Compliance, ethics and transparency

Compliance as a pillar of sustainability

The increasing importance that stakeholders (primarily investors) place on ethics and transparency matters has given rise to the need to have policies and procedures that ensure regulatory compliance.

One of the most common causes of the increase in construction project execution costs is the failure to meet regulatory compliance, not only in a reactionary way in companies, but rather other variables have gained importance, including social, environmental and regulatory compliance variables. In this context, meeting certain requirements are an obligatory requirement when it comes to winning certain transactions, thereby reducing human behavior and prevention of regulatory non-compliance.

Furthermore, nowadays investors do not just take the financial profitability of their investments into account when considering their investment parameters, but other variables haveoperation importance, including social, environmental and regulatory compliance variables. In this context, meeting certain compliance and transparency standards has become an essential requirement when it comes to winning major infrastructure projects and is one of the sustainability pillars of construction companies.

It is important to remember that, from the research or pre-design phase to start-up, many parties participate in a project and their conduct must be aligned in order to properly respond to the ethical dilemmas that may arise. Proper planning and monitoring of all the stakeholders involved in the construction project of companies, subcontractors and contractors achieve an ethical culture. In this case, the supply chain is considered as a whole, and all the project's links are not only of technical importance, but also of compliance.

For these reasons, both public and private construction project developers increasingly require construction companies to have compliance risk management systems in place.

Also, Directive 2014/91/EU and Directive 2013/34/EU have led to an increase in environmental, social and diversity information. To ensure that sustainability and increase transparency and investor trust, strengthened social and environmental reporting requirements for certain major undertakings, including the obligation to report on risks, policies and performance with regards to the fight against corruption and bribery.

In response to these requirements, infrastructure companies are investing time and resources to address regulatory compliance, not only in a reactive manner in order to ensure compliance in the various activities, but also by integrating that compliance in the daily management of their organization to reduce the culture of non-compliance and mitigate reputational risks.

Accordingly, a large proportion of infrastructure companies have opted to follow the ISO 19600 international standard, which is an international benchmark guide for implementing a regulatory compliance management system, as well as ISO 27001, which provides a guide for establishing anti-bribery management systems. These systems allow companies to respond to the demands of regulators, which constantly emphasize that having compliance policies, rules and procedures in place is not enough, but rather companies must be monitored to ensure that the requirements are met, are incorporated in their daily management and, therefore, the compliance measures are truly effective.

When implementing such systems, companies can take advantage of the various options offered by technology, thanks to tools such as transactional systems, or to provide digital security and blockchain tools. These tools enable intelligent data analysis, providing indicators or alerts to monitor certain behaviors using the data provided by the transactional systems, or to provide digital security to certain transactions, thereby reducing human intervention.

However, management systems and the most advanced technologies are not enough to avoid behavioral or present regulatory compliance, as it is essential to have a strongly rooted ethical culture that naturally unfolds in us, in line with cultural values and instinctively rejects unwanted behavior.