



ANTI-CORRUPTION Compliance Guidelines





Introduction

This guide has been written to help you avoid problems with corruption. It provides general rules for complying with anti-corruption laws. It also gives practical examples of situations where corruption and bribery might take place and alerts you to instances where extra caution should be used. Finally, because this guide is not a substitute for expert advice, it identifies additional resources and expertise available to you. You never have to guess.

**When in doubt,  .
Don't do it. Ask for help.**

The anti-corruption rules are complex, and the pressure to ignore them can be great. But Bechtel's values require strict adherence to these laws and, because the consequences for violations are so severe, enforcement is rigorous.

Bechtel counts on every one of us to conduct our business the right way to ensure our continued success.

General Standards

At Bechtel, uncompromising integrity, honesty, and fairness are at the heart of our company. We achieve success through the excellence of our people and the quality and value of our products and services. Corruption directly conflicts with these values. There is no place for it in our business, and we do not tolerate it.

Corruption, whether in a private, commercial setting or in dealings with government, occurs when someone in a position of trust or authority misuses that position in exchange for personal gain, usually received in the form of a bribe or favor.

We all can understand how such incidents occur. Business is fast paced and competitive. In some countries, government workers are paid low wages and may even have paid a bribe to get their jobs in the first place. Their ability to collect “grease” payments may actually be viewed as a traditional employment benefit. Nonetheless, such payments are corrupt. They are almost always illegal under local law and they violate Bechtel policy.

From time to time, an individual employee might be tempted to agree to demands for improper payments to meet a business objective—particularly when the demand is for a relatively small amount and the requestor is standing in the way of something the company is already entitled to receive—such as electrical service or customs clearance. But such payments often open the door for additional requests that may be more

serious. Once a payment is made, it is virtually impossible to avoid making follow-on payments for the same or similar services. The result is a culture of corruption and a marketplace of products and services based, not on what is the best for the end user, but on personal self-interest. In the end, we are left with unfair competition, inferior products and services, and other serious problems.

Because corruption is so widespread and its effects are so damaging, almost all countries have passed or are in the process of passing laws against it. Some anti-corruption laws focus on bribery of government officials, but the prohibitions described in this guide and in our Code of Conduct apply to improper payments to private individuals—commercial bribery—as well. As expected, penalties and punishment for corruption are severe, both for companies and individual offenders, alike.

While corruption is easy to define, identifying actual corruption, or what may or may not be a bribe, can be difficult. Each culture has its own euphemisms designed to make petty corruption sound innocuous or less odious. There are countless ingenious ways to hide or disguise bribes, making detection difficult. For this reason, we all have a responsibility to educate ourselves to recognize and protect against corruption in our business dealings.

How This Guide is Organized

The following sections summarize Bechtel’s anti-corruption policy, how that policy applies in specific situations, practical guidance on how to determine which actions are permitted and which are not, when additional guidance should be sought, and the penalties for non-compliance. In addition, at the end of the guide, there is a section with frequently asked questions. These questions and answers are augmented as new issues occur, so if you are reading a printed copy of this guide, you should check the electronic version on BecWeb for additional examples and guidance.

This guide does not address every possible scenario that might contain an anti-corruption issue. Nor does it substitute for expert advice. To assist you when issues get difficult, practical resources have been identified for you.

While we cannot cover every possible situation in this guide, we can tell you what to do when you are unsure whether something is permitted:

**When in doubt,  .
Don’t do it. Ask for help...**

- From your supervisor or manager
- From the Legal Department
- From your local Ethics and Compliance Officer
- From the Anti-Corruption Subject Matter Expert identified in the Key Contacts section of the Ethics and Compliance site on BecWeb
- OR, by contacting the [Bechtel Ethics HelpLine](mailto:ethics@bechtel.com) at ethics@bechtel.com or at one of the many international toll-free telephone numbers listed on the Ethics and Compliance site on BecWeb

“There is only one way that Bechtel can stand tall as an ethical company—when each of us stands tall as an ethical individual. That means behaving ethically and with the highest level of integrity in every aspect of our work. Not just when it’s convenient or easy, but every single day, and especially when it isn’t easy.”

—Bill Dudley,
President and Chief Operating Officer

Bechtel's Anti-Corruption Policy

Bechtel is committed to full compliance with all domestic and international anti-bribery laws, regulations, and conventions that prohibit corrupt actions in obtaining or retaining business or obtaining any other improper advantage.

Bechtel policy prohibits making facilitating payments, that is, payments to secure performance of routine government actions.

Bechtel does not condone or tolerate engaging in or not reporting behavior that violates, or has the potential to violate, the standards set forth in the U.S. Foreign Corrupt Practices Act (FCPA) or the other anti-bribery laws and regulations.

Compliance is a key underpinning to maintaining confidence in our company and our reputation as the premier engineering, procurement, and construction company in the world. Corrupt actions do not help Bechtel, our customers, or the people who benefit from our work.

Put simply, Bechtel does not pay bribes of any amount to anyone.

Many laws, regulations, and conventions prohibiting bribery apply to Bechtel, its directors, and employees, and its partners, agents, subcontractors, and suppliers, including:

- United Nations Convention against Corruption
- Organization of Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Officials in International Business Transactions
- The U.S. Foreign Corrupt Practices Act (FCPA)
- Criminal Code Act 1995 (Australia)
- Anti-Terrorism, Crime and Security Act 2001 (United Kingdom)
- Corruption of Foreign Public Officials Act 1999 (Canada)
- The UK Bribery Act of 2010

“Bechtel does best in a competitive environment. We can beat any other company on this planet for an attractive assignment when we want it and when the playing field is level. Anybody who wants to un-level a playing field is not serving our interest. We win when we compete.”

