



INTEGRITY & COMPLIANCE

POLICY PAPER

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LEADERSHIP B20 BRASIL

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FOREWORD BY THE TASK FORCE CHAIR

With the profound changes going on in our societies, upholding the highest standards of integrity and compliance in business practices has never been more essential. However, the traditional approach of combating corruption through government enforcement, which predominantly relied on strict enforcement of laws and regulations has proven to be incomplete. While these measures are essential for maintaining the rule of law and holding wrongdoers accountable, they represent only one side of the equation: the stick. Enforcement alone cannot create the ethical business environment we aspire to. In order to do that, we must create an environment where integrity is rewarded, and corruption is seen as not just illegal but fundamentally unprofitable. This begins with incentivizing private integrity and anticorruption measures, as a forward-thinking strategy that aligns the interests of businesses and society. Promoting business integrity requires finding the right mix of sanctions and incentives.

Part of the major changes we have seen lately is the rise of public and private investments in global climate resilience and the green transition given the urgency of effective action to reduce the impacts of climate change. And with that rise, we have witnessed the increase in cases of criminal activity to misuse and deviate significant portions of these funds. In this context, the engagement of governments, civil society, and the private sector is essential to effectively tackle corruption, acknowledging misconduct related to the green transition and environmental crimes, as it undermines efforts toward a sustainable future.

Most leaders do not possess the answers to all problems presented by the increasingly complex global landscape we're seeing. That's why ethical leadership needs to serve as a compass. Ethical leadership extends beyond mere compliance with regulations; it entails actively promoting values that prioritize the well-being of multiple stakeholders: employees, communities, and the environment. Such leadership not only enhances resilience and sustainability but also contributes to a broader societal impact, promoting trust in institutions and paving the way for long-term success and positive transformation.

Integrity and compliance can also help enhancing productivity by fostering a safe and inclusive work environment. This includes preventing and combating workplace discrimination and harassment across public and private sectors. These foundational measures are essential not just for bolstering governance but also for making meaningful contributions to promote economic growth that leaves no one behind.

One of the major forces behind the societal changes we are witnessing is and will increasingly be the expanding use of Artificial Intelligence (AI), which presents transformative opportunities alongside complex ethical challenges. As AI advances, it holds the potential to reshape operations and decision-making processes across countries. However, this progress brings critical ethical considerations, demanding a responsible AI development to address social disparities, protect privacy, and combat misinformation. Central to the discussion is the concept of transparency, which stands as a key pillar in AI governance frameworks. This ensures that stakeholders are adequately informed and can engage with



AI systems responsibly and effectively. By upholding these standards throughout AI's lifecycle—from development to everyday use—we reinforce trust and accountability in AI technologies, promoting a sustainable and equitable digital future.

These were the guiding principles of our policy paper. The recommendations proposed here extend beyond compliance; they are about fostering integrity and ethics in an increasingly complex and unpredictable world. We hope you find these insights valuable and inspiring, and that they serve as a catalyst for positive change. Together, we can build a more inclusive, sustainable, and prosperous future for all.

Claudia Sender

**Chair of the B20 Brasil Task Force on Integrity & Compliance Board member
Board member**



FOREWORDS BY THE TASK FORCE DEPUTY AND CO-CHAIRS

DEPUTY CHAIR

FOREWORDS



Fabiana Leschziner
VP, General Counsel,
Compliance, EMBRAER

Resilience and collaboration must stand as the guiding pillars on the path toward a future where sustainability and integrity form the bedrock of growth. The imperative of preserving our planet cannot be overstated. Therefore, the convergence of sustainability standards enables businesses and governments to foster clarity and progress in commerce and civil society alike. Ethical leadership has a key role guiding society towards sustainable and inclusive growth by setting a tone of respect and equality in the workplace, as well as ensuring the transparency and ethical development and use of AI.

CO-CHAIRS

FOREWORDS



Ajay Bahl
Co-Founder and Managing
Partner, AZB & Partners

Governance, both private and public, that inspires trust and suitably sanctions corruption and misreporting, embeds the principles of respect for the environment and duty to society; and integrates that into the objective of sustainable growth and profitability that is no longer just an aspiration but an imperative



Farzana Mohomed
Compliance Leader
(IBM, Aveng, Maersk, NEOM)

Emerging issues such as green corruption and AI ethics are changing the compliance landscape from the traditional corruption focus. I am honored to co-chair a task force under the Saudi B20 initiative leadership to help shape policy around these areas to further sustainability efforts in a practical, transparent, and accountable manner.



CO-CHAIRS

FOREWORDS



Gonzalo Guzman
Chief Counsel Ethics
& Compliance, Unilever

In an unpredictable world, businesses must elevate their ethics programs, while holding governments accountable for curbing corruption. The B20 Taskforce's role is key, steering us towards a future where integrity shapes the global economic framework, ensuring transparency and better governance.



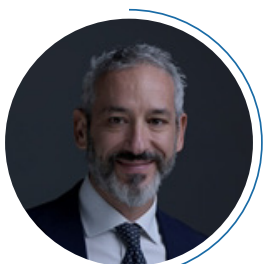
Maria Archimbal
Chief Compliance Officer, YPF

We have come to a time where sustainable growth mandates the integration of a Zero Corruption Tolerance cornerstone and a vision about a varied universe of stakeholders, communities, and the environment. In such a scene, the collaborative action of public and private sectors and players like B20 is key for success.



Maria Fernanda Garza
CEO, Orestia

Achieving sustainable governance and inclusive growth hinges on our collective integrity. By promoting transparency, accountability, and ethical leadership, B20 Brazil is paving the way for a fairer, more resilient global business landscape.



Nicola Allocca
Director, Chair Committee
Autostrade per l'Italia – BIAC

Corruption is a global, cross-cutting issue we must face together to ensure a sustainable future and progress on long-term challenges. By advocating for treating zero corruption as if it were the 18th Sustainable Development Goal (SDG) and embracing the principles outlined in the 'Zero Corruption' manifesto by Business at OECD, the B20 can foster a resilient, transparent, and ethical business ecosystem that is crucial for global prosperity and trust.



CO-CHAIRS

FOREWORDS



Samantha Padayachee
Managing Executive,
Vodacom Group

Our values and ethos of transparency, integrity and accountability are fundamental in fighting corruption, a shared responsibility between the public and private sectors, including society. As the world continues to move towards interdependency and digital interconnectedness, we must all pull together with a common purpose and Collective Action globally to fight the scourge of corruption with effective anti-corruption measures and instruments.

IN MEMORIAN



Gretta Fenner
(1975-2024)

Gretta Fenner, Managing Director of the Basel Institute on Governance for nearly two decades, passed away on 6 April 2024 following a car accident. She will be remembered as an extraordinary force in the field of anti-corruption and integrity. Her contributions to international anti-corruption policies emphasized the importance of sustained, constructive engagement between sectors. She believed strongly that anti-corruption Collective Action initiatives are key to channeling the energy and dynamism of business into building a culture of integrity and fair competition. In turn, she supported the view that integrity and ethics are key to a thriving and healthy business environment. Both perspectives are strongly visible in the deliberations of the B20 Integrity & Compliance Task Force, which the Basel Institute is committed to supporting once again this year as Network Partner.





RECOMMENDATIONS: EXECUTIVE SUMMARY

Executive Summary



Recommendation 1: Encourage the implementation of integrity and anti-corruption measures to enhance responsible and sustainable governance in business. Stimulating private integrity and the convergence of sustainability standards and disclosure to elevate governance maturity.

- **Policy Action 1.1:** Incentivize private integrity and anti-corruption measures enhancing responsible and sustainable governance. *Providing incentives for companies that effectively implement and enforce integrity and anti-corruption measures, such as penalty mitigation, public recognition programs, and reduced regulatory burdens for companies with exemplary integrity records.*
- **Policy Action 1.2:** Ensure the convergence of adopted frameworks for sustainability standards and disclosures. *Convergence of sustainability standards and disclosures, enabling interoperability and transparency, with appropriately tailored inclusions for MSMEs. Additionally, promoting the adoption of integrity and anti-corruption frameworks grounded in sustainable business practices.*

Recommendation 2: Stimulate Collective Action, engaging the Public Sector and value chains to uphold integrity. Promoting collaboration of public sector, private sector, and civil society to strengthen integrity and resilience in the value chain, upholding safeguards to combat corruption, developing specific approaches for situations related to environmental and human rights issues.

- **Policy Action 2.1:** Foster Collective Action with public sector, private sector, and civil society to promote integrity and resilience in value chains. *Strengthening government engagement in Collective Action, developing effective actions to promote Integrity Pacts and High-Level Reporting Mechanisms.*
- **Policy Action 2.2:** Promote transparency and accountability to effectively tackle corruption, in both demand and supply side, acknowledging misconduct related to the green transition, environmental crimes, and human rights violations. *Developing and employing risk-based methods to combat corruption, including specific controls for wrongdoing in the use of climate finance resources and instances of human rights violations.*

Recommendation 3: Promote ethical leadership to foster inclusive growth. *Promoting ethical leadership aimed at guiding society towards sustainable and inclusive growth by setting a tone of respect and equality in the workplace, as well as fostering the transparency and ethical development, deployment, and use of AI.*

- **Policy Action 3.1:** Ensure a fair and safe workplace, enhancing measures against harassment and discrimination across public and private sectors. *Encouraging both public and private sectors to promote a fair and safe workplace, with measures to prevent and combat harassment, alongside investment in whistleblower protection mechanisms.*
- **Policy Action 3.2:** Promote the adoption of international frameworks for technologies and AI systems regarding transparency and clear communication to end users. *Improving transparency and clear communication in AI systems with the establishment of codes of conduct, as well as the adoption of global frameworks concerning the development, deployment, and use of AI, while ensuring awareness of ethical AI use.*



INTRODUCTION



Introduction

As the world faces escalating risks of corruption and deviations, the establishment of an ethical culture in the society becomes increasingly urgent. According to the Organization for Economic Co-operations and Development (OECD)¹, inadequacies in the integrity frameworks of its member countries render them susceptible to traditional corruption risks and emerging or growing risk including those associated with the green transition, artificial intelligence (AI) development, and foreign interference, underscoring the need to adapt integrity frameworks by integrating emerging risks into strategies to safeguard the prosperity of business and society.

The detrimental impact of corruption on economic and social development underscores the critical need for collaboration and hybrid co-regulation as mechanisms to combat this pervasive threat. Collaboration among relevant stakeholders is essential to address challenges such as corruption, human rights violations, and environmental crimes.²

The “Global Risks Report 2024”³ by the World Economic Forum highlights environmental risks as a primary long-term concern. To address these risks, the focus on global climate resilience and green transition is growing, reflected in investments in climate finance and the expected increase in sustainability assets in the coming years.⁴ The increasing complexity of environmental, social, and governance issues presents unprecedented challenges for companies, from risk management and compliance tasks to the growing demand for transparency, ethics, and accountability.⁵ The multiplicity of evaluation criteria limits the availability of comparable data and the accurate assessment of business performance.

Responsible and transparent business should implement integrity and anti-corruption measures, while paying attention to the development of a fair and safe workplace. This involves fostering equality, promoting diversity, ensuring occupational health and safety standards are met, and cultivating a culture of mutual respect among employees. Studies suggests that for every USD 1 invested in workplace safety, organizations can expect a return of USD 4 to USD 6 in cost saving.⁶ At the same time, the majority of employees say that they are more satisfied (82 percent) and feel more productive (79 percent) in workplaces with a strong safety culture.⁷ By implementing these practices, businesses not only uphold ethical standards but also enhance employee well-being, productivity, and overall organizational success.

1 OECD. **Anti-Corruption and Integrity Outlook 2024**. 2024. Available at: <https://www.oecd.org/publication/anti-corruption-and-integrity-outlook/2024/>. Accessed in: 25 jun. 2024.

2 UNITED NATIONS GLOBAL COMPACT. **Join Forces Against Corruption through Collective Action**. United Nations Global Compact. Available at: <https://unglobalcompact.org/take-action/action/anti-corruption-collective-action>. Accessed in: 25 jun. 2024.

3 WORLD ECONOMIC FORUM. **The Global Risks Report 2024**. 2024. Available at: <https://www.weforum.org/publications/global-risks-report-2024/>. Accessed in: 25 jun. 2024.

4 OECD. **ESG Investing and Climate Transition**. 2021. Accessed in: 24 jun. 2024

5 UNITED NATIONS GLOBAL COMPACT. **Transformational governance Corporate Toolkit**: Strengthen the ‘G’ in ESG. Available at: <https://unglobalcompact.org/what-is-gc/our-work/governance/transformational-governance/transformational-governance-corporate-toolkit> Accessed in: 25 jun. 2024.

6 SAFETY MANAGEMENT GROUP. **Safety’s Impact on the bottom line**. Available at: <https://safetymanagementgroup.com/blog/safetys-impact-on-the-bottom-line/>. Accessed in: 18 jun. 2024.

7 FACILITY EXECUTIVE. **Do Workers Value Safety Culture When Evaluating A New Job?** 2024. Available at: <https://facilityexecutive.com/do-workers-value-safety-culture-when-evaluating-a-new-job/>. Accessed in: 25 jun. 2024.



To promote inclusive growth and transparency in the context of AI, it is important to encourage the adoption of robust international frameworks. These enable organizations to strengthen ethics, security, and responsibility in their AI practices. Also help them address and mitigate associated risks. By doing so, they foster trust among stakeholders and contribute to a fair and sustainable digital future.⁸

Based on past B20 editions and B20 Brasil motto “Inclusive growth for a sustainable future”, as well as the G20’s Brasil priorities (combating hunger, poverty and inequality; sustainable development; and global governance reform), the Integrity & Compliance task force members consolidate the call for action to G20 in three main topics: 1. Incentivize the private sector to develop sustainable governance by implementing anti-corruption measures and the convergence of sustainability disclosure frameworks; 2. Stimulate Collective Action to enhance integrity and combat corruption and crimes related to green transition and 3. Promote ethical leadership by the enhancement of anti-harassment measures and the adoption of international frameworks for technologies and AI systems.

⁸ UNITED NATIONS. **Principles for the ethical use of artificial intelligence in the United Nations system**. 2023. Available at: https://unscebe.org/sites/default/files/2023-03/CEB_2022_2_Add.1%20%28AI%20ethics%20principles%29.pdf. Accessed in: 10 may 2024.





RECOMMENDATION 1



Recommendation 1



Recommendation is aligned with previous B20 editions¹

¹ The last reference for the Integrity & Compliance Policy Paper is B20 Indonesia, due to the absence of an Integrity & Compliance task force in B20 India.

Encourage the implementation of integrity and anti-corruption measures to enhance responsible and sustainable governance in business.

Policy Actions

Policy Action 1.1 – Incentivize private integrity and anti-corruption measures enhancing responsible and sustainable governance.

Policy Action 1.2 – Ensure the convergence of adopted frameworks for sustainability standards and disclosures.

Key Performance Indicators	Baseline	Target	Classification
<p>Percentage of G20 countries that have an Anti-corruption Agency or Authority to deal with corruption cases^{9,10}</p> <p>This KPI measures the proportion of G20 countries that have at least one Agency or Authority to deal with corruption cases. This KPI was previously adopted in B20 Indonesia.</p>	<p>96%</p> <p>(2024)</p>	<p>99%</p> <p>(2030)</p>	<p></p> <p>Aligned with previous B20s editions</p>
<p>Percentage of G20 countries that provides incentives for companies that implement effective anti-corruption measures¹¹</p> <p>This KPI measures the proportion of G20 countries with incentives for companies that adopt robust anti-corruption practices.</p>	<p>7%</p> <p>(2024)</p>	<p>99%</p> <p>(2030)</p>	<p></p> <p>New indicator</p>
<p>Percentage of G20 countries that promote the new version of UNODC/UNGC "An Anti-corruption Ethics and Compliance Programs for Business: A Practical Guide"¹²</p> <p>This KPI measures the percentage of G20 countries actively promoting the latest version of the guide, reflecting the commitment to endorse and implement international best practices.</p>	<p>N/A¹</p>	<p>99%</p> <p>(2030)</p>	<p></p> <p>New indicator</p>

¹The UNODC/UNGC has not initiated the indicator tracking yet.

9 UNITED NATIONS. **Global Operational Network of Anti-Corruption Law Enforcement Authorities**. United Nations. Available at: <https://globenetwork.unodc.org/globenetwork/en/the-network/members-and-auxiliary-members.html>. Accessed in: 19 may 2024.

10 INTERNATIONAL ASSOCIATION OF ANTI-CORRUPTION AUTHORITIES. **Membership**. Available at: <https://www.iaaca.net/about-iaaca/membership>. Accessed in: 25 jun. 2024.

11 OECD – Pending

12 UNITED NATIONS OFFICE ON DRUGS AND CRIME. **Country Profiles**. Available at: <https://www.unodc.org/unodc/en/corruption/country-profile/index.html>. Accessed in: 12 may 2024.



SDGs

Recommendation 1 contributes to the achievement of the following UN SDGs:



Recommendation 1 contributes to SDG 8 – **Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all** – particularly SDG 8.3 “Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services” – because anti-corruption and integrity measures ensure transparency and fair competition, build trust, and attract investments, therefore fostering MSMEs growth and access to financial services.

Recommendation 1 contributes to SDG 12 – **Ensure sustainable consumption and production patterns**, particularly SDG 12.6 “Encourage companies to adopt sustainable practices and sustainability reporting” – because enhancing sustainable governance entails encouraging the adoption of responsible practices and transparent reporting.

Recommendation 1 contributes to SDG 15 – **Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss** – particularly SDG 15.3 “End desertification and restore degraded land”, SDG 15.4 “Ensure conservation of mountain ecosystems”, SDG 15.5 “Protect biodiversity and natural habitats”, SDG 15.7 “Eliminate poaching and trafficking of protected species” and SDG 15c “Combat global poaching and trafficking” – because institutional integrity, transparency, and sustainable governance are key elements in achieving environmental conservation goals, it can prevent illicit activities such as wildlife trafficking, illegal logging, illegal mining, and other environmental crimes.

Recommendation 1 contributes to SDG 16 – **Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels** – particularly, SDG 16.5 “Substantially reduce corruption and bribery” SDG 16.6 “Develop effective, accountable and transparent institutions” and SDG 16.8 “Strengthen the participation in global governance” – because encouraging anti-corruption and integrity measures promotes effective, accountable, and transparent institutions, which are fundamental for fostering sustainable development, ensuring access to justice for all, supporting the rule of law and contributing to building peaceful and inclusive societies.

Recommendation 1 contributes to SDG 17 – **Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development** – particularly SDG 17.E “Enhance policy coherence for sustainable development”, and 17.G “Enhance the global partnership for sustainable development” – because ensuring the convergence of adopted frameworks for sustainability standards and disclosure enhances policy coherence, comparability, and collaboration.



Relevant B20 Brasil Guiding Claims

Recommendation 1 has an impact on two B20 Brasil Guiding Claims:



Recommendation 1 has the strongest impact on **Promoting inclusive growth and combating hunger, poverty, and inequality** because by integrating sustainability principles into governance structures, it is possible to effectively address corruption, and prevent its recurrence. Embracing such practices can enable societies to build resilient institutions, uphold democratic values, and confront corruption, ultimately paving the way for a more equitable, prosperous, and sustainable future.



Recommendation 1 also has impact on **Promoting a fair transition to zero net greenhouse gas emissions**, because, harmonious environmental, social, and governance standards, along with reliable sustainable data provides clarity for businesses. Convergence facilitates compliance with regulatory requirements, as companies have a clear, trustworthy set of guidelines to follow. Furthermore, it enhances business transparency and accountability and provides more accurate and comparable information, making it easier for stakeholders, investors, and regulatory bodies to assess and monitor progress towards sustainability goals, such as net zero. Responsible and sustainable governance can also strengthen stakeholder engagement, align with environmental policies, and protect ecosystems, thereby contributing to the preservation of biodiversity and the mitigation of climate change, while establishing a strong foundation for a fair and sustainable shift towards a net-zero economy.

Relevant G20 Brasil Priorities

Recommendation 1 contributes to the following priorities of the G20 Brasil:

Recommendation 1 contributes to addressing G20 Brasil **Anti-corruption Working Group** key priorities – **(i) Contribute to a fair world and a sustainable planet through the promotion of integrity and of anti-corruption mechanisms; (ii) Incentivize the private sector to adopt comprehensive, converging integrity measures and combat corruption; and (iii) Improve the institutional organization of the general government in order to strengthen public integrity** – because the pursuit of a fair world and a sustainable planet requires a holistic approach that integrates the promotion of integrity, the fight against corruption, and the encouragement of sustainable governance in businesses. In this manner, sustainability initiatives and anti-corruption measures are closely intertwined, as both share a common objective of fostering responsible and sustainable business practices. Incentivizing businesses to adopt responsible and sustainable governance practices needs to be in line with sustainability principles, and it is a decisive contribution to a more equitable and sustainable world. Responsible and sustainable governance practices extend beyond environmental considerations to encompass social responsibility and ethical business conduct. In essence, promoting integrity, the fight against corruption, and encouraging responsible and sustainable governance in businesses are integral components of advancing fairness and sustainability. These efforts are interconnected for realizing the global objectives set forth in sustainability initiatives and other sustainability frameworks.

Recommendation 1 contributes to addressing G20's Brasil **G20 Sustainable Finance Working Group** key priority – **“(iii) Analyzing implementation challenges related to sustainability reporting standards, including for SMEs and EMDEs”** – Because encouraging responsible and sustainable governance in business practices aligned with sustainable initiatives not only stimulates companies to prioritize environmental and climate financing, but also help to ensures ethical conduct. This includes implementing specific measures to combat any form of corruption that may affect the environment. In this way, companies ensure that their activities are aligned with high ethical standards, thereby promoting environmental sustainability, and combating environmental corruption. This approach can support projects aligned with sustainable development goals, thereby promoting transparency and integrity. Approaches like standardized reporting practices, including for MSMEs, further enhance



consistency and comparability in sustainability reporting, benefiting both businesses and stakeholders. The pursuit of a fair world and a sustainable planet necessitates a cohesive approach that integrates the promotion of integrity, the fight against environmental corruption, and the encouragement of responsible and sustainable governance in businesses.

Context

The United Nations (UN) identifies corruption as “one of the biggest impediments” to achieving its 2030 Sustainable Development Goals. Which aim to eliminate poverty and hunger and improve education, well-being, and infrastructure. Consequently, the United Nations Development Program (UNDP)¹³ and the United Nations Office on Drugs and Crime (UNODC)¹⁴ have launched an international campaign to provide everyone, from politicians to trade unions, with strategies to combat corruption in their countries.¹⁵

Corruption appears in diverse forms, spanning from small scale facilitation payments to large scale bribery. According to Transparency International, corruption is defined as “the abuse of entrusted authority for personal gain,” encompassing both financial and non-financial benefits. The rapid advancement of corporate governance regulations worldwide is prompting companies to emphasize anti-corruption measures as key components of their corporate sustainability initiatives.¹⁶

Managing sustainability risks appropriately is likely to present unique challenges that companies need to address proactively: some sustainability issues may be novel and unfamiliar to current board members, senior management, and even the company’s risk professionals.¹⁷ With the advancement of sustainable governance, organizations are now identifying risks that were not prioritized in previous years. Pursuant to the World Economic Forum’s “Global Risks Report 2024” environmental risks appear as a primary concern of survey respondents over the long term. Extreme weather emerges as the foremost environmental risk, with two-thirds of respondents indicating it as the most significant risk, likely to provoke a global crisis in 2024. This is followed by critical changes to earth systems, biodiversity loss, ecosystem collapse, and natural resource shortages.¹⁸ To address these risks, focus on global climate resilience and the green transition is rising. This is reflected in the annual average of USD 1.27 trillion climate investment in 2021/2022.¹⁹ Global sustainability assets are predicted to exceed USD 53 trillion by 2025.²⁰ However, this positive backdrop is being counteracted by the emergence of environmental crime.

In the ever-evolving landscape of sustainability issues, companies face unprecedented challenges in navigating a multitude of regulations and expectations. From stretched risk and compliance tasks to the rising demand for transparency, ethics, and responsibility, the corporate governance journey is more complex than ever. The UN Global Compact (UNGC) Transformational Governance approach provides a framework to address these rising stakeholder and shareholder expectations by adopting

13 UNITED NATIONS. **United Nations Development Programme**. Available at: <https://www.undp.org/>. Accessed in: April 12, 2024

14 UNITED NATIONS OFFICE ON DRUGS AND CRIME. **United Nations Office On Drugs And Crime**. Available at: <https://www.unodc.org/>. Accessed in: 12 apr. 2024.

15 WORLD ECONOMIC FORUM. **Corruption is costing the global economy \$3.6 trillion dollars every year**. 2018. Available at: <https://www.weforum.org/agenda/2018/12/the-global-economy-loses-3-6-trillion-to-corruption-each-year-says-u-n/>. Accessed in: 25 jun. 2024.

16 UNITED NATIONS GLOBAL COMPACT. **The ten principles of the UN Global Compact**. United Nations Global Compact. Available at: <https://unglobalcompact.org/what-is-gc/mission/principles/principle-10#:~:text=Corruption%20can%20take%20many%20forms,but%20also%20non%20financial%20advantages>. Accessed in: 25 jun. 2024.

