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24 January 2025

COUNCIL**Council****REPORT ON THE IMPLEMENTATION OF THE OECD RECOMMENDATION ON
GUIDELINES ON ANTI-CORRUPTION AND INTEGRITY IN STATE-OWNED
ENTERPRISES****(Note by the Secretary-General)****JT03558711**

1. This document presents, in its Annex, a Report by the Corporate Governance Committee (CGC), through the Working Party on State Ownership and Privatisation Practices (WPSOPP), on the implementation of the OECD Recommendation on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises [[OECD/LEGAL/0451](#)] (hereafter, the “Recommendation”), including on the implementation of its substantive provisions, its dissemination and its continued relevance.
2. The CGC approved, by written procedure on 8 January 2025, the Report and its transmission to Council to be noted and declassified [[DAF/CA/CG\(2024\)18](#)]. Once declassified, it will be included on the [online Compendium of OECD legal instruments](#).

Background

Scope of the Recommendation

3. In response to an expanding body of evidence suggesting that state-owned enterprises (SOEs) may be particularly exposed to corruption risks, the WPSOPP sought in 2018 to develop a standard to support state owners and their companies in mitigating those risks, in co-operation with the Working Group on Bribery in International Business Transactions (WGB) and the Working Party on Public Integrity and Anti-Corruption¹ (PIAC). The Recommendation [[OECD/LEGAL/0451](#)] was adopted by the Council at its meeting at Ministerial level on 22 May 2019. It became the first international standard to offer Adherents² support in addressing corruption and promoting integrity in the enterprises they own or control. The Recommendation is divided in four pillars: A. Integrity of the State (Provision II); B. Exercise of State Ownership for Integrity (Provision III); C. Promotion of Integrity and Prevention of Corruption at the Enterprise Level (Provision IV); and D. Accountability of State-Owned Enterprises and of the State (Provision V).
4. The Recommendation complements the OECD Recommendation on Guidelines on Corporate Governance of State-Owned Enterprises [[OECD/LEGAL/0414](#)] (hereafter, the “SOE Guidelines”), which in turn complements the Recommendation on Principles of Corporate Governance [[OECD/LEGAL/0413](#)] by providing additional guidance to the state-owned sector. The SOE Guidelines were revised by the Council at Ministerial level in May 2024 [[C/MIN\(2024\)13/FINAL](#)] and, along with the Recommendation, they reflect a consensus that SOEs should be held to high standards of transparency and governance, including anti-corruption and integrity.

Key developments since the adoption of the Recommendation

5. The share of state-owned enterprises (SOEs) in the global economy is growing. Among the largest 500 companies by revenue, the number of SOEs grew from 34 to 126 over the past two decades. Today, SOEs account for one third of the total assets of these 500 largest firms (OECD, 2024_[1]). Moreover, 91 out of the 126 SOEs among the largest 500 companies, are not publicly listed or traded on an exchange. They account for nearly 80% of employment and nearly two thirds of revenue (OECD, 2024_[1]). However, in terms of assets, listed SOEs dominate. This has important implications since listing requirements, and the presence of non-state shareholders, tend to hold SOEs to higher standards of corporate governance, financial and non-financial performance, as well as anti-corruption and integrity, when compared to non-listed peers [[C\(2021\)5](#)].

¹ Previously called the Working Party of Senior Public Integrity Officials (SPIO).

² Currently, all OECD Members are Adherents to the Recommendation.

6. Since the adoption of the Recommendation, the global SOE landscape has evolved, which also motivated the recent revision of the complementary SOE Guidelines in 2024. This revision process evidenced the need to address global challenges such as climate change, responsible business conduct, and improved corporate governance through integrity, transparency and accountability. The OECD is in a unique position to assist Adherents with addressing these challenges through the implementation of OECD legal instruments.

7. This Report responds to Council's instruction to report on the implementation, dissemination and continued relevance of the Recommendation no later than five years following its adoption. It is the first Report to Council for this Recommendation and covers the period since its adoption in 2019.

Methodology

8. This Report is *inter alia* based on answers to a questionnaire that was sent to WPSOPP delegates for the purpose of this assessment [[DAF/CA/SOPP\(2024\)3](#), Annex A] which was completed with information from 27 Adherents.³ In addition, other OECD sources shed light on integrity in the state-owned sector that provide useful information for understanding how the Recommendation is being implemented. Thus the Report is also completed by information gathered on the implementation of the SOE Guidelines (OECD, 2024_[1]); data from a 2023 report on the implementation of select provisions of the Recommendation related to undue influence (OECD, 2023_[2]); the OECD Public Integrity Indicators (OECD, 2023_[3]); OECD Indicators of Product Market Regulations (OECD, 2023_[4]); a report on SOE integrity in Latin America (OECD, 2021_[5]); and the OECD Economic Outlook series (OECD, 2021_[6]; OECD, 2021_[7]; OECD, 2024_[8]).

9. The questionnaire was not a self-assessment exercise, but rather sought to gather information on relevant criteria derived from the pillars of the Recommendation, to assess in aggregate whether Adherents have implemented them or not. The Report focuses on overall or aggregate results, rather than Adherent-by-Adherent. A typology is applied to categorise the degree to which Adherents have implemented each pillar of the Recommendation. Each pillar is assessed as having been fully implemented, largely implemented, partly implemented, implemented to a limited degree or not implemented.

Process

10. A concept note [[DAF/CA/SOPP\(2023\)6](#)] and an annotated outline [[DAF/CA/SOPP\(2024\)3](#)] prepared the groundwork for this Report, including the main structure of the Report and questionnaire, which was reviewed and approved by the WPSOPP in October 2023 and March 2024, respectively. An workshop was held on 6 June 2024, during which delegates from the WPSOPP, WGB and PIAC had the opportunity to comment and share their views on initial findings presented by the Secretariat. A **first draft** of the Report, incorporating comments from the workshop, was prepared and circulated for written comments to delegates of the WPSOPP, the WGB and PIAC in July 2024 [[DAF/CA/SOPP\(2024\)3/REV1](#)].

11. Based on the comments received, a **second draft** was prepared and shared with the WPSOPP for discussion at the meeting of October 2024 [[DAF/CA/SOPP\(2024\)3/REV2](#)]. Delegates that had yet to answer the questionnaire were given the opportunity to do so by 15 November 2024. Based on additional answers and comments received, a **third draft** was shared and the WPSOPP agreed to transmit it to the CGC for approval on 13 December 2024 [[DAF/CA/SOPP\(2024\)3/REV3](#)]. The CGC approved the Report

³ Australia, Austria, Belgium, Chile, Colombia, Costa Rica, Czech Republic (Czechia), Estonia, Finland, Germany, Greece, Iceland, Ireland, Italy, Korea, Latvia, Lithuania, Netherlands, New Zealand, Norway, Slovak Republic, Spain, Sweden, Switzerland, Türkiye, United Kingdom, and United States.

by written procedure on 8 January 2025 and its transmission to the Council to be noted and declassified. Once declassified, it will be published in the [online Compendium of OECD legal instruments](#).

Summary

Implementation

12. The Report highlights that Adherents have made significant progress in implementing key provisions of the Recommendation, both at the state ownership and enterprise levels.⁴ Adherents have established comprehensive regulatory frameworks, including integrity-related hiring criteria and bans on political party financing by SOEs. At the enterprise level, many SOEs have adopted risk management systems and whistleblowing channels.

13. However, further efforts are needed to bolster state ownership integrity and SOE accountability. Although most Adherents have some corporate liability measures, stakeholder engagement on anti-corruption initiatives remains limited. The Report recommends enhancing monitoring and oversight mechanisms to ensure compliance with established regulations, including through improved data collection and analysis, in line with the Recommendation. Continued efforts to strengthen the professionalism and autonomy of boards will also be paramount to driving performance and responsible conduct in the SOE sector.

Dissemination

14. The Secretariat and Adherents appear to have effectively communicated the Recommendation's importance to government officials and stakeholders, enhancing understanding and sharing best practices for implementation. The Secretariat has issued key supporting documents, including the accompanying [Implementation Guide](#) (2019), a report on [Safeguarding State-Owned Enterprises from Undue Influence](#) (2023) and the [Compliance Without Borders Handbook](#) (OECD, 2023^[9]). The Recommendation has been used as an analytical framework in regional and bilateral studies or reviews conducted in the Latin American and the Caribbean region, as well as in countries such as Costa Rica, Croatia and Viet Nam. It has been referenced in numerous OECD documents and promoted at various global events and high-level engagements. Additionally, the OECD's [Compliance Without Borders](#) programme has facilitated peer-to-peer learning between SOEs and multinational enterprises, promoting the implementation of corporate-level provisions of the Recommendation.⁵

⁴ According to the Recommendation, the state ownership entity is the part of the state responsible for the ownership function, or the exercise of ownership rights in SOEs. "Ownership entity" can be understood to mean either a single state ownership agency, a co-ordinating agency or a government ministry responsible for exercising state ownership. In cases where one government institution has not been assigned to play a predominant ownership role, the Recommendation should be implemented by the different government institutions responsible for the ownership function or the exercise of ownership rights in SOEs.

⁵ The OECD's Compliance without Borders is a peer-to-peer learning initiative that aims to foster the exchange of expertise between compliance professionals from multinational corporations and state-owned enterprises, emphasising that SOEs should adhere to the same rigorous standards of transparency, disclosure, and anti-corruption compliance as publicly listed companies. By enhancing the capacity of SOEs to uphold integrity and prevent corruption, the programme plays a vital role in promoting a levelled playing field.

Continued relevance

15. The Recommendation remains highly relevant being the only international standard for state owners on anti-corruption and integrity in the state-ownership sector. Questionnaire responses indicate that Adherents generally agree the Recommendation has increased awareness and strengthened integrity in the SOE sector, particularly among those Adherents whose SOEs are involved in the Compliance Without Borders programme. The frequent inclusion of the Recommendation in OECD outputs, its discussion in international fora and its use as an analytical framework in country and regional reviews underscore its importance.

16. While revisions to the Recommendation may not be needed at the moment, its implementation can be enhanced by updating key supporting documents, such as the implementation guide (OECD, 2020_[10]), and by developing a new framework for data collection and analysis. The WPSOPP could discuss in the future whether a structural update of the Recommendation is needed to reflect changes in the SOE Guidelines, such as the new chapter on sustainability (Chapter VII), or to reflect new standards and anti-corruption challenges in the state-owned sector. In addition, considering the dynamic nature of the anti-corruption and integrity and corporate governance landscape, as well as evolving regulatory frameworks of Adherents, it is proposed that the CGC, through the WPSOPP, report to the Council again on the implementation, dissemination and continued relevance of the Recommendation in five years.

Proposed Action

17. In light of the preceding, the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL

- a) noted document [C\(2025\)18](#), in particular the Report set out in its Annex, and agreed to its declassification;
- b) encouraged Adherents to:
 - (i) continue disseminating and implementing the Recommendation, including through increasing their efforts vis-à-vis data collection, analysis and oversight practices that implement their regulations;
 - (ii) address the challenges identified in the conclusions of the Report.
- c) invited the Corporate Governance Committee, through the Working Party on State Ownership and Privatisation Practices, to:
 - (i) support Adherents in addressing the challenges set out in the conclusions of the Report, including through updating the Implementation Guide to the Recommendation;
 - (ii) report back to Council on the implementation, dissemination and continued relevance of the Recommendation in five years.

Annex. Report on the Implementation of the OECD Recommendation on Guidelines on Anti-Corruption and Integrity of State-Owned Enterprises

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1. Background

1. The share of state-owned enterprises (SOEs) in the global economy is growing. Among the largest 500 companies by revenue, the number of SOEs grew from 34 to 126 over the past two decades. Today, SOEs account for one third of the total assets of these 500 largest firms (OECD, 2024^[1]). Moreover, 91 out of the 126 SOEs among the largest 500 companies, are not publicly listed or traded on an exchange. They account for nearly 80% of employment and nearly two thirds of revenue (OECD, 2024^[1]). However, in terms of assets, listed SOEs dominate. This has important implications since listing requirements, and the presence of non-state shareholders, tend to hold SOEs to higher standards of corporate governance, financial and non-financial performance, as well as anti-corruption and integrity, when compared to non-listed peers [[C\(2021\)5](#)].

2. In response to an expanding body of evidence suggesting that SOEs may be particularly exposed to corruption risk, the Working Party on State Ownership and Privatisation Practices (WPSOPP) sought in 2018 to develop a standard to support state owners and their companies in mitigating those risks, in co-operation with the Working Group on Bribery in International Business Transactions (WGB) and the Working Party on Public Integrity and Anti-Corruption (PIAC).⁶ The Recommendation on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises [[OECD/LEGAL/0451](#)] (hereafter, the “Recommendation”) was adopted by the OECD Council at its meeting at Ministerial level on 22 May 2019. It became the first international standard to offer Adherents (the Members and non-Members having adhered to the Recommendation)⁷ support in addressing corruption and promoting integrity in the enterprises they own or control. The Recommendation is structured in four pillars: A. Integrity of the State (Provision II); B. Exercise of State Ownership for Integrity (Provision III); C. Promotion of Integrity and Prevention of Corruption at the Enterprise Level (Provision IV); and D. Accountability of State-Owned Enterprises and of the State (Provision V).

3. The Recommendation complements the OECD Recommendation on Guidelines on Corporate Governance of State-Owned Enterprises [[OECD/LEGAL/0414](#)] (hereafter, the “SOE Guidelines”), which in turn complements the Recommendation on Principles of Corporate Governance [[OECD/LEGAL/0413](#)] by providing additional guidance to the state-owned sector. The SOE Guidelines were revised and adopted by the Council at Ministerial level in May 2024 [[C/MIN\(2024\)13/FINAL](#)] and, along with the Recommendation, they reflect a consensus that SOEs should be held to high standards of transparency and governance, including anti-corruption and integrity, similar to those expected of publicly listed or traded companies on an exchange.

4. As stated in the Recommendation, the Council invited the Secretary-General and Adherents to disseminate the Recommendation. It also invited non-Adherents to take due account of the Recommendation and, where appropriate, adhere to it, subject to a review by the WPSOPP. The Council also instructed the Corporate Governance Committee (CGC), through the WPSOPP and in co-operation with the WGB and the PIAC, to:

- i. serve as a forum to exchange information on experiences with respect to the implementation of this Recommendation;
- ii. develop through an inclusive process an implementation guide that helps Adherents implement the Recommendation (completed in 2020);
- iii. monitor the implementation of this Recommendation; and
- iv. report to the Council on the implementation of this Recommendation no later than five years following its adoption and at least every ten years thereafter.

⁶ Previously called the Working Party of Senior Public Integrity Officials (SPIO).

⁷ Currently, all OECD Members are Adherents to the Recommendation.

5. Accordingly, the WPSOPP has prepared this Report on the implementation of the Recommendation five years after its adoption in 2019.

2. Methodology

6. The WPSOPP supports the implementation of the Recommendation and has been aggregating information on the implementation since its adoption through different outputs such the Implementation Guide accompanying the Recommendation (OECD, 2020^[10]), a report on integrity in state-owned sectors of Latin America (OECD, 2021^[5]), and a report on insulating SOEs from undue influence that analysed implementation of relevant provisions of the Recommendation (OECD, 2023^[2]). In addition, many OECD sources shed light on integrity in the state-owned sector and provide useful information for understanding how the Recommendation is being implemented. Notable among these is the WPSOPP's work on monitoring the implementation of the SOE Guidelines, captured for instance in the OECD's report "Ownership and Governance of State-Owned Enterprises 2024" (OECD, 2024^[1]).

