

A stylized illustration of a hand with a bandage on the palm and a single white tear falling from the index finger. The background is a mix of orange, black, and white geometric shapes.

BEATING BACKHANDERS

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HONESTY IS THE BEST POLICY

HALCROW PREPARES FOR NEW UK ANTI-BRIBERY LEGISLATION WITH GLOBAL REACH

After dinner the client, who is also an influential government official, shakes your hand and passes you a small leather box, the unmistakable crown of the Rolex logo twinkling in the light. "For your wife," he says. A few days later, you discover that your subcontractor has been giving money to officials in the local municipality. He assures you this is how things are done and warns that the project won't receive planning consent without paying the administrators.

What would you do? And what would you need to do to avoid Halcrow facing potential prosecution under the UK Bribery Act 2010, regardless of where you work?

The act, which came into force on 1 July 2011, makes bribery committed by UK companies, their employees, or anyone acting on their behalf illegal, wherever they are based. Pressure for the UK to strengthen its bribery laws, in line with those in place in the United States and other countries, has been mounting for some time. The United Nations and European Union are also pushing for tougher measures. As a UK-registered company, Halcrow's operations worldwide fall squarely within the new law's jurisdiction.

PRINCIPLES BACKED BY PROCESSES

Halcrow already wears its values on its sleeve. The company's business principles set out its unconditional commitment to ethical standards. This reflects an approach that is already entrenched at every level, rather than an abstract instruction to 'do the right thing'. The incoming act provides additional impetus to ensure Halcrow's house is in order – a positive step according to group director for corporate responsibility Neil Holt. "This is about making us think about what we do and how we do it – it isn't about trying to catch anyone out," he said. "We're already very clear about what we expect from our employees and partners, at every level, but we see this as an opportunity to strengthen our processes and be even more explicit."

Where the new act flexes its muscles compared with previous anti-corruption legislation is the additional offence of failing to prevent bribery. It is not enough for companies to ensure their own operations are squeaky clean; organisations are also responsible for anyone employed to perform services on their behalf. Turning a blind eye to corrupt dealings is no excuse – companies must now demonstrate they have adequate procedures in place to prevent bribery.

ZERO TOLERANCE

If a company is accused of engaging in bribery, or failing to prevent an employee or associate from doing so, its only defence will be a demonstrable, universally accepted culture of zero tolerance, supported by detection and prevention procedures. In other words, if an individual does cross the line, the authorities will need evidence that they were acting on their own and completely out of step with the company's ethos.

A reinvigorated business principles statement is one element of Halcrow's programme, as is a new e-learning module designed to raise employee awareness of situations that could expose them and the company to ethical risk. "The online module deals with scenarios that fall into grey areas in terms of what's acceptable," said

"HALCROW'S BUSINESS PRINCIPLES SET OUT ITS UNCONDITIONAL COMMITMENT TO ETHICAL STANDARDS"



business principles co-ordinator Rob Clarke. "It cannot cover all possible situations, but it is intended to help all of us feel more confident in identifying potential 'red flags' for exposure to corruption and knowing how to respond to different situations."

COMBATING CORRUPTION IN CONSTRUCTION

Halcrow's exposure to risk falls towards the extreme end of the spectrum. Construction consistently ranks among the world's most corrupt industrial sectors, and the company's global reach leaves ample room for different interpretations of acceptability.

To help guard against this, Halcrow constantly reviews the countries in which it operates using indices published by Transparency International, the global anti-corruption organisation.

As well as identifying danger signs, Neil advocates being aware of the riskier stages in the project life cycle. "We should be especially alert at reporting or payment milestones when clients' representatives can threaten to refuse or delay approvals unless we meet their demands," he said.

WHEN IN ROME?

Diverse cultural norms add a further layer of uncertainty, both for local employees and those working in less familiar settings. Hospitality is a prime example of where differing cultural norms can create the potential for perceived or actual breaches of the law. When does a gesture of appreciation turn into an attempt to gain an unfair advantage? What is socially expected in one country could be deemed excessive in another. Transparency and traceability are paramount, and gifts and hospitality should be recorded in Halcrow's central register in

accordance with the company's business principles procedures. This protects the individual as well as Halcrow from potential accusations of improper actions.

Neil urges employees to be alert and wherever possible avoid situations that could be misconstrued. "Even innocent actions can be turned into ammunition for local politicians or competitors. So give your support to local charities by all means, but not if they're associated with an influential figure representing a current or potential client. Be wary of giving or accepting lavish meals or attending expensive events where your intentions could be misinterpreted."

