

Overview of Data

Turkey scores just at or below the global median on most of the indicators surveyed here, presenting elevated third-party corruption risks. Six FCPA cases involving Turkey likewise indicate elevated but not severe risks in proportion to the size of its economy. The most recent World Bank Enterprise Survey responses from 2013 predate a downward trend in governance indicators since 2014. Turkey's poor scores for freedom of press and the difficulties of machine-translating Turkish media contribute to a challenging environment for conducting due diligence.

Corruption and Governance Indicators	Turkey	G7 Average
Transparency International Corruption Perceptions Index	41	73
World Bank Control of Corruption Score	44	87
World Justice Project Rule of Law Score	42	76

Major Correlates of Corruption	Turkey	G7 Average
Nominal GDP Per Capita Percentile Rank	64	89
World Bank Government Effectiveness Score	54	89

**All indicators are scores/100 or are percentile ranks, 100=best. Some scores have been adjusted accordingly. 1-33 34-66 67-100*

World Bank Enterprise Survey Responses (2013)	Turkey	Top 10 Countries
Share of firms reporting at least one bribe request	5%	1.4%
Share of firms expected to give gifts to secure government contract	19%	1.9%
Share of firms expected to give gifts to officials to "get things done"	6%	1.5%
Share of businesses reporting corruption is a major constraint	12%	7.5%

Notable FCPA Cases (as reported)

Total FCPA Enforcement: 6 Cases

- **Delta & Pine Land Company**—between 2001 and 2006, the Turkish subsidiary of the company, which is engaged in producing proprietary strains of cotton, allegedly made payments in cash and gifts to Turkish officials responsible for providing certifications necessary to the business. The alleged payments came to light and were self-reported during the due diligence stage of Monsanto's acquisition of Delta & Pine.
- **Micrus Corporation**—the medical device company allegedly bribed doctors at public hospitals in Turkey and other countries to facilitate purchase agreements of its products. These payments were disguised in the company's books and records as various other transactions. Micrus resolved the charges with a USD 450,000 penalty and agreed to appoint an independent monitor.
- **Smith & Wesson**—Employees of the firearms manufacturer allegedly bribed officials in several countries including Turkey to secure procurement agreements between 2007 and 2010. In 2014, the company secured a settlement agreement with the SEC which involved a USD 2 million penalty and a self-reporting program to the SEC regarding the improvement of its compliance procedures.

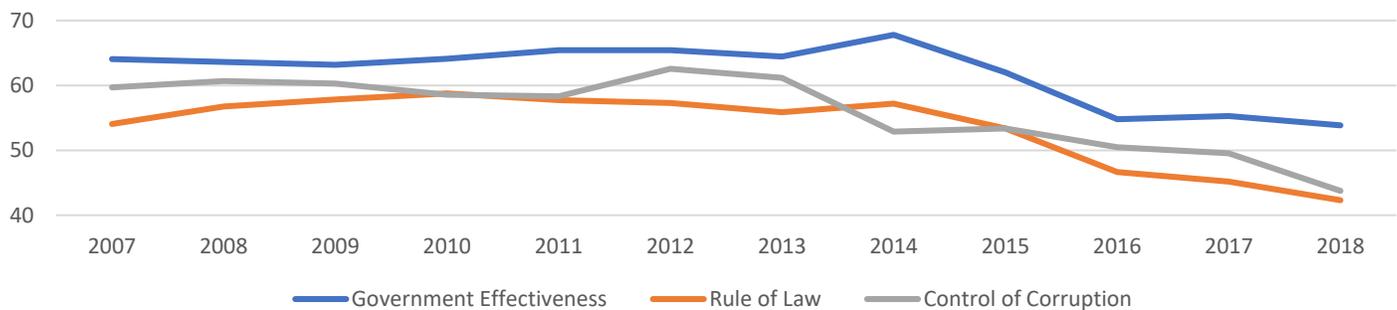
Information Accessibility and Transparency

Availability of Records	●	Relatively complete corporate records are available online, although electronic access may be inconsistent. Litigation records are most reliable when accessed manually.
Freedom of Press	●	Freedom House freedom of press rating 76/100, “not free” (100=least free) Reporters Without Borders rank 157/180 (180=least free)
Language Accessibility	●	Machine translation of Turkish may be unreliable.
Financial Disclosure	●	Tax Justice Network Financial Secrecy Index 68/100 (100=most secret)

● Poor ● Moderate ● Accessible

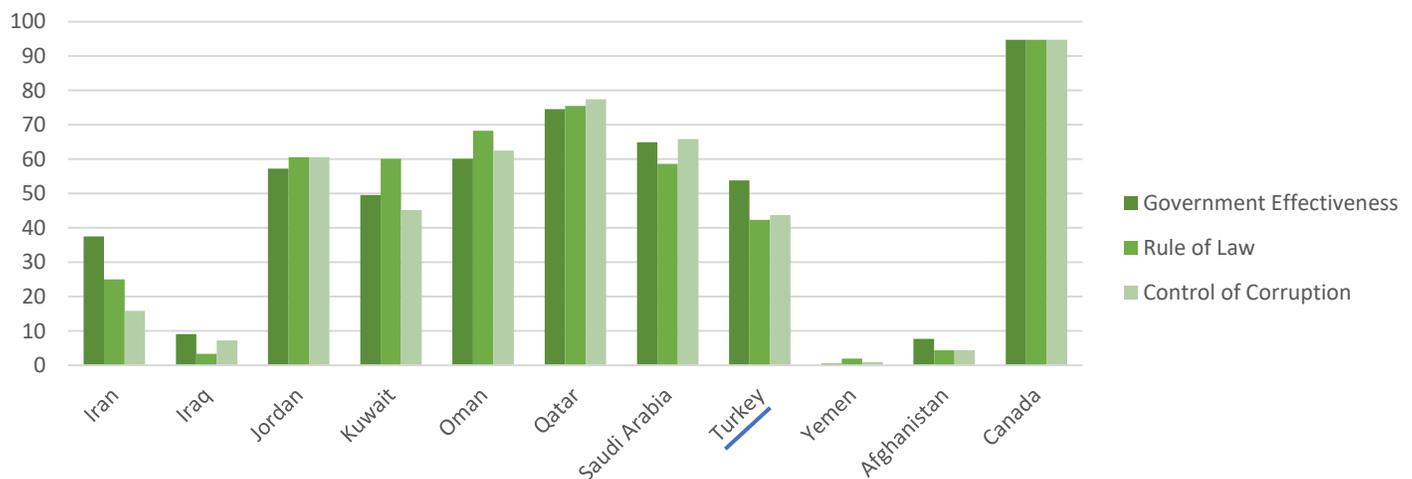
Trendlines—World Bank Worldwide Governance Indicators

(global median ≈ 50)



Country Comparison —World Bank Worldwide Governance Indicators

(global median ≈ 50)



Context: Corruption in Turkey

Corruption risks in Turkey are moderate to high across all sectors of public administration. IMF Global Competitiveness Index data identifies public procurement and the judiciary as particular areas of risk. Turkey has long been committed to key UN and OECD antibribery and corruption agreements but has received criticism in recent years for ineffective implementation of these commitments, including failure to enact adequate domestic legislation to punish bribery and protect whistleblowers, and continuing political interference in corruption enforcement cases. Some research indicates that the dominance of the AKP party has had a dual effect of weeding out petty corruption throughout the economy while increasing cronyism or “grand corruption” at higher levels. If true, such a dynamic would impact Turkish firms more than foreign investors.

Pacific Strategies & Assessments is a global risk consultancy delivering critical information to our clients through Due Diligence, Investigations, and Advisory services. For customized reports on country or sector-specific risks, contact advisory@psagroup.com