



# 2019 Ethics HelpLine Data

To increase transparency of the Ethics & Compliance program and build confidence in the integrity of the Ethics & Compliance processes, the nature and outcomes of the previous year’s allegations and inquiries are reported in the *Globe* each year. “We share our outcomes because we want all Bechtel colleagues to understand how the system works and that Ethics and Compliance can be trusted to look into the concerns brought to our attention,” says **Nancy Higgins**, chief ethics and compliance officer. “We also look at the case topic trends when deciding what cases to use in the next Ethics Awareness Workshop.”

Here’s a recap of the Ethics & Compliance data for 2019, including some comparisons to data for the previous year.

### Ethics & Compliance program is working

Last year, 762 individuals contacted Bechtel’s Ethics HelpLine or their organization’s Ethics & Compliance officers to ask questions or report suspected misconduct—an increase of 7% from total contacts in 2018 (709). While most contacts come from Bechtel employees, Ethics & Compliance has received contacts from and about suppliers or contractors.

Of the 762 contacts, 490 (64%) were **allegations** and 272 (36%) were **inquiries**.

“We’re happy that employees are using

the HelpLine to ask questions and seek guidance—not just to report suspected misconduct,” says **Kim Morka**, Ethics HelpLine manager. “In 2018, almost 30 percent of our contacts were in the form of inquiries—questions from colleagues proactively seeking guidance so they can avoid ethical missteps of their own.”

“Most employees choose to raise ethics or compliance concerns with their direct supervisor or manager, and we encourage that,” says Higgins. “The Ethics HelpLine, however, is another option if people are concerned about confidentiality and

anonymity. Supervisors or managers who receive reports of suspected violations have a responsibility to contact Ethics & Compliance rather than beginning their own investigations. This way, we can determine whether a more formal and comprehensive Ethics & Compliance investigation is needed.”

Higgins shares information about the status and outcomes of Ethics and Compliance investigations with the senior management ethics & compliance committee and the Audit Committee of the Board of Directors on a quarterly basis.

