The abuse of entrusted power for private gain

Corruption can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs.

SOME DEMONSTRATIONS

- Bribery
- Conflict of Interests
- Extortion
- Clientelism
- Fraud
Robert Klitgaard proposes a formula for corruption

\[ C = M + D - A \]
Democratic foundations across the region are currently at risk, stifling anti-corruption efforts.

- **Democratic Institutions**: The weakening of democratic institutions diminishes any sustained effort to fight corruption.
- **Political Rights**: The general decline of political rights also contributes to higher corruption levels.
- **Enforcement**: A lack of progress is unsurprising given a lack of anti-corruption laws and enforcement mechanisms.
CORRUPTION

DEMOCRACY IS THE POLITICAL SYSTEM THAT MANAGES TO TIGHT BETTER AGAINST CORRUPTION

MEDIA MANIPULATION
Independent media are being undermined, especially when coverage challenges leaders' messaging.

INTERFERENCE OF STATE
Leaders interfere with and use national institutions to weaken checks and balances and increase executive power.

STRONG HAND APPROACHES
Leaders increasingly use simplistic and "strong hand" approaches to solve deep-rooted problems.

FINANCIALLY SUPPORTED CAREERS
Conflicts of interest and private influence over government decisions continue to grow.
CORRUPTION

EFFECTS

- DAMAGE TO THE CORPORATE IMAGE
- CONSEQUENCES FROM THE CRIMINAL LIABILITY OF THE COMPANY
- ECONOMIC DAMAGES / PROPERTY DAMAGE
- FINES AND LEGAL SANCTIONS
- ACCIDENTS AND LOSS OF LIVES
- LOSS OF CLIENTS AND LOSSES IN SALES

One of the main concerns of the people in our country

THE ODEBRECHT CASE

ODEBRECHT

It’s a Brazilian group, specialized in engineering and construction, but also with interests in the energy and petrochemical sector.
THE ODEBRECHT CASE

Payment of bribes paid by Odebrecht

Cantidades reconocidas por Odebrecht entre 2001 y 2016
En millones de dólares

- México: 10
- Guatemala: 18
- Colombia: 11
- Ecuador: 33
- Perú: 29
- Brasil: 349
- Rep. Dominicana: 92
- Venezuela: 98
- Angola: 50
- Mozambique: 0,9
- Argentina: 35

REASSESS EFFORTS

THE LESSON LEARNED IN LAST YEARS HAVE MADE US REEVALUATE THE WAY WE CONTINUE FIGHTING CORRUPTION
The Summit brings together the heads of state and government of the member states of Western Hemisphere where leaders discuss common policy issues, affirm shared values, and commit to concerted action at the national and regional level with the purpose to address present and future challenges facing the countries of the Americas.

They are a universal call for adoption of measurements to end poverty, protect the planet and ensure all people enjoy peace and prosperity.
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

3 RELEVANT TARGETS

16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime

16.5 Substantially reduce corruption and bribery in all their forms.

16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.

SHOULD WE PROGRESS TOWARD AN INTERNATIONAL JUSTICE MECHANISM AGAINST CORRUPTION?
EVOLUTION OF THE TRAC-CHILE RESULTS

CHILE AND CORRUPTION

WHAT IS THE ROLE OF THE BUSINESS WORLD?

WE CAN PREVENT, SUPERVISE, REPORT, AND CONTRIBUTE TO ACCOUNTABILITY
CHILE AND CORRUPTION
NEW FOCUS ON COMPANIES

ACT 21.121 extends the predicate offences that can give rise to criminal liability of legal people

- Money laundering
- Provide or promote terrorist crimes
- Inappropriate business dealing
- Bribery of public official
- Bribery of foreign public officials
- Corruption among private individuals
- Receiving stolen goods and abaction
- Unfair management

CHILE AND CORRUPTION
NEW FOCUS ON COMPANIES

CORRUPTION AMONG PRIVATE INDIVIDUALS
Acts in which employees or agents request or accept to receive, as well as in the case that gives, offers or consents to give an employee or agents a financial or other benefit, for themselves or for third parties, to be favored in some way in hiring.

