

BSI Case Study

BS 10500 Case Study: Specification for an Anti-bribery Management System



Balfour Beatty

Balfour Beatty is a leading global infrastructure business, which undertakes infrastructure investments and provides professional, construction and support services.

The company is listed on the London Stock Exchange and had total revenue of over £11bn in 2011.

It employs more than 50,000 people and is one of the largest construction companies in the UK and the 15th largest in the world.

With its head office in London, Balfour Beatty operates in over 80 countries, principally in the UK, US, South-East Asia, Australia and the Middle East.



Andrew Hayward
Head of Ethics and Compliance

Balfour Beatty

Reason for interest in BS 10500

Balfour Beatty undertakes business in numerous medium and high corruption risk territories. The board and management of Balfour Beatty are determined to ensure that the company has adequate procedures in place to prevent it becoming involved in any corrupt transactions.

Balfour Beatty believes that it has implemented an anti-bribery compliance programme which is compliant with international best practice. It has participated in this pilot study of BS 10500 primarily for the following reasons:

- To explore how BS 10500 could be used by a qualified external body to assess and certify (to the company's board, customers and other third parties) the implementation of the company's anti-bribery compliance programme.
- As a positive contribution to the development of anti-corruption best practice.

Assessment of Balfour Beatty's anti-corruption programme against BS 10500

Balfour Beatty's Head of Ethics and Compliance and Head of Risk Management & Assurance discussed each BS 10500 requirement with a BSI-appointed consultant, and compared the company's policies and procedures with the BS 10500 requirements. Although the purpose of the exercise was to assess the applicability and feasibility of BS 10500 and not, at this stage, Balfour Beatty's compliance with it, following the assessment Balfour Beatty believes that its anti-bribery compliance programme is consistent in all material respects with the requirements of the standard:

- Balfour Beatty has a clear anti-corruption policy, which has been communicated to its employees, clients and supply chain and is posted on the company's web-site. The company's board and senior management actively lead the implementation of this policy. A combination of on-line and in-person training is provided to relevant employees.
- The company has a Board Committee (the Business Practices Committee) comprising Balfour Beatty's non-executive Chairman and four non-executive directors. This committee meets three times per year and reviews the company's implementation of its anti-bribery policies and procedures. Meetings are also attended by the Head of Ethics & Compliance and other relevant executive managers.
- The Head of Ethics & Compliance is responsible for ensuring that the company effectively implements its anti-corruption

policies and procedures. Each of Balfour Beatty's separate operating units also has its own compliance officer.

- Balfour Beatty has risk assessment and due diligence procedures which apply in relation to the appointment of agents, joint venture partners, sub-contractors and suppliers, and prior to tendering for projects in medium or high corruption risk markets.

- The company also leverages its financial, commercial and procurement controls to help monitor and control corruption risks in relation to transactions.

- Controls are in place in relation to gifts and hospitality, and facilitation payments are prohibited.

- The company has an internal audit function which is responsible for compliance audits, as well as audits of financial and commercial controls.

- An externally administered whistle-blowing helpline is widely publicised to employees and other relevant parties. Any report relevant to the company's compliance programme is referred to the Head of Ethics & Compliance and is required to be investigated in accordance with the company's investigation procedures.

- The company maintains records of its anti-corruption programme and any compliance issues which arise. Records include matters such as the steps taken to implement the anti-corruption programme, training provided, gifts and hospitality given and received, due diligence conducted, and the justifications for the selected method of carrying out business in high risk countries.

"Balfour Beatty supports the creation of BS 10500 Anti-bribery Management System Specification."

Andrew Hayward
Head of Ethics and Compliance
at Balfour Beatty



Learning

From the assessment, Balfour Beatty learnt that:

- BS 10500 appears to be a suitable tool for assessing the anti-bribery management systems of a company such as itself.
- There were no significant differences between the requirements of BS 10500 and the anti-bribery compliance programme that Balfour Beatty has implemented.
- The pilot study exercise helped demonstrate that BS 10500 works well in practice and could be used to assess a company's implementation of an ABMS.

Benefits of the standard

Balfour Beatty helped to create BS 10500 and is a strong supporter of the helpful role it can play. The Head of Ethics & Compliance was a member of BSI's BS 10500 drafting panel.

