SMEs and Compliance Programs

Submitted by: Chile
SME’s and Compliance programs

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APEC Cross Fora Meeting
SME’s

- Who are SME’s:
  - Micro: 10 employees
  - Small: 50 employees
  - Medium: 250 employees
  - Annual Turnover EUR $40 million
  - Chile: Annual Sales by US$94,000 to 3,9 million app (2,400 to 100,000 UF)

- More 90% of all companies
SME’s

- Contribute significantly to:
  - Total employment (Chile +75%)
  - Exports
  - Innovation
  - Economic Growth
  - Participate in Public Procurement
Liability of SME’s

- SME’s and risks:
  - Environmental
  - Bribery
  - Money laundering
  - Others

- Extension of liability of legal person
  - OECD Convention on combating bribery of foreign public officials in international business transactions
  - UNCAC Convention against corruption
  - Chile, Law 20.393
SME’s and Compliance Programs

- Compliance programs have an impact to prevent corruption
- Compliance programs could be a defense for the company or mitigate its liability. SMEs are at a disadvantage compared to big companies
- SMEs have to take measures to prevent corruption
- Goal for the economies is how to encourage companies to adopt Compliance programs
Compliance Programs

- APEC General elements of effective voluntary corporate compliance programs:
  - Conduct a risk assessment
  - Code of conduct
  - Establish an organizational compliance structure (first at all, a compliance officer... with independence)
  - Training and continued guidance
  - Due diligence review, internal audits, third parties...
  - Reporting mechanism, hot lines, suggestion boxes...
  - ETC...

- High costs for SME’s
Chilean situation

- Most of SMEs has not implemented compliance programs
- In context OECD Anti bribery Convention, Phase 4 Monitoring report (December 2018) recommends to Chile:

  - Encourage Chilean companies, especially SMEs, to adopt models that conform to guidance (also recommended).
  - Raise awareness of bribery to Chilean companies that are active in foreign markets, including SMEs.
Closing Remarks

• SME’s are a very important economic actor
• SME’s have a role in the fight against the corruption
• Compliance programs guide companies to conduct clean and transparent business
• Economies have to develop strategies or tools for companies, including SME’s, to adopt Compliance Programs
• An issue to continue working between ACTWG and SMEWG?
Thank you very much

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