
MODIFICATIONS

The questionnaire has been modified from the 2012 edition of the report based on feedback received over the past 12 months. The following is a summary of the changes, particularly those that could impact scoring:

Anti-Corruption programmes

- Questions 4 and 7 have been extended to cover training of directors in addition to employees. This aligns our questionnaire with the requirements of Transparency International's *Business Principles for Countering Bribery*. Only companies explicitly mentioning both employees and directors will receive full scores for these questions.
- We gave 0.5 points on question 5 if agents or representatives were "encouraged" to comply with the policy, even if they were not required to do so in 2012. For 2014, the 0.5 score has been eliminated and 1 point is only given if the agents or representatives *must* comply.
- Scoring for q.6 has been changed. To receive a full point, the company must fulfil three criteria (for details, please consult the precise guidelines below on page 4).
- In q.11, an additional requirement has been added to achieve a full score, consistent with Transparency International's overall position on whistle-blowing. To receive 1 point, a company must provide a channel which is not only confidential but also allows for two-way communication with the whistle-blower.
- We previously gave 0.5 points on question 13 if political contributions were disclosed for some but not all countries, e.g. for a company's home country. Now companies will get zero points unless political contributions are disclosed for all countries.

Organisational transparency

- There has been a significant change to scoring in the second dimension on organisational transparency. The word "material" has been removed from the question. A full score will only be awarded if a company publishes a list of all subsidiaries (holdings), not just its material ones. If only material subsidiaries are disclosed, companies score 0.5 points.

This is consistent with the recommendation in the 2012 report that companies should report all their holdings, regardless of materiality.

- In our 2012 report, scores for qq. 17 and 21 were not included in the final calculations due to methodological incongruities that occurred during data collection.

We will include scores for all eight questions (qq. 14-21) in the 2014 study.

Country by country reporting

- In q.22, where a company reports revenue on a country by country basis only according to where its customers are located, 0.5 points will be awarded.
- In q.26, disclosing the amount of community contributions by country is now required to earn points. A description of contributions that does not refer to the amount will not earn points.

The remaining modifications were made in the interest of clarity and will not affect scoring.

SCORING

Anti-Corruption programmes

Each question can receive 0 or 1 point (some questions can be awarded 0.5 points). The total number of points awarded is divided by 13 (the maximum possible score) and expressed as a percentage.

Organisational transparency

Each question can receive 0, 0.5 or 1 point. The total number of points awarded is divided by 8 (the maximum possible score) and expressed as a percentage. If questions 18-21 are scored N/A (meaning that the company has no non-fully consolidated holdings) the total number of points is divided by 4 and expressed as percentage.

Country by country reporting

Each element of applicable country level information is awarded 0, 0.5 or 1 point. The total number of points for each question is totalled and divided by the number of countries in which the company operates.

If the company declares that it makes no community contributions in a particular country or countries resulting in an "N/A" for q.26, those countries are excluded from the calculation.

Example:

6 countries of operations	q.22	q.23	q.24	q.25	q.26
A	1	0	1	1	0,5
B	1	0	1	1	0,5
C	1	0	0	1	N/A
D	1	0	0	0	0,5
E	1	0	0	0	N/A
F	1	0	0	0	N/A
total	6.0	0.0	2.0	3.0	1.5
score	1.00 (total divided by 6)	0.00 (total divided by 6)	0.33 (total divided by 6)	0.50 (total divided by 6)	0.50 (total divided by 3)

To calculate the company's overall score on country by country reporting, the points for all five questions are totalled, divided by 5 (the maximum possible score) and expressed as a percentage.

I.e. in the above example: $(1+0+.33+.5+.5) = 2.33 / 5 = 0.466 = 46.6\%$

QUESTIONNAIRE & CODEBOOK

ANTI-CORRUPTION PROGRAMMES

1) Does the company have a publicly stated commitment to anti-corruption?

1,0 point - If there is an explicit statement of “zero tolerance to corruption” or equivalent (i.e. the commitment to fight any corrupt activities)

0,5 point – If there is no general anti-corruption statement, but only reference to public sector/ governmental corruption

If there is a weaker, less direct statement

If a company is a signatory of the UNGC **and** it explicitly underscores its commitment to the 10th principle

0 points – If there is no explicit statement/ commitment, even if relevant policies are there

If a company is a signatory of the UNGC, but there is no explicit reference to its commitment to the 10th principle

2) Does the company publicly commit to be in compliance with all relevant laws, including anti-corruption laws?

