Leveraging AI and ESG to Combat Corporate Corruption: An Integrated Framework

Oludolapo Makinde
University of British Columbia, Canada
omakinde@student.ubc.ca

Abstract

This extended abstract summarizes my ongoing doctoral research, which explores how Canadian multinationals can leverage artificial intelligence (AI) and Environmental, Social, and Governance (ESG) to combat foreign bribery and corruption in international business transactions.

Introduction

Corruption remains a neglected global crisis. This statement captures the pervasive nature of corruption in the Global North and Global South. In previous years, Canada's ranking on the Transparency International Corruption Perception Index (CPI) among the top 10 countries gave the impression that Canada was a relatively "clean country." Canada has, however, slipped in the rankings, coming in at the 12th position in 2023 (Transparency International, Corruption Perceptions Index 2023), reflecting growing concerns about transparency and accountability. This gradual decline has been attributed to Canada's limited enforcement of the Organization for Economic Co-operation and Development (OECD) Anti-Bribery Convention in terms of mitigating bribery of foreign public officials, and reports surfacing that point to Canada as a money laundering destination (Transparency International Canada 2020). A related challenge is that public officials in the Global South are often the recipients of such bribes. (OECD 2014) Canadian multinationals (MNCs) play a particularly significant role in these statistics, as there is a tendency for such companies to engage in bribery and corruption in the Global South, where corruption is rampant and anti-bribery enforcement is lax. (Puri and Nichol 2015).

Background

The conventional approach to combating corruption has been to focus on criminal measures such as using legislation punishing foreign bribery and corruption, such as the *Corruption of Foreign Public Officials Act* (CFPOA), which came into force on February 14, 1995, and the OECD Convention became effective a day after, on February 15, 1995. The limited number of successful prosecutions, however, calls into question the effectiveness of a primarily legislative approach to addressing corporate bribery and corruption.(Burger and Holland 2006)

Accordingly, this situation underscores the need for anti-corruption scholars to tinker with new tools to address the corruption problem. Non-legislative initiatives, including corporate governance and sustainability measures, as well as AI, are potential solutions worthy of exploration. Such measures are essential to complement existing criminal measures and focus on the role companies can play to address issues of foreign bribery and corruption in their operations. This study, therefore, explores how Canadian MNCs can integrate AI and environmental, social, and governance (ESG) to strengthen anti-corruption efforts. The objective is to develop a framework that enhances transparency and mitigates legal and reputational risks.

Methodology

This study employed both doctrinal legal analysis and empirical qualitative interviews. It began with an examination of AI laws and principles, as well as ESG standards, followed by a systematic literature review. The empirical component involved gathering data through qualitative, semi-structured interviews with 22 experts in AI, ESG, and anti-corruption, using a decolonizing Third World Approaches to International Law (TWAIL) approach. In selecting participants, this study used purposive sampling and snowball methods based on specific criteria.

Findings

This study found that the "G"—the governance dimension of ESG is critical because addressing corruption is essential

to the "E" and "S dimensions, mitigating environmental harm and human rights violations (Morrison 2022), (Low 2022). However, while ESG frameworks offer opportunities to improve anti-corruption reporting, they are largely fragmented and inconsistent. Many fail to address key governance issues such as beneficial ownership and lobbying. This lack of standardization creates confusion for MNCs operating across multiple jurisdictions. Canadian companies report challenges in determining if, what and how much to disclose, and stakeholders note that bribery and corruption are often excluded from materiality assessments or deprioritized. The growing anti-ESG movement in the U.S. adds further complexity.

This study found that literature examining the use of AI has mostly focused on the public sector, with very little information on how it is leveraged in the private sector (Aarvik 2019), (Köbis 2022), and (Odilla 2023). It also identified several AI use cases that can enhance anti-corruption compliance, including detecting irregular payments, conducting real-time risk assessments, analyzing structured and unstructured data, improving procurement transparency, supporting ESG reporting, enhancing supply chain due diligence, and facilitating internal investigations. However, risks such as digital colonialism, data bias, privacy concerns, regulatory uncertainty, and the nascent nature of anti-corruption AI tools pose significant challenges.