7. In order to assess the implementation of the Recommendation, the necessary information was gathered through a mix of desk research, collection of qualitative and quantitative information and insights through in-person interactions:

- **Desk research** of existing materials. Annex A of the annotated outline for the preparation of the Report [[DAF/CA/SOPP\(2023\)6](#)] provides an overview of existing materials and their relevance for assessing Adherents' implementation of the pillars of the Recommendation.
- **A questionnaire** shared by the Secretariat with the WPSOPP in March 2024. The responses from 27 Adherents⁸ have been used to fill gaps in knowledge on Adherents' efforts to align with the Recommendation, and to learn more about dissemination efforts.
- **Inter-committee engagement**, including through participation of 45 delegates of the WPSOPP, WGB and PIAC in an inter-committee workshop on 6 June 2024 during which delegates had the opportunity to comment and share their views on initial findings from the report, in relation to progress and challenges in implementing the Recommendation were presented.

8. A typology is used in the Report to shed light on the level of implementation of each of the four pillars of the Recommendation.

9. For each of the Recommendation's four pillars, the following five categories are applied in order to more easily convey the degree of implementation across Adherents:

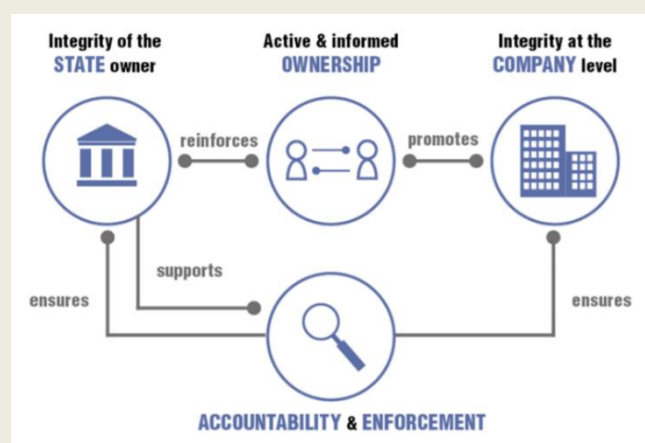
- **Not implemented:** This grading is given if no Adherents have implemented a pillar of the Recommendation.
- **Implemented to a limited degree:** This grading is given, first, if a small minority of Adherents have implemented a pillar of the Recommendation, whereas a large number of Adherents have not. Secondly, it is given if a majority of Adherents have only to a limited degree implemented a pillar of the Recommendation.
- **Partly implemented:** This grading is given if a significant number of Adherents have implemented key parts of a pillar of the Recommendation.
- **Largely implemented:** This grading is given if a majority of Adherents have to a significant degree implemented a pillar of the Recommendation.

⁸ Australia, Austria, Belgium, Chile, Colombia, Costa Rica, Czechia, Estonia, Finland, Germany, Greece, Iceland, Ireland, Italy, Korea, Latvia, Lithuania, Netherlands, New Zealand, Norway, Slovak Republic, Spain, Sweden, Switzerland, Türkiye, United Kingdom, and United States.

- **Fully implemented:** This grading is given if all Adherents have implemented a pillar of the Recommendation.

10. This Report looks at the implementation of the four pillars as well as their sub-provisions to the extent needed to determine the degree of implementation of the pillar, but not all provisions of the Recommendation have been assessed in detail.

Box 1. The four pillars of the Recommendation



II. RECOMMENDS that all [Adherents] bear in mind that state-owned enterprises are autonomous legal entities overseen by governments and high-level public officials and subject to the general rule of law in their countries of operation. Adherents should establish and adhere fully to good practices and high standards of behaviour, on which integrity in SOEs is contingent. [...]

III. RECOMMENDS that Adherents act as active and engaged owners, holding SOEs to high standards of performance and integrity, while also refraining from unduly intervening in the

operations of SOEs or directly controlling their management. Ownership entities should have the legal backing, the capacity and the information necessary to hold SOEs to high standards of performance and integrity. Adherents should make their expectations regarding anti-corruption and integrity clear. [...]

IV. RECOMMENDS that Adherents ensure that their ownership policy fully reflects that a cornerstone of promoting integrity and preventing corruption in and concerning SOEs is effective company internal controls, ethics and compliance measures that prevent, detect and mitigate corruption-related risks, and enforce rules. Adherents should ensure that SOEs are overseen by effective and competent boards of directors that are empowered to oversee company management and to act autonomously from the state as a whole. [...]

V. RECOMMENDS that Adherents ensure proper detection of corruption, as well as investigation and enforcement, and that key processes are entrusted to institutions that are insulated from influence or suppression of said processes or dissemination of public information regarding their conduct. Strong, transparent and independent external auditing procedures are means of ensuring financial probity, informing shareholders about overall company performance and engaging stakeholders. [...]

Source: For all sub-provisions see: Recommendation of the Council on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises [[OECD/LEGAL/0451](#)].

3. Implementation

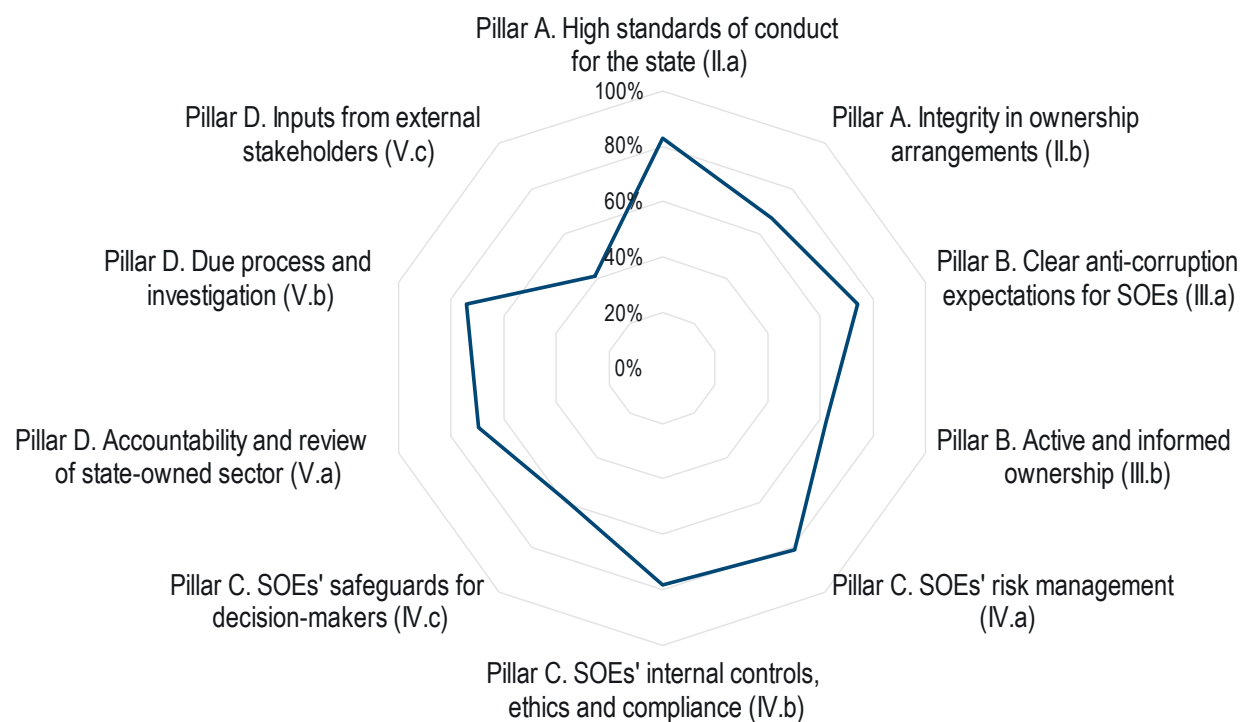
11. This section provides an assessment of the implementation of the Recommendation since its adoption in 2019. The analysis highlights areas in which Adherents are demonstrating close alignment with

the Recommendation, as well as positive trends, good practices and areas in which there is a need for closer alignment.

12. The analysis is divided into four sub-sections, representing each of the four pillars of the Recommendation (Provisions II-V), and draws from sources and activities listed in the “Methodology” section. Numbers and analysis presented in this Report provide an indication of the breadth of implementation among Adherents that responded to the questionnaire (hereafter, the “Respondents”), but is not meant to be an exhaustive analysis of the implementation of all Respondents for every provision.

13. As an initial overview, Figure 1 summarises the aggregated progress made by respondents across select provisions of the four pillars – specifically, those provisions that were covered in the questionnaire. The data initially suggests that Adherents are currently more closely aligned with provisions related to integrity of the state (Pillar A) and the promotion of integrity and prevention of corruption at the enterprise level (Pillar C). Adherents appear less aligned with the provisions related to strengthening the exercise of state ownership for integrity (Pillar B) and the accountability of SOEs and of the state (Pillar D).

Figure 1. Assessment of the overall implementation of select provisions



Note: The figure shows select provisions that featured in the questionnaire conducted as part of this assessment.

Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024)

Pillar A. Integrity of the State (Provision II)

14. Provision II of the Recommendation states that Adherents should establish ownership arrangements and high standards of behaviour for the state that facilitate integrity and allow the state to lead by example. This section will show how Adherents have implemented key aspects of Provision II of the Recommendation and reveal further areas to improve. Provision II is reproduced in the box below, followed by an assessment of Adherents’ implementation of sub-provisions II.1-5.

Pillar A. Integrity of the State

II. RECOMMENDS that all Member and non-Member governments having adhered to this Recommendation (hereafter the “Adherents”) bear in mind that state-owned enterprises are autonomous legal entities overseen by governments and high-level public officials and subject to the general rule of law in their countries of operation. Adherents should establish and adhere fully to good practices and high standards of behaviour, on which integrity in SOEs is contingent. To this effect, Adherents, as appropriate acting via their ownership entities, should take the following action:

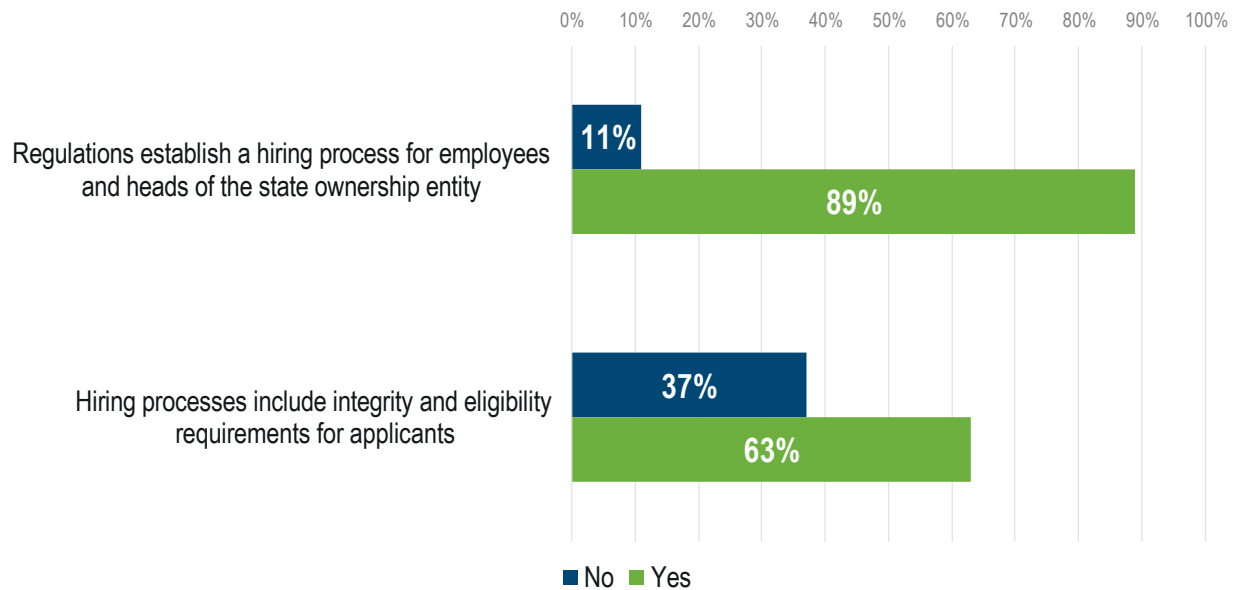
- Apply high standards of conduct to the state (sub-provisions II.1-3.) [...]
- Establish ownership arrangements that are conducive to integrity (sub-provisions II. 4-5.) [...].

Source: OECD Recommendation of the Council on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises [[OECD/LEGAL/0451](#)].

Implementation of Provisions II.1-3. Apply high standards of conduct to the state.

15. State-owned enterprises (SOEs) are commonly overseen by high-level public officials and governed by national laws. Their integrity and transparency are dependent on a larger commitment to ethical practices by representatives of the state, and notably the state ownership entity. Cases of corruption have historically shown how one of the biggest high-impact risk factors is the use of SOEs for political or private gain by state representatives (OECD, 2018_[11]). A culture of ethics among the state, and the state shareholder, is crucial for preventing corruption in the SOE sector more broadly. Ensuring SOE integrity requires a whole-of-government approach, including that government assumes a leadership position by setting an example of good governance, ethics, and integrity (OECD, 2020_[10]). The Recommendation encourages the state to be responsive to integrity concerns in the state-owned sector, which requires a broader culture of transparency across government and a commitment to responding and resolving relevant integrity and corruption issues (II.1).

16. The Recommendation also establishes that representatives of the state ownership entity, or those exercising ownership on behalf of the state, should undergo hiring processes underpinned by principles of efficacy and transparency. Formalised hiring processes are vital safeguards against nepotism and help reinforce the professionalism of civil servants in charge of exercising ownership on behalf of the state. To this end, mechanisms should exist to ensure that those exercising ownership on behalf of the state are appointed based on pre-determined eligibility criteria, such as merit, equity, aptitude and integrity (II.2.i). Although 89% of Respondents have regulations establishing formal hiring processes for the state ownership entity/ies, 63% include integrity-related requirements and eligibility requirements for applicants (Figure 2).

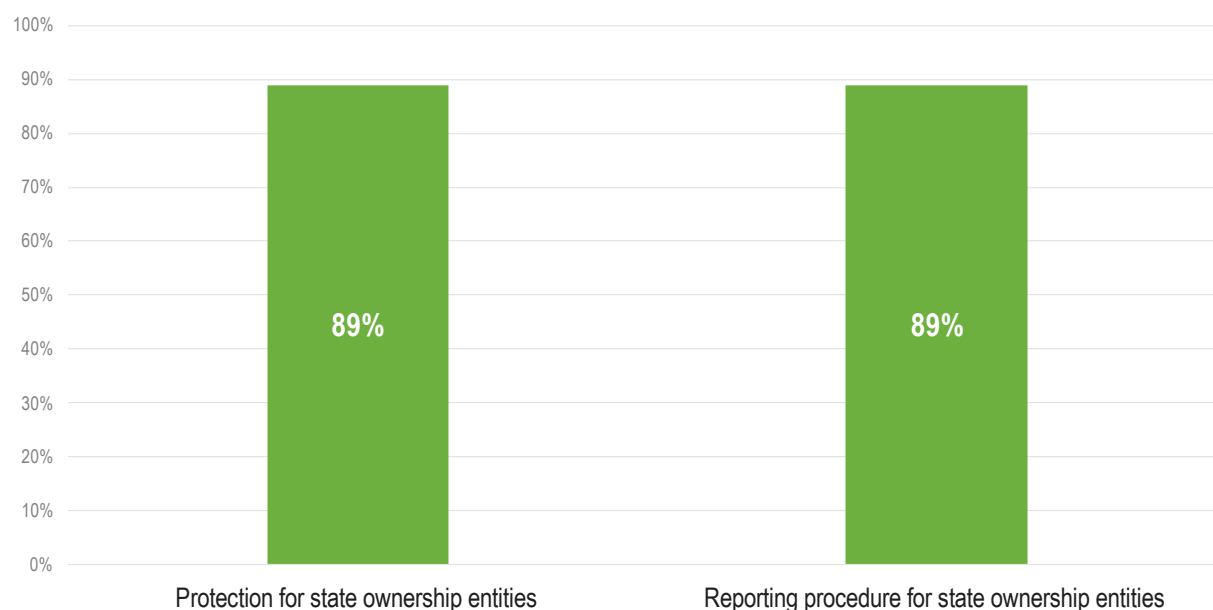
Figure 2. Hiring process and eligibility requirements of the state ownership entity

Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024).

