



TRANSPARENCY
INTERNATIONAL
NORWAY



ANTI-CORRUPTION DILEMMA COLLECTION

A teaching tool for companies, other enterprises,
universities and colleges



For course participants

Transparency International (TI) is the global civil society organisation leading the fight against corruption. Through approximately 100 chapters worldwide and an international secretariat in Berlin, Transparency International raises awareness of the damaging effects of corruption and works with partners in governments, business and civil society to develop and implement effective measures to tackle it.

Transparency International's Norwegian chapter was established in 1999 and has its office in Oslo.

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Preface

Dilemma training is one of the most important things an enterprise can do to be prepared to prevent, uncover and tackle corruption challenges.

Transparency International Norway (TI Norway) has for a long time wanted to publish a dilemma collection to help Norwegian companies, universities, colleges and other enterprises in their anti-corruption work. This has become possible through the financial support of Finansmarkedsfondet and NHO. Together with NHO and Innovasjon Norge, TI Norway organised a workshop in September 2016 to develop the dilemma collection. Representatives of many different enterprises and industries participated, and dilemmas related to a number of different corruption challenges were presented and discussed. This collection is based on these dilemmas, as well as others that TI Norway has received and some that TI Norway has developed in-house. The collection is the result of an extensive process, including development, anonymisation, exchange of comments, and quality assurance.

TI Norway's dilemma collection is closely associated with TI Norway's anti-corruption handbook for the Norwegian business sector, "Protect your business!", which was first published in 2009. As there are constant developments in anti-corruption – not least in new legislation and case law – the handbook was updated in 2014. A new update will be published in 2017.

The purpose of the handbook is to advise Norwegian companies on how to establish, implement, operate, maintain and further improve effective rules, procedures and other measures to reduce the risk of involvement in corruption at home and abroad. All of these steps are part of the enterprise's anti-corruption programme. Training employees is a key part of the anti-corruption programme, and is crucial to the success of the programme. In recent times, it has become common to include business partners that are vulnerable to corruption such as suppliers, agents and consultants in the training. It is imperative that

students who are to tackle the challenges of the future receive such training as well. Universities and colleges are therefore also important target groups for TI Norway's dilemma collection.

The collection contains real and experience-based dilemmas. They describe situations that enterprises and employees may face. They focus on probable illegalities and ethically questionable situations. The assessments that are made do not aim to draw clear conclusions about whether something constitutes a crime – only courts can make that decision.

Transparency is important to prevent and uncover illegal and unethical acts, and one question that is important to ask for the dilemmas described in the collection is therefore: "Would this withstand public scrutiny?"

We hope that Norwegian businesses, universities and colleges as well as other enterprises will use the dilemma collection in their training programmes, as a supplement to their own dilemmas. We also hope that this will help raise awareness about corruption challenges and increase the competence in tackling these challenges well. We encourage users of the dilemma collection to provide us with feedback about the content and the usefulness, and to give us new dilemmas for a possible expansion of the collection.

Oslo, March 2017

Guro Slettemark

Secretary general
Transparency International
Norway

Hans Petter Graver

Chair of the board
Transparency International
Norway

Guidance

The dilemma collection contains 40 dilemmas, all with the same structure and design. Each dilemma consists of two parts:

Part 1 – for course participants

Contains "Description" and "Questions".

Part 2 – reserved for course leader

Contains "Assessments" (discussion of the questions and recommended solutions).

The dilemma collection is available in two versions – one for course participants and one for course leaders.

The version for course participants is available for everyone. It does not contain the guidance for course leaders nor the assessments with discussions of the questions and the recommended solutions for the dilemmas (Part 2).

The course leader version is the complete version, and this is of course distributed in a limited and controlled fashion – in order for the dilemma training to be effective, course participants cannot have access to the "right answers".

Course leaders must contact Transparency International Norway to get access to the version for course leaders.



1 A difficult invitation



DESCRIPTION

Ole Carlsen is the manager of PharmaNorway ASA's newly established office in Utopia. One day he receives an invitation from the local business association to a major event that will conclude with a cocktail party and dinner. The president of Utopia is the patron of the business association and will be present, as will several ministers and senior public officials. Many managers of foreign companies in Utopia have been invited.

For Ole Carlsen, who is new in Utopia, this seems like a great opportunity to develop a network that PharmaNorway can benefit from in the future. But Utopia is a country that has a poor score on Transparency International's corruption index, and he is not sure how to handle the invitation. Ole Carlsen is aware that the authorities have a strong wish for PharmaNorway to increase its business in Utopia, and is worried that he might be subject to pressure or that his participation will give rise to expectations.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Should Ole Carlsen accept the invitation without further consideration?**
- 3 Which issues should Ole Carlsen consider before accepting or declining the invitation?**

2 Acquisition with agent agreement



DESCRIPTION

The mining company DeepMining ASA has been prospecting for and extracting gold in Langtvekkistan for many years. The country is governed by an autocratic president and has massive corruption problems. DeepMining has avoided getting involved in corruption, which has required a lot of attention from management and great efforts by the organisation.

DeepMining has acquired a smaller company. Its portfolio included a prospecting contract in Langtvekkistan for which negotiations had been concluded. Once the acquisition had been completed but before the prospecting contract was to be signed, DeepMining's country manager Dagfinn Framsetten was made aware of an agreement between the acquired company and an agent who had assisted in the negotiations with the authorities. The agreement contained a success fee of USD 5 million. Dagfinn Framsetten perceived this to be a corrupt agreement in which part of the payment most likely would go to public officials with whom the contract had been negotiated, and possibly other persons higher up in the power elite. Attempts were made to clarify what the USD 5 million was to be payment for and who the money would go to, but no clarification was forthcoming.

Dagfinn Framsetten made the recommendation to DeepMining's management that the prospecting contract should not be signed. However, this would cause several problems. The agent has a legally binding agreement, has fulfilled his obligations, will demand to be paid the success fee, and will most likely take the matter to court if the fee is not paid. Key public officials will dislike the decision, as they will lose their part of the payment. This would create problems for DeepMining's future business operations in the country.

DeepMining decided to not sign the prospecting contract and not pay the success fee. After the agent and the authorities were made aware of this, DeepMining's foreign staff in Langtvekkistan were threatened. DeepMining subsequently decided to sell its ownership interests in the country. The sale would require government approval. Dagfinn Framsetten initiated a re-negotiation of the agreement with the agent. According to the new agreement, the agent was to help the company get approval for the sale and would receive the USD 5 million as a success fee for this new assignment.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 What should DeepMining have done before completing the acquisition, and what could that have led to?**
- 3 What more could Dagfinn Framsetten and DeepMining have done after becoming aware of the agreement with the agent, and what might the consequences of this have been?**
- 4 Would it solve the problem that Dagfinn Framsetten re-negotiated the agreement with the agent and DeepMining decided to withdraw from the country, or would they still be exposed to risk?**
- 5 How could the safety risk have been handled?**

3 Christmas party with lottery



DESCRIPTION

MegaConsult ASA has a lot of business travels and has a contract with the travel agency BestTravel for handling of bookings and tickets. MegaConsult is BestTravel's most important business customer. Jan Johansen is MegaConsult's administration manager and is responsible for the contract with BestTravel. Every other year, a new contract is entered into with a travel agency after a bid competition.

Jan Johansen receives an invitation to a Christmas party from BestTravel. One representative from each of BestTravel's business customers and their spouses/partners are invited. Jan Johansen accepts the invitation.

During the Christmas party, the managing director of BestTravel announces that a free lottery will be held among the participants. Jan Johansen wins the first prize, which is a week in the Mediterranean area for two persons, with all costs covered.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case?
Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Should Jan Johansen accept the invitation?
What are the pros and cons?**
- 3 Should Jan Johansen accept the lottery prize?
What are the pros and cons?**
- 4 If there was an ongoing bid competition or a call for bids was planned shortly, would this impact the decisions in questions number 2 and 3 above?**

4 New subcontractor



DESCRIPTION

Inger Olesen is Metallgrossisten AS' project manager for the construction of a new office building. After a thorough bidding process, the construction company Byggnytt has been selected as the main contractor. Byggnytt has received bids from subcontractors, the necessary contracts have been signed, and the construction is well underway.

However, it turns out that the due diligence for one of the subcontractors had been inadequate, as the selected electrical contractor has financial problems and has to withdraw from the assignment. Inger Olesen is quite distraught, as a new bidding round would entail significant cost increases and delays.

The managing director of Byggnytt recommends using a local electrical contractor he has good experiences with and which has confirmed that it has the capacity to take on the assignment immediately. It accepts the job on the same terms as the original electrical contractor. Inger Olesen is under time-constraints and decides to use this subcontractor even though no further investigations have been made and no alternative subcontractors have been considered. She believes this to be a decision she can make as the project manager, without further consultation.

