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**Baker
McKenzie.**

Anti-Bribery and Corruption Seminar

6 - 10 September 2021

Annual Compliance Conference

M&A: Compliance Risks in Emerging Markets

Wednesday 8 September

3.00 - 4.00 pm BST / 4.00 - 5.00 pm CEST / 10.00 - 11.00 am EDT

Speakers



Sven Bates
Of Counsel,
London (Chair)



Darryl Bernstein
Partner,
Johannesburg



Paul Melling
Partner,
Moscow



Mini vandePol
Partner,
Hong Kong

Compliance Risks in the M&A Context

Regulatory
scrutiny

Ongoing liability

Handling proceeds of crime

Clean-up costs

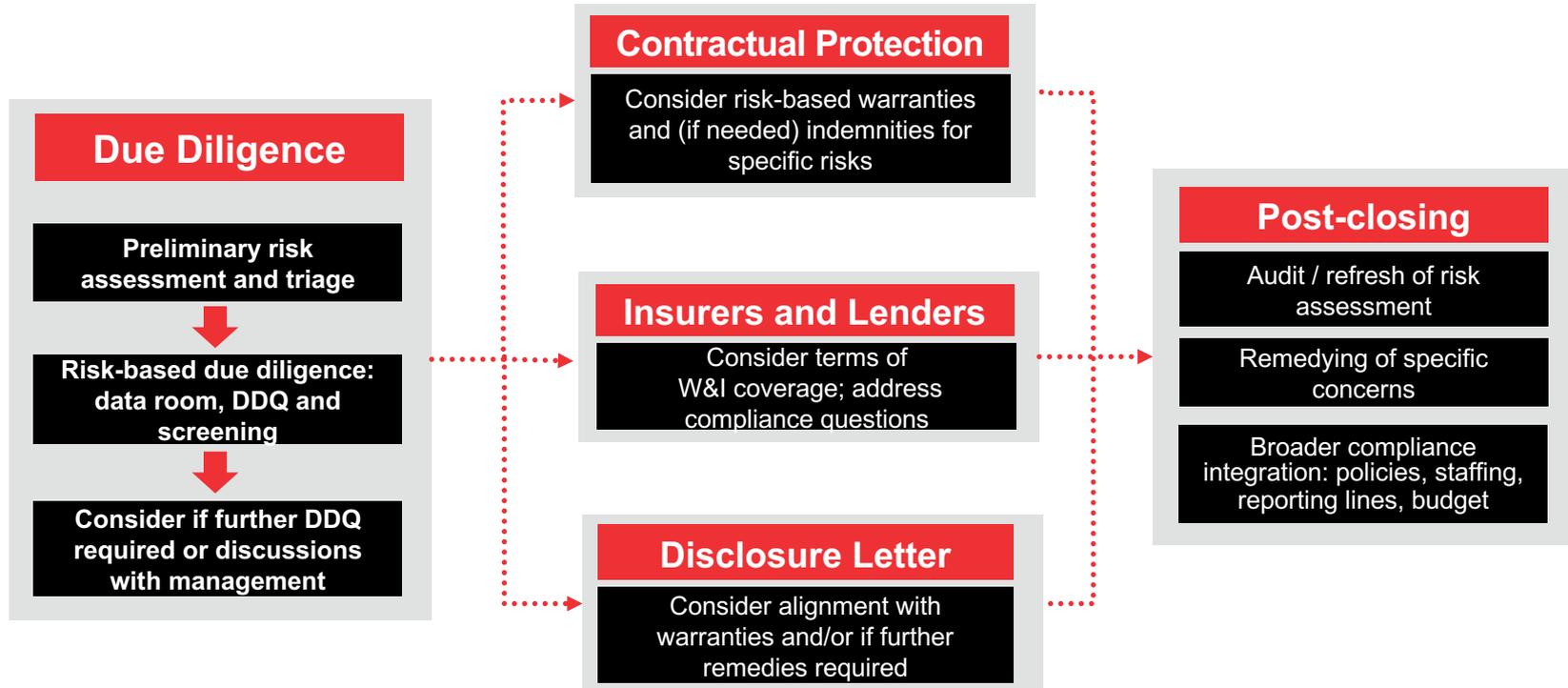
Stakeholder
accountability

Lenders and insurers

Shareholders



Integrating Compliance into the M&A Process



Due Diligence: What to Look For



Anti-Bribery and Corruption

Risks

- **Territory:** sales, assets, supply chain or shareholders in high risk jurisdictions
- **Customer Profile:** SOE sales
- **Other FPO interactions:** shareholders, third parties, regulated sector, customs officials, visas
- **Third parties:** extensive use (especially when combined with above); absence of business need; red flags in third party profile
- **Financial:** excessive commission levels; dependence on subsidies; opaque pricing arrangements
- **Investigations:** external investigations in sector; external investigation of target itself; internal investigations

Risk Mitigation: Compliance Programme

- Policies
- Financial Controls
- Contractual Controls
- Training
- Audit

Due Diligence: What to Look For



AML

- Involvement in businesses that are **illegal in the UK and/or other relevant jurisdictions** (e.g., cannabis-related products)
- **Unusual payment terms** / use of **cash** or **private funds**
- **Complex/offshore corporate structures** with no clear rationale



Antitrust

- **High market share** and/or **active in any concentrated market(s)** (e.g. duopoly or oligopoly)