—Riley Bechtel,
Chairman & Chief Executive Officer



Gifts and Business Courtesies

What We Mean by “Gifts”

Throughout this guide, you will see the term “gifts.” The term means anything of value, and includes the following:

- Cash or cash equivalents, such as gift certificates or stock
- Loans
- Tangible items
- Forgiveness or guarantees of loans or other obligations
- Meals, entertainment, or other business courtesies
- Tickets to events
- Lodging
- Use of any Bechtel facility, property, or service
- Transportation

When we use the term “gift,” we mean not only the actual act of giving something of value to another; it also refers to any offer of a gift or promise to give a gift in the future. When in doubt, apply the broadest possible meaning to the term.

Analyzing Gifts: The Four Key Questions

Not all gifts and business courtesies are prohibited by Bechtel’s anti-corruption rules and policies. Gifts, entertainment, and other business courtesies are commonly offered to create goodwill and strengthen working relationships. In many cultures, offering or giving gifts or other courtesies is a normal, expected, and customary part of doing business. Nonetheless, care must be taken to make sure that they do not give rise to the reasonable perception that they are being offered for the purpose of gaining an unfair business advantage.

We approach the issue of whether a particular gift is permitted under Bechtel’s anti-corruption policy by asking four key questions:

1. Is the purpose of the gift proper?
2. Could the purpose of the gift appear improper?
3. Does the gift violate any of the recipient’s policies or the law?
4. Does the gift violate Bechtel policy?

Each question is addressed in a separate section. At first glance, the questions may appear simple, but answering them correctly requires careful analysis of all of the required information in order to form a determination as to whether a proposed action is permissible.

Analyzing Gifts: The Four Key Questions

Key Question 1: Is the purpose of the gift proper?

IF NO:



IF YES:

Proceed to
Key Question 2
on page 13.

Bechtel wants all of our customers, whether they are commercial entities, state-owned enterprises, governments of countries outside the United States, or the U.S. government, to judge us and award us business solely upon merit: the quality of the engineering, construction, and project management services we provide.

Our business relationships are built on the mutual trust that runs between our customers and us. Thus, our customers trust Bechtel to provide excellence in knowledge, skill, experience, and customer commitment to every job, and we trust our customers to make the business decision to hire Bechtel based solely on the excellent quality and reliable, successful outcomes we deliver.

If we offer or give inappropriate gifts or business courtesies to an employee or representative of a customer in connection with our business dealings, we run the risk that the trust relationship could become distorted. This can happen if the person receiving the gift becomes tempted to make business decisions based on his or her own personal desire to receive the item being offered or given, rather than making those decisions in the best interests of the customer. In such instances, trust fails and the relationship becomes tainted by impropriety. These are the situations that anti-corruption laws and company policies are intended to prevent.

How Our Anti-Corruption Policy Applies

Key Question 1:

Is the purpose of the gift proper?

Anti-corruption rules and policies do not prohibit the giving of all gifts or business courtesies. Reasonable and limited expenditures for appropriate gifts or business courtesies, such as providing a business meal while working, are helpful in building business relationships and do not improperly affect them. In many cultures, offering or giving gifts or other courtesies is a normal, expected, and customary part of doing business.

The ultimate answer to Key Question 1 depends on what we intend to achieve by giving the gift. If the gift is being given as a normal business courtesy, without any intent to influence the recipient's decision making or to create an unfair business advantage for Bechtel, the gift may be permissible, provided the standards set forth in Key Questions 2, 3, and 4 are also met.

If, however, the gift is being given to obtain or retain business or an advantage in the conduct of business, to influence the recipient's decision making, or to gain an unfair business advantage for Bechtel, then the intent behind the gift is improper and it is prohibited.

Demonstrating Proper Intent through Transparency:

All business transactions must be fully and accurately accounted for in our books and records. This is one of the most important ways in which corruption is prevented. Most anti-corruption laws make the maintenance of accurate business records a mandatory legal requirement.

REFERENCE:

Bechtel Policy 116, Records and Information Management, <http://corporatemanual.becweb.ibechtel.com/Documents/Policies/Policy116.pdf>

The following are examples of gifts that are always unacceptable and are prohibited outright by Bechtel Policy:

- Any gift of cash or cash equivalent, including gift certificates, discounts, loans, stock, or stock options
- Any gift or entertainment that may imply an obligation to the donor or that may be considered excessive
- Any gift or entertainment that is quid pro quo (offered for something in return)
- Any "secret" or "disguised" gift

Analyzing Gifts: The Four Key Questions

Key Question 2:

Could the purpose of the gift appear improper?

IF YES :



IF NO :

Proceed to
Key Question 3
on page 15.

Even if we do not actually intend to offer or give a gift or business courtesy for an improper purpose, the type of gift, manner of giving it, timing, or other factors can create an appearance that the gift or business courtesy is improper. We must always consider and be aware of how the offer or gift would appear to an objective observer who was not involved in the transaction.

If there is a reasonable possibility that an objective observer would believe that the offer or gift was being made to influence the recipient's decision making or to gain an unfair business advantage for Bechtel, an appearance of impropriety exists. Therefore, offering or giving the gift or business courtesy is prohibited.

Typically, the purpose may appear improper because of the nature of or circumstances surrounding the gift. Consider the following when determining whether a gift may appear improper:

Value: A gift that is disproportionate in value with respect to either the recipient or the circumstances in which it is given creates the appearance of impropriety. Because there is no specific formula for determining what value is disproportionate, this is an area where you must observe caution.