It turns out that the project develops well, including the electrical work, but Inger Olesen coincidentally learns that the owner of the electrical contractor is the brother of Byggnytt's managing director.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Do you agree with how Inger Olesen handled this situation?**
- 3 How should she act on the information she receives about the owner of the electrical contractor?**

5 Gifts in narrow waters



DESCRIPTION

Havgrim Sjøen is captain on the container ship MV Good Fortune, which is owned and operated by the Norwegian shipowner company Mayday ASA. The shipowner company has offices and representatives in many countries.

Havgrim is in his first period as captain when the ship is to pass through the Marlboro Canal. It is compulsory to use a pilot during the passage. The pilots are public officials, and the shipowner company pays the central authorities in the country for the pilot services.

It has been customary for the pilot to receive gifts, typically in the form of a large number of cartons of cigarettes, from

the captain during the passage through the Marlboro Canal. When the pilot boards the MV Good Fortune, he immediately asks Havgrim whether his gift is ready. Havgrim is unprepared for this, and hesitates in answering. When the pilot notices this, he points out that without this traditional gift, the cooperation between them would become more difficult and he would be less focused on doing a good job for the captain.

This makes Havgrim worried. The captain's job is to take care of the safety of the ship, crew and cargo, and he depends on a good cooperation with the pilot.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Should captain Havgrim Sjøen give the pilot a gift?**
- 3 What issues should he consider before deciding whether or not to give the pilot a gift?**
- 4 What should he have done before passing through the canal?**
- 5 What could Mayday ASA shipowner company have done to prevent and handle such incidents?**

6 Business development agent



DESCRIPTION

Eva Hansen is leading the work of establishing a business operation for Opportunity ASA in Euforia. Euforia is a country with promising business opportunities. However, the country is very bureaucratic, with complex regulations and limited transparency in the governmental decision-making processes. It is therefore difficult to get an overview of the required applications/permits and other formal requirements that need to be complied with for Opportunity to establish a business in Euforia.

An employee in Euforia's ministry of trade and industry recommends that Eva engages Mr. Jones, an agent with extensive experience in Opportunity's industry sector. He is known to have helped other foreign companies get established in Euforia. According to the contract Mr. Jones proposes, he is to provide "advice and follow-up related to the establishment of new business in Euforia". His fees are high compared to other agents, but Mr. Jones is reputed to be very knowledgeable and has a large network (partly due to his past position as deputy minister). The agent's company is based in Luxembourg.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case?
Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Are there any risks ("red flags") that Eva Hansen should pay attention to?**
- 3 How can Eva Hansen and Opportunity handle the risks?**

7 Problematic supplier



DESCRIPTION

Fabrikk1 is a subsidiary of a Norwegian company, and produces palm oil in Palmeland. Bjørn Bamserud is the compliance officer in Nutria ASA, the parent company of Fabrikk1. He has become aware of a problem at Fabrikk1, and gets involved immediately.

Fabrikk1 struggles with one of its suppliers, Sveis1, which is not providing welding services in accordance with the contract. The work is delayed and the quality is poor. Sveis1 continues to invoice Fabrikk1 as if it is delivering in accordance with the contract and specification, and even sends additional invoices for extra work. For some reason, there is also a “settlement agreement” between Fabrikk1 and Sveis1 that entitles Sveis1 to compensation for various previous, unspecified services. It appears that both this and other contracts with Sveis1 have been negotiated and signed by the same purchaser at Fabrikk1.

Bjørn Bamserud wants the Fabrikk1 management to change supplier, but they hesitate. They suspect that the real owner of Sveis1 is a senior public official in their province. This person is also married to the departmental head of the local environmental authority, which is responsible for issuing a permit for the pending expansion of the factory. The Fabrikk1 management does not want to put this process at risk.

A short while ago, the governor of the province contacted the managing director of Fabrikk1 to encourage finding a solution to the challenges and continue to use Sveis1 in order to protect local jobs. The governor wanted to be kept informed about developments. He is a person the managing director of Fabrikk1 thinks it is very important to have a good relationship with.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's “Protect your business!” are relevant in this context?**
- 2 Should the parent company Nutria ASA get involved in this case?**
- 3 Can Fabrikk1 continue to use Sveis1 as a supplier without doing anything?**
- 4 How could Bjørn Bamserud and the Fabrikk1 management address the situation?**
- 5 How far is it permissible to go to nurture contact with local politicians?**

8 To acquire or not to acquire



DESCRIPTION

Kari Larsen is the manager of the unit in Predator ASA that considers acquisitions of other companies. She is currently negotiating the acquisition of Novomosti, a company headquartered in an Eastern European country.

The due diligence process has uncovered that Novomosti has a weak internal control system. Novomosti has an anti-corruption policy, but has not established a compliance system to monitor it.

In meetings with Novomosti's management, Kari asks for description of its use of agents and distributors, the contact they have with public authorities, and Novomosti's

anti-corruption strategy. The management responds in very general and vague terms, which does little to clarify the situation for Kari. On follow-up questions about whether Novomosti has any challenges with corruption, the general manager gets annoyed and is clearly offended. He says that "wads of money under the table" is not something they are involved in.

It has also been difficult to map the ownership structure in Novomosti. The company is owned by various trusts, but the real ownership remains obscure. Kari realises that it may not be possible to get to the bottom of this.



QUESTIONS

- 1** Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case?
Which chapters in TI Norway's "Protect your business!" are relevant in this context?
- 2** What should Kari Hansen recommend to Predator's senior management and board?
Should Predator move ahead with the acquisition process?
- 3** How can Predator handle the corruption risk associated with the acquisition?
 - a. What should be focused upon before the investment decision is made?
 - b. How could risk be regulated in the acquisition agreement?
 - c. How should the risk after the acquisition be handled and reduced?

9 A small oversight



DESCRIPTION

Reiulf Frisk works in the company Eksportør AS, which has built a good market for its products in Ukulu, where they have a sales office. A large contract is on the horizon, and Reiulf has an important meeting with the new customer in the local office. He arrives at the airport in Ukulu in the evening after a long flight, and looks forward to getting to his hotel and rest before the meeting early the next morning.

After the passport control, vaccination documents are being checked. While Reiulf is queuing, he gets distressed when discovering that he cannot find his vaccination certificate for yellow fever, and realises that in his haste he has left it at home. When it is his turn, he tells the health officer that he has a valid vaccination but that he unfortunately has forgotten to bring his certificate. The officer responds that his instructions are clear: No one enters the country without being able to document that they are vaccinated against yellow fever. Either he has to leave the country, or he has to take a vaccine at the airport.

Reiulf is accompanied by a nurse to an infirmary, but gets very concerned when he enters the premises. It is dirty and does not appear hygienic. The nurse notices his reaction, and says that the Ukulu health service receives inadequate

funding, so that not only is his salary very low, but no funds are granted for new equipment. Reiulf is therefore offered the option of not taking the vaccine but instead paying USD 100, to be used to buy new equipment and medication – a “win-win” situation, according to the nurse.

Reiulf asks to make a few phone calls before deciding. He first checks whether there are any flights leaving Ukulu that night, and finds that there are several options. He then calls a Norwegian employee at the local office and explains the situation. The employee says he must not even think of taking the vaccine there, as it is “a health hazard”. “Pay the 100 dollars,” he says, “it is a good investment to avoid the problems you will have if the boss finds out that you’re not attending the meeting tomorrow.”

Reiulf is very unsure. Eksportør has a strict code of conduct, but Reiulf believes that the health risk associated with the vaccine must matter. The meeting the next day is also very important, and his absence may put the new contract at risk. Furthermore, Eksportør has an ongoing cost-reduction programme, and a useless expensive trip would not be kindly regarded by Reiulf’s superior.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's “Protect your business!” are relevant in this context?**
- 2 Should Reiulf take the vaccine or could the payment be justified because of the health risk?**
- 3 Does it help that the payment is for a good cause?**
- 4 Should Reiulf travel back home?**

10 A rewarding seminar



DESCRIPTION

In recent years, the contractor company Byggspecialisten AS, headquartered in Oslo, has won several bid competitions for engineering and construction of large office buildings across the country. To achieve this position in a competitive market, the company has focused on attracting highly skilled employees, especially engineers with strong expertise in important technical disciplines. The company management was therefore very happy to have recruited Arvid Hellerud, who graduated with excellent grades and subsequently completed a doctorate based on a dissertation on new methods for the foundation of large buildings. These methods are increasingly being used abroad, but have thus far not been used much in Norway. Arvid's career in Byggspecialisten starts well, and he is given large assignments and significant responsibility soon after he is hired.

One day Arvid receives an invitation for a seminar in Bergen from Fundamentspecialisten AS. Fundamentspecialisten is a subcontractor that Byggspecialisten often uses. Arvid is excited about the invitation, as the seminar covers very interesting and relevant topics.

Furthermore, several of the speakers are international experts that he not only would like to listen to, but also speak with during the lunch and breaks in the programme. The seminar and lunch are free to participants, but the participants' employers must cover the cost of travel and accommodation.

