

Taking a Healthy Dose of Ethical Governance – The Best Defence Against Corruption, Fraud and Malpractices

為企業注入誠信管治 抵禦貪污舞弊及不當行為

Hong Kong Business Ethics Development Centre 香港商業道德發展中心

“Environmental, Social and Governance” (ESG) has become a key issue for company board and management, and an important consideration for different stakeholders, including investors, clients and employees, in assessing a company’s reputation, financial performance and sustainability. While environmental issues and social responsibilities usually come into the limelight in recent years, corruption remains a traditional governance issue that a company should never neglect.

As stewards of a listed company, directors are expected to play a pivotal role in ensuring sustainable business growth and protecting the interests of different stakeholders. Strong policies and practices on preventing corruption and fraud may

help, but they are not the panacea for all problems, unless the systemic controls are supported by a robust culture of ethics and compliance. It is of paramount importance that all directors must embrace the core ethical value of integrity and honesty at the top level. They should also make sure that the management team are implementing a sound and effective corporate ethics programme. Instead of a one-off and passive initiative, companies must take a proactive approach in upkeeping their “ethical healthiness” so that corporate governance of their companies can be effectively maintained.

In fact, for most listed companies in Hong Kong, creating a vision with a responsible and clean corporate culture is viewed as an essential factor to sustain the company’s value in the



long run. However, past ICAC investigations do reveal that some unscrupulous persons have failed to live up to the expected ethical standard and were even found to be the mastermind of criminal activities or unethical conduct. It is also noted that some of these dishonest practices or corrupt activities were left undetected for over an extended period, due to a loose corporate culture and weak control system. These cases inevitably caused damage to investors as well as the reputation of Hong Kong as an international financial centre.

Ethical Standard Compromised Due to Corruption

In a recent ICAC case, a former financial controller cum company secretary of a listed company was charged with conspiracy to accept an illegal rebate for engaging an accounting firm to provide services. He also defrauded the listed company by outsourcing other accounting services to a consultant firm without disclosing his interests in it.

It was revealed that the financial controller, taking the opportunity that the listed company had resolved to acquire a company, successfully convinced the listed company to outsource the preparation work and related consultancy services to an accounting firm that he was closely associated with. In a period of 13 months, the listed company paid more than HK\$750,000 to the accounting firm, out of which about HK\$600,000 was eventually transferred to the financial controller as a bribe.

Furthermore, without disclosing his interest to the listed company nor obtaining quotations from other service providers, the financial controller led the listed company to engage a consultancy firm owned by him to provide financial advisory and consultancy services. As head of the accounting department of the listed company, he approved payments amounting to over HK\$2 million to his consultancy firm. His corrupt dealing and misconduct eventually came into light. He was sentenced to imprisonment for accepting bribes from the accounting firm, which was in contrary to the Prevention of Bribery Ordinance (Cap. 201), as well as defrauding the listed company for awarding contracts to his own consultancy firm.

Corporate Ethics Review

For such a prolonged bribery and fraudulent scam, perhaps someone should have noticed something. Yet no one blow the

whistle. The lesson learnt here is probably the dire consequences of insufficient internal controls to detect or prevent malpractices, and the lack of a corporate culture, which cultivates sensitivity to warning signs and encourages individual board members and senior executives to stay alert, so that proper actions could be taken earlier.

Corporate leaders must not drop their guard. In addition to following the legal and regulatory obligations and diligently assessing the associated risks, firm actions should also be taken to establish and sustain an ethical board and corporate culture.

The Hong Kong Business Ethics Development Centre of the ICAC has produced a “Corporate Ethics Health Checklist” to help top management assess their corporate ethics quality and diagnose the areas that need improvements.