Balfour Beatty believes that:

- 1 The Standard's requirements for an effective ABMS are appropriate;
- 2 It is scalable to organisations of different sizes;
- 3 It is appropriate for different sectors, as the requirements of BS 10500 are consistent with anti-bribery best practice;

4 The way in which organisations of different sizes and in different sectors would implement an ABMS would vary, but the standard is not unduly prescriptive and its requirements are suitably generic;

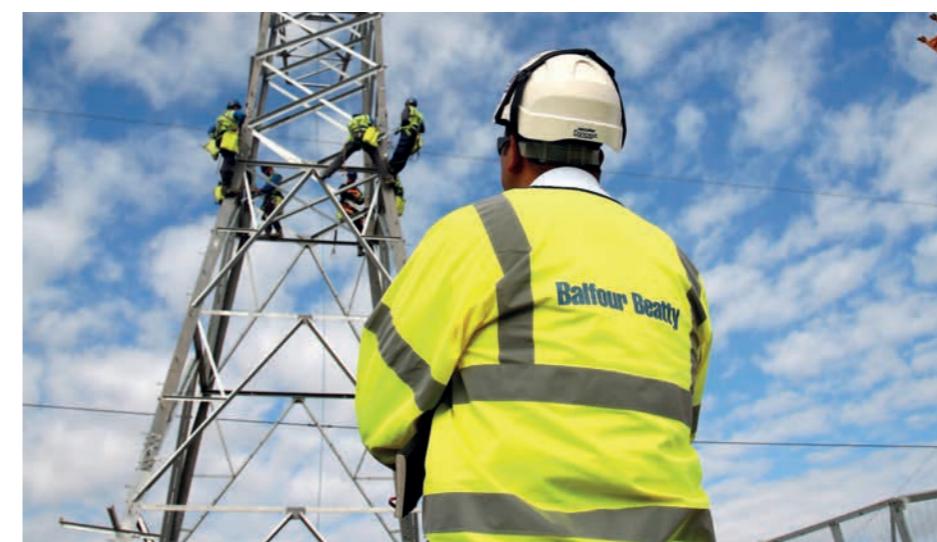
5 The pilot study exercise helped demonstrate that BS 10500 works well in practice, in that it can practically be used to assess a company's implementation of an ABMS in accordance with the Standard;

6 BS 10500 is an important tool in the fight against corruption, not least because it could help promote and improve consistent best practice both nationally and internationally.



"The requirements for an effective ABMS are appropriate for different sectors and sizes of organization and are consistent with anti-bribery best practice in general"

Andrew Hayward
Head of Ethics and Compliance at Balfour Beatty



Balfour Beatty is actively considering seeking certification to the Standard. If and when it does so, it would want to agree a detailed protocol with a reputable certifying organisation that provided as much insight as possible into how effectively all the operating units of Balfour Beatty had embedded the anti-bribery management system.

About BS 10500: 2011 Specification for an Anti-bribery Management System

In November 2011, BSI Standards published BS 10500: Specification for an Anti-bribery Management System.

BS 10500 is intended to help an organisation to implement an effective anti-bribery management system. It can be used both in the UK and internationally. The requirements of UK law and internationally recognised good practice are taken into account. It is applicable to small, medium and large organisations in the public, private and voluntary sectors.

In order to comply with BS 10500, an organisation must implement a series of management measures, including the adoption and communication of an anti-bribery policy, training and guidance for employees, appointing a compliance manager, undertaking risk assessment and due diligence, controlling gifts and hospitality, implementing effective procurement, commercial and financial controls, and instituting reporting and investigation procedures.

Compliance with BS 10500 cannot provide assurance that no bribery has occurred or will take place in relation to an organisation. However, the standard can help establish that the organisation has implemented reasonable and proportionate measures designed to prevent bribery.

Well-managed ethical organisations are likely to implement anti-bribery management systems in their organisations in the same way that they would implement quality, environmental and safety management systems.

Organisations can use BS 10500 to measure and self-declare their compliance with anti-bribery best practice. In addition, they may obtain independent certification of their compliance with the standard, just as they do for ISO 9001, ISO 14001, and OHSAS 18001.

The cost of implementing an anti-bribery management system which is compliant with BS 10500 is likely to be minimal when compared to the loss and damage which could be suffered by an organisation which gets involved in corruption.

To obtain a copy of BS 10500, please visit:

<http://shop.bsigroup.com/BS10500>

This case study was enabled by the Department for Business, Innovation and Skills as part of its ongoing commitment to supporting innovation in the UK.

About BSI Standards

BSI is the UK's national standards organization, recognized globally for its independence, integrity and innovation in the production of standards and information products that promote and share best practice.

BSI works with businesses, consumers and government to represent UK interests and to make sure that British, European and international standards are useful, relevant and authoritative. BSI has been instrumental in the creation, development and promotion of instantly recognizable and well-renowned standards. These include:

- BS 25999-1 for business continuity management
- BS ISO/IEC 27001 for information security management
- BS EN ISO 9001 for quality management
- BS EN ISO 14001 for environmental management
- BS OHSAS 18001 for occupational health and safety management.

For further information, please visit:

www.bsi-global.com/britishstandards

BSI Standards is part of BSI Group, a global independent business services organization that inspires confidence and delivers assurance to customers with standards-based solutions. Originating as the world's first national standards body, the Group has over 2,250 staff operating in over 100 countries through more than 50 global offices. The Group's key offerings are:

- The development and sale of private, national and international standards and supporting information
- Second and third-party management systems assessment and certification
- Product testing and certification of services and products
- Performance management software solutions
- Training services in support of standards implementation and business best practice.



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