Arvid enthusiastically suggests to his immediate superior that he wants to sign up for the seminar and argues that this technical updating will be very useful to his own development and thus also to Byggspecialisten's competitiveness. Arvid's boss is not sure. The seminar seems sound in terms of its technical content, but Fundamentspecialisten is known as an aggressive marketer and he is concerned that given Arvid's limited experience he may easily be influenced to favour Fundamentspecialisten. Perhaps Fundamentspecialisten also will try to recruit Arvid. On the other hand, he fears that Arvid as an ambitious and sought-after expert may consider changing employer if he is not permitted to attend the seminar. He is a resource Byggspecialisten needs, and there is no doubt that this seminar will give him a useful professional update and inspiration.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 What issues should Arvid's boss consider before making a decision?**
- 3 Should Arvid be allowed to participate in the seminar? If not, how could his boss counteract any negative consequences?**

11 Football in the local community



DESCRIPTION

Per Lien is an employee of BA Bygg, where he leads the work on a bid for construction of a new school in Fjellfager municipality. The award criteria are specified to be price, competence and execution ability. After a negotiation meeting, Per receives a call from the project manager in the municipality, who wants to clarify some aspects of the bid. He also points out that the bidders are expected to make a positive contribution to the local community. He has noticed that BA Bygg is the only bidder who does not sponsor the local football club's junior team, where the project manager's son happens to be the team captain. He encourages BA Bygg to be socially responsible and participate in the joint effort to develop the district's promising football team.

Per finds it uncomfortable to be put under pressure in this manner and is very uncertain about how to handle it. BA Bygg is very focused on being socially responsible in the local communities where they work. Nevertheless, Per does not think it would be right to sponsor the football team in this situation, even though the amount requested is small. At the same time, he does not want BA Bygg to be disqualified from competing for the project.



QUESTIONS

- 1** Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case?
Which chapters in TI Norway's "Protect your business!" are relevant in this context?
- 2** Should Per recommend that BA Bygg becomes a sponsor for the football team?
- 3** What should Per do in the situation he finds himself in?

12 Important delivery



DESCRIPTION

The manufacturing company Metalleksperten AS has recently acquired a production facility in Magani, a country with an expanding economy but a poor population and low salaries in the public sector. Arne Antonsen has been appointed maintenance manager of the facility, and moves to Magani with his family. He had to move on short notice, and did not have much time to prepare for this expatriation. His contract includes some Key Performance Indicators that form the basis for bonus payments. Of these, the stable operation of the facility is the most important.

The previous owner of the facility has neglected the maintenance, and a number of repairs are therefore required. The spare parts storage is inadequate, and several critical parts must be imported and installed as quickly as possible. Arne orders the parts immediately, in the hope of ensuring continuous operation. The supplier of the parts informs Arne that they will arrive at the nearest port on a specific day, and Arne shows up early that day at the customs office to handle the formalities so that the parts can be transported quickly to the facility.

When Arne hands over the necessary forms to the customs officer, the officer says that important information is missing. Arne is surprised and points out that the forms have been filled in correctly and that getting the parts is a matter of urgency. The customs officer gets upset, says he knows his job and that it will take days to get the delivery released if the missing information is not provided. After a discussion of what this information actually is, and without Arne gaining a better understanding, the officer calms down. He says exemptions may be made if the situation is really urgent, but this will entail an expediting fee of USD 1,000.

Arne assumes that this fee will end up in the officer's own pocket, which would violate the company's code of conduct. However, if he gets a receipt, it might be a real public fee. The consequences of not getting the parts would be significant. A production stop as a result of critical spare parts not being available will cause a daily production loss equivalent to USD 10,000, and a significant reduction in Arne's performance bonus.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case?
Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Was Arne sufficiently prepared to encounter a situation like this?**
- 3 Which issues should Arne consider before taking a decision about whether to pay the expediting fee?**
- 4 May there be good reasons to pay?**

13 A tasty gift



DESCRIPTION

Petter Aas has retired from his job at the company Kinaeksport AS, but still keeps in touch with the company management and does some assignments for the company through his sole proprietorship. Petter has spent time in China in several periods, and is very fascinated by Chinese culture and business traditions. As China is the company's largest market, Petter has been very much involved in training employees who will work there, and he has also been a popular speaker in external fora.

As a pensioner, he enjoys giving speeches to various associations about China and his experiences there. He views this as a hobby and values the gifts he receives in appreciation – these are usually flowers, a couple of bottles of wine or a modest compensation.

One evening he gives a speech to the Seniortreff association, which consists of experienced business leaders from many sectors. After the speech and discussions, Petter thinks it

has been a very successful performance with a particularly active audience. The chairman of the association thanks him profusely for the speech and gives him a box of 12 bottles of wine. Petter is quite surprised, as this is a significantly larger gift than he usually receives. He looks at one of the bottles and recognises the wine as a good quality Bordeaux. Petter thanks the chairman for the generous gift, but feels a bit uncomfortable.

While the members exit the room, the chairman approaches Petter and asks for a small favour. The chairman runs a small company and has a business idea he thinks Kinaeksport may be interested in. He would therefore like Petter to ask someone in Kinaeksport's management whether he could present this business idea. Petter understands that the generous gift he received may not be entirely a coincidence, but may rather be an attempt to obtain a favour. He is not sure how to tackle the situation.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Should Petter accept the gift?**
- 3 Should Petter contact someone in Kinaeksport's management to ask for such a meeting?**

14 A skilled supplier



DESCRIPTION

The Star-Tech company has used IT Proffen as a supplier for the operation of its IT system for three years, and has never had any complaints about how the assignment has been executed. IT Proffen has also been good at developing new solutions, has provided much value for the money, and has focused on security.

IT Proffen occasionally invites its customers to a half-day seminar, with some food and drink served, to provide information about developments and new opportunities. The head of IT in Star-Tech, Nina Nano, has always attended these seminars and has therefore developed a large network among the supplier's employees. She is Facebook friend with many IT Proffen employees, and is also connected to several others on other social media platforms. In this way, she can always keep up to date on what is happening and keep an eye on relevant events. Nina also sees some IT Proffen employees socially, and they have become close friends.

When the contract with IT Proffen is about to expire, Nina recommends a three-year extension of the contract. Nina's superior asks whether inquiries should be made with other suppliers as well. Nina is surprised, as she is of the opinion that the cooperation with IT Proffen is excellent, and that a change of supplier would be complicated and probably more expensive. While Star-Tech has developed a lot since the contract with IT Proffen was first entered into, Nina does not see any reasons for changing supplier. She thinks she knows the IT market well and doubts whether other suppliers can make competitive offers.

Nina therefore recommends to her superior that Star-Tech renews its contract with IT Proffen.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Which evaluations should Nina Nano do when she receives invitations from IT Proffen to this type of half-day seminar, or invitations to other supplier events?**
- 3 Is it OK to extend the contract with IT Proffen without further consideration, or should Nina assess other options?**

15 A dangerous whistleblowing



DESCRIPTION

The Norwegian company ABC Eksport ASA has subsidiaries in several countries, and its internal audit department visits these subsidiaries regularly to ensure that operations are sound and correct. In one case, the internal auditor, Anne Fjeldberg, visited the subsidiary Boliwi Ltd. in a country with another culture and different framework conditions for the business sector than in Norway.

In a meeting with the local management, Anne was told that the procurement manager in a company that was a potential Boliwi customer had demanded personal advantages in order to enter into a contract with them. This potential customer is a subsidiary of a large international actor in the industry, so the Boliwi management was surprised by such a demand. Though this was pointed out to the procurement manager, he maintained his demand, which he considered as common practice for bonuses in the local business culture.

ABC Eksport which has a strict code of conduct, found it unacceptable to provide such personal advantages, and withdrew from further cooperation with this customer.

Anne thought that the customer's management, and possibly the international parent company, should be notified that the procurement manager had attempted to obtain improper personal advantages in this unethical manner. His actions are illegal under the country's anti-corruption legislation, but laws are not adequately enforced and these corrupt acts are not uncommon in this country.

Boliwi's general manager begs Anne to not do anything. He agrees that the incident should be addressed, but fears for his own and his employees' safety if it becomes known that they were the whistleblowers.



QUESTIONS

- 1** Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?
- 2** This is about corruption outside one's own organisation. Is there a whistleblowing duty in a situation like this?
- 3** How can the safety risk be handled?

16 Supporting an environmental conference



DESCRIPTION

Lars Eriksrud is the head of communication in the company Buenos Productos, and sponsorships are one of his responsibilities. The company is a subsidiary of a large Norwegian company, and has a production facility in the Caramba municipality in a Latin American country. For Lars, it has been very important to develop good relationships with local authorities, not least because Buenos Productos wants to expand its plant by another production line. Most of the permits required to begin construction on this expansion have been granted, but Buenos Productos is still awaiting a permit from the environmental authorities in the municipality.