How Our Anti-Corruption Policy Applies

Key Question 2:

Could the purpose of the gift appear improper?

Gifts of Nominal Value: In most circumstances, gifts of nominal value do not create an appearance of impropriety. While there is no magic number that is considered nominal, if the gift is small enough that it is unlikely to improperly influence the recipient, it is most likely allowable. Examples of gifts of nominal value include flowers, a fruit basket, a promotional item, or a small memento.

Timing: Offering or giving gifts at or near the time the recipient is making a decision that involves Bechtel's business interests often creates an appearance of impropriety. Use special caution and seek advice from your supervisor, your local ethics and compliance officer, the Anti-Corruption Subject Matter Expert identified in the Key Contacts section of the Ethics and Compliance site on BecWeb, or the Ethics HelpLine.

Frequency: Gift upon gift to the same recipient could lead an independent bystander to conclude that the purpose of the serial gifting is improper. Frequent gifts and entertainment can create the appearance of impropriety even where any one of the individual gifts would not raise such questions. With the exception of nominal gifts of logo items, repeated gifts of any sort given to the same recipient should be avoided.

Manner: Gifts given openly and with transparency (as described above) are unlikely to create an appearance of impropriety. By contrast, secret, disguised, or unrecorded gifts almost always create an appearance of impropriety.

Gifts to Government Employees:

In many countries, including the United States, the acceptance of gifts or business courtesies is strictly regulated because it is seen as one of the most obvious forms of bribery—especially when it occurs in connection with a current or potential business transaction or regulatory event. For this reason, such gifts are particularly susceptible to the risk of appearing improper, even when no impropriety is intended by the donor.

We must never give a government official any gift for the purpose of influencing the official in his or her capacity as a public official.

Bechtel employees must be particularly careful to make sure that any gift or business courtesy to a government employee complies with all applicable laws, rules, and regulations. Never offer a business courtesy unless you are confident that the recipient is allowed to accept the gift under the rules applicable to his or her organization.

Analyzing Gifts: The Four Key Questions

Key Question 3:

Does the gift violate any of the recipient's policies or the law?

IF YES :



IF NO :

Proceed to
Key Question 4
on page 18.

Bechtel's customers include a wide array of commercial and governmental entities. The general rule against corruption applies equally to all of our customers: We do not give anything of value to anyone for an improper purpose.

But, because corruption is a particular problem when it comes to dealings with government officials, different and stricter rules apply to them than apply to commercial customers. Moreover, different rules may apply to officials of governments outside the United States than apply to officials of the U.S. government.

Because each of these categories of potential recipients has different laws, regulations, and policies that apply to gifts, even if a gift is given with the proper intent (Key Question 1) and has no appearance of impropriety (Key Question 2), it nevertheless may be impermissible under the particular rules that apply to the recipient and/or the laws of the jurisdictions that apply to the transaction. To make this decision, we must first accurately identify the recipient.

The Commercial Customer: Under anti-corruption laws, non-government customers (here, commercial customers) are defined as those who are entirely in the private sector. No part of their ownership or control is exercised by any governmental entity. Few legislated rules dictate the nature or value of gifts to commercial

Key Question 3:

Does the gift violate any of the recipient's policies or the law?

customers, and commercial customers are generally freer to accept gifts than their government counterparts as long as the gifts are not for an improper purpose. However, this is an evolving area and, for example, the United Nations Convention Against Corruption recommends that signatory countries implement laws regulating this area.

Even so, most private enterprises have adopted gift policies that determine whether a commercial customer is allowed to accept a gift offered by Bechtel. For example, many companies place a dollar limit on gifts that their employees may accept. Before offering a gift to a commercial customer, make sure you know about any such policy or company prohibition. Many of these policies are publicly available on the companies' websites. It is your responsibility to make yourself aware of any restrictions and to comply with them.

The Government Customer: Very strict and complicated laws and policies apply to dealings with government officials. These laws and policies vary depending on the official's government employer. For the purposes of this guide, government employers fall within two categories: Officials of governments outside the United States and officials of the United States government.

Officials of governments outside the United States is defined very broadly for purposes of anti-corruption laws and policies. This category includes:

Keep in Mind:

- Recipients may have their own internal gift rules and guidelines—be aware of them to avoid embarrassing others.
 - Government employees are often bound by strict guidelines as to what they can receive. Know these rules to avoid situations that can create misunderstandings.
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- Employees of governmental entities, as well as their spouses or other family members
 - Anyone treated as a government official under the law (this usually includes a third-party consultant or project manager retained by a government or government official to represent the interest of the government)
 - Government agencies or organizations controlled by the government
 - Employees of companies or organizations that are state-owned, or partially state-owned, or controlled by the government
 - Candidates for political office
 - Political parties

If you are considering giving a gift to any official of a government outside the United States, seek advice in advance from the Legal Department, your

organization's ethics and compliance officer, the Anti-Corruption Subject Matter Expert identified in the Key Contacts section of the Ethics and Compliance site on BecWeb, or the Ethics HelpLine.

Officials of the United States

government is defined to include any employee of any of the three branches of the federal government of the United States (and, for purposes of this section, also includes employees of state governments within the United States).

