

## **AFRC Chairman Dr Kelvin Wong's speech at the 8th ICAC Symposium**

23 May 2024

Ladies and gentlemen, good afternoon.

I am Kelvin Wong, Chairman of the Accounting and Financial Reporting Council, as well as the Chairman of the Corruption Prevention Advisory Committee of the ICAC.

It is my great pleasure to moderate this panel and discuss a topic of immense importance: "Synergizing Public-Private Partnership to Combat Corruption." We are fortunate to have expert panellists with extensive experience who will share their insights with us.

Allow me to briefly introduce the distinguished panellists on stage:

- Ms Vanessa HANS, Head of the Private Sector at the Basel Institute on Governance.
- Engineer KAZAWADI Papias Dedeki, President of the Federation of African Engineering Organizations.
- Dr Wingco LO Kam-wing, President of the Chinese Manufacturers' Association of Hong Kong and Chairman of the Hong Kong Business Ethics Development Advisory Committee of the ICAC.
- Professor Barry A.K. RIDER, Founder, Executive Director, and Co-Chairman of the Cambridge International Symposium on Economic Crime.
- Mr Marvin TAYLOR-DORMOND, Managing Director of the Complaints-resolution, Evaluation, and Integrity Unit of the Asian Infrastructure Investment Bank.
- Dr LIU Yi, Research Fellow of Anti-Corruption and Governance Research Center, Tsinghua University.

### **Public and Private Sector Corruption and Its Consequences**

Corruption, in general, refers to the unethical exploitation of entrusted power for private gain. Public officials are bestowed with authority to serve the best interests of the public, while employees in the private sector are entrusted with power to advance the legitimate interests of their companies. However, corruption arises when individuals or organizations prioritize their own interests over the interests they are meant to uphold and serve.

Corruption has wide-ranging consequences, including political, social, and economic costs. Effectively combating corruption requires recognizing that it is not solely the

responsibility of governments or the private sector; it is a shared challenge that demands collective action. Public-private partnerships offer a powerful mechanism for harnessing the strengths and resources of both sectors to tackle corruption. Later, Vanessa, a renowned corporate governance specialist, will delve into collective action and share practical examples.

### **International Arena on Public-Private Partnership**

Public-private partnership is highly encouraged in the international arena. For instance, the United Nations Convention against Corruption, in articles 12 and 13, emphasizes the need for each State Party to take measures to prevent corruption involving the private sector and promote cooperation between law enforcement agencies and relevant private entities. States Parties are also called upon to actively involve individuals and groups outside the public sector in the prevention and fight against corruption.

I would like to highlight key resolutions from the 10th Conference of the States Parties of the United Nations Office on Drugs and Crime, held in Atlanta last year:

- First, it was recognized that the private sector and other stakeholders play an important role in preventing and fighting corruption, necessitating concrete steps to strengthen public-private partnerships in anti-corruption efforts.
- Second, States Parties were urged to develop effective frameworks that provide incentives for the private sector to adopt integrity measures in preventing and combating corruption.
- Third, States Parties were invited to publicly acknowledge private sector entities that demonstrate a strong commitment to integrity, transparency, and ethical conduct.

Furthermore, the High-Level Principles on Belt and Road Integrity Building, endorsed by China, also encourage public-private partnerships and collaboration between governments and the business community to prevent and fight corruption. It is recommended to take collective actions to foster an environment of integrity and a corruption-free society.

### **Public-Private Partnership Initiatives Implemented by the ICAC Integrity Charter**

Echoing the international trend, the ICAC has introduced various initiatives to promote public-private partnerships in preventing corruption. One such initiative is the Integrity Charter, which requires participating companies to adopt an Integrity Management System (IMS).

The IMS comprises three key components: Integrity Policy, Integrity Training, and Integrity Risk Management. Developed by the ICAC in 2019, the IMS assists

companies and organizations in enhancing their resistance against corruption. Throughout the years, the ICAC has staunchly collaborated with various stakeholders to launch Integrity Charters in different sectors.