17 OECD. **OECD Business and Finance Outlook 2020**: Sustainable and Resilient Finance, Corporate governance, and the management of ESG risks. 2020. Available at: <https://www.oecd-ilibrary.org/sites/306482b9-en/index.html?itemId=/content/component/306482b9-en>. Accessed in: April 2, 2024.

18 WORLD ECONOMIC FORUM. **The Global Risks Report 2024**. 2024. Available at: <https://www.weforum.org/publications/global-risks-report-2024/>. Accessed in: 25 jun. 2024.

19 UNITED NATIONS OFFICE ON DRUGS AND CRIME. **Preventing and combating corruption as it relates to crimes that have an impact on the environment**. 2021. Available at: https://www.unodc.org/documents/treaties/UNCAC/COSP/session9/CAC-COSP-2021-CRP.8_E.pdf. Accessed in: 2 apr. 2024.

20 Bloomberg Intelligence. **ESG assets may hit \$53 trillion by 2025, a third of global AUM**. 2021. Available at: <https://www.bloomberg.com/professional/blog/esg-assets-may-hit-53-trillion-by-2025-a-third-of-global-aum/>. Accessed on: March 20, 2024



a broader approach to the G – governance dimension – in ESG – environmental, social governance. Meanwhile, the SDG 16 Business Framework | Inspiring Transformational Governance helps businesses understand and implement the targets of SDG 16.

Moreover, the lack of transparency, comparability, and poor quality of current climate transition and sustainability investment practices has resulted in market fragmentation.²¹ According to the UN, there are now over 600 ways to assess corporate sustainability activity²². To promote sustainable governance, it is necessary to involve a wide range of stakeholders, including internal auditors. These auditors ensure transparency, integrity, and compliance within organizations. Effective internal auditing requires independence from management, adherence to recognized global standards, qualified staff, the ability to conduct activities objectively and impartially, and regular external assessments to ensure quality and effectiveness. These practices contribute to strengthening corporate governance and driving business sustainability²³.

A robust structure of responsible, integrated, and sustainable governance should be practical and accessible for both large corporations and small businesses, considering that the integration of sustainable initiatives into their operations can develop long-term resilience and stakeholder trust. Now is the opportune moment to enact these adjustments. Global sustainability assets are on track to exceed one-third of all asset holdings worldwide.²⁴ Moreover, over 80 percent of investors are integrating sustainability factors into their investment processes, and 54 percent acknowledge that companies demonstrating stronger sustainable practices tend to yield stronger returns over time.²⁵ Nevertheless, a persistent challenge remains, sustainability information providers are still grappling with confusion about which standards to adhere to.²⁶

To strengthen responsible and sustainable governance, organizations must integrate sustainability initiatives within integrity and anti-corruption measures. This includes addressing corruption related to climate resilience and green transition. In this matter, the convergence of frameworks for sustainability disclosure is an important topic to businesses of all sizes. This involves providing reliable data and promoting knowledge sharing. Through these efforts, both companies and general governments can pave the way for a more sustainable and resilient future. By upholding integrity throughout every aspect of the green transition, companies can cultivate trust among stakeholders, enhance accountability, and mitigate the risk of unethical practices. In doing so, they not only demonstrate their commitment to sustainability but also contribute to fostering a transparent and responsible business environment that supports long-term success and accelerates a fair net-zero transition.

21 UNITED NATIONS DEVELOPMENT PROGRAMME. **Rethinking the Governance of ESG**. 2023. Available at: <https://www.undp.org/future-development/signals-spotlight/rethinking-governance-esg>. Accessed in: 20 mar. 2024.

22 UNITED NATIONS DEVELOPMENT PROGRAMME. **Rethinking the Governance of ESG**. 2023. Available at: <https://www.undp.org/future-development/signals-spotlight/rethinking-governance-esg>. Accessed in: 20 mar. 2024.

23 THE INSTITUTE OF INTERNAL AUDITORS. **Global Internal Audit Standards**. 9 jan. 2024. Available at: https://www.theiia.org/globalassets/site/standards/globalinternalauditstandards_2024january9_printable.pdf Accessed in: 19 jun. 2024.

24 UNITED NATIONS DEVELOPMENT PROGRAMME. **Rethinking the Governance of ESG**. 2023. Available at: <https://www.undp.org/future-development/signals-spotlight/rethinking-governance-esg>. Accessed in: 20 mar. 2024.

25 UNITED NATIONS DEVELOPMENT PROGRAMME. **Rethinking the Governance of ESG**. 2023. Available at: <https://www.undp.org/future-development/signals-spotlight/rethinking-governance-esg>. Accessed in: 20 mar. 2024.

26 DELOITTE BRAZIL. **Using sustainability reporting to drive behavioral change**. 2022. Available at: <https://www2.deloitte.com/br/pt/pages/audit/articles/relatorios-sustentabilidade-mudancas-comportamentais.html>. Accessed in: 21 may 2024.



Policy Action 1.1

Incentivize private integrity and anti-corruption measures enhancing responsible and sustainable governance.

Executive Summary

Recognizing the need to align economic growth with ethical and environmentally conscious practices, recent UN resolution underscore the importance of private sector engagement in combating corruption while advancing sustainable development goals.²⁷ By emphasizing integrity measures, including robust internal governance systems and transparent interactions, this resolution highlights the necessity for states to create favorable environments and offer incentives for organizations that integrate integrity measures into their operations.

Organizations such as the Brazilian Institute of Corporate Governance (IBGC) are reshaping the corporate governance landscape. The inclusion of integrity as the number 1 principle for corporate governance within the IBGC's best practices code signals a broader cultural shift, where ethical considerations permeate organizational decision-making beyond mere compliance. Responsible and sustainable governance is thus conceptualized as an integrated approach, intertwining corporate purpose with ecological and social administration.

While the trajectory towards responsible and sustainable governance promises substantial long-term benefits, it also presents immediate challenges, particularly in compliance costs and regulatory burdens. To overcome these obstacles, governments can proactively design and implement incentives for companies that adopt sustainable practices, as well as incentivizing responsible and sustainable governance, governments can catalyze more ethical, environmentally conscious, and economically viable future.

Background and Context

Throughout the 20th century and continuing into the present day, humanity has faced escalating challenges such as environmental degradation and the shortage of available resources. In parallel, there has been a rising acknowledgment of the importance to incorporate sustainable practices into business operations and investment strategies. This underscores a deepening awareness that economic growth should be allied with responsible and sustainable social and environmental development practices.²⁸

The United Nations Convention against Corruption (UNCAC) requires States to put in place a framework to prevent and counter corruption involving the private sector. Article 12 of the Convention focuses on ways to enhance integrity in the private sector, while article 26 requires States Parties to establish

²⁷ UNODC. **The pivotal role of the private sector in combating corruption for economic development and social well-being**. 2023. Available at: <https://www.unodc.org/unodc/en/news/2023/December/the-pivotal-role-of-the-private-sector-in-combating-corruption-for-economic-development-and-social-well-being.html>. Accessed in: 11 may 2024.

²⁸ WORLD ECONOMIC FORUM. **There are the 4 steps we need to make economic growth sustainable, resilient, and inclusive**. 2022. Available at: <https://www.weforum.org/agenda/2022/07/sustainable-resilient-inclusive-economic-growth/>. Accessed in: 10 mar. 2024.



the liability of legal persons for acts of corruption.²⁹ Despite the responsibility to meet the obligations of the Convention ultimately lying with governments, the global fight against corruption will not be successful without the engagement of the private sector.

At the tenth session of the Conference of the States Parties to the United Nations Convention against Corruption (COSP), a resolution on the need for incentives for the private sector was adopted. It highlights the importance of States Parties to create an enabling environment for the private sector to adopt and implement effective integrity measures to help prevent and combat corruption.³⁰ This includes addressing social and economic disparities, while ensuring the protection of economic activities and advancing sustainable development.

States Parties are encouraged to offer incentives for the private sector to adopt integrity measures, such as codes of conduct to prevent corruption and promote transparency in interactions with government officials and public international organizations. Additionally, the resolution calls upon States Parties to incentivize the private sector to implement robust internal governance and risk management systems. These systems should aim to prevent corrupt practices and detect illicit activities associated with corruption and encourages States Parties to contemplate the establishment of regulatory frameworks, in accordance with the core principles of their legal systems. These frameworks should provide incentives for the private sector to develop and implement effective integrity measures to help prevent and combat corruption. This can be achieved by considering such measures in decisions concerning participation in government programs.

Exhibit 1 – Incentives: Promoting ethical behavior³¹

The “Resource Guide on State Measures for Strengthening Business Integrity,” developed by the United Nations Office on Drugs and Crime (UNODC), the United Nations Global Compact (UNGC), and the Organization for Economic Co-operation and Development (OECD), provides States a framework for encouraging business integrity through a balanced mix of sanctions for misconduct and incentives for good practice. The guide emphasizes a collective approach involving public and private sectors to prevent and counter corruption, reflecting recent advances in private sector corruption prevention.

Incentives that reward a company for good practice are an important complement to sanctions. They recognize that meaningful commitment to, and investment in, anti-corruption programs and other measures that strengthen business integrity are often voluntary, extending beyond certain minimum legal requirements. To incentivize such good practices, States may consider granting public advantages, including public subsidies, public procurement contracts, development assistance, and export credits to companies that adhere to good practice requirements. By providing these incentives alongside sanctions, States can effectively promote a culture of integrity and compliance within the private sector.

By working together in the spirit of Collective Action, governments and companies can create an environment conducive to investment, economic growth, and sustainable development. Integrating anti-corruption measures with sustainability criteria ensures ethical conduct and significantly contributes to the broader goals of responsible growth and sustainable development.

29 UNODC. **United Nations Convention against Corruption**. 2004. Available at : https://www.unodc.org/unodc/corruption/tools_and_publications/UN-convention-against-corruption.html Accessed in March 10, 2024.

30 CONFERENCE OF THE STATES PARTIES TO THE UNITED NATIONS CONVENTION AGAINST CORRUPTION. **Providing incentives for the private sector to adopt integrity measures to prevent and combat corruption**. 2023. Available at : https://www.unodc.org/documents/treaties/UNCAC/COSP/session10/resolutions/L-documents/2325251E_L17_Rev.1.pdf . Accessed in: 10 mar. 2024.

31 OECD; UN. **Resource Guide on State Measures for Strengthening Business Integrity**. 2024. Available at : <https://www.oecd.org/publications/resource-guide-on-state-measures-for-strengthening-business-integrity-c76d7513-en.htm>. Accessed in: March 11, 2024.



Figure 1 – OECD, Resource Guide on State Measures for Strengthening Business Integrity (2024)

INCENTIVES	PURPOSE & APPLICATION
Penalty mitigation	Encourages self-reporting of offences, credits company prevention efforts.
Procurement incentives	Rewards good practice through procurement preference.
Compliance requirements	Encourages open disclosures and reporting to benefit from stock exchange listing, and other regulatory authorities.
Preferential access to benefits	Rewards good practice with preferential access to government benefits, services.
“Allowlists” or preferred supplier lists	Encourages companies to implement robust integrity protocols <u>in order to</u> be added to a government’s list of preferred suppliers.
Investment	Promotion Policies that require businesses to adhere to integrity standards to qualify for investment protections.
Certification	Rewards good practice with certification.
Reputation	Encourages good practice through public recognition.

Exhibit 2 – Collective Action Initiative: Brazil - Pro-Ethics award^{32,33}

“Pró-Ética” (Pro-Ethics) is the result of collaboration between the public and private sectors in Brazil, aimed at promoting a more integral, ethical, and transparent corporate environment. The initiative seeks to encourage companies to voluntarily adopt integrity measures by publicly recognizing those that demonstrate commitment to implementing measures focused on preventing, detecting, and remedying acts of corruption and fraud, regardless of their size or sector.

In the latest edition spanning the period from 2022 to 2033, “Pró-Ética” analyzed 26,239 questions, provided 3,097 recommendations to companies, and examined 48,566 documents.

In addition to the evaluation report with improvement recommendations sent to each participating company, the Office of the Controller General (CGU) publishes a dedicated report for each edition that presents a critical analysis of the profile companies and the strengths and shortcomings found in the evaluated anti-corruption programmes. The results are announced in an award ceremony and can have substantial impact on the reputation of a company.

The Brazilian Institute of Corporate Governance (IBGC) in its new edition of “Code of Best Practices of Corporate Governance”, states that corporate governance is a system formed by principles, rules, structures, and processes by which organizations are guided and monitored, aiming to generate sustainable value for the organization, its stakeholders and society.³⁴ IBGC has included integrity as a key principle of corporate governance, emphasizing that it should serve as a guiding principle for all organizations, extending beyond the responsibilities of the compliance department. This means fostering an ethical culture, providing truthful and comprehensive information to stakeholders, treating all parties fairly, and understanding that organizations operate within interdependent relationships with social, economic, and environmental ecosystems.³⁵

32 CONTROLADORIA GERAL DA UNIÃO. **Empresa Pró-Ética**. 2023. Available at: <https://www.gov.br/cgu/pt-br/assuntos/integridade-privada/avaliacao-e-promocao-da-integridade-privada/empresa-pro-etica>. Accessed in: 12 apr. 2024.

33 OECD; UN. **Resource Guide on State Measures for Strengthening Business Integrity**. 2024. Available at : <https://www.oecd.org/publications/resource-guide-on-state-measures-for-strengthening-business-integrity-c76d7513-en.htm>. Accessed in: March 11, 2024.

34 IBGC. **Código das Melhores Práticas de Governança Corporativa** 6. ed. aug. 2023. Available at: <https://conhecimento.ibgc.org.br/Paginas/Publicacao.aspx?PubId=24640>. Accessed in: 12 apr. 2024.

35 IBGC. **Código das Melhores Práticas de Governança Corporativa** 6. ed. aug. 2023. Available at: <https://conhecimento.ibgc.org.br/Paginas/Publicacao.aspx?PubId=24640>. Accessed in: 12 apr. 2024.



For IBGC, integrity involves practicing and promoting the continuous improvement of ethical culture within the organization. This means avoiding decisions influenced by conflicts of interest, maintaining consistency between speech and action, and preserving loyalty to the organization while caring for its stakeholders, society at large, and the environment. Sustainability, on the other hand, entails ensuring the organization's economic and financial viability, reducing the negative externalities of its business and operations, and increasing the positive ones. This approach considers various capitals—financial, manufactured, intellectual, human, social, natural, and reputational—over the short, medium, and long terms.

Within this context, responsible and sustainable governance can be described as a holistic, integrated approach to corporate leadership, management, and supervision. Its purpose is not only to respect the environment but also to serve the common good. Responsible and sustainable governance begins with defining corporate purpose and values, then proceeds to actively engage with stakeholders and tackle issues of corruption, transparency, and accountability. Therefore, it is fundamental to build trust and uphold a social license to operate.³⁶

The figures reveal upturns: financial projections indicate that global sustainability assets may reach up to USD 53 trillion by 2025,³⁷ underscoring the growing significance of sustainable investing. However, studies suggest that between September 2022 and September 2023, one in every four climate-related sustainability risk incidents was tied to greenwashing, an increase from one in five compared to the previous year³⁸.

While the adoption of responsible and sustainable governance principles holds the potential for long-term benefits, such as improved resilience and competitiveness, it also presents challenges for enterprises. Adhering to compliance standards often involves additional expenses, including investments in environmental protection measures, social initiatives, and governance reforms.

Given these challenges, governments should develop and promote incentives for companies that embrace effective, responsible, and sustainable governance practices. Several recent policies across the globe have introduced significant new incentives to grow investment in renewables and sustainability.³⁹

Through the promotion of conscientious and enduring governance, governments stimulate enterprises to invest in ecologically sustainable technologies, augment initiatives of social responsibility, and refine structures of governance, thereby advancing integrity. This, consequently, can cultivate innovation, fortitude, and the enduring creation of value, accruing benefits for both enterprises and society at large.

B20 call upon G20 to establish the initiatives below:

1. The G20 should granting preferential access to government support or services, such as, licenses, development assistance, export credits, trade assistance, and public procurement preferences, only to companies that implement effective integrity program and anti-corruption measures. Governments should develop controls to verify the feasibility and effectiveness of integrity programs considering the type, size, and nature of companies.

36 WEF. **Why sustainable governance and corporate integrity are crucial for ESG**. July 29, 2022. Available at: <https://www.weforum.org/agenda/2022/07/the-g-in-esg-3-ways-to-not-miss-it/>. Accessed in: April 13, 2024.

37 BLOOMBERG. **ESG assets may hit USD 53 trillion by 2025, a third of global AUM**. February 23, 2021. Available at: <https://www.bloomberg.com/professional/insights/markets/esg-assets-may-hit-53-trillion-by-2025-a-third-of-global-aum/>. Accessed in: April 13, 2024.

38 REPRISK. **On the rise: navigating the wave of greenwashing and social washing**. 2023. Available at: <https://www.reprisk.com/news-research/reports/on-the-rise-navigating-the-wave-of-greenwashing-and-social-washing>. Accessed in June 14 2024.

39 OECD; UN. **Resource Guide on State Measures for Strengthening Business Integrity**. 2024. Available at : <https://www.oecd.org/publications/resource-guide-on-state-measures-for-strengthening-business-integrity-c76d7513-en.htm>. Accessed in: March 11, 2024.



2. The G20 should implement penalty mitigation for organizations that self-report violations. Entities that self-report or substantially cooperate in resolving violations demonstrate a commitment to responsibility, distinguishing themselves from those who evade accountability. These actions can be implemented:

- Through the enactment and adaptation of laws, which must clearly define eligibility criteria for penalty mitigation, specifying which types of violations qualify and under what conditions.
- From the development of detailed guidelines and regulations describing the procedures for voluntary disclosure, necessary documentation, and steps for compliance.
- Establishing secure and accessible channels for organizations to report violations.
- Requiring full cooperation from organizations with any subsequent investigation and remediation efforts. Additionally, to facilitate ensuring that wrongdoers do not benefit from their misconduct, States can impose conditions such as disgorgement of ill-gotten gains and hold accountable individuals involved, by charging them, limiting their roles in public companies, or requiring their removal from executive positions.

3. The G20 should encourage the implementation and enforcement of integrity and anti-corruption measures to enhance responsible sustainable governance in business. These actions can be implemented:

- Through the enactment of robust laws demanding transparency, accountability, and ethical standards, and the closure of loopholes that may enable corruption or unethical practices within existing laws.
- By enhancing the effectiveness of existing agencies or establishing new agencies, when necessary, tasked with overseeing compliance with anticorruption measures, and by providing resources and training to oversight bodies to effectively investigate and prosecute corruption cases.
- Striving for the implementation of measures to enhance transparency in government procurement, budget allocation, and decision-making processes, alongside ensuring public access to information regarding government contracts, expenditures, and regulatory decisions.
- By fostering cooperation and aligning national anti-corruption efforts with international standards and conventions.

4. The G20 should adopt “allowlists” that recognize a company for its good practices. These “allowlists” are a way to recognize and reward companies for demonstrating good practices, especially in the realm of anti-corruption and integrity measures. This serves as a positive counterpart to traditional debarment, which typically bans companies from participating in public procurement due to misconduct or failure to meet standards. To qualify for an allowlist, companies should pledge to their anti-corruption initiatives, commit to sustainable business practices, and contribute to ensure integrity and transparency in their operations. They also should deliver a condition of validation complying with the government prerequisites, presenting the good practices implemented, such as robust compliance programs, transparent financial reporting, and internal controls designed to prevent corruption. Essentially, allowlists incentivize companies to maintain high standards of integrity and ethical behavior while improving the efficiency of the public procurement process. Therefore, it helps promote sustainable governance and rewards companies committed to such practices.

5. The G20 should develop and train governmental agents to exercise professional judgment related to:

- (i) Companies’ integrity and compliance structure and anti-corruption requirements: government agents should be skilled at evaluating whether companies have strong internal policies and practices that promote sustainable governance and compliance with laws, particularly anti-corruption legislation. This includes checking if the companies have proper systems in place to prevent and detect corrupt practices.
- (ii) The adequacy of the Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) system: government agencies should also be capable of assessing the effectiveness of a company’s effort to prevent money laundering and the financing of terrorism. This involves examining the company’s procedure and controls to aid in ensuring they comply with AML and CTF regulations.



These actions can be implemented by:

- Establishing specialized training programs that cover key aspects of corporate integrity, compliance structures, anti-corruption laws, and AML/CTF regulations.
- Developing certification programs that validate the expertise of governmental agents in compliance and AML/CTF evaluation.
- Creating standardized guidelines and checklists for agents to use when evaluating companies' integrity and compliance structures.
- Implementing a risk-based approach to prioritize evaluations based on the risk profile of companies and sectors involved.
- Fostering collaboration between different government agencies, such as financial regulators, anti-corruption units, and law enforcement, to help to ensure a unified approach to compliance and AML/CTF evaluations.

6. The G20 should encourage organizations to conduct integrity and compliance training to increase the staff's awareness of preventing and combating corruption. Enabling them to make better decisions when facing ethical dilemmas. These actions can be implemented:

- Through the establishment of clear and mandatory guidelines recommending or requiring companies to implement integrity and compliance training programs.
- Establishing collaborations among governments, civil society organizations, and educational institutions to develop training materials and provide specialized training for professionals responsible for conducting the trainings.

7. The G20 should promote the adoption of innovative technological solutions (e.g., big data processing, blockchain technology, artificial intelligence) to generate more accurate and real-time assessments (e.g., KYC/Customer Due Diligence) and to strengthen the monitoring and continuous communication of suspicious transactions, enhancing regulated entities' ability to efficiently report them to supervisors and other competent authorities, while facilitating the sharing of information related to asset recovery. These actions can be implemented by:

- Engaging partnerships between governments, private companies, and research institutions for the development and implementation of innovative technological solutions. This may involve the establishment of joint funding programs or tax incentives for private companies committed to developing technologies related to real-time risk assessment, monitoring of suspicious transactions, and efficient communication of information to competent authorities. By collaborating with the private sector, the G20 can leverage the expertise and resources of technology companies to accelerate the development and adoption of these solutions.
- Leading efforts to establish international guidelines and standards for the use of technologies such as big data processing, blockchain technology, and artificial intelligence in risk assessment and monitoring of suspicious transactions. This may include the creation of specialized working groups composed of technology experts, financial regulators, and industry representatives to develop guidelines and standards that contribute to ensuring the security, effectiveness, and regulatory compliance of adopted technological solutions.



Policy Action 1.2

Ensure the convergence of adopted frameworks for sustainability standards and disclosures.

Executive Summary

Climate and sustainability responsibilities have increased in importance for both private and public sectors. Corporate transparency and objective reporting are vital for advancing the Sustainable Development Goals (SDGs)⁴⁰. The UN Global Compact's Communication on Progress (CoP)⁴¹ is a key mechanism for companies to report their progress in this area. The investment community has been quick to understand that companies with robust sustainability programs often achieve superior returns.⁴² However, the existence of over 600 different methods for assessing corporate sustainability creates challenges in data comparability and increases the risk of greenwashing.⁴³ This problem is particularly challenging for Micro, Small, and Medium Enterprises (MSMEs), which face financial constraints and lack expertise in sustainability reporting. MSMEs represent 99.5 percent of firms in Latin America and the Caribbean and 90 percent of businesses worldwide, are especially affected by fragmented reporting requirements, undermining the integrity and comparability of their sustainability efforts.⁴⁴

This is also a recurrent topic in G20 agenda, as the G20 Sustainable Finance Roadmap underscores the necessity for consistent and comparable sustainability information.⁴⁵ Fulfilling this necessity, the International Financial Reporting Standards Foundation (IFRS) established the International Sustainability Standards Board (ISSB) in November 2021 to develop cost-effective, decision-useful disclosure standards. In June 2023, ISSB published two standards, IFRS S1 and IFRS S2, to standardize sustainability-related disclosures.

Governments and regulatory bodies must adopt converged frameworks to enable companies to leverage sustainability as a competitive advantage. This concerted effort will foster transparency, accountability, and trust in financial markets, driving long-term value creation and inclusive economic growth.

40 UNITED NATIONS. **The 17 Goals**. United Nations. Available at: <https://sdgs.un.org/goals>. Accessed in: April 18, 2024.

41 UNITED NATIONS. **Communication on Progress**. United Nations. Available at: <https://unglobalcompact.org/participation/report/cop>. Accessed in: April 18, 2024.

42 DELOITTE US. **Tectonic shifts**: How ESG is changing business, moving markets, and driving regulation. 2021. Available at: <https://www.deloitte.com/global/en/our-thinking/insights/topics/business-strategy-growth/esg-disclosure-regulation.html>. Accessed in: 25 jun. 2024.

43 UNITED NATIONS DEVELOPMENT PROGRAMME. **Rethinking the Governance of ESG**. 2023. Available at: <https://www.undp.org/future-development/signals-spotlight/rethinking-governance-esg>. Accessed in: 20 mar. 2024.