- Specific requirements and restrictions apply to the offering of business courtesies to U.S. government officials or employees.
- Laws, regulations, and rules concerning acceptable meals, gifts, or entertainment for U.S. state and federal government employees are extremely complicated and vary depending on the government branch.
- The U.S. Office of Government Ethics has issued restrictive and complex rules regarding the acceptance of gifts, meals, entertainment, travel, and other business courtesies by U.S. federal executive branch employees, including U.S. military personnel. Many U.S. government agencies have established their own interpretations of these rules, and Bechtel complies with these standards. Different rules apply to the U.S. legislative branch.

Never offer or give a gift or other business courtesy to any U.S. government employee unless the regulations applicable to that employee permit its acceptance.

Never offer or give a gift or other business courtesy to any U.S. government employee unless the regulations applicable to that employee permit its acceptance.

If you are unsure, contact the Legal Department, your local Ethics and Compliance Officer, the Anti-Corruption Subject Matter Expert identified in the Key Contacts section of the Ethics and Compliance site on BecWeb, or the Ethics HelpLine for further guidance.

Analyzing Gifts: The Four Key Questions

Key Question 4:

Does the gift violate Bechtel policy?

IF YES :



IF NO :

The Gift
is Allowed.

Even if a gift is given with proper intent, carries no appearance of impropriety, and complies with laws, rules, and regulations applicable to the recipient, it still must satisfy Bechtel policy before it can be given. Certain kinds of gifts require advance consultation, approval or concurrence from the appropriate Bechtel manager.

Consultation and Approval Requirements

Before offering any gifts, entertainment or other hospitality, meals, travel expenses, or charitable donations to a government official, seek advice from the Legal Department, your organization's ethics and compliance officer, or the Ethics Helpline.

Political Contributions and Activities:

In the United States and many other countries, a corporation's political activities are significantly limited by law. As a general rule, political contributions of corporate funds or use of corporate property, services, or other assets (including employee work time spent on such activities) for political purposes is prohibited or highly restricted. For this reason, Bechtel policy requires advance approval or notification of the appropriate Bechtel manager, even where such activities are permitted. And, of course, any costs incurred in connection with them must be strictly and properly accounted for.

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- In the United States, notify the Washington, D.C. office of any inquiries or visits (planned or unplanned) to or from U.S. executive branch or legislative branch officials or political candidates.
 - Outside the United States, notify the Bechtel country manager of any inquiries or visits to or from any government official or political candidate.
 - Ensure that any corporate or project contributions, political events, and use of company time or resources for political purposes are approved by the Bechtel Washington, D.C. office (U.S. federal), corporate External Affairs & Communications (U.S. state or local), or the applicable country manager (non-U.S.).

III-Considered Gifts: In addition to prohibiting the types of gifts listed in the discussion of Key Question 1, Bechtel’s Gifts Policy, as contained in our Code of Conduct, prohibits any gift or entertainment that is in poor taste, indecent, sexually oriented, inconsistent with Bechtel’s value of mutual respect, or that might reflect poorly on Bechtel.

Facilitating Payments: As previously mentioned, any gift made in exchange for the performance of a routine action by a government official is a “facilitating payment” and is strictly prohibited by Bechtel policy.

“Our commitment to ensuring compliance, even if it means that we will not be awarded a project, contributes significantly to our reputation. ... We’ve refused to participate in or lost a significant amount of work because of our no-options, no alternative, and no-excuses approach to the issue.”

—Adrian Zaccaria,
Vice Chairman

Accepting Gifts

Most of us are aware of the need for caution in “offering gifts” to avoid the risk of inadvertently violating anti-corruption laws and conventions, but we must also be careful when considering whether to accept a gift. While it is true that most global and local anti-corruption laws make the act of bribery unlawful, some laws, such as the UK Bribery Law of 2010, also make it illegal to **accept** a bribe or improper payment.

Gifts, entertainment, and other business courtesies are commonly offered to create goodwill and strengthen working relationships, but care must be taken to ensure that they create neither actual conflicts of interest or divided loyalty, nor the appearance of an improper attempt to influence our business decisions.

Although we may generally accept modest, unsolicited business courtesies (other than cash), recognize that most business courtesies offered in the course of our employment are offered because of our position at Bechtel; as such, they are the property of Bechtel, and we should not feel entitled to accept and keep them for our personal use.

Any gift or business courtesy that could appear to be excessive or lavish or that could create a feeling of obligation to the donor is unacceptable. Such gifts could be perceived as bribes and damage Bechtel’s reputation or even break the law.

Gifts that are Always Unacceptable

- Gifts or entertainment from parties engaged in a proposal or competitive bidding process
- Gifts of cash or cash equivalent (such as gift certificates, discounts, loans, stock, stock options)
- Gifts or entertainment that is quid pro quo (offered for something in return) or that could give rise to the perception that it is quid pro quo or that could create a feeling of obligation to the donor
- Entertainment that is indecent, sexually oriented, does not comply with Bechtel’s value of mutual respect, or might otherwise adversely affect Bechtel’s reputation
- Gifts or entertainment that you would not feel comfortable discussing with your manager or reading about on the front page of the newspaper

Employees who award contracts or can influence the allocation of business, who create specifications that result in the placement of business, or who participate in negotiating contracts must be particularly careful to avoid actions that create the appearance of favoritism or that could adversely affect our reputation for impartiality and fair dealing. The prudent course is to refuse a courtesy from a supplier or contractor when Bechtel is involved in selecting or reconfirming an award or contract under circumstances that could create an impression that offering courtesies is the way to obtain Bechtel business.

What to do if you are offered an improper gift:

If you are offered a gift that you know is unacceptable under Bechtel policy, you cannot accept the gift. This is true even if you know that the offer was made with no corrupt intention. You can politely decline the gift and explain that you are obligated to follow Bechtel’s policy regarding the acceptance of business courtesies.