- **Formal or informal interactions with competitors** (including JVs, joint R&D, joint procurement/production/tendering, trade association membership)
- **Onerous restrictions on distributors / resellers**



Export Controls and Sanctions

- Export of **controlled goods / technology** (e.g. items that are or could be used for military purposes)
- Business operations linked to **US comprehensively sanctioned jurisdictions** (Crimea and Sevastopol, Cuba, Iran, Syria and North Korea) or **other significantly sanctioned jurisdictions** (e.g. Russia, Myanmar, Venezuela)
- Involvement in **higher risk sectors** (military, nuclear, oil and gas, energy, mining and IT/C)

Africa: Risk Profile

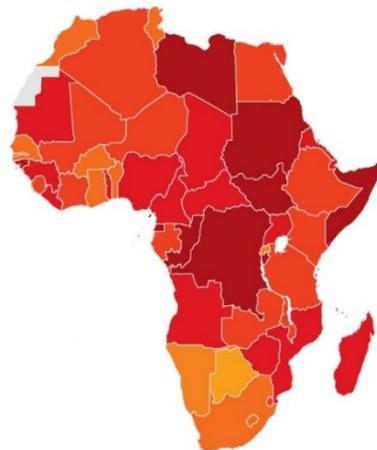
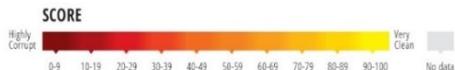
- **Noteworthy risks:** Bribery; opaque ownership; presence of PEPs

CORRUPTION PERCEPTIONS INDEX 2020

AFRICAN UNION

32/100

AVERAGE SCORE



SCORE	COUNTRY/TERRITORY	RANK	SCORE	COUNTRY/TERRITORY	SCORE	COUNTRY/TERRITORY		
66	Seychelles	27	36	Algeria	104	25	Cameroon	149
60	Botswana	35	36	Côte d'Ivoire	104	25	Madagascar	149
58	Cabo Verde	41	33	Egypt	117	25	Mozambique	149
54	Rwanda	49	33	Eswatini	117	25	Nigeria	149
53	Mauritius	52	33	Sierra Leone	117	24	Zimbabwe	157
51	Namibia	57	32	Zambia	117	21	Chad	160
47	Sao Tome and Principe	63	31	Kenya	124	21	Comoros	160
45	Senegal	67	30	Gabon	129	19	Eritrea	160
44	South Africa	69	30	Malawi	129	19	Burundi	165
44	Tunisia	69	30	Mali	129	19	Congo	165
43	Ghana	75	29	Mauritania	134	19	Guinea Bissau	165
41	Benin	83	29	Togo	134	18	Democratic Republic of the Congo	170
41	Lesotho	83	28	Guinea	137	17	Libya	173
40	Burkina Faso	86	28	Liberia	137	16	Equatorial Guinea	174
40	Morocco	86	27	Angola	142	16	Sudan	174
38	Ethiopia	94	27	Djibouti	142	12	Somalia	179
38	Tanzania	94	27	Uganda	142	12	South Sudan	179
37	Gambia	102	26	Central African Republic	146			

