

ICC Guidelines on Conflicts of Interest in Enterprises

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These Guidelines provide recommendations to Enterprises on how to monitor and manage Conflicts of Interest facing their directors, officers, employees, agents and representatives. By advising Enterprises on how to put in place a policy preventing Conflicts of Interest, ICC helps them deter corrupt practices and other illegal behaviour and promote an ethical business culture.



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In the current complex business world, Enterprises and any of their Associates regularly face situations where interests are conflicting. For the proper functioning of an Enterprise and any of its Associates it is important that such conflicts be resolved in an ethical and responsible way. In the private sector, Conflicts of Interest have been identified as a major cause behind recent corporate governance shortcomings. If Conflict of Interest situations are not

properly identified and managed, they can seriously endanger the integrity of organisations and result in corruption in both the public sector and the private sector alike.

Article 7 of the ICC Rules on Combating Corruption provides on Conflicts of Interest:

"Conflicts of interest may arise when the private interests of an individual or of his/her close relatives, friends or business contacts diverge from those of the Enterprise or organisation to which the individual belongs.

These situations should be disclosed and, wherever possible, avoided because they can affect an individual's judgment in the performance of his/her duties and responsibilities. Enterprises should closely monitor and regulate actual or potential conflicts of interest, or the appearance thereof, of their directors, officers, employees and agents and should not take advantage of conflicts of interest of others.

If their contemplated activity or employment relates directly to the functions held or supervised during their tenure, former public officials shall not be hired or engaged in any capacity before a reasonable period has elapsed after their leaving their office. Where applicable, restrictions imposed by national legislation shall be observed."

Conflicts of Interest may not be illegal *per se*. However, they may lead to Corrupt Practices e.g. where an individual grants, by exercising his/her decision-making power, an undue advantage to himself/herself, a Relative or the Enterprise with which he/she is associated. This means that if a Conflict of Interest is not dealt with properly, the Associate and Enterprise may be subject to investigation and prosecution with potentially serious legal, financial and reputational consequences. Put positively, preventing Conflicts of Interest can be viewed as preventing Corrupt Practices, fraud and other illegal behaviour, and can promote more generally an ethical business culture

These Guidelines provide recommendations to Enterprises on how to monitor and manage Conflicts of Interest facing their directors, officers, employees, agents and representatives. By advising Enterprises on how to put in place a policy preventing Conflicts of Interest, ICC helps them deter corrupt practices and other illegal behaviour and promote an ethical business culture. These Guidelines also include four practical scenarios to illustrate the recommendations, as well as generic recommendations for preventing and mitigating Conflicts of Interest. Unresolved direct or indirect Conflicts of Interest are not acceptable in an Enterprise.

Download the guidelines in Croatian (<https://iccwbo.org/wp-content/uploads/sites/3/2022/12/2022-icc-guidelines-on-conflicts-of-interest-hrv.pdf>).