But what should you do if you are offered an unacceptable gift by a customer or business associate under circumstances where you believe it would be insulting to the donor to decline the gift?

Never accept a gift of cash or cash equivalent, such as a gift certificate, bank check, money order, investment security, or negotiable instrument, under any circumstances.

First, politely make every effort to decline. If the person persists and you feel certain that refusal would cause insult or embarrassment to the donor, you should politely accept the gift but promptly report it to your manager. Management, in consultation with your organization’s ethics and compliance officer, will determine the proper disposition.

This exception to the normal rule does not apply to a gift of cash or a cash equivalent, such as a gift certificate, bank check, money order, investment security, or negotiable instrument. Such gifts must be refused when offered.

Use of Third Parties or Intermediaries

Anti-corruption rules do not distinguish between acts performed by Bechtel and acts performed by others we may hire to assist in Bechtel's business activities. Prohibitions that apply to Bechtel employees apply equally to all individuals and entities who act on our behalf. This ensures that companies do not skirt the law by funneling corrupt dealings through third parties or intermediaries.

Typical third parties or intermediaries used in business dealings may include:

- Consultants
- Agents
- Custom clearing agents
- Sales agents or sales consultants
- Suppliers
- Subcontractors
- Partners
- Joint venture or consortium partners
- Freight forwarders
- Attorneys
- Lobbyists
- Financial advisors

The law thus obligates us to be aware of all activities of third parties or intermediaries who perform Bechtel-related business. Our obligations start with a duty to be careful in our initial selection of any third party or intermediary to represent Bechtel or transact business on the company's

behalf. We then have a continuing duty to properly supervise all such third parties or intermediaries as they perform Bechtel-related activities to prevent misconduct. Upon any indication of misconduct, we have a duty to respond appropriately by reporting the misconduct as soon as possible.

Be alert to the potential for a violation of anti-corruption rules or laws where third parties or intermediaries are involved in the transaction. If an agent or consultant suggests making a payment that appears improper or unusual, investigate. Decline the payment if the request is in any way questionable. Beware especially of requests for:

- Unusually large sums
- Cash
- Payments for which there is inadequate documentation
- "Rush" or "last minute" payments
- Unexpected commission payments
- Payments to be made in the name of individuals or entities other than those named in the relevant Bechtel purchase order or agreement
- Payments to accounts in countries other than the one in which we are transacting business

REFERENCES:

- Bechtel Policy 224, Joint Associations, <http://corporatemanual.becweb.ibehtel.com/Documents/Policies/Policy224.pdf>
- Bechtel Policy 304, Entity and Organization Agreements For Outside Consulting and Representative Services, <http://corporatemanual.becweb.ibehtel.com/Documents/Policies/Policy304.pdf>
- Bechtel Legal Instruction 103, Entity and Organization Agreements For Outside Technical Consulting Services and Representative Consulting Services, <http://corporatemanual.becweb.ibehtel.com/Documents/Management%20Instructions/LI%20103.pdf>
- Legal Department Procedure No. 1.0, Business Ethics and Finance Due Diligence for Agents, http://compliance.becweb.ibehtel.com/Documents/LDP_No1.0_DD_Partners.doc
- Legal Department Procedure No. 2.0, Business Ethics and Finance Due Diligence for Business Partners, http://compliance.becweb.ibehtel.com/Documents/LDP_No2.0_DD_Agents.doc

Facilitating Payments

In some countries, government officials may expect or even demand small payments to perform their official or routine duties in a timely way or simply to perform their required duties at all. Typically, demands for such payments come from officials performing public safety, postal, harbor master, tax collection, regulatory, or licensing or permitting functions; from officials who process visas or other government papers; or from those who control the movement of goods across borders.

These payments are called “facilitating payments” or “grease payments,” and they cover any payments made in exchange for routine action. Facilitating payments are strictly prohibited by Bechtel policy. Even though such payments are not illegal under the U.S. Foreign Corrupt Practices Act, facilitating payments are a form of corruption, and most, if not all, countries forbid them by law.

Nonetheless, many officials may expect or demand facilitating payments as a normal part of doing business, even though they are illegal. As a result, you may feel pressure to make such payments to accomplish your Bechtel job. Do not make them. Additionally:

- Beware of requests, hints, or insinuations by any government official for any kind of payment in cash, even relatively small sums. Cash payments are prohibited.

Facilitating payments are strictly prohibited by Bechtel policy.

- Beware of requests for unusual payments, such as unforeseen taxes, permit fees, or expediting charges, especially while government officials appear to be delaying obligatory or ministerial action. These are likely disguised facilitating payments.
- Never succumb to local custom, pressure, or the argument that “that’s just the way business is done here.” Gifts that conform to local custom can still violate applicable anti-corruption laws.
- Never make any payments without supporting documents, invoices, or receipts that fully and accurately describe the type and purpose of the payment.
- Never allow any business partner or third party to make facilitating payments on Bechtel’s behalf.
- Never use personal funds to make a facilitating payment.

If you encounter a problem with demands for facilitating payments, contact your manager, the Legal Department, the Anti-Corruption Subject Matter Expert identified on the Key Contacts page of the Ethics and Compliance site on BecWeb, or the Bechtel Chief Ethics and Compliance Officer. They will help you find a solution that does not require making facilitating payments.