44 INTER-AMERICAN DEVELOPMENT BANK. **MSME Financing Instruments in Latin America and the Caribbean During COVID 19**. 2020. Available at: <https://publications.iadb.org/en/msme-financing-instruments-in-latin-america-and-the-caribbean-during-covid-19>. Accessed in: April 26, 2024

45 G20. **G20 Sustainable Finance Roadmap**. Available at: <https://g20sfwg.org/roadmap/>. Accessed in: April 25, 2024.



Background and Context

The issue of climate has been on the business agenda for many years, but sustainability and climate-related matters have only recently become widely acknowledged as a responsibility for both the private and public sectors.⁴⁶ As companies increasingly explore avenues for generating value through sustainability initiatives, the investment community has swiftly recognized that firms with robust sustainability programs can yield superior returns.⁴⁷ According to the United Nations Conference on Trade and Development (UNCTAD) Global Sustainable Finance Observatory (GSFO), by the end-of 2023, 35 leading economies, including all G20 members, had enacted approximately 400 sustainable finance-dedicated policy measures, covering over 90 percent of global Gross Domestic Product (GDP). Sustainability disclosure alone accounts for nearly half of these measures.⁴⁸

However, this global effort has resulted in a multitude of standards and frameworks. There are still over 600 ways to assess corporate sustainability activity.⁴⁹ While each of these frameworks offers valuable guidelines and metrics, their coexistence often leads to confusion and inefficiency. This wide range of assessment criteria limits the availability of comparable data, making it difficult for investors and companies to assess performance accurately, and even more challenging for governments to address problems such as greenwashing.

Therefore, the global fragmentation of requirements undermines the integrity and interoperability of reporting across jurisdictions, increases the cost and complexity for businesses to comply, and inhibits the achievement of sustainability goals. Ensuring the convergence of adopted frameworks for sustainability standards and disclosure is essential for all companies, especially MSMEs, as adherence to sustainable practices is increasingly becoming a prerequisite for joining global supply chains and capital markets.⁵⁰ But unlike large corporations, MSMEs typically have limited resources and cannot afford to navigate the complexities of multiple standards. Convergence can level the playing field, leveraging sustainability as a competitive advantage, rather than an obstacle to these firms.

Sustainability reporting for MSMEs is a big challenge, and grapples with financial constraints, lack of expertise and data, and unclear initiatives.⁵¹ However, all indications suggest that sustainability performance will be a prerequisite for easier accessing to financing and more importantly acquiring and retaining clients and partners. According to Greenomy⁵² the initial steps of this adaptation may include appointing a “Sustainability Reporting Leader,” followed by assessing sustainability goals, defining the necessary steps to achieve these goals, assembling a team for sustainability report development, initiating the reporting process, and identifying opportunities to improve sustainability efforts.

MSMEs are the backbone of national economies and the global supply chain of large companies⁵³. Individually, SMEs have relatively small environmental and social impacts. However, as a group the impacts are much larger; SMEs account for about 90% of all businesses. Formal SMEs contribute

46 DELOITTE BRAZIL. **Entenda as normas IFRS S1 e IFRS S2:** Saiba como elas apoiam na divulgação de informações sobre iniciativas ligadas a ESG e estabeleça estratégias para suas implementações. 2024. Available at : <https://www2.deloitte.com/br/pt/pages/audit/articles/normas-sustentabilidade-fatores-climaticos.html>. Accessed in: April 25, 2024.

47 DELOITTE US. **Tectonic shifts:** How ESG is changing business, moving markets, and driving regulation. October 29, 2021. Available at : <https://www2.deloitte.com/us/en/insights/topics/strategy/esg-disclosure-regulation.html> . Accessed in: April 26, 2024

48 UNCTAD. **Shaping the Future of SME Sustainability Disclosure:** A Holistic Approach, UNCTAD Input Paper for the G20 Sustainable Finance Working Group. June 2024. Available at: <https://g20sfwg.org/wp-content/uploads/2024/06/G20-SFWG-P3-UNCTAD-Shaping-the-Future-of-SME-A-Holistic-Approach.pdf>. Accessed in: June 27, 2024.

49 UNITED NATIONS DEVELOPMENT PROGRAMME. **Rethinking the Governance of ESG.** 2023. Available at: <https://www.undp.org/future-development/signals-spotlight/rethinking-governance-esg>. Accessed in: 20 mar. 2024.

50 UNCTAD. **Shaping the Future of SME Sustainability Disclosure:** A Holistic Approach, UNCTAD Input Paper for the G20 Sustainable Finance Working Group. June 2024. Available at: <https://g20sfwg.org/wp-content/uploads/2024/06/G20-SFWG-P3-UNCTAD-Shaping-the-Future-of-SME-A-Holistic-Approach.pdf>. Accessed in: June 27, 2024.

51 FINTECH GLOBAL. **Navigating ESG reporting for SMEs.** 2024. Available at: <https://fintech.global/2024/01/03/navigating-esg-reporting-for-smes-strategies-and-challenges>. Accessed in: April 27, 2024..

52 GREENOMY. **ESG Reporting for SMEs:** What to Expect and Main Challenges. December 21, 2023. Available at : <https://www.greenomy.io/blog/esg-reporting-smes-what-to-expect-and-challenges>. Accessed in: April 28, 2024.

53 GLOBAL REPORTING INITIATIVE (GRI); INTERNATIONAL ORGANIZATION OF EMPLOYERS (IOE). **Small Business Big Impact:** SME Sustainability Reporting from Vision to Action. Global Reporting Initiative (GRI) and International Organization of Employers (IOE). Available at: https://www.ioe-emp.org/fileadmin/ioe_documents/publications/Policy%20Areas/sustainability/EN/20171113_Small_business__big_impact_-_publication_ENGLISH_version.pdf. Accessed in June 27, 2024.



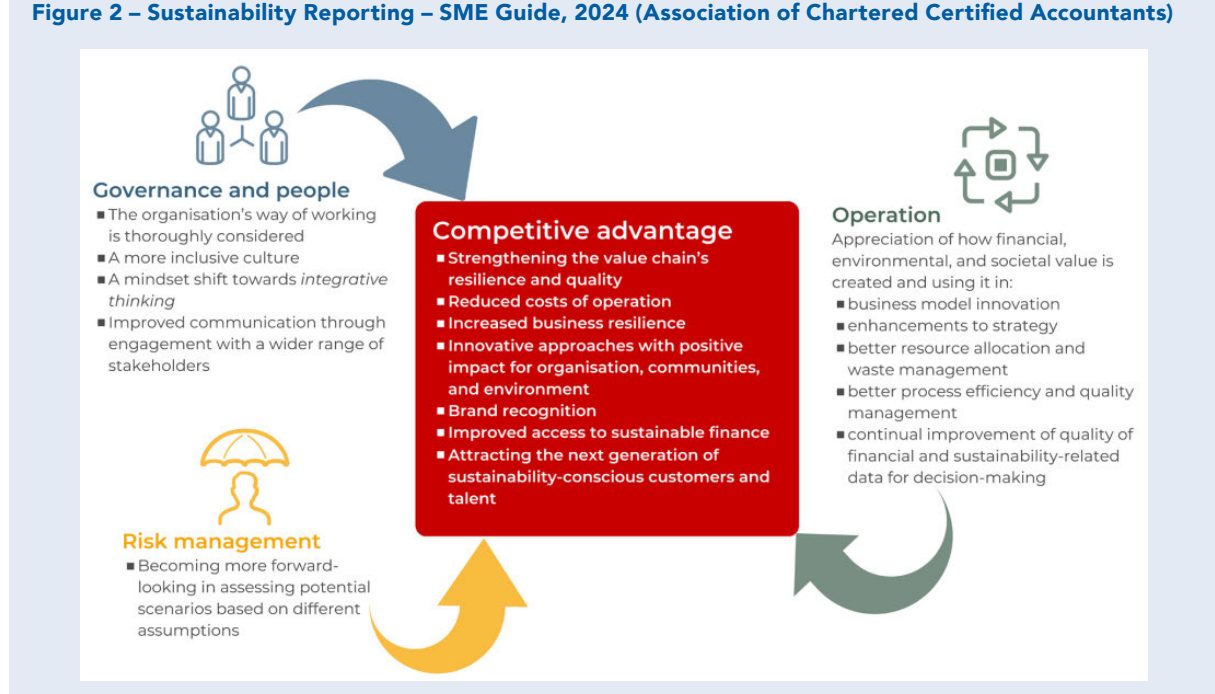
up to 40 percent of GDP in emerging economies. With informal firms added, the entire SME sector is estimated to contribute as much as 60 to 70 percent of GDP. Informal firms, of which nearly all are MSMEs, can account for about one-third of total economic activity in the poorest countries.⁵⁴

Considering this context, studies suggests that the creation and use of sustainability-related information helps SMEs, their advisers, and stakeholders to see and take advantage of their opportunities and manage their risks. This put companies in a much stronger position financially, as it makes easier to attract investment and obtain preferential terms of trade with suppliers.⁵⁵

Exhibit 3 – Sustainability Reporting⁵⁶

Sustainability reporting can facilitate enhanced business practices, meeting the rising expectations for environmental and social sustainability from regulators, suppliers, consumers, employees, and investors. The lack of disclosure and use of sustainable information can lead to negative consequences, such as worsening commercial conditions and the loss of critical resources like talent and suppliers. Despite financial challenges, when SMEs adopt sustainable practices and communicate their progress, they can turn these challenges into competitive advantages, promoting an integrated approach that enhances their operations and business relationships.

Figure 2 – Sustainability Reporting – SME Guide, 2024 (Association of Chartered Certified Accountants)



Given the increasing demands for sustainability disclosure, the G20 Sustainable Finance Roadmap, created in 2021 in Italy,⁵⁷ acknowledges the importance of generating “consistent, comparable, and decision-useful information on sustainability risks, opportunities, and impacts.” In Action 06, the document welcomes the work program of the IFRS Foundation to develop a set of internationally consistent, comparable, and reliable baseline standards for disclosure of sustainability-related information on enterprise value creation.⁵⁸

54 INTERNATIONAL FINANCE CORPORATION (IFC); WORLD BANK GROUP. **Banking on SMEs: Driving Growth, Creating Jobs.** September 26, 2022. Available at: <https://www.ifc.org/en/insights-reports/2022/2022-global-sme-finance-facility-progress-report>. Accessed in: July 27, 2024.

55 ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS. **Sustainability Reporting: SME Guide.** 2024. Available at: https://www.accaglobal.com/content/dam/ACCA_Global/professional-insights/sustainability-reporting/Sustainability%20reporting_SME%20guide_6th_final.pdf. Accessed in: June 27, 2024

56 ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS. **Sustainability Reporting: SME Guide.** 2024. Available at: https://www.accaglobal.com/content/dam/ACCA_Global/professional-insights/sustainability-reporting/Sustainability%20reporting_SME%20guide_6th_final.pdf. Accessed in: June 27, 2024

57 G20 Sustainable Finance Roadmap. Available at: <https://g20sfwg.org/roadmap/>. Accessed in: April 25, 2024.

58 G20 Sustainable Finance Roadmap. Available at: <https://g20sfwg.org/roadmap/>. Accessed in: April 25, 2024.



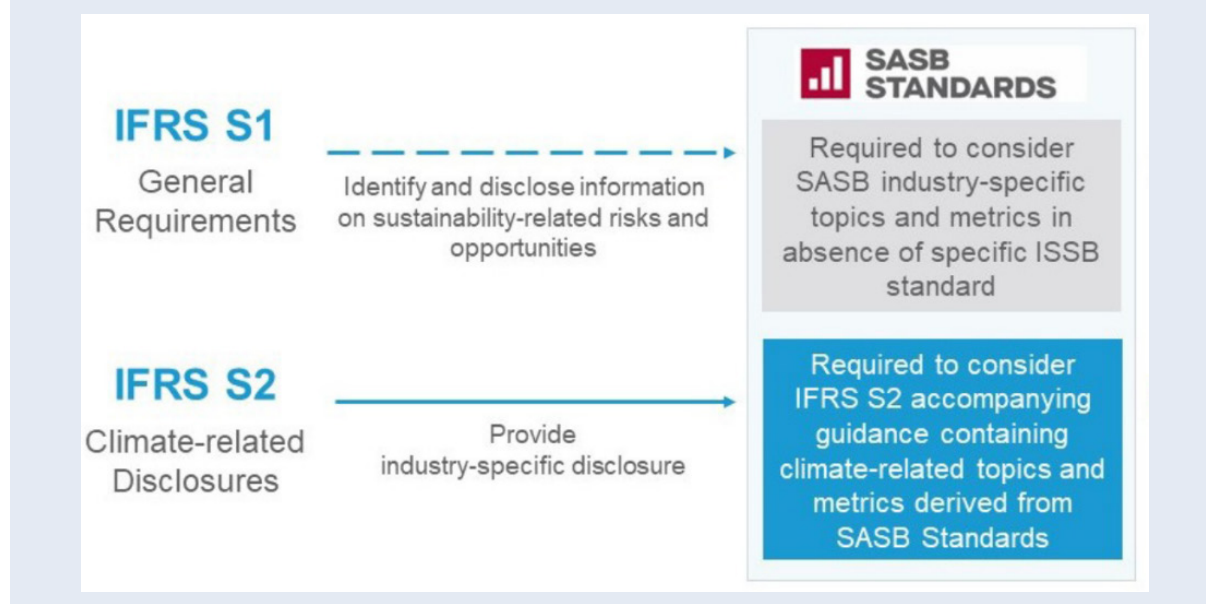
The IFRS Foundation announced, in November 2021 at COP26 in Glasgow, the establishment of the International Sustainability Standards Board (ISSB), committed to deliver standards that are cost-effective, decision-useful and market informed. To achieve this, the ISSB published in June 2023 two sustainability disclosure standards: (i) IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium, and long-term. (ii) IFRS S2 sets out specific climate-related disclosures and is designed to be used with IFRS S1⁵⁹.

In a recent input paper for the G20 Sustainable Finance Working Group, United Nations Conference on Trade and Development (UNCTAD) acknowledges that the convergence in international standards can be achieved by adopting the ISSB standard as a global benchmark on sustainability disclosure. This approach would facilitate the convergence with other international standards and regulations, such as the Global Reporting Initiative (GRI) and the EU standards, promoting consistency and clarity in sustainability reporting⁶⁰.

Exhibit 4 – International Sustainability Standards Board overview^{61,62}

The International Sustainability Standards Board (ISSB) issues disclosure guidelines in line with international accounting standards to meet investors' demands for sustainable data. Its purpose is to establish a unified platform for global sustainability information disclosure. ISSB initiatives have been warmly welcomed by 41 jurisdictions during COP 26, subsequently endorsed by the G7 and G20. The International Organization of Securities Commissions (IOSCO) has endorsed ISSB guidelines, encouraging regulators to consider their implementation in jurisdictional contexts. The Financial Stability Board (FSB) has ratified that ISSB standards should serve as the global framework for sustainability information disclosure, transferring oversight of climate-related corporate disclosures from the Task Force on Climate-related Financial Disclosures (TCFD) to the IFRS Foundation.

Figure 3 – IFRS Foundation, SASB: Your pathway to ISSB



59 International Sustainability Standards Board. IFRS. Available at: <https://www.ifrs.org/groups/international-sustainability-standards-board/>. Accessed in: April 25, 2024.

60 UNCTAD. **Shaping the Future of SME Sustainability Disclosure: A Holistic Approach**, UNCTAD Input Paper for the G20 Sustainable Finance Working Group. June 2024. Available at: <https://g20sfwg.org/wp-content/uploads/2024/06/G20-SFWG-P3-UNCTAD-Shaping-the-Future-of-SME-A-Holistic-Approach.pdf>. Accessed in: June 27, 2024.

61 DELOITTE UK. **International Sustainability Standards Board overview**. 2023. Available at: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/audit/deloitte-uk-summaries-issb-ifrs-s1-ifrs-s2.pdf>. Accessed in: April 26, 2024.

62 THE IFRS FOUNDATION. **ISSB issues global inaugural IFRS Sustainability Disclosure Standards, updates SASB Standards**. 2023. Available at: <https://sasb.ifrs.org/blog/issb-issues-global-inaugural-ifrs-sustainability-disclosure-standards-updates-sasb-standards/>. Accessed in: July 20, 2024.



As we strive toward a sustainable future, corporate transparency and objective reporting have become increasingly important for advancing the Sustainable Development Goals. For this purpose, the Communication on Progress (CoP) of the UN Global Compact is the primary mechanism for participating organizations to demonstrate progress made against Global Compact's Ten Principles and the UN's Sustainable Development Goals (SDGs). In an effort toward convergence, the CoP Guidebook⁶³ includes indices linking each question to relevant global reporting frameworks (e.g., Global Reporting Initiative), the Ten Principles of the UN Global Compact and the SDG targets.

To ensure the effectiveness of corporate transparency and the reliability of sustainability reporting, it is essential that these efforts are backed by assurance and ethical standards. In this context, IOSCO has welcomed efforts to ensure the consistency, comparability, and reliability of sustainability-related information provided to the market⁶⁴. This synergy between comprehensive reporting frameworks and rigorous assurance practices fosters an environment of trust and accountability, not only strengthening stakeholders' confidence but also promoting a unified approach to achieving Sustainable Development Goals.

However, while IOSCO's endorsement of assurance standards marks an important step towards ensuring the reliability and transparency of the reports, governments should also act. This could be done by encouraging the adoption and implementation of internationally recognized standards for conducting assurance, such as those developed by the International Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants.

Therefore, governments and regulatory agencies should encourage the adoption of convergent frameworks for sustainability standards and disclosure. By doing so, companies, including MSMEs, can leverage sustainability as a competitive advantage while fostering transparency, accountability, and trust in the financial markets. Ultimately, integrating sustainability considerations into corporate decision-making processes is critical for addressing urgent global challenges and for driving long-term value creation and inclusive economic growth.

B20 call upon G20 to establish the initiatives below:

1. The G20 should advocate for and encourage the convergence of frameworks for sustainability standards and disclosures, to enhance international coordination and promote greater convergence in international standards. These actions can be implemented:

- With the engagement of countries and awareness of the importance of sustainability standards and disclosure frameworks, where it can be understood that through these joint efforts there would be an improvement in the comparability of sustainability-related disclosures across companies and markets.
- By convening a dialogue amongst regulators and the business community to discuss, identify and pursue mechanisms for building convergence between emerging sustainability disclosure frameworks.
- By regulators actively accepting reporting under globally relevant sustainability disclosure standards as equivalent to national requirements. This will promote convergence and interoperability between national and international frameworks.
- By advocating for these standards, since they can also help enhance global competitiveness, drive corporate improvement by leading companies to broader positive impacts on society and the environment, mitigate sustainability risks, and support regulatory compliance.

⁶³ UN GLOBAL COMPACT. **Communication on Progress Guidebook**. March 2024. Available at: <https://unglobalcompact.org/library/6107>.

⁶⁴ IOSCO. **IOSCO encourages standard setters' work on assurance of sustainability related corporate reporting**. September 15, 2022. Available at: <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD713.pdf>. Accessed in: July 20, 2024.



2. The G20 should support MSMEs to adopt sustainability standards and disclosure frameworks by providing comprehensive support, including training programs specifically designed for MSMEs to raise awareness about sustainability concepts, standards, and the benefits of adoption. These actions can be implemented by:

- Providing technical assistance and guidance throughout the adoption process, also offering advisory services to help MSMEs navigate the complexities of sustainability reporting frameworks and develop tailored sustainability strategies.
- Communicating with MSMEs to understand their needs, challenges, and preferences, and adjusting support mechanisms accordingly.

3. The G20 should establish a unified online platform that serves as a central hub for knowledge sharing and capacity building on sustainable best practices. These actions can be implemented by:

- Ensuring accessibility to a wide range of stakeholders, including government agencies, businesses, non-profit organizations, academia, and the civil society; having a team of subject matter experts to provide guidance and facilitate discussions.
- Creating a dedicated focus group within the platform specifically for MSMEs to exchange experiences, share challenges, and learn from each other's successes and failures, and also facilitate peer-to-peer networking and collaboration opportunities among MSMEs to foster a sense of community and mutual support.
- Providing capacity building initiatives, such as regular webinars, workshops, and mentorship programs.
- Implementing tools to track user engagement, participation rates, and the impact of capacity building initiatives on MSMEs' sustainability performance.

4. The G20 should create a centralized data collection/system to manage sustainability data reported by companies for more effective planning toward achieving national sustainability goals. These actions can be implemented by:

- Integrating sustainability data with existing national databases and systems, such as economic indicators, environmental monitoring data, and social welfare statistics to uphold interoperability between different data sources and formats.
- Deploying advanced data analytics tools and techniques, such as machine learning and data mining, to analyze large volumes of sustainability data and identify trends, patterns, and correlations.
- Using predictive modeling to forecast future sustainability impacts and evaluate the effectiveness of different policy interventions; developing benchmarks and performance indicators to assess companies' sustainability performance relative to industry peers, regional averages, and national targets.
- Conducting regular performance evaluations to track progress over time and identify areas for improvement.
- Engaging stakeholders, including businesses, civil society organizations, and the public, in the development and implementation of the data collection system to sustain transparency in the data collection process, disclosure of methodologies, and publication of findings to build trust and accountability. This would facilitate benchmarking and performance evaluation across industries and regions and help mitigate the risk of greenwashing, where companies overstate their sustainability credentials.



5. The G20 countries should advocate for the convergence of any integrity and anti-corruption frameworks adopted in line with sustainability standards. These actions can be implemented by:

- Integrating sustainability principles into corporate governance, promoting transparency and accountability, identifying, and addressing risks, providing training, engaging stakeholders, using third-party validation, and seeking continuous improvement. The UNODC/UNGC “An Anti-corruption Ethics and Compliance Programs for Business: A Practical Guide” is a practical example of guidelines designed to use as reference to evaluate the effectiveness of organizations’ integrity and anti-corruption measures.
- Strengthening transparency, accountability, and international ethical standards, facilitating cross-border cooperation, sharing effective strategies, and mutual recognition of frameworks from different countries. This collective effort strengthens the global fight against corruption while promoting sustainable development worldwide.





RECOMMENDATION 2



Recommendation 2



Recommendation is aligned with previous B20 editions¹

¹ The last reference for the Integrity & Compliance Policy Paper is B20 Indonesia, due to the absence of an Integrity & Compliance task force in B20 India.

Stimulate Collective Action, engaging the Public Sector and value chains to uphold integrity.

Policy Actions

Policy Action 2.1 – Foster Collective Action with public sector, private sector, and civil society to promote integrity and resilience in value chains.

Policy Action 2.2 – Promote transparency and accountability to effectively tackle corruption, in both demand and supply side, acknowledging misconduct related to green transition, environmental crimes and human rights violations.

Key Performance Indicators	Baseline	Target	Classification
<p>Percentage of G20 countries engaging in Collective Action initiatives⁶⁵</p> <p>This KPI measures the proportion of G20 countries engaging in, at least, one ongoing Collective Action initiative where government is engaged/involved or supports.</p>	<p>45%</p> <p>(2024)</p>	<p>100%</p> <p>(2030)</p>	<p></p> <p>New indicator</p>
<p>Transparency Index⁶⁶</p> <p>This KPI measures the average Transparency Index score of G20 countries. The Transparency Index measures computer-mediated transparency, representing the availability of public data in each country. It does this by showing what information governments have committed to sharing (De Jure) and how much they actually share (De Facto). The De Jure dimension is composed of 6 indicators while the De Facto dimension is composed of 14 indicators.</p>	<p>62.76</p> <p>(2023)</p>	<p>84.53</p> <p>(2030)</p>	<p></p> <p>New indicator</p>
<p>Percentage of G20 Countries that Made Central Register Commitment to Beneficial Ownership Transparency⁶⁷</p> <p>This KPI measures the proportion of G20 countries that made a commitment to beneficial ownership transparency, where central registers are in operation, and where Open Ownership is providing support around the world. This KPI was previously adopted in Italy 2021 and Indonesia 2022.</p>	<p>51%</p> <p>(2024)</p>	<p>88%</p> <p>(2030)</p>	<p></p> <p>Aligned with previous B20s editions</p>

⁶⁵ BASEL INSTITUTE. **Collective Action B20 Hub**. BASEL INSTITUTE. Available at: <https://collective-action.com/explore/initiatives> . Accessed in: May 10, 2024.

⁶⁶ EUROPEAN RESEARCH CENTRE FOR ANTI-CORRUPTION AND STATE-BUILDING (ERCAS) AND CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE). **Transparency Index**. Available at: <https://corruptionrisk.org/transparency/> . Accessed in: May 10, 2024

⁶⁷ OPEN OWNERSHIP. **Open Ownership Map**. Available at: <https://www.openownership.org/en/map/> . Accessed in: May 2, 2024.



SDGs

Recommendation 2 contributes to the achievement of the following UN SDGs:



Recommendation 2 contributes to SDG 8 – **Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**, particularly SDG 8.3, SDG 8.7 “end modern slavery, trafficking and child labour” and SDG 8.8 “protect labour rights and promote safe working environments” – because Collective Action and transparency efforts help expose and eliminate practices of modern slavery, trafficking, and child labour within supply chains, contributing to sustainable economic growth by ensuring that all economic activities are conducted in a manner that respects human rights and environmental standards.

Recommendation 2 contributes to SDG 10 – **Reduce inequality within and among countries**, particularly SDG 10.5 “Improved Regulation of Global Financial Markets And Institutions” – because fostering Collective Action to promote integrity, transparency, and accountability in value chains reduces inequalities within and among countries, once it helps regulate global financial markets and institutions more effectively, mitigating disparities in economic opportunities and ensuring fairer access to resources.

