Business Ethics for APEC SMEs Initiative

Submitted by: United States
PROBLEM: Unethical behavior undermines consumer trust, creates unfair business conditions, stifles innovation and investment, and leads to differing standards across borders which increase the cost of doing business and heighten legal risk.

SOLUTION: To address unethical behavior, the Business Ethics for APEC SMEs Initiative has developed principles and best practices, guidance, training resources, and mentoring programs to strengthen ethical business practices in target sectors.
Business Ethics for APEC SMEs Initiative
Medical Device Sector | Biopharmaceutical Sector

SETTING BEST PRACTICES

Setting Best Practices and Implementation Goals

APEC Kuala Lumpur Principles (2011)
APEC Mexico City Principles (2011)
APEC Nanjing Declaration (2014)
Tokyo Action Plan (2018)
APEC Guide to Facilitate Multi-Stakeholder Ethical Collaborations (2018)

Monitoring and Evaluation
Capacity-Building Training (focused on SMEs)
Nanjing Declaration Key Commitments

• Double industry association codes of ethics (ACHIEVED!)
• Universal industry associations codes of ethics (83 of 104)
• Consensus Frameworks in ALL economies (7 to date)
• Aligned industry and healthcare professional code of ethics
• Active partnerships among stakeholders in the sectors
• Annual APEC Business Ethics for SMEs Forum (5 to date)
MONITORING & EVALUATION

INDICATORS FOR SUCCESSFUL CODE IMPLEMENTATION

- Code Governance
- Code Alignment
- Member Company Adherence
- External Stakeholder Engagement
MONITORING & EVALUATION

MEDICAL DEVICE SECTOR

INDUSTRY ASSOCIATIONS WITH A CODE OR CODE COMMITMENT

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Associations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>13</td>
</tr>
<tr>
<td>2013</td>
<td>16</td>
</tr>
<tr>
<td>2014</td>
<td>17</td>
</tr>
<tr>
<td>2015</td>
<td>18</td>
</tr>
<tr>
<td>2016</td>
<td>25</td>
</tr>
<tr>
<td>2017</td>
<td>27</td>
</tr>
<tr>
<td>2018</td>
<td>29</td>
</tr>
</tbody>
</table>

ENTERPRISE MEMBERSHIP OF ASSOCIATIONS WHO HAVE ADOPTED A CODE OR CODE COMMITMENT

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>10,074</td>
</tr>
<tr>
<td>2017</td>
<td>3,011</td>
</tr>
<tr>
<td>2016</td>
<td>9,413</td>
</tr>
<tr>
<td>2015</td>
<td>2231</td>
</tr>
<tr>
<td>2014</td>
<td>7,822</td>
</tr>
<tr>
<td>2013</td>
<td>7,062</td>
</tr>
<tr>
<td>2012</td>
<td>5,766</td>
</tr>
</tbody>
</table>

NUMBER OF MEMBER ENTERPRISES IN ASSOCIATIONS WITH A CODE

- SME Members in Associations with a Code or Code Commitment
- Large Members in Associations with a Code or Code Commitments
MONITORING & EVALUATION

BIOPHARMACEUTICAL SECTOR

INDUSTRY ASSOCIATIONS WITH A CODE OR CODE COMMITMENT

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Associations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>25</td>
</tr>
<tr>
<td>2013</td>
<td>36</td>
</tr>
<tr>
<td>2014</td>
<td>41</td>
</tr>
<tr>
<td>2015</td>
<td>48</td>
</tr>
<tr>
<td>2016</td>
<td>50</td>
</tr>
<tr>
<td>2017</td>
<td>52</td>
</tr>
<tr>
<td>2018</td>
<td>55</td>
</tr>
</tbody>
</table>