1,0 point - If there is an explicit statement of such commitment for all jurisdictions in which a company operates

A reference to “all laws” shall be deemed to include anti-corruption laws, even if they are not specifically mentioned

0 points – If there is no explicit reference to compliance with laws or the reference to compliance with laws excludes or omits anti-corruption laws

3) Does the company leadership (senior member of management or board) demonstrate support for anti-corruption?

1,0 point - If the company leadership (senior member of management or board) issues a personal statement that specifically highlights the company’s commitment to anti-corruption

If the company leadership (senior member of management or board) issues a personal letter of support for company’s code of conduct or equivalent and the code of conduct includes anti-corruption policies

0 points – If the statement fails to specifically refer to corruption or is not inserted in a code of conduct

If the statement is not issued by the appropriate individual

If there is no such statement

4) Does the company's code of conduct / anti-corruption policy explicitly apply to all employees and directors?

1,0 point - If the policy explicitly mentions that it applies to all employees and directors, regardless of their position in corporate hierarchy. There can be no exceptions for any country of operations

0,5 point - If the policy applies to all employees, but does not explicitly mention directors

0 points – If there is no explicit statement that relevant policies apply to all employees and directors

If policies apply to a selected group of employees only, i.e., to managers

5) Does the company's anti-corruption policy explicitly apply to persons who are not employees but are authorised to **act on behalf of the company** or represent it (for example: agents, advisors, representatives or intermediaries)?

1,0 point - If such persons must comply with the policy

0 points – If such persons are only encouraged to comply with the policy

If such persons are not covered by the anti-corruption policy or they are specifically excluded from the policy.

6) Does the company's anti-corruption programme apply to non-controlled persons or entities that provide goods or services **under contract** (for example: contractors, subcontractors, suppliers)?

1,0 point - If all of the following three elements are fulfilled:

1) Such persons/entities are required to comply with the company's anti-corruption programme, its equivalent or with a supplier code issued by the company; and

2) The company performs anti-corruption due diligence on such persons/entities; and

3) The company monitors such persons/entities.

0,5 point – If such persons/entities are only 'encouraged' to comply with the policy or if only one or two of the three elements above are present

0 points – If there is no reference to such persons/entities; or they are not specifically required to comply with the company's policy or equivalent.

7) Does the company have in place an anti-corruption training programme for its employees and directors?

1,0 point - If the company states in public documents that such a programme is in place for employees and directors (the reference to the training programme may focus explicitly on training on the anti-corruption policies, but it can also refer to training on the code of conduct, if it includes anti-corruption provisions)

0,5 point – If the company states in public documents that such a training programme is in place for employees, but not for directors (or vice versa)

If there is public information about a training programme for employees and directors on all ethical/integrity issues, and from other sources, we can infer, that it includes anti-corruption policies

0 points – If there is no public reference to such a training programme

8) Does the company have a policy on gifts, hospitality and expenses?

1,0 point - If the company has a policy regulating the offer, giving and receipt of gifts, hospitality or expenses. The policy must cover the following elements:

- 1) Either offer or giving of such items,
- 2) Receipt of such items,
- 3) A definition of thresholds (descriptive or quoted as amounts) for acceptable gifts, hospitality or expenses, as well as procedures and reporting requirements.

Attention: The exact guidance for employees does not have to be publicly available. There must be publicly available information that such guidance exists and that it includes all required elements.

0,5 point – If some but not all of the elements enumerated above are present

0 points – If the company does not disclose that it has such policy

9) Is there a policy that explicitly prohibits facilitation payments?

‘Facilitation payments’ are payments made to expedite or to secure the performance of a *routine governmental action*, by an official, political party, or party official.

Attention: facilitation payments are illegal in most countries but they are not prohibited under the foreign bribery laws of some countries, such as the US Foreign Corrupt Practices Act. Nevertheless, we expect them to be prohibited in all countries in which a company operates.

