

The FCPA Blog

Where are the voices of telecoms companies on anti-corruption?

- [Birgitta Nygren and Mark Pyman](#)
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The FCPA Blog recently published the [Top 40](#)FCPA penalties of all time. If you look at the companies that paid the largest penalties, you'll see that four of the top ten are telecom companies: Ericsson and Telia (both from Sweden), Mobile TeleSystems (Russia), and Vimpelcom (Netherlands). These four companies paid a collective \$3.67 billion for their resolutions with the DOJ and SEC.

As enthusiasts for the (usually) good intentions of Scandinavian citizens, we found it hard to credit that several generations of company leaders at Ericsson and Telia were knowingly and persistently exposing their companies to the risks involved in breaking the law. But the DOJ [release](#) was unequivocal, "Ericsson's corrupt conduct involved high-level executives and spanned 17 years and at least five countries, all in a misguided effort to increase profits."

Perhaps it would be better if it could be explained by incompetence or naivety — that the top leadership did not have full control, or chose not to exert such control, with the result that employees in the subsidiary organizations could carry out corrupt transactions undetected over long periods of time?

You would not know about this dismal track record from their sustainability and corporate responsibility reports, in which companies claim to adhere to the highest standards, with codes of conduct, staff ethics training, and sophisticated risk analysis. The tone from the top is impeccable; Ericsson's Chair of the Board said "Ericsson's

leadership in sustainability for the past 25 years is a core asset that will continue to be in focus across the company and is becoming an ever more fundamental part of the business.”

They say that they adhere to the principles of the UN Global Compact, to the UN Guiding Principles on Business and Human Rights, and some are respecting the World Economic Forum’s Principles against Corruption Initiative (PACI). They perform well in sustainability rankings; Ericsson even received an award for best sustainability report of all Swedish companies last year.

[Ericsson](#) and the [DOJ](#) both commented that the company has been making efforts to put its house in better order, and similar reforms have been underway at Vimpelcom, now [Veon](#). But what has been happening in the telecoms sector as a whole?

One thing seems clear: attention to the importance of doing business without paying bribes has been far too limited in the telecoms sector. The sector had previously maintained a relatively low profile: in the last Bribe Payers Index published by Transparency International, telecoms ranked just outside the top ten sectors for business bribery (public works, utilities, property, and oil & gas were the worst-affected).

Anti-Corruption NGOs have paid some attention to the sector, with an [overview](#) of the corruption-related issues in telecoms from the Norwegian organization U4 in 2014 and a [survey](#) of corporate reporting transparency by telecoms companies from Transparency International in 2015. But civil society, especially in the developed nations that host these companies, is rarely more than an observer of the industry structures and incentives that enable corruption. What action is being taken by organizations representing the telecoms business sector?

The answer seems to be that corruption problems are not on their radar.

There are several international organizations representing the sector. The most global of the three is the International Telecommunications Union (ITU), a UN agency. ITU’s global membership includes 193 Member States as well as some 900 companies, universities, and international and regional organizations. Their purpose is [stated](#) on their website: “ITU members from the public and private sectors are

working together to help shape the future ICT policy and regulatory environment, global standards, and best practices to help spread access to ICT services. Public-private collaboration has always been at the centre of ITU's work."

You can find text in their website on sustainability, on the environment and a little on human rights, but not a word on anti-corruption. Searching for "corruption" yields only a link to the suppliers' code of conduct in the UN's procurement organization.

There is also an industry association, the European Telecommunications Network Operator's Association (ETNO). They too are focused on shaping the regulatory environment, [commenting](#) on their website that, "ETNO closely contributes to shaping the best regulatory and commercial environment for its members to continue rolling out innovative and high quality services and platforms for the benefit of European consumers and businesses."

As with ITU, sustainability gets a mention but the closest the website comes to anti-corruption is that ETNO will "achieve full compliance with all relevant legal requirements and, where appropriate, to exceed them."

Where are the voices of telecoms companies on anti-corruption? Where are the voices of the regulators and competition authorities? Where is the readiness to admit industry failings, as we have seen in other sectors and from companies like Siemens? Where are the collective efforts to tackle and reduce corruption risks in the sector, to promote good practice; to work with state agencies to solve the specific problems? Where are the law firms who have been advising these companies on suggestions for improved regulation, on good practices that the whole sector should adopt?

The fact that these companies are active in difficult markets, that the technology is evolving rapidly and that the competition is fierce is of course recognized. But that is no excuse for silence on the issue from the companies or from the sector organizations, nor for companies pretending that just a few bad apples are involved. Industry can and should be part of the solution to corruption, not just the locus of the problem.

Will the telecommunications sector please stand up and take action?

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