The Bribery Act 2010: what you need to know

- There are four offences: offering, promising or giving a bribe; requesting, agreeing to receive or accepting a bribe; bribing a foreign public official; failing to prevent bribery
- Bribery as an offence is no longer limited to the public sector – it applies to any transaction between individuals or organisations in public or private sectors
- The act provides for unlimited fines and prison sentences of up to ten years for senior managers and directors
- The only defence to the new corporate crime of 'failing to prevent bribery' is that the company 'had in place adequate procedures designed to prevent a person associated with it from undertaking such conduct'
- It is up to each individual company to identify and implement 'adequate procedures' to suit its specific requirements – there is no 'one size fits' all model

AN EXPLICIT RESPONSIBILITY

"We understand it's a delicate balance managing client relationships," said group corporate responsibility manager Jenny Russell. "People often don't feel comfortable querying the client's links to other organisations – nobody wants to risk damaging the relationship by asking what might feel like awkward questions. However, we have an explicit responsibility to check out the connections between our clients and business partners, and ignorance is not a defence. If the client's representative recommends a particular contractor, for example, it's up to us to verify that the relationship between the two is above board."

The cost of getting it wrong can be astronomical, as Balfour Beatty found out in 2008. The company was forced to pay £2.25 million plus costs as a result of a civil action brought by the UK's Serious Fraud Office under previous legislation. This was despite no financial benefit to an individual and the offence having taken place ten years earlier.

"What keeps me awake at night isn't the fear that one of our people will deliberately get involved in corruption, it's the fear of inadvertent, naive errors landing us all in it," said Neil. "People see things differently when they come to realise that mistakes could lead to huge fines, ruined reputations and job losses for friends and colleagues."

Although the stakes are high, the new legislation represents a timely opportunity for self-reflection, ensuring Halcrow remains fully equipped to live up to its own high standards.

[Visit Halnet / who we are / business principles](#)

"CONSTRUCTION CONSISTENTLY RANKS AMONG THE WORLD'S MOST CORRUPT INDUSTRIAL SECTORS"

Getting ready: what Halcrow is doing to prepare

- Halcrow is relaunching its business principles statement. Reading, absorbing and acting on its core tenets is the responsibility of all Halcrow employees and is part of the annual performance review process
- Look out for the ethical dilemmas-based e-learning module, which will be available from the updated corporate responsibility pages on Halnet
- Visit the new business principles Halnet site and familiarise yourself with all related processes, including how you can report any concerns or potential breaches of Halcrow's ethical policies



Running for integrity

For many, Imelda Marcos's infamous shoe collection was symbolic of the corruption, cronyism and embezzlement that typified her husband's iron-fisted reign. Twenty-five years after the former first couple fled the Philippines, the country is still dogged by systemic corruption and languishes 134th out of 178 in Transparency International's corruption index.

Launched in late 2010, the Integrity Initiative unites organisations with the common goal of stamping out fraudulent practices.

Halcrow's Philippines team joined 5,000 runners, representing 500 public and private sector organisations, to pound the pavement as part of the inaugural integrity run. The event on 29 May aimed to raise the public profile of the Integrity Initiative's anti-corruption drive, which calls on the whole country to move towards a just future where pocket-lining and dishonesty is not tolerated.

The Integrity Initiative sets out to build trust in government, create a more equitable society and instil fairer market conditions. A level playing field results in improved competitiveness and increased business confidence, which in turn leads to higher levels of investment and more jobs for local people.



People power: employees from Halcrow's Philippines team let their feet do the talking

FAR FROM BEING A VICTIMLESS CRIME, **CORRUPTION** INFRINGES THE FUNDAMENTAL HUMAN RIGHT TO FAIR TREATMENT.



MORE THAN **20 COUNTRIES** HAVE REPORTED SIGNIFICANT INCREASES IN PETTY BRIBERY SINCE 2006. THE BIGGEST INCREASES WERE IN **CHILE, COLOMBIA, KENYA, FYR MACEDONIA, NIGERIA, POLAND, RUSSIA, SENEGAL AND THAILAND.**

