



Compliance Standards and its implications for the Global Company

Business Ombudsman office



Who we are:

Mott MacDonald Group Limited is an employee owned USD1.8 billion business with over 17,000 staff working in all sectors to deliver management, engineering and development solutions for public and private sector customers.

We are operating in 140 countries from 30 centres throughout the UK and offices in some 50 countries across Europe, the CIS, Asia and the Pacific, the Middle East, Africa and the Americas.

Our clients range from national and local governments, transport authorities, transport operators, industry, utilities, developers, contractors, commercial companies, funding agencies, non-governmental organisations

Mott MacDonald's stance

- P**rogress
- R**espect
- I**ntegrity
- D**rive
- E**xcellence



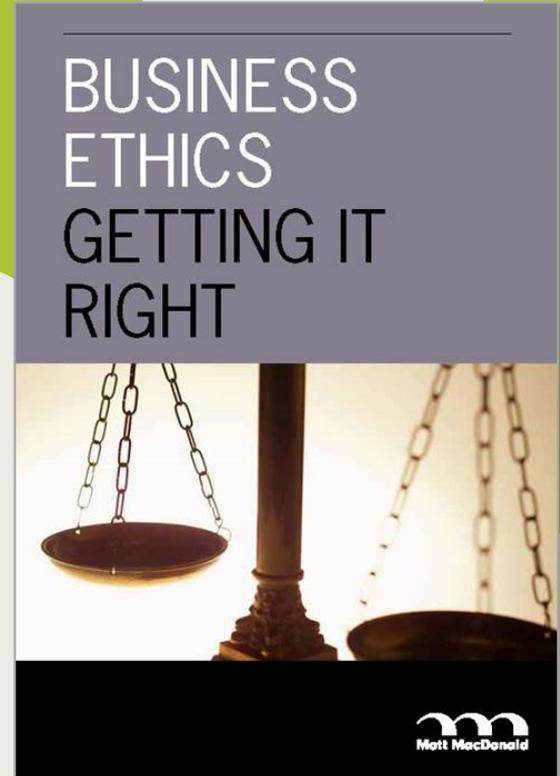
Our Values:

We place great emphasis on our values which form the basis of how we run our worldwide operation and bring together our global family.

Integrity, one of our values, is at the centre of our business ethics - we behave ethically and take responsibility for our actions.

Mott MacDonald's values and ethics provide a model for the way business should be conducted and how professionals should behave.

Our business is built around fairness, openness and honesty. We have a zero tolerance stance towards bribery and corruption that chimes with our focus on integrity.



2010 UK Bribery Act

- Enables prosecution of bribery committed abroad by persons ordinarily resident in the UK, UK nationals and UK corporate bodies
- Allows prosecution for:
 - Associated people
 - Bribing another person
 - Accepting a bribe
 - Bribing a foreign official
 - Negligent failure by commercial organisations to prevent bribery
- Strict liability, but having **'adequate procedures'** can be a defence for companies against the last offence

Risks for the Company

The damage to our reputation should an employee be involved in a corrupt act is one of the biggest risks facing our company

This risk should be first in all risk registers

Internal Risk

Lack of financial controls

- We have strong financial governance through adherence to Group Directives, Project accounting and Group accounting.
- Lack of challenge and suspicion
- Easy signatures

External Risk

We focus on operations in countries of perceived high risk.

And ***business sectors*** of higher risk

- Extractive industries (includes oil and gas)
- Large scale infrastructure
- Power

And ***business partnership*** risks

- Joint Ventures

As well as ***business opportunity*** risks

- New markets
- Fragile states
- Government contracts that include managing land purchase or compensation
- Acting as a Contractor
- Site supervision
- Buying services for customers

Leadership and Commitment

- Overall responsibility – Group Chairman who personally leads our efforts to maintain, monitor and enforce our procedures to combat bribery
- Commitment of the Group Board to promote Highest Standards of ethical behaviour
- Group Board responsibility is to ensure that company integrity values is properly communicated to staff and company culture of ethical behaviour is maintained across the Group.
- Appointment of BMS Director at the Group level responsible for compliance and Ethics
- At the regional level country managers are responsible for ethical compliance and are supposed to identify and mitigate potential bribery and corruption risk and carefully select who to work with

Staff commitment

Mott MacDonald is an Employee owned company – senior staff stay in the business for a long time

Staff committed to:

- PRIDE values
- Code of conduct
- Conditions of employment

We expect for every staff member, and our culture ensures, that Ethical behaviour is ingrained in how they live.