Recommendation 2 contributes to SDG 12 – **Ensure sustainable consumption and production patterns**, particularly SDG 12.2 “Sustainable Management and Use Of Natural Resources”, SDG 12.6 “Encourage companies to adopt sustainable practices and sustainability reporting”, SDG 12.7 “Promote sustainable public procurement practices”, SDG 12.8 “Promote Universal Understanding of Sustainable Lifestyles”, SDG 12.9 “Support Developing Countries’ Scientific and Technological Capacity for Sustainable Consumption and Production” and 12.B “Remove Market Distortions that Encourage Wasteful Consumption” – because Collective Action involving the public sector and value chains can promote sustainable practices, moreover, collaboration between the public and private sectors can strengthen the technological and scientific capacity needed to implement sustainable practices in developing countries fostering a more efficient and sustainable economy.

Recommendation 2 contributes to SDG 14 – **Conserve and sustainably use the oceans, seas and marine resources for sustainable development**, particularly SDG 14.7: “increase the economic benefits from sustainable use of marine resources” – because fostering Collective Action to promote integrity, transparency, and accountability in value chains ensure that economic activities related to marine resources are conducted sustainably, therefore supporting the conservation and reducing illegal practices.

Recommendation 2 contributes to SDG 15 – **Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**, particularly SDG 15.5 “Protect biodiversity and natural habitats” and SDG 15.7 “Eliminate poaching and trafficking of protected species” – because fostering Collective Action to promote integrity, transparency, and accountability in value chains, especially addressing misconduct related to environmental crimes, helps mitigate illegal activities that threaten biodiversity and natural habitats, therefore supporting the protection and sustainable management of terrestrial ecosystems.



Recommendation 2 contributes to SDG 16 – **Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**, particularly 16.4 “Combat organized crime and illicit financial and arms flows”, and SDG 16.6 “Develop effective, accountable and transparent institutions” – because fostering Collective Action to promote integrity, transparency, and accountability in value chains helps combating organized crime, once it fosters a more secure and transparent economic environments, contributing to the development of effective and accountable institutions at all levels.

Recommendation 2 contributes to SDG 17 – **Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development**, particularly SDG 17.7 “Promote sustainable technologies to developing countries”, SDG 17.14 “Enhance policy coherence for sustainable development”, SDG 17.16 “Enhance the global partnership for sustainable development” and SDG 17.17 “Encourage effective partnerships” – because fostering Collective Action to promote integrity, transparency, and accountability in value chains supports the exchange and promotion of sustainable technologies to developing countries. This effort enhances policy coherence and strengthens global partnerships for sustainable development, facilitating effective collaboration among stakeholders to achieve sustainable development goals.

Relevant B20 Brasil Guiding Claims

Recommendation 2 has an impact on two B20 Brasil Guiding Claims:



Recommendation 2 has the strongest impact in **Promoting inclusive growth and combating hunger, poverty, and inequality** because promoting inclusive growth and combating hunger, poverty, and inequality are crucial goals achievable through responsible and sustainable governance. Integrating sustainability principles into governance structures can collectively address corruption, including environmental corruption, and prevent its recurrence prosperity. Responsible and sustainable governance fosters ethical behavior, ensures fair resource distribution, and prioritizes environmental protection, social equity, and economic prosperity. Embracing such practices enables societies to build resilient institutions, uphold democratic value, uphold justice and fairness, and confront corruption, ultimately paving the way for a more equitable, prosperous, and sustainable future.



Recommendation 2 has close alignment to **Promoting the resilience of global value chains** because alignment with B20 principles and initiatives underscores the critical significance of integrity risk management to improve global value chains, through *Collective Action*. Both businesses and governments should regularly do their third-party risk assessments and thoroughly understand their stakeholders and the supply chains they are involved in. Additionally, the promotion of responsible and sustainable governance practices, coupled with the reinforcement of law enforcement mechanisms, aims to combat environmental corruption effectively. This effort is facilitated by the exchange of information among member countries and seeks to enhance the resilience of supply chains.

Relevant G20 Brasil Priorities

Recommendation 2 contributes to the following priorities of the G20 Brasil:

Recommendation 2 contributes to addressing G20’s Brasil **Anti-corruption Working Group** key priorities – **i) Contribute to a fair world and a sustainable planet through the promotion of integrity and of anti-corruption mechanisms; ii) Incentivize the private sector to adopt comprehensive and converging measures of integrity and to combat corruption; iii) Improve the institutional organization of the general government in order to strengthen public integrity; and iv) Use all the available tools to recover assets, including transnational request and seizures to capture goods and valuables related or connected to**



corrupt actions - because the advancement of sustainable environmental and social development, along with the promotion of integrity and anti-corruption initiatives, necessitates collaborative efforts between the public and private sectors. Effective strategies to measure corruption objectively and decisively are imperative in achieving these goals. By fostering an anti-corruption culture and aligning ethical standards, both sectors can forge relationships founded on integrity and accountability.

Recommendation 2 contributes to addressing G20's Brasil **Climate and Environmental Sustainability Working Group** key priorities – **i) Preventive and emergency adaptation to extreme weather events; ii) Payments for ecosystem services; iii) Oceans; and iv) Waste and the circular economy** – because the effort to combat corruption has a significant impact on sustainable development. Engaging in tangible and innovative approaches to addressing global environmental and climate challenges through collaborations between the public and private sectors can contribute to mitigating risks across the value chains. The transition to a circular economy means a fundamental change, which leads to the reduction of resource consumption, the minimization of waste generation and the reduction of greenhouse gas emissions. The practice of reusing waste materials highlights their economic viability, requiring government involvement. Within a circular business structure, materials essential for creating products are purchased internally in value chains and subsequently reused, repurposed, or recycled.

Context

Developing sustainable and resilient value chains requires essential contributions from both the public and private sectors. Collaboration between these sectors can provide support and data for more effective risk management. Notably, companies are investing in reviewing and updating their Third-Party Risk Management (TPRM), with a focus on four primary sustainable objectives: Corporate Ethics and Responsible Behavior, Labor Risks, Environment, and Climate Change. However, one of the biggest obstacles to achieving this goal is corruption, which undermines economic and social development by contaminating the business environment and affecting society. To address it demands coordinated action in order to prevent any damage.

A positive example for anti-corruption measures is Collective Action, which consists of a collaborative approach to addressing corruption challenges and raising standards of integrity and fair competition in business.⁶⁸ In practice, Collective Action involves the combination of efforts through the simultaneous adoption of shared principles and standards. The actors involved in these initiatives share the conviction that corruption has long-term harmful effects, aiming to establish fair rules among competitors who individually and globally adhere to them. It aims to standardize rules of engagement within a specific industrial, commercial, or financial sector, making it difficult to manipulate competition rules, while ensuring equitable market access as much as possible.⁶⁹ And includes the participation of civil society, public and private sector.

Whether in businesses or the public sector, Third-Party Risk Management (TPRM) stands out. Establishing a TPRM process requires prioritizing the integration and enforcement of anti-corruption measures, given the profound impact of corruption on society, including its interconnectedness with poverty and food insecurity. Poverty serves as both a cause and a consequence of corruption, marginalized individuals often find themselves compelled to resort to undesirable means to fulfill basic needs, while simultaneously bearing the impact of corruption's repercussions. Moreover, those living in poverty encounter obstacles and difficulties in reporting instances of corruption,⁷⁰ across 110

⁶⁸ BASEL INSTITUTE. **Private Sector**. [n.d.]. Available at: <https://baselgovernance.org/private-sector#:~:text=Collective%20Action%20is%20a%20collaborative,and%20fair%20competition%20in%20business>. Accessed in: April 12, 2024

⁶⁹ OECD. **Collective Action and the Fight Against Corruption**. 2020. Available at: <https://www.oecd.org/south-east-europe/programme/Collective-Action-and-Fight-Against-Corruption-Policy-Briefing-Note-May2020.pdf>. Accessed in: April 12, 2024.

⁷⁰ ANTI-CORRUPTION RESOURCE CENTRE AND TRANSPARENCY INTERNATIONAL. **The interplay between corruption, poverty, and food insecurity**. 2024. Available at: <https://www.u4.no/publications/the-interplay-between-corruption-poverty-and-food-insecurity>. Accessed in: March 20, 2024.



countries, 1.1 billion of 6.1 billion people are poor, 534 million (47.8 percent) live in Sub-Saharan Africa,⁷¹ the lowest scoring region of Transparency International's Corruption Perception Index (33/100).⁷²

Corruption can also worsen food insecurity by undermining the State's capacity to deliver basic services to its populace, contributing to land grabbing that adversely affects specific communities, and leading to the misallocation of food aid. Notably, combating corruption, poverty, and food insecurity are explicitly highlighted as goals and targets within the Sustainable Development Goals (SDGs).⁷³ It is estimated that between 691 and 783 million people in the world faced hunger in 2022. 122 million more people than in 2019, before the COVID-19 pandemic.⁷⁴ Controlling corruption effectively can lead to an increase in food security of 20 percent.⁷⁵ These alarming numbers underscore the critical need to strengthen anti-corruption methods also in the governance of both public and private sectors. Addressing corruption comprehensively can lead to decisive strides in achieving sustainable development and improving global food security.

As for the corruption related to environmental crimes it is important to underscore directives from the UN's Law Enforcement Assistance Programme to Reduce Tropical Deforestation (LEAP) gives important guidelines to effectively tackle it.⁷⁶ LEAP's findings reveal that illegal deforestation yields annual profits ranging from USD 50 to USD 152 billion for organized crime syndicates. This unlawful activity not only facilitates forest exploitation and biodiversity depletion but also exacerbates corruption, jeopardizing human rights transparency. In 2021, the US Financial Crimes Enforcement Network (FinCEN) issued a communication to all financial institutions, underscoring the intricate nexus between environmental crime, corruption, and transnational criminal networks.⁷⁷ It emphasizes the urgency of enhancing communication and analysis of illicit financial flows, particularly those linked to environmental crime's role in exacerbating the climate crisis. Financial institutions were instructed to file suspicious activity reports (SARs) and stressed the potential connection between illicit activities and environmental offenses such as illegal logging, wildlife trafficking, illegal fishing, unlawful mining, and trafficking of hazardous substances.⁷⁸

One of the key elements of an anti-corruption program is conducting a comprehensive risk assessment.⁷⁹ This process entails the identification of a spectrum of vulnerabilities, chart corruption risks, propose corresponding mitigation strategies, and delineate responsibilities for implementation. Moreover, the results of the corruption risk assessment can determine the extent of monitoring and testing in each process. While evaluating corruption risks is a crucial step, developing and executing an action plan to mitigate these risks, coupled with diligent monitoring, can be an important feature of an effective anti-corruption program.

71 OXFORD POVERTY & HUMAN DEVELOPMENT INITIATIVE AND UNITED NATIONS. **2023 Global Multidimensional Poverty Index (MPI)**. 2023. Available at: <https://hdr.undp.org/content/2023-global-multidimensional-poverty-index-mpi#/indicies/MPI>. Accessed in: April 12, 2024.

72 TRANSPARENCY INTERNATIONAL. **Corruption Perception Index 2023**. 2023. Available at: <https://images.transparencycdn.org/images/CPI-2023-Report>. Accessed in: March 20, 2024.

73 UNITED NATIONS DEVELOPMENT PROGRAMME. **Rethinking the Governance of ESG**. 2023. Available at: <https://www.undp.org/future-development/signals-spotlight/rethinking-governance-esg>. Accessed in: 20 mar. 2024.

74 FAO; IFAD; UNICEF; WFP; WHO. **The State of Food Security and Nutrition in the World: Urbanization, agrifood systems transformation and healthy diets across the rural-urban continuum**. 2023. Available at: <https://openknowledge.fao.org/server/api/core/bitstreams/8b27c570-2f8b-4350-8d5a-8e82432e6db7/content>. Accessed in: April 15, 2024.

75 TRANSPARENCY INTERNATIONAL ANTI-CORRUPTION HELPDESK ANSWER. **Food security and corruption**. August 08, 2022. Available at: https://knowledgehub.transparency.org/assets/uploads/kproducts/Food-security-and-corruption_PR_14.09.2022.pdf. Accessed in: April 15, 2024.

76 UNITED NATIONS OFFICE ON DRUGS AND CRIME. **Law Enforcement Assistance Programme to Reduce Tropical Deforestation (LEAP)**. United Nations Office on Drugs and Crime. Available at: <https://www.unodc.org/lpo-brazil/en/crime/leap.html>. Accessed in: April 18, 2024.

77 FINCEN. **FinCEN Calls Attention to Environmental Crimes and Related Financial Activity**. 2021. Available at: <https://www.fincen.gov/sites/default/files/2021-11/FinCEN%20Environmental%20Crimes%20Notice%20508%20FINAL.pdf>. Accessed in: April 22, 2024.

78 INSTITUTO IGARAPÉ. **Siga o dinheiro: conectando sistemas de proteção contra a lavagem de dinheiro para combater a prática de crime ambiental na Amazônia**. 2023. Available at: <https://igarape.org.br/siga-o-dinheiro/>. Accessed in: March 16, 2024.

79 UNITED NATIONS OFFICE ON DRUGS AND CRIME. **State of Integrity: A Guide on Conducting Corruption Risk Assessments in Public Organizations**. 2020. Available at: https://www.unodc.org/documents/corruption/Publications/2020/State_of_Integrity_EN.pdf. Accessed in: 25 jun. 2024.



Ultimately, a multi-faceted approach that includes strong legal frameworks, rigorous enforcement, inter-sectoral collaboration, and continuous monitoring and evaluation is essential for creating a resilient system capable of effectively combatting corruption and safeguarding the environment⁸⁰ and human rights.

Corruption risk assessments empower institutions to identify a spectrum of vulnerabilities, chart corruption risks, propose corresponding mitigation strategies, and delineate responsibilities for implementation, as well as establish mechanisms for progress monitoring. While the evaluation of corruption risks is primary, the development and execution of an action plan to mitigate identified risks, along with diligent monitoring, are pivotal for effective corruption prevention. To formulate a robust action plan for risk assessment, proactive involvement of the public sector is indispensable, as it can furnish insights into types of corruption and their perpetrators. Combatting corruption necessitates substantial time, resources, specialized expertise, and inter-agency collaboration. Strengthening law enforcement capabilities and fostering cooperation among pertinent authorities are necessary for effectively addressing crimes impacting the environment⁸¹ and human rights violations.

In the pursuit of defending integrity, fostering Collective Action between the civil society, public and private sectors is an important step. By performing and updating corruption risk assessments and having a robust Third-Party Risk Management (TPRM) process, entities can effectively identify the risk involved and develop robust mechanisms to combat corruption and illicit activities. Incorporating accountability and transparency for both supply and demand sides ensures a collaborative approach that promotes ethical standards, enhances transparency, and can mitigate corruption risks.

80 BASEL INSTITUTE ON GOVERNANCE. **Addressing corruption linked to crimes that impact the environment in line with UNCAC Resolution 8/12.** 2023. Available at: https://baselgovernance.org/sites/default/files/202rec3-12/271217_WP-50-FINAL.pdf. Accessed in: April 15, 2024.

81 BASEL INSTITUTE ON GOVERNANCE. **Addressing corruption linked to crimes that impact the environment in line with UNCAC Resolution 8/12.** 2023. Available at: https://baselgovernance.org/sites/default/files/202rec3-12/271217_WP-50-FINAL.pdf. Accessed in: April 15, 2024.



Policy Action 2.1

Foster Collective Action with public sector, private sector, and civil society to promote integrity and resilience in value chains.

Executive Summary

The substantial engagement of diverse stakeholders promotes transparency and collaboration and facilitates the development of effective policies tailored to global challenges. Fostering Collective Action among the public sector, private sector, and civil society can strengthen integrity and resilience across value chains. This collaborative approach to combat corruption and promote ethical business environments, has gained global prominence.⁸² During the tenth session of the Conference of the States Parties to the United Nations Convention against Corruption (UNCAC), a new Resolution dedicated to the private sector opened opportunities for Collective Action Initiatives.⁸³ This strategy underscores the need for governments to create conducive environments for private sector integrity measures. By forming alliances, maintaining legal order, and sharing knowledge, Collective Action enhances transparency and fair competition in business.

The International Chamber of Commerce's (ICC) Rules on Combating Corruption⁸⁴ and the OECD Guidelines^{85, 86} highlight the growing expectation that Responsible Business Conduct be promoted. Through public-private collaboration, these efforts aim to strengthen legal frameworks, assist companies, including MSMEs in identifying corruption risks, and promote knowledge sharing among stakeholders. By facilitating dialogue and community-building, such collaborations pave the way for transparent, accountable, and ethical ecosystems.⁸⁷

It is also important to highlight the World Bank Group Integrity Compliance Guidelines, that are based on several principles: prohibition of misconduct, responsibility, program initiation, risk assessment and reviews, internal policies, policies regarding business partners, internal controls, training and communication, incentives and disciplinary measures, reporting, investigation, remediation, and collective action.⁸⁸

Collaboration between the public and private sectors is a key element to combat corruption and promote integrity, leveraging the private sector's influence and resources. With government support, Collective Action initiatives can drive positive transformations across industries and public administration. Platforms dedicated to risk management and knowledge exchange are critical for

82 BASEL INSTITUTE ON GOVERNANCE. **Private Sector**. Basel Institute on Governance. Available at: <https://baselgovernance.org/private-sector-#:~:text=Collective%20Action%20is%20a%20collaborative,since%20its%20foundation%20in%202003>. Accessed in: April 29, 2024.

83 BASEL INSTITUTE ON GOVERNANCE. **Sticks and carrots**: New UN Resolution calls on governments to provide incentives for companies to implement anti-corruption measures. 2024. Available at: <https://baselgovernance.org/blog/sticks-and-carrots-new-un-resolution-calls-governments-provide-incentives-companies-implement>. Accessed in: May 2, 2024.

84 INTERNATIONAL CHAMBER OF COMMERCE. **ICC Rules on Combating Corruption**. 2023. Available at: <https://iccwbo.org/news-publications/policies-reports/icc-rules-on-combating-corruption/#single-hero-document>. Accessed in: May 3, 2024.

85 OECD. **OECD Guidelines for Multinational Enterprises on Responsible Business Conduct**. 2023. Available at: https://www.oecd-ilibrary.org/finance-and-investment/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en. Accessed in: May 3, 2024.

86 OECD. **OECD Due Diligence Guidance for Responsible Business Conduct**. 2018. Available at: <https://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>. Accessed in March 18, 2024.

87 OECD. **OECD Due Diligence Guidance for Responsible Business Conduct**. 2018. Available at: <https://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>. Accessed in March 18, 2024.

88 WORLD BANK INT. **Summary of World Bank Integrity Compliance Guidelines**. 2010. Available at: <https://thedocs.worldbank.org/en/doc/06476894a15cd4d6115605e0a8903f4c-0090012011/original/Summary-of-WBG-Integrity-Compliance-Guidelines.pdf>. Accessed in: July 2, 2024.



addressing vulnerabilities in public procurement and value chains. Ultimately, promoting public-private collaboration is a powerful strategy to foster integrity and resilience throughout the protecting ethical business practices, and promoting sustainable economic growth.

Background and Context

Collective Action represents a collaborative strategy for tackling corruption and enhancing standards of integrity and fair competition in business, as Basel outlined.⁸⁹ It can enhance ethical business environments by forming alliances, upholding the rule of law, reinforcing standards, promoting good performance, advancing education and training, facilitating dialogue, and sharing knowledge.⁹⁰ According to “A Playbook on Anti-corruption Collective Action”⁹¹ developed by United Nations Global Compact, there are four main types of Collective Action:

- **Anti-corruption Declarations:** Anti-corruption Declarations were developed by Transparency International⁹² and are voluntary public commitments where signatories mutually agree to refrain from engaging in corruption during a specific project or transaction. The main goal is to create a platform for open discussions about the various corruption risks faced by companies and sectors so stakeholders can establish clear behavioral expectations. Practices should be measured against the principles outlined in the anti-corruption declaration, clearly delineating what is acceptable and what is not in a transparent, public manner.
- **Principle-based Initiatives:** Principle-based Initiatives are long-term, voluntary agreements centered around common standards, where stakeholders commit to avoiding corruption in their daily-business within the sector-wide business community or even national level. These initiatives often focus on urging governments to adjust anti-corruption policies and promote anti-corruption efforts, fostering a gradual, long-term process of building trust among competitors of various sizes, including multinational enterprises, large local companies, and MSMEs.
- **Integrity Pacts:** Integrity Pacts are a mechanism to promote collaboration between a public entity or a group of entities and civil society. Their aim is to ensure that authorities and bidders adhere to legal constraints, mitigate corruption risks, and build public confidence in a specific contracting project. By entering into a public agreement, the involved parties pledge to avoid corrupt practices and promote transparency and accountability throughout the process. This includes the incorporation of an independent monitoring mechanism led by civil society groups to oversee compliance.
- **Certifying Business Coalition:** Certifying Business Coalitions enhance credibility by verifying compliance with their principles and certifying the eligibility of members. As a sector-wide, long-term business integrity initiative, companies must meet compliance requirements to join and maintain membership. These prerequisites are assessed through external monitoring and auditing processes that evaluate adherence to the coalition’s agreed-upon standards. Companies that pass the audit receive certification, which can include specific benefits. Non-compliance with the standards can lead to exclusion from the coalition.

In addition to the types of Collective Action outlined by UN Global Compact, the Basel Institute on Governance, OECD and Transparency International have developed the High-Level Reporting Mechanism (HLRM). This tool is designed to meet private sector demands for a fast, independent,

⁸⁹ BASEL INSTITUTE ON GOVERNANCE. **Private Sector**. Available at: <https://baselgovernance.org/private-sector/~:text=Collective%20Action%20is%20a%20collaborative,since%20its%20foundation%20in%202003>. Accessed in: April 29, 2024.

⁹⁰ SIEMENS INTEGRITY INITIATIVE. **Siemens Integrity Initiative Annual Report 2022**. Available at: <https://assets.new.siemens.com/siemens/assets/api/uuid:ca6be603-b936-45a6-8ecc-7e6c10fc61bd/siemens-integrity-initiative-annual-report-2022-final.pdf>. Accessed in: June 28, 2024.

⁹¹ UNITED NATION GLOBAL COMPACT. **Uniting Against Corruption: A Playbook on Anti-Corruption Collective Action**. 2021. Available at: https://ungc-communications-assets.s3.amazonaws.com/docs/publications/2021_Anti-Corruption_Collective.pdf. Accessed in: 25 jun. 2024.

⁹² UNITED NATIONS GLOBAL COMPACT. **Join Forces Against Corruption through Collective Action**. Available at: <https://unglobalcompact.org/take-action/action/anti-corruption-collective-action>. Accessed in: 25 jun. 2024.



and effective mechanism to address bribe solicitation by public officials.⁹³ A HLRM is an in-country process designed to receive, evaluate, and promptly address complaints from companies facing bribery solicitations or similar issues in specific administrative processes or public projects. The HLRM provides an alternative to traditional legal or administrative systems, public accountability mechanisms, or national and international mediation/arbitration. Furthermore, it can be adapted to different legal or institutional contexts, making it a swift and flexible method to obtain practical results.⁹⁴

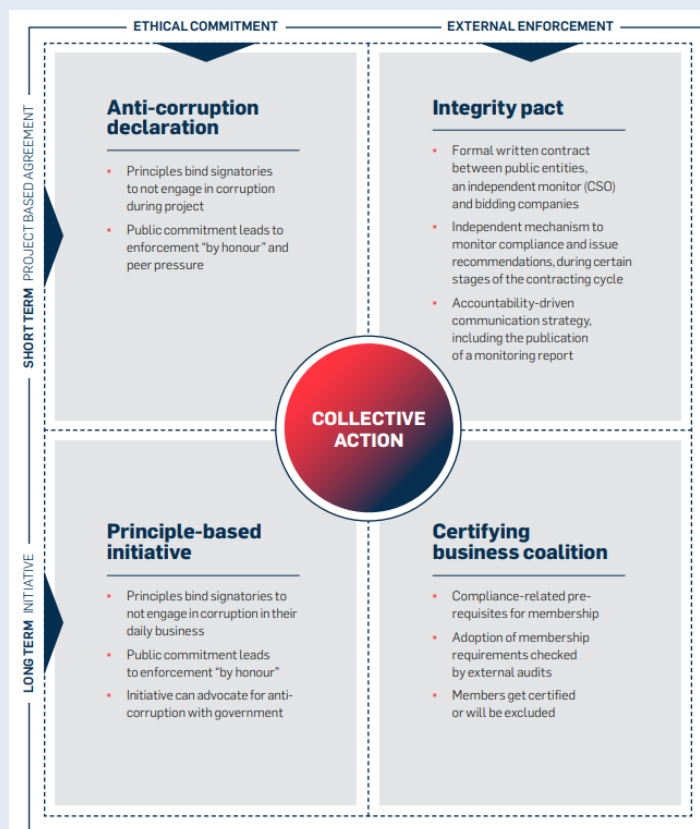
In practice, however, many Collective Action initiatives do not fall neatly into one of these categories but are hybrids or evolve over time.⁹⁵

Exhibit 5 – Collective Action Types⁹⁶

The four main types of Collective Action are: Anti-Corruption Declarations, Principle-based Initiatives, Integrity Pacts, and Certifying Business Coalitions. These types can be grouped into: ethical commitment (having a more voluntary nature), external enforcement (having more formal structures), short-term project-based agreement, and long-term initiative.