1,0 point - If there is an *explicit prohibition* and not only simple discouragement of such payments (recognising that exceptions may be made for life or health threatening situations)

0 points - If such payments are discouraged or regulated internally (i.e. allowed after being approved by the manager)

If such payments are “allowed if permitted by local law”

If there is no reference to facilitation payments or they are specifically permitted

10) Does the programme enable employees and others to raise concerns and report violations (of the programme) without risk of reprisal?

1,0 point - If the publicly-available policy specifies that no employee will suffer demotion, penalty or other reprisals for raising concerns or reporting violations (whistle-blowing)

0 points – If there is no explicit policy prohibiting such retaliation

11) Does the company provide a channel through which employees can report suspected breaches of anti-corruption policies, and does the channel allow for confidential and/or anonymous reporting (whistle-blowing)?

1,0 point - If there is public provision of such a channel in a form that assures full confidentiality and/or anonymity, and two-way communication with the whistle-blower for any needed follow-up on the disclosure

- 0,5 point – If there is such a channel, but two-way communication with the whistle-blower is not assured
- 0 points – If there is no such channel or the channel allows for neither confidential, nor anonymous reporting

12) Does the company carry out regular monitoring of its anti-corruption programme to review the programme's suitability, adequacy and effectiveness, and implement improvements as appropriate?

“The enterprise should establish feedback mechanisms and other internal processes supporting the continuous improvement of the Programme. Senior management of the enterprise should monitor the Programme and periodically review the Programme's suitability, adequacy and effectiveness, and implement improvements as appropriate” (from TI's *Business Principles for Countering Bribery*).

- 1,0 point - If there is public information on regular or continuous monitoring of the anti-corruption programme
- 0,5 point – If there is information on regular or continuous monitoring of all sustainability issues (without specific reference to anti-corruption policies and procedures) and additionally some implicit information that company's anti-corruption programme should be included
- 0 points – If there is information on some monitoring, but it is not a regular or continuous process
 - If there is only compliance-related monitoring in place without specific reference to the review of programme's suitability, adequacy and effectiveness
 - If there is only oversight or audit of the report (which mentions the programme)
 - If no monitoring is publicly mentioned

13) Does the company have a policy on political contributions that either prohibits such contributions or if it does not, requires such contributions to be publicly disclosed?

'Political contributions' refers to contributions of cash or in-kind support for a political party, cause or candidacy. Both direct and indirect contributions, i.e., through associations to which a company is a member will be considered.

Attention: TI does not require that companies prohibit political contributions, but it requires transparency in this field. Such transparency can be achieved by either publicly disclosing all contributions or by prohibiting them.

- 1,0 point - If a company either publicly discloses or prohibits its political contributions (in all its countries of operations)
- 0 points – If political contributions are regulated but not disclosed or prohibited (e.g. there is a special internal approval procedure and internal reporting system for such contributions, but the actual payments are not made public)
 - If political contributions are disclosed only for certain countries, e.g. for company's home country
 - If a company's policy refers only to contributions by employees, but not to contributions by a company
 - If political contributions are not regulated and/or disclosed

ORGANISATIONAL TRANSPARENCY

14) Does the company disclose all of its fully consolidated subsidiaries?

1,0 point - If there is a full list of such subsidiaries

0,5 point – If there is a list of material/ principal/ significant/ main subsidiaries

0 points - If there is no list of subsidiaries

If there is only a list of domestic or other incomplete list of subsidiaries

15) Does the company disclose percentages owned in each of its fully consolidated subsidiaries?

of points - See guidance for question 14

16) Does the company disclose countries of incorporation for each of its fully consolidated subsidiaries?

of points - See guidance for question 14

17) Does the company disclose countries of operations for each of its fully consolidated subsidiaries?

of points - See guidance for question 14

18) Does the company disclose all of its non-fully consolidated holdings?

For qq.18-21: “non-fully consolidated holdings” include all non-fully consolidated entities, such as associated companies, joint-ventures, entities consolidated by equity method.

