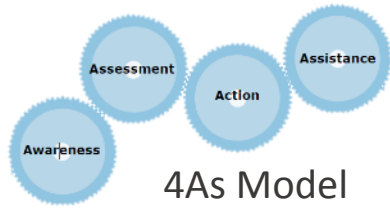
Human facet

- failure of personal integrity
- ineffective performance of board members or professionals



System facet

- flaws in internal controls
- insufficient checks and balances



Action in Culture Building

Hong Kong Business Ethics Development Centre

Set up in 1995 under the Community Relations Department, ICAC



Ethics promotion programme for LCs (2003)



Directors' ethics programme (2007)



Ethics Promotion Programme for Listed Companies (2015-2018)

In collaboration with 18 institutions

Government Departments / Regulatory Bodies 政府部門/監管機構



Professional Bodies 專業團體



Member Chambers of Hong Kong Business Ethics Development Advisory Committee 香港商業道德發展諮詢委員會成員商會



Ethics Promotion Programme for Listed Companies

Key components:



Conference on
Business Ethics for
Listed Companies
2017

Training Package on
Business Ethics for Listed
Companies

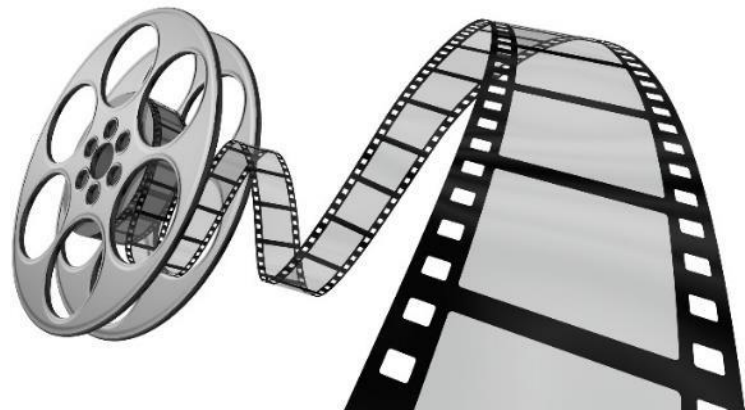


「符規以外」

上市公司商業道德培訓教材

Compliance and Beyond:

Training Package on Business Ethics for Listed Companies



Training package on business ethics for listed companies



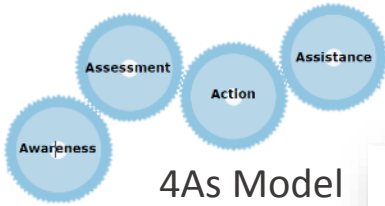
Hong Kong Business Ethics Development Centre

