Corruption: the UK perspective

12 May 2017
SCG Legal International Meeting, Bangkok
In summary…

- The past: why the UK needed to reform
  - Case study: BAE Systems

- What changes were made in the Bribery Act 2010
  - Case studies: Rio Tinto and Rolls Royce

- Progress to date
Why the UK needed to reform

- 19th and early 20th Century Legislation: complicated and out-of-date
- Based on old fashioned concepts: “a gentleman’s word is his bond”!
- Culture of lavish “hospitality” at home and “facilitation payments” abroad
- Drive for change in the late ’90s – UK signs the OECD’s Anti-Bribery Convention
- OECD heavily criticises UK
Case study: BAE Systems

- 2004 – “Al Yamamah” deal: payments made by BAE Systems Plc to Saudi Arabian royalty and government officials in relation to arms contract
- Serious Fraud Office investigates, then withdraws from investigation following threats from Saudi Arabia
- 2006 – SFO and Ministry of Defence also investigate payments by BAE to the Tanzanian government
- 2008 – the OECD urges the UK to amend its legislation
- 2010 – BAE pays out: $400 million to US and £30 million to SFO
New era: Bribery Act 2010

- Provides a more modern and effective framework
- Less complex
- Creates 4 new bribery offences including bribing a foreign official
- Requires guidance to be provided to employees of commercial organisations to assist with compliance
- Takes politicians out of the process required to prosecute a bribery offence
Case study: Rio Tinto

- 2010 Chinese scandal
- Six years on…Rio Tinto suffers another blow
- $10m payment to a consultant to facilitate discussions with the Guinean government
- Executives Alan Davies and Debra Valentine are sacked

Coincidentally, Alan Davies was also a non-executive director of…
Case study: Rolls-Royce

- January 2017 – settlement at the court door
- Largest fine ever imposed under terms of Bribery Act 2010
- 25 years of international bribery and failure to prevent corruption
- SFO capable of international investigation and intervention
Progress?

- 2016 London hosts International Anti-Corruption Summit
- British Standards Institution leads drafting of ISO37001: published in October 2016
- Companies striving to implement business best practice
- Transparency International rankings are optimistic...
- Risks in post-Brexit world
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