In addition to the evaluation report with improvement recommendations sent to each participating company, the Office of the Controller General (CGU) publishes a dedicated report for each edition that presents a critical analysis of the profile companies and the strengths and shortcomings found in the evaluated anti-corruption programmes. The results are announced in an award ceremony and can have substantial impact on the reputation of a company.

Figure 4 – United Nations Global Compact, Uniting Against Corruption: A Playbook on Anti-Corruption Collective



93 Baseline Institute in Governance, B20 Collective Action Hub – HLRM, <https://collective-action.com/explore/hlrm>. Accessed in: June 2, 2024.

94 OECD; BASEL INSTITUTE ON GOVERNANCE. **Designing a High-Level Reporting Mechanism for Business: a Guidance Note for Governments**. 2019. Available at: https://baselgovernance.org/sites/default/files/2019-01/Designing_a_HLRM_EN.pdf. Accessed in: June 26, 2024.

95 TRANSPARENCY INTERNATIONAL ANTI-CORRUPTION HELPDESK. **Best Practices in Collective Action for Business Integrity**. 2019. Available at: <https://knowledgehub.transparency.org/helpdesk/best-practices-in-collective-action-for-business-integrity>. Accessed in: May 29, 2024.

96 UN GLOBAL COMPACT. **Uniting against Corruption: A Playbook on Anti-Corruption Collective Action**. 2021. Available at: <https://unglobalcompact.org/library/5896>. Accessed in: 25 jun. 2024.



During the 2021 Special Session of the United Nations General Assembly Against Corruption, Member States adopted a Political Declaration titled “Our Common Commitment to Effectively Addressing Challenges and Implementing Measures to Prevent and Combat Corruption and Strengthen International Cooperation.”⁹⁷ In the declaration, Member States committed to supporting and promoting initiatives that equip private sector entities to conduct business with integrity and transparency, especially in their relations with the public sector and in fair competition. They also pledged to encourage the private sector to take Collective Action, including establishing public-private partnerships to prevent and combat corruption.⁹⁸

Similarly, during the tenth session of the Conference of the States Parties (CoSP) to the United Nations Convention against Corruption (UNCAC)⁹⁹, the importance of governments fostering an enabling environment for the private sector to adopt and enforce effective integrity measures was highlighted. This underscores the significance of preventing and combating corruption throughout the value chains and emphasizes the role of Collective Action in achieving this goal.

Collective Action arises from the public and private sectors’ need to cultivate ethical, transparent, and less corrupt business environments, all while reducing potential business risks. It involves a collaborative and ongoing process of cooperation among stakeholders, amplifying the influence and credibility of individual efforts.¹⁰⁰

Exhibit 6 – Collective Action Initiative: Brazil - Agribusiness Anti-Corruption Collective Action^{101,102,103}

Based on fundamental principles and values of ethical and transparent conduct, the Collective Action of Agribusiness represents an initiative committed to the highest standards of corruption prevention and combat within the sector. Recognizing that the pervasive effects of corruption are keenly felt across all sectors of society.

As significant contributors to national GDP and exports, Agribusiness enterprises acknowledge their pivotal role in leading corruption prevention efforts in Brazil. They understand the responsibility to exert positive influence on other businesses and sectors. To this end, the Agribusiness Anti-Corruption Best Practices Guide consolidates fundamental ethical principles, promotes transparent relationships with governmental entities, and encourages the sector’s journey towards increasingly integrity-driven business environments.

This initiative reflects the commitments of participating companies, aiming to inspire others to adopt similar guidelines to mitigate corruption risks within their respective sectors.

97 UNITED NATIONS. **Special session of the General Assembly against Corruption**. 2021. Available at: <https://ungass2021.unodc.org/ungass2021/index.html>. Accessed in: 25 jun. 2024.

98 UNITED NATIONS. **Special session of the General Assembly against Corruption**. 2021. Available at: <https://ungass2021.unodc.org/ungass2021/index.html>. Accessed in: 25 jun. 2024.

99 CONFERENCE OF THE STATES PARTIES TO THE UNITED NATIONS CONVENTION AGAINST CORRUPTION. **Providing incentives for the private sector to adopt integrity measures to prevent and combat corruption**. 2023. Available at : https://www.unodc.org/documents/treaties/UNCAC/COSP/session10/resolutions/L-documents/2325251E_L_17_Rev.1.pdf . Accessed in: 10 mar. 2024.

100 UN GLOBAL COMPACT. **Uniting against Corruption: A Playbook on Anti-Corruption Collective Action**. 2021. Available at: <https://unglobalcompact.org/library/5896>. Accessed in: 25 jun. 2024.

101 BASEL INSTITUTE ON GOVERNANCE. **Congratulations to the winners of the 2024 Anti-Corruption Collective Action Awards**. 2024. Available at: <https://collective-action.com/get-involved/events/icac-2024/awards>. Accessed in: 25 jun. 2024.

102 BASEL INSTITUTE ON GOVERNANCE. **Best Practice Guide on Anti-Corruption in Agribusiness**. 2022. Available at: <https://baselgovernance.org/publications/best-practice-guide-anti-corruption-agribusiness>. Accessed in: 25 jun. 2024.






103 UN GLOBAL COMPACT; REDE BRASIL. **Agribusiness Anti-Corruption Collective Action**. UN Global Compact, Rede Brasil. Available at: <https://www.pactoglobal.org.br/acao-coletiva-anticorruptcao-da-agroindustria/#:~:text=A%20A%C3%A7%C3%A3o%20Coletiva%20da%20Agroind%C3%Astria%20%C3%A9%20uma%20iniciativa%20baseada%20em,est%C3%ADmulos%20para%20a%20preven%C3%A7%C3%A3o%20e>. Accessed in: 25 jun. 2024.



Figure 5 – UN Global Compact, Rede Brasil Agribusiness Anti-Corruption

The Agribusiness Collective Action is a principle-based initiative in which the participating companies commit to a series of guiding values of conduct, mobilizing the sector in the consolidation of an increasingly ethical, honest and transparent business environment, and creating incentives for the prevention and fight against corruption and in defense of free competition and the generation of opportunities on a sustainable basis.

In this direction, the participating companies aim to achieve:

-  **Strengthening the culture of integrity** and improving the reputation of the sector nationally and internationally;
-  The promotion of a **more ethical** and transparent business environment for stakeholders;
-  Encouraging the **adoption** of increasingly honest and transparent practices in the public-private relationship;
-  **Safeguarding the image of the Brazilian Agribusiness**, companies and other stakeholders against cases of corruption, money laundering and bribery; and
-  **Sensitization of other companies and sectors** to the importance of the role of the private sector in anti-corruption actions.

The research and study from past cases represents a key step during the draft of Collective Actions underscoring the importance of initiatives such as the B20 Collective Action Hub for the design of effective anti-corruption measures. Established in 2013, it was developed and is maintained by the Basel Institute. It was created to advance the B20 Transparency and Anti-Corruption Recommendations, with the specific aim of promoting Collective Action and anti-corruption efforts globally within G20 countries. This Hub offers a wide range of resources, including anti-corruption publications, tools, and a database of over 280 Collective Action initiatives and projects aimed at enhancing integrity and fair competition. All resources are freely accessible, and a helpdesk function is available for users to ask specific questions.¹⁰⁴

Substantial engagement by and among diverse stakeholders enhances integrity, potentially leading to more effective policies that acknowledge the diverse contexts and challenges confronting organizations and governments worldwide. Aligned with this, the due diligence-related policy within Responsible Business Conduct (RBC), practices and procedures adopted by companies to ensure they take appropriate measures to identify, prevent, mitigate, and remedy adverse impacts on human rights, labor standards, and environmental issues in their operations and value chains. These policies are increasingly focused on assessing potential impacts, identifying opportunities for enhancement, and mitigating unintended consequences.¹⁰⁵ Moreover, global efforts supporting internationally aligned RBC standards established by the UN, International Labour Organization (ILO), and OECD¹⁰⁶ underscore the critical need for a cohesive regulatory framework to promote responsible business practices on a global scale. The effective implementation of these policies not only strengthens corporate accountability but also significantly contributes to a sustainable and inclusive future for all stakeholders within global supply chains. The ICC's Anti-Corruption Rules, advocate for the promotion of Responsible Business Conduct. Consequently, there is an increasing expectation not only to uphold compliance and combat corruption, but also to pursue the objective of "doing good without causing harm".

In this context, UNODC's initiative in business integrity¹⁰⁷ aims to prevent and combat corruption through public-private collaboration. It helps small businesses identify corruption risks, and engages government, civil society, and academia in developing anti-corruption strategies. Additionally, it promotes dialogue between government experts, private sector counterparts, and other stakeholders to foster a community of knowledge sharing.

¹⁰⁴ BASEL INSTITUTE. **B20 Collective Action Hub**. Basel Institute. Available at: <https://collective-action.com/about>. Accessed in June 3, 2024.

¹⁰⁵ UN HUMAN RIGHTS; OECD; ILO. **Responsible Business**: Key Messages from International Instruments. 2023. Available at: <https://mneguidelines.oecd.org/Brochure-responsible-business-key-messages-from-international-instruments.pdf>. Accessed in: June 4, 2024.

¹⁰⁶ OECD. **Recommendation of the Council on the Role of Government in Promoting Responsible Business Conduct**. 2022. Available at: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0486>. Accessed in: June 4, 2024.

¹⁰⁷ UNODC BUSINESS INTEGRITY PORTAL. **Global Action for Business Integrity**. UNODC BUSINESS INTEGRITY PORTAL. Available at: <https://businessintegrity.unodc.org/bip/en/projects/global-action-for-business-integrity.html>. Accessed in: June 5, 2024.



Public-private collaboration assumes a key and central role in the anti-corruption pursuit, substantially contributing to the establishment of transparent, accountable, and ethical ecosystems. It is conceivable that through Collective Action, companies and governments can wield greater influence to promote integrity. As a decisive agent of economic growth and innovation, the private sector wields considerable influence and resources that can be harnessed by stimulating positive transformations and advancing integrity in all industries, while governments aid in formulating metrics tailored to individual company size and regional realities.

B20 call upon G20 to establish the initiatives below:

1. The G20 should promote and participate in Collective Action to prevent and combat both demand side and supply side corruption. These efforts should focus on promoting interactions grounded in integrity, good practices, and fostering effective methods of information sharing and adaptable standards, along with an efficient supervisory system. These actions can be implemented by:

- Developing and implementing integrity frameworks aimed at enhancing resilience and strengthening value chains.
- Supporting the implementation of improved anti-corruption systems and providing a platform for MSMEs to collectively engage against corruption.
- Encouraging and participating in anti-corruption declarations, where the parties commit to refraining from engaging in corruption and to responding to corruption if detected. Additionally, such declarations should be accompanied by joint activities to raise awareness about corruption.
- Engaging the private sector, NGO (Non-Governmental Organizations), international organizations and academia working individually and cooperatively to expose, disrupt, and prevent corruption and related activities.
- Sharing resources and intelligence to disrupt financial flows and income related to corruption, especially environmental corruption.

2. The G20 should implement Collective Action aimed at establishing structured integrity education programs tailored to multiple sectors. This includes conducting regular training sessions for public officials and corporate leaders. The content of these sessions should actively promote awareness about anti-corruption international good practices through accessible channels such as online platforms and public campaigns.

3. The G20 should facilitate Collective Action initiatives aimed at establishing global business networks within each sector. These networks would facilitate information sharing, coordinate actions, and engage with governments and civil society while safeguarding individual competitive advantages and operational freedom. Furthermore, these efforts should focus on enhancing companies' anti-corruption programs by providing systems, tools, policies, and best practices such as compliance programs, whistleblower reporting facilities, and guidelines for managing conflicts of interest.

4. The G20 should develop and engage in Integrity Pacts in public procurement aligned with local regulations, prioritizing initiatives with higher social or economic impact, higher corruption risks and politically or technical complexity. These actions can be implemented by:

- Encouraging public authorities to use Integrity Pacts to its full extent to reduce corruption and to reinforce honesty and integrity in public procurement.
- Supporting the development of professionals to act as monitors of Integrity Pacts. Monitor should be independent, demonstrate specialized knowledge of both the contractual process and the technical aspects of the projects, have a good reputation not only in terms of technical knowledge but also in ethical behavior, possess the capacity, accountability, and be committed for the task.



- Preparing and applying a risk management plan for the Integrity Pact, considering specific external and internal factors that could negatively impact its implementation, and outlining actions to mitigate identified risks.
- Developing and executing a communication plan to engage stakeholders.

5. The G20 should develop and implement High Level Report Mechanisms (HLRM), in collaboration with private sector and civil society. These actions can be implemented by:

- Ensuring credibility and unwavering support from top governmental authorities, establishing transparent and independent governance frameworks. And incorporating an independent reporting. Early engagement of all stakeholders in the mechanism's design process can foster trust and secure their endorsement.
- Publicizing the HLRM and communicating outcomes to stakeholders to ensure the HLRM's accessibility and effectiveness. The HLRM should consistently provide feedback to stakeholders to clarify its scope, encourage utilization by companies and individuals, report on outcomes, and gather input for ongoing improvement efforts. This reported information may include details such as the types and frequency of complaints received, responses provided, and how complaints have influenced public policies, procedures, operations, and the HLRM itself.
- Monitoring, evaluating, and improving the HLRM to maintain credibility and facilitate long-term sustainability. Through the formation of a group composed of representatives from the business sector, civil society, and government, tasked with monitoring and evaluating the performance of the mechanism. Evaluation criteria should include overall awareness of the mechanism, utilization rates, user demographics, types of issues addressed, effectiveness in promptly and constructively resolving complaints, as well as its outcomes and impacts.



Policy Action 2.2

Promote transparency and accountability to effectively tackle corruption in both demand and supply side, acknowledging misconduct related to green transition, environmental crimes, and human rights violations.

Executive Summary

In recent years, the urgency to combat corruption has intensified, as anti-corruption measures prove essential for fostering transparency, accountability, and integrity across sectors. Reports indicate that corruption costs developing countries USD 1.26 trillion annually¹⁰⁸, adversely affecting the environment, human rights, poverty alleviation efforts, and economic development. Mere adherence to regulations is insufficient - cultivating a culture of integrity is crucial to effectively combating corruption.

International human rights mechanisms, including the United Nations Human Rights Council, increasingly recognize corruption's detrimental impact on human rights.¹⁰⁹ Recommendations from these bodies stress the need for prevention, criminalization, international cooperation, and asset recovery in the fight against corruption. G20 member states must acknowledge corruption's negative effects on access to essential services and human rights, committing to enhanced cooperation and anti-corruption efforts in alignment with human rights obligations.

The intertwining of corruption with environmental crimes further complicates efforts to combat illicit activities. As stated by UNODC, corruption enables a wide range of crimes, including those that have an impact on the environment. It can be described as the oil that lubricates the engine of these illegal activities, making it easier and more profitable for perpetrators to commit these crimes.¹¹⁰ Innovative approaches are necessary to improve governance in wildlife, fisheries, and forests, as corruption undermines responsible resource management and legitimate business operations. Governments should prioritize transparency and accountability to uphold public trust and effectively oversee law enforcement agencies. Supporting ethical practices is significant, alongside reinforcing the importance of risk management and ethical conduct.

Background and Context

Corruption and illicit financial activities pose significant challenges to numerous societies. By diverting public revenues and draining budgets allocated for critical services like healthcare, housing, and education, they hinder states' ability to meet their fundamental obligations. The battle against corruption has become increasingly urgent in recent years, with anti-corruption measures proving to be key to promoting transparency, accountability, and integrity. According to World Economic

108 WORLD ECONOMIC FORUM. **Corruption costs developing countries \$1.26 trillion every year - yet half of EMEA think it's acceptable.** 2019. Available at: <https://www.weforum.org/agenda/2019/12/corruption-global-problem-statistics-cost/>. Accessed in: April 16, 2024.

109 UNITED NATIONS HUMAN RIGHTS. **Corruption and human rights – OHCHR and good governance.** United Nations Human Rights. Available at: <https://www.ohchr.org/en/good-governance/corruption-and-human-rights>. Accessed in: April 16, 2024.

110 UNODC. **Preventing and combating corruption as it relates to crimes that have an impact on the environment: an overview.** 2021. Available at: https://www.unodc.org/documents/corruption/Publications/2022/Preventing_and_combating_Corruption_as_it_relates_to_Crimes_that_have_an_impact_on_the_environment_EN.pdf. Accessed in: March 29, 2024.



Forum, corruption could be costing the world economy more than USD 3.5 trillion a year.¹¹¹ Thus, simply following regulations is not enough; combating corruption now requires cultivating a culture of integrity within every organization, whether in the public or private sector, and ensuring accountability for those responsible for their actions.¹¹²

From this perspective, it is evident that international human rights mechanisms, notably the United Nations Human Rights Council¹¹³, increasingly recognize the adverse impacts of corruption on human rights. These bodies consistently issue recommendations¹¹⁴ to Member States, emphasizing the significance of prevention, criminalization, international cooperation, and asset recovery in combating corruption.

During the 2021 Special Session of the United Nations General Assembly Against Corruption, Member States adopted a Political Declaration titled “Our Common Commitment to Effectively Addressing Challenges and Implementing Measures to Prevent and Combat Corruption and Strengthen International Cooperation”.¹¹⁵ The declaration expressed concern about the negative impact of all forms of corruption, including the solicitation of undue advantages, on access to basic services and the enjoyment of human rights. They recognized that corruption exacerbates poverty, inequality, and disproportionately affects marginalized individuals. Member States pledged to prevent and combat corruption while strengthening international cooperation, in line with their obligations to uphold and respect human rights, justice, democracy, and the rule of law at all levels.

Additionally, corruption is closely linked with environmental crimes, highlighting the need for innovative approaches to prevent and combat corruption and improve governance in wildlife, fisheries, and forests. According to the Food and Agriculture Organization (FAO), close to 420 million hectares of forest have been lost between 1990 and 2020 as a result of deforestation, with corruption being among the main factors widely recognized as an enabler of the illegal exploitation of forest resources, which also affects forest biodiversity.¹¹⁶ Corruption not only deprives states and citizens of the benefits of responsible and regulated forest management and utilization but also undermines legitimate business operations.¹¹⁷ Enhancing monitoring and risk assessment is crucial to improve our understanding, along with bolstering knowledge sharing among national and international law enforcement and intelligence agencies.

111 WORLD ECONOMIC FORUM. **5 ways leaders can tackle corruption, according to an anti-corruption expert**. 2023. Available at: <https://www.weforum.org/agenda/2023/12/corruption-society-leadership-meet-the-leader/>. Accessed in: March 29, 2024.

112 WORLD ECONOMIC FORUM. **5 ways leaders can tackle corruption, according to an anti-corruption expert**. 2023. Available at: <https://www.weforum.org/agenda/2023/12/corruption-society-leadership-meet-the-leader/>. Accessed in: March 29, 2024.

113 UNITED NATIONS HUMAN RIGHTS. **Corruption and human rights – OHCHR and good governance**. United Nations Human Rights. Available at: <https://www.ohchr.org/en/good-governance/corruption-and-human-rights>. Accessed in: April 16, 2024.

114 UNITED NATIONS. **UN Convention against Corruption**. 2003. Available at: <https://www.unodc.org/corruption/en/learn/what-is-uncac/overview.html>. Accessed in: April 1, 2024.

115 UNITED NATIONS. **Special session of the General Assembly against Corruption**. 2021. Available at: <https://ungass2021.unodc.org/ungass2021/index.html>. Accessed in: 25 jun. 2024.

116 UNODOC. **Preventing and combating corruption as it relates to crimes that have an impact on the environment: an overview**. 2021. Available at: https://www.unodc.org/documents/corruption/Publications/2022/Preventing_and_combating_Corruption_as_it_relates_to_Crimes_that_have_an_impact_on_the_environment_EN.pdf. Accessed in: March 29, 2024.

117 UNITED NATIONS OFFICE ON DRUGS AND CRIME. **Rooting out Corruption: An Introduction to Addressing the Corruption Fueling Forest Loss**. 2023. Available at: https://www.unodc.org/documents/corruption/Publications/2023/Rooting_Out_-_Introduction_to_addressing_corruption_fuelling_forest_loss_2023.pdf. Accessed in: June 20, 2024.



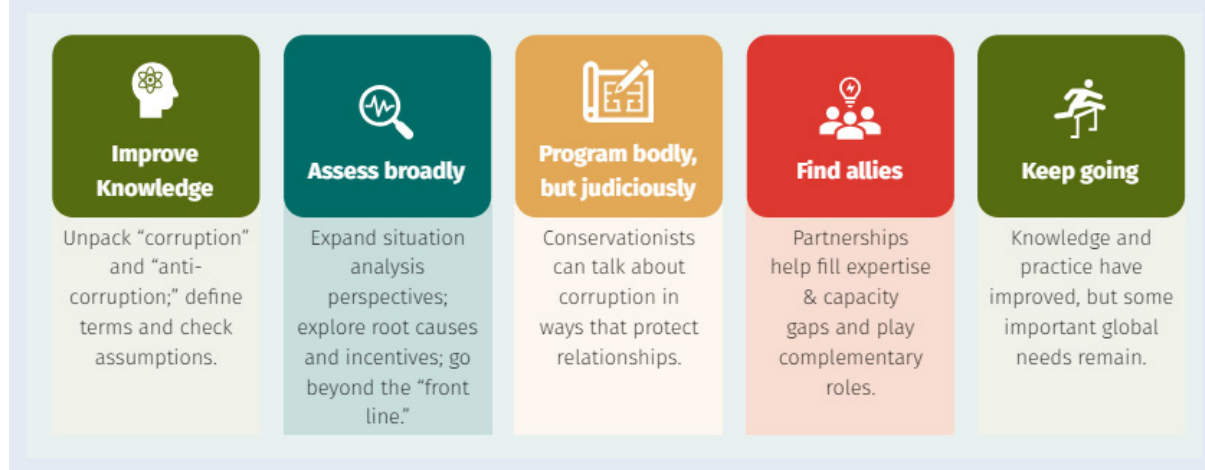
Exhibit 5 – Targeting Natural Resource Corruption^{118,119}

The Targeting Natural Resource Corruption (TNRC) project asserts that environmental corruption poses a systemic challenge, incurring billions of dollars in costs and significantly impacting lives, livelihoods, and the future of our planet. In partnership with a consortium of leading conservation and anticorruption organizations, including TRAFFIC; the U4 Anti-Corruption Resource Centre at the Chr. Michelson Institute (U4); the Terrorism, Transnational Crime and Corruption Center (TraCCC) at George Mason University; and in collaboration with the Basel Institute on Governance, TNRC initiated the Environmental Professionals’ Forum, comprising four working groups focused on financial monitoring strategies, land corruption, open data, and climate finance.

In the project’s final document, the following key insights were outlined:

- 1) Understanding the fiscal dimensions of ecological transgressions and malfeasance can unveil paths to diminish incentives for illegal exploitation and trafficking of natural resources, as well as reinforce law enforcement against perpetrators benefiting from environmental degradation.
- 2) Addressing the financial dimensions of ecological crimes, especially across international borders, can facilitate the identification and dismantling of corrupt and criminal syndicates, resulting in the recovery of illegally acquired profits.
- 3) Methodologies for “financial trace tracking” may vary depending on the context but generally require collaborative efforts among multiple stakeholders and sectors, along with information exchange.
- 4) Releasing of a Green Corruption guide developed by Basel Institute in partnership with TNRC consortium associates and external experts.

Figure 6 – WWF, Addressing corruption’s impact on conservation and natural resource management: Lessons from the Targeting Natural Resource Corruption project (2024)



Governments must recognize the importance of maintaining public trust and overseeing law enforcement agencies, which depend on strict adherence to principles of accountability and transparency. This requires the implementation and support of appropriate regulations that foster transparency and accountability. Such measures should be prioritized, as corruption negatively impacts prosperity and democracy by exacerbating inequalities, hindering economic growth, weakening the resilience and effectiveness of democratic structures, and undermining fair representation and public trust in government.¹²⁰

118 TARGETING NATURAL RESOURCE CORRUPTION (TNRC) PROJECT. **Illicit financial flows and natural resource corruption - a TNRC guide**. 2022. Available at: <https://baselgovernance.org/publications/illicit-financial-flows-and-natural-resource-corruption-tnrc-guide>. Accessed in: May 17, 2024

119 WWF. **Targeting Natural Resource Corruption**. 2024. Available at: <https://www.worldwildlife.org/pages/tnrc-targeting-natural-resource-corruption>. Accessed in: May 18, 2024.

120 OECD. **Anti-Corruption and Integrity Outlook 2024**. 2024. Available at: <https://www.oecd.org/publication/anti-corruption-and-integrity-outlook/2024/>. Accessed in: 25 jun. 2024.



