

**TRANSCRIPT OF FLUOR CORPORATION'S Q&A ON THE
PARTNERING AGAINST CORRUPTION INITIATIVE (PACI)**

**AN INTERVIEW WITH FLUOR CHAIRMAN AND CEO ALAN BOECKMANN
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World Economic Forum (WEF): Fluor is heavily involved with the World Economic Forum's Partnering Against Corruption Initiative (PACI). Why did Fluor choose to get involved in this issue?

Boeckmann: Well, there were multiple reasons. One of the most pressing ones was we knew that there was an unlevel playing field out there. There are companies that engage and participate in bribery and corruption in order to get business. There are a number of countries and locales in which it is in fact a way of doing business. The problem is that it distorts economies. It takes away from and robs people and economies of the resources that could be put to better use. It's outright criminal, and the right thing to do is to fight corruption.

WEF: What role can or should the private sector play in fighting corruption?

Boeckmann: The private sector has a significant role to play here. First of all, there have been a lot of actions over the past 30 years by governments and governmental organizations to start and continue the battle against corruption. But it really boils down to companies. Companies represent the supply side of corruption; it's companies and individuals within those companies that pay the bribes that are demanded by corrupt officials. By banding together and creating a critical mass, companies can take a zero-tolerance approach and make sure that it is enforced through their entire employee population and put pressure on these locales and economies, where in fact bribery used to be a way of doing business. I think the momentum is changing, and if we can get a truly critical mass of companies engaged in the Partnering Against Corruption Initiative (PACI) and practicing these principles, there's no doubt in my mind that we can make significant progress in the fight against bribery.

WEF: U.S. companies are at a disadvantage in securing international contracts because American anti-corruption legislation prohibits American companies from cooperating with corrupt agents in all business worldwide. How is Fluor interested in leveling the commercial playing field?

Boeckmann: First of all, the Foreign Corrupt Practices Act in the United States does outlaw the paying of bribes, but you know, a company that doesn't pay bribes or that acts ethically is in fact in a number of areas disadvantaged or at a competitive disadvantage at least. And it's not just U.S. companies; it's companies that practice ethical behavior. And I think, as we get into this effort, as we've started the momentum going with PACI, we're starting to see that companies banding together can make a difference. And in fact if can practice and get the PACI principles

into action through compliance mechanisms, then I think that playing field is on its way to being leveled.

WEF: Concretely, what has PACI achieved to date?

Boeckmann: To go over the achievements of PACI, I really have to start at its inception. PACI started really in the Engineering & Construction Governors Group of the World Economic Forum, when a group of us there saw a Transparency International poll that ranked construction on a worldwide basis the second worst industry for corruption. Well, first of all, we didn't like that, but secondly, we all knew there was an unlevel playing field out there. We tackled and over that year drew up principles of anti-corruption for our industry. As we presented those at Davos that following year, it caught the attention of the Energy Governors Group and the Mining & Metals Governors Group. So for the next year, we worked together to use those principles and to expand them into a broader base that would represent all of those industries. With the rollout of the PACI principles, as they were then named by this multiple industry group, we received, since then, more than 110 signatories – companies that are committing to a zero-tolerance approach to bribery and corruption and are also committing to put in place the processes and procedures that will inform their employee base of their zero-tolerance approach and more importantly then catch any violations that may occur. Those 110 companies represent a half trillion dollars of annual revenue. A rather significant number of committed companies that have now formed a critical mass in the fight against corruption. Our next step then with these PACI signatories was to engage the World Bank and other multilateral development banks and have them co-opted into our program so that these banks can, through their loan programs, develop language that prohibits corruption and bribery. The last step we've done, and I think it's a rather significant one, is develop a self-assessment tool, which allows companies that are signatories of PACI to test internally their processes, to give them feedback on their effectiveness and their ability to do what they're aimed at doing, and that is to fight corruption. What is yet to be done is to go out and create a compliance mechanism, one that can be used to test compliance between companies, so that you know that those companies you are dealing with on a business basis are operating in the same manner that you are – ethically compliant.

WEF: How could existing anti-corruption initiatives, including PACI, have a greater impact?

Boeckmann: First of all, and most obviously, companies that sign on to PACI must do so not just for the public relations benefit of signing the document but truly putting it into action. If we can get companies to really take the PACI principles seriously, and a great number of them are showing significant evidence of doing so, that will make a tremendous difference. But I think the next step is also vitally important, and that is that once companies have started to practice PACI, that they band together and work in more in what I would call an exclusive arrangement for business, not that eliminates competition but that ensures that companies compete and work for each other's business do so in an ethical and honest manner. If we can put those compliance mechanisms into place and have serious implementation, then I think PACI will truly live up to its absolutely promise of stamping out corruption.

WEF: What has Fluor done to counter corruption inside its own company, and how does it measure the results?

Boeckmann: Since its inception, Fluor has been committed to socially responsible behavior and supporting a work environment that places integrity as one of its highest priorities. Each year, our employees review and re-commit to Fluor's Code of Business Conduct and Ethics, which is the centerpiece of our policies and procedures on ethical business conduct. As part of this comprehensive code, the payment of bribes is unequivocally prohibited. No exceptions. We provide our employees with several avenues to report suspected violations to our Code of Conduct, including an ethics hotline, which is available 24 hours a day, seven days a week. Translators are available to talk with callers in more than 150 languages. Calls that are made to this hotline are absolutely confidential and remain anonymous. Each call is investigated by Corporate Security and Corporate Compliance, and we report to our Board of Directors on any activities in this area. Our company has been a leader in the global anti-corruption movement and is a founding member of PACI. In taking a zero-tolerance approach to corruption, we recognized here at Fluor, as with any company, there is that issue of human nature, where people will succumb to temptation. It is incredibly important that we communicate throughout the entire company our zero-tolerance approach to corruption, and that we put in place systems and procedures that will in fact find issues of corruption, and we will deal with them in a zero-tolerance manner. That is, in my opinion, the hallmark of an ethical company.