

Gunvor Group Ltd**Gunvor pays almost \$100m to settle Africa corruption case**

Prosecutors say Swiss energy trader lacked measures to prevent staff bribing officials



Gunvor chief executive Torbjorn Tornqvist said the company had learnt lessons and was willing to walk away from 'good business' if it was too risky © Reuters

Neil Hume OCTOBER 17 2019

Gunvor, one of the world's biggest energy traders, has agreed to pay Swiss prosecutors almost \$100m to settle a long-running corruption case that exposed serious deficiencies in its oversight of staff.

In a damning verdict, Switzerland's attorney-general said the Geneva-based company had failed to take all of the "organisational measures that were reasonable and necessary" to prevent its employees and agents from bribing public officials to win oil deals in Congo-Brazzaville and Ivory Coast between 2009 and 2011.

"The investigation revealed that during the period under scrutiny, Gunvor had taken no organisational measures to prevent corruption in its business activities: the company did not have a code of conduct to give a clear signal and guidance to its employees on their activities, nor did it have a compliance programme," the attorney-general said [in a statement](#) on Thursday.

The penalty is one of the largest levied on a commodity trading company by Swiss authorities,

which have faced calls to impose tougher rules on the industry.

Commodity trading often involves operating in countries that have been hotbeds of corruption, or where it is difficult to secure business without well-connected intermediaries. Some of these relationships have become a focus of investigations by the US Department of Justice, as well as prosecutors in Switzerland and Brazil.

Gunvor's settlement follows the [conviction last year](#) of a former employee, Pascal Collard. He was given an 18-month suspended sentence after he admitted to bribing officials in Congo-Brazzaville and the Ivory Coast between 2009 and 2012 to secure oil cargoes.

The trading firm no longer does business in Congo-Brazzaville, and Africa only accounts for 4 per cent of its business.

In a [statement](#), Gunvor said it had taken steps to enhance its compliance procedures, which has been acknowledged by Swiss prosecutors.

"Several third-party audits by leading international audit firms have further confirmed the top-tier nature of Gunvor's compliance department today. The company continues to review its use of agents and intermediaries, and has reduced use of them by one-third in the last year," it said.

In an interview with the Financial Times published earlier this week, Gunvor's chief executive and majority shareholder Torbjorn Tornqvist said the company had [learnt lessons](#) from the investigation and was willing to walk away from "good business" if it was too risky.

"I don't want to be involved with anything remotely like the Congo case ever again," he said. "I am perfectly ready to walk away from good business if the compliance decision says it isn't right. I am not frustrated about it. I am at ease with it."

Natasha White at Global Witness, an anti-corruption campaign group, said "greater regulation and scrutiny of the commodities sector is crucial".

She said the judgment "sends a clear signal that companies must act to prevent staff from bribing public officials and engaging in corrupt activities abroad. Switzerland is home to the world's biggest commodities trading companies, several of which are facing corruption probes."

Under the terms of the settlement, Gunvor has agreed to pay a fine of SFr4m (\$4m) and compensation of almost SFr90m, which corresponds to the total profit plus interest that Gunvor made from the business in question in Congo-Brazzaville and Ivory Coast.

Gunvor has already set aside money to cover these costs. The disgorged profits amount to approximately 3 per cent of total trading profits between 2009 and 2011.

JF Lambert at Lambert Commodities said trading companies needed to take "an active stance in

fighting corruption through procedures and controls”.

Tolerance for such business practices was waning and the judgment should serve as a warning to traders, he added. “Times have changed.”

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