17. Moreover, as part of the eligibility requirements, ownership representatives should fulfil and be subject to rules on conflict of interest and on handling sensitive information (II.2.ii and iii). In the WPSOPP's 2023 study, *Safeguarding State-Owned Enterprises from Undue Influence*, most participating countries (25) reported that state ownership entity representatives are subject to rules on conflict of interest and all countries self-reported that they are subject to rules on handling sensitive information (OECD, 2023^[12]).

18. The Recommendation further calls on the state to establish clear rules and procedures for reporting concerns about real or encouraged illegal or irregular practices that arise in the performance of owners' functions (II.2.iv). 89% of Respondents indicated having regulations establishing clear rules and procedures for reporting illegal or irregular practices, as well as specific protection mechanisms against retaliation for reporting (Figure 3). Adherents that are Member States of the European Union are largely deemed to have implemented this provision due to the implementation and transposition of the EU Directive 2019/1937 on the protection of persons who report breaches of Union law (European Parliament and Council, 2019^[12]). The EU Directive provides a key example of common minimum standards for a high-level protection of individuals reporting breaches of law, and how countries can establish clear rules and procedures.

Figure 3. Reporting procedures and protection of state ownership entities for those who report illegal or irregular practices



Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024).

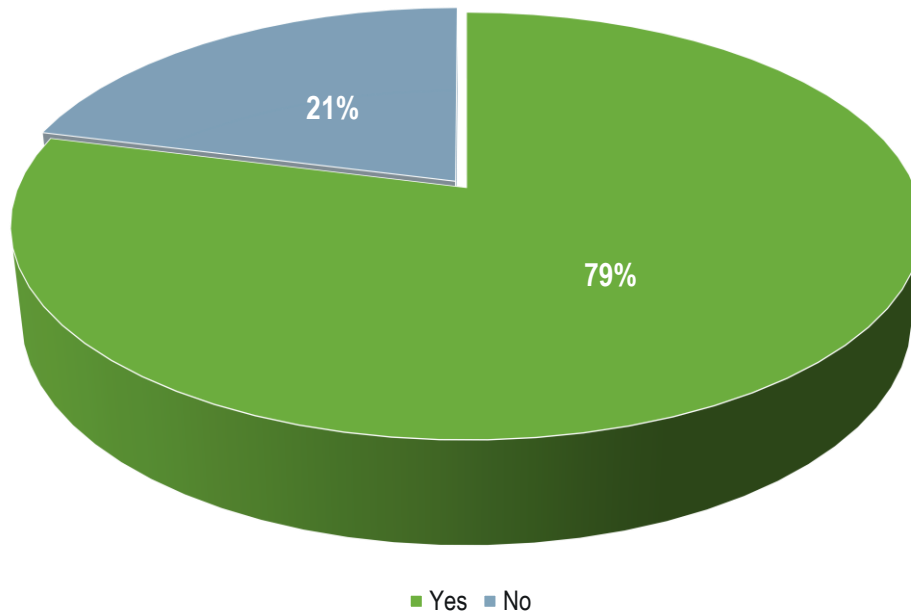
Implementation of Provisions II.4-5. Establish ownership arrangements that are conducive to integrity.

19. To deter illicit behaviour, the Recommendation encourages Adherents to prohibit and enforce sanctions to actions that amount to the exploitation of SOEs personal or political gain. The Recommendation sets out that these arrangements should include measures such as applying laws criminalising bribery of public officials to SOEs (II.4.i) and banning SOEs from being used as vehicles for bribery (II.4.ii) or financing political activities and campaigns (II.4.iii). An interim assessment of the implementation of the Recommendation (2023) determined that, thanks in large measure to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions [OECD/LEGAL/0293] (the “Anti-Bribery Convention”), all countries participating in the assessment had legal person liability for foreign bribery. The vast majority reported that they are able to hold SOEs liable under their laws – whether criminal or otherwise – for foreign bribery (OECD, 2023^[2]). Thus, Adherents appear largely aligned with provision II.4.i. Regarding provision II.4.iii, OECD data shows that 79% of Adherents accounted for in the OECD Public Integrity Indicators (OECD, 2024^[13]) have regulations in place to ban financial contributions⁹ to political parties and election campaigns from state-owned enterprises (Figure 4).

⁹ For the purpose of the Public Integrity Indicators “financial contribution” includes monetary and in-kind contributions and resources such as lending a building for a campaign or providing air/radio time.

Figure 4. Regulations banning financial contributions to political parties and election campaigns from state-owned enterprises

Do regulations completely ban financial contributions to political parties and election campaigns from state-owned enterprises?



Note: Ireland imposes a threshold on financial contributions from publicly owned enterprises. Italy did not provide information for the criterion regarding “state-owned enterprises”. Data for Belgium, Colombia, Germany, Hungary and New Zealand were not included in the Public Sector Integrity Indicators presented in this Figure. Moreover, the reference to publicly owned enterprises from the Public Integrity Indicators is interpreted as state-owned enterprises for the purposes of the Recommendation.

Source: OECD (2024), Anti-Corruption and Integrity Outlook 2024, OECD Publishing, Paris, <https://doi.org/10.1787/968587cd-en>.

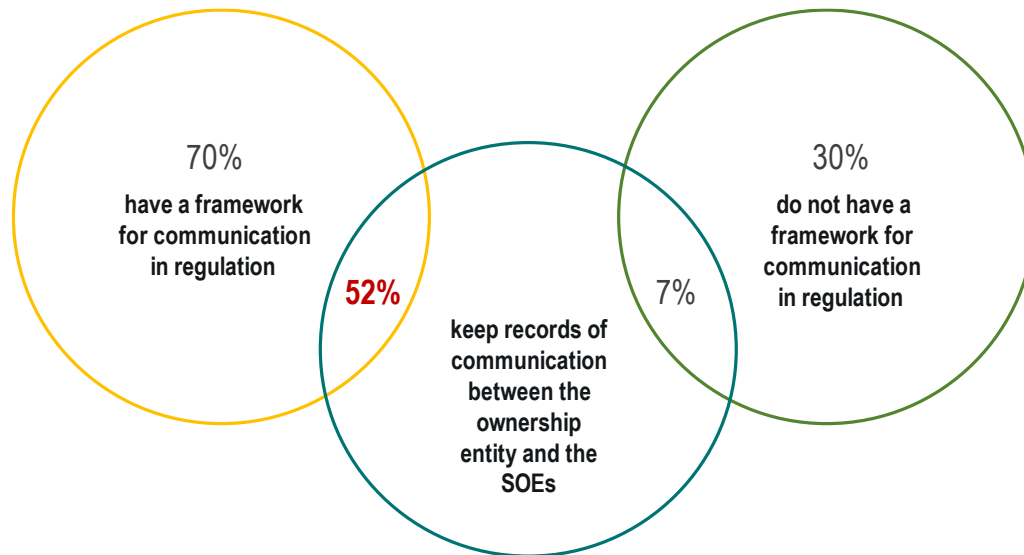
20. Another vital way of securing integrity of the state owner is establishing ownership arrangements that are conducive to integrity (II.5). This includes centralising ownership rights within the state administration (II.5.i) and, relatedly, separating the ownership function from other functions (II.5.ii) to reduce opportunities for political intervention in SOEs. A report drawing on a sample of 49 jurisdictions, shows that progress has been made in centralising ownership since the adoption of the Recommendation (OECD, 2024_[11]), with centralised ownership (or coordination) rising to 53% in 2024 from 41% in 2021. However, 27% of jurisdictions reviewed in the report still have dispersed ownership.

21. Information about ownership, and ownership arrangements, should be transparent (II.5.iii, iv, viii). The WPSOPP’s 2020 assessment of the implementation of the SOE Guidelines determined that one of the main drivers of progress in disclosure and transparency was the increased use of aggregate reporting by the state (OECD, 2021_[14]). By a more recent estimate, 64% of the 49 sample jurisdictions reviewed in the assessment, including OECD Members and Partner countries, published annual reports on the SOE sector (OECD, 2024_[11]).

22. To mitigate the risk of undue interference, the state should have clear and predictable channels for information flow and communication with SOEs. The Recommendation calls for Adherents to have both a formal framework and accurate record keeping of communications (II.5.vi). However, 52% of Respondents fully implement this by having both a framework and keeping records of their communications (Figure 5). While 70% of Adherents have a framework for communication, Adherents should still pay attention to informal exchanges that occur outside of the framework (Figure 5). Good

practice would call for the board chair to be the main point of contact between the ownership entity and the SOE, however recent data shows, on average, this is an area for improvement (OECD, 2024^[11]).

Figure 5. Framework and record keeping of communications between the ownership entities and SOEs



Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024).

Box 2. Communication frameworks between the state and SOEs: the case of the United Kingdom.

In the United Kingdom, UK Government Investments (UKGI) was founded in 2016 as a company owned by the Government of the United Kingdom (HM Treasury), which combines the former functions of the Shareholder Executive and UK Financial Investments. Among its functions, UKGI acts as a shareholder representative for UK government's arm's length bodies and provides advice to shareholding departments on how to manage their responsibilities as shareholders. According to the HM Treasury's guidance report on managing public money (HM Treasury, 2023^[15]), shareholding departments should also seek advice from UKGI when establishing central government companies, public corporations or arm's length bodies (ALBs) which have a significant commercial element, significant private sector interface and/or whose governance is of material complexity. In these cases, shareholding departments are also encouraged to consider whether UKGI is best placed to deliver the shareholder function itself on behalf of the department.

Moreover, the HM Treasury's guidance report on managing public money highlights that shareholding departments should also define any contractual relationship with a corporate in a framework document adapted to suit the corporate context while delivering public sector disciplines (HM Treasury, 2023^[15]). In this sense, wholly owned SOEs in UKGI's portfolio enter into a framework document with UKGI and the shareholding department that sets out the broad corporate governance arrangements for the SOE. A standard framework document will include wording on the expected flow of information between UKGI, the relevant government department and the SOE, which could include access to information on financial performance against plans and budgets, achievements against targets, capital expenditure and investment decisions, and board appointments and remuneration. For example, HM Treasury guidance on how to develop these framework documents state that communications between UKGI's Board and the responsible minister should normally be through the UKGI Chair (UKGI, 2024^[16]). For SOEs that fall outside the UKGI portfolio, the relevant shareholding department will enter into a framework document with the SOE in a similar manner, thus the same channel of communication is expected.

Finally, all framework documents can be seen and consulted in a centralised webpage:

<https://www.gov.uk/government/collections/framework-documents-collection>.

Source: OECD (2023), Safeguarding State-Owned Enterprises from Undue Influence: Implementing the OECD Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises; and submission from the authorities of the United Kingdom to OECD in 2024.

Conclusion

23. Overall, Pillar A of the Recommendation has been ***largely implemented*** by the Adherents. 89% of Adherents apply regulations establishing hiring procedures for members of the state ownership entity, and 63%, include integrity-related and eligibility requirements in their hiring processes. Moreover, 89% of Adherents have clear rules and procedures, as well as protection against retaliation mechanisms, for state ownership representatives to report illegal or irregular practices that they have learned while performing their functions. 79% of Adherents have also enacted regulations to ban SOEs from financial contributions to political parties and election campaigns. Finally, while 70% of Adherents have a formal communication framework between the state and the SOEs, Adherents should increase their efforts in terms of record-keeping of the communication between the state and the SOEs.

24. These findings suggest that overall, Adherents have been advancing in their anti-corruption and integrity efforts at the level of central government, with a positive impact in the rules pertaining to the state in its role as an owner. The analysis provides insights into the advances Adherents have been making to raise integrity of the public sector, including among those who exercise ownership on behalf of the state.

25. This chapter also points to a high level of implementation related to regulations that safeguard SOEs from misuse or as vehicles for corruption. Regulations banning SOEs from making financial contributions to political parties and election campaigns appear as a promising area where Adherents have been implementing the Recommendation (II.4.iii.). Another example of advanced implementation evidenced in under Pillar A is the existence of rules and procedures for whistleblowers to report and be protected against retaliation. Clear rules and procedures for reporting illegal or irregular practices, and being protected after reporting, have been largely recognised as vital measures to enforce regulations and safeguard states against the negative impact of fraud and corruption (European Parliament and Council, 2019^[12]).

26. Finally, evidence provided in this chapter also shows how Adherents have advanced in implementing the Recommendation by enacting regulations that establish communication frameworks between the state and SOEs. However, evidence also suggests that Adherents are yet not fully aligned with provision II.5.vi., since only 52% maintain accurate records of such communications. This suggests that although Adherents are largely aligned with Provision II, more should be done to strengthen monitoring and oversight mechanisms, including accurate tracking and data collection of the interaction between the state and SOEs.

Pillar B. Exercise of State Ownership for Integrity (Provision III)

27. Provision III of the Recommendation encourages Adherents to act in their role as active and informed owners with a view to strengthening integrity in the SOE sector. This means refraining from intervening in the operations of SOEs and adhering to practices that regulate the nature of their interactions and ensure fairness, transparency and accountability. These interactions must also demonstrate the capacity of the state to set clear expectations on anti-corruption and integrity for SOEs. This section will show how Adherents have implemented key aspects of Provision III and reveal further areas to improve. Provision III is reproduced in the Box below, followed by an assessment of the implementation of sub-provisions III.1-5.

Pillar B. Exercise of State Ownership for Integrity

III. RECOMMENDS that Adherents act as active and engaged owners, holding SOEs to high standards of performance and integrity, while also refraining from unduly intervening in the operations of SOEs or directly controlling their management. Ownership entities should have the legal backing, the capacity and the information necessary to hold SOEs to high standards of performance and integrity. Adherents should make their expectations regarding anti-corruption and integrity clear. To this effect, Adherents, as appropriate acting via their ownership entities, should take the following action:

- **Ensure clarity in the legal and regulatory framework and in the State's expectations for anti-corruption and integrity (sub-provisions III.1-4.) [...]**
- **Act as an active and informed owner with regards to anti-corruption and integrity in state-owned enterprises (sub-provision III.5.) [...].**

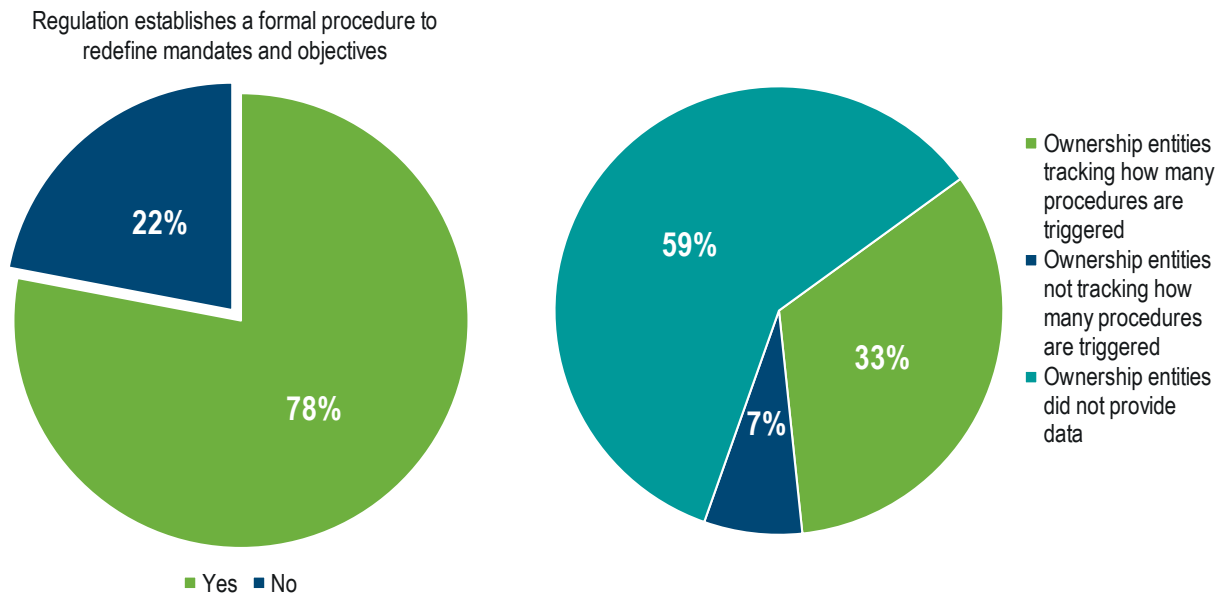
Source: OECD Recommendation of the Council on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises [[OECD/LEGAL/0451](#)].