Hotline: 2587 9812

Website: www.hkbedc.icac.hk

E-mail: hkbedc@crd.icac.org.hk

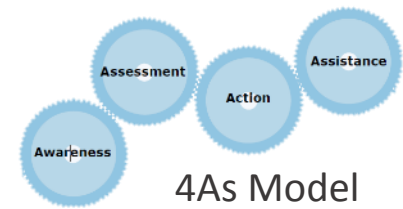




Assistance – ICAC’s services



Assistance of ICAC's services

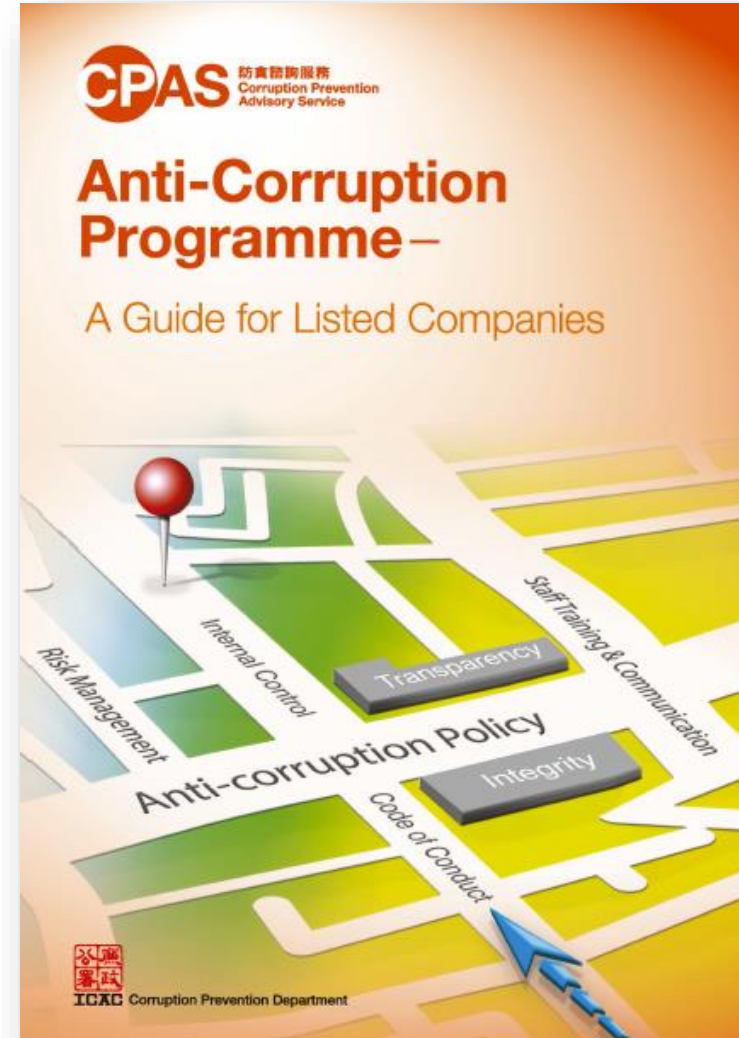
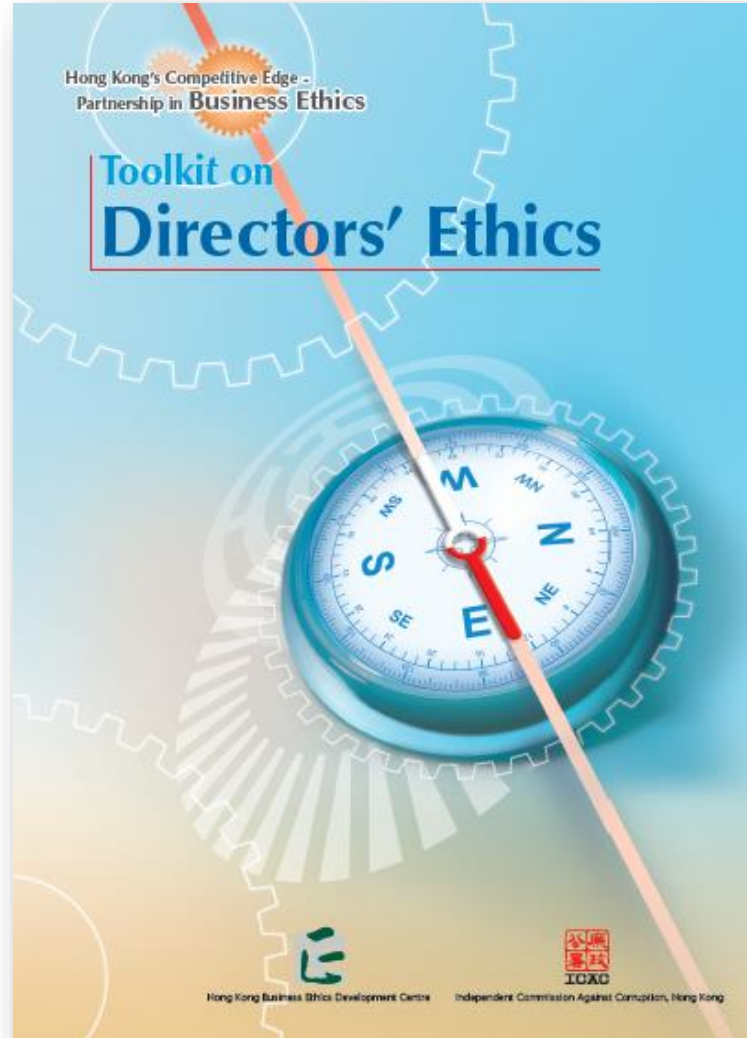


