



CAC Principles

Thailand's Private Sector Collective Action against Corruption (CAC) is an initiative by the Thai private sector to take parts in tackling corruption problem via collective action. The CAC aims to bring effective anti-corruption policy and mechanism into implementation by companies in order to create and extend an ecosystem of clean business community.

The CAC was co-founded in 2010 by the country's eight leading organizations in the private sector including the Thai Chamber of Commerce, the Joint Foreign Chambers of Commerce in Thailand, the Thai Listed Companies Association, the Federation of Thai Industries, the Federation of Thai Capital Market Organizations, the Thai Bankers' Association, the Tourism Council of Thailand, and the Thai Institute of Directors Association (IOD), which also serves as its secretariat and takes a key role in driving the program.

Signatory companies are self-obliged to three key duties including:

- 1) Act as a role model by announcing policy against all forms of corruption, create relevant internal controls to prevent bribery, seek certification from CAC Council within 18 months timeline, and apply for re-certification every three years.
- 2) Support and encourage trading partners and agents in the supply chain as well as industry peers to adopt CAC's anti-corruption policies and practices and consider singing up with CAC.
- 3) Support improvement of public service efficiency to enhance transparency in giving and receiving public services as well as engaging in transactions between the public and private sectors. This can be done by joining hands with other companies to cooperate with the public sector, civil society, media, and international organizations to promote implementation of anti-corruption measures, data disclosure, and establishment of clean business practice standard that emphasizes transparency and fair market competition.

Definition

Bribery refers to the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services, donations, favors etc.).

Note that the CAC aims to reduce and eradicate bribery between public and private sectors, between business entities, and other form of corruption such as "Revolving Door" and conflict of interests.

CAC membership

A company can join CAC voluntarily by assigning Chairman or CEO to sign the Declaration of Intent Form and submit to the CAC for consideration. After the CAC acknowledges the company's declaration of intent with the signature of CAC Chairman, the company is

obliged to complete the 71 checklist for large companies (17 checklist for SMEs) and apply for CAC certification of the existence and implementation of anti-corruption policies within 18 months. Only certified companies will be considered full members of CAC.

The Declaration of Intent alone does not imply CAC membership. The full CAC membership will only be granted after a company applies for certification along with all required documents and eventually get approvals from the CAC Certification Committee and CAC Council respectively.

CAC Certification

The CAC Certification by CAC's Certification Committee is based on factual information, accuracy and completeness of 17 or 71 checklists as well as supporting evidence provided by the company. It only certifies the standard of the company's anti-corruption system, not behaviour of any individual in the company. If the company or individuals associated with the company is accused for involving with corruption, the company is bound to clarify the issue to the public and/or resolve the issue by itself.

Certification term and Re-Certification

The CAC certification lasts three years from the date that CAC council grant certification. Companies are obliged to submit the completed 17 or 71 checklist and supporting documents to renew its certification status at least three months before the certification expires. Failure to apply for re-certification within the specified timeframe could result in revocation of CAC-certified status.

Confidentiality

All reference information submitted to the CAC to support certification application will be kept confidential. The CAC will use them primarily for certification consideration purpose. Submitted information may be used to compile and analyse sector based issues without revealing individual company submission.

Disclaimer on the usage of CAC logo and badges

Any usage of CAC logo and badges must be strictly in compliance with CAC requirements and objectives. Only CAC signatory or CAC certified juristic persons may use the CAC logo and badges. If any of such juristic persons appear to be involved in corruption, the juristic person must immediately refrain from using the CAC logo and badges. The CAC reserves the rights to revoke permission to use or suspend the usage of CAC logo and badges at any time and in any case as deem appropriate by the CAC Council.

Responsibility of company should there be news involving corruption

In case certified companies or those applying for certifications appeared to or reportedly involve with corruption, the companies are due to enter the CAC's Incident Management Process to be considered by the CAC Certification Committee and CAC Council respectively. Under the process, the companies will have to submit documents and evidence to clarify the matter or any other evidence required by the CAC Certification Committee or CAC Council to use in the certification status review. The decision made by the CAC Council is considered final.

The adjustment of CAC Certification status

The CAC Council reserves the rights to call for additional information or that the company send representatives to clarify the matter to the CAC Council should the company appeared in the news involving corruption in accordance with the Incident Management process. The CAC Council retains the rights to change CAC Certification status of any company as it deems appropriate, including the rights to revoke CAC certification status if the company does not clarify the incident in due time, fails to clarify comprehensively and accurately, or the Council deems that the company is not in position to comply with the standard previously certified by the CAC. Companies whose statuses have been adjusted will have one of the following symbols attach to its name on the CAC website.

“PR” or “Pending Review” – refers to company that enters the Incident Management process. The company will receive official letter from the CAC, asking it to clarify the incident appeared in the news (both in the past and at present). This status will be kept until the CAC receives the official clarification from the company.

“FIR” or “Further Information Requested” – refers to company that has already submitted official clarification to the CAC but still pending consideration by the CAC Council. The CAC Council may decide that the company resumes certification status, returns to “Pending Review” status, maintains “Further Information Requested” status, or change to “Black Out Period”. The company has up to 12 months to clarify information requested by the CAC.

“BOP” or “Black Out Period” – refers to company that fails to apply for CAC certification within 18 month timeframe (plus any extension period granted by CAC upon request). It also refers to company that has yet to be certified by CAC and unable to clarify the incident to the CAC Council within specified timeframe, or the clarification is not clear enough, or unable to improve internal controls to mitigate corruption risks as per suggestions made by the CAC. The Black Out Period will last six months and company may declare its intention to join CAC again after the six months period is over.

“SP” or “Suspended” – refers to company that has been certified by CAC but appeared in the news involving corruption, causing the company to enter the Incident

Management process. If the company is unable to clarify the incident to the CAC Council within specified timeframe, or the clarification is not clear enough, or unable to improve internal controls to mitigate corruption risks as per suggestions made by the CAC, the CAC Council has the rights to consider revoking the CAC Certification status of the company.

CAC guidelines for companies joining CAC

Guidelines in accepting companies as CAC signatory and CAC certified companies

In order to build confidence among companies voluntarily joining the initiative, the CAC Council has established guidelines in accepting companies as CAC signatory and CAC certified companies as follow:

1) The CAC accepts the Declaration of Intent and grants certification to companies based on information they provided to the CAC Council and upon assumption that they will honor commitments pledged with the CAC.

2) The CAC Certification is not a guarantee that the company will be cleared of any corruption incident. It only certifies that the company has anti-corruption policy and compliance standard in accordance with criteria stipulated in the 17 or 71 checklists.

3) In case there is any news, law suit, or probe related to corruption, signatory company and certified companies are bound to immediately disclose relevant information to the CAC Council and enter the "Screening and governing process of companies joining CAC".

Screening and governing process of companies joining CAC

1. Companies that would like to declare their intention to join CAC must report information regarding any legal case and/or probe by state agency or regulator and/or relevant news involving corruption within the two years prior to declaration date.

a. General Thai companies are required to report information regarding any legal case and/or probe by state agency or regulator and/or relevant news involving corruption to the CAC Council including the following:

- 1) Clarification of the fact and details of the incident
- 2) Clarification of measures implemented to fix the issue and prevent similar incident from reoccurring in the future.
- 3) Confirmation that the company is still committed to the Declaration of Intent.

b. Thai companies with foreign branches, subsidiaries, and joint ventures are required to any legal case and/or probe by state agency or regulator and/or relevant news involving corruption to the CAC Council including the following:

- 1) Clarification of the fact and details of the incident
- 2) Clarification of measures implemented to fix the issue and prevent similar incident from reoccurring to the company, its foreign branches, subsidiaries, and joint ventures in the future.
- 3) Confirmation that the company is still committed to the Declaration of Intent.

c. Companies with foreign parents are required to report information regarding any legal case and/or probe by state agency or regulators and/or relevant news involving corruption to the CAC Council including the following:

- 1) Clarification of the fact and details of the incident
- 2) Clarification of measures implemented by the company and/or its parent to fix the issue and prevent similar incident from reoccurring in the future.

3) Clarification of parental control and influence over the Thai company such as co-directors or cross-shareholding.

4) Clarification of the foreign parent's policy towards the incident

5) Confirmation that the company is still committed to the Declaration of Intent.

The CAC Council reserves the rights to call for additional information or that the company send representatives to clarify the matter to the CAC Council. The CAC Council retains the rights to put off the CAC certification approval if the company does not clarify the incident in due time, fails to clarify comprehensively and accurately, or the Council deems that the company is not in position to comply with the commitment pledged in the Declaration of Intent.

2. Companies that have declared intention to join but have not yet been certified are required to immediately report to CAC the information regarding any legal case and/or probe by state agency or regulator and/or relevant news involving corruption.

a. General Thai companies are required to report information regarding any legal case and/or probe by state agency or regulator and/or relevant news involving corruption to the CAC Council including the following:

- 1) Clarification of initial information immediately or within 10 working days from the date of incident or news being reported.
- 2) Clarification of fact within 30 working days from the date of incident or news being reported.
- 3) Confirmation of the company's readiness to comply with the Declaration of Intent and maintain anti-corruption mechanism within 30 working days from the date of incident or news being reported.

b. Thai companies with foreign branches, subsidiaries, and joint ventures are required to report information regarding any legal case and/or probe by state agency or regulator and/or relevant news involving corruption to the CAC Council including the following:

- 1) Clarification of initial information immediately or within 10 working days from the date of incident or news being reported.
- 2) Clarification of fact and measures implemented to fix the issue and prevent similar incident from reoccurring to the company, its foreign branches, subsidiaries, and joint ventures within 30 working days from the date of incident or news being reported.
- 3) Confirmation of the company's readiness to comply with the Declaration of Intent and maintain anti-corruption mechanism within 30 working days from the date of incident or news being reported.

c. Companies with foreign parents are required to report information regarding any legal case and/or probe by state agency or regulators and/or relevant news involving corruption to the CAC Council including the following:

- 1) Clarification of initial information immediately or within 10 working days from the date of incident or news being reported.
- 2) Clarification of facts and measures implemented to fix the issue and prevent similar incident from reoccurring to the Thai company and foreign parent within 30 working days from the date of incident or news being reported.
- 3) Clarification of parental control and influence over the Thai company such as co-directors or cross-shareholding within 30 working days from the date of incident or news being reported.
- 4) Clarification of the foreign parent's policy towards the incident within 30 working days from the date of incident or news being reported.
- 5) Confirmation that the company is still committed to the Declaration of Intent and maintain anti-corruption mechanism within 30 working days from the date of incident or news being reported.

The CAC Council reserves the rights to call for additional information or that the company send representatives to clarify the matter to the CAC Council. The CAC Council retains the rights to revoke the company from list of signatory companies if the company does not clarify the incident in due time, fails to clarify comprehensively and accurately, or

the Council deems that the company is not in position to comply with the commitment pledged in the Declaration of Intent.

3. CAC certified companies are required to immediately report to CAC the information regarding any legal case and/or probe by state agency or regulator and/or relevant news involving corruption.

a. General Thai companies are required to report information regarding any legal case and/or probe by state agency or regulator and/or relevant news involving corruption to the CAC Council including the following:

- 1) Clarification of initial information immediately or within 10 working days from the date of incident or news being reported.
- 2) Clarification of fact within 30 working days from the date of incident or news being reported.
- 3) Confirmation of the company's readiness to comply with the Declaration of Intent and maintain anti-corruption mechanism within 30 working days from the date of incident or news being reported.

b. Thai companies with foreign branches, subsidiaries, and joint ventures are required to report information regarding any legal case and/or probe by state agency or regulator and/or relevant news involving corruption to the CAC Council including the following:

- 1) Clarification of initial information immediately or within 10 working days from the date of incident or news being reported.
- 2) Clarification of fact and measures implemented to fix the issue and prevent similar incident from reoccurring to the company, its foreign branches, subsidiaries, and joint ventures within 30 working days from the date of incident or news being reported.
- 3) Confirmation of the company's readiness to comply with the Declaration of Intent and maintain anti-corruption mechanism within 30 working days from the date of incident or news being reported.

c. Companies with foreign parents are required to report information regarding any legal case and/or probe by state agency or regulators and/or relevant news involving corruption to the CAC Council including the following:

- 1) Clarification of initial information immediately or within 10 working days from the date of incident or news being reported.
- 2) Clarification of facts and measures implemented to fix the issue and prevent similar incident from reoccurring to the Thai company and foreign parent within 30 working days from the date of incident or news being reported.
- 3) Clarification of parental control and influence over the Thai company such as co-directors or cross-shareholding within 30 working days from the date of incident or news being reported.

4) Clarification of the foreign parent's policy towards the incident within 30 working days from the date of incident or news being reported.

5) Confirmation that the company is still committed to the Declaration of Intent and maintain anti-corruption mechanism within 30 working days from the date of incident or news being reported.

The CAC Council reserves the rights to call for additional information or that the company send representatives to clarify the matter to the CAC Council. The CAC Council retains the rights to change status of any company to "Pending Review or PR", "Further Information Requested or FIR", "Black Out Period or BOP", "Suspension or SP", including the rights to revoke CAC certification status if the company does not clarify the incident in due time, fails to clarify comprehensively and accurately, or the Council deems that the company is not in position to comply with the standard previously certified by the CAC.

* The aforementioned status revision will bind with the rights to use CAC logo to show the company status, which must be in accordance with Disclaimer on the usage of CAC logo stipulated in the CAC Principles. It could also affect status of the company assigned by other organizations that use the CAC status as a base for consideration.

Terms of CAC membership

The CAC membership lasts for three years starting from the Certification date.

Companies that wish to renew its membership are required to prepare and submit re-certification applications along with the updated 17 or 71 checklist and other supporting documents required by the CAC within three months prior to the membership expiry date.

In case CAC member fails to apply for CAC re-certification and submit all relevant documents to the CAC within the specified timeframe, its membership will end on the CAC membership expiry date.