

GOOD MORNING AND THANK YOU FOR SUCH A KIND
INTRODUCTION.

IN THE FEW MINUTES I HAVE WITH YOU, I WISH TO OFFER
REMARKS WEARING NOT ONE BUT TWO HATS. FIRST, I AM HERE
REPRESENTING THE WORLD ECONOMIC FORUM AND ITS
PARTNERING AGAINST CORRUPTION INITIATIVE (OR PACI, FOR
SHORT). SECOND, I AM HERE AS A SENIOR EXECUTIVE OF THE
FLUOR CORPORATION, ONE OF THE WORLD'S LARGEST
ENGINEERING AND CONSTRUCTION COMPANIES. IN THIS
CAPACITY, MY OBJECTIVE IS TO CONVEY AND OUTLINE THE
PRACTICAL EXPERIENCES OF SETTING UP WHAT WE BELIEVE TO
BE A SOUND, EFFECTIVE ANTI-CORRUPTION PROGRAM.

BUT FIRST THINGS FIRST: AT THE 2002 MEETING OF THE WORLD
ECONOMIC FORUM IN DAVOS, LEADERS FROM THE GLOBAL
ENGINEERING AND CONSTRUCTION INDUSTRY WERE GATHERED
FOR THE PURPOSE OF DEFINING AN AGENDA FOR THE NEXT
SEVERAL YEARS. FLUOR CHAIRMAN AND CEO, ALAN BOECKMANN,
URGED THAT THE GROUP FOCUS ON ANTI-CORRUPTION. WHY?
ALAN WOULD SAY, IF HE WERE HERE, THAT OVER THE YEARS, HE

HAD GROWN ENORMOUSLY FRUSTRATED AT LOSING COMPETITIONS FOR LARGE PROJECTS TO THOSE WHO WERE MORE THAN WILLING TO PAY BRIBES OR ENGAGE IN OTHER FORMES OF CORRUPT BEHAVIOR. MOREOVER, TRANSPARENCY INTERNATIONAL HAD JUST RANKED THE ENGINEERING AND CONSTRUCTION SECTOR NEXT TO LAST ON THE ITS INDEX OF INDUSTRIAL CORRUPTION. THE CEOS AGREED TO ACT AND THE INITIATIVE THAT WOULD BECOME PACI WAS LAUNCHED. BY DAVOS 2003, WE HAD DEVELOPED A SET OF ANTI-CORRUPTION PRINCIPLES, AN EFFORT I HAD THE PLEASURE OF LEADING AND WHICH WAS EXPERTLY FACILITATED BY FERMYN BROOKS OF TI AND MARK PIETH OF THE BASEL INSTITUTE ON GOVERNANCE. BY DAVOS 2004, THE ENERGY, MINING AND METALS SECTORS JOINED THE EFFORT, AT WHICH TIME IT BECAME FORMALLY KNOWN AS PACI. TODAY, THERE ARE SOME 130 SIGNATORY COMPANIES FROM BOTH WITHIN THE WORLD ECONOMIC FORUM AS WELL AS FROM WITHOUT. OUR MORE RECENT SIGNATORY COMPANIES INCLUDE ALL OF THE BIG FOUR ACCOUNTING FIRMS AND MOST RECENTLY, SHELL OIL. BUT WHAT DOES IT MEAN TO BECOME A PACI SIGNATORY? TWO THINGS ARE REQUIRED; ONLY A CEO CAN

SIGN OUR COMMITMENT LETTER FOR HIS OR HER COMPANY. IN DOING SO, THE CEO AGREES TO A ZERO TOLERANCE POLICY TOWARD BRIBERY AND CORRUPTION AND FURTHER COMMITS TO PUT IN PLACE WITHIN THE COMPANY AN ANTI-CORRUPTION PROGRAM THAT IS WHOLLY CONSISTENT WITH THE PACI PRINCIPLES.

AS AN ASIDE, I SHOULD POINT OUT HERE THAT WE ARE MOST PLEASED WHEN THE GLOBAL COMPACT MADE THE DETERMINATION THAT BECOMING A PACI SIGNATORY WAS ONE VERY MEANINGFUL WAY TO DEMONSTRATE PROGRESS AGAINST THE TENTH PRINCIPLE! I WOULD LIKE TO OFFER A BRIEF ADVERTISEMENT HERE AND RECOMMEND THAT ALL THE CORPORATIONS REPRESENTED TODAY GIVE SERIOUS CONSIDERATION TO BECOMING A MEMBER OF PACI, BUT MORE ON THAT LATER.