The mayor of Caramba contacts Lars to request that Buenos Productos take on the main sponsorship of an annual environmental conference that will be held soon. The mayor points out that he is entirely dependent on external funding for this to be a successful event, as the municipality does not have the money to finance it. Thus far, local companies have provided funding and he thinks

this will be a great opportunity for Buenos Productos to build its profile in the local community. As the main sponsor, Buenos Productos' logo would be displayed in several ways, including on the cover of the programme and on posters in the lecture venue.

Finally, the mayor mentions that it is important to him personally that the conference is a success, as the municipal elections are coming up. The event will increase the likelihood that he is re-elected. He also suggests that his re-election would benefit Buenos Productos, as his main opponent for mayor has a negative view of foreign investments in the municipality.

Lars thinks this sounds very interesting, and there is room for such a sponsorship in the budget. His immediate reaction is to propose to the company management that this opportunity is used to build a profile as an environmentally conscious company.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Which issues should Lars consider before agreeing to such a sponsorship?**
- 3 What should he recommend to Buenos Productos' management?**

17 A win-win situation



DESCRIPTION

Apexinor Industries ASA is in the construction phase of a large project in a South American country. The country has an expanding market, but an underdeveloped economy. It scores poorly on Transparency International's corruption index.

Unstable power supply from the local publicly owned power company is one of the problems that the project has struggled with. The project is already severely delayed, but is nearing start-up when there is another power outage. All work on the plant ceases and the workforce of 700 men cannot do their jobs. This time, there are no signs that the power company will succeed in fixing the situation.

Project manager Runolv Knugen is fed up, and contacts both the local authorities and the local power company to find out what has happened and demands that the power supply is returned immediately.

The managing director of the power company tells Runolv that the outage is caused by their limited and outdated

computer capacity. The company finances are poor because the authorities take the entire profit and do not fund new equipment. If they had about 10 modern computers, the problem would be solved and the power supply could be restored quickly. The managing director of the power company asks Runolv whether Apexinor is able to help solving this problem.

Runolv thinks that if he makes 10 computers available from the local project organisation, most of the time-sensitive work on the project could still continue for a while, and the head office could replace the computers within two weeks. He also believes that giving computers to the local publicly owned power company is a community contribution that aligns with Apexinor's policy on social responsibility.

On the other hand, Runolv fears that it might set a precedent and that further requests may come. He also recalls that there was talk of risks associated with voluntary community contributions to local authorities during an anti-corruption course he attended before being expatriated to this project.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Should Runolv donate the computers to get the project going again with a minimum loss of time?**
- 3 What risks are associated with this type of community contribution?**
- 4 Which investigations and risk mitigation measures should Runolv initiate?**

18 Asian agent



DESCRIPTION

Chief Financial Officer Gunnulf Green in the company Noproblem Shipping Co. is investigating a number of unusual issues related to payments to an agent in Asia, and comes across the following e-mail from the agent to Noproblem Shipping's sales director:

We will not appear as any part in the business because we have no reason to have any income or expenses. That is the reason why the payment cannot be transferred to our bank account.

The other reason is that it is not all our money – a big part of it belongs to our customer – who is a private person holding a high position in the Government. Without this person, we could not get through to put you in the business.

I believe you understand the Asian type of working.

Gunnulf is unsure of how to handle the case towards the sales director and the management.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case?
Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Which "red flags" do you see here in relation to the use of the agent and indications of corruption?**
- 3 What advice would you give Gunnulf and Noproblem Shipping Co.?**

19

Troublesome Christmas presents



DESCRIPTION

Christmas is nearing, and sales manager Bjarne Brusik in Kontorfix AS has started to think about Christmas presents to the firm's customers. Kontorfix provides office equipment and office supplies to companies and other types of enterprises.

In previous years, Bjarne has used beautiful calendars with the Kontorfix logo as Christmas presents, and these have been sent to a large number of individuals working for the customers. Bjarne suspects that his competitors give more generous Christmas presents, and this year he has decided to do something different. He will only give gifts to a select few employees of the customers, in other words only those directly involved in procurement. He will also increase the value of the gift to create more customer loyalty towards Kontorfix.

Bjarne is aware that he is entering troubled waters - he knows that many companies have internal guidelines for gifts. He has seen some of these online, but he thinks none of them provide a clear answer to what the upper value should be. He has also noticed that some companies are very restrictive about personal gifts. Others use a gift register to create transparency, and some require employees to hand in gifts they receive – these are then distributed in a free lottery among the employees. Bjarne has also searched other online sources, and has found out that it is up to each company to

decide its own gift policy, including any value limits and other restrictions, as long as the gift complies with the law and does not constitute an improper advantage. Bjarne finds it difficult to determine what this concretely means.

He does not think the online information provided much guidance, so he decides to do things his own way. He has prepared a preliminary list of gifts he feels it would be appropriate to give to select persons working for Kontorfix's customers:

- a) Ipad
- b) Sports jacket
- c) Half a smoked salmon
- d) A box of Christmas food, valued at about NOK 700
- e) Gift card for NOK 500
- f) Flowers or a seasonal flower arrangement
- g) Telephone charger
- h) One bottle of wine, two bottles of wine, or a box of wine bottles
- i) 30 % discount for private shopping at Kontorfix

The Kontorfix logo will be added to these gifts whenever possible.

Bjarne finds it difficult to decide and needs help in selecting the Christmas present to use.



QUESTIONS

- 1** Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case?
Which chapters in TI Norway's "Protect your business!" are relevant in this context?
- 2** Which issues other than value should Bjarne consider when assessing whether a gift is acceptable or not?
- 3** Which gift options do you think Bjarne can choose, which should he not choose, and why?

20 Right to treatment?



DESCRIPTION

Rune and Knut have been friends since lower secondary school. Rune is a carpenter, and Knut is a doctor at Roligheten hospital. Rune has recently helped Knut put up an annex and has also assisted with other extensive work on Knut's cabin. He said this was a favour for a friend and did not want payment. Knut wanted to pay, but Rune insisted, and in the end Knut gave up.

One weekend, Rune is experiencing stomach pain and decides to go to Roligheten hospital rather than to the local emergency ward. Rune knows that Knut is on duty in the emergency reception at the hospital that day.

Knut thinks that Rune's condition is not urgent, but he finds it difficult to turn his friend away. Knut calls Arne, the doctor on duty in the medical department. He explains that while this is not an emergency, Rune is a good friend so he still wants to send him onward to Arne at the medical department. Knut fails to tell Arne that he owes Rune a favour. Arne hesitatingly agrees to see Rune for a diagnosis and possible treatment. He finds it difficult to turn the request down, as Knut is a good and highly valued colleague.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 How should Knut have reacted to Rune's comment about a favour for a friend?**
- 3 What conflicts of interest can be identified?**
- 4 What issues should Knut consider before contacting Arne, the doctor on duty in the medical department? What issues should Arne consider before agreeing to receive Rune?**
- 5 Should Knut send Rune onward to the medical department? Should Arne agree to diagnose and possibly treat Rune?**

21 Two bicycle enthusiasts



DESCRIPTION

Tore Carlsen is the general manager in the company Innovasjon AS, which is one of the insurance company Aktiv Forsikring's (AF) good customers. Tore has a very good relationship to his insurance company and is in frequent contact with his account manager, Anton Friskus, with whom he is on a first name basis. They share a passion for bicycling, and always conclude their conversations by talking about that. Tore has just bought a new bicycle and is looking forward to using it for more exercise.

He is therefore very happy to receive an exciting bicycling-related invitation from AF.

The invitation is for a training programme consisting of:

- Training for 10 AF employees and 25 representatives from business customers, with kick-off in March.
- Guidance from a professional trainer once a week.
- A longer trip in June.
- A concluding race in August, with dinner and accommodation.

A significant part of the costs are covered by AF, but participants must pay for something themselves. Tore is in no doubt that he wants to participate, and is really looking forward to it.

Anton is the one who has come up with the programme. He is aware that it will cost a lot - some sweat and quite a bit of time. He and his colleagues expect to spend many hours of work time on this, in addition to the costs for the trainer, travel, etc. However, as AF is a relationship-oriented insurance company, he thinks it is worth it.

When Anton presented his plans to AF's senior management, they were very excited, as this would build strong loyalty among the customer representatives who participate. They therefore agreed to send the invitation to the selected customers, which are considered very important.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Which questions should Anton have asked himself before recommending to AF's management to send these invitations?**
- 3 Do you agree with the management's approval?**
- 4 May Tore accept the invitation?**

22 A charitable fund?



DESCRIPTION

Else Roslett is in charge of social responsibility in the company Råvareimport ASA, which imports important raw materials extracted from local mines in various countries. The company is established in an African country with many challenges, not least ethical challenges. This causes Råvareimport's management to worry that those expatriated in the country and the local employees may struggle to comply with Råvareimport's code of conduct. They therefore ask Else to visit the subsidiary Norwegian Mining to do a thorough review of how ethical challenges are handled.