Charitable Contributions

Charitable contributions are a part of Bechtel's commitment to creating sustainable development in many of the countries in which it conducts business. Charitable contributions can take the form of:

- Facility funding associated directly or indirectly with the award of or performance of an underlying contract
- Donating time, funds, or property
- Using work time or Bechtel facilities or services for, or to assist, charitable organizations
- Providing a share of revenue to a state-owned enterprise established for charitable purposes
- Fundraising in support of community activities

Unfortunately, there can be a risk of corruption associated with contributions made to charitable entities. Payments made under the guise of charitable contributions are sometime used as a means to circumvent anti-corruption laws. Corruption can arise where the charitable entity is non-existent, a front or shell enterprise, or associated with a government official.

For this reason, we must use caution when making charitable donations. They may not be offered:

- To gain an improper advantage or to influence government officials
- To obtain or retain business
- To obtain or retain an advantage in the conduct of business

- When the entity to which the contribution is made is associated with, or owned by, a government official
- When such a contribution is not permitted by applicable law
- When both the donation and its intended use are not transparent

In addition, any charitable donation and its intended use must comply with all other applicable legal requirements, such as the U.S.A. Patriot Act and other similar U.S. statutes that prohibit sponsoring or giving anything of value to organizations or individuals that sponsor or support terrorism or the spread of weapons of mass destruction.

All charitable donations must be properly and accurately reflected in Bechtel's books and records.

Because of the complexities involved in making charitable contributions, you should seek guidance from the Legal Department or the organization Ethics and Compliance Officer, or the Anti-Corruption Subject Matter Expert identified in the Key Contacts section of the Ethics and Compliance site on BecWeb if you have any questions about a contemplated or requested charitable contribution.

REFERENCE:

Bechtel Policy 404, Corporate Contributions and Memberships <http://corporatemanual.becweb.ibechtel.com/Documents/Policies/Policy404.pdf>

If You Are Asked to Make An Improper Payment

Most of the discussion so far has been about what to do to make sure that you understand Bechtel's anti-corruption policy and applicable anti-corruption laws and conventions so that you don't inadvertently offer a gift that is improper. But what do you do when you are faced with a request from a commercial or government employee for an improper gift—or even an outright demand that you pay a bribe?

When in doubt,  .

Don't do it. Ask for help...

- From your supervisor or manager
- From the Legal Department
- From your local Ethics and Compliance Officer
- From the Anti-Corruption Subject Matter Expert identified in the Key Contacts section of the Ethics and Compliance site on BecWeb
- *OR*, by contacting the Bechtel Ethics HelpLine at ethics@bechtel.com or at one of the many international toll-free telephone numbers listed on the Ethics and Compliance site on BecWeb



What to Do If You Are Asked to Make An Improper Payment

Immediate Response

- If possible, take time to think about the situation and talk to your manager. Then seek guidance from the Legal Department, your local Ethics and Compliance Officer, or the Bechtel Anti-Corruption Subject Matter Expert identified on the Key Contacts page of the Ethics and Compliance site on BecWeb.
- If you are unable to seek guidance before responding, then:
 - Politely refuse the first request and explain that Bechtel’s business principles do not allow such payments.
 - If the request is repeated, explain that for you to make such a payment would violate Bechtel policy and could violate applicable laws.
 - Explain that any request for payment must be made in writing and must be reported by you to Bechtel management.

Follow-up Action: Document and Report the Situation Internally

- Make a record of the request.
- Immediately report the incident to your manager and the Legal Department, your business area Ethics and Compliance Officer, or the Bechtel Anti-Corruption Subject Matter Expert identified on the Key Contacts page of the Ethics and Compliance site on BecWeb. They can determine the best course of action.

Be Aware of the Vocabulary of Corruption

Words and Phrases for “Bribe” Around the World

Angola

gaseoso (soft drink)

China

chaqian (tea money)

zou hou mien

(going through the back door)

Egypt

ashaan ad-dukhaan

(something for your cigarettes)

ashaan ash-shay

(something for your tea)

bakshish (gift, tip, or donation)

barteel rashwah (bribe)

kahwa (coffee)

India

rishwat (grease)

baksheesh; ghos, hafta (bribe)

chai-pani (tea and water)

Iraq

kahwa (a good coffee)

Mexico

soborno (bribe)

mordida (bribe)

refresco (soft drink)

dinero por debajo de la mesa

(money under the table)

Nigeria

kola, dash, egunje (bribe)

Peru

coima (slang for bribe)

Philippines

lagay (to put it)

kotong, suhol (bribe)

Romania

rasplata (requit)

Russia

vzyatka (bribe)

dat' na lapu (give to the paw)

Thailand

sin bone (tea money)

Turkey

rusvet (bribe)

USA

bribe, kickback, payola,

sweetener, backhander,

hush money, grease,

wet my beak

Other Considerations

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Due Diligence Guidelines for Business Partners and Agents

From time to time, it is in Bechtel's interest to form a business association with another party. These associations may be used to provide access to special technical expertise or additional financial resources, to allow for sharing of costs and risks, to meet contractual or legal requirements for local participation in a project, or to allow Bechtel to engage in certain market segments more effectively. Similarly, Bechtel retains, on occasion, agents or other representatives to act on our behalf and aid in our business.

These associations are entered into with due care and consideration and with the expectation that our business associates share our commitment to ethical business conduct and compliance with the law. We expect our agents, partners, subcontractors, and suppliers to be guided by the principles summarized in our Code of Conduct and these Anti-Corruptions Guidelines.

Nevertheless, such associations can present compliance risks to Bechtel since, in many cases, we can be held responsible for the misconduct of our business partners and agents. For that reason, complete due diligence must be conducted and all required approval obtained before entering into any agreement with a joint venture partner or retaining an agent or representative.