SO, WHAT HAPPENS WHEN A COMPANY SIGNS A PACI COMMITMENT LETTER? TYPICALLY, THOSE IN A NEW SIGNATORY COMPANY OFTEN EXPRESS SOME LEVEL OF CONCERN AND

CONSTERNATION, AND ASK THEMSELVES, WHAT ARE WE GETTING INTO? SOME WILL SAY, THE AREAS OF THE WORLD IN WHICH WE OPERATE ARE JUST TOO CHALLENGING AND DIFFICULT – A ZERO TOLERANCE POLICY SIMPLY IS NOT WORKABLE. OTHERS MIGHT SAY, WE CAN MANAGE OURSELVES EFFECTIVELY, BUT WHAT ABOUT SUPPLIERS? SURELY WE CANNOT BE ACCOUNTABLE FOR WHAT THEY MIGHT DO. YET, OTHERS MIGHT SAY, PUTTING INTO PLACE AN EFFECTIVE PROGRAM IS JUST TOO HARD. WHY NOT A STRAIGHTFORWARD CODE OF CONDUCT AND LET IT STAND AT THAT? ALL OF THESE AND MORE ARE QUITE VALID AND NORMAL OBSERVATIONS, CONCERNS AND QUESTIONS. WHICH GETS ME TO MY FIRST TRULY CRITICAL POINT: THERE ARE NO MAGIC BULLETS IN ADDRESSING THE ISSUE OF CORRUPTION. IN TERMS OF PUTTING INTO PLACE AN INTERNAL PROGRAM, IT IS CHALLENGING WORK. WHAT THERE ARE, HOWEVER, ARE SEVERAL STANDARDS FOR WHAT AN EFFECTIVE ANTI-CORRUPTION PROGRAM SHOULD AND CAN LOOK LIKE. ALONG WITH PACI, THERE ARE TRANSPARENCY INTERNATIONAL'S BUSINESS PRINCIPALS AND THOSE OF THE INTERNATIONAL CHAMBER OF COMMERCE AND WITHIN PACI AND TI, THERE ARE GUIDANCE DOCUMENTS FOR

COMPLIANCE OFFICERS OUTLINING IN GREAT DETAIL HOW TO SET UP A PROGRAM.

WITHIN PACI, WE ADVOCATE A THREE-STEP PROCESS. ONE, PUT A PROGRAM IN PLACE THAT TRACKS THE PRINCIPLES. TWO, SELF-MONITOR THE PROGRAM UTILIZING TI'S SELF-MONITORING TOOL, AND THIRD, SUBMIT YOURSELF TO THIRD PARTY REVIEW. FLUOR DID THIS LAST OCTOBER WHEN REPRESENTATIVES FROM TI AND PRICE WATERHOUSE SPENT A WEEK AT OUR CORPORATE HEADQUARTERS EXAMING THE COMPANY'S NEWLY MINTED ANTI-CORRUPTION PROGRAM.

BUT HOW DID FLUOR GET STARTED? WHAT HAVE WE LEARNED THAT MIGHT BE USEFUL TO OTHERS? WHAT OVERARCHING PRINCIPLES MIGHT BE TRANSFERABLE TO OTHER ORGANIZATIONS?

UPON SIGNING THE PACI COMMITMENT LETTER, OUR CEO CREATED THE POSITION OF CORPORATE COMPLIANCE OFFICER. THIS INDIVIDUAL, IN TURN, RECRUITED A MULTI-DISCIPLINARY

GROUP FROM WITHIN THE COMPANY, ALONG WITH OUTSIDE COUNSEL, FOR THE PURPOSE OF DESIGNING FLUOR'S INTERNAL ANTI-CORRUPTION EFFORT. I DON'T MEAN TO SUGGEST HERE THAT WE WERE STARTING FROM SCRATCH. THE COMPANY HAD A PROGRAM AND IT HAD WORKED QUITE WELL FOR MANY YEARS. BUT, DID IT ADEQUATELY TRACK OUR PACI PRINCIPLES OR ANY OF THE ACKNOWLEDGED STANDARDS? THE ANSWER WAS CLEARLY NO. SO, OVER THE COURSE OF NEARLY NINE MONTHS AND BEGINNING WITH A THOUGHTFUL RISK ASSESSMENT, OUR INTERNAL GROUP MET REGULARLY AND LITTLE BY LITTLE, BRICK BY BRICK, BUILT A PROGRAM THAT IS FULLY CONSISTENT WITH PACI. IT ADDRESSES IN VERY SPECIFIC TERMS EVERYTHING FROM CONTRIBUTIONS TO THE SELECTION AND VETTING OF AGENTS TO THE SELECTION AND VETTING OF SUPPLIERS, TO EMPLOYEE HOTLINES AND OTHER FORMS OF INTERNAL COMMUNICATION. THROUGHOUT THIS PROCESS, THERE EMERGED FOUR MAJOR LEARNINGS THAT I WOULD LIKE TO SHARE WITH YOU.