UNFAIR MANAGEMENT
When any of the foregoing are directly or indirectly interested in any negotiation, action, contract, operation or management in which they must intervene by reason of their position, or in which they must intervene in relation to assets, things or proprietary interests whose adjudication, partition or administration they are in charge of.
CHILE AND CORRUPTION

REGULATORY CHALLENGES

- Prevention of conflict of interests in the relationship between company agents and public authorities.
- Register of beneficial owners and transparency.
- Transparency obligations for companies providing services under conditions of natural monopolies and private entities carrying out activities in the public interest.
- Regulation of the “revolving door” in the passage of persons from the public sector to the private sector and from the private to the public sector, especially in regulated sectors.

The fight against corruption in private sector requires a three-pronged approach:

**INTERNAL MEASURES**

Zero tolerance policy towards bribery and corruption. And it must be enforced through specific anti-corruption measures.

**OPERATING ENVIRONMENT**

We must ensure that governments enforce international anti-bribery laws and conventions. This protects companies from corruption across borders and supply chains.

**EFFECTIVENESS**

Entrepreneurs must be held accountable for their actions. We must ask companies to openly report their finances and stocks. This shows staff, investors and consumers that they are committed to clean business.
GLOBAL CHANGES

THE WAY OF DOING BUSINESS, WHAT CUSTOMERS WANT HAS CHANGED RADICALLY

GLOBAL CHANGES

EMERGING MARKET AND CHINA’S ROLE

CRYPTOCURRENCIES AND BLOCKCHAIN

REDEFINITION OF MIGRATION FLOWS AND REFUGEE CRISIS
BUSINESS INTEGRITY

1. Commit to an anti-corruption programme ‘from the top’
2. Assess the current status and risk environment
3. Plan the anti-corruption programme
4. Act on the plan
5. Monitor controls and progress
6. Report internally and externally on the programme

CHILE AND CORRUPTION

WHAT IS THE ROLE OF THE BUSINESS WORLD?

The Business Rationale for Fighting Corruption

<table>
<thead>
<tr>
<th>Benefits of Engaging</th>
<th>Risks of Not Engaging</th>
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<tbody>
<tr>
<td><strong>Individual Company Action</strong></td>
<td></td>
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<tr>
<td>• Reduce the cost of doing business</td>
<td>Criminal prosecution, in some jurisdictions both at</td>
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<td>• Attract investments from ethically</td>
<td>company and senior management levels which can</td>
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<td>oriented investors</td>
<td>lead to imprisonment</td>
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<td>• Attract and retain highly principled</td>
<td>• Exclusions from bidding processes, e.g. for</td>
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<td>employees, improving employee morale</td>
<td>international finance institutions and export</td>
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<td>• Obtain a competitive advantage of</td>
<td>credit agencies</td>
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<td>becoming the preferred choice of</td>
<td>• “Casino risk” — no legal remedies if a counterparty</td>
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<td>ethically concerned customers/consumers</td>
<td>does not deliver as agreed and/or keeps increasing</td>
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<td>• Qualify for reduced legal sanctions in</td>
<td>the price for doing so</td>
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<td>jurisdictions like the US and Italy</td>
<td>• Damage to reputation, brand and share price</td>
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<td></td>
<td>• Tougher fight for talent when hiring new</td>
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<td></td>
<td>employees</td>
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<td></td>
<td>• Regulatory censure</td>
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<td></td>
<td>• Cost of corrective action and possible fines</td>
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<td><strong>Collective Action by Business</strong></td>
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<tr>
<td>• Create a level playing field overcoming</td>
<td></td>
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<td>the “prisoner’s dilemma”</td>
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<tr>
<td>• Improve public trust in business</td>
<td></td>
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<tr>
<td>• Influence future laws and regulations</td>
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CONCLUSION

THE SUSTAINABILITY OF BUSINESSES HAS THE CAPACITY TO STRENGTHEN ETHICAL RELATIONSHIPS WITH OUR COLLABORATORS