

SAPIN II

No country in the modern world is totally free from corruption. To eradicate this scourge, more and more countries are choosing to strengthen their anti-corruption legislation.

Sapin II, the French anti-corruption law, addressing transparency, anti-corruption and economic modernization, became effective on 1 June 2017.

The legislation stipulates that companies must establish an anti-corruption program to identify and mitigate corruption risks. Sapin II makes it illegal for offering a donation, gift or reward to obtain an undue advantage.

What are the sanctions that can be imposed under Sapin II?

- **A company may incur** a fine up to EUR one million for the breach of the obligation to implement measures to prevent and detect corruption.
- **A natural person may incur** a fine up to EUR 200,000 for failure to implement measures to prevent and detect corruption.

Sapin II legislation can hold companies liable for failure to implement an efficient anti-corruption programme, even when no corrupt activity has taken place.

How do companies comply?

Companies subject to Sapin II must:

- Evaluate their corruption risks through risk mapping and due diligence of third parties;
- Educate employees and third parties most exposed to corruption risks through adequate training and an adequate code of conduct; and
- Establish sanctions controls, including clear whistle-blower mechanisms, a disciplinary regime, accounting controls, internal controls and monitoring systems.

The law further outlines eight clear that controls companies must follow to develop or compare their compliance program.

"If you think compliance is expensive, try non-compliance"

Paul McNulty Former US Deputy Attorney General

Compliance Intelligence, a division of Maruti Global, is a specialist corporate governance compliance consultancy.