Both internal and external auditors play a pivotal role in assessing the alignment of organizational governance with sustainability initiatives, ensuring that sustainability principles are integrated into governance frameworks. An important responsibility of the internal audit function is to evaluate and monitor the performance of an organization's controls. This monitoring function applies to internal controls over sustainability reporting, in addition to the more traditional internal controls over financial reporting. This responsibility extends to mitigating and assessing risks that could impact the organization in achieving its sustainability-related business objectives.¹²¹

That is why transparency, accountability, and traceability are key in both the public and private sectors. State support is decisive not only for penalizing wrongdoing, but also for recognizing and promoting businesses that adhere to ethical practices, as well as stimulating responsible conduct.¹²²

B20 call upon G20 to establish the initiatives below:

1. The G20 governments should conduct a corruption risk-assessment at sectoral (e.g., forestry, mining, fisheries) and institutional levels to understand their breadth, identify associated risks, and develop targeted mitigation strategies. This includes mapping misconduct related to the green transition, environmental crimes, and human rights violations. The assessment should clearly define responsibilities for implementing these measures and establish transparent monitoring systems to track progress effectively. By investing in integrated platforms that involve public agencies and facilitate information sharing, transparent and responsible risk assessments can be conducted. These efforts not only enable the mapping and mitigation of identified risks but also promote awareness of the detrimental effects of corruption and emphasize the importance of integrity in the private sector.

2. The G20 governments should implement measures to enhance awareness and prevent corruption based on the risk assessment, integrating a robust internal control environment that minimizes opportunities for misconduct from the demand-side. It should have a framework that enables the identification and effective reporting of any misconduct that occurs. These actions can be implemented:

- Through fostering discussions and initiatives to raise awareness about the impacts of corruption and the importance of preventive measures.
- By developing and enhancing training programs for leaders and employees on ethics, compliance, and misconduct detection, thereby strengthening the organizational culture against corruption.
- Through supporting international cooperation efforts among G20 countries to share good practices, information, and resources in combating corruption and promoting ethical business environments.

3. The G20 should promote the professional development of government agents to increase their capacity to prevent, detect, investigate, and prosecute misconduct linked to the green transition, environmental crimes, and human rights violations. These actions can be implemented:

- Through the development of knowledge tools encompassing best practices, training sessions, and technical assistance seminars facilitated by national, regional, and international experts. The primary goal is to foster dialogue, enhance information exchange, and promote collaborative efforts aimed at bolstering law enforcement responses.

¹²¹ COSO. **Achieving Effective Internal Control Over Sustainability Reporting (ICSR): Building Trust and Confidence through the COSO Internal Control—Integrated Framework**. 2023. Available at: https://www.coso.org/_files/ugd/3059fc_a3a66be7a48c47e1a285cef0b1f64c92.pdf. Accessed in: April 19, 2024.

¹²² OECD. **Zero Corruption Manifesto**. 2024. Available at: <https://www.businessatoecd.org/hubfs/FIN-2024-02%20Zero-Corruption%20Manifesto.pdf>. Accessed in: March 20, 2024.



- Involving public professionals in training sessions, workshops, and seminars led by experts at national, regional, and international levels is also indispensable, and progress should be monitored by increased adoption of best practices and improved responses from authorities regarding environmental and human rights violations.
- By training and development of professionals in the management of big data and analysis to increase the capacity and agility to prevent, detect and investigate crimes.
- Providing confidential complaint systems, whistle-blower protection programmes, including protected reporting systems, and effective witness protection measures.

4. The G20 countries should take measures to hold accountable entities and individuals proven to be involved in corrupt practices. Utilizing legal instruments to combat corruption, particularly those related to the green transition, environmental crimes, and human rights violations. This can be implemented by upholding robust anti-corruption legislation and strengthening law enforcement, including measures to hold both entities and individuals accountable for corrupt practices on both the demand side and the supply side, as well as stimulating international cooperation on criminal issues. International agreements can facilitate cooperation in the investigation and prosecution of cross-border corruption cases.

5. The G20 should enhance the public procurement process by implementing initiatives to strengthen national digital public records, fostering collaboration among independent agencies to ensure the accuracy and currency of stored data, thereby promoting integrity and transparency throughout governmental processes of public procurement. These actions can be implemented:

- Through investment in technology, countries should digitize public record processes, facilitating information exchange among agencies based on principles of transparency, privacy, and data protection. This approach aims to prevent improper practices and illicit activities in public processes, thereby promoting a more resilient and integrated value chains.
- By means of training programs aimed at equipping public officials with the necessary skills to effectively implement and utilize these technologies.

6. The G20 should improve beneficial ownership transparency by supporting infrastructure, regulatory governance, and collaborative work between parties/nations. These actions can be implemented by: Centralizing and publishing accessible registers of beneficial ownership, maintained by a dedicated government body or agency.

- Investing in secure digital databases that can store and manage beneficial ownership information efficiently.
- Developing systems that can be integrated with other government databases, such as tax authorities and financial intelligence units, to facilitate data sharing and verification.
- Establishing mechanisms for continuous monitoring to track changes in ownership and keep information up to date.
- Ensuring that beneficial ownership information is accessible to the public, media, civil society organizations, and other stakeholders to enhance accountability.
- Strengthening mutual legal assistance treaties and agreements to facilitate cross-border cooperation in identifying and prosecuting cases of hidden or fraudulent beneficial ownership.
- Encouraging private sector involvement in the development and maintenance of beneficial ownership registers.
- Strengthening incentives for businesses to comply with beneficial ownership disclosure requirements, such as reduced regulatory burdens or public recognition for transparent practices.





RECOMMENDATION 3



Recommendation 3



Recommendation topic was not covered in previous B20 editions¹

¹ The last reference for the Integrity & Compliance Policy Paper is B20 Indonesia, due to the absence of an Integrity & Compliance task force in India.

Promote ethical leadership to foster inclusive growth.

Policy Actions

Policy Action 3.1 – Ensure a fair and safe workplace enhancing measures against harassment and discrimination across public and private sectors.

Policy Action 3.2 – Promote the adoption of international frameworks for technologies and AI systems regarding transparency and clear communication to end users.

Key Performance Indicators	Baseline	Target	Classification
G20 countries that have adopted C-190¹²³ This KPI measures the proportion of G20 countries that have ratified the Convention C-190.	23% (2024)	97% (2030)	 New indicator
Government AI Readiness Index – Governance and Ethics dimension¹²⁴ This KPI measures the average Governance and Ethics dimension score of G20 countries. This score focuses solely on the Governance and Ethics dimension of the Government AI Readiness Index, and it is composed by five key indicators: Data protection and privacy legislation; Cybersecurity; Regulatory quality; National ethics framework; and Accountability.	53.49 (2023)	80.12 (2030)	 New indicator

SDGs

Recommendation 3 contributes to the achievement of the following UN SDGs:



123 ILO. **Ratifications of C190: violence and Harassment Convention, 2019 (No. 190)**. Available at: https://normlex.ilo.org/dyn/normlex/en/f?p=1000:1130:0:0::NO:11300:P11300_INSTRUMENT_ID:3999810.

124 OXFORD INSIGHTS. **Government AI Readiness Index 2023**. Available at: <https://oxfordinsights.com/ai-readiness/ai-readiness-index/>.



Recommendation 3 contributes to SDG 5 – **Achieve Gender Equality and Empower all Women and Girls**, particularly SDG 5.1 “End discrimination against women and girls” SDG 5.2 “End all violence against and exploitation of women and girls” and SDG 5.9 “Adopt and strengthen policies and enforceable legislation for gender equality” - because to achieve gender equality and empower all women and girls, it is indispensable to implement policies and legislation that eliminate all forms of harassment and discrimination against them, both in public and private spaces.

Recommendation 3 contributes to SDG 8 – **Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all**, particularly SDG 8.8 “Protect labour rights and promote safe working environments” - because it is through a fair and safe work environment, reinforced with measures to combat harassment and discrimination in both the public and private sectors, that a more just and equitable society can be built.

Recommendation 3 contributes to SDG 10 – **Reduce inequality within and among countries**, particularly SDG 10.2 “Promote universal social, economic and political inclusion” and SDG 10.4 “Adopt fiscal and social policies that promote equality” - Because it is through the adoption of technological frameworks, based on transparency and clear communication with the user, and by providing a fair and safe work environment, that it is possible to reduce inequality within and among countries.

Recommendation 3 contributes to SDG 16 – **Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels**, particularly SDG 16.6 “Develop effective, accountable and transparent institutions” and SDG 16.C “Promote and enforce non-discriminatory laws and policies” – Because promoting peaceful and inclusive societies with equitable access to justice for all, and effective is achievable through prioritizing transparency and clear communication of technologies and AI with end-users, with an ethical leadership.

Recommendation 3 contributes to SDG 17 – **Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development**, particularly SDG 17.E “Enhance policy coherence for sustainable development” and SDG 17.H “Encourage effective partnerships” - because of practical measures, technology and AI utilization, collaboration on sustainable projects, and ethical leadership focusing on transparency, accountability, and inclusion, the Global Partnership for Sustainable Development can be revitalized.

Relevant B20 Brasil Guiding Claims

Recommendation 3 has an impact on three B20 Brasil Guiding Claims:



Recommendation 3 is closely linked to **Promoting inclusive growth and combating hunger, poverty and inequality** because promoting ethical leadership across private and public sectors ensures that decisions are made considering social and environmental impacts. This involves establishing a secure workplace environment for all workers, embracing inclusive policies that champion diversity and equal opportunities, as well as integrating AI technology in an ethical and responsible way. Additionally, prioritizing inclusive growth can create a fairer and more equitable society where everyone has access to the resources needed to thrive. This approach not only strengthens global economies but also promotes greater social diversity, creating an environment favorable to sustainable development and the eradication of poverty in all its forms.



Recommendation 3 also relates to **Increasing productivity through innovation** because ethical leadership ensures that AI technologies are developed and deployed responsibly, leveraging the power of AI to streamline processes, automate tasks, and optimize performance. By fostering a culture of innovation guided by ethical principles, organizations can harness the full potential of AI to drive productivity gains across various sectors, as well as strengthening anti-harassment measures and



whistleblower systems. From predictive analytics to intelligent automation, AI-powered solutions enable businesses to make data-driven decisions faster, enhance operational efficiency, and unlock new opportunities for growth. Moreover, by promoting inclusive practices in AI development and implementation, organizations can ensure that the benefits of AI-driven enhancements are accessible to all stakeholders, contributing to a more equitable and sustainable future.



Recommendation 3 also relates to *Valuing human capital* because when public and private sector prioritize ethical leadership, it creates an environment where individuals feel valued, respected, and empowered to reach their full potential, fostering a culture of trust, collaboration, and accountability. Additionally, ethical leadership promotes diversity and inclusion, ensuring that all individuals, regardless of their background, have equal opportunities for advancement and professional development. Additionally, ethical leadership promotes diversity and inclusion, ensuring that all individuals, regardless of their background, gender, or ethnicity, have equal opportunities for advancement and professional development. By investing in development and well-being of their professionals, public and private organizations can build a highly skilled and motivated workforce that drives innovation, productivity, and sustainable growth, contributing to long-term success and prosperity.

Relevant G20 Brasil Priorities

Recommendation 3 contributes to the following priorities of the G20 Brasil:

Recommendation 3 addresses **G20's Women's Empowerment Working Group** key priorities – *(i) equality; (ii) combating misogyny and violence; and (iii) climate justice - by tackling all forms of violence against women in the work and tech environment* – because in the pursuit of equality and the fight against misogyny and violence, it is crucial to address key areas like education for ethical decision-making, implementing anti-harassment measures, providing whistleblower protection, including channels for reporting, anti-retaliation, and ensuring the responsible and ethical development of AI-powered systems. By integrating these topics into diversity initiatives, businesses and governments can advocate for practices grounded in protection, respect, inclusiveness, and equality. This strategy should also prioritize educating individuals on ethical decision-making and behaviors to nurture a culture of respect and inclusivity, such as anti-harassment policies and whistleblower protection. In AI, it is critical to address bias and ensure fairness in decision-making processes. With that, by embedding ethical leadership principles into their operational framework, both public and private sectors can not only create safer, healthier, and more diverse environments but also increase productivity and contribute to advancing gender equality. This holistic approach underscores accountability and emphasizes the importance of fostering a culture of respect and inclusivity across all organizational practices.

Recommendation 3 is closely linked to the **G20's Digital Economy Working Group** key priorities – *(i) connectivity; (ii) digital government; and (iii) integrity of information and (iv) artificial intelligence - by advocating for ethical and responsible use of AI technologies* - because it emphasizes the significance of ethical considerations in AI development practices, given their direct impact on issues such as algorithmic bias and societal ramifications, which can exacerbate social inequalities. Ethical leadership in AI is crucial to ensure benefits to all members of society, irrespective of gender, race, economic status, or geographical location. Moreover, integrating anti-harassment measures and whistleblower protection into AI systems underscores its potential to support a safe and transparent environment, fostering inclusive growth through ethical leadership. This contributes to shape a digital future that is not only sustainable but also equitable for all.

Recommendation 3 contributes to addressing **G20's Brasil Anti-corruption Working Group** key priorities – *(i) contribute to a fair world and a sustainable planet through the promotion of integrity and of anti-corruption mechanisms; (ii) incentivize the private sector to adopt comprehensive and converging measures of integrity and to combat corruption; (iii) improve the institutional organization*



of the general government in order to strengthen public integrity; and **(iv)** use all the available tools to recover assets – because to achieve these priorities, it is critical to promote ethical leadership, ensuring the implementation of not only anti-harassment measures and whistleblower protection but also ethical development of technologies, such as AI-powered systems.

Context

In today's globalized and diverse business landscape, ethical leadership stands as a crucial guide for governments and organizations striving towards sustainable and inclusive growth. Ethical leadership plays a pivotal role in creating an environment where individuals feel valued, respected, and included. This fosters a sense of fairness, respect, and belonging, along with enhancing psychological safety and inspiration among citizens.¹²⁵

Despite these positive indicators, according to the International Labour Organization (ILO), 22.8 percent of persons in employment have experienced workplace harassment, of whom 79 percent reported experiencing harassment in the last five years.¹²⁶ This not only undermines employee well-being, but also directly affects productivity. The World Health Organization estimates that 12 billion working days are lost annually due to depression and anxiety, resulting in a staggering cost of USD 1 trillion per year in lost productivity.¹²⁷ These figures indicate that companies still have a considerable way forward to attain inclusive and diverse leadership.

In response to these challenges, governments are called upon to enforce, review, and update policies and legislations aimed at safeguarding employees in and out of the workplace. Special attention should be given to addressing and eliminating sexual and gender-based violence, including sexual harassment.¹²⁸ The International Labor Organization (ILO), in June 2019, adopted C190 – Violence and Harassment Convention, the first international treaty to recognize the right of everyone to a world of work free from violence and harassment, that was ratified by 38 countries.¹²⁹

In the technology area, the ethical and responsible development and use of AI has emerged as an urgent topic. This is particularly relevant as investments in, and adoption of AI are projected to reach nearly USD 200 billion by 2025, marking a significant increase from previous years.

Moreover, the significant increase in investments and adoption of AI in 2023, forecasted to approach USD 200 billion by 2025¹³⁰, which turns the ethical and responsible development and use of AI an urgent topic. Research indicates a significant rise, from March to September 2023, in the percentage of companies using Generative AI on piloting or production mode from 19 to 55 percent.¹³¹ However, the advance of AI can lead to greater social disparity. The adverse consequences of AI, can include misinformation, job loss and displacement, criminal exploitation, cyberattacks, bias, and discrimination, which are listed among the risks with the greatest impact over the next 10 years.¹³² Consequently,

125 DELOITTE US. **The diversity and inclusion: eight powerful truths.** 2018. Available at: <https://www2.deloitte.com/us/en/insights/deloitte-review/issue-22/diversity-and-inclusion-at-work-eight-powerful-truths.html>. Accessed in: April 12, 2024.

126 INTERNATIONAL LABOUR ORGANIZATION. **Experiences of violence and harassment at work: a global first survey.** 2022. Available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_863095.pdf. Accessed in: April 14, 2024.

127 WORLD HEALTH ORGANIZATION. **Mental health at work.** 2022. Available at: <https://www.who.int/news-room/fact-sheets/detail/mental-health-at-work>. Accessed in: April 14, 2024.

128 G20 INDIA. **India G20 Action Plan to Accelerate Progress on the SDGs.** 2023. Available at: <https://w20italia.it/wp-content/uploads/2023/08/G20-2023-Action-Plan-for-SDGs.pdf>. Accessed in: March 4, 2024.

129 ILO. **Ratifications of C190: violence and Harassment Convention, 2019 (No.190).** Available at: https://normlex.ilo.org/dyn/normlex/en/f?p=1000:11300:0:0::NO:11300:P11300_INSTRUMENT_ID:3999810.

130 GOLDMAN SACHS. **AI investment forecast to approach USD 200 billion globally by 2025.** 2023. Available at: <https://www.goldmansachs.com/intelligence/pages/ai-investment-forecast-to-approach-200-billion-globally-by-2025.html>. Accessed in March 4, 2024.

131 GARTNER. **Forecast Analysis: Enterprise Application Software Worldwide.** Gartner. Available at: <https://www.gartner.com/document/5012231?ref=solrAllimg&refval=393326997>. Accessed in: March 4, 2024.

132 WORLD ECONOMIC FORUM. **The Global Risks Report 2024.** 2024. Available at: <https://www.weforum.org/publications/global-risks-report-2024/>. Accessed in: 25 jun. 2024.



72 percent of business leaders express concerns regarding insufficient global collaboration to ensure the responsible development of AI-powered systems.¹³³

In this context, global organizations are actively discussing the ethical and responsible use of AI. For instance, the United Nations defines “AI ethics” as aligning with the principles outlined in the United Nations Charter, adhering to all relevant regulations of international human rights law, including the right to privacy, and with the principles proposed by the organization.¹³⁴ These principles¹³⁵ emphasize that AI systems should do no harm and respect human rights, ensuring their use is justified, necessary, and proportionate to their aims. Safety and security must be prioritized by identifying and mitigating risks, while fairness and non-discrimination are crucial to prevent any impairment of human rights. AI should promote environmental, economic, and social sustainability and protect privacy through robust data governance. Human oversight is essential, particularly for critical decisions, ensuring AI systems follow human-centric design practices. Transparency and explainability are vital, making AI decisions understandable and traceable, with individuals informed about AI involvement in decision-making. Accountability is maintained through appropriate oversight and audit mechanisms, and inclusivity, gender equality, and diversity are fostered in the design and use of AI systems. Therefore, as companies and governments engage in deliberations concerning ethical and responsible use of AI, it becomes fundamental to adopt a transparent and inclusive approach across the AI lifecycle.

The pursuit of ethical leadership and responsible AI development is a key element to foster sustainable and inclusive growth in today’s globalized business landscape. Creating environments where individuals feel valued and respected leads to improved team dynamics and performance, while also addressing critical issues such as workplace harassment and mental health. Governments and organizations must continue to enforce and update policies to protect employees, promote ethical practices, and ensure transparency and accountability. Furthermore, the rapid advancement and adoption of AI necessitates a strong commitment to ethical principles to mitigate risks and harness the potential of technology for the greater good. By prioritizing human rights, fairness, and sustainability, and fostering global collaboration, we can build a future where both people and technology thrive harmoniously.

133 DELOITTE US. **The State of Generative AI in the Enterprise**: Now decides next. 2024. Available at: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/consulting/us-state-of-gen-ai-report.pdf>. Accessed in: March 5, 2024.

134 UNITED NATIONS. **Principles for the ethical use of artificial intelligence in the United Nations system**. 2023. Available at: https://unsceb.org/sites/default/files/2023-03/CEB_2022_2_Add.1%20%28AI%20ethics%20principles%29.pdf. Accessed in: 10 may 2024.

135 UNITED NATIONS. **Principles for the ethical use of artificial intelligence in the United Nations system**. 2023. Available at: https://unsceb.org/sites/default/files/2023-03/CEB_2022_2_Add.1%20%28AI%20ethics%20principles%29.pdf. Accessed in: 10 may 2024.



Policy Action 3.1

Ensure a fair and safe workplace, enhancing measures against harassment and discrimination across public and private sectors.

Executive Summary

Promoting a fair and safe workplace free from harassment and discrimination is a big challenge for ethical leadership. As highlighted by the International Labour Organization (ILO), a significant portion of the workforce—22.8 percent—has already experienced workplace harassment, with an impressive 79 percent reporting incidents in the last five years.¹³⁶ The impact of such behaviors extends beyond individual victims, affecting mental health, organizational productivity, and overall well-being. The World Health Organization (WHO) estimates that depression and anxiety result in USD 1 trillion annually in lost productivity, underscoring the economic imperative to address workplace harassment and foster a supportive environment.¹³⁷

The adoption of the Violence and Harassment Convention (No. 190) and Recommendation (No. 206) during the 108th session of ILO¹³⁸ represents a significant step to ensure a workplace free from violence and harassment. Convention No. 190 integrates principles of equality and non-discrimination with safety and health at work, emphasizing human dignity and respect.

Ethical leadership in this context goes beyond mere compliance with anti-harassment measures. Establishing a robust whistleblower system is indispensable to encourage reporting and protect victims, witnesses, and whistleblowers while ensuring diversity and integrity.

Fostering an ethical culture within organizations has been shown to have a significant impact on financial performance and overall business results.¹³⁹ However, genuine commitment is indispensable, as merely performative actions without substantive changes can undermine trust in leadership. Therefore, both public and private sector leaders must prioritize meaningful actions to create and maintain fair and safe workplaces.

¹³⁶ INTERNATIONAL LABOUR ORGANIZATION. **Transforming enterprises through diversity and inclusion**. 2022. Available at: https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---act_emp/documents/publication/wcms_841348.pdf. Accessed in: April 12, 2024.

¹³⁷ WORLD HEALTH ORGANIZATION. **Mental health at work**. 2022. Available at: <https://www.who.int/news-room/fact-sheets/detail/mental-health-at-work>. Accessed in: April 12, 2024.

¹³⁸ ILO. **108th (Centenary) Session of the International Labour Conference**. ILO. Available at: <https://www.ilo.org/ongoing-and-forthcoming-meetings-and-events/international-labour-conference/sessions-international-labour-conference-1997/108th-session-international-labour-conference>. Accessed in: April 28, 2024.

¹³⁹ DELOITTE US. **The diversity and inclusion: Eight powerful truths**. 2018. Available at: <https://www2.deloitte.com/us/en/insights/deloitte-review/issue-22/diversity-and-inclusion-at-work-eight-powerful-truths.html>. Accessed in: April 12, 2024.



Background and Context

A key challenge for ethical leadership lies in championing diversity, equality, and inclusion, while explicitly condemning any form of harassment, violence, or discrimination in the workplace.¹⁴⁰ In the “Transforming enterprises through diversity and inclusion” report from 2021, the ILO indicates that 22.8 percent of persons in employment have experienced workplace harassment, of whom 79 percent reported experiencing harassment in the last five years.¹⁴¹

According to the ILO, the term harassment can be understood as a range of unacceptable behaviors, practices, or threats, that aim at, result in, or are likely to result in physical, psychological, sexual, or economic harm. Other common terms associated with harassment in the workplace are workplace violence, moral harassment, psychological harassment, workplace incivility, bullying, among others.¹⁴²

Harassment may affect the mental health and well-being of victims, as well as other individuals indirectly involved, such as witnesses, colleagues, friends, and family members.¹⁴³ In addition to the impact on employees’ well-being, harassment also contributes to financial losses and a decline in productivity within organizations. The World Health Organization (WHO) highlights the importance of ethical and respectful workplace for mental health, estimating that 12 billion working days are lost annually due to depression and anxiety, resulting in a staggering cost of USD 1 trillion per year in lost productivity.¹⁴⁴

While it is recognized that harassment impacts mental health and well-being, research shows that workers who say that there is zero tolerance of discrimination, harassment or violence in their workplace are more likely to report high levels of well-being.¹⁴⁵ From a business perspective, research indicates that individuals experiencing feelings of inclusion report a significant 70 percent increase in perceptions of fairness, respect, value, and belonging.¹⁴⁶ Moreover, team dynamics see notable improvements, with a 17 percent increase in overall team performance and a 20 percent rise in the quality of decision-making.¹⁴⁷

Integrate diversity and inclusion into strategies not only shapes the destinies of the involved enterprises but also influences the global landscape. Numerous studies substantiate positive correlations between enhanced diversity and inclusion (D&I) and improvements in business performance. Academic studies underscore the benefits of cultivating a diverse workforce and fostering an inclusive workplace culture, which contributes to enhanced productivity, greater employee engagement, and increased creativity.¹⁴⁸

140 Guía práctica para promover Integridad empresarial con perspectiva de igualdad de género, diversidad e inclusión. Alliance for Integrity. Available at : <https://www.allianceforintegrity.org/wAssets/docs/publications/es/genero-e-integridad/Guia-Practica-Para-Promover-Integridad-Empresarial-con-Perspectiva-de-Igualdad-de-Genero-Diversidad-e-Inclusion.pdf>. Accessed in: May 3, 2024.

141 INTERNATIONAL LABOUR ORGANIZATION. **Transforming enterprises through diversity and inclusion**. 2022. Available at : https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---act_emp/documents/publication/wcms_841348.pdf. Accessed in: April 12, 2024.

142 Safe and Healthy Working Environments Free from Violence and Harassment. International Labour Organization. Available at : https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---safework/documents/publication/wcms_751838.pdf. Accessed in: March 21, 2024.