Implementation of Provisions III.1-4. Ensure clarity in the legal and regulatory framework and in the State’s expectations for anti-corruption and integrity.

28. The Recommendation highlights that states should clearly set and consistently communicate high expectations on anti-corruption and integrity for the SOEs they own. SOEs or their state owners to exploit potential conflicting objectives and expectations in a way that facilitates corruption and compromises integrity. One of the state’s primary responsibilities as an owner is to set, review and when necessary and justified modify SOEs’ mandates and broad objectives. Recommendation (III.2) maintains that the state should refrain from modifying SOEs’ objectives and mandates too often and posits that the procedures involved are transparent. It states that broad mandates and objectives for SOEs should only be revised in cases where there has been a fundamental change of mission. This helps to avoid change of operational direction for illicit purposes, such as changing the objectives of the SOEs to conceal irregular activities (such as embezzlement), and helps to manage the risk of corruption and organisational capture (e.g., through undue influence, interference, or the use of the company as a vehicle for corruption) (OECD, 2023^[12]).

29. While 78% of the Respondents have formal processes to redefine mandates and objectives of SOEs, 59% did not provide the number of times those processes were triggered since the adoption of the Recommendation (Figure 6), either because they were unable to retrieve the data or because they considered it too sensitive to share. Although some state ownership entities pointed out that they were unable to provide this figure due to a lack of visibility on SOEs outside their portfolio, some responses alluded to a lack of awareness as to whether any state actor was privy to such information. Given that only 7% of Respondents confirmed that no state body was tracking such a number, the lack of awareness may also indicate that formal processes are not followed or are not made transparent, thereby indicating a potential area for improvement in the implementation of Provision III.2.

Figure 6. Formal processes for redefining SOE’s mandates and high-level objectives



Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024).

30. According to the Recommendation, states should set clear and high-level expectations for their SOEs in a transparent manner (III.4), while ensuring the legal and regulatory framework applicable to SOEs ensures that SOEs are subject to private sector best practices such as in the area of corporate liability, accounting and audit (III.1). The Recommendation also states that Adherents should clearly specify SOE objectives and expectations and avoiding redefining them in a non-transparent manner (III.2). In particular, the state should clearly set and consistently communicate high expectations regarding anti-corruption and reviewing them when necessary (III.4). Such expectations are often outlined in a comprehensive policy document such as an ownership policy. According to recent OECD data (OECD, 2024^[11]), and when adjusting the sample size to Adherents to the Recommendation, only 55% of reporting jurisdictions have implemented an overarching SOE ownership policy (Figure 7).¹⁰

Box 3. Procedures to define state expectations for SOEs: the case of Lithuania

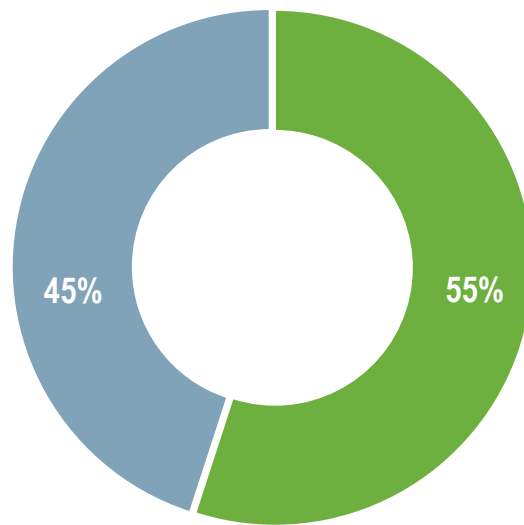
In Lithuania, the law number 665 of 6 June 2012 states in chapter VI that, as a minimum, every 4 years the body exercising ownership on behalf of the state should prepare and submit a letter to the state-owned company regarding the goals and expectations of the state vis-à-vis the state-owned company. According to the law, this letter should contain the expectation of the state in relation to the main activities of the company, as well as the operational priorities, essential indicators of performance evaluation, accountability needs, and implemented financial projects that are a priority for the state. The letter could also contain other type of information relevant for the goals and expectations of the state and shall be applicable to the subsidiaries and subsequent subsidiaries of the SOEs.

Moreover, the Lithuanian Governance Coordination Centre (GCC) is the coordination body founded by the Government, which seeks to ensure consistent and professional governance at state-owned enterprises (SOEs). The functions undertaken by the GCC include a wide range of SOE coordination activities such as nominating independent board and supervisory board members, overseeing the implementation of strategic plans, as well as analytical reporting and publicity of the SOE activities. Moreover, the GCC also provides assistance shaping the SOE sector policy framework and providing advice on matters of good governance of SOEs. In this sense, the GCC developed an updated version of the Ownership Guidelines in 2021, which set the ultimate purpose and define the overall rationales for state ownership. The 2021 Ownership Guidelines also define requirements regarding strategic planning and setting objectives at the enterprise level, including the letters of expectations for each SOE, sets the rules on profitability targets, mostly expressed as return on equity ratios, provides cases for obligatory establishment of the boards, among others.

Finally, letters of expectations for each Lithuanian SOE are publicly available under the profile of each SOE in the GCC webpage: <https://governance.lt/en/apie-imones/vvi-sarasas/>

Source: OECD (2023), Safeguarding State-Owned Enterprises from Undue Influence: Implementing the OECD Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises; and, submission from the authorities of Lithuania to OECD in 2024.

¹⁰ The larger sample of countries included in the 2024 OECD report, Ownership and Governance of State-Owned Enterprises, reveals that only 53% have implemented an overarching SOE ownership policy.

Figure 7. Implementation of ownership policies

- Adherents that have introduced an overarching SOE ownership policy
- Adherents that have not introduced an overarching SOE ownership policy

Note: The sample data has been adjusted from the original size (49) and corresponds to 31 Adherents that participated in the PMR database 2023. Information obtained from the latest edition of the OECD Product Market Regulation (PMR) indicators for 19 jurisdictions, combined with the OECD Ownership and Governance of State-Owned Enterprises 2024.

Source: OECD PMR database 2023, OECD Ownership and Governance of State-Owned Enterprises, 2024.

Implementation of Provision III.5. Act as an active and informed owner with regards to anti-corruption and integrity in state-owned enterprises.

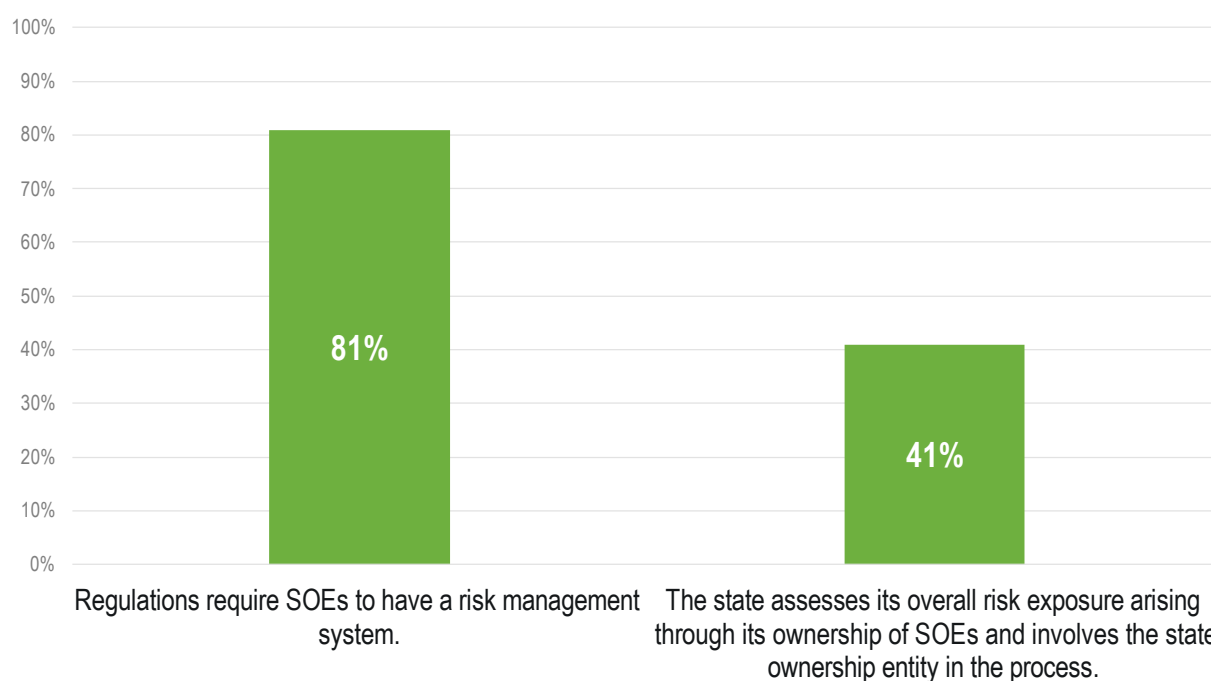
31. The Recommendation highlights that states should act as active and informed owners with regards to anti-corruption and integrity in the companies they own (III.5). Among their responsibilities, states should develop reporting systems to regularly monitor and assess SOEs in a number of areas, including with regards to SOEs' compliance with regards to the state's expectations with regards to integrity and anti-corruption (III.5.i).

32. The Recommendation also stresses that states should use monitoring and assessment sources to facilitate an understanding of the adequacy of corruption-risk management in SOEs (III.5.i). It encourages the use of benchmarking tools to assess the overall risk exposure of the state through its ownership of enterprises (III.5.v).

33. When assessing the questionnaire responses, a gap emerges between regulations requiring SOEs to implement risk management systems (III.5.i and IV.1), and the state ownership entities' assessment of their overall risk exposure through its ownership of SOEs. While 81% of Respondents have regulations in place requiring SOEs to implement risk management systems (Figure 8), only 41% of state ownership entities assess their risk exposure to anti-corruption and integrity and other types of risks from their ownership of SOEs (Figure 8). Moreover, zooming into the risk management requirements at the central government level, data from the OECD Public Integrity Indicators show that countries participating in

these indicators have on average 72% of the elements of risk management standard regulations¹¹ applicable at the central government level (OECD, 2024_[13]).¹² This means that while risk management elements at the central government level are in place for a majority of Adherents, they are likely being applied to other risk areas and only a minority of Adherents assess their risk exposure through their ownership of SOEs. A lack of visibility on risk exposures, including anti-corruption and integrity, is particularly relevant given earlier data demonstrating SOEs' unique exposure to corruption-related risks (OECD, 2018_[11]). Moreover, risk management is likely to take on greater importance especially as it relates to sustainability-related risks and opportunities. Adherents' low uptake of the good practice of assessing risk exposure appears as the weaker point in the implementation of Pillar B and Adherents should address this gap moving forward.

Figure 8. Risk management systems in state ownership entities and SOEs



Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024).

¹¹ The criteria are based on COSO 2017 ERM Framework, ISO 31000:2018, ISO 37301:2021, ISO 37001:2016, and ACFE 2016 Fraud Risk Management Framework. More information can be found at: <https://oecd-public-integrity-indicators.org/indicators/1000055/subindicators/1000362>.

¹² The elements of risk management standard regulations include inter alia (i) explicitly address public integrity risks, (ii) explicitly delegate responsibility for conducting risk assessment to management and not internal auditors, and (iii) establish processes and procedures for addressing the risks and actions that management must take, including reporting procedures or addressing weaknesses in the internal control system (OECD, 2023_[3]).

Box 4. The state’s assessment of its overall risk exposure arising through its ownership of SOEs: the case of Costa Rica

In Costa Rica, the Executive Decree No. 40.696-MP, of October 20, 2017, created the Advisory Unit for the Direction and Coordination of State Share Ownership and Management of Autonomous Institutions (Advisory Unit). Among its functions, the Advisory Unit is responsible for:

- Developing regular reporting systems that allow the Presidency of the Republic and the Government Council to form criteria and make decisions, as informed and active owners;
- Systematising and analysing compliance reports, audits and control studies on the operation and results of public companies and autonomous institutions, which emanate from them or from the competent oversight bodies, as inputs for the decision-making process of the Presidency of the Republic and the Government Council and part of the process of accountability to citizens on the management of state-owned companies and autonomous institutions; and,
- Advising the Governing Council, in its capacity as active owner, in the exercise of its rights and responsibilities as owner, which includes the supervision, monitoring and evaluation of the performance of autonomous institutions and state-owned companies in strict compliance with the legal structure of each company.

In the exercise of these functions, the Advisory Unit produced aggregated reports on the state’s SOE portfolio (2021, 2022, and 2023), where it assessed the overall risk exposure arising through state-ownership. As an example, the 2021 report stated, in relation to the SOE *Fabrica Nacional de Licores* (FANAL), that “*The entity's tax debt implies risks: not only does it erode FANAL assets but also those of CNP [National Production Council], and eventually, since it is a State-owned enterprise, there is a risk that it will become a contingent liability that all Costa Ricans would pay, and the Ministry of Finance would have to bear the cost.*”

Moreover, in 2021 the Advisory Unit concluded from its risk analysis that Costa Rican SOEs helped compensate for the loss of public revenues caused by the COVID-19 health crisis. However, the report also concluded that the majority of SOEs suffered considerable losses of their net assets.

While not specific to anti-corruption and integrity, this example demonstrates how ownership entities may assess their overall state-ownership related risk exposures.

Source: Costa Rican Ministry of Finance, [Aggregate Report on the Group of State-Owned Enterprises – 2021](#), Republic of Costa Rica; Costa Rican Ministry of Finance, [Aggregate Report on the Group of State-Owned Enterprises – 2022](#), Republic of Costa Rica; Costa Rican Ministry of Finance, [Aggregate Report on the Set of State-Owned Companies 2023](#), Republic of Costa Rica; And, submission from the authorities of Costa Rica to OECD in 2024.

34. Another key tenet of the Recommendation is that owners should set clear expectations with regards to anti-corruption and integrity (OECD, 2021^[5]; OECD, 2020^[10]). As stated in the Recommendation, a thorough reporting system allows states to regularly monitor and assess the performance of SOEs against pre-established objectives and benchmarks (III.5.i).

35. There is partial implementation of the overall provision (III.5.i) given that Adherents report having reporting systems that allow it to regularly monitor and assess SOEs performance against established objectives and pre-determined benchmarks. According to the Recommendation, such reporting should allow for and assessment of SOE compliance with applicable corporate governance standards as well as alignment with the state’s expectations with regards to integrity and anti-corruption. Yet not many Adherents are able to provide precise data on whether information is indeed provided by SOEs to allow for it to regularly monitor and assess SOE performance in practice. Although 74% of Adherents require

SOEs to report on compliance with anti-corruption and integrity expectations (Figure 9), only 26% were tracking the number of SOE that were compliant with such requirements (Figure 9).