Else arrives at Norwegian Mining's office in the country's capital, and on the way there she is surprised to see obvious poverty in a country with significant revenues from mining. She is received well in the office and is assured that she will be informed about all relevant ethical issues.

In the meeting with Norwegian Mining's management, Else gets the impression that they are in control of the challenges and that ethical training for local employees is prioritised. However, the financial manager says he is sceptical about the contribution they are required to make to a charity fund created by the country's president. They pay taxes and fees and thereby contribute to the country's economy, so the financial manager finds it unreasonable

that they are required to pay significant sums to such a fund, especially considering that it is unclear what the fund is used for. The managing director of Norwegian Mining then says that such contributions are expected of all foreign companies, and he fears that if they do not pay they may find it difficult to get the necessary permits from the authorities. They have an ongoing need to renew various permits, so this could create problems for operations and their financial situation.

Else does not like this system, and insists that they need more information about the fund. The financial manager calls the manager of the fund, and a meeting is set up for the next day. During this meeting, it is claimed that there is full transparency about the fund's operations, and Else is taken on a tour of the city and surrounding districts to visit schools and hospitals financed by the fund. However, her request for access to the fund's accounting records is rejected due to confidentiality.

That evening, Else has dinner with the local employees. One of the employees mentions that the popular name for the fund is "the president's wife's shopping fund". Several of the others sitting nearby are nodding smilingly. Else is shocked and wonders what to do next.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case?
Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 What should Else do in this situation?**
- 3 May it be acceptable to contribute to a fund like this?**

23 A choice of route



DESCRIPTION

Attorney Anton Nilsen is an expert on expropriation cases and is engaged by a new client, Lars Hansen, who owns large agricultural areas in Vestfold county. The Ministry of Transport and Communications is working on plans to build a new European highway through the county, and Hansen is concerned that some of his property may be expropriated for this purpose. He asks attorney Nilsen for advice and help in trying to prevent the road from being routed over his property.

Local media have followed the story for a long time, and there are three possible routes that have been the subject of much discussion. There are various reasons for choosing the different options, and many views about which is the best one. A route across Hansen's property will not be the shortest one, but calculations show that the costs of building the road is likely to be the lowest if this option is chosen. However, a number of artefacts from the Viking era have been found in the area around this route, and the project may become more complicated if these are impacted.

Privately, Nilsen is a board member of the Vestfold cultural heritage association, and he has good contact with the cultural heritage authorities at the county and national level.

Attorney Nilsen creates a list of arguments for and against the route across Hansen's property and investigates at what stage and level in the Ministry of Transport and Communications the case has reached. He then discovers that his old friend from his time in the Faculty of Law, Arnstein Olsen, is a key case officer for this case. His preparations and proposals will be very important for the final choice of route.

Attorney Nilsen informs Hansen about this lucky coincidence, and says that he has a chance of influencing the outcome of the case by talking to his old friend. He calls Olsen and asks for a meeting based on his interest in cultural heritage and his role as a board member of the Vestfold cultural heritage association. They agree to meet.

The meeting between Nilsen and Olsen is very friendly, and after reminiscing about their happy days as students, Nilsen speaks warmly in favour of the two options that will not affect the unique historical artefacts. He also points out that there is risk associated with the third option, as the cultural heritage authorities may step in to protect the artefacts and thus delay the project and increase costs. Nilsen does not mention that he represents a client with significant financial interest in the outcome of the case.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Is it OK that attorney Anton Nilsen tries to influence the outcome of the case in this way?**
- 3 Should Arnstein Olsen have done anything differently?**

24 Payments to public officials



DESCRIPTION

The Norwegian oil company Jurassic Oil ASA is expanding internationally. One of its expansion areas is Magrebia, where the company won a tender for an exploration licence in cooperation with two other oil companies. The partnership is a joint venture (JV), which is a common business model in the petroleum industry. Jurassic Oil has a minority share and has neither positive nor negative control of the joint venture. Bjørgulv Øverdal is Jurassic Oil's representative on the JV steering committee.

The relationship with the authorities is regulated by a license agreement and the relationship between the partners is regulated by a joint operating agreement (JOA). One of the companies is the operator, on behalf of the JV. Among other things, the JOA sets out the operator's rights and obligations as well as voting rules. The cooperation between the companies is organised in committees – the steering committee, finance committee, exploration committee, and other committees as needed. The operating company chairs the committees. Representatives from the authorities participate in committee meetings as observers. This helps the authorities to be well prepared to make the decisions they are responsible for.

Many committee meetings take place outside Magrebia, which entails some travel, also for the representatives of the Magrebian government (two members in each committee). After one of the steering committee meetings, Bjørgulv asks

the chairman who pays the travel and accommodation costs for the public officials. He is told that the operator pays on behalf of the JV. He also learns that the JV pays a salary to the public officials for the time they spend in meetings. Bjørgulv is surprised. Back in Jurassic Oil's head office, the legal and accounting departments help him check the license agreement, the JOA and the operator's accounting records, but they find no information about this. Bjørgulv contacts the chairman again, and the chairman explains that the payments are based on an oral agreement with a deputy minister, who also has insisted that the payments must be made in cash directly to the public officials on the committees. The chairman tells Bjørgulv that this is common practice in Magrebia. Concerning the accounting records, the chairman says that the payments are included in the item "miscellaneous expenses".

Bjørgulv is not comfortable with this. He gets in touch with the secretary general of the association for foreign petroleum companies in Magrebia to see whether this is common practice and if it has been discussed in the association. The secretary general confirms that all foreign JVs in Magrebia must comply with this system. He also says that the issue has been raised several times in the association's meetings, though this has not led to a decision on a joint stand or measures on the issue. Some companies worry about the system, while others do not.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case?
Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Does Bjørgulv have reasons to be concerned about the system for paying public officials?**
- 3 Should Bjørgulv do anything about this, and what can he do?**

25 Health in each krone



DESCRIPTION

Helsedata ASA's product segment is digital health services, and it is investing internationally by establishing subsidiaries in several countries with growing economies and increasing demand in this product segment.

Helsedata wants to make positive contributions in the local communities where it works, by providing sponsorships, voluntary community contributions and charitable contributions. The company has separate budgets and clear guidelines for charitable contributions to non-profit organisations. These state that charitable contributions shall only be given within the health sector, that the contributions must help strengthen Helsedata's brand and reputation, and build pride and loyalty among Helsedata's employees.

Else Hansen is the director of communications in the newly established subsidiary Helsedata Ukumbu Inc. Else meets with the public official in the Ukumbu department of health who will process the application for the technical installations necessary for Helsedata's business activities. Towards the end of the meeting, Else asks for a recommendation of a charitable organisation in the health sector in Ukumbu that Helsedata can cooperate with. The public official asks how much Helsedata plans to donate. In a moment of indiscretion, Else tells the official what Helsedata's budget is for charitable contributions in Ukumbu.

The public official suggests that 50 per cent of Helsedata Ukumbu's budget for charitable contributions should be given to a foundation supporting poor children in need of health services. He says the foundation is well managed, and that he is its secretary general.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Which risks are associated with charitable contributions to this foundation?**
- 3 Which measures, investigations and assessments should Else and Helsedata do?**
- 4 Should Helsedata Ukumbu give a charitable contribution to this foundation, and if so under what conditions?**

26 Arrested goods



DESCRIPTION

Ole Carlsen manages the local office of Østeksport AS in Uralia. Østeksport has only four employees in Uralia, and uses a local distributor for the import, distribution and sale of its products. This is because Uralia's authorities do not permit foreign companies to distribute and sell products directly.

One day a truck with Østeksport's goods are confiscated by the police after crossing the border to Uralia. The reason given is that the products are claimed to not satisfy national quality requirements. Ole Carlsen knows that the products were tested with excellent results when they left

Østeksport's warehouse in Norway. After extensive discussions, the police arranges for analyses to be made at an official laboratory in Uralia. The results are negative for Østeksport.

The distributor handles all contact with the police due to the language barrier. The situation seems deadlocked until the police unofficially indicates to the distributor that it will waive all accusations if a fee of USD 10,000 is paid. The distributor offers to handle this for Østeksport as is customary in Uralia, and as they have handled similar situations previously for other customers.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case?
Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Which issues should Ole Carlsen consider before deciding whether to pay or not?**
- 3 Should Østeksport pay the police itself, let the distributor pay, or not pay at all?**
- 4 Should Østeksport continue the cooperation with this distributor?**

27 An unknown owner



DESCRIPTION

The credit insurance company Passiv Forsikring receives a credit insurance application from its Norwegian customer Maskineksport AS. The application is for the company Goldfinger, from the central Asian country Knaristan.

The company certificate does not state who the owner of Goldfinger is. Five years ago, the managing director of the company held a senior position in Knaristan's ministry of agriculture and food. Goldfinger has grown rapidly in recent years, in contrast to other actors in the Knaristan market. Goldfinger entered the ongoing phase of rapid growth shortly after the new managing director started.