FIRST, IT IS IMPORTANT AS A MATTER OF CONTEXT TO ADOPT AN ANTI-CORRUPTION SET OF STANDARDS, WHETHER IT'S PACI'S, TI'S OR THE ICC'S. THESE ENTITIES ALL PROVIDE ASSISTANCE, GUIDANCE AND SUPPORT IN PUTTING AN EFFECTIVE PROGRAM IN PLACE. MY ORGANIZATION, PACI, HAS A MULTITUDE OF HELPFUL DOCUMENTS AND EVEN CONDUCTS REGULAR MEETINGS OF ITS SIGNATORIES FOR THE PURPOSE OF SHARING INFORMATION AND DISCUSSING ISSUES CRITICAL TO ACHIEVING SUCCESSFUL OUTCOMES.

SECOND, TO HAVE AN EFFECTIVE PROGRAM, IT IS ABSOLUTELY CRITICAL THAT THERE IS THE STRONGEST POSSIBLE SUPPORT FROM THE TOP, SPECIFICALLY FROM THE CEO. THIS IS, AFTER ALL, A LEADERSHIP ISSUE AND WITHOUT THE CEO BEING THE PRIMARY DRIVER, IT WOULD BE MOST CHALLENGING TO ATTAIN THE ORGANIZATIONAL DISCIPLINE NECESSARY FOR OVERALL SUCCESS.

THIRD, IN PUTTING A PROGRAM TOGETHER, I BELIEVE IT ESSENTIAL TO ENGAGE A MULTI-DISCIPLINARY GROUP OF

LEADERS, PEOPLE WHO BRING GREAT CREDIBILITY BY WHO THEY ARE AND WHAT THEY REPRESENT WITHIN THE COMPANY. IN FLUOR'S CASE, WE HAD OPERATIONS MANAGERS AS WELL AS SALES AND PROCURMENTS FOLKS CORPORATE STAFF FROM ALL THE REGIONS OF THE WORLD IN WHICH WE OPERATE.

FINALLY, THE COMMITMENT TO EMPLOYEE TRAINING CANNOT BE OVEREMPHASIZED. NORMAL CORPORATE COMMUNICATION ON ANTI-CORRUPTION IS MOST HELPFUL IN ESTABLISHING THE SUBJECT AS A PRIORITY. BUT, IT IS OUR EXPERIENCE AND STRONGEST BELIEF THAT A SERIOUS, COMPELLING, ON-GOING TRAINING EFFORT IS AN ABSOLUTE MUST. AT FLUOR, THIS TRAINING IS WELL UNDERWAY AND OVER THE NEXT SEVERAL WEEKS, WILL REACH ALL THE COMPANY'S SUPERVISORY, MANAGEMENT AND EXECUTIVE LEVELS WORLDWIDE.

AT THIS POINT, I THINK I SHOULD STOP. BUT I WILL ADD THAT IN REPRESENTING PACI AND FLUOR, I BELIEVE WE SHOULD BE ENCOURAGED BY THE MULTITUDE OF SIGNIFICANT EFFORTS ADDRESSING THE ANTI-CORRUPTION FRONT. AS I SUGGESTED,

THE WORK IS NOT EASY AND THERE ARE NO SIMPLE ANSWERS. THERE ARE, HOWEVER, A NUMBER OF PROCESSES THAT SURELY HAVE THE CAPACITY TO BE EFFECTIVE! WHAT I SEE EMERGING IS AN IMPRESSIVE NETWORK OF ENTITIES ALL WORKING DILIGENTLY ON THIS ISSUE AND COLLABORATING IN NEW AND THOUGHTFUL WAYS - - A GLOBAL MOVEMENT, IF YOU WILL. PACI IS PROUD TO BE ASSOCIATED WITH THE GLOBAL COMPACT, TI, THE ICC, THE BASEL INSTITUTE AND OECD, AND OTHER AS WE CONTINUE TO PUSH THIS MOVEMENT FORWARD.

IN TODAY'S WORLD, TO HAVE CREDIBILITY ON THE CSR FRONT, WE BELIEVE A COMPANY MUST HAVE A CLEAN HOUSE ON THE ISSUE OF CORRUPTION. THEREFORE, PUTTING INTO PLACE AN EFFECTIVE ANTI-CORRUPTION PROGRAM, SHOULD BE AMONG ANY COMPANY'S GREATEST PRIORITIES. AS ALB TOLD ME RECENTLY, THIS IS AN ISSUE WHERE IT IS IMPOSSIBLE TO DO TOO MUCH!

THANK YOU FOR YOUR KIND ATTENTION.