36. Furthermore, more than half of the Respondents did not provide the number of SOEs that were compliant, and 19% of Respondents confirmed that no state body was tracking such a number. The gap between existing applicable reporting frameworks and the lack of data to assess their effectiveness suggests that Adherents should further align their monitoring and oversight mechanisms with provisions in Pillar B (provision III). Collecting and tracking data enables state-owners to more systematically assess the effectiveness of regulatory or other corporate governance frameworks in place, thus enhancing their ability to be active (OECD, 2024^[13]), informed and responsible owners (OECD, 2020^[10]).

Figure 9. Reporting requirements and implementation thereof for SOEs including on anti-corruption and integrity



Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024).

37. To regularly monitor and assess SOE performance and compliance, the Recommendation encourages the state to set up reporting systems for SOEs' submission of financial and non-financial information. One proxy for understanding how the state uses this information, and how active it is in monitoring, is the presence of an annual aggregate report. Table 1 shows that only 46% of Adherents produce an aggregate report on their SOE sector covering all their SOEs,¹³ and 16% do so for a defined portfolio of SOEs. 27% of Adherents do not produce an aggregate report or produce an online inventory which is not functionally equivalent to the annual aggregate report, and 11% produce ad hoc reports or regular reports to parliament. This data reveals yet another area in which Adherents could improve. The implementation of the Recommendation would benefit from strengthened reporting mechanisms in practice and the use SOE reporting to feed into more comprehensive aggregate reporting by ownership entities on their SOE sector (OECD, 2024^[11]), including on anti-corruption and integrity matters.

¹³ This number excludes Iceland.

Table 1. Aggregate reporting by state ownership entities and coverage

Does the state ownership entity produce an aggregate report on SOE financial and non-financial performance?

Status		Adherents
Yes, in the form of an aggregate report	All SOEs	17
	A defined portfolio of SOEs	6
Ad hoc reports on SOEs or regular reporting to the parliament		4
No but there is instead an online inventory		4
No aggregate reporting system		6

Note: The total Adherents covered are 37, with data missing from Iceland out of the 38 Adherents.

Source: OECD Ownership and Governance of State-Owned Enterprises, 2024.

Conclusion

38. Summing up, Provision III of the Recommendation has been *partly implemented* by Adherents. A significant majority have established overarching state ownership policies that integrate expectations on anti-corruption and integrity. While 81% of Respondents require SOEs to implement risk management systems, only 41% of state-ownership entities use this information to assess their overall portfolio-level risk exposures to anti-corruption and integrity (among other areas) through their ownership of SOEs. 78% of Adherents have formal procedures in place that regulate how SOEs mandates and objectives may be defined or redefined, but only 33% have systematically tracked how often mandates and objectives were subsequently modified. Finally, 74% of Adherents require SOEs to report on compliance, anti-corruption and integrity, but too few track the number of SOEs that were compliant with such requirements. While more commonplace in the last decade, only 46% of Adherents produce aggregated reports on covering all their SOEs, which demonstrates the potential for greater transparency and disclosure from the state owner.

39. Adherents have positively aligned with other key elements of Provision III of the Recommendation. For example, Provision III.2 highlights the importance of clearly specifying SOE objectives and avoiding redefining them in a non-transparent manner. In this area, Adherents have shown significant progress by establishing formal procedures in for the redefinition of mandates and objectives. However, very few Adherents have been able to track the number of times mandates and objectives were redefined.

40. Adherents have also made significant progress to align with the Recommendation by implementing overarching ownership policies that set out expectations for SOEs with regards to anti-corruption and integrity (III.4 and III.5). Overarching ownership policies ensure that state expectations, including in the area of anti-corruption and integrity, are made transparent.

41. Evidence presented in this chapter suggests that while Adherents have advanced in some areas of their exercise of state ownership for integrity, greater efforts can be made in the areas of assessing portfolio-level risks, in developing aggregate reporting and in improving their monitoring and oversight of anti-corruption and integrity expectations, including through more robust data collection. Regarding risk assessments, this chapter shows that only 41% of Adherents assesses their portfolio-level risk exposures through ownership of SOEs. Having information on material risks can help ownership entities become more active and informed owners, by allowing for the identification of risk mitigation strategies. Overall, the impact of a robust risk management framework at the level of the state is relevant to ensure the state is an effective steward in the management of state assets on behalf of the public and taxpayers, as the ultimate beneficiaries.

42. Finally, although Adherents require SOEs to periodically report on integrity and anti-corruption expectations in line with the Recommendation, very few Adherents track the submission of this

information. This once again, points to the need that Adherents should enhance their monitoring and oversight mechanisms through more systematic data collection and analysis. More consistent portfolio-level aggregate reporting by Adherents on SOE financial and non-financial performance, including information on anti-corruption and integrity, can be an effective means to enhance accountability and transparency.

Pillar C. Promotion of Integrity and Prevention of Corruption at the Enterprise Level (Provision IV)

43. Provision IV of the Recommendation states that Adherents should ensure that SOEs have adequate measures that prevent, detect and mitigate corruption-related risks, and enforce rules. Those measures are, predominantly: risk management systems; a coherent and comprehensive set of internal controls, ethics and compliance measures; and effective and competent boards of directors that are empowered to oversee company management and to act autonomously from the state as a whole. This section will evaluate how Adherents have implemented key aspects of Provision IV and assess further areas for improvement. Provision IV is reproduced in the Box below, followed by an assessment of Adherent's implementation of sub-provisions IV.1-10.

Pillar C. Promotion of Integrity and Prevention of Corruption at the Enterprise Level

IV. RECOMMENDS that Adherents ensure that their ownership policy fully reflects that a cornerstone of promoting integrity and preventing corruption in and concerning SOEs is effective company internal controls, ethics and compliance measures that prevent, detect and mitigate corruption-related risks, and enforce rules. Adherents should ensure that SOEs are overseen by effective and competent boards of directors that are empowered to oversee company management and to act autonomously from the state as a whole. To this effect, Adherents, as appropriate acting via their ownership entities, should take the following action:

- Encourage integrated risk management systems in state-owned enterprises (sub-provision IV.1) [...]
- Promote internal controls, ethics and compliance measures in state-owned enterprises (sub-provisions IV.2-8.) [...]
- Safeguard the autonomy of state-owned enterprises' decision-making bodies (sub-provisions IV.9-10.).

Source: OECD Recommendation of the Council on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises [[OECD/LEGAL/0451](#)].

Implementation of Provision IV.1. Encourage integrated risk management systems in state-owned enterprises.

44. The Recommendation (IV.1) outlines good practices in risk management for SOEs that are in line, where appropriate, with requirements for listed companies. The risk management framework of a company is the cornerstone of corporate governance through which all internal controls are integrated. A sound risk management system is the pillar of corporate governance from which all internal controls should be derived, monitored and adjusted. According to 2020 OECD data, SOEs often categorise corruption risks as compliance issues, potentially missing the broader impact on their overall risk management practices (OECD, 2020_[10]). According to this same study, spending on integrity measures were viewed as a cost, unlike private firms that treat it as an investment (OECD, 2020_[10]). Provision IV.1 of the Recommendation should be treated as integral to achieving SOE's objectives and its strategy, instead of being viewed as

purely compliance-driven exercise aimed at mitigating possible sanctions for non-compliance with laws (IV.1.i) (OECD, 2019_[17]). As illustrated by Figure 8, a large majority of Respondents (83%) currently require SOEs to establish risk management systems. This represents a significant increase compared to 2016, when only half of surveyed Adherents had such expectations in place (OECD, 2016_[18]).

45. The Recommendation further calls for the board to regularly monitor, re-assess and adapt the risk management system to the SOE's circumstances, with a view to establishing and maintaining the relevance and performance of internal controls, policies and procedures (IV.1.ii). The Recommendation also calls for a segregation of duties between those that take ownership of and manage risks, those that oversee risks, and those that provide independent assurance within the SOE (IV.1.iii). This can be aided in part with the establishment of specialised board committees assigned to oversee risk management (IV.5.ii) (OECD, 2020_[10]).¹⁴ According to the 2023 edition of the *OECD Corporate Governance Factbook* which surveys corporate governance policies and practices for listed companies across 49 jurisdictions,¹⁵ the audit committee is the preferred choice for risk oversight in 38 jurisdictions, while risk committees are required or recommended in 16 jurisdictions (OECD, 2023_[19]).

46. The Recommendation also calls for SOEs to “publicly disclose information about material integrity-related risks, the risk management system and measures taken to mitigate risks” (IV.1.vi). Transparency on material risks and established risk management systems provides an important opportunity for SOEs to reassure shareholders and investors of the adequacy of their risk management system. While listed and large SOEs are generally subject to reporting requirements on risk management systems and material risk factors, recent OECD data, when adjusted to include only Adherents to the Recommendation, reported that 88% of surveyed jurisdictions¹⁶ require at least some of their SOEs to report on material risks and risk management systems in place (OECD, 2024_[1]). This represents an increase over the self-reporting of SOEs surveyed in 2017, which indicated that only 34% of SOEs disclosed material risks (OECD, 2018_[11]).

Implementation of Provision IV.2-8. Promote internal controls, ethics and compliance measures in state-owned enterprises.

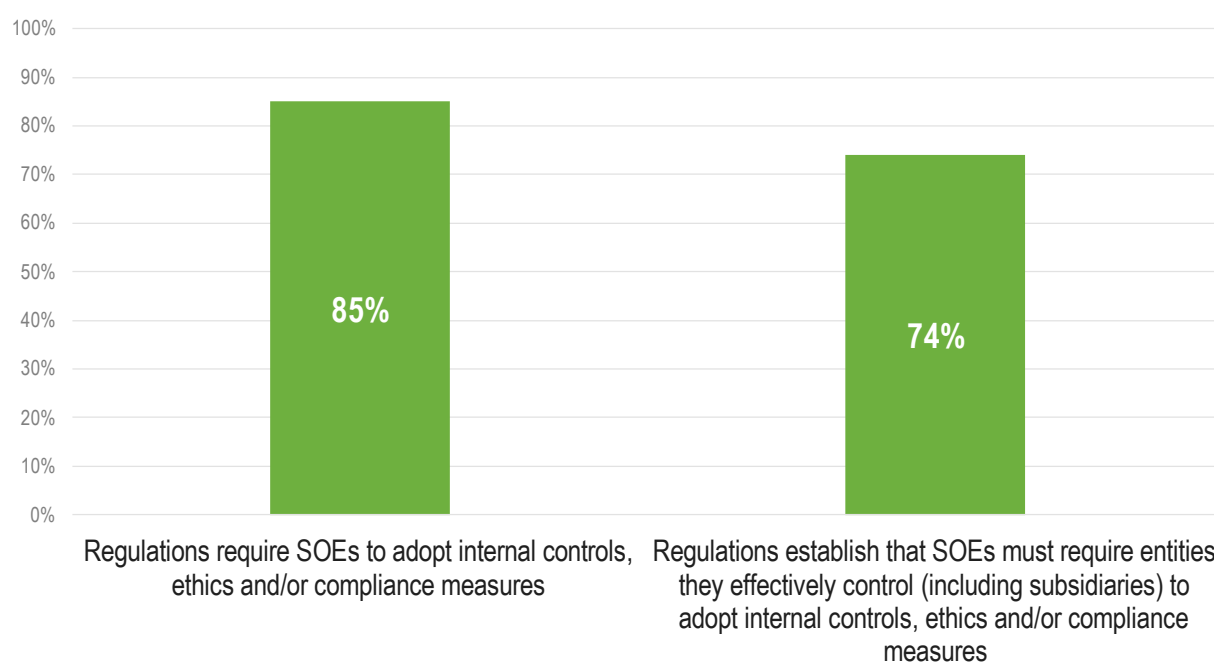
47. The Recommendation calls on Adherents to take appropriate steps to encourage integrity in SOEs by expecting SOEs boards and top management promote a “corporate culture of integrity”, through *inter alia*, clear corporate policies prohibiting corruption, strong, explicit and visible internal control, ethics and compliance measures (integrity mechanisms), encouraging an open culture of compliance, and leading by example (IV.2). Regarding the implementation of these provisions, Figure 10 shows that a large majority (85%) of Respondents require SOEs to adopt internal controls, ethics or compliance measures. The Recommendation (IV.3) also calls for the application of internal control, ethics or compliance elements to all levels of corporate hierarchy and all entities over which SOEs have effective control, including subsidiaries. As shown in Figure 10, 74% of Respondents have these expectations for SOE subsidiaries.

¹⁴ European Union Member States are required to establish audit committees under the EU Audit Regulation.

¹⁵ Including all OECD, G20 and Financial Stability Board (FSB) members.

¹⁶ 30 out of 34 surveyed OECD Members. The sample size has been adjusted to just Adherents to the Recommendation, as opposed to the original size which included 49 jurisdictions.

Figure 10. Share of Respondents requiring SOEs and their subsidiaries to adopt internal controls, ethics or compliance measures



Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024).

48. The Recommendation (IV.5.i) also asks Adherents to set the expectation that internal audit, where it exists, has the capacity, autonomy and professionalism needed to fulfil its function. At the time of writing, most Adherents require their large and/or listed SOEs to have an internal audit function¹⁷ (OECD, 2024₍₁₁₎). However, little is known about whether internal auditors in SOEs have the requisite resources, capacity, autonomy and professionalism to carry out their functions.

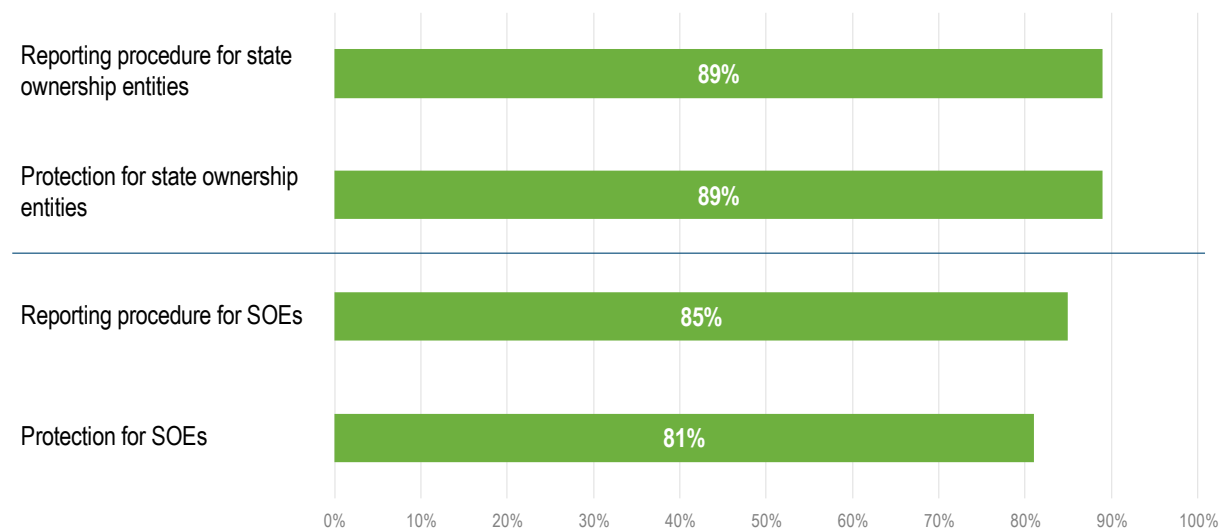
49. Provision IV.5.iv. of the Recommendation also calls for the state to encourage the establishment of clear rules and procedures for employees or other reporting persons to report, and be protected after reporting, concerns about real or encouraged illegal or irregular practices in or concerning SOEs and its subsidiaries or business partners. Regarding its implementation, Figure 11 shows that the vast majority of Respondents have adopted rules and procedures for reporting wrongdoing and protection against retaliation for representatives of SOEs – albeit a slightly lower share than for representatives of state ownership entities (also see Figure 3). The average is also likely brought up from the participation of EU Member States which have been required to transpose the EU “Whistleblowing” Directive 2019/1937 into their national legislation.