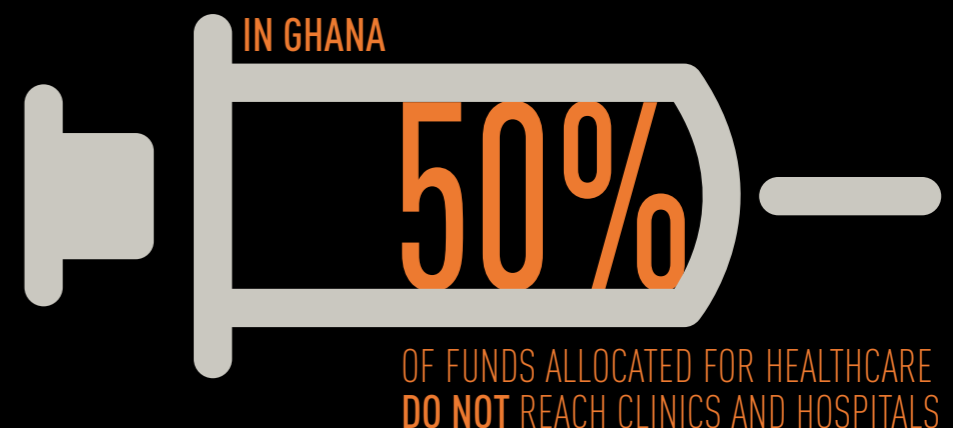


CORRUPTION IS BAD FOR BUSINESS

A **QUARTER** OF UK-BASED INTERNATIONAL COMPANIES SURVEYED IN 2006 SAID THEY HAD **LOST BUSINESS** TO CORRUPT COMPETITORS IN THE LAST

FIVE YEARS

*International business attitudes to corruption – survey 2006, Control Risks.



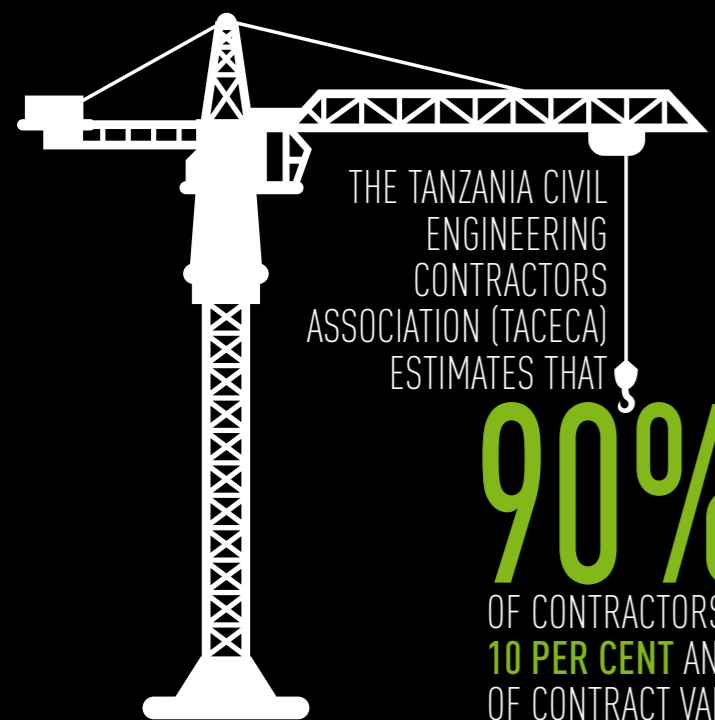
*Lindelow, M, Kushnarova, I and Kaiser, K, in 'Measuring corruption in the health sector: what we can learn from public expenditure tracking and service delivery surveys in developing countries', Transparency International, 2006 Global Corruption Report

PAYING TO WIN WORK



OF ALL COMPANIES IN INDUSTRIALISED COUNTRIES HAVE PAID BRIBES TO WIN OR RETAIN BUSINESS. IN ASIA, THIS FIGURE STANDS AT **40 PER CENT**. IN THE FORMER SOVIET UNION, **60 PER CENT** OF ALL COMPANIES MUST PAY BRIBES TO DO BUSINESS