Bechtel has adopted Ethics and Finance Due Diligence Guidelines to provide general guidance for preparing

and completing a proper due diligence investigation with respect to proposed business partners and agents. Proper completion and review of the investigation outlined in those guidelines is fundamental to thoroughly assessing all business partners, representatives, or agents and is essential for ensuring compliance with Bechtel's policies.

REFERENCES:

- Bechtel Policy 224, Joint Associations, <http://corporatemanual.becweb.ibehtel.com/Documents/Policies/Policy224.pdf>
- Bechtel Policy 304, Entity and Organization Agreements For Outside Consulting and Representative Services, <http://corporatemanual.becweb.ibehtel.com/Documents/Policies/Policy304.pdf>
- Bechtel Legal Instruction 103, Entity and Organization Agreements For Outside Consulting and Representative Services, <http://corporatemanual.becweb.ibehtel.com/Documents/Management%20Instructions/LI%20103.pdf>
- Legal Department Procedure No. 1.0, Business Ethics and Finance Due Diligence for Agents, http://compliance.becweb.ibehtel.com/Documents/LDP_No1.0_DD_Partners.doc
- Legal Department Procedure No. 2.0, Business Ethics and Finance Due Diligence for Business Partners, http://compliance.becweb.ibehtel.com/Documents/LDP_No2.0_DD_Agents.doc

Record Keeping

Virtually all anti-corruption laws require companies and individuals to maintain accurate and complete books and records in the ordinary course of business. Falsifying records, attempting to conceal a transaction, or otherwise failing to accurately and fully record a transaction or expenditure violates Bechtel policy. It is impermissible for you to:

- Maintain any “off the books” accounts
- Mischaracterize any transaction
- Improperly record any transaction
- Provide less than complete information or explanation for a transaction
- Fail to maintain complete and accurate records

REFERENCE:

Bechtel Policy 116, Records and Information Management <http://corporatemanual.becweb.ibechtel.com/Documents/Policies/Policy116.pdf>

Personal Physical Security Exception

Anti-corruption laws, while very important, never take precedence over personal safety or security. If your personal safety or that of another is ever at risk and payment is demanded in exchange for that safety, pay. Bechtel authorizes you to make any payment necessary to secure your physical safety or that of another. Report the situation and your response as soon as possible.

This is a rare and extraordinary exception to these rules and can never be employed simply to evade anti-corruption obligations. This exception does not apply to extortion or threats of property damage.

Frequently Asked Questions

Anti-Corruption Laws and Bechtel Policy

Q. What is the FCPA?

- A. The Foreign Corrupt Practices Act (FCPA) is the U.S. anti-corruption law that prohibits U.S. companies and their employees from trying to obtain or retain business or seek an improper advantage by offering improper payments or giving anything of value to foreign government officials.

Q. Is anti-corruption just a U.S. issue?

- A. No, virtually every country has now enacted anti-corruption laws. Some of these laws contain obligations that are even more stringent than those set forth in the FCPA.

Q. What is the UK Bribery Act?

- A. The UK Bribery Act of 2010 is the UK anti-corruption law that prohibits both offering and accepting bribes. It applies to both commercial bribery and bribery of government officials inside and outside the UK.

Q. Why is compliance with anti-corruption laws so important?

- A. Compliance is a key underpinning to maintaining confidence in our company and our reputation as the premier engineering and construction company in the world. Corrupt actions do not help Bechtel, our clients, or the people who benefit from our work.

A violation may subject Bechtel and Bechtel employees to criminal or civil liability, or both, including imprisonment and substantial penalties and fines.

Q. What should I do if I face an anti-corruption issue?

- A. If you think you have an issue (e.g., you are approached to make a payment, provide a gift, reimburse hospitality expenses, etc., or become aware that others have done so), do not try to resolve the issue yourself. Seek guidance from the Legal Department, your Ethics and Compliance Officer, or the Anti-Corruption Subject Matter Expert identified on the Key Contacts section of the Ethics and Compliance site on BecWeb to ensure that appropriate actions are taken and documented. You can also seek guidance from, or anonymously report concerns about questionable conduct to, the Ethics Helpline.

Facilitating Payments

Q. What is a facilitating payment?

- A. In many jurisdictions it is the local custom of making small payments to expedite the routine actions of lower level ministerial employees. These payments are sometimes referred to as “grease” or “facilitating” payments. All facilitating payments are prohibited by Bechtel policy.

Q. Who typically requests such payments?

- A. These requests may come from any number of government officials, such as customs agents, tax collectors, harbor masters, permitting authorities, mail carriers, and police officers, all with regard to the performance of services that they are in any event required to perform as a consequence of their position.

Q. Why are these requests problematic?

- A. Facilitating or expediting payments are illegal in almost every country. In addition, once a payment is made, it is virtually impossible to avoid making follow-on payments for the same service.

Q. Can we be held responsible for the actions of our subcontractors?

- A. Potentially yes. As an example, we could be exposed if we have reason to know or should have reason to know that our customs clearance company has engaged in this type of proscribed activity in the past. In such event, we need to take steps to ensure that the contractor understands that such behavior is not tolerated with respect to our projects.

Personal Safety Exception

Q. What should I do if faced with a situation such as being alone in an airport and I feel my personal safety is at issue if I don't pay a nominal sum being demanded by a customs officer to stamp my passport?

- A. Your personal safety is of paramount importance. While you should always try to avoid being placed in such a situation and should make sure that Security knows where you are, if you don't see any viable alternative, then pay the nominal amount, report the payment to your supervisor, and make a record of the payment.