50. States should “expect that SOEs apply high standards of transparency and disclosure akin to good practice listed companies” including with regard to “the disclosure of the organisational structure of the SOE” (IV.6). According to recent OECD data, when adjusted to include only Adherents to the

¹⁷ Out of the 35 surveyed OECD Member countries, 8 require every SOE to have an internal audit function, while 15 only require large or listed SOEs to have an internal audit function, and 12 do not have such requirements in place or it is unclear whether such requirements exist (OECD, 2024₍₁₁₎).

Recommendation,¹⁸ 43% of surveyed Adherents require all SOEs to disclose information about their control structure, while 15% do so for some SOEs, and 18% do not require SOEs to disclose this information (OECD, 2024_[1]). Finally, in 24% of surveyed Adherents, SOEs do not disclose, but their governing legislature details control structures, or such information is published in the company register (OECD, 2024_[1]).

Figure 11. Share of Respondents which have adopted rules and procedures for reporting wrongdoing and protection against retaliation for representatives of state ownership entities and SOEs



Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024).

Implementation of Provision IV.9-10. Safeguard the autonomy of state-owned enterprises' decision-making bodies.

51. One of the main responsibilities of the state is to ensure that boards be composed in such a manner that enables them to carry out their function autonomously and with integrity. Provision IV.9.v. of the Recommendation calls for board members to be selected based on a set of clear predetermined criteria and subject to transparent procedures. Figure 12 shows that 77% of Respondents have adopted pre-selection criteria for the appointment of board members, which is one way to secure a more merit-based and transparent board nomination and appointment process.

52. Provision IV.10 calls on states to expect that boards apply high standards for hiring and conduct of top management, reinforcing the standard in the SOE Guidelines that boards and not the state are responsible for the appointment of executive management. The questionnaire responses showed that only 30% of Respondents have pre-selection criteria for the selection of top management. While determining the company's needs and hiring executive management is indeed a board responsibility, pre-determined criteria – including integrity-based criteria – may encourage more merit-based appointments.

¹⁸ The adjusted sample is 34 Adherents to the Recommendation as opposed to 44 jurisdictions included in the original sample (OECD, 2024_[1]).

53. Board independence, autonomy and integrity can also be better preserved with the presence of independent board members and the absence of politicians. Specifically, the Recommendation calls for boards to be comprised of an appropriate number of independent members (i.e. non-state and non-executive members) (IV.9.ii) (OECD, 2019_[17]). Only one-fifth of Respondents require a minimum number of independent members to sit on SOE boards. Among responding jurisdictions, the share of minimum number of independent members was indicated to be usually one-third of board members. However, the definition of independence varies considerably across jurisdictions. Good practice calls for aligning the definition with the new definition included in the revised SOE Guidelines (Box 5). At minimum, SOEs should be expected to follow board independence criteria outlined in relevant listing requirements or corporate governance codes.

Box 5. SOE Guidelines definition of board member independence

The 2024 OECD Guidelines on Corporate Governance of State-Owned Enterprises provide a revised and, strengthened definition of "independence" for SOE board members. According to this revised definition, independent board members are understood as:

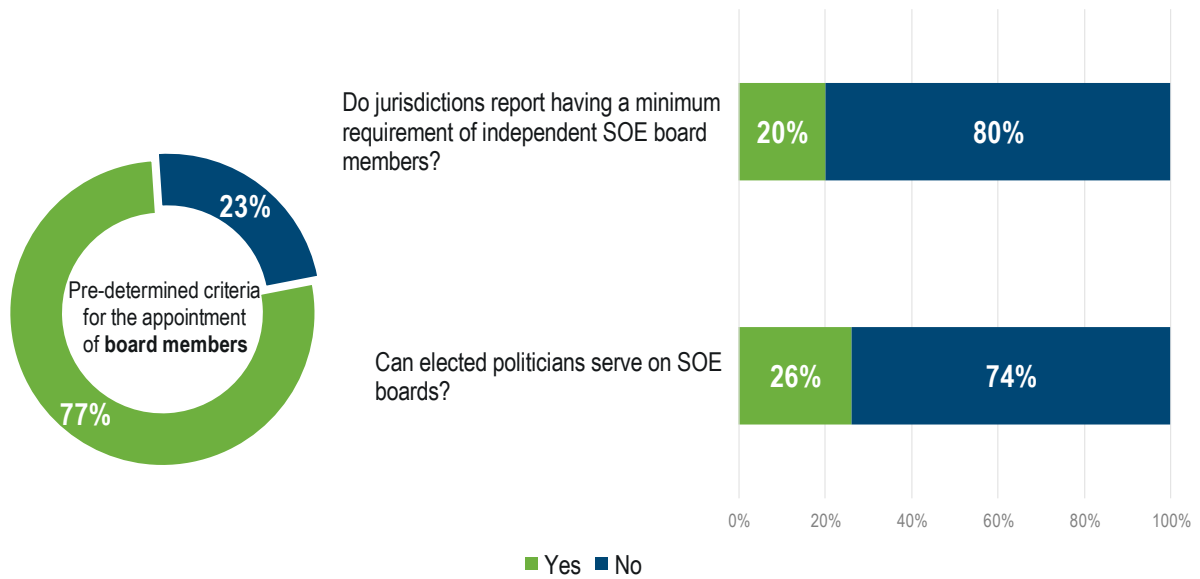
- Individuals free of any material interests (including remuneration directly or indirectly, from the enterprise or its group other than directorship fees);
- or free of relationships with the enterprise (non-executive board members), the state (neither civil servants, public officials, nor elected officials), its management, and other major shareholders, as well as with institutions and interest groups with a direct interest in the operations of the SOE that create a conflict of interest that could jeopardise their exercise of objective judgement; and as
- individuals selected based on merit, in possession of an independent mindset and sufficient competencies to carry out the board duties.

Source: OECD, Recommendation of the Council on Guidelines on Corporate Governance of State-Owned Enterprises, [OECD/LEGAL/0414](#).

54. Provision IV.9.i indicates that politicians who are in a position to influence materially the operating conditions of SOEs should not serve on their boards, and former politicians may only serve on SOE boards after the completion of a “cooling-off” period. While politicians in SOE boards may compromise the ability of the board to exercise its functions with objectivity and independence, as of 2024, OECD data, when adjusting the sample size to include just Adherents to the Recommendation,¹⁹ reported that 26% of Respondents do not ban politicians from serving on SOE boards (Figure 12). Yet, in some cases where there may not be an outright ban, in practice politicians may not serve on boards. Moreover, many jurisdictions have implemented safeguards – such as cooling-off periods for former politicians– to avoid the potential for conflicts of interests (OECD, 2024_[1]).

¹⁹ The adjusted sample size is of 36 Adherents to the Recommendation, as opposed to 51 jurisdictions from the original sample (OECD, 2024_[1]).

Figure 12. Selection criteria and composition requirements for SOE boards of directors

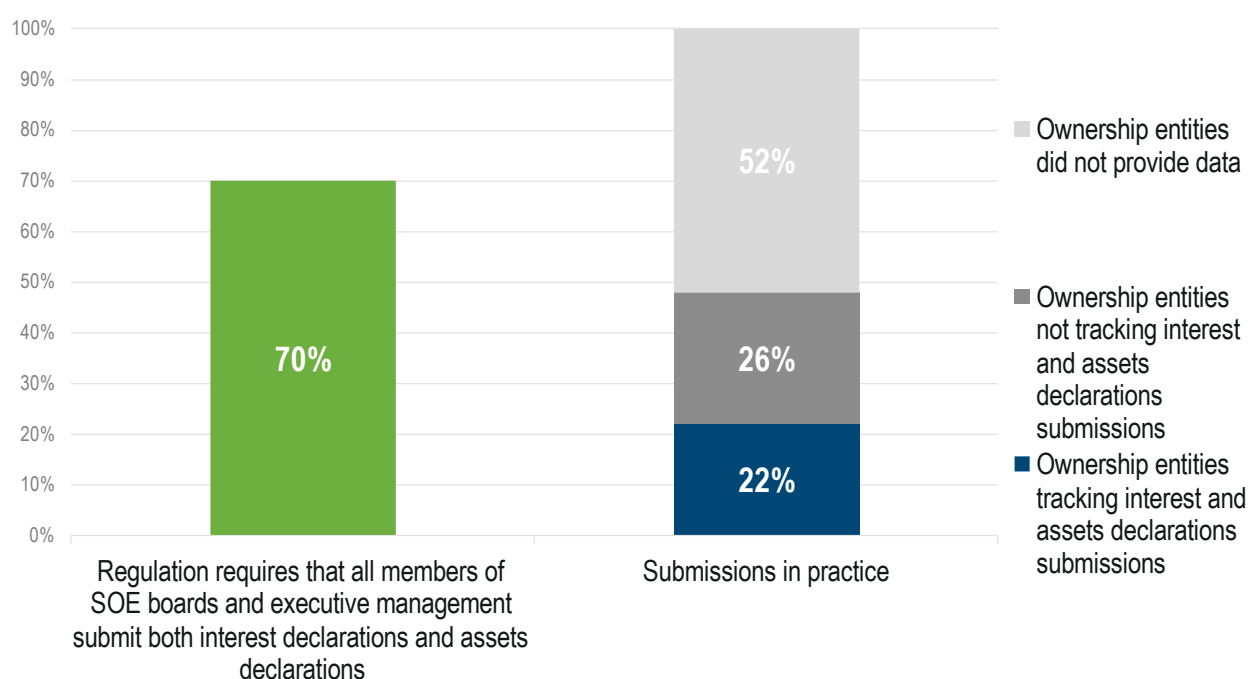


Note: The data sample from the 2024 OECD Ownership and Governance of State-Owned Enterprises report has been adjusted to include only Adherents to the Recommendation, thus the sample size for the figure showing “Do jurisdictions report having a minimum requirement of independent SOE board members?” is of 35 OECD Member countries; and the sample size for the figure showing “Can elected politicians serve on SOE boards?”, is of 36 OECD Member countries.

Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024); and, OECD Ownership and Governance of State-Owned Enterprises, 2024.

55. To mitigate potential conflicts-of-interests situations, the Recommendation calls for members of SOE boards and executive management to make declarations to the relevant bodies regarding their investments, activities, employment, and benefits from which a potential conflict of interest could arise (IV.9.iv). Figure 13 shows that while 70% of Respondents have such requirements in place, in practice only 22% of Respondents’ ownership entities actually track submissions of declarations of assets and interest, while 26% do not and 52% did not provide data. Typically, the implementation of such requirements may require coordination with the relevant body responsible for receiving declarations to ensure declaration requirements are actually being implemented. It is worthwhile noting that the OECD Public Integrity Indicators have more generally identified a gap between the stated conflict-of-interest obligations of ministers, members of parliament, and top-tier civil servants and their implementation in practice (OECD, 2024_[13]).

Figure 13. Share of Respondents requiring SOE board and executive members to submit declarations of assets and interest



Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024).

56. Finally, according to recent OECD data, when adjusted to include only Adherents to the Recommendation, the majority (51%) of Adherents have introduced punitive measures in cases where board members are found to have been unduly influenced by outside persons or institutions, which should help limit the opportunities for undue influence in SOE operations (OECD, 2024_[1]).²⁰ Board integrity can be reinforced through board evaluation processes, which are usually carried out to ensure that boards operate in an efficient and effective manner and can also feed into future board nomination and appointment processes. As of 2024, 68% of Adherents had processes in place to evaluate the activities of the board as a whole (OECD, 2024_[1]).

Conclusion

57. Overall, Provision IV of the Recommendation has been **largely implemented** by the Adherents. A significant majority of Adherents have introduced expectations for SOEs to adopt risk management systems as well as internal controls, ethics or compliance measures, with the latter applying to subsidiaries as well. A vast majority of Adherents expect at least some of their SOEs to report on material risks and risk management systems in place. Moreover, a significant majority of Adherents expect SOEs to have specialised board committees to oversee risk management, thus assuring the separation between management and oversight of risks. A significant majority of Adherents require SOEs to adopt some form of reporting channel and protection for reporting persons who learn of illegal or irregular practices while performing their function. Nevertheless, Adherents should continue to strive towards an overall corporate culture of integrity.

²⁰ The original data sample includes 49 jurisdictions as opposed to 38 Adherents to the Recommendation.

58. There is alignment with certain provisions relating to safeguarding SOE boards' independence and autonomy. 70% of Adherents establish some pre-selection criteria for the appointment of board members. Requirements for board members to submit declarations of assets and interest are commonplace, though it appears that greater oversight on compliance is warranted. A widely implemented practice is that of SOEs establishing relevant board committees with responsibility for the oversight of risk management and audit. Most Adherents require most SOEs to have an audit committee at minimum. However, further analysis is warranted to better understand how boards are integrating integrity considerations into their decision-making and ensuring SOEs are safeguarded from undue influence.

Pillar D. Accountability of State-Owned Enterprises and of the State (Provision V)

59. Provision V of the Recommendation enumerates the various ways that the state, including in its role as owner, and SOEs remain accountable. Well established accountability mechanisms can be brought about by audit and assurance (V.1-3), due process and legal enforcement (V.4-9), as well as engagement of stakeholders (V.10-14). This section will show how Adherents have made progress in implementing key aspects of Provision V, and, as relevant, areas for improvement. Provision V is reproduced in the Box below, followed by an assessment of Adherent's implementation of sub-provisions V.1-14.

Pillar D. Accountability of State-Owned Enterprises and of the State

V. RECOMMENDS that Adherents ensure proper detection of corruption, as well as investigation and enforcement, and that key processes are entrusted to institutions that are insulated from influence or suppression of said processes or dissemination of public information regarding their conduct. Strong, transparent and independent external auditing procedures are means of ensuring financial probity, informing shareholders about overall company performance and engaging stakeholders. To this effect, Adherents, as appropriate acting via their ownership entities, should take the following action:

- Establish accountability and review mechanisms for state-owned enterprises (sub-provisions V.1-3.) [...]
- Take action and respect due process for investigations and prosecutions (sub-provisions V.4-9.) [...]
- Invite the inputs of civil society, the public and media and the business community (sub-provisions V.10-14.).

Source: OECD Recommendation of the Council on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises [[OECD/LEGAL/0451](https://www.oecd.org/legal/0451)].

Implementation of Provision V.1-3. Establish accountability and review mechanisms for state-owned enterprises.