The first Charter was launched in September 2021 for construction companies, jointly by the ICAC, the Development Bureau, and the Construction Industry Council. In December 2022, the Integrity Charter was enhanced and renamed as the Construction Industry Integrity Charter 2.0 to also include consulting firms. The Integrity Charter 2.0 serves as a self-regulated platform to advocate the commitment of construction companies to implementing IMS. Companies joining the Charter are required to implement Integrity Policy and Integrity Training.

Concerning construction, Engineer KAZAWADI, a visionary engineer, will later share insights on synergizing public-private partnerships to combat corruption in infrastructure development. Meanwhile, Marvin Taylor-Dormond, an anti-fraud and corruption expert, will share his experiences in utilizing public-private partnerships to fight corruption through the lens of multilateral development banks.

Building on the success of the Construction Industry Integrity Charter, the ICAC partnered with the Chinese Manufacturers' Association of Hong Kong (CMA) in November 2023 to launch the first-ever Business Sector Integrity Charter. Today, we are honoured to have Dr Wingco LO Kam-wing, President of the CMA, as one of our panellists. Dr. LO will discuss the collaborative efforts between the ICAC and the private sector in promoting business integrity and combating corruption.

As of March 2024, more than 600 companies have joined the Integrity Charter, collectively employing over eighty-eight thousand (88,000) individuals who are required to adhere to the Integrity Policy and undergo Integrity Training as mandated by the two Integrity Charters.

Annually, approximately nineteen thousand (19,000) staff members participate in the ICAC's integrity training programs. The ICAC also offers corruption prevention advice to these companies to assist them in implementing integrity measures within their operations.

### **Incentivizing the Private Sector to Adopt Integrity Management Measures**

In alignment with the resolution of Conference of the States Parties 10<sup>th</sup> session, which seeks to incentivize the private sector in adopting integrity management measures, the ICAC has introduced the Integrity Management Award as part of the Construction Industry Council's Outstanding Contractor Award 2024.

The Construction Industry Council is a statutory body established to enhance the sustainability of the construction industry in Hong Kong. The Outstanding Contractor Award is a triennial event within the construction sector. The new Integrity

Management Award aims to recognize contractors who demonstrate exceptional performance in integrity management.

The ICAC will assist in evaluating contractors' applications based on a marking scheme that assesses attributes such as their integrity policy, diligence in integrity risk management, and leadership commitment to upholding integrity management.

While the Integrity Management Award encourages companies to strengthen their integrity management efforts by enhancing their corporate image, the ICAC also explores ways to provide tangible incentives for promoting the adoption of probity measures.

For instance, last year, the ICAC took a significant step forward by collaborating with a prominent public body to incorporate Integrity Risk Management into the tendering process for the latter's capital works project.

Tenderers were awarded 5% of the technical score for submitting an Integrity Risk Management plan outlining control measures to mitigate integrity risks during project delivery. Once the contract was awarded, the contractor was required to implement these measures accordingly. Building on this successful model, similar collaborations with other public bodies are currently in progress.

## **Way Forward and Conclusion**

The aforementioned examples illustrate how Hong Kong engages in public-private partnerships to combat corruption. It is important to recognize that various models of public-private partnership exist worldwide, and there is no one-size-fits-all approach suitable for all countries and economies.

Therefore, when designing and implementing public-private partnerships, countries and economies should consider multiple factors, including their anti-corruption legal framework, corporate governance capabilities of corporations, and the prevailing business culture.

Despite the variations in approaches, stakeholder engagement remains a key factor in driving the success of public-private partnerships. Today, we are privileged to have Professor Rider, a distinguished scholar, who will provide valuable insights into empowering partners in the battle against corruption. Besides, Dr LIU, another distinguished scholar, will share insights on advancing ethical standards through corporate compliance.

In conclusion, synergizing public-private partnerships is crucial for effectively combating corruption. By harnessing the strengths of both the public and private sectors, we can create a formidable force for change and provide opportunities for future generations to build and prosper in transparent societies. I eagerly anticipate

the forthcoming sharing and discussions and will now pass the floor to Vanessa. Thank you.