*United Nations' World Development Report 1997



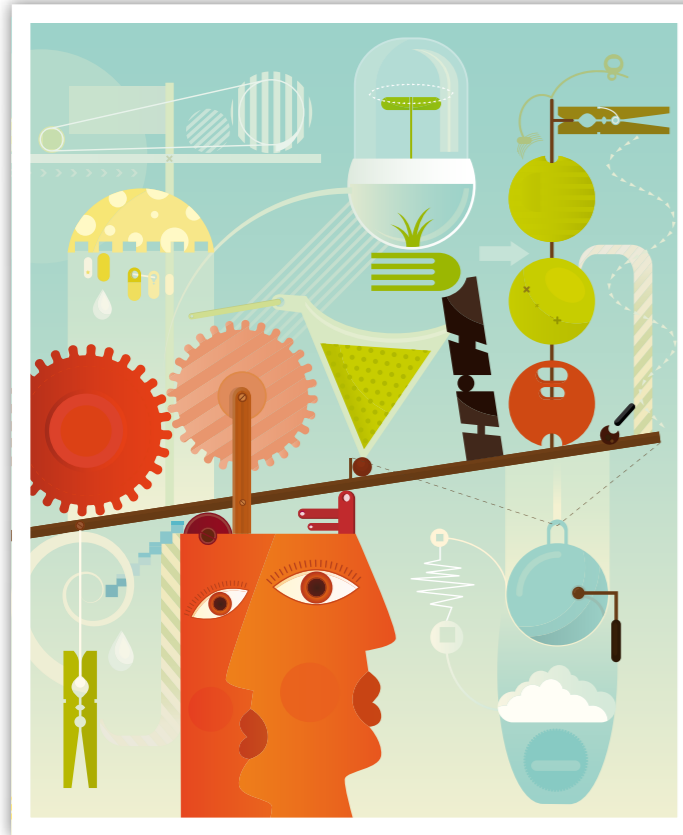
IN 2004, IT WAS ESTIMATED THAT OVER **90 PER CENT** OF CONSTRUCTION CONTRACT AWARDS AND ABOUT **70 PER CENT** OF CONSULTANCY ASSIGNMENTS WERE SECURED VIA CORRUPT PRACTICES.

*East African Bribery Index 2010, Transparency International Kenya



THE UK BRIBERY ACT 2010 IN 30 SECONDS: what you need to know

The act came into force on 1 July 2011 and covers all organisations with links to Britain. This affects Halcrow globally as a UK-registered company.



The new law certainly has teeth – KPMG consultants described it as ‘the most draconian piece of anti-bribery and corruption legislation in the world’. Here’s the low-down on the act:

- There are four offences: offering, promising or giving a bribe; requesting, agreeing to receive or accepting a bribe; bribing a foreign public official; failing to prevent bribery
- The act provides for unlimited fines and prison sentences of up to ten years for senior managers
- The only defence to the new corporate crime of ‘failing to prevent bribery’ is that the company ‘had in place adequate procedures designed to prevent a person associated with it from undertaking such conduct’
- It is up to each individual company to identify and implement ‘adequate procedures’ to suit its specific requirements – there is no one size fits all model
- Three main misconceptions exist – that the act only applies abroad, solely to businesses and only to bribery of public officials. It’s time to put these fallacies to bed. In fact, all instances of bribery are covered, regardless of where it takes place – by individuals as well as corporates, and between and within businesses as well as in the public sector

A PRINCIPLED BUSINESS

Halcrow’s business principles statement has been given a facelift. The new document is fresh, light and forward-looking, reflecting the company’s stance on ethical issues. [Click here](#) to read online or [here](#) to download a printable copy.



PRACTICE MAKES PERFECT

Have a go online before facing difficult choices

An e-learning module has been developed to help you deal with situations that could spell trouble.

How should you respond if a client offers you tickets to an extravagant event, or insinuates he’ll look favourably on Halcrow’s bid if you give him your box seat at a football final? What would you do if a police officer demanded you pay for additional security on site?



[Click here](#) for the online toolkit to help you negotiate grey areas, as well as providing advice on identifying potential ‘red flags’.

Did you know...

‘Unlimited fines’ can mean cripplingly big penalties – it’s not just a scare tactic.

In 2008, Balfour Beatty was forced to pay £2.25 million plus costs in a civil action brought by the UK’s Serious Fraud Office under previous legislation.

Elsewhere, the US Department of Justice is currently pursuing some 150 bribery cases. In the first few months of 2010 alone, the US government collected upwards of US\$610 million in fines and penalties under the Foreign Corrupt Practices Act 1977.

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YOU CAN NOW
DOWNLOAD VOX TO
YOUR DIGITAL DEVICE

ADVICE AND INFORMATION AT YOUR FINGERTIPS

The relaunched business principles Halnet site provides useful information and resources to help every employee safeguard Halcrow’s ethical reputation. Visit the site for:



- statement of business principles and other policies
- Halcrow’s hospitality register
- information on where Halcrow works, clients, partners and systems
- online training and self-assessment
- details on how to report potential breaches of Halcrow’s business principles

[Visit Halnet / who we are / business principles](#)