ENTERPRISE MEMBERSHIP OF ASSOCIATIONS WHO HAVE ADOPTED A CODE OR CODE COMMITMENTS

<table>
<thead>
<tr>
<th>Year</th>
<th>SME Members</th>
<th>Large Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2835</td>
<td>1312</td>
</tr>
<tr>
<td>2013</td>
<td>3184</td>
<td>2980</td>
</tr>
<tr>
<td>2014</td>
<td>3591</td>
<td>2852</td>
</tr>
<tr>
<td>2015</td>
<td>3361</td>
<td>2390</td>
</tr>
<tr>
<td>2016</td>
<td>5428</td>
<td>2820</td>
</tr>
<tr>
<td>2017</td>
<td>5561</td>
<td>2035</td>
</tr>
<tr>
<td>2018</td>
<td>1591</td>
<td>2050</td>
</tr>
</tbody>
</table>
PROGRESS: MEDICAL DEVICE (TOP) / BIOPHARMACEUTICAL (BOTTOM)

2012

2018

- 16 new codes in 7 economies that did not exist in 2012
  - Codes or commitments with broad coverage of the sector
  - No codes of ethics for the sector

- 30 new codes in 7 economies that did not exist in 2012
  - Codes with broad coverage of the sector
  - Codes but with limited coverage of the sector
  - No codes of ethics for the sector
CONSENSUS FRAMEWORKS

GLOBAL-LEVEL CONSENSUS FRAMEWORK (2014) – 7 PARTIES

CANADIAN CONSENSUS FRAMEWORK FOR ETHICAL COLLABORATION

CANADIAN CONSENSUS FRAMEWORK (2016) – 6 PARTIES

Consensus Framework for Ethical Collaboration between Patients’ Organisations, Healthcare Professionals and the Pharmaceutical Industry

A Consensus Framework established for ethical collaboration between patients’ organisations, healthcare professionals and the pharmaceutical industry, in support of high quality patient care. This Consensus Framework and the accompanying resources are intended to serve as a toolkit for those associations, groups and alliances who wish to develop their own policies. It neither aims to be comprehensive nor does it constitute a single common policy of the organisations involved. The individual policies of the participating organisations set out each organisation’s detailed commitments and offer more diverse and in-depth information and guidance.
CONSENSUS FRAMEWORKS

LIMA, PERU | 5-6 SEPTEMBER 2016

2017 APEC Business Ethics for SMEs Forum
Hà Nội, Việt Nam | 7-8 September 2017

PERU – 24 PARTIES

VIET NAM – 9 PARTIES

PHILIPPINES – 3 PARTIES

CHINA – 25 PARTIES

AUSTRALIA – 60+ PARTIES

JAPAN – 8 PARTIES
CONSENSUS FRAMEWORK DEVELOPMENT

CHILE – PARTIES
COORDINATING SINCE 2018

MEXICO – UPDATING 2007 TRANSPARENCY AGREEMENT INTO FRAMEWORK APPROACH
2018 APEC BUSINESS ETHICS FOR SMES FORUM

235 Delegates / 24 APEC and Non-Member Economies
THE ROLE OF GOVERNMENT IN THE BUSINESS ETHICS FOR APEC SMES INITIATIVE

2011
Shape and support APEC Principles

2012-2016
Focus on SME codes and B2B capacity-building

2016-2018
Direct involvement in Consensus Frameworks

2019: Contribute to a compendium of examples from the region of government actions to encourage positive ethical behavior
GOVERNMENT INCENTIVES COMPENDIUM

POTENTIAL EXAMPLES:

- Procurement
- Product / Service regulatory approval
- Enforcement-based incentives
- Government-supported capacity building (SME trainings)
- Leveraging trade agreements
- Convening power (Consensus Frameworks)
GOVERNMENT INCENTIVES COMpendium

REAL-WORLD EXAMPLES:

• New Zealand government requires all medical device suppliers to adhere to MTANZ code of ethics

• Argentina Law No. 27401 requires the existence of an corporate integrity program for infrastructure firms before contracting with the national government

• Philippines Department of Health Administrative Order No. 2015-0053 specifies implementing guidelines for companies to adhere to the APEC Kuala Lumpur Principles and the APEC Mexico City Principles
THE ROLE OF GOVERNMENT IN THE BUSINESS ETHICS FOR APEC SMES INITIATIVE

DISCUSSION QUESTIONS

• Do you see collaboration opportunities between this initiative and the ACTWG, or for your member economy?

• Are there examples from your economy of positive incentives to promote ethical behavior in the business community?

• Does your economy have government supported anti-corruption or integrity training programs, particularly for SMEs?

• Does your agency collaborate with your health ministry/officials?