

Summary Article: New Wolfsberg Anti-Bribery and Corruption Guidance

The Wolfsberg Group is an association of 13 global banks which aims to develop frameworks and guidance for the management of financial crime risks. Guidance issued by the Wolfsberg Group is generally regarded as being industry leading and the standard for the effective management of financial crime compliance risks, including the mitigation of bribery and corruption risks.

On April 17th the Wolfsberg Group published their new “Wolfsberg Anti-Bribery and Corruption Compliance Programme Guidance” which is designed to provide guidance on how to develop, maintain and implement an effective Anti-Bribery and Corruption (ABC) Compliance programme.

The overall objective of the Guidance is to promote a culture of ethical business practices and compliance with ABC legal and regulatory requirements.

The Wolfsberg guidance states that there are six key elements to an effective ABC Compliance Programme;

1. **Firm Wide Policy:** this Policy should capture the key elements of the ABC Compliance Programme and should be firm-wide, i.e. applicable to all of the Firm and consideration should also be given to third parties such as outsourced service providers, contractors and temporary employees.
2. **Governance, Roles and Responsibilities:** the Guidance advocates that senior management oversee the ABC Programme. It also outlines what the roles (employees, lines of business, programme lead, senior management, independent reviewer) and responsibilities of the governance structure should be in order to ensure its effectiveness.
3. **Risk Assessment:** a Firm should have an ABC risk assessment methodology and execute regular risk assessments to assess and understand the nature and extent of the bribery and corruption risks which they are exposed to, and also the effectiveness of their controls designed to mitigate these risks. The Guidance outlines what core risk categories the risk assessment methodology should include (e.g. “Transactions, including those that involve state-owned or state-controlled entities or Public Officials”) and notes that the methodology may give differing weightings to risk factors pertaining to the Firm’s own risk profile and risk appetite. It further notes that new and emerging ABC risks should be considered.

The Guidance also advocates that sufficient data is collected and reported to Senior Management as to the effectiveness of the Programme including the reporting, investigation and remediation of misconduct.

4. **Establishment of a Control Environment:** the Guidance advocates that the risk based controls should be aligned to the firm-wide ABC policy and gives detailed guidance in relation to the bribery and corruption risks the controls should seek to mitigate:

- a. Anything of Value (e.g. risk based controls to mitigate the ABC risks arising from gifts and hospitality).
 - b. Third-Party Providers (e.g. intermediaries who act on behalf of the Firm).
 - c. Customer-Related Transaction Risks (e.g. reputational risk, including ESG).
 - d. Principal Investments and Controlled Fund Acquisitions, Investments or Joint Ventures (e.g. acquisition of a significant stake in another Firm / company / entity).
5. Training and Awareness: effective communication through policies and procedures with targeted risk-based training of the Board, senior management, employees and third parties where required. Timely communication of relevant internal and external events and any lessons learned from these for the Firm. Training should also be delivered right across the Firm with assessments or attestations post completion.
6. Monitoring and Testing for Compliance with Controls: comprehensive compliance monitoring and testing should be regularly executed to ensure the effectiveness of all ABC controls. Incidences of non-compliance should be investigated and remediated with improved controls implemented where required.

The full guidance can be read here: [Wolfsberg ABC Guidance 2023.pdf \(wolfsberg-principles.com\)](#)

Compliance Institute's Summer 2023 edition of ICQ Magazine will have a further Anti-Bribery and Corruption article with more detailed analysis and discussion.