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APAC: Risk Profile

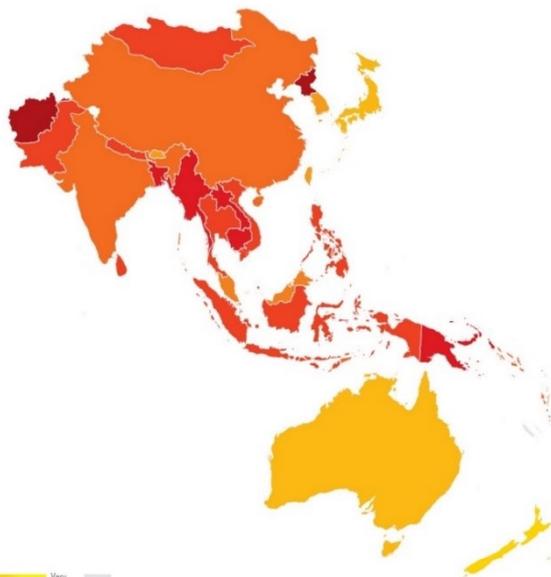
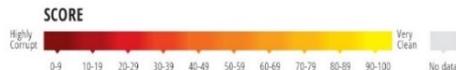
- **Noteworthy risks:** Anti-Foreign Sanctions Law; fraud

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ASIA PACIFIC

45/100

AVERAGE SCORE



SCORE	COUNTRY/TERRITORY	RANK	SCORE	COUNTRY/TERRITORY	RANK
88	New Zealand	1	38	Sri Lanka	94
85	Singapore	3	37	Indonesia	102
77	Australia	11	36	Thailand	104
77	Hong Kong	11	36	Vietnam	104
74	Japan	19	35	Mongolia	111
68	Bhutan	24	34	Philippines	115
65	Taiwan	28	33	Nepal	117
61	Korea, South	33	31	Pakistan	124
60	Brunei Darussalam	35	29	Laos	134
51	Malaysia	57	28	Myanmar	137
43	Maldives	75	27	Papua New Guinea	142
43	Vanuatu	75	26	Bangladesh	146
42	China	78	21	Cambodia	160
42	Solomon Islands	78	19	Afghanistan	165
40	India	86	18	Korea, North	170

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Russia and the CIS: Risk Profile

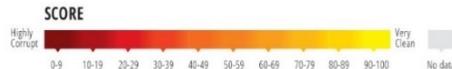
- **Noteworthy risks:** Tax and customs-related issues; AML

CORRUPTION PERCEPTIONS INDEX 2020

EASTERN EUROPE & CENTRAL ASIA

36/100

AVERAGE SCORE



SCORE	COUNTRY/TERRITORY	RANK
35	North Macedonia	111
56	Georgia	45
49	Armenia	60
47	Belarus	63
45	Montenegro	67
40	Turkey	86
38	Kazakhstan	94
38	Serbia	94
36	Albania	104
36	Kosovo	104
35	Bosnia and Herzegovina	111
34	Moldova	115
33	Ukraine	117
31	Kyrgyzstan	124
30	Azerbaijan	129
30	Russia	129
26	Uzbekistan	146
25	Tajikistan	149
19	Turkmenistan	165

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Questions



Tomorrow's sessions

**Thursday 9 September,
2.30 - 3.30 pm BST
3.30 - 4.30 pm CEST
9.30 - 10.30 am EDT**

Managing External Stakeholders
During Investigations

**Thursday 9 September,
4.15 - 5.30 pm BST
5.15 - 6.30 pm CEST
11.15 am - 12.30 pm EDT**

Challenges and Practical
Considerations in Managing
Global Compliance Programmes

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