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Logistics groups at risk from bribery law

By Rose Jacobs

Half of the world's biggest logistics companies are putting themselves and customers at risk of prosecution under new UK bribery laws by failing to publish a complete draft of anti-corruption policies, according to data.

Research by GoodCorporation, a business ethics consultancy, has found that only two in three big logistics groups have publicly outlined their approach to fighting bribery and half have no statement on illegal "facilitation payments" used to speed deliveries through customs.

This is in spite of the sector being particularly exposed to the UK laws, which came into effect in July last year, extending the range of parties vulnerable to prosecution.

"You have to do due diligence on partners, and logistics companies often don't have the very basic documents," says Michael Littlechild, a founder and director of GoodCorporation.

Will Kenyon, a partner in the forensic services group at PwC, agrees: "Risk does not stop at the boundaries of your own organisations, and logistics companies' raison d'être is to move goods on behalf of others."

He says companies using the likes of DHL, Federal Express and United Parcel Service may now be asking their logistics providers for assurances – including public statements and published policies – that appropriate anti-corruption steps are being taken.

The UK has been at the forefront of anti-bribery efforts, with the law particularly strong in relation to facilitation payments. In logistics, however, "the payments are common practice if you don't want your package sitting on the hot quayside collecting dust", says Mr Littlechild.

"They [logistics companies and their subcontractors] have daily interactions with customs officials, port authorities and individual representatives of government agencies of one sort or another whose influence far outweighs their salaries – and they're obvious sources of risk," says Mr Kenyon.

Under the UK legislation, company directors may face fees and even prison sentences. Logistics groups are not alone in needing to take particular account of the new laws, but Mr Littlechild believes the sector has been slower to respond than its peers in oil and gas or construction.

"I would be astonished if you found even one of the top 30 energy companies that didn't have a code of ethics," he said. "Logistics groups are worried about this gumming up their works and so they're resisting putting them into place."

However, a study by Ernst & Young found the oil and gas industry accounted for 20 per cent of all UK bribery and graft prosecutions over the past four years.

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