

## Glencore Energy UK Ltd. case

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### Case Overview

#### **Glencore Energy UK Ltd. case**

**a. Description:**

Description: the UK Serious Fraud Office (SFO) uncovered that Glencore's traders, particularly from its West Africa desk, engaged in long-term bribery schemes. They paid bribes to government officials in countries like Nigeria and Cameroon, often using local third-party agents and masking payments as "service fees" or "office expenses." Glencore pleaded guilty in June 2022 to seven counts of bribery, after an SFO investigation exposed that it had paid bribes to maximize its oil trading profits in five African countries.

**b. Location and Date:**

- Location of both the offence: United Kingdom and West Africa
- Location of the proceedings: United Kingdom
- Date of the offences: between approximately 2007 until 2018
- Date of when investigations began: year 2019
- Guilty plea entered in: June 2022.

### Reflection questions

- How does your company ensure transparency in financial transactions and third-party payments?
- Are your employees aware of and trained in anti-bribery and anti-corruption policies?
- What processes do you have for vetting new partners, suppliers, or contractors?
- Do you assess the integrity of your business partners and avoid working with those involved in unethical practices?
- How do you manage operations in high-risk markets or regions with known corruption risks?
- Have you conducted your activities in a manner that upholds the highest ethical standards, even if laws don't explicitly require them?
- What would you do if you unintentionally pay a bribe (e.g., through an approved third-party invoice in good faith, which was later revealed to be a bribe?)

### Impact

- Outcome: Glencore was ordered to pay a financial penalty, which included heavy fines, confiscation order, and covering the SFO's procedure costs.
- Judgements/Penalties: Penalties totaled £280 million.

## Integrity Issue

### Specific concern:

- SMEs and multinational companies often operate in regions where corruption risks are higher. The Glencore case highlighted how bribery was used to gain access to markets in Africa.
- The case revealed a culture of corruption within Glencore's West Africa desk, where bribery was normalized. This raises concerns for SMEs and other businesses about the importance of fostering a culture of transparency and ethical behavior at every level.
- The massive fines imposed on Glencore underscore the financial and reputational damage that corruption can cause. For companies and SMEs, where resources are often limited, the financial consequences of a corruption scandal could be devastating.
- The use of third-party agents in Glencore's bribery scheme brings attention to the risks that companies face when outsourcing functions or working with intermediaries in high-risk regions.

### Related SDGs:

- **SDG 16: Peace, Justice and Strong Institutions**  
The Glencore case, involving extensive bribery to gain unfair advantages in African countries, underscores the need for companies to adhere to anti-corruption measures to ensure fair markets and transparent institutions.
- **SDG 17: Partnerships for the Goals**  
The case demonstrates the importance of interinstitutional cooperation to tackle issues such as bribery and corporate corruption effectively. For example, in the case of Glencore, there should have been greater cooperation and communication between the West African desk with its other subsidiaries, especially the headquarters.
- **SDG 10: Reduced Inequality**  
Bribery and corruption disproportionately affect developing nations by taking away opportunities from local businesses and fair competition.

## Public Response

The case was a significant moment for corporate accountability in the UK, given that Glencore is a major global player with subsidiaries in many countries. Organizations worldwide reacted by calling for stronger regulations to prevent such corruption. The SFO was praised for bringing one of the most comprehensive corporate corruption cases to justice, but the case also highlighted the ongoing need for stronger reforms in corporate governance and anti-bribery measures across Europe. According to the 2023 press release of the Commission of the EU, new directions and tools have been developed to tackle corruption at the global level, some of which being the EU Network Against Corruption serving as support to the Commission through interinstitutional cooperation to map common areas where corruption risks are high across the EU.

## Learnings:

### Key takeaways:

- Strong ethical leadership is essential. In the Glencore case, unethical behaviors were normalized within certain departments, indicating a lack of integrity in leadership.
- There was a lack of financial oversight, particularly with payments that were disguised as service fees or expenses; SMEs and multinational companies must implement strict financial and operational controls.
- As evident in the Glencore case, insufficient due diligence on third-party agents allowed bribery and corrupt payments to occur under the disguise of legitimate transactions. The use of third-party agents to facilitate bribes shows how crucial it is for companies of all sizes to conduct due diligence on all business partners.
- Glencore's involvement in widespread bribery severely damaged its reputation, showing the long-term business risks of practices that do not align with integrity behaviours. Such failures can have a lasting impact on a company's reputation, affecting relationships with stakeholders, investors, and customers.

### Impact on sustainability:

- The Glencore case illustrates how corporate bribery creates unfair business environments and strengthens corrupt officials, which impedes the establishment of transparent and accountable institutions preventing the fulfillment of sustainability goals.
- Corruption can impede access to basic services, such as clean water, healthcare, and education. When these services are not equitably distributed, it becomes harder for societies to build resilient, sustainable communities that prioritize well-being for all.
- Corruption weakens (global) partnerships by reducing trust between nations, companies, and institutions.
- The actions of Glencore are the epitome of its impact on sustainability by prioritizing short-term, private gain over the long-term well-being of societies, ecosystems, and economies.

## Applying Learnings in Your Organization

- Establishing a strong code of ethics and integrity should cover aspects like bribery, gifts, and how to handle interactions with public officials. Ensuring that employees understand this policy and its consequences is critical. This can be done through trainings and workshops.

- A key lesson from the Glencore case is the importance of due diligence in hiring third-party agents and contractors. Before making any decision, ensure that all relevant and up-to-date information is gathered and verified. Decisions should never be made on incomplete or outdated data.
- Employees, especially those in higher-risk roles (sales, procurement), should be regularly trained to recognize bribery red flags, such as unexplained payments or requests for facilitation payments.
- Rely on diverse sources of information, including market research, financial reports, employee input, and expert opinions, to avoid bias or blind spots.
- Develop a structured checklist to guide decision-makers through the process of gathering relevant information, assessing risks, and verifying the accuracy of their findings.
- For larger companies, establish an internal ethics advisory group that can review high-risk or high-impact decisions. This committee would provide guidance on potential ethical concerns that may arise as early as possible in the process.

## References

### Article, Serious Fraud Office:

- [Glencore to pay £280 million for 'highly corrosive' and 'endemic' corruption - Serious Fraud Office \(sfo.gov.uk\)](https://www.sfo.gov.uk/news/2023/09/20/glencore-to-pay-280-million-for-highly-corrosive-and-endemic-corruption)

### News Article:

- [UK charges Glencore's billionaire ex-head of oil over corrupt payments \(ft.com\)](https://www.ft.com/content/2023/09/20/uk-charges-glencore-billionaire-ex-head-of-oil-over-corrupt-payments)

### Videos:

- [Glencore scandal: Cameroon opposition demands inquiry into bribery • FRANCE 24 English \(youtube.com\)](https://www.youtube.com/watch?v=...)
- [Glencore pleads guilty to foreign bribery and manipulation of markets \(youtube.com\)](https://www.youtube.com/watch?v=...)

EU document on developments: [IP\\_23\\_2516\\_EN.pdf \(europa.eu\)](https://ec.europa.eu/euipo/ip232516/en)