- Cultivating a *VIRTUOUS MIND* – Ethical Leadership
Company directors should oversee whether they have taken the lead in cultivating a virtuous mindset as well as sustaining a clean corporate culture by serving as role models, promoting ethical behaviour and facilitating open communication among stakeholders, etc.
- Defining a *MORAL BACKBONE* – Code of Conduct
Top management must set out basic ethical principles and guidelines in their code of conduct which should be applicable to all levels of staff, including company directors.
- Nurturing a *GOOD HEART* – Integrity Training and Activities
Even though a comprehensive code of conduct is developed, staff members may not be aware of the content and consequences of breaching the code. Companies must make sure staff are aware of the ethical values expected of them through integrity training and culture-building activities.
- Boosting the *IMMUNITY* against ethical risks – System Controls
A sound internal control system can help boost the immunity of staff against corruption and malpractices. It also helps ensure staff’s compliance with the corporate’s ethics principles.



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參加私隱專員公署專業研習班 提升業務競爭力



A sound Personal Data Privacy Management Programme (PMP) requires all members of an organisation to be aware of, and be ready to act on personal data protection responsibilities. Organisations should provide employees with up-to-date data protection training tailored to their specific needs.

To this end, the PCPD has developed a series of Professional Workshops on Data Protection catered to the needs of specific industries and sectors. **Professional Workshops for October to December are now open for enrolment!** HKIoD members can enjoy the discounted fee.

健全的個人資料私隱管理系統有賴機構內各個員工知悉其保障個人資料的責任，並付諸實行。機構應針對相關員工的特定需要而提供培訓及教育，並傳達最新資訊。

就此，私隱專員公署設計了一系列有關保障個人資料的專業研習班，以配合在不同工作範疇處理個人資料的人士的需要。十至十二月的專業研習班現已接受報名，香港董事學會的會員可以優惠價參加。

Date 日期	Time 時間	Course (Online workshop) 課程名稱 (網上進行)	Language 授課語言	Course Fee* 課程費用* (HK\$ / 港幣\$)
Oct 2022 19/10	2:15pm - 5:15pm	Data Protection in Banking / Financial Services 銀行 / 金融服務的資料保障	Cantonese 粵語	\$750/ \$600*
26/10	2:15pm - 5:15pm	Data Protection in Human Resource Management 人力資源管理的資料保障	Cantonese 粵語	\$750/ \$600*
Nov 2022 9/11	2:15pm - 5:15pm	Data Protection in Insurance 保險業的資料保障	Cantonese 粵語	\$750/ \$600*
16/11	2:15pm - 5:15pm	Data Protection and Data Access Request 資料保障與查閱資料要求	Cantonese 粵語	\$750/ \$600*
23/11	2:15pm - 5:15pm	Practical Workshop on Data Protection Law 資料保障法律實務研習班	Cantonese 粵語	\$950/ \$760*
30/11	2:15pm - 4:15pm	Personal Data Privacy Management Programme 個人資料私隱管理系統	English 英語	\$750/ \$600*
Dec 2022 7/12	2:15pm - 5:15pm	Recent Court and Administrative Appeals Board Decisions 法院及行政上訴委員會近期的案例	Cantonese 粵語	\$950/ \$760*
14/12	2:15pm - 5:15pm	Data Protection in Direct Marketing Activities 直接促銷活動的資料保障	Cantonese 粵語	\$750/ \$600*

* Applicable to members of PCPD's Data Protection Officers' Club ("DPOC") and the supporting organisations (including HKIoD) only.

* 只適用於私隱專員公署之保障資料主任聯會會員或支持機構（包括香港董事學會）的成員。

For more details, please visit below website or scan the QR code for further information and registration.

詳情請參閱以下網站或掃描二維碼以獲取更多有關課程的資訊及報名方法。

Register NOW! 請即參加!

https://www.pcpd.org.hk/english/education_training/organisations/workshops/workshop.php



For enquiry, please contact Communications and Education Section of PCPD at 2877 7169 or 3423 6654 or training@pcpd.org.hk.