These challenges highlight the need for an integrated AI and ESG approach rather than siloed efforts, which Canadian companies have yet to adopt. The integration of AI and ESG into anti-corruption strategies represents a novel and underexplored approach in both academic literature and corporate practice. While prior research has examined these domains separately, this study highlights their intersection as a critical area for innovation in corporate governance. The findings demonstrate that AI can significantly enhance compliance, while ESG provides a broader accountability framework; yet, both face implementation challenges due to regulatory gaps, data limitations, and organizational silos. To address these challenges, this study proposes a framework, supported by a detailed action plan that outlines practical steps for implementation, as well as mechanisms for ongoing monitoring and evaluation. This framework sets out the elements of an integrated approach which includes viewing foreign bribery and corruption as a critical risk, recognizing that corruption has an impact on the attainment of environmental and social goals, developing an anti-corruption strategy and culture drawing on corporate governance and sustainability measures, ensuring that the company moves beyond reporting and disclosure, encouraging cross-functional collaboration across compliance officers, IT, legal, and ESG departments and ensuring the responsible use of AI in corruption risk management.

Conclusion

Overall, this research emphasizes the value of an integrated AI and ESG approach to combating corporate corruption. Although this study has examined ESG and AI as anti-corruption tools, several avenues require further exploration, particularly given that the literature at this intersection is limited. For instance, there is a need to further explore the efficacy of AI tools in combating corporate corruption and to investigate their use within a larger sample of multinational companies.

References

Aarvik, P. 2019. Artificial Intelligence – A Promising Anti-Corruption Tool in Development Settings? In U4 Anti-Corruption Resource Centre Report 1. Bergen, Norway: Chr. Michelsen Institute. Available at: https://www.u4.no/publications/artificial-intelligence-a-promising-anti-corruption-tool-in-development-settings.

Burger, E.; and Holland, M. 2006. Why the Private Sector Is Likely to Lead the Next Stage in the Global Fight Against Corruption. *Fordham International Law Journal* 30(1): 45–79. https://ir.lawnet.fordham.edu/ilj/vol30/iss1/2/

Dell, G.; and McDevitt, A. 2018. *Exporting Corruption: Progress Report 2018 – Assessing Enforcement of the OECD Anti-Bribery Convention*. Berlin: Transparency International. https://www.transparency.org/files/content/publication/Download_a_short_version_of_the_report.pdf.

Köbis, N., Starke, C., & Rahwan, I. 2021. Artificial Intelligence as an Anti-Corruption Tool (AI-ACT) – Potentials and Pitfalls for Top-Down and Bottom-Up Approaches. arXiv preprint. doi.org/10.48550/arXiv.2104.01719.

Low, L. A. 2022. The All-Important "G" in ESG and Its Relationship to Good Corporate Governance and Corporate Compliance in Anti-Corruption: Towards a More Holistic Approach. Southwestern Journal of International Law 28(2): 340–360.

Morrison, M., et al. 2022. Putting the ABC in ESG: The Role of Anti-Bribery and Corruption Compliance Programs in Enhancing ESG Commitments. Alberta Law Review 60(2): 465–496.

Odilla, F. 2023. Bots Against Corruption: Exploring the Benefits and Limitations of AI-Based Anti-Corruption Technology. Crime, Law and Social Change 80(4): 353–396. doi.org/10.1007/s10611-023-10091-0

OECD. 2014. *OECD Foreign Bribery Report: An Analysis of the Crime of Bribery of Foreign Public Officials*. Paris: Organisation for Economic Co-operation and Development.

Puri, P.; and Nichol, A. 2015. The Role of Corporate Governance in Curbing Foreign Corrupt Business Practices. *Osgoode Hall Law Journal* 53(1): 163–208.

Transparency International. 2023. 2022 Corruption Perceptions Index: Explore the Results. https://www.transparency.org/en/cpi/2022. Accessed: 2025-06-16.