Joint Venture Partners and Agents

Q. Why do I need to be concerned about a joint venture (JV) partner?

- A. The actions of a JV partner will always be attributed to Bechtel, whether Bechtel is aware of those actions or not. A JV partner and its employees who work on the JV are considered agents of the other JV partner. It is imperative that Bechtel closely oversee the activities of our JV partners that relate to the JV. In short, anti-corruption laws do not differentiate between actions taken by the JV partner or its employees and those of Bechtel.

Q. What if I become aware of a potentially proscribed act by a JV partner or if I am approached by our partner and asked to take an action that may be proscribed?

- A. Immediately report it to your supervisor and your ethics and compliance officer. Do NOT try to resolve the issue yourself. Remember, anti-corruption laws typically proscribe prohibited acts done either directly or indirectly by a party or through a third party or intermediary. A JV partner cannot take any action for or on behalf of the JV or Bechtel that we could not do ourselves as Bechtel employees.

Q. When do I need to seek approval to use a JV partner, exclusive subcontractor, or representative?

- A. Approval to enter into any association must be obtained in accordance with Bechtel's policies before a commitment is made to that party. It is important to remember that Bechtel enters associations with other parties only if they have ethical standards comparable to our own. In all instances, full due diligence must be conducted before the request is submitted.

Charitable Contributions

Q. How do I know whether a charity is legitimate and a contribution is acceptable?

- A. You must conduct due diligence in accordance with Bechtel policy before agreeing to give a donation to a charity. Seek guidance from Corporate Affairs and the Legal Department.

Q. What if I am approached by a client and asked that Bechtel make a donation to a local charity?

- A. Tell the client that you cannot make a commitment at that time but will pass along the request to the appropriate manager. No contribution may be made until due diligence is conducted and reviewed and any required approval has been obtained as set out above. Remember, you cannot use personal funds to make a contribution to a charity if applicable anti-corruption laws would not allow the contribution to be made with Bechtel funds.

Record Keeping

Q. What do I do if I become aware that any Bechtel records are not being accurately maintained?

- A. Immediately report the matter to your supervisor, Internal Audit, your Ethics and Compliance Officer, and/or the Legal Department.

Q. Do Bechtel’s rules for keeping accurate books and records also apply to joint ventures?

- A. Yes. The actions of a JV partner will always be attributed to Bechtel, regardless of whether Bechtel is aware of those actions or not. A JV partner and its employees who work on the JV are considered agents of the other JV partner. It is, therefore, imperative that Bechtel has oversight of the financial activities, including the JV’s books and records.

When and How to Report Violations of our Anti-Corruption Policy

Q. I understand I have an obligation to report anti-corruption violations, but what if I’m not sure about the facts or don’t have enough information to conclude that a violation has occurred?

- A. We all have the responsibility to ask questions if we are concerned that the Bechtel standards of conduct are not being met. Talk to your manager, your organization’s Ethics and Compliance Officer, or the Anti-Corruption Subject Matter Expert identified in the Key Contacts section of the Ethics and Compliance site on BecWeb or call the Ethics HelpLine. They can help you determine whether there is an ethics or compliance issue that should be reported.

Q. Can I get in trouble for reporting a suspected anti-corruption violation to the Ethics HelpLine if it turns out I was mistaken or my allegation is not substantiated by the investigation?

- A. No. There is never a penalty for contacting the Ethics HelpLine in good faith. Bechtel investigates all allegations of retaliation and takes appropriate corrective action if retaliation is found to have occurred.

Q. Will I find out what happened when the company investigated my report?

- A. You will be informed of the outcome when the investigation is completed if you identify yourself. If you have reported the matter anonymously, you can call the Ethics HelpLine later to learn the outcome of the investigation. However, due to privacy considerations, the company may not provide you with certain information or details of disciplinary action taken.

Violations of These Guidelines

Violations of these anti-corruption guidelines are taken very seriously and may be grounds for termination or other disciplinary action for any employee who:

- Authorizes or participates in a violation
- Improperly or negligently supervises a person who commits a violation
- Fails to report a violation or withholds relevant information
- Fails to cooperate in any investigation
- Attempts to retaliate against an employee who reports a suspected violation

How to Report Violations

Bechtel depends on you to report violations or potential violations of these anti-corruption guidelines so that the company can take appropriate action to address any issues.

Several different channels of reporting are available, depending on the issue, including:

- Your supervisor
- A higher level of management
- Your Ethics and Compliance Officer
- The Legal Department
- Internal Audit
- The Bechtel Ethics HelpLine

The Ethics HelpLine may be contacted in any of the following ways:

- By e-mail to:
Ethics (or ethics@bechtel.com)
or bsiicomp@bechtel.com
(for BSII employees)
- By mail to:
Bechtel Ethics HelpLine
P.O. Box 2610
San Francisco, CA 94126-2610
- By telephone:
1-800-BECHTEL
(1-800-232-4835)

The Ethics HelpLine is answered from 7:00 a.m. – 4:00 p.m. PST, Monday – Friday. A confidential voicemail box will record a message if the line is busy or if the contact occurs after business hours. (Note: Caller ID is not used on Ethics HelpLine telephone numbers.)

- At one of the international toll-free telephone numbers listed on the BecWeb Ethics and Compliance site



Published by:

Ethics and Compliance, Bechtel Corporation, 50 Beale Street, San Francisco, CA 94105-1895
<http://compliance.becweb.ibechtel.com/default.aspx>