1,0 point - If there is a full list of such companies

0,5 point – If there is a list of material/ principal/ significant/ main companies

0 points - If there is no list of such companies

If there is only a list of domestic entities or other incomplete information

N/A - If a company does not have any non-fully consolidated entities (the question will not be used to calculate the scores)

19) Does the company disclose percentages owned in each of its non-fully consolidated holdings?

of points - See guidance for question 18

N/A - If a company does not have any non-fully consolidated entities (the question will not be used to calculate the scores)

20) Does the company disclose countries of incorporation for each of its non-fully consolidated holdings?

of points - See guidance for question 18

N/A - If a company does not have any non-fully consolidated entities (the question will not be used to calculate the scores)

21) Does the company disclose countries of operations for each of its non-fully consolidated holdings?

of points - See guidance for question 18

N/A - If a company does not have any non-fully consolidated entities (the question will not be used to calculate the scores)

For questions 18-21: if a company does not have any non-fully consolidated entities, it scores N/A for these questions and its overall score for the section is calculated as % performance for questions 14-17 only. I.e.: if a company scores 4 points for questions 14-17 and N/A for questions 18-21, its overall score for this section is 100%.

COUNTRY BY COUNTRY REPORTING

"Countries of operations" –guidance:

In our study "countries of operations" are those countries in which a company is present either directly or through its consolidated subsidiaries, or other entities, and in which it has to report to the local tax authorities.

Before answering qq.22-26, the relevant list of countries of operations has to be identified. This is necessary to calculate the final score for this section. Such a list should be based on company's own reporting.

If a company does not provide such a list, the researcher will try to find a proxy, i.e. to identify all countries, in which company subsidiaries are registered.

For the sake of score calculation, it is also enough to know only the number of such countries, without knowing all their names.

If there is absolutely no information on where, or in how many countries the company operates, the company's score for the third dimension will be zero.

For each country of the company's operations the following set of questions is posed:

22) Does the company disclose its revenues/ sales in country X?

1,0 point - If a company discloses its gross/net sales/revenues for country X

If country-split is by origin - revenues include goods/services produced in country X, both sold locally and exported

0,5 point – If there is split by subsidiary and subsidiaries' domiciles are also disclosed

If there is country-by-country split only for a certain (but considerable, i.e. generating over 50% of revenues) part of business (i.e. for oil and gas upstream production in extractive business)

If country-split is by destination - revenues include all sales to customers located in country X, both produced locally and imported

0 points – If revenues/ sales are disclosed by region, business segment, as total only, or not reported at all

23) Does the company disclose its capital expenditure in country X?

1,0 point - If a company discloses its capital expenditure for country X

0,5 point – If there is split by subsidiary and subsidiaries' domiciles are also disclosed

If there is country-by-country split only for a certain (but considerable, i.e. generating over 50% of revenues) part of business (i.e. for oil and gas upstream production in extractive business)

0 points – If capital expenditures are disclosed by region, business segment, as total only, or not reported at all

24) Does the company disclose its pre-tax income in country X?

1,0 point - If a company discloses its pre-tax income for country X

If a company discloses its net income and income tax for country X (pre-tax income can be calculated as a simple sum of the two)

0,5 point – If there is split by subsidiary and subsidiaries' domiciles are also disclosed

If there is country-by-country split only for a certain (but considerable, i.e. generating over 50% of revenues) part of business (i.e. for oil and gas upstream production in extractive business)

0 points – If pre-tax income is disclosed by region, business segment. as total only or not reported at all

25) Does the company disclose its income tax in country X?

1,0 point - If a company discloses its income tax for country X

0,5 point – If there is split by subsidiary and subsidiaries' domiciles are also disclosed

If there is country-by-country split only for a certain (but considerable, i.e. generating over 50% of revenues) part of business (i.e. for oil and gas upstream production in extractive business)

0 points – If income tax is disclosed by region, business segment, as total only, or not reported at all

26) Does the company disclose its community contribution in country X?

1,0 point - If there is both the **amount** of community contributions in country X and there is a **description** of how this money was spent (e.g. a list of beneficiaries or description of financed community projects)

0,5 point – If there is only the **amount** of community contributions in country X

0 points – If community contributions are disclosed by region, by business segment or as total spending of the company, or not disclosed at all

If there is only a description of how money was spent in country X, but no amount is disclosed

N/A - If a company declares that it makes no community contributions in a given country, such country (or countries) shall be excluded for purposes of calculating the company's score.