RESULTS OF CHAMBER CORRUPTION PERCEPTION SURVEY 2017

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ABOUT THE PROJECT
SURVEYS

- 1st March 2014
- 2nd October 2015
- Mid-Year April 2016
- 3rd October 2016
- 4th November 2017
RESPONDENTS OF THE SURVEY
184 respondents

147 international companies

81% with more than 100 employees

49% top managers
INDUSTRIES

Agriculture 6%
Banking & Finance 14%
Energy 3%
Healthcare 8%
Hospitality 0%
ICT 8%
Legal & Accounting 22%
Manufacturing 7%
Food & Beverages 4%
Wholesale & Retail 8%
Other 20%
GENERAL ASSESSMENT OF CORRUPTION IN UKRAINE
<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>99%</td>
<td>98%</td>
<td>97%</td>
<td>96%</td>
</tr>
<tr>
<td>%</td>
<td>91%</td>
<td>88%</td>
<td>81%</td>
<td>91%</td>
</tr>
<tr>
<td>%</td>
<td>27%</td>
<td>27%</td>
<td>47%</td>
<td>36%</td>
</tr>
</tbody>
</table>

*Percentages of respondents who answered "Yes"*
Most Widely Spread Forms of Corruption

- Demanding a bribe: 68% (2016), 67% (2017)
- Misuse of official position: 70% (2016), 68% (2017)
- Request to partner with affiliated company: 29% (2016), 25% (2017)
- Request for donation: 18% (2016), 18% (2017)
- Request for sponsorship: 5% (2016), 7% (2017)
- Request for a kickback to win the tender: 35% (2016), 27% (2017)
- Request for a bribe to stop illegal pressure: 41% (2016), 45% (2017)
- Other: 5% (2016), 4% (2017)
CORRUPTION AND COMPETITION

Do you think that companies in Ukraine have to engage in corruption activities in order to have higher chances of success?

*Percentages of respondents who answered “Yes”*
MOST CORRUPT INSTITUTIONS

- Local authorities: 2016 - 42% (2017 - 34%)
- Central government: 2016 - 31% (2017 - 30%)
- Tax and customs authorities: 2016 - 56% (2017 - 54%)
- State enterprises: 2016 - 17% (2017 - 19%)
- Courts: 2016 - 74% (2017 - 71%)
- Prosecutor’s offices: 2016 - 49% (2017 - 30%)
- Police: 2016 - 5% (2017 - 6%)
- Security Service of Ukraine: 2016 - n/a (2017 - 19%)
- Other: 2016 - 3% (2017 - 6%)
QUALITY OF ANTI-CORRUPTION (AC) LAWS

Is Ukrainian anti-corruption legislation compliant with international standards?

* Percentages of respondents who answered “Yes”
MOST EFFECTIVE
AC AUTHORITIES

<table>
<thead>
<tr>
<th>Category</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anti-Corruption Bureau</td>
<td>46%</td>
<td>50%</td>
</tr>
<tr>
<td>SAPO</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>NCPA</td>
<td>16%</td>
<td>11%</td>
</tr>
<tr>
<td>AC divisions within ministries</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>All of them</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>None of them</td>
<td>36%</td>
<td>40%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
<td>10%</td>
</tr>
</tbody>
</table>
COMPANY'S ANTI-CORRUPTION PRACTICES
Do you have an anti-corruption program in your company?

- 2015: 84%
- 2016: 82%
- 2017: 77%

Do your company currently have a compliance officer?

- 2015: 76%
- 2016: 70%
- 2017: 79%

* Percentages of respondents who answered “Yes”.
PROCEDURES FOR REPORTING CORRUPTION

- Internal reporting has been established: 72% (2016), 70% (2017)
- External reporting has been established: 3% (2016), 4% (2017)
- We don't have any reporting: 10% (2016), 11% (2017)
- I don't know whether we have reporting: n/a (2016), 14% (2017)
- Other: 1% (2016), 1% (2017)
How to Encourage Reporting?

Do you think that the anti-corruption measures established in your company are effective for creating culture of compliance and preventing corruption?