**Corruption
Prevention**

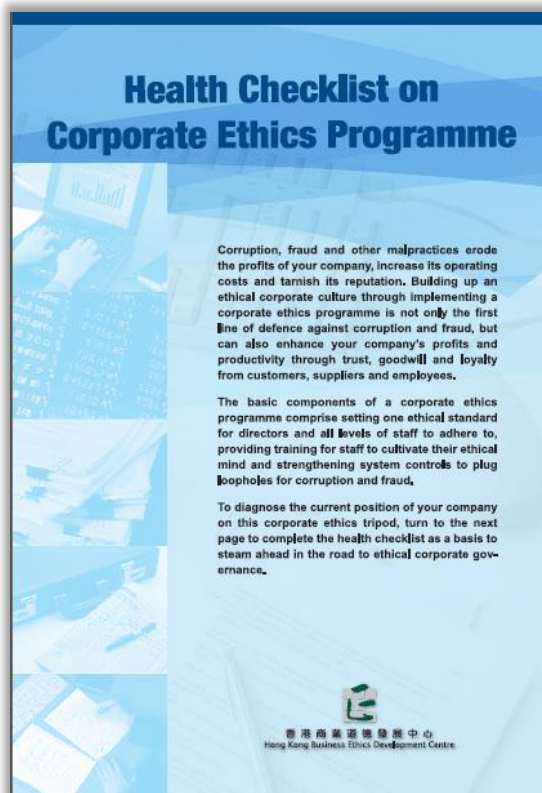


**Community
Education**

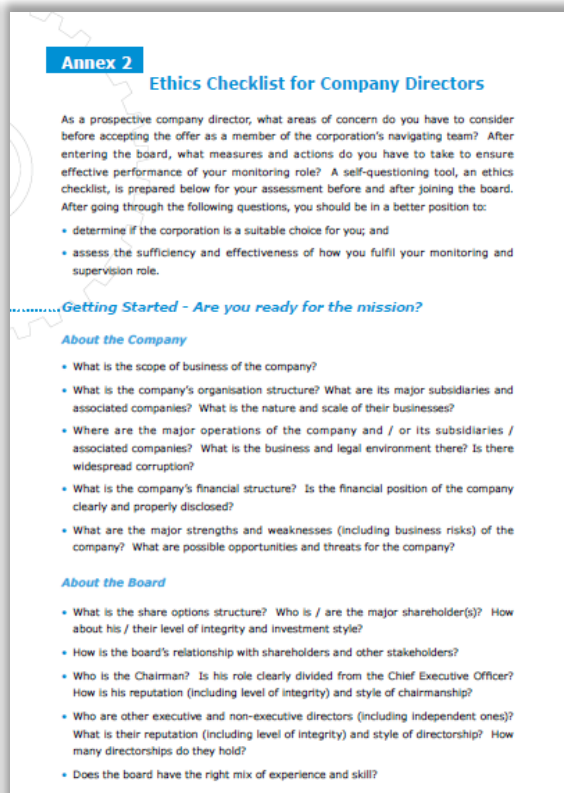
Two Practical Guides



Toolkit on Directors' Ethics



Health Checklist on
Corporate Ethics
Programme

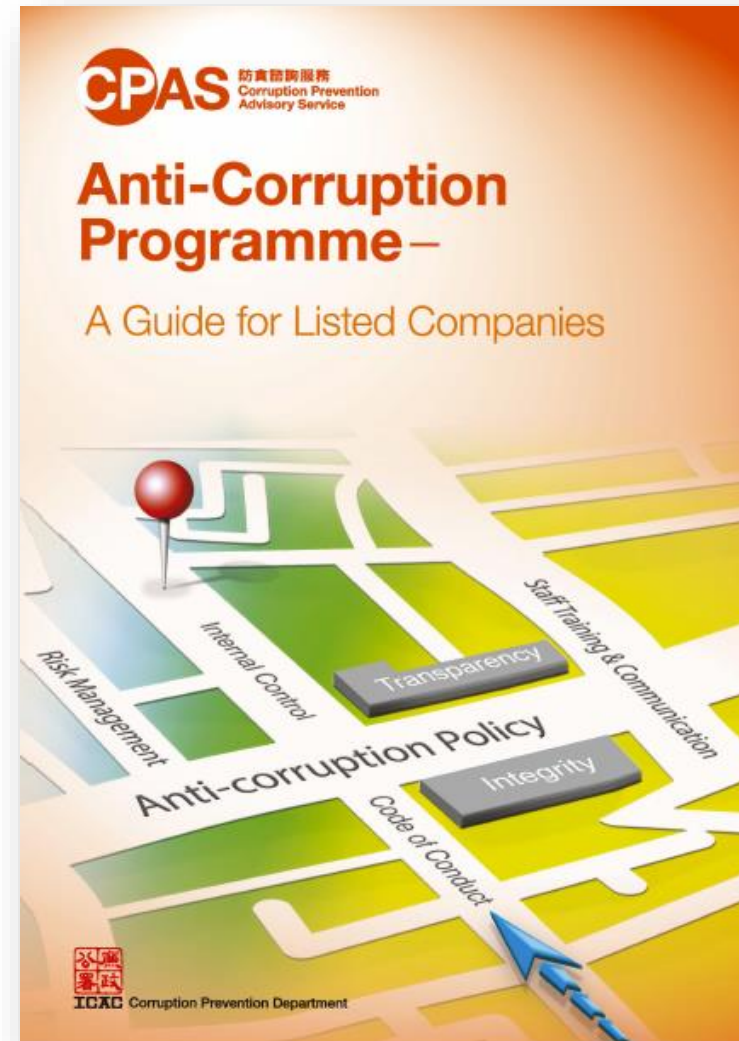
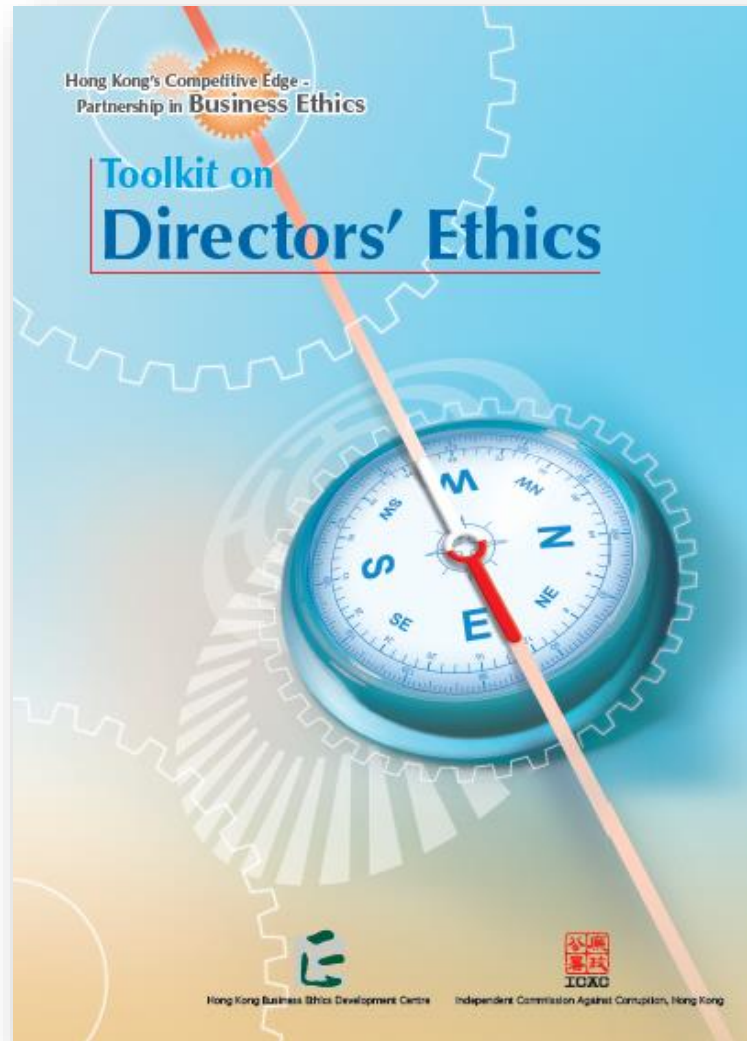


Ethics Checklist for
Company Directors



Corporate Ethics Compass

Two Practical Guides



ICAC's services to enhance governance

Board Level –

Board members to **perform**
fiduciary duties more effectively



ICAC's services to enhance governance

Corporate Level –

Top management to

exercise ethical leadership



ICAC's services to enhance governance

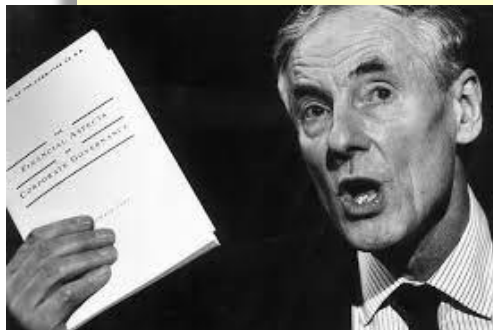
Personal Level –

Directors and senior management to

walk the talk



“Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society.”



*Sir Adrian Cadbury,
UK, Commission Report: Corporate Governance 1992*