Passiv Forsikring travels to the capital Kitch to collect more information about Goldfinger. At the airport, Passiv Forsikring's two employees Ole and Henning are met by the managing director and are taken for a tour of the city centre and on a private tour of the beautiful presidential palace. They are then taken to Goldfinger's factory and

given a tour there before their meeting. In the meeting, Ole and Henning are given a presentation about Goldfinger and receive a lot of the information they are looking for, but do not find out who owns the company. The managing director explains that the owner wants to remain anonymous, as he does not want to draw the attention of criminals. He adds that Knaristani law does not require transparent ownership.

After the meeting, Ole and Henning are accommodated in the guest house inside the presidential palace complex. The day concludes with a dinner in a good restaurant. During the dinner, the managing director talks about important milestones in Goldfinger's development, including how crucial it has been to have good relationships with important people, and talks with bemusement about several incidents where government representatives have required some "pampering".



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 What are the "red flags" in this case?**
- 3 What should Maskineksport and Passiv Forsikring have done in advance? Should any investigations be conducted in the aftermath of the visit to Knaristan?**
- 4 May Passiv Forsikring insure credit sales to Goldfinger with the information available?**

28 Professional agenda



DESCRIPTION

Eric Ericsson is the sales manager in Ekspertservice AS. In August 2014, he receives an invitation from a large customer for an event during the Nordic World Ski Championships in Falun in 2015. All the large Norwegian actors in the business segment have been invited, in addition to the customer's other business partners.

The event is marketed as a networking opportunity, but also includes a professional part with panel discussions and workshops to discuss the future of the business

segment. The customer covers travel, accommodation, meals and tickets for championship events. The invitation is also for a partner, but the customer does not cover the costs for this person.

The professional part of the programme is especially relevant to Eric, but he is nevertheless unsure of whether this is something he can participate in, and if so whether he can bring someone or not.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case?
Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Which assessments and clarifications are necessary before Eric accepts or declines the invitation?**
- 3 Should Eric accept the invitation?**

29 Vive la revolution!



DESCRIPTION

The Norwegian prospecting and extraction company Gruvedrift ASA has been operating in the African country Cote d'Ametyste for six months. Cote d'Ametyste is a dictatorship governed by a president who came to power in a military coup 10 years ago. The president himself describes the coup as a revolution.

In a meeting with a senior public official in the government system, Gruvedrift's local manager Agnar

Sletten receives a surprising request. The public official says that the revolution will be celebrated in two months' time, in a grand annual event. All foreign companies in Cote d'Ametyste are expected to contribute USD 5,000 each to fund the celebration. He asks Gruvedrift to join in this shared financing effort, as other foreign companies have done in previous years.

Agnar is taken aback, and says he will respond later.



QUESTIONS

- 1** Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case?
Which chapters in TI Norway's "Protect your business!" are relevant in this context?
- 2** Which risks are associated with such payments?
- 3** What measures should Agnar and Gruvedrift initiate after receiving this request?
- 4** How should Agnar respond to the request?

30 Windmills in Africa



DESCRIPTION

Petter Olsen works with a selection of regular customers in the export financing firm Finans og Kreditt AS. One day he receives a financing application from the company Hardt Stål AS, which is a supplier to the shipping industry and has received financing from Finans og Kreditt AS several times before. Due to the poor ship-building market, Petter Olsen has not heard from Hardt Stål AS for a while. They are now applying for financing of a very different type of delivery – structures for a windmill project in the central African country Saharia.

Petter heard about this project a few weeks ago, when he attended an anniversary dinner for Hardt Stål AS. Due to the difficult times, Hardt Stål's management had not planned a big event. They had a five-course dinner at a good restaurant for a selection of the company's business partners. During the dinner, Petter overheard Hardt Stål's general manager tell someone that entering the windmill market had been tough, that it had not been easy to follow the rules of the game in a country like Saharia, and that it had been necessary to cut some corners and take some shortcuts in the approval process with the authorities. Petter understood that they had succeeded in getting a contract.

During the preparation for the management meeting in

Kreditt og Finans in which Hardt Stål's application will be discussed, Petter searches for the Saharian borrower company in the database Finans og Kreditt has access to, with no results. He breathes a sigh of relief. He does a search for Hardt Stål too, even though he feels he knows the company well. Petter thinks about what he overheard during the dinner with Hardt Stål. The information was not meant for his ears, and he does not want to appear to be eavesdropping, so he does not act on the information.

In the management meeting, someone asks whether this is not a high-risk situation that requires extra precautions under Finans og Kreditt's routines for dealing with countries like Saharia. The company routines require extra investigations and measures if the borrower or project is located in a country with a score below 40 on Transparency International's Corruptions Perceptions Index (CPI). Petter realises that he has completely forgotten to check, but nevertheless responds that Saharia is not as bad as one might think. The meeting concludes with the management approving Petter's recommendation to grant the application. To be on the safe side, Petter checks Saharia's CPI score after the meeting, and sees that it has a score of 39, or just one point below the required 40. Petter is relieved – one point cannot make much of a difference.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 May the dinner Petter attended have impacted his handling of the loan application?**
- 3 Which principles did Petter violate before the decision was made in the management meeting?**
- 4 What would have been decided in the management meeting if Petter had provided complete and correct information?**
- 5 What would the consequences have been for Petter if anyone in the management was aware of these things?**



DESCRIPTION

The building materials chain Supertrelast AS has entered the construction business through the acquisition of a 20 per cent share in the construction company Flottbygg AS. This ownership position does not give Supertrelast positive nor negative control of Flottbygg.

Sverre Halvorsen is a board member in Flottbygg, on behalf of Supertrelast. Supertrelast is in the final stage of implementing an anti-corruption programme, and Sverre thinks it would be a good idea for Flottbygg to do something similar. He suggests this in a board meeting, and offers advice from Supertrelast. His suggestion is not well received. The chairman of the board believes that Flottbygg's code of conduct is adequate - it states that Flottbygg's employees are expected to comply with applicable laws. Sverre does not think this is sufficient, but has no means to address the situation.

Over time, Sverre familiarises himself more with Flottbygg's activities. He notices that a considerable share of Flottbygg's activities take place in a large city, and that

the firm's largest customer is the city's municipal property company. In a board meeting, Sverre asks why Flottbygg wins nearly all bid competitions from this property company. The chairman of the board says that is because of Flottbygg's expertise, execution ability and good references. It also helps, he adds, that Flottbygg's local manager has been a friend of the managing director of the municipal property company since their student days. The chairman explains that the local manager is particularly highly skilled and that the managing director of the property company often asks him for advice about how the bidding specifications should be designed.

Sverre is very concerned about what he is hearing, and proposes in a board meeting that Flottbygg conducts an internal investigation of the company's business with the municipal property company. The chairman says he finds the insinuation that Flottbygg is engaged in criminal activities to be highly objectionable. Sverre asks for a vote on his proposal. The proposal is voted down.



QUESTIONS

- 1 **Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 **What should Supertrelast have done before acquiring the 20 per cent share in Flottbygg?**
- 3 **Can Supertrelast accept that Flottbygg does not have an anti-corruption programme?**
- 4 **Which potential problems does Sverre see in the business relationship with the municipal property company?**
- 5 **What should Sverre and Supertrelast do when Sverre's proposals for an anti-corruption programme and internal investigation fail?**

32 Oil for education



DESCRIPTION

The oil companies Gear Oil ASA and Brake Oil S.A. have a joint venture (JV) for oil production in an area with widespread poverty and a poor social infrastructure. The rights to the oilfield are regulated by a production sharing agreement (PSA) that contains a provision stipulating that the production revenue shall first cover investments and operating costs and that remaining revenue shall be split between the companies, the state authorities and local authorities in accordance with a specified allocation key.

The governor of the region has a lot of power. The JV depends on many approvals and permits from him and the regional authorities, both in the construction phase and in the production phase. The governor is a controversial person who is very popular locally, but who has been in conflict with the central authorities and has been investigated for corruption a few times.

The oil field has a small test production going, and the expansion to full capacity is underway. Gear Oil's project manager Ole Nilsen is worried about the progress. The construction requires a lot of permits from the regional authorities and recently the governor has delayed several of these. At the same time, he is complaining that the PSA

is too beneficial for the oil companies and bad for his region, and argues that the agreement should be re-negotiated.

Gear Oil and Brake Oil are not prepared to open the PSA for new negotiations. They fear that the preconditions for a profitable project may be undermined and that they will lose their investments. At the same time, they understand that the region should have some economic benefits from the project before the investments have been recovered in about 10 years into the future.