143 Safe and Healthy Working Environments Free from Violence and Harassment. International Labour Organization. Available at : https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---safework/documents/publication/wcms_751838.pdf. Accessed in: March 21, 2024

144 WORLD HEALTH ORGANIZATION. **Mental health at work**. 2022. Available at : <https://www.who.int/news-room/fact-sheets/detail/mental-health-at-work>. Accessed in: April 12, 2024.

145 INTERNATIONAL LABOUR ORGANIZATION. **Transforming enterprises through diversity and inclusion**. 2022. Available at : https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---act_emp/documents/publication/wcms_841348.pdf. Accessed in: April 12, 2024.

146 DELOITTE US. **The diversity and inclusion: Eight powerful truths**. 2018. Available at : <https://www2.deloitte.com/us/en/insights/deloitte-review/issue-22/diversity-and-inclusion-at-work-eight-powerful-truths.html>. Accessed in: April 12, 2024.

147 DELOITTE US. **The diversity and inclusion: Eight powerful truths**. 2018. Available at : <https://www2.deloitte.com/us/en/insights/deloitte-review/issue-22/diversity-and-inclusion-at-work-eight-powerful-truths.html>. Accessed in: April 12, 2024.

148 INTERNATIONAL LABOUR ORGANIZATION. **Transforming enterprises through diversity and inclusion**. 2022. Available at : https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---act_emp/documents/publication/wcms_841348.pdf. Accessed in: April 12, 2024.

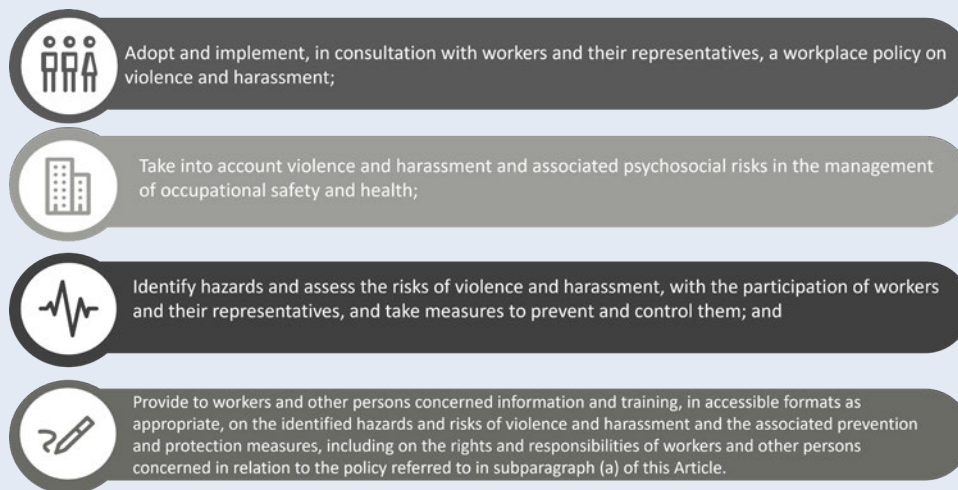


Exhibit 6 – ILO, Convention No.190 – C190 Guide: The role of employers in prevention of and protection from violence and harassment¹⁴⁹

Convention No. 190 integrates equality and non-discrimination principles with workplace safety and health, placing human dignity at its core. The Convention requires Member States to adopt inclusive, gender-responsive measures to prevent and address these issues in the workplaces, emphasizing prevention, protection, enforcement, and awareness-raising efforts.

In its article 9, states the role of employers:

Figure 7 – ILO, C190 Article 9



The most common barrier discouraging people from reporting violence and harassment at work is the perception that the process is a “waste of time”, with many people “fear[ing] for their reputation.”¹⁵⁰ The establishment of a proper whistleblower system plays an important part in the journey for a fair and safe workplace. One fundamental element to manage the issue of whistleblowing is develop a secure and effective reporting process by protecting victims, witnesses, and whistleblowers throughout the process.¹⁵¹

Addressing this issue is not simply a matter of complying with measures against harassment and discrimination. Ensuring an ethical culture can also boost organizations’ results, as studies suggest that organizations with ethical culture are two times as likely to meet or exceed financial targets, three times as likely to be high performing, and eight times more likely to achieve better business outcomes.¹⁵²

Ultimately, public, and private leadership should take into consideration the importance of walking the talk. Research suggests that performative actions— those focused on appearing to address issues without the actual commitment of time and resources to achieve real outcomes—may erode trust in leadership and the organization.¹⁵³

149 INTERNATIONAL LABOUR ORGANIZATION. **C190 Guide**. International Labour Organization. Available at: <https://c190guide.ilo.org/en/ratify-c190-chapters/chapter-5/>. Accessed in: June 4, 2024.

150 INTERNATIONAL LABOUR ORGANIZATION. **Experiences of violence and harassment at work**: A global first survey. 2022. Available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_863095.pdf. Accessed in: April 15, 2024.

151 INTERNATIONAL LABOUR ORGANIZATION. **Violence and harassment in the world of work**: a guide on Convention No. 190 and Recommendation No. 206. 2021. Available at : https://www.ilo.org/wcmsp5/groups/public/---dgreports/---gender/documents/publication/wcms_814507.pdf. Accessed in: April 14, 2024.

152 DELOITTE US. **The diversity and inclusion**: Eight powerful truths. 2018. Available at : <https://www2.deloitte.com/us/en/insights/deloitte-review/issue-22/diversity-and-inclusion-at-work-eight-powerful-truths.html>. Accessed in: April 12, 2024.

153 DELOITTE GLOBAL. **Global Human Capital Trends Report 2023**. 2023. Available at: https://www.deloitte.com/content/dam/assets-shared/legacy/docs/services/consulting/2023/GLOB175985_HUMAN-CAPITAL-TRENDS-2023.pdf. Accessed in: June 10, 2024.



B20 call upon G20 to establish the initiatives below:

1. The G20 should establish and enforce legal obligations to promote a fair and safe workplace. These actions can be implemented by:

- Encouraging G20 nations to ratify the 2019 International Labour Organization (ILO) Convention C190 on Violence and Harassment, or to develop equivalent laws. Nations without existing legislation on harassment and discrimination should establish appropriate national frameworks to effectively address these issues, considering the importance of convergence with international standards.
- Engaging public and private sectors, including small, medium, and state-owned enterprises, in crafting initiatives against harassment and measures for the promotion of gender equality. This entails not only monitoring compliance with legal obligations by the public sector but also integrating them into its operational framework. These initiatives should also include informal economy workers.
- Establishing initiatives for guidance, training, to raise awareness regarding rights related to workplace harassment and discrimination.
- Integrating anti-harassment into existing systems for occupational safety and health systems.
- Deploying national awareness campaigns across both public and private sectors, and implementing strategic systems aimed at preventing, identifying, and appropriately addressing potential deviations.

2. The G20 should collaborate with private sector and civil society to make available comprehensive reporting mechanisms for harassment, discrimination, and other misconduct, including in digital contexts like cyberbullying or online harassment.

3. The G20 should establish the enhancement, and enforcement of comprehensive protections for whistleblowers, including those sensitive to gender, ensuring confidentiality, safety, and support for individuals reporting misconduct. This includes protecting whistleblowers from retaliation and that effective mechanisms are in place for reporting misconduct safely and confidentially.

4. The G20 should broaden whistleblower protections to encompass not only workplace-related reprisals but also safeguards for individuals outside the employment framework who report misconduct. Protecting those who expose misconduct from unfair reprisals fosters a culture of integrity and ethics in both private and public sectors. This comprehensive approach, covering employees and external individuals, enhances integrity and ethics across society, reinforcing the importance of whistleblower protection.

5. The G20 should encourage both public and private sectors to enhance their institutional capacity and mechanisms for protecting, monitoring, investigating, and prosecuting reports of harassment and discrimination. Additionally, G20 countries should enable the allocation of sufficient resources within public sector enabling that all reports are handled fairly and appropriately.

6. The G20 should establish sanctions and penalties for individuals, proportionate to the severity of violations of anti-harassment and anti-discrimination measures.



Policy Action 3.2

Promote the adoption of international frameworks for technologies and AI systems regarding transparency and clear communication to end users.

Executive Summary

The rapid integration of Artificial Intelligence (AI) into the business environment is evident, marked by a significant surge in the number of companies implementing Generative AI in testing or production phases. Projections indicate that investments in AI are poised to soar to billions of dollars by 2025¹⁵⁴. Nevertheless, ethical concerns loom large, stemming from inherent biases that could exacerbate discrimination, inequality, and digital divisions. This requires coordinated efforts to mitigate these adverse effects, emphasizing the pivotal role of leadership in promoting conscientious and transparent use of AI resources.

Leadership must remain cognizant that the utilization of AI should not only fuel overall growth and prosperity but also advance global development goals. This should be achieved while upholding the principles of the rule of law, human rights, and diversity. Transparency and responsible disclosure must be prioritized, ensuring robust and secure implementation throughout the lifecycle of AI technologies, with clear accountability mechanisms in place to ensure their proper functioning¹⁵⁵.

To address these concerns, global standards regarding artificial intelligence technologies and systems could be implemented to ensure ethical behaviour, transparency, and communication, while also recognizing the diverse realities across different countries. Ensuring fair access to AI technologies¹⁵⁶ and adopting measures to mitigate negative impacts, particularly in nations with emerging or less developed economies, are essential steps. Furthermore, although AI holds the promise of significant transformations in society and business, challenges such as excessive technology dependence, the spread of misinformation, and the exacerbation of economic inequality underscore the urgent need for regulation and global collaboration to foster ethical and responsible development of AI across businesses and international organizations.

Background and Context

The adoption of AI in businesses is rapidly evolving. From March to September of 2023, the percentage of companies using Gen AI on piloting or production mode increased from 19 to 55 percent.¹⁵⁷ It is expected that AI investment approaches USD 200 billion by 2025,¹⁵⁸ and the prediction is a 7 percent—or nearly USD 7 trillion—increase in global GDP attributable to generative AI over a 10-year period.¹⁵⁹

154 GOLDMAN SACHS. **AI investment forecast to approach USD 200 billion globally by 2025**. 2023. Available at: <https://www.goldmansachs.com/intelligence/pages/ai-investment-forecast-to-approach-200-billion-globally-by-2025.html>. Accessed in March 4, 2024.

155 OECD AI POLICY OBERVATORY. **AI Principles overview**. OECD AI Policy Oberyatory. Available at : <https://oecd.ai/en/ai-principles>. Accessed in: May 29, 2024.

156 NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST). **Artificial Intelligence Risk Management Framework - AI RMF 1.0**. Jan. 2023. Available at : <https://nvlpubs.nist.gov/nistpubs/ai/nist.ai.100-1.pdf>. Accessed in: June 12, 2024.

157 GARTNER. **Forecast Analysis: enterprise application software worldwide**. Gartner. Available at: <https://www.gartner.com/document/5012231?ref=solrAllimg&refval=393326997>. Accessed in: March 4, 2024.

158 GOLDMAN SACHS. **AI investment forecast to approach USD 200 billion globally by 2025**. 2023. Available at: <https://www.goldmansachs.com/intelligence/pages/ai-investment-forecast-to-approach-200-billion-globally-by-2025.html>. Accessed in March 4, 2024.

159 GOLDMAN SACHS. **Generative AI could raise global GDP by 7%**. April 05, 2023. Available at : <https://www.goldmansachs.com/intelligence/pages/generative-ai-could-raise-global-gdp-by-7-percent.html>. Accessed in: March 6, 2024.



While AI technologies may present significant benefits to humanity and have the potential to benefit all countries, they also raise fundamental ethical concerns related to inherent biases that may deepen existing discrimination, inequality, digital divides, exclusion, and threats to cultural, social, and biological diversity, as well as economic disparities in the world, within and between countries.

On March 21 of 2024, the United Nations General Assembly (UNGA) passed its first global resolution on artificial intelligence (AI). The resolution urges Member States to protect human rights and personal data, and to monitor AI for potential harms, ensuring that the technology benefits everyone. Alongside other guidelines, the resolution encourages all Member States to:¹⁶⁰

- Promote the development and implementation of domestic regulatory and governance approaches and frameworks, to support responsible and inclusive artificial intelligence innovation and investment for sustainable development, while simultaneously promoting safe, secure, and trustworthy artificial intelligence systems.
- Encourage the incorporation of feedback mechanisms to allow evidence-based discovery and reporting by end-users and third parties of technical vulnerabilities and misuses of artificial intelligence systems.
- Foster the development, implementation, and disclosure of mechanisms of risk monitoring and management, mechanisms for securing data, including personal data protection and privacy policies, as well as impact assessments, across the life cycle of artificial intelligence systems.
- Encourage the development and deployment of effective, accessible, adaptable, internationally interoperable technical tools, standards, or practices, including reliable content authentication and provenance mechanisms – such as watermarking or labelling that enable users to identify information manipulation, distinguish or determine the origins of authentic digital content and artificial intelligence-generated – increasing media and information literacy.
- Safeguard privacy and the protection of personal data when testing and evaluating systems, and for transparency and reporting requirements in compliance with applicable international, national, and subnational legal frameworks.
- Promote transparency, predictability, reliability, and understandability throughout the life cycle of AI systems that make or support decisions impacting end-users, including providing notice and explanation, and promoting human oversight making alternatives or effective redress and accountability for those adversely impacted by automated decisions of artificial intelligence systems.

The National Institute of Standards and Technology (NIST) in its Artificial Intelligence Risk Management Framework (AI RMF 1.0) defines transparency as the degree to which information about an AI system and its outputs is made accessible to individuals interacting with the AI, regardless of their awareness of it. Meaningful transparency involves the disclosure of relevant information at various stages of the AI lifecycle, tailored to the knowledge or role of those interacting with the system. In addition, the AI RMF 1.0 requires AI transparency to consider human-AI interaction, such as by notifying the human if a potential or actual adverse outcome is detected¹⁶¹

Transparency concerns are widely recognized by global institutions, professionals, and consumers. This is highlighted in the Global AI Adoption Index 2023, where 85 percent of IT professionals agree that consumers are more likely to choose services from companies with transparent and ethical AI practices. Additionally, 83 percent of IT professionals emphasize the importance of being able to explain how their AI systems reach decisions. Among organizations not exploring or implementing generative AI, data privacy (57 percent) and trust and transparency (43 percent) are identified as the primary inhibitors of generative AI adoption.¹⁶²

¹⁶⁰ UN NEWS. **General Assembly adopts landmark resolution on artificial intelligence**. March 21, 2024. Available at: <https://news.un.org/en/story/2024/03/1147831>. Accessed in: May 29, 2024.

¹⁶¹ NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST). **Artificial Intelligence Risk Management Framework - AI RMF 1.0**. Jan. 2023. Available at: <https://nvlpubs.nist.gov/nistpubs/ai/nist.ai.100-1.pdf>. Accessed in: June 12, 2024.

¹⁶² IBM. **IBM Global AI Adoption Index 2023**. 2023. Available at: <https://www.multivu.com/players/English/9240059-ibm-2023-global-ai-adoption-index-report/>. Accessed in: June 20, 2024.



According to “Earning Digital Trust: Decision-Making for Trustworthy Technologies” report the World Economic Forum (WEF) lists transparency as one of the eight dimensions of their digital trust framework.¹⁶³ WEF defines Digital Trust as the expectation that digital technologies, services, and the organizations providing them will safeguard the interests of all stakeholders and adhere to societal expectations and values. In this report, WEF discusses transparency in the context of the following Digital Trust goals:

- **Inclusive, ethical, and responsible use:** Transparency reveals the decision-making processes, facilitating interventions for inclusive, ethical, and responsible use. For organizations that recognize their ethical responsibility to disclose technology usage and its goals, transparency is a critical activity in cultivating trustworthiness.
- **Accountability and oversight:** Transparency provides information related to the development and implementation of technologies, the usage of data, and how it sets the standard for governance. The mechanisms of accountability and oversight become more trustworthy if they are transparent. Providing stakeholders with insight into the assessment of technology decisions and the handling of issues related to the development or application of new technologies increases trustworthiness among customers, citizens, and other affected parties.
- **Security and reliability:** Transparency regarding the details and progress in security and reliability goals is fundamental for instilling trust in an organization or technology. Even relatively straightforward mechanisms to publicly track security incidents or reliability failures and their remediation can significantly improve trustworthiness. These mechanisms assist in establishing stakeholder expectations regarding security and reliability, emphasizing the seriousness with which organizations handle entrusted data and ensure physical or digital safety.

Exhibit 7 – OECD AI Principles^{164,165}

The OECD AI principles were initially adopted in 2019 and underwent revisions in May 2024. A makeover was given to incorporate recent technological advancements and changes in the political landscape, ensuring they remain robust and relevant. These principles serve as a guiding compass for those involved in developing and utilizing AI. They encompass:

1. Inclusive growth, sustainable development, and well-being (highlighting the potential of trustworthy AI to contribute to overall growth and prosperity for all – individuals, society, and planet - and advance global development objectives).
2. Human-centered values and fairness (ensuring that systems respect the rule of law, human rights, democratic values, and diversity, with appropriate safeguards for a fair and equitable society).
3. Robustness, security, and safety (ensuring that AI systems function robustly, securely, and safely throughout their lifetimes, with continuous assessment and management of potential risks).
4. Accountability (holding organizations and individuals accountable for proper functioning in line with OECD’s values-based principles for AI).
5. Transparency and explainability (focusing on transparency and responsible disclosure around AI systems to ensure that people understand when they are interacting with them and can challenge the results).

According to AI Governance in Practice Report 2024,¹⁶⁶ the International Association of Privacy Professionals (IAPP) the primary reason for the lack of trust in AI systems stems from a lack of clear understanding regarding how AI operates, including its decision-making processes and the accuracy of its predictions.

¹⁶³ WORLD ECONOMIC FORUM. **Earning Digital Trust: Decision-Making for Trustworthy Technologies**. 2022. Available at: https://www3.weforum.org/docs/WEF_Earning_Digital_Trust_2022.pdf. Accessed in: June 20, 2024.

¹⁶⁴ OECD. **AI Principles overview**. Available at : <https://oecd.ai/en/ai-principles>. Accessed in: May 29, 2024.

¹⁶⁵ OECD AI POLICY OBSERVATORY. **How countries are implementing the OECD Principles for Trustworthy AI**. October 31, 2023. Available at: <https://oecd.ai/en/work/national-policies-2>. Accessed in: June 19, 2024.

¹⁶⁶ INTERNATIONAL ASSOCIATION OF PRIVACY PROFESSIONALS (IAPP). **AI Governance in Practice Report 2024**. 2024. Available at: https://iapp.org/media/pdf/resource_center/ai_governance_in_practice_report_2024.pdf. Accessed in: June 21, 2024.



Exhibit 8 – Regulatory and voluntary governance tools¹⁶⁷

EU GDPR – European Union General Data Protection Regulation

Perhaps one of the earliest legislative mandates for AI governance, GDPR Articles 13(2)(f), 14(2)(g), and 15(1)(h), requires the provision of clear information regarding the logic behind automated decisions. It also mandates disclosing the potential significance and anticipated outcomes of such automated decision-making for individuals. This requirement is reinforced by GDPR Article 22 and Recital 71, which emphasize the need for safeguards, including the right for individuals to obtain explanations to contest assessments made through automated decision-making processes.

EU AI Act – European Union Artificial Intelligence Act

The EU AI Act adopts a risk-based approach to transparency, applying documentation and disclosure requirements on both high-risk and general-purpose AI systems.

NIST AI RMF – National Institute of Standards and Technology, Artificial Intelligence Risk Management Framework

The NIST AI RMF views transparency, explainability, and interpretability as distinct but complementary characteristics of AI systems. In this framework, transparency addresses the “what” of a decision, explainability covers the “how,” and interpretability explains the “why.”

U.S. Executive Order 14110

The U.S. Executive Order 14110 emphasizes transparency from an AI safety standpoint. Section 4 ensures that developers of the most powerful AI systems share safety test results and crucial information with the U.S. government to ensure AI technology’s safety and security. Additionally, the order requires watermarks on AI-generated content to combat AI-enabled fraud and deception, aiming to safeguard Americans.

China’s Interim Measures for the Management of Generative AI Services

Article 10 of China’s Interim Measures for the Management of Generative AI Services mandates AI service providers to disclose the intended uses of their services to user groups, promoting scientific understanding and lawful utilization of generative AI. Additionally, Article 11 mandates watermarking AI-generated content.

Singapore’s AI Verify

Singapore’s AI Verify is a voluntary testing framework on AI governance for organizational use and is composed by two parts: a testing framework based on 11 internationally accepted principles organized into five pillars, along with a toolkit for conducting technical tests. Transparency and explainability themes are among the 11 principles embedded in AI Verify. The framework tackles the transparency issue by ensuring that individuals affected by AI systems receive sufficient information about their use in technological systems.

To address concerns surrounding AI, it is important to recognize the varying circumstances in different countries, ensure equitable access to AI technologies, and enforce measures to mitigate their adverse impacts across different contexts. Also, according to UNESCO, it is critical to acknowledge the reality of low- and middle-income countries and least developed countries while predicting and addressing the positive and negative impacts of AI technologies, considering that these countries are more exposed to the risk of abuses of market dominance.¹⁶⁸

In terms of business impacts, data illustrates¹⁶⁹ that organizations have several concerns that should be addressed. Among these apprehensions is technology dependence, with 43 percent of respondents expressing worries about becoming overly reliant on AI. Another consideration is 30 percent are concerned about the risk of providing AI-generated misinformation to either the business or its customers, while 28 percent are apprehensive about the potential for bias errors. Privacy concerns are widespread, with 31 percent of expressing apprehensions about data security.

¹⁶⁷ INTERNATIONAL ASSOCIATION OF PRIVACY PROFESSIONALS (IAPP). **AI Governance in Practice Report 2024**. 2024. Available at: https://iapp.org/media/pdf/resource_center/ai_governance_in_practice_report_2024.pdf. Accessed in: June 21, 2024.

¹⁶⁸ UNESCO. **Recommendation on the Ethics of Artificial Intelligence**. 2021. Available at: <https://unesdoc.unesco.org/ark:/48223/pf0000380455>. Accessed in: June 18, 2024.

¹⁶⁹ FORBES. **How Businesses Are Using Artificial Intelligence In 2024**. April 24, 2024. Available at: <https://www.forbes.com/advisor/business/software/ai-in-business/>. Accessed in June 19, 2024.



Importantly, ethical concerns regarding AI adoption are not exclusive to international organizations; businesses also express significant apprehension. Surveys indicate that 72 percent of leaders highlight insufficient global collaboration to generate responsible development of AI-powered systems.¹⁷⁰ Beyond the business outlook, according to United Nations Human Rights Office of the High Commissioner (UNHCR), AI technologies may affect human rights, such as: freedom from physical and psychological harm; right to equality before the law and protection against discrimination, right to work and to gain a living, among others.¹⁷¹ Given the substantial global investment in AI, and the prediction of significant social and business impacts (both positive and negative), frameworks, and policies related to ethical development and use of AI must be implemented in public and private sectors.

Faced with the ethical challenges and potential impacts of AI, a steadfast commitment to transparency, equitable access to technologies, and the implementation of international frameworks is paramount. Global collaboration is also indispensable to mitigate risks and foster equitable benefits, ensuring that AI is developed and employed responsibly, safeguarding human rights, and promoting an inclusive and sustainable digital future for all.

B20 call upon G20 to establish the initiatives below:

The G20 should develop and encourage voluntary codes of conduct related to the development, deployment, and use of AI to mitigate social and commercial adverse impacts. These actions can be implemented by:

- Promoting the formation of a center dedicated to discussing ethical and integrity conduct for AI, which will be responsible to draft voluntary codes. This group could consist of AI experts that work as government representatives, industry members and academics. It is important to actively engage stakeholders from various sectors to ensure that the codes are comprehensive and effective.
- Stimulating the participation in the HUB for knowledge exchange among member countries and organizations within these countries. This collaboration will help to define what constitutes AI in a shared context and enable its ethical and responsible use.
- Offering incentives to organizations that adopt and adhere to voluntary codes of conduct. This could include public recognition, tax incentives, or privileged access to resources.

2. The G20 should consider the issue of raising awareness about the ethical use of AI in the design of national AI policies. These actions can be implemented by:

- Encouraging transparency in AI development practices, requiring companies and governments to disclose information on how they are using the technology and what measures are being taken to promote its ethical use. Accountability can be promoted by establishing mechanisms to hold those who violate established ethical guidelines accountable.
- Implementing nations campaigns to raise awareness among governments, businesses, and citizens about the ethical impacts of AI, which would involve creating educational materials, workshops, and training programs. Clear ethical guidelines should be created for the development and use of AI in different sectors, including policies to reduce misinformation and manipulation, thus establishing a global standard for AI governance.

¹⁷⁰ DELOITTE US. **The State of Generative AI in the Enterprise**: Now decides next. 2024. Available at: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/consulting/us-state-of-gen-ai-report.pdf>. Accessed in: March 5, 2024.

¹⁷¹ B-TECH; UNHCR. **Taxonomy of Human Rights Risks Connected to Generative AI**. Available at: <https://www.ohchr.org/sites/default/files/documents/issues/business/b-tech/taxonomy-GenAI-Human-Rights-Harms.pdf>. Accessed in: February 2, 2024.



