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Glencore to pay £280 million for 'highly corrosive' and 'endemic' corruption



Glencore Energy UK Ltd will pay £280,965,092.95 million (over 400 million USD) after an SFO investigation revealed it paid US \$29 million in bribes to gain preferential access to oil in Africa.

At Southwark Crown Court today, Mr Justice Fraser, reflected in his judgement that *“the facts demonstrate not only significant criminality but sophisticated devices to disguise it”* before sentencing the commodities trading giant to pay a financial penalty in response to the seven charges of bribery that *“represent sophisticated offending that was sustained over prolonged periods of time”*.

Mr Justice Fraser remarked on the culture that developed at Glencore *“in which bribery was accepted as part of the West Africa desk’s way of doing business... The corruption is of extended duration... It was endemic amongst traders on that particular desk... Bribery is a highly corrosive offence. It quite literally corrupts people and companies, and spreads like a disease.”*

Commenting on the financial penalty – the largest ever for an SFO case following a conviction, Mr Justice Fraser noted: *“This is a significant overall total. Other companies tempted to engage in similar corruption should be aware that similar sanctions lie ahead.”*

Glencore pleaded guilty in June this year to seven counts of bribery, after an SFO investigation exposed that it had paid bribes to maximise its oil trading profits in five African countries.

The conviction includes the first ever use of substantive bribery offences for a company, meaning senior individuals at Glencore authorised the bribery instead of simply failing to prevent it.

The financial penalty ordered by the Judge includes a fine, a confiscation order for the profit it obtained from bribes, and the SFO’s costs in full. The confiscation order is not only the largest ever for an SFO case, the total amount the company will pay (£280 million) is the highest ever ordered in a corporate criminal conviction.

SFO investigation

The SFO opened an investigation into Glencore in 2019, focussed on the activity of the London-based West Africa desk. This desk sourced and traded in crude oil from countries across Africa.

The investigation uncovered a trail of text messages, large cash withdrawals and deliberately concealed payments that showed Glencore paid bribes worth a total of \$29m to secure its access to oil in Cameroon, Equatorial Guinea, Ivory Coast, Nigeria and South Sudan.

In Nigeria, Equatorial Guinea and the Ivory Coast, Glencore was revealed to have used well-connected local agents to funnel bribes into state-owned oil companies and government ministries, often disguising a bribe as an unspecified “service fee”, “signing bonus” or “success fee” in financial reports.

\$15 million of “office expenses” used as cash bribes

In Cameroon and South Sudan, the approach used was different. In August 2011, two Glencore executives from the West Africa desk flew to South Sudan by private jet, carrying \$800,000 in cash. The money had been withdrawn from the cash desk at Glencore Plc’s Swiss headquarters and recorded as expenses for “opening [the] office in South Sudan”. The money was paid via a local agent to officials in the newly established government in South Sudan, and this was followed by a further \$275,000 in cash.

Between 2012 and 2015, another Glencore trader withdrew a total of \$8.2m in cash from the company’s Swiss cash desk, recorded as “office expenses”, despite there being limited evidence of any office operating in the country. This, along with \$5.5m of “service fees” withdrawn in cash by a Nigerian agent, was periodically flown, again on private jets, to Cameroon. It was used to bribe officials in the country’s national oil and gas companies.

Lisa Osofsky, Director, Serious Fraud Office said: “The SFO has today brought justice to bear and exposed what was a deliberate and endemic culture of bribery at Glencore.

“This has been a landmark case in UK anti-bribery enforcement, marking the first time since the introduction of the Bribery Act 2010 that a corporate has been convicted for the active authorisation of bribery, rather than purely a failure to prevent it.

“For years and across the globe, Glencore pursued profits to the detriment of

national governments in some of the poorest countries in the world. The company's ruthless greed and criminality have been rightfully exposed."

Contact Information

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Notes to editors

- The Serious Fraud Office fights complex financial crime to deliver justice and protect the UK's reputation as a safe place to do business. We investigate and prosecute the most serious or complex cases of fraud, bribery and corruption.
- The SFO estimates Glencore's bribery to have generated a financial benefit of approximately £93.5 million for the company.
- The total amount to be paid by the corporate comprises a penalty of £182,935,392 million (US\$289,117,138), a confiscation order of £93,479,338.95 million and the investigation and prosecution costs of the SFO of £4,550,362 million.
- Two of the individuals involved in the offending were Business Ethics Officers or on the Business Ethics Committee at Glencore's London office.
- The SFO's investigation into individuals at Glencore is ongoing.
- This is the first sentence to be handed down to Glencore for bribery offences. The SFO has worked in parallel with the US Department of Justice, and closely with the Dutch and the Swiss on this investigation. Glencore has also been charged with both market manipulation and bribery offences in the US. On the former, they were sentenced in September to US \$486 million.
- Lisa Osofsky, Director of the SFO, visited members of the Glencore case team at court yesterday morning as the sentencing of Glencore commenced. **PA Media** has a selection of photographs of her outside court with the team.

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