60. The implementation assessment under this section focuses on regulation and practice of audit exercises both by external parties and Supreme Audit Institutions,²¹ pursuant to provisions V.1-4. The number of actors involved with SOE oversight varies by country. The actors involved should include third-

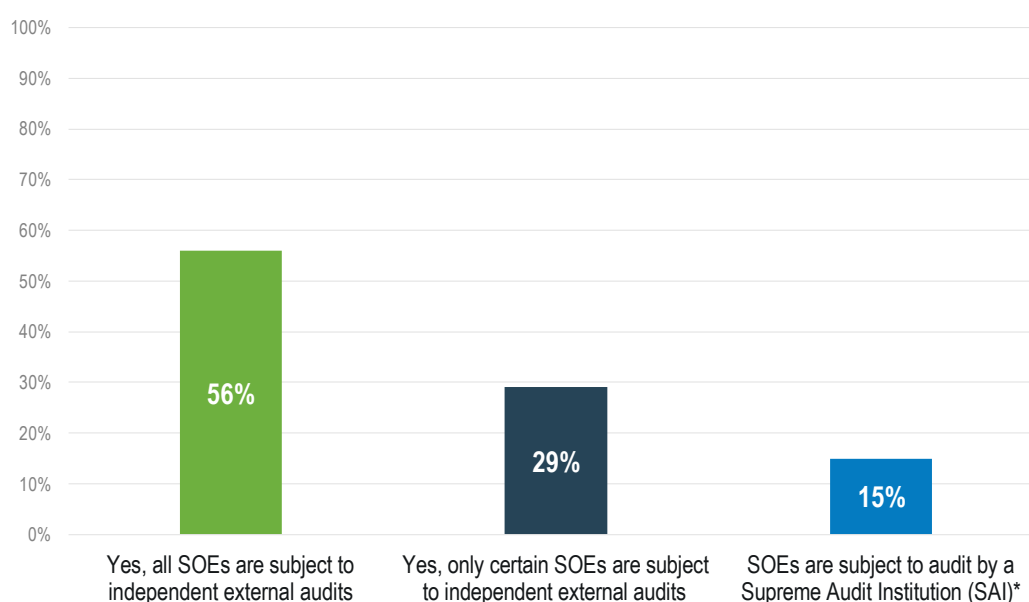
²¹ The term "Supreme Audit Institutions" refers to any organisation which sets standards for audit work. The organisation itself will depend on the particular scope of the audit (OECD, 2008_[43]). According to INTOSAI, "A SAI is a public body of a state or supranational organization which exercises the highest public sector auditing function of the state or supranational organization. SAIs exercise their public sector audit functions in an independent, objective manner. SAIs' audit and jurisdictional responsibilities vary based on their specific mandates and the legal frameworks in which they operate" (INTOSAI, 2022_[44]).

party external auditors and may include the state’s Supreme Audit Institution (SAI) or other state control bodies. OECD’s past work has shown that, for some Adherents, confusion exists between internal and external audits, as well as between third-party and state auditors, which can lead to or reflect oversight failures (OECD, 2020_[10]; OECD, 2021_[5]).

61. Figure 14 shows that 56% of Respondents, when adjusting the sample size to just Adherents to the Recommendation,²² subject SOEs to independent third-party external audits. This is in line with the Recommendation, which expresses that financial statements should be subject to an independent external audit conducted by a qualified auditor, in line with practices of publicly listed firms (V.2). The Recommendation and the SOE Guidelines clearly state that specific state control procedures, such as those of the Supreme Audit Institution (SAI), should not substitute an external independent audit in SOEs. Nevertheless, state control procedures replaced external independent audits of SOEs in 15% of jurisdictions surveyed according to a 2024 OECD report (OECD, 2024_[11]).

Figure 14. External audit requirements for SOEs

Are all SOEs subject to an independent external audit?



Note: The data presented here has been adjusted from the original sample size to include 34 Adherents to the Recommendation, while the original sample size that was collected for the *Ownership and Governance of State-Owned Enterprises 2024* includes a mixed sample of OECD Member countries and 21 Partner countries (OECD, 2024_[11]).

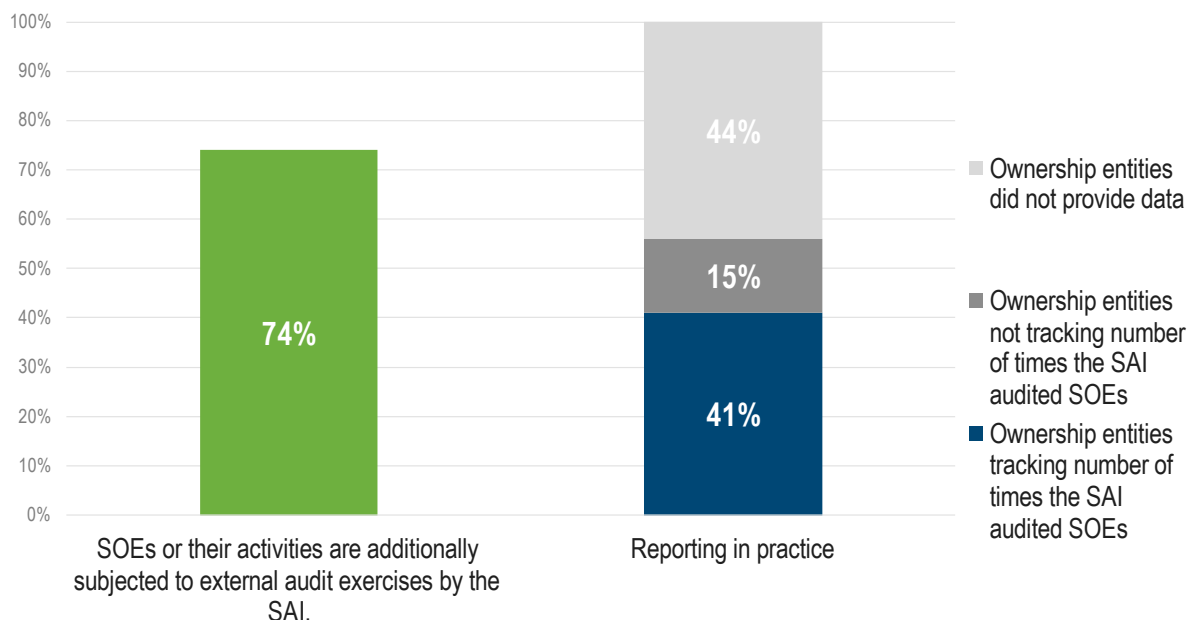
Source: OECD Ownership and Governance of State-Owned Enterprises, 2024.

62. The Recommendation also states that, where mandated, SAIs may additionally and periodically audit financial transactions and the state’s exercise of ownership function (V.2.iii, v). As shown in Figure 15, 74% of Respondents’ regulatory frameworks allow for SAIs to audit SOEs or certain SOE activities in addition to a third-party independent external auditor. It is worth noting that no more than 41% of Adherents could indicate the number of times the SAI audited SOEs in the last four years; 15% did not track and 44% did not answer. While the Recommendation does not state that Adherents should track the number of SAI audits, the SAI’s audit findings can provide valuable input for owners’ monitoring of SOEs,

²² The adjusted sample size is of 34 Adherents to the Recommendation, as opposed to 41 jurisdictions of the original sample size (OECD, 2024_[11]).

particularly insofar as they can highlight actionable recommendations for SOEs to improve performance and integrity.

Figure 15. Audit exercises by the Supreme Audit Institution



Source: Answers to the OECD specific questionnaire for the Anti-corruption and Integrity Report to Council 2024 [DAF/CA/SOPP(2024)3].

63. External auditors should be subject to the same criteria of independence as external auditors of private sector companies (II.2.iv). However, not all SOEs are systematically audited by third-party externally, and the independence of external audits is not always ensured. Some Adherents follow the good practice of requiring SOEs to periodically rotate auditors bringing them closer in line with Recommendation V.2.iv (OECD, 2021^[5]; OECD, 2020^[10]). These measures are found in regulations, such as those in the European Union, and in some cases also elaborated in ownership policies (European Parliament and Council, 2006^[20]; European Parliament and Council, 2014^[21]; European Parliament and Council, 2014^[22]).

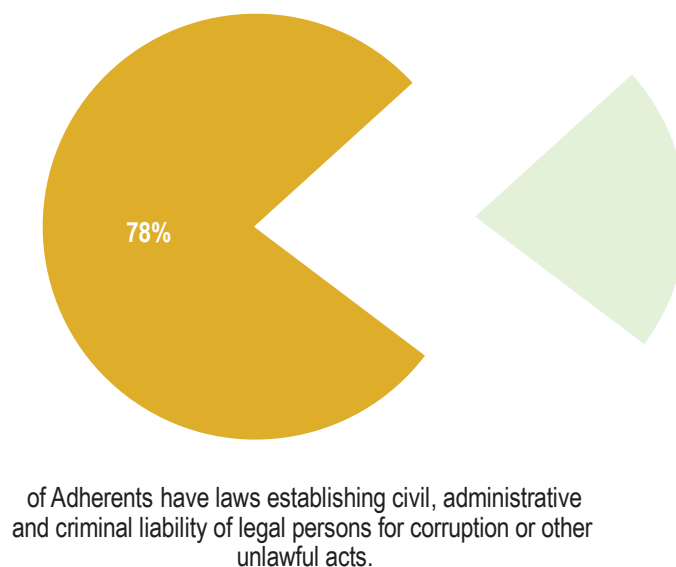
Implementation of Provision V.4-9. Take action and respect due process for investigations and prosecutions.

64. As part of the interconnectedness of the Recommendation, Pillar D and specifically Provisions V.4-9. serve the purpose of supporting and ensuring that anti-corruption and integrity mechanisms are in place and enforced, and seen to be enforced, to reaffirm their importance. These provisions are premised on the fact that effective deterrence of corruption requires states to increase both the likelihood of detecting corrupt behaviour and the cost of engaging in corruption through strict enforcement of its legal frameworks (OECD, 2019^[23]; Rose-Ackerman and Palifka, 2016^[24]; Bajpai and Myers, 2020^[25]).

65. The 2017 survey of corporate managers in SOE that informed the development of the Recommendation, revealed that a significant challenge to integrity in SOEs is opportunistic behaviour, driven by the perception that the cost of corruption or the likelihood of being caught was low (OECD, 2018^[11]). SOEs reported being less inclined to avoid known corruption risks (OECD, 2018^[11]).

66. Provision V.5. calls on Adherents to apply either civil, administrative or criminal penalties for corruption to both natural and legal persons, including SOEs, and that they be effective, proportionate, and dissuasive. All Adherents apply one of the three corporate liability forms to legal persons, of which 78% apply all three forms (Figure 16). Data from a separate 2023 survey reveals that 95% of the Adherents reportedly enable the application of their corporate liability regime, including foreign bribery, to SOEs, highlighting Adherents' close alignment with Provision V.5 (OECD, 2023^[2]).

Figure 16. Types of liability of legal persons for corruption or other unlawful behaviour



Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024).

Implementation of Provision V.10-14. Invite the inputs of civil society, the public and media and the business community.

67. Provisions V.10-14. of Pillar D encourage both state owners and SOEs to engage with stakeholders to promote integrity in the state-owned sector. The [OECD Recommendation on Public Integrity](#) similarly promotes transparency, openness, and stakeholder engagement in the political and policy-making process (OECD, 2017^[26]; OECD, 2020^[27]). The provisions are based on the premise that input from stakeholders, including civil society, trade unions, private sector representatives, the public, and media is helpful, for instance, in government decision-making related to the SOE sector, developing, and implementing anti-corruption and integrity mechanisms or analysing disclosed information to hold actors to account.

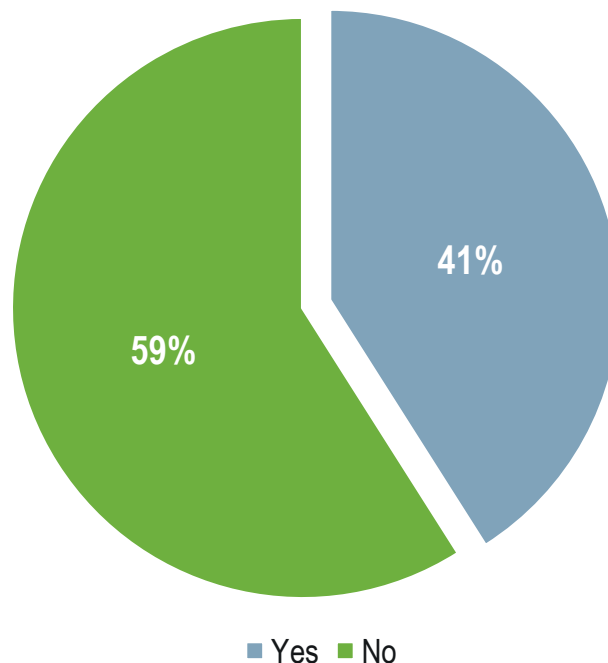
68. Engaging civil society enhances accountability and integrity in SOEs and the state. Evidence suggests that when SOEs have non-transparent public policy objectives, it is challenging for civil society to differentiate between activities driven by public interest from those motivated by political or personal interests (OECD, 2020^[10]). Civil society initiatives which may involve the monitoring of publicly available information and sharing expertise and field experience can help to hold SOEs and their state owners accountable, and to inform policy change when necessitated.

69. Provision V.10. calls for transparency and stakeholder engagement to be encouraged at all stages of governmental decision-making processes to promote accountability and the public interest. As mentioned under the assessment of Pillar A, the OECD's Public Integrity Indicators identify a weakness

in the degree of openness in government decision-making, in the inclusiveness and transparency of intergovernmental and public consultations.²³ Perceptions-based data covered by the Public Sector Integrity Indicators on trust show that very few citizens felt their government would adopt views expressed in a public consultation, and this is linked to lower trust in government (OECD, 2022_[28]).

70. Pillar D calls on Adherents to engage stakeholders to facilitate the analysis of disclosed information and help address any corruption concerns (V.11) and to encourage SOEs to engage with stakeholders that can support corporate integrity mechanisms (V.12). However, in the past four years, only 41% of Respondents have had ownership entities or SOEs that consulted or co-operated with stakeholders specifically on integrity in the state-owned sector (Figure 17). Stakeholder engagement should be a continuous exercise (V.10-12). Thus, most Adherents need to increase their efforts to achieve the periodic level of engagement foreseen by the Recommendation and sustain it in the long-term. The findings also indicate that there may be a need for further dissemination of the Recommendation (VII) to stakeholders.

Figure 17. Stakeholder co-operation or consultation on integrity in the state-owned sector



Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024).

Conclusion

71. Overall, Pillar D of the Recommendation has been **partly implemented** by Adherents. Only a minority of the Adherents have state ownership entities or SOEs that have consulted or co-operated with stakeholders on integrity and anti-corruption measures for the state-owned sector in the last four years. However, all Adherents have at least one form of corporate liability, either civil, administrative or criminal, and according to a 2023 survey 95% of Adherents reportedly can apply such corporate liability to SOEs.

²³ OECD Public Integrity Indicators: <https://oecd-public-integrity-indicators.org/>. Principle 13 on “Accountability of Public Policy Making”, and Principle 3 on the “Quality of the strategic framework”.

72. Finally, 56% of Adherents subject their SOEs to external independent audit, with 74% having their SOEs, or the activities of their SOEs, additionally subjected to audit exercises by the SAI. Nevertheless, in order for Adherents to ensure alignment with this provision it is advisable that the ownership entity is aware of whether the SAI is periodically auditing SOEs or their activities, when mandated to do so, and is made aware of the results of such audits.

73. While this effectively means that a majority of Respondents are aligned with the relevant provisions in this Recommendation, efforts should be invested in increasing the number of Adherents that do so. Key processes for accountability need to be entrusted to external institutions that are insulated from undue influence and can ensure adequate safeguards against corruption.

74. Evidence from this chapter reveals that all Adherents have aligned with key enforcement provisions from the Recommendation (V.5), for example, as mentioned, by having in place civil, administrative or criminal penalties applicable to both natural and legal persons, including SOEs, for corruption or other unlawful behaviour. Moreover, 78% of Adherents ensure all three types of corporate liability are applicable. Ensuring high probability of detection and increasing the cost of illegal or irregular behaviour through effective enforcement mechanisms such as deterrence and proportional penalties, help reduce incentives for corruption and hold those who engage in it accountable.

75. Finally, Provisions V.10-14 of the Recommendation highlight the importance of ownership entities, or those exercising ownership on behalf of the state, engaging with key stakeholders such as civil society, the public, the media and the business community, on anti-corruption and integrity measures. Inputs from key stakeholders will help strengthen anti-corruption and integrity frameworks in the state-owned sector. Evidence from this chapter shows that more than half of the Respondents co-operated or consulted key stakeholders in the state-owned sector in the past four years. Thus, Adherents are largely not aligned with these key provisions of the Recommendation, revealing an area that requires improvement.