3. The G20 should consider pro-innovation and risk-based approaches when developing regulations related 2. to AI transparency. This involves promoting the creation of regulatory sandboxes and conducting pilot tests to allow companies and developers to experiment with new AI technologies in a controlled manner while monitoring and evaluating risks. These actions can be implemented:

- Through the development of flexible and adaptable guidelines to encourage innovation in AI while addressing risks associated with lack of transparency.
- With the establishment of a common AI definition to support the development of legislations and regulations, allowing interoperability between jurisdictions.
- By incentivizing the private sector with subsidies or benefits, for companies that adopt transparent practices in their AI systems and demonstrate a commitment to responsibility and accountability.
- Through the promotion of international collaboration to align frameworks and share experiences in risk-based assessment policies.

4. The G20 should encourage enterprises to implement appropriate oversight mechanisms for the usage of AI. A committee should be established to formulate and implement AI ethics policies. Regular training sessions for all employees and stakeholders should be conducted, alongside the creation of a confidential reporting system for ethical concerns related to AI usage. Additionally, steps should be taken to prevent the misuse of sensitive personal data, protect confidential corporate information, and transparently disclose when work results from AI utilization.



ANNEXES



Annex A – Key Performance Indicator

Before presenting the details of the Key Performance Indicators (KPIs), it is important to highlight the changes in the G20 composition. The African Union’s full membership at the G20 summit in September 2023 added 53 new countries, increasing the total number of G20 members to 96 for the B20 Brasil Edition. In this document, these 96 countries represent the full sample, or 100%.

KPI	Baseline	Target	Institution Responsible	Calculation Logic	How were the baseline and targets defined?
Recommendation 1: Encourage the implementation of integrity and anti-corruption measures to enhance responsible and sustainable governance in business					
Percentage of G20 countries that have an Anti-Corruption Agency or Authority to deal with corruption cases	96% (2024)	99% (2030)	United Nations Office on Drugs and Crime (UNODC), United Nations Global Compact (UNGC), and International Association of Anti-Corruption Authorities (IAACA)	The value refers to the percentage of G20 countries that have at least one Anti-Corruption Agency or Authority to deal with corruption cases. The criteria are based on the United Nations Convention against Corruption (UNCAC) Art. 36.	The target was established expecting the engagement of 95 out of the 96 G20 countries, given that one country is a non-signatory of the United Nations Convention against Corruption. ¹⁷²
Percentage of G20 countries that provides incentives for companies that implement effective anti-corruption measures	7% (2024)	99% (2030)	Organization for Economic Co-operation and Development (OECD)	Using OECD data regarding countries that provide incentives for companies that implement effective anti-corruption measures, an analysis is conducted to determine how many of the 96 G20 countries provide such incentives. The percentage of G20 countries offering these incentives is then calculated in relation to the total number of G20 members.	The target was established expecting the engagement of 95 out of the 96 G20 countries, given that one country is a non-signatory of the United Nations Convention against Corruption. ¹⁷³

¹⁷² The baseline numbers were obtained from the membership lists of the GlobE Network and IAACA. Since the analysis only includes anti-corruption agencies or authorities that are members of these organizations, this list is not exhaustive. For countries without anti-corruption agencies or authorities according to these sources, executive summaries from the United Nations Convention against Corruption’s Implementation Review Group were analyzed. However, it is important to note that these summaries have a temporal limitation, as their publication years vary between 2011 and 2024.

¹⁷³ The baseline numbers were obtained from the information available in the Resource Guide on State Measures for Strengthening Business Integrity, which includes a list of countries and their corresponding incentive measures. Since the list of countries provided in the Resource Guide is intended as illustrative rather than comprehensive, this baseline should not be regarded as an exhaustive enumeration of countries that offer incentives.



KPI	Baseline	Target	Institution Responsible	Calculation Logic	How were the baseline and targets defined?
Percentage of G20 countries that promote the new version of UNODC/ UNGC "An Anti-Corruption Ethics and Compliance Programs for Business: A Practical Guide"	N/A	99% (2030)	UNODC and UNGC	The value refers to the percentage of G20 countries that promote the new version of UNODC/UNGCC "An Anti-Corruption Ethics and Compliance Programs for Business: A Practical Guide"	The target was established expecting the engagement of 95 out of the 96 G20 countries, given that one country is a non-signatory of the United Nations Convention against Corruption.
Recommendation 2: Stimulate Collective Action, engaging the Public Sector and value chains to uphold integrity					
Percentage of G20 countries engaging in Collective Action initiatives	45% (2024)	100% (2030)	Basel Institute on Governance	The value refers to the percentage of G20 countries engaging in, at least, one ongoing Collective Action initiative reported in B20 Collective Action Hub maintained by Basel Institute.	The target was established expecting the engagement of all 96 G20 countries.
Percentage of G20 Countries that Made Central Register Commitment to Beneficial Ownership Transparency	51% (2024)	88% (2030)	Open Ownership	The number of G20 countries that have made central register commitment to Beneficial Ownership transparency, where open registers are in operation, and where Open Ownership is providing support across the world.	The target was established expecting the engagement of 84 G20 countries, given that the commitment status of the other 12 G20 countries is currently unknown according to the information available on the Open Ownership map.
Transparency Index	62.76 (2023)	84.53 (2030)	European Research Centre for Anti-Corruption and State-Building (ERCAS) and Center for International Private Enterprise (CIPE)	The Transparency Index employs a scale ranging from 0 to 100, in which higher values represent a better performance. The baseline and target values are derived from the average Transparency Index scores of all G20 countries for which data is available.	This target was established following this step by step: 1) Group the countries into 4 macro-regions; 2) Check the highest score in the region; 3) Set the present highest score within each region as the benchmark for all countries within their respective regions. After these steps, the global average was calculated, then this number was used as the target.



KPI	Baseline	Target	Institution Responsible	Calculation Logic	How were the baseline and targets defined?
Recommendation 3: Promote ethical leadership to foster inclusive growth					
Percentage of G20 Countries that have ratified ILO C-190	23% (2024)	97% (2030)	International Labour Organization (ILO)	The value refers to the percentage of G20 countries that have ratified the Convention C-190.	The target was established expecting the engagement of 94 G20 countries, considering that two countries will not ratify the convention due to legal restriction.
Government AI Readiness Index (Dimension Governance & Ethics)	53.49 (2023)	80.12 (2030)	Oxford Insights	The Government AI Readiness Index (Dimension Governance & Ethics) uses a scale of 0 to 100 where higher values represent a better performance. The values used as baseline and target are calculated based on the average of Government AI Readiness Index (Dimension Governance & Ethics) values of all G20 countries with available data.	This target was established following this step by step: 1) Group the countries into 4 macro-regions; 2) Check the highest score in the region; 3) Set the present highest score within each region as the benchmark for all countries within their respective regions. After these steps, the global average was calculated, then this number was used as the target.



Acronyms

AI	Artificial intelligence
AI RMF	Artificial Intelligence Risk Management Framework
AML	Anti Money Laundering
COP	Communication on Progress
CoSP	Conference of the States Parties
CIPE	Center for International Private Enterprise
CTF	Counter Terrorist Financing
ERCAS	European Research Centre for Anti-corruption and State-Building
FAO	Food and Agriculture Organization
FinCEN	Financial Crimes Enforcement Network
FSB	Financial Stability Board
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
GSFO	Global Sustainable Finance Observatory
HLRM	High Level Report Mechanism
IBGC	Brazilian Institute of Corporate Governance
ICC	International Chamber of Commerce
IFRS	International Financial Reporting Standards Foundation
ILO	International Labour Organization
IOSCO	International Organization of Securities Commissions
ISSB	International Sustainability Standards Board
KYC	Know Your Customer
LEAP	Law Enforcement Assistance Programme to Reduce Tropical Deforestation
MSMEs	Micro, Small and Medium Enterprises
NGO	Non-Governmental Organization
NIST	National Institute of Standards and Technology
OECD	Organization for Economic Co-operations and Development
RBC	Responsible Business Conduct
SAR	Suspicious Activity Report
SDGs	Sustainable Development Goals
TCFD	Task Force on Climate-related Financial Disclosures
TNRC	Targeting Natural Resource Corruption
TPRM	Third-Party Risk Management
TrACCC	Terrorism, Transnational Crime and Corruption Center
UN	United Nations



- UNCAC** United Nations Convention against Corruption
- UNCTAD** United Nations Conference on Trade and Development
- UNDP** United Nations Development Program
- UNGA** United Nations General Assembly
- UNGC** United Nations Global Compact
- UNHCR** United Nations Human Rights Office of the High Commissioner
- UNODC** United Nations Office on Drugs and Crime
- WEF** World Economic Forum
- WHO** World Health Organization



Annex B – Composition and Meeting Schedule

Distribution of Members by country

Country	#
Argentina	9
Australia	1
Austria	1
Brazil	40
Canada	1
China	8
Denmark	3
France	10
Germany	5
India	8
Ireland	1
Italy	6
Japan	1
Republic of Korea	1
Mexico	2
Nigeria	1
Norway	1
Russian Federation	3
Saudi Arabia	2
South Africa	5
Sweden	4
Türkiye	3
United Kingdom	7
United States	21
Total	144

Distribution of Members by gender

Gender	#
Female	69
Male	74
Prefer not to inform	1



Task Force Chair

Name	Organization	Position	Country
Claudia Sender		Board Member	Brazil

Task Force Deputy Chair

Name	Organization	Position	Country
Fabiana Leschziner	Embraer	VP, General Counsel, Compliance	Brazil

Task Force Co-Chairs

Name	Organization	Position	Country
Ajay Bahl	AZB & Partners	Co-Founder & Managing Partner	India
Farzana Mohomed	IBM, Aveng, Maersk, NEOM	Compliance Leader	Saudi Arabia
Gonzalo Guzman	Unilever	Chief Council Ethics & Compliance	United Kingdom
Maria Archimbal	YPF S.A.	Chief Compliance Officer	Argentina
Maria Fernanda Garza	Orestia	CEO	Mexico
Nicola Allocca	Autostrade per L'Italia	Director	Italy
Samantha Padayachee	Vodacom Group	Managing Executive	South Africa

Task Force PMO

Name	Organization	Position	Country
Reynaldo Goto	BRF	Chief Compliance Officer	Brazil

B20 Secretariat PMO

Name	Organization	Country
Sabrina Sabatovicz	National Confederation of Industry	Brazil



Task Force Members

Name	Organization	Position	Country
Adelmo de Moura Machado	Assurant Seguradora	Diretor Jurídico	United States
Alec Buisson	Medef	Policy Officer	France
Alessandro Ferreira	Equinor	Regional Compliance Officer na Equinor	Brazil
Aline de Almada Messias	Sociedade Beneficente de Senhoras Hospital Sírio-Libanês	Legal and Compliance Director	Brazil
Amir Ghandar	Chartered Accountants Australia and New Zealand	Reporting & Assurance Leader	Australia
Ana Luiza Melo Aranha	United Nations Global Compact	Anticorruption Senior Manager	United States
Ana Tércia Lopes Rodrigues	Conselho Federal de Contabilidade	Vice Presidente	Brazil
André Parente Moreira	Alvarez & Marsal	Compliance & Investigations Director	United States
Andrea Maria da Silva Mattos	Telefônica Brasil S/A (Vivo)	Compliance Director & DPO	Brazil
Andrew Blasi	Ethicist International	Chief Executive Officer	United States
Andrey Bugrov	PJSC "MMC "Norilsk Nickel"	Chairman of the Board of Directors	Russian Federation
Anup Kumar Mahapatra	Vivekananda Kendra Academy for Indian Culture, Yoga And Management (VK-AICYAM)	Convenor	India
Ashwini Kumar Agarwal	Nokia	Head of Supplier Anti-Corruption	India
Benedikt Wiedenhofer	Business at OECD (BIAC)	Policy Manager	France
Betânia Trindade	Confederação Nacional da Indústria	Gerente de Conformidade e Integridade	Brazil
Brook Horowitz	IBLF Global	CEO	United Kingdom
Camila Colotto	SABIC	Sr. Manager & Business Counsel, Latin America	Brazil
Carla Carrillo Hervert	ACRI Corporativa	CEO	Mexico
Carlos Cordovil	ABRABUNKER	Vice President	Brazil
Carlos Henrique Campello Santos	Grupo Parvi	Internal audit & Compliance manager	Brazil
Carolina Costa	RELX	Head of Government Relations Latin America and Multilateral Engagement	United Kingdom
Carolina Echevarria	Alliance for Integrity	Director, Global Secretariat	Germany
Caroline Cipolli	AXA Seguros	Chief Compliance & Data Privacy Officer	Brazil
Cassia Cristina Ferreira de Sousa Monteiro	Sulamerica Seguros	Superintendente de Compliance e Sustentabilidade	Brazil
Cassim Coovadia	Business Unity South Africa (BUSA)	Chief Executive Officer	South Africa



Name	Organization	Position	Country
Cecilia Muller Torbrand	Maritime Anti-Corruption Network	CEO	Denmark
Cesar H A Ferreira	11Deli	Compliance Officer	Brazil
Cesar Sérgio Cardim Junior	The Brazilian Federation for Private Health Insurance and Plans	Superintendent	Brazil
Changming Ding	China Machinery Industry Federation	Deputy Director	China
Chantal Correia de Castro	UN Global Compact Brazil Network	Anticorruption Manager UN Global Compact Brazil Network	Brazil
Charlyne Braga	Saudi Basic Industries Corporation - SABIC	Sr. Compliance Counsel - Head of Compliance - Americas	Saudi Arabia
Claudio Scatena	KYD 360 (Know Your Data 360o)	GRC and Data Intelligence	Brazil
Coralli Rios	Adecco Recursos Humanos	Director	France
Cosimo Pacciolla	Kuwait Petroleum Italia spa	Head of Legal Risk Management & Integrated Compliance	Italy
Cristhian Camilo Beltrán Gantiva	JCDecaux	Chief Compliance Officer	France
Cristina Ritter	UN Global Compact	Head of Governance and Anti-Corruption	United States
Danela Arsovska	ICC Macedonia	ICC Chair	France
Daniel Malan	Trinity College Dublin	Director: Trinity Corporate Governance Lab	Ireland
Danilo Gregório Nakano dos Santos	IBGC - Instituto Brasileiro de Governança Corporativa	Government and Institutional Affairs Senior Manager	Brazil
David Luna	International Coalition Against Illicit Economies (ICAIE)	President/CEO	United States
Dayane Luccarelis	Statkraft	Head of Compliance Latam	Norway
Deepak Shetty	Maritime Anti-Corruption Network (MACN)	Senior Adviser	Denmark
Dominique Lamoureux	Pacte Mondial des Nations-Unies	Ethical Officer	France
Dr. Somnath Singh	Global Compact Network India	Deputy Director	India
Dr. Yilmaz Argüden	ARGE Consulting	Chairman	Türkiye
Dr. Rajendrakumar I Bidari	BRKINS	CEO	India
Edoardo Lazzarini	self employed	Senior Ethics & Compliance	Italy
Emanuel Macedo de Medeiros	SIGA & SIGA Latin America	Global CEO, SIGA / Chairman & CEO, SIGA Latin America	Brazil
Enrique Prini Estebecorena	Allende & Ferrante Abogados	Sr. of Counsel Compliance	Argentina
Fabiana Klajner Leschziner	Embraer S.A.	EVP, General Counsel and Chief Compliance Officer	Brazil
Felipe Duvivier de Albuquerque Mello	Michelin	Legal, Compliance and Data Privacy Director	Brazil
Florian Lair	United Nations Office on Drugs and Crime (UNODC)	Crime Prevention and Criminal Justice Officer	Austria



Name	Organization	Position	Country
Frank van Orman Brown	Center For International Private Enterprise	Director, Anti-Corruption & Governance Center	United States
Gabriel Cecchini	ESG Integridad	Director	Argentina
Gabriela Alves Mendes Blanchet	Chapter Zero Brazil / Climate Governance Initiative	Lawyer / Director	Brazil
Gonzalo Guzman	Unilever	Chief Counsel Ethics & Compliance	United Kingdom
Guilherme de Jesus France	Transparency International Brazil	Knowledge and Advocacy Manager	Brazil
Harold Silverman	The IIA	Senior Director CAE and Corporate Governance Engagement	United States
Haya Imam	Hikma Pharmaceuticals	Group Compliance Officer	United Kingdom
Hentie Dirker	AtkinsRéalis	Chief ESG and Integrity Officer	Canada
Hugo Cavalcanti Vaz Mendes	BASF S.A.	Compliance Manager for South America	Germany
Hugo Sigman	Grupo INSUD	Founder of Grupo INSUD	Argentina
Inderpreet Sawhney	Infosys Limited	Group General Counsel	India
Isabel Cane	Cane Advisory	Director	France
Jaqueline de Oliveira	São Paulo Futebol Clube	Compliance Coordinator	Brazil
Jeff Lundy	PepsiCo	Senior Director, Public Policy Development	United States
Joao Gustavo Santos Rezende	Anima Educacao	Compliance, Audit and Risk Management Executive Director	Brazil
Judit Arenas Licea	APCO Worldwide	Executive Director	United States
Karen Griffin	Mastercard	Chief Risk Officer	United States
Kathleen Kallot	Amini Corp	CEO & Founder	United States
Klaus Moosmayer	Novartis International AG	Chief Ethics, Risk & Compliance Officer & Member of the Executive Committee	Sweden
Krishna Ladha	Indian School of Public Policy, New Delhi 110016	Professor	India
Kristen Robinson	Open Contracting Partnership	Head of Advocacy	United States
Lebogang Senne	Pan African Federation of Accountants	Director: Technical Excellence	South Africa
Licia Aversano	Snam S.p.A.	Assistant General Counsel Regulatory & Institutional Legal Affairs	Italy
Ligia Maura Costa	FGVethics / FGV EAESP	Professor / Director Research Center	Brazil
Lilian Saratani Schiavo	G100 Global Networking	Presidente Nacional	India
Lisa Kristin Miller	World Bank Group	Head, Integrity Compliance	United States
Lorenzo Rinaldi	Aeroporti di Roma	Vice President Risk Governance & Compliance	Italy
Louis Bonnier	Transnational Alliance to Combat Illicit Trade (TRACIT)	Director	United States



Name	Organization	Position	Country
Luciana Dogakiuchi Silva	Confederação Nacional da Industria	Assessora	Brazil
Luis Fabiano dos Santos	Swiss Re Corporate Solutions	Chief Operating Officer Brazil & Latin America	Brazil
Luis Mariano Genovesi	Union Industrial Argentina	Member of the Board - President Departament Congress Relations	Argentina
Luise Magalhães Valentim	Luise Valentim	Diretora de Sustentabilidade	Brazil
Maan Naim Almarghalani	SABIC	Sr. Manager, Compliance Center of Excell	Saudi Arabia
Marcela de Oliveira Pitombo	MoselloLima	Head de Relações Institucionais	Brazil
Marcelo Ciocca Bermudez	Centrais Elétricas Brasileiras - Eletrobras	Compliance Analyst	Brazil
Maria de las Mercedes Archimbal	YPF S.A.	Chief Compliance Officer	Argentina
Maria Fernanda Garza	Orestia	Chair	Mexico
Maria Marta Talice	Fundación Liderazgos y Organizaciones Responsables - FLOR	Director	Argentina
Marianela Suarez	Industrial Organization of Argentina	Gender & Diversity Coordinator	Argentina
Mark John Carawan	The Bank of London	Chair, Board Audit Committee	United Kingdom
Mehmet Fevzi Toksoy	TUSIAD - Turkish Industry & Business Association	Member- Chairperson of Competition Law Working Group	Türkiye
Michel DEMARRE	SEFI - FNTP	Senior International Adviser	France
Michele Crymes	Center for International Private Enterprise	Deputy Director	United States
Min Yu	JA Solar Technology Co., LTD.	General Manager of Globalization Affairs	China
Natalia Zhulina	ALROSA	Head of Sustainability	Russian Federation
Neslihan Yakal	Ethics and Reputation Society (TEID) / Etik ve Itibar Dernegi (TEID)	Secretary General	Türkiye
Niansha Xu	China Machinery Industry Federation	Chairman	China
Nicola Allocca	Autostrade per l'Italia	Risk, Business Integrity, Resilience and Quality Director (Chair of Business at OECD Anticorruption Committee)	Italy
Nicola Bonucci	Independent Lawyer	Attorney at Law	France
Nicole Bigby	Bryan Cave Leighton Paisner LLP	Sustainability and ESG Director	United Kingdom
Odesola Ruth Olubukola	Nigeria Employers' Consultative Association (NECA)	Labour Officer	Nigeria
Olga Kayayan	Boniswa Corporate Solutions	Head of External Relationship	South Africa
Patricia Goncalves dos Santos	ApexBrasil	Compliance Coordinator	Brazil



Name	Organization	Position	Country
Peter Karakchiev	ALROSA	Head of International Relations	Russian Federation
Priscyla Duarte Lopes Ribeiro	Grupo ADTSA Divisão Concessionárias	Coordenadora Gerenciamento de Risco	Brazil
Pyter Augusto Stradioto	Samsung	Senior Director of Compliance and Public Policy	Republic of Korea
Rafael Câmara Barreto	Sindusfarma	Relações Institucionais	Brazil
Rania Nashar	Public Investment Fund (PIF)	Senior Advisor to HE The Governor & Head of Compliance & Governance	Saudi Arabia
Raquel Gonçalves Prada	CNP Seguros Holding Brasil	Head of Legal and Compliance	Brazil
Rauno Hoffmann	Novartis International AG	Global Head of Corporate Compliance Management System	Sweden
Renata Castro Nunes	Interfarma	Strategic Affairs Manager	Brazil
Renate Hornung-Draus	Confederation of German Employers' Associations	Managing Director - Economic and International Affairs, Vice-President IOE, Chair BIAC ELSA Committee	Germany
Renato Benine	Sindusfarma - Sindicato da Indústria de Produtos Farmacêuticos	Institutional Relations Manager	Brazil
Ricardo Bocutti	Ericsson	Senior Compliance Officer LATAM - Head of Compliance	Brazil
Ricardo Corona Castellanos	Teleperformance	Third-Party Risk Management Global Director	France
Richard Parlour	Financial Markets Law International	CEO	United Kingdom
Roberta Muniz Codignoto	RC Compliance e Integridade Corporativa	Founding Partner / Independent Board Member	Brazil
Roberto Rosas	The Institute of Internal Auditors	Director of Global Advocacy	United States
Roberto Suarez Santos	International Organisation of Employers	Secretary-General	Sweden
Robin Hodess	The B Team	Strategy Lead	Germany
Roger Latchman	International Institute for Ethical Governance and Accountability	Director-General	South Africa
Rogeria Gieremek	Grupo Latam Airlines	Chief Compliance Officer	Brazil
Sabine Zindera	Siemens AG	Siemens AG, Legal and Compliance, Vice President Collective Action and Head of Siemens Integrity Initiative	Germany
Sami Rifky	ISACA	President of ISACA Casablanca Chapter / Head of IT Audit at OCP	United States
Sandra Guida	UBS Bank Brazil	Group Compliance, Regulatory & Governance (LatAm Head of Government & Regulatory Affairs)	United States
Sanjay Nihalani	BITICS Private Limited	CEO	India



Name	Organization	Position	Country
Scarlet Wannewetsch	Basel Institute on Governance	Senior Collective Action Specialist	Sweden
Scott Hanson	International Federation of Accountants	Director	United States
Shen Fei	China Chamber of International Commerce	Deputy Director	China
SHEN Peilan	International Commercial Dispute Prevention and Settlement Organization (ICDPASO)	Secretary General	China
Simone Cavalcante da Silva	UPenn	Professora	United States
Soumya Prakash Dalua	Maritime Anti-Corruption Network	Project Manager	Denmark
Tamara Geraldine Quiroga	Cámara Argentina de Comercio y Servicios (CAC)	Board Advisor	Argentina
Valéria Camacho Martins Schmitke	Zurich Latin America Serviços Ltda	Regional General Counsel Latin America	Brazil
Valeria dos Santos Pessanha	Capemisa	Gerente de Riscos e Conformidade	Brazil
Valeria Soledad Diaz	Grupo ELEDE - Fundación FLOR	Certified Public Accountant - Compliance Specialist	Argentina
Vania Maria da Costa Borgerth	Cbps	Accountant	Brazil
Virginia Colurcio	Enel spa	Lawyer-head of Criminal and Business Integrity Compliance	Italy
Walter Bhengu	South African Institute of Chartered Accountants	Project Director - Legislation and Governance	South Africa
Washington Luis Bezerra da Silva	Grupo Zurich Seguros	General Counsel	Brazil
Xinrui Wang	Shihui Partners	Managing Partner	China
Yamada Yu	Keidanren (Japan Business Federation)	Senior Manager	Japan
Yunxia (Kate) Yin	Fangda Partners	Partner	China
Zheng Xinyue	China Chamber of International Commerce	Policy Manager	China

Task force Meetings Schedule

Date	Format
23 February 2024	Virtual
19 March 2024	Virtual
18 April 2024	Virtual
15 May 2024	Virtual
12 June 2024	Virtual



Annex C – Partners

Knowledge Partner

Deloitte.

Network Partners