Ethical behaviour isn't just for time spent at work, it has to be 24/7

We make compliance with ethical standards a condition of employment with Mott MacDonald

Leadership for Anti-Bribery Management Systems

- We fully meet the requirements of the UK Bribery Act
- Key feature of UK legislation is Associated person and responsibility for their actions
- All of our employees and associates worldwide are subject to this legislation.
- Responsibility of all member of staff who are working with them, and flows up to Country managers and Regional Directors
- We also meet the requirements of legislation around the world – Ukraine as well as US (FCPA) & Europe

Our Anti-Bribery Management System

- Our Ethics policy is clearly formulated in Ethics Policy Statement and available for general public on our website
- Ethics Conduct is also stated in Code of Business Conduct which is an internal document
- We were the 1st Consultancy to achieve BS10500 certification and are globally compliant with British Standard 10500 for anti-bribery management
- We will be obtaining BS ISO 37001 certification next year which superseded BS10500 certification.

Objectives

- Know how to **recognise** ethical issues in different business situations
- Know how to **respond** to these situations
- Know how to **encourage** an open culture in Mott MacDonald

Leadership

Group Chairman and Board

General Counsel

Director of Business Management Systems

Process

Clear policy statement

Clear procedures

Ethics on all board meeting agendas

Compliance statement signed annually by all senior staff

Template contracts include anti-corruption clauses

Independent audit by Deloitte and DNV GL

Action

Training programmes at 3 levels

Speak-up helpline – managed independently by ExpoLink

Due diligence processes for suppliers and partners

Internal compliance audits

Training programs

Board meeting discussion (Ethics are discussed at each Board meeting and senior staff sign a declaration of understanding and compliance each year) .

Managing with Integrity

- Workshop training for senior staff
- Training provided jointly with Institute of Business Ethics

Getting it right

- Mott MacDonald's approach is set out in the eLearning course 'Getting it right'.
- Repeated every 3-years

What is BS ISO 37001 standards?

- BS ISO 37001 has been produced to help organizations prevent, detect and tackle bribery and comply with anti-bribery laws and voluntary anti-bribery commitments.
- It will also help them to promote trust and confidence in their business dealings and enhance their reputations.
- The standard has wide applicability. And could be used by any organisation that may want to implement an anti-bribery management system.

What does the BS ISO 37001 standard cover?

The standard deals with the following in relation to the organization's activities:

- a) bribery in the public, private and not-for-profit sectors
- b) bribery by the organization
- c) bribery by the organization's personnel acting on the organization's behalf or for its benefit
- d) bribery by the organization's business associates acting on the organization's behalf or for its benefit
- e) bribery of the organization
- f) bribery of the organization's personnel in relation to the organization's activities
- g) bribery of the organization's business associates in relation to the organization's activities
- h) direct and indirect bribery (e.g. a bribe offered or accepted through or by a third party)

Why is BS ISO 37001 standard different? (focus on organisation)

- Context of Organisation
- Leadership
- Planning
- Support
- Operation
- Performance
- Evaluation

How will the BS ISO 37001 standard benefit users?

It can help an organization prevent bribery occurring.

- It provides a system for organizations to use to avoid funds being misappropriated and projects being undermined and not properly or safely carried out.
- It helps provide assurance that the organization has an anti-bribery policy and measurements in place.
- In the event of a prosecution, an organization can often be assisted in its defence if it can demonstrate to the court that its systems were adequate and that the breach was not a corporate failure e.g. it was the work of a rogue employee.
- It follows Annex SL so will align easily with other management systems such as ISO 9001 (quality), ISO 14001 (environment) and ISO 26000 (sustainability).

What it means for a Global company?

- Our clear-cut stance on bribery already marks us out as a company that:
 - ✓ blue chip customers and financial institutions want to work with.
 - ✓ the best technical staff want to work for us
 - ✓ colleagues can trust each other to make the right decisions and follow our values

What it means for a Global company?

- We believe that our position is a real strength and a selling point in all our markets.
- Because we are confident we will not get involved in corrupt acts conversations asking us for bribes are short – the answer is NO.
- Costs of the anti-bribery system is very low - £25,000 pa – for the Group around the world working in 120 countries
- Impact of poor ethical behaviour:
- Debarment – 10 world donors act as a club – debarred by one is debarred by all
- Many Governments around the world don't want to contract with organisations that are debarred
- Private sector has to be careful about which Government Departments they will work with
- Private sector wants to work with people who share their standards only

Background

- World Bank estimates that US\$1 trillion in bribes are paid each year
- Global population – 7.1 billion
- Bribes per head US\$140

Thailand – 30% of investment in infrastructure is lost in corruption

Without corruption they could build 50% more infrastructure each year for the same budget



Update 2017

- **Wells Fargo** – unintended consequences of KPIs and bonusing structure
- **Rolls Royce**
 - Surfaced through anonymous blog in China
 - Systemic failure over 30 years in 7 countries
 - Deferred Prosecution Agreement - £671m
 - SFO considering prosecution of individuals
 - Joined up enforcement UK, USA, Brazil
- **Tesco** – started negotiations with SFO on Deferred Prosecution Agreement
- **Consia**
 - Debarred by World Bank for 14 years
 - No previous record?



Update 2017

- **SNC Lavalin**
 - Debarred until 2023 – long standing position
 - Is it affecting their position in the market
 - Change in Canadian law to allow increased trade
- **World Bank** – Leonard McCarthy – Integrity Vice President – 6th April – “The dawning of a new era in anti-corruption enforcement”
 - Recognition that low level corruption is usually associated with systemic corrupt culture
 - Reporting request for a small bribe (\$100) on a \$2m project resulted in 5 suppliers being debarred
 - Review of 19,000 emails led to 22.5 years of aggregate debarment for the company

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WS Atkins + Add to myFT

SNC-Lavalin agrees £2.1bn WS Atkins takeover

Shares in UK group rise above bid price after deal details announced



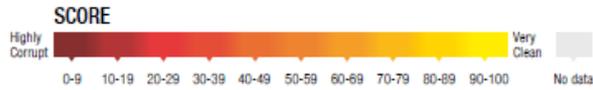
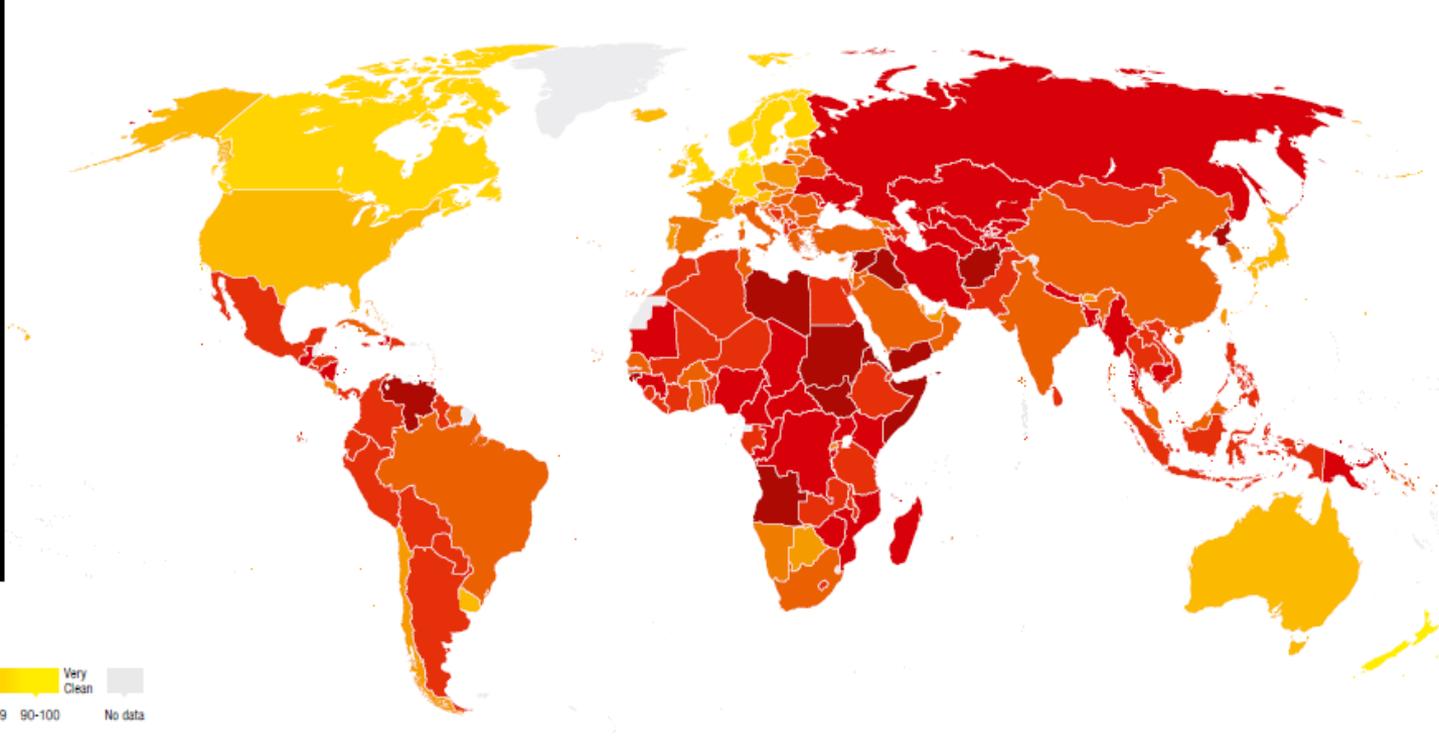
WS Atkins recently redesigned Piccadilly Circus in London

Is the world getting less corrupt?



CORRUPTION PERCEPTIONS INDEX 2016

The perceived levels of public sector corruption in 176 countries/territories around the world.





Thank you