如有查詢，歡迎致電2877 7169 / 3423 6654 或電郵 training@pcpd.org.hk 聯絡私隱專員公署傳訊及教育組。

ICAC—Your Partner in Upkeeping Ethical Standards of Your Corporation

Prevention is always better than cure. A company will have stronger defence against corruption, if ethics and risk management is implemented on the operational level of every staff member. The Hong Kong Business Ethics Development Centre of the ICAC provides customised and free services to help listed companies enhance corporate governance, manage corruption risks and establish an ethical corporate culture. All of these are essential elements in fulfilling the ESG reporting requirements in respect of anti-bribery policy and corruption risk management¹. The services provided by the Centre include:

- Formulating and reviewing company's code of conduct and anti-corruption policy
- Organising training in business ethics and corruption prevention for directors and staff
- Offering advice on system control and anti-corruption measures
- Publishing practical guides and training packages on ethics management

More information about ICAC's services and integrity training resources for listed companies can be obtained from HKBEDC's dedicated website for listed companies (<https://hkbedc.icac.hk/lc/en/index.html>). 



Corporate Ethics
Health Checklist



Dedicated Website
for Listed Companies



Hong Kong Business
Ethics Development
Centre

¹ Aspect B7: Anti-Corruption, Appendix 27 Environmental, Social and Governance Reporting Guide, HKEx Listing Rules

「**環**境、社會及管治」(ESG)已成為上市公司的重要議題，亦是投資者、客戶以及員工等不同持份者在評估公司聲譽、財務業績以及可持續發展的重要考慮因素。除了環境問題和社會責任之外，貪污問題亦絕不容忽視。

上市公司董事既要確保業務持續增長，亦須維護各持份者的利益。即使其已制定有效的防貪措施及指引，亦要配合健全的誠信文化和合規管理才能發揮功效。公司董事必須確保最高管理層能秉持正直和誠實的價值觀，並必須積極維持其誠信指標在「健康」水平，才能有效地維護公司的企業管治。

事實上，對於大多數在香港上市的公司而言，建立負責任和廉潔的企業文化是長遠維護公司價值觀的要素。然而，在廉政公署過往的調查顯示，有部份涉案人士捨棄個人誠信操守，甚至成為企業貪污舞弊等案件的主腦。亦有不少個案是源於企業缺乏廉潔文化及有效的監控制度，導致未能及早發現一些長期貪污勾當。這些案件不單止對投資者造成損失，也會損害香港作為國際金融中心的聲譽。

企業誠信健康評估

經驗告訴我們，不論是由於內部控制不足以致未能及早偵測或預防不當行為，又或是因為董事會成員和高級管理人員因缺乏警覺性而導致未能及早採取適當的行動，均會對企業造成嚴重損害。作為企業領袖，公司董事對貪污舞弊等行為必須保持警覺，以便及早採取相應行動，才可以在公司內建立及維持誠信文化。

廉政公署轄下的香港商業道德發展中心製作了一份《企業誠信管理清單》，協助公司管理層快速檢測公司的企業誠信「健康」水平，以診斷以下範疇需要作出改善的地方。

- 啟發誠信思維 – 誠信領導
- 確立道德架構 – 行為守則
- 培養正確心態 – 誠信培訓及活動
- 提升抵抗誠信風險能力 – 系統管控

廉政公署 – 維護企業誠信的伙伴

預防勝於治療。落實道德和風險管理定能強化公司抵禦貪污舞弊的能力。廉政公署轄下的香港商業道德發展中心為上市公司提供免費及度身訂造的顧問服務，配合《環境、社會及管治報告指引》中有關反賄賂政策和貪污風險管理的基本要求¹，協助公司加強誠信管治，減低貪污舞弊風險以及建立誠信文化。詳情可瀏覽「上市公司商業道德」專題網頁 (<https://hkbedc.icac.hk/lc/tc>)。

¹ 層面 B7: 反貪污，香港交易所上市規則與指引《環境、社會及管治報告指引》附錄二十七



《企業誠信管理清單》



上市公司商業道德
專題網頁



香港商業道德
發展中心

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