Ole gets a good idea he thinks will make the governor happy and more supportive. The idea involves financing the construction of schools in the regional capital, which he estimates will cost USD 5 million. He develops the idea and prepares a proposal to the JV steering committee. While working on the proposal, he remembers an anti-corruption dilemma training that he attended a while ago. One of the dilemmas was about the corruption risk associated with voluntary community contributions. This concerns Ole a bit, and he realises that his proposal must have greater emphasis on how the JV partners can protect themselves against corruption.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Which corruption risks are associated with this voluntary community contribution?**
- 3 What prerequisites and measures should Ole incorporate into his proposal to limit the corruption risk?**

33 A superb concert



DESCRIPTION

The Flying High airline has grown rapidly in a competitive market and has good experiences from profiling its business by sponsoring popular events.

Oslo Klassiske Symfoni- og Blåseorkester is a relatively new orchestra, but it is ambitious and has already achieved some recognition. The orchestra has managed to secure an agreement with the world-famous tenor Marcello Navasotti for a concert in Oslo Concert Hall. Navasotti demands a significant fee, and ticket revenues will not cover the cost of the concert. The concert organiser therefore approaches businesses to offer sponsorships. Many companies wanted to sponsor the concert, as this soloist appeals to the mature segment of the population in particular. This category includes many keen leisure travelers as well as many business travelers, and Flying High was therefore very happy to secure the role as the main sponsor.

Reidar Frisk is a new employee in the sales department. He is a bit surprised when the company's marketing director calls him to a meeting, informs that the organiser has given Flying High 50 concert tickets, and says: "We have received the tickets as the main sponsor and as part of the sponsorship package, so we have to use these tickets well. Your task is to select people working for important business customers and partners whose loyalty we can foster by giving them these tickets. Get going!"

When being hired, Reidar Frisk was informed about the airline's code of conduct and that valuable gifts are a "red flag". He seems to remember having read something about "minimal value". The marketing director clearly had no concerns, but Reidar feels unsure of how to handle this case. This uncertainty does not abate when he checks the price of equivalent tickets – NOK 1,500! Reidar feels stuck between a rock and a hard place.



QUESTIONS

- 1** Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case?
Which chapters in TI Norway's "Protect your business!" are relevant in this context?
- 2** Is it OK to pass these tickets on to people working for business customers and partners?
- 3** Would the situation be different if the tickets were valued at NOK 500?

34 Fish out of water



DESCRIPTION

Carl Jensen has recently accepted the position as manager of social responsibility in Fiskmed AS, a company supplying medicines to the salmon farming industry. As he is still in the quarantine period after his old job, his new position has not yet been announced. Carl has previously been an active politician in the environmental party Grønt Skifte, where he was a member of the central executive board and held several other high positions. During this period, he was known as a committed and outspoken environmentalist.

After Carl withdrew from politics, Grønt Skifte has entered a coalition government with a clear environmental profile. The party has proposed that all salmon farming in the future shall take place in closed tanks on land. This has alarmed the aquaculture industry, which has invested billions in aquaculture facilities at sea. Furthermore, the party has proposed to introduce high taxes on medicines used for fish farming at sea, especially on medicine against sea lice. The purpose of this is partly to limit the

use of polluting medicines and partly to motivate the industry to move to land-based facilities. Carl has kept in touch with an old party colleague who is now the minister of the environment, and he invites him for an informal lunch to talk about environmental issues. Despite his busy agenda, the minister of the environment accepts the lunch invitation, as he has appreciated Carl's fierce commitment to environmental issues and wants to hear his views. The conversation unavoidably touches on salmon farming, and Carl makes passionate arguments for the continuation of traditional aquaculture at sea and against increased taxes on medicine against sea lice. He does not mention his new position, but gives the impression that he remains in his old job, which is not connected to aquaculture.

The minister of the environment is very surprised about Carl's attitudes. Based on Carl's previous stance as an environmentalist, he had expected to be meeting a strong supporter of Grønt Skifte's proposal to move fish farming onshore and limit medication.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Is there anything wrong with Carl arguing like he does?**
- 3 What should Carl have done differently?**

35 Smelling a rat



DESCRIPTION

The Prilexus group's local office in Novarnia has just secured a lucrative agreement with the country's authorities. The manager of the office, Finn Flatbakken, is very satisfied and believes that the agreement also could open for similar agreements in other countries in the region. The business activities in Novarnia and the rest of the region will be important to the Prilexus group's international growth targets.

Shortly after the agreement is announced, Morten Motbakken, the compliance officer at Prilexus' head office

in Norway, receives a report about the agreement having been secured by Prilexus' manager in Novarnia bribing public officials. The whistleblower is Marianne Medbakken, a consultant engaged a while ago and who previously worked for a competitor. The whistleblower threatens to go to the media if Prilexus does not sort this out. The whistleblower asks for her identity to be kept confidential.

The Prilexus group does not have a whistleblowing mechanisms.



QUESTIONS

- 1** Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?
- 2** How should the whistleblowing be handled?
- 3** What legal protection does Marianne Medbakken have? How should her request for confidentiality be handled?
- 4** What legal protection does Finn Flatbakken have?
- 5** Should the whistleblowing impact the group's further plans in the region?
- 6** What are the consequences of Prilexus not having a whistleblowing mechanism?

36 The community supporter



DESCRIPTION

Fryd Industri AS, where managing director Fredrik Fryd owns the majority of the shares, is the most successful business in Bygdeby municipality. Director Fryd is 75 years old, and for a long time he has participated in public debates about how the municipality treats its seniors. He is especially critical about the condition of the nursing home building, and the situation with all of its residents living two to a room. Fryd has said that due to the poor standard of care provided by the municipality, he will move to another municipality well before he needs care.

The municipal council in Bygdeby municipality wants to build a new senior centre and nursing home. They have lofty goals, but also have financial challenges. On the front page of the local newspaper, the mayor says that he plans to build the country's most modern nursing home, when the municipal financial situation allows. This will be a NOK 400 million investment. The municipality is on the ROBEX list, and cannot take on new loans without state approval.

Fryd Industri offers to help funding the new senior centre and nursing home by contributing NOK 40 million. Director Fryd says that the company wants to give something back to the local community. Supplemented by favourable grants from the state, the contribution causes the municipal share of the cost

to be kept within the limit acceptable for the municipal finances, and the financing plan is approved by the County Governor.

When the municipality draws up the specific plans for the senior centre and nursing home, director Fryd gets involved in technical and fundamental issues concerning the design and operation. He has clear views of what characterises good service for those in need of care, and is critical to the municipality's plans. Among other things, he wants to plan for larger rooms, which also means fewer rooms. He does not want to contribute to what he perceives to be senseless solutions and says he may withdraw his financial contribution. The mayor and municipal administration manager start negotiations with director Fryd. They fear that the financing package will collapse and want to find solutions that director Fryd will agree to.

The results of the negotiations are presented to the municipal executive board and the municipal council, creating a conflict among the local politicians. Some of the elected members believe that the municipality should welcome director Fryd's viewpoints. Others reject what they see as improper interference in municipal plans and priorities.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 What are the problems with director Fryd's approach?**
- 3 Which concerns should the municipality have in accepting the contribution?**
- 4 What should director Fryd have done when offering the contribution to the municipality?**
- 5 What should the municipality have done before accepting the contribution?**
- 6 How should the mayor and the municipal administration manager handle the situation when director Fryd says he may withdraw his contribution?**

37 Partner with connections



DESCRIPTION

The oil company Lube Oil ASA wants to grow by expanding internationally. Ove Oppsletten is the manager of the department responsible for finding new projects in Africa. Ove and his staff spend a lot of time travelling around and meeting with authorities and oil companies to identify business opportunities.

In a meeting with the minister of petroleum in Bogolia, Ove says that Lube Oil is very interested in business opportunities in the country. The minister says that he knows of a local oil company that holds the rights to a licencing area with an oil discovery and that the company is looking for a partner with the financial strength and deep-water expertise that Lube Oil has. A foreign oil company previously held the rights in the licencing area and made the discovery, but violated the terms of the licence and thus lost it. Subsequently, the authorities sold the licence to the Bogolian company Home Oil, as part of the government's policy to develop a national oil industry.

The minister of petroleum arranges a meeting with Home Oil LLC, which turns out to be a company registered in the Cayman Islands. After Ove's presentation of Lube Oil, the

director is very interested in having Lube Oil join Home Oil as a partner and being the operator in a joint venture for the licencing area. He says the project is very profitable, in part due to an agreement he has negotiated with the minister of petroleum. The oil from the field will be exported and sold by Home Oil LLC on behalf of the joint venture. The actual selling price for the oil will form the basis for the calculation of the partners' taxes in Bogolia. The director's plan is that the oil will be sold below market price to the partners' own subsidiaries in tax havens.