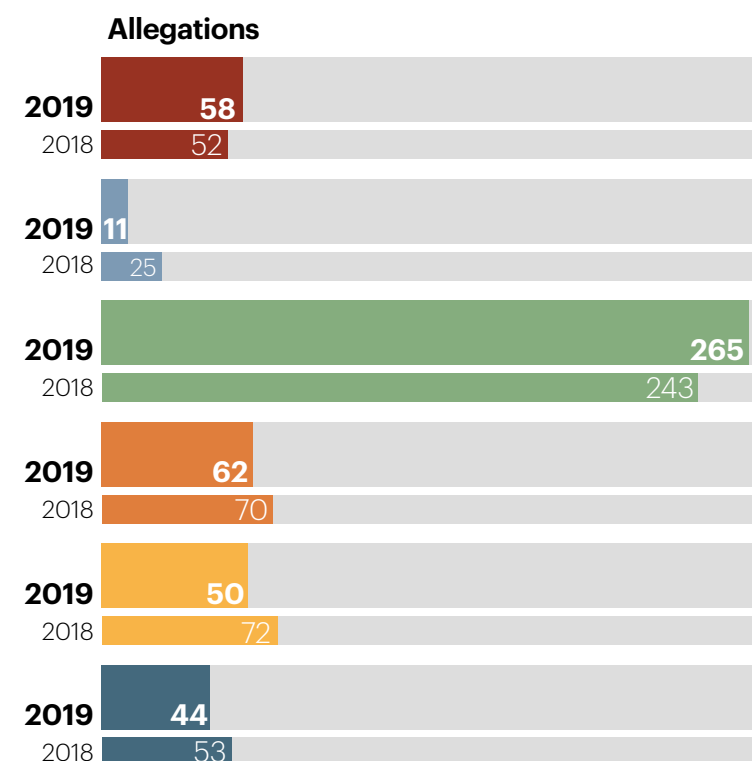
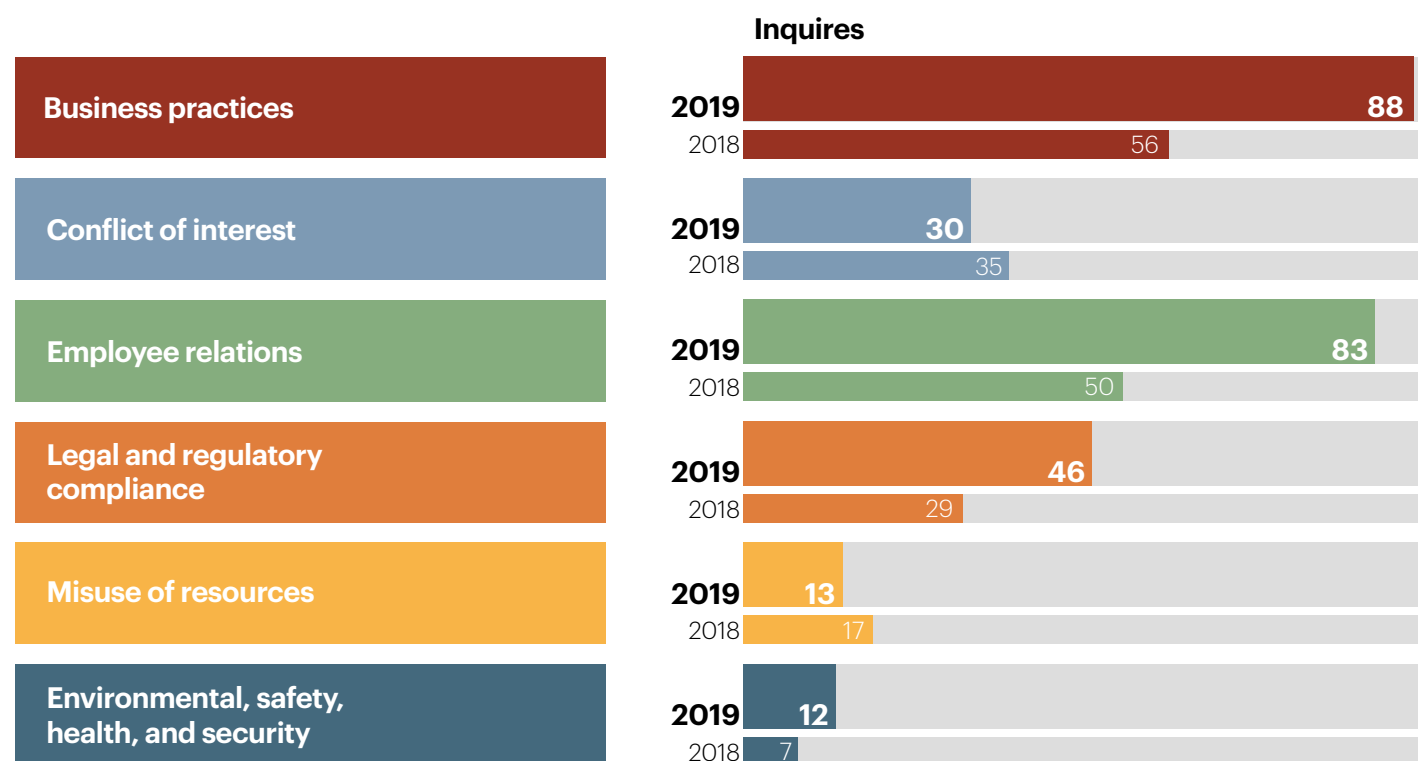
### What kinds of issues were raised in 2019?

The most common inquiries were about **business practices** (32%), followed closely by **employee relations** (30%). In most cases, these represent proactive efforts by employees to learn whether an activity or proposed course of action is acceptable under the Code of Conduct.

The most frequent category of allegations was **employee relations** (54%), such as concerns about favoritism or inappropriate work relationships, compensation or disciplinary action. Employee relations allegations were up 9% from 2018. Next, **legal and regulatory compliance issues** (13%), like theft via false expense reports or providing Bechtel proprietary information to unauthorized parties. The third most frequent category was misuse of resources.

Ethics & Compliance also records inquiries and allegations in several other categories, including **environmental, safety, health, and security**.

“We’re responsible for assuring that all



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questions and concerns are addressed in an objective manner and that appropriate action is taken when we can substantiate violations,” says Higgins. “We rely on the support of a wide range of people and functions within Bechtel, including management, the Legal Department, Internal Audit, Human Resources, Labor Relations, and Security, as well as our own professional investigators.”

The Ethics & Compliance investigation team is supervised by **Pat Durkin**, Chief Ethics and Compliance Investigator, who

has 35 years of experience associated with investigations. All ethics investigation reports are reviewed by Durkin and complaints about the handling of investigations can be made to the Chief Ethics & Compliance Officer.

### In 2019, Ethics & Compliance closed 476 allegation cases, compared with 560 in 2018.

Of the 226 closed allegations investigated that were not referred to other internal organizations for handling, 81 (36%)

were substantiated and 145 (64%) were unsubstantiated. These included 2