4. Dissemination

76. The Recommendation invites the OECD Secretariat and Adherents to disseminate the Recommendation (OECD, 2019^[29]). The dissemination efforts by the Secretariat and Adherents have effectively communicated the importance of the Recommendation to government officials and various stakeholders. These activities have also enhanced their awareness and understanding of the Recommendation's components and facilitated the sharing of best practices to support its implementation.

77. To support the dissemination and help Adherents and non-Adherents navigate the provisions of the Recommendation, the Secretariat has issued three main supporting documents, including an [Implementation Guide, a report on Safeguarding State-Owned Enterprises from Undue Influence](#) and the [Compliance Without Borders Handbook](#).

78. The OECD Secretariat introduced the [Compliance Without Borders programme](#) – a peer-to-peer learning exchange between SOEs and large multinational enterprises aimed at strengthening anti-corruption in compliance among SOEs.²⁴ It is a free and practical way in which Adherents can promote the implementation of company-specific provisions of the Recommendation and raise awareness of the Recommendation in the business community. The Secretariat has been proactively working with Adherents to include their SOEs in the programme. Provision IV.6 highlights that states should expect

²⁴ The Compliance without Borders programme under the OECD's Global Initiative to Galvanise the Private Sector as Partners in Combatting Corruption (GPS). Compliance without Borders is a peer-to-peer exchange program that helps countries implement the Recommendation by arranging exchanges between compliance experts from SOEs with experts from private companies. This exchange will help SOEs build capacity on procedures and mechanisms to implement the same high standards of anti-corruption and integrity that are applied in listed companies.

SOEs to apply high standards of transparency akin to good practice listed companies. To this extent, Compliance Without Borders has helped Adherents implement the Recommendation by encouraging the transfer of knowledge from good practice listed companies to SOEs. Compliance Without Borders has also contributed to the dissemination of the Recommendation through the event “Tackling Corporate Corruption Together: Harnessing the Power of Peer-Learning” held during the 2024 Global Anti-Corruption and Integrity Forum (Box 6).

79. The Secretariat has also disseminated the Recommendation by using it as an analytical framework in regional and bilateral reviews. For example, the anti-corruption and integrity in state-owned enterprises in Latin America report surveyed ownership entities in Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Panama and Peru. The report helped identify concrete rules and practices that these countries could adopt in order to further align with the Recommendation (Box 6). Moreover, the Recommendation has also been used as an analytical framework along with the SOE Guidelines in the review of corporate governance in Costa Rica (2020), and the reviews of corporate governance of SOEs in Croatia (2021) and Viet Nam (2022). Moreover, accession candidate countries are also assessed against the Recommendation.

80. This Report recognises the efforts made by both Adherents and the OECD Secretariat to disseminate the Recommendation in various other outputs that have referenced its provisions, showcasing their importance. Since the adoption of the Recommendation in 2019, its provisions have been referenced in at least 20 OECD documents, including policy papers, economic outlooks, surveys and other OECD standards such as the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (Box 6).

81. The Recommendation has been promoted at various events and high-level engagements around the world since its adoption, including a webinar on risk management in Croatia (2021), an international event on managing corruption risks in Lithuania (2021), events on integrity in SOEs in South Africa (2022 and 2023), a workshop on integrity in SOEs in Ukraine (2023), multiple meetings of the [OECD’s Anti-Corruption Network](#) and through multiple of the OECD’s corporate governance regional network meetings in [Asia](#) and [Latin America](#).

82. The Secretariat garnered support in advance of the Recommendation’s adoption in a panel during the 2018 International Anti-Corruption Conference in Copenhagen and promoted its implementation thereafter with thematic panels during the OECD Global Anti-Corruption and Integrity Forum in 2018, 2019, 2021 and 2024. The OECD initiated and hosted the SOE Anti-Corruption Day – the first held in Paris in 2019 to celebrate the adoption of the Recommendation and the second co-hosted with OECD Key Partner South Africa in Johannesburg in 2022. In the five years since the Recommendation’s adoption, the WPSOPP has engaged with the WGB and the PIAC as partners in the support for implementation, most recently hosting an inter-committee workshop in June 2024 for the development of this Report to Council.

83. The Recommendation informed Secretariat support to the G20 Anti-Corruption Task Force, notably in supporting the development of the G20 High-Level Principles for Promoting Integrity in Privatisation and Public-Private Partnerships (2020). These efforts to disseminate came on the heels of the promotion and stakeholder engagement that occurred during the Recommendation’s development, when the Secretariat built momentum and awareness at country-specific and regional events, including among Adherents such as events held in Germany, and the United Kingdom. This is a non-exhaustive list and does not include the sort of country-specific, fact-finding missions and informal meetings or events in which the Recommendation has been promoted.

Box 6. OECD Publications and outputs that featured or used the Recommendation as analytical framework

Supporting documents to the Recommendation issued by the OECD

- OECD (2023), Safeguarding State-Owned Enterprises from Undue Influence: Implementing the OECD Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises, Corporate Governance, OECD Publishing, Paris, <https://doi.org/10.1787/47444e1c-en>.
- OECD (2023), The Compliance Without Borders Handbook: Strengthening Integrity in State-Owned Enterprises Through Peer Learning, OECD Publishing, Paris, <https://doi.org/10.1787/70514995-en>.
- OECD (2020), “Implementation Guide: OECD Guidelines on Anti-Corruption and Integrity for State-Owned Enterprises”, <http://www.oecd.org/corporate/anti-corruption-integrity-guidelines-for-soes.htm>.

OECD Reviews that used the Recommendation as analytical framework

- OECD (2023), Strengthening Romania's Integrity and Anti-corruption Measures, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/ff88cfa4-en>.
- OECD (2022), OECD Review of the Corporate Governance of State-Owned Enterprises in Viet Nam, Corporate Governance, OECD Publishing, Paris, <https://doi.org/10.1787/a22345d0-en>.
- OECD (2021), “Anti-corruption and integrity in state-owned enterprises in Latin America: A survey of ownership entities in Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Panama and Peru”, <http://www.oecd.org/corporate/Survey-Integrity-Anti-Corruption-SOEs-Latin-America.htm>.
- OECD (2021), OECD Review of the Corporate Governance of State-Owned Enterprises: Croatia, <https://www.oecd.org/corporate/soe-review-croatia.htm>.
- OECD (2020), Corporate Governance in Costa Rica, Corporate Governance, OECD Publishing, Paris, <https://doi.org/10.1787/b313ec37-en>.

OECD outputs featuring the Recommendation

- OECD (2024), Western Balkans Competitiveness Outlook 2024: Regional Profile, Competitiveness and Private Sector Development, OECD Publishing, Paris, <https://doi.org/10.1787/170b0e53-en>.
- OECD (2024), Anti-Corruption and Integrity Outlook 2024, OECD Publishing, Paris, <https://doi.org/10.1787/968587cd-en>.
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5. Summary and conclusions

Implementation

84. This Report found that Adherents have made significant progress in recent years towards implementing the Recommendation. A large number of Adherents have advanced in their anti-corruption and integrity efforts at the level of the state (Provision II) and, to a lesser extent, at the level of SOEs (Provision IV). These efforts have been guided by the endeavours of Adherents to implement the Recommendation, in tandem with their implementation of other OECD standards including the SOE Guidelines, the OECD Recommendation on Public Integrity, and the OECD Anti-Bribery Convention.

85. At the level of the state, Adherents have implemented comprehensive regulatory frameworks that have advanced on anti-corruption and integrity mechanisms. Adherents have implemented requirements for establishing predetermined criteria, including integrity-related requirements, for hiring public officials of ownership entities. The Report has also observed the same level of implementation in relation to laws or regulations banning SOEs from financial contributions to political parties and election campaigns. Also, Adherents have largely implemented measures to improve transparency around their communication frameworks with SOEs, although not many maintain record-keeping.

86. At the enterprise level, Adherents have introduced key provisions such as those requiring SOEs to adopt risk management systems as well as internal controls, ethics or compliance measures. Most Adherents report SOEs have established specialised board committees with competencies to deal with risk management and oversight. Also, a vast majority of Adherents have implemented whistleblowing reporting channels and protection mechanisms for employees of SOEs reporting illegal or irregular behaviour they witnessed while performing their functions.

87. At the same time, more remains to be done vis-à-vis the exercise of state ownership for integrity (Provision III), and the accountability of state-owned enterprises and the state (Provision V). Regarding the former, Adherents should enhance their own risk management frameworks to ensure that the state is able to assess its overall portfolio-level exposures to risk through state ownership. Adherents have also not systematically tracked whether the mandates and objectives of SOEs were being redefined, and very few Adherents produced an aggregate report on SOE financial and non-financial performance, specifically including aspects related to anti-corruption and integrity performance.

88. The evidence presented here suggests that SOEs are disclosing more about material risks than at the time of the adoption of the Recommendation, but just 44% of Adherents require all SOEs to disclose information about their organisational structures, while 15% do so for some SOEs. The Secretariat was not provided compelling evidence to suggest that Adherents are expecting SOEs to make material integrity-related disclosures as suggested as good practice in Provision III.5.iii.

89. Regarding the accountability of state-owned enterprises and the state (Provision V), all Adherents have a form of corporate liability reportedly applicable to SOEs. However, only a minority of state ownership entities have consulted or co-operated with stakeholders on integrity and anti-corruption measures for the state-owned sector in the last 4 years.

90. Overall, apart from the areas in which only a minority of Adherents have implemented key provisions of the Recommendation, more efforts and resources should be assigned to monitoring and oversight mechanisms, beginning with strengthening data collection and analysis systems. As stated in the Report, collecting and tracking data enables Adherents to assess the effectiveness of their corporate governance or other legal and regulatory frameworks.

Dissemination

91. The Secretariat and Adherents have successfully communicated the importance of the Recommendation to government officials and various stakeholders, enhancing awareness and understanding the Recommendation. Additionally, both the Secretariat and Adherents have shared best practices to support its implementation. To aid in supporting implementation and dissemination, the Secretariat has issued three main supporting documents: [an implementation guide](#), a [report on undue influence](#), and the [Compliance Without Borders Handbook](#).

92. The Secretariat has also used the Recommendation as an analytical framework in regional and bilateral reviews, such as the report on anti-corruption and integrity in Latin American. These reviews have helped identify specific rules and practices for implementing the Recommendation. The framework has also been applied in SOE reviews in Croatia, and Viet Nam, as well as an anti-corruption and integrity-specific project in South Africa, demonstrating its broad utility and impact. Moreover, accession candidates are also reviewed against the Recommendation.

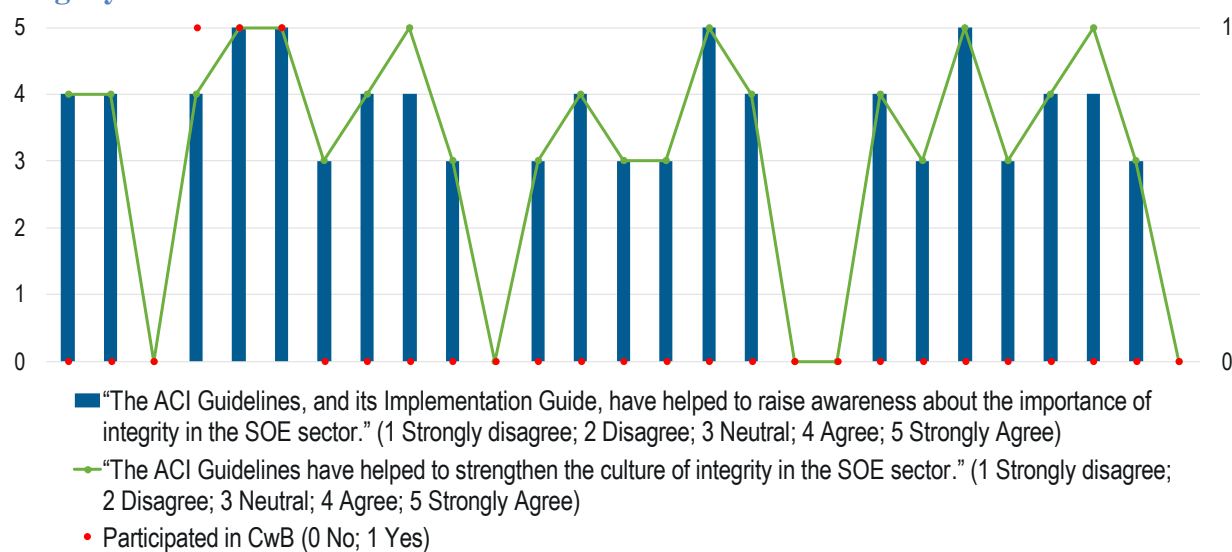
93. Efforts to promote the Recommendation have seen results in the number of references in numerous OECD documents, showcasing its ongoing relevance. The dissemination activities have also been supported by awareness-raising in a diverse range of events and high-level engagements worldwide, such as hosting the SOE Anti-Corruption Day and contributing to the G20 Anti-Corruption Task Force. Dissemination activities have also served to outreach to non-Adherents as well, for example through the OECD's Anti-Corruption Network.

94. Finally, to support implementation and dissemination at the level of SOEs, the Compliance Without Borders programme was introduced to facilitate peer-to-peer learning between SOEs and large multinationals, aiming to support knowledge sharing an exchange on corporate integrity and anti-corruption measures. This free and practical initiative promotes the implementation of the Recommendation's provisions and raises awareness within the business community. The programme has encouraged the application of high transparency standards in SOEs, similar to those of listed companies. It was recently featured at the 2024 Global Anti-Corruption and Integrity Forum, during which programme alumni discusses the programme's achievements.

Continued relevance

95. From the evidence reviewed, the continued relevance of the Recommendation is clear. The Recommendation remains the only standard for anti-corruption and integrity in the state-ownership sector. Moreover, OECD data collected for the purpose of this Report shows how, on average, Adherents agree that the Recommendation has helped raise awareness and strengthen integrity in the SOE sector (Figure 18). This agreement has been especially high for those Adherents involved in Compliance without Borders.

Figure 18. Perception of how the Recommendation helped raise awareness and strengthen integrity in the SOE sector



Source: Questionnaire for the preparation of the Report to Council on the implementation of the Guidelines on Anti-Corruption in State-Owned Enterprises (2024).

96. Overall, the Recommendation remains highly relevant as the only international standard for state owners on anti-corruption and integrity. Questionnaire responses indicate that Adherents generally agree the Recommendation has increased awareness and strengthened integrity in the SOE sector, particularly among those Adherents' whose SOEs are involved in the Compliance Without Borders programme. The frequent inclusion of the Recommendation in OECD outputs, its discussion in international fora and its use as an analytical framework in country and regional reviews underscore its importance.

97. While it may not be necessary to revise the Recommendation at the moment, its implementation can be enhanced by updating key supporting documents, such as the implementation guide (OECD, 2020_[10]). Implementation may be further enhanced by developing further analytical outputs that allow for enhanced and systematised data collection on key trends. Adherents could discuss whether a structural update of the Recommendation is needed in the future to reflect changes in the revised SOE Guidelines, such as the new chapter on sustainability (Chapter VII), or to reflect new standards and anti-corruption challenges in the state-owned sector.

Next steps

98. Considering the dynamic nature of the anti-corruption and integrity and corporate governance landscape, as well as evolving regulatory frameworks of Adherents, it will be essential that the CGC, through the WPSOPP, and in co-operation with the WGB and PIAC, continue to support the implementation of the Recommendation. It is proposed that the CGC, through the WPSOPP, report to the Council again on the implementation, dissemination and continued relevance of the Recommendation in five years.

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