Ove and his staff receive a lot of information about Home Oil, the licence area and the oil discovery, but do not receive any answers to questions about who owns Home Oil. Ove nevertheless thinks this business opportunity is very interesting and fits well with several aspects of Lube Oil's strategy, especially the opportunity to enter oil projects without having to participate in bid competitions, and to cooperate with local companies that have good relationships with the authorities. Ove travels home full of enthusiasm about starting the evaluation of this opportunity and preparing a recommendation to Lube Oil management and an offer to Home Oil.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 What are the "red flags" in this case?**
- 3 Should Ove spend any resources on assessing this business opportunity?**
- 4 Which corruption-related risks should Ove evaluate first, before possibly recommending to management to make an offer to Home Oil for a share in the oil licence?**

38 Two hats



DESCRIPTION

In his previous position as a civil engineer in a large consultancy company in Oslo, Harald Johansen has extensive experience with large and complicated construction projects. Five years ago, he chose to move back to his home municipality of Lillevik and established a sole proprietorship. Among other things, he takes on assignments for customers with building projects in the municipality, which includes building applications and regulatory matters that require approvals by Lillevik municipality. Over time, Harald got more assignments than he could handle on his own, so he has founded a firm and has expanded the business by employing an architect and an engineer. Harald and his immediate family own the shares in the firm. His spouse is the chairman of the board, and he is the general manager.

The department of planning and construction in Lillevik municipality has not had sufficient case processing capacity for some time, and has struggled to recruit case officers with the necessary expertise in building and construction.

The municipality offers Harald part-time employment, mainly for work related to the processing of building applications. Harald finds this interesting. He now has good capacity in his firm, but wants to continue to work there in addition to the part-time position in the municipality.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Can and should Lillevik municipality employ Harald part-time to process building applications?**
- 3 Which assessments should Harald make and which precautionary steps should he take before accepting the offer?**
- 4 Which assessments must the municipality make and which precautionary measures should it take before employing Harald?**
- 5 What should Harald do when he receives a case in his municipal job that he or others in his firm have acted as advisers on?**

39 Five quick questions



DESCRIPTION

Gunnar Graverud is a project manager in the construction industry. He has just completed an anti-corruption course at the head office of his employer, Ultrabygg AS. There, he participated in a workshop involving dilemma training. Gunnar was one of the group leaders during the dilemma training.

The groups discussed what to do in the following situations:

- a) When you inquire about a late invoice from a subcontractor, the subcontractor says not to worry, as it has invoiced Ultrabygg's customer directly, and the customer has paid.
- b) The head of your tennis club asks whether your company can sponsor a tournament. In appreciation, you and your family will not have to pay the participation fee for the tournament.
- c) You are recruiting students for summer jobs. When you review the applications, you see that your nephew is one of the applicants, and he stands out as one of the best candidates.
- d) A customer has selected a specialist to assess the quality of the work your company is doing. The customer wants your company to hire the specialist and invoice him for the specialist's work.
- e) During the bid competition, it emerges that a key employee in the project has a share in one of the subcontractors that is planned to be used in the project.

Gunnar is very happy that his group came up with all the right assessments and answers.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in these cases?
Which chapters in TI Norway's "Protect your business!" are relevant in these contexts?
- 2 What do you think are the most important assessment and conclusions in the responses from Gunnar's group?

40 A risky business opportunity



DESCRIPTION

Frode Larsen is the exploration manager of the oil company Grease Oil ASA. The company needs to access more exploration area and is assessing opportunities in Petrolia, a country believed to have large undiscovered oil reserves. The country does not currently produce much oil and has no exploration activity, due to a civil war that has lasted for several years. A peace agreement has been negotiated, and Norway has contributed significantly during the negotiations. Increased economic activity is needed to support the peace process, and Norwegian authorities are encouraging Norwegian companies to establish business in Petrolia.

Frode has been to Petrolia and met with the ministry of petroleum. The ministry is interested in having Grease Oil invest in the country, and has proposed two exploration areas that Grease Oil has assessed. Frode is aware that other foreign companies are assessing exploration areas in various parts of Petrolia, but he does not know whether other companies are evaluating the same areas as Grease Oil.

To move forward with the work aimed at making an offer to the ministry for these areas, Grease Oil's various professional units must hold several meetings with the equivalent experts in the ministry.

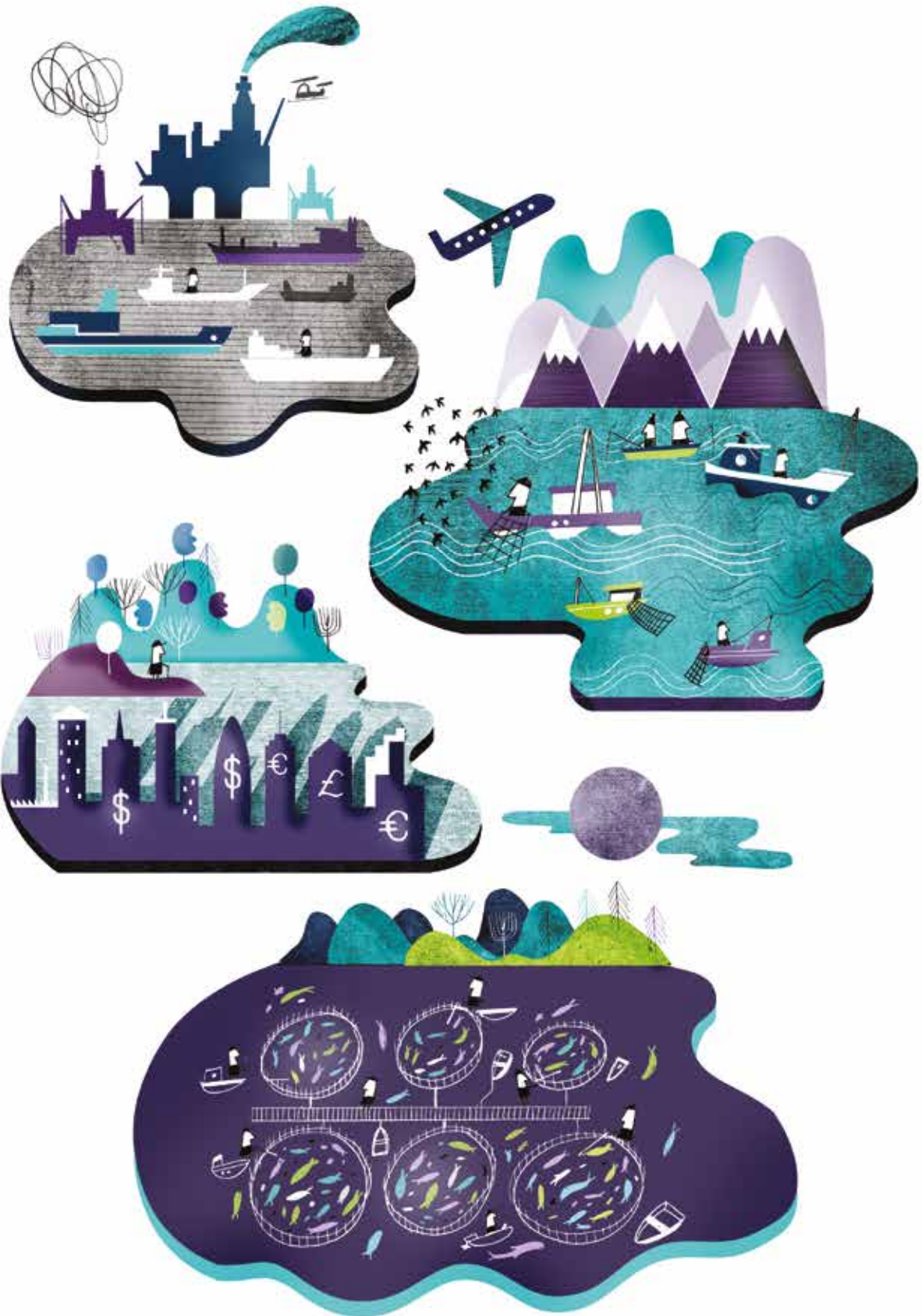
Despite the peace agreement, the security situation in Petrolia remains unsatisfactory. Frode makes it clear that the number of visits to Petrolia and the number of Norwegian employees traveling there must be strictly limited.

Instead of planning trips to Petrolia, Frode invites the ministry of petroleum to meetings in Norway. The ministry of petroleum accepts this, but says it does not have budget for travel and accommodation and asks that Grease Oil covers these expenses. Frode is unsure whether he should agree to this, but realises that if he does not, Grease Oil's business developments in Petrolia would stop.



QUESTIONS

- 1 Which clauses in your enterprise's code of conduct or other parts of the enterprise's anti-corruption programme are applicable in this case? Which chapters in TI Norway's "Protect your business!" are relevant in this context?**
- 2 Which risks does this arrangement entail?**
- 3 Should Frode accept this arrangement?**
- 4 If he does, what precautionary measures should he take to reduce the risks?**



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Eksportkreditt	NHO	Skanska	Vestre Viken HF
GIEK Kredittforsikring	Norsk Hydro	Statoil	Wilhelmsen
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In the dilemma collection, TI Norway has adapted, developed, adjusted, anonymised and tailored the received dilemmas. The collection is in its entirety a TI Norway publication. Specific parts of the content cannot be linked to persons, companies or organisations that have contributed.

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