

# Corruption: the UK perspective



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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

- 19<sup>th</sup> and early 20<sup>th</sup> Century Legislation: complicated and out-of-date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?

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

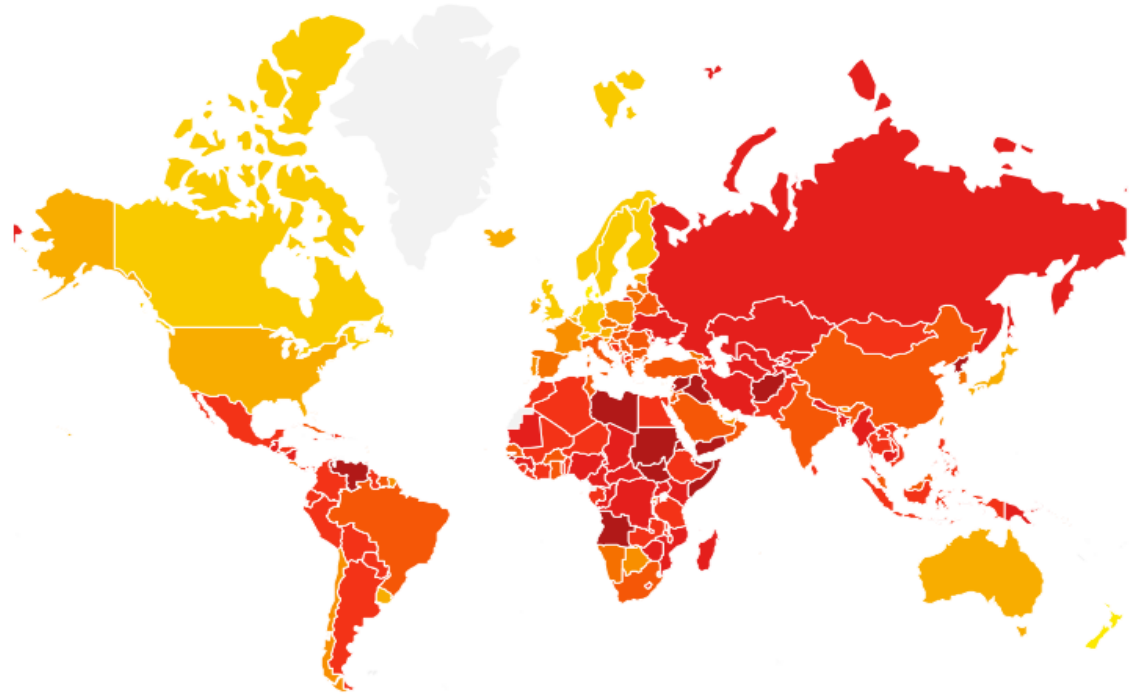


# Transparency International Rankings

2016 Rank	Country	2016 Score	2015 Score	2014 Score	2013 Score	2012 Score	Region
1	Denmark	90	91	92	91	90	Europe and Central Asia
1	New Zealand	90	88	91	91	90	Asia Pacific
3	Finland	89	90	89	89	90	Europe and Central Asia
4	Sweden	88	89	87	89	88	Europe and Central Asia
5	Switzerland	86	86	86	85	86	Europe and Central Asia
6	Norway	85	87	86	86	85	Europe and Central Asia
7	Singapore	84	85	84	86	87	Asia Pacific
8	Netherlands	83	87	83	83	84	Europe and Central Asia
9	Canada	82	83	81	81	84	Americas
10	Germany	81	81	79	78	79	Europe and Central Asia
10	Luxembourg	81	81	82	80	80	Europe and Central Asia
10	United Kingdom	81	81	78	76	74	Europe and Central Asia

# TRANSPARENCY INTERNATIONAL

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# thank you



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