- Yes: 84%
- No: 10%
- Other: 6%
How to Encourage Reporting?

In your opinion, what should be done to encourage businesses to report corruption offences?

- Ensure proper investigation and punishment of the offender: 60%
- Introduce the possibility to report corruption anonymously: 9%
- Improve protection of whistleblowers: 9%
- Ensure that reporting does not negatively affect the company: 16%
- Other: 5%
Does your company have an example of successful cooperation with law enforcement agency on alerted corruption case?

- 2015: 7%
- 2016: 18%
- 2017: 15%

Does your company have an example of successful punishment of corrupted person by the court?

- 2015: 2%
- 2016: 10%
- 2017: 7%

*Percentages of respondents who answered "Yes".*
Partners from other jurisdictions refuse to cooperate
Corporate management is unwilling to expand business in Ukraine
Risk for closure of business increases
Expenses on audit increase
Expenses on legal support and compliance increase
No impact
Other

HOW CORRUPTION IMPACTS BUSINESS?

2016  2017

- Partners from other jurisdictions refuse to cooperate: 13% (2016), 17% (2017)
- Corporate management is unwilling to expand business in Ukraine: 19% (2016), 22% (2017)
- Risk for closure of business increases: 12% (2016), 9% (2017)
- Expenses on audit increase: 3% (2016), 2% (2017)
- Expenses on legal support and compliance increase: 40% (2016), 32% (2017)
- No impact: 7% (2016), 10% (2017)
- Other: 8% (2016), 8% (2017)
OPINIONS AND RECOMMENDATIONS
IS FIGHTING CORRUPTION A NO.1 PRIORITY?

Do you consider fighting corruption as the number one priority to improve business climate in Ukraine?

* Percentages of respondents who answered “Yes”
BIGGEST OBSTACLES IN ELIMINATING CORRUPTION

- Absence of political will: 63% (2016), 54% (2015)
- National mentality: 9% (2015)
- Resistance of the state bodies to reforms: 8% (2015), 6% (2016)
- Low quality of investigations by competent authorities: n/a (2015), 7% (2016)
- Courts’ resistance to investigating and prosecuting corruption cases: 16% (2016), 22% (2017)
- Other: 4% (2015), 5% (2016)
**MOST EFFECTIVE WAYS TO FIGHT CORRUPTION**

- Proper compensation: 42% (2016) to 57% (2017)
- Stricter punishment: 54% to 51%
- Establishing Anti-Corruption Court: 24% to 43%
- Replacing staff in problematic bodies: 41% to 53%
- Proper enforcement of existing laws: 51% to 49%
- Improving existing laws and procedures: 28% to 30%
- Other: 6% to 7%
MONETARY REWARDS FOR WHISTLEBLOWERS

Do you think that the introduction of a monetary reward for whistleblowers would be beneficial in anti-corruption fight?

40%

- Yes, it will be helpful in detecting and investigating corruption

53%

- No, it will lead to increasing of dishonest and false reports

7%

- Other
BIGGEST SUCCESS IN ANTI-CORRUPTION FIGHT

- Criminal cases against top officials: 14%
- Launch of e-declarations: 49%
- Launch of e-registry of VAT refund: 27%
- Other: 11%
### Who is an AC Champion in Ukraine?

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>NABU/Artem Sytnyk</td>
<td>38%</td>
</tr>
<tr>
<td>No champions</td>
<td>17%</td>
</tr>
<tr>
<td>I don't know/Can't make a choice</td>
<td>8%</td>
</tr>
<tr>
<td>NGOs / Journalists</td>
<td>8%</td>
</tr>
<tr>
<td>International organizations</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>25%</td>
</tr>
</tbody>
</table>
Are you optimistic about prospects of anti-corruption fight in Ukraine in the upcoming year?

* Percentages of respondents who answered “Yes”
1 STEP TO ACHIEVE REAL PROGRESS

- Transparent establishment of Anti-corruption court
- Replacement of corrupted officials
- Bringing to liability corruption offenders
- Appearance of strong political will
- Strengthening liability for corruption offences
- Judicial reform
- Educate society, business and officials for zero...
THANK YOU!