



RAG Strategists Advisory Note 13

“Shaping and sharing best practice in infrastructure anti-corruption”

PRECCA (2004) Section 34A / “Adequate Procedures” Defence / P4 Due Diligence

Entering new relationships demands more than commercial optimism, it requires vigilance. Certain arrangements, such as those involving local agents mandated by law or convention, can be particularly challenging. Once established, these relationships may be difficult to unwind, making careful due diligence and upfront risk assessment essential. The same applies to mergers and acquisitions, where unseen liabilities can quickly become an organisation’s burden. Comprehensive due diligence at the outset helps uncover hidden risks, safeguarding both compliance and reputation.

Best practice follows a risk-based approach. In low-risk scenarios, basic checks may be sufficient. In higher-risk situations, however, businesses should go further by conducting direct enquiries, discreet investigations and background checks. Due diligence does not end once a relationship begins, as ongoing monitoring of associated persons remains crucial.

Companies, given their complexity, often require more scrutiny than individuals. It may not always be clear who within an organisation is responsible for providing services, or what their connections are. This means verifying the expertise, history and reputation of key individuals becomes a necessary step. Employees also present potential risks and under PRECCA, they are considered “associated persons.” Building proportionate due diligence into recruitment and HR processes can help mitigate a company’s exposure to corruption. While lower-risk roles may need little checking, higher-risk posts warrant more rigorous review.

Effective due diligence is about building resilience as it ensures that partnerships, acquisitions, and personnel decisions do not inadvertently create exposure to corruption. By scaling the scope of enquiries to match the level of risk, organisations can protect themselves, demonstrate compliance, and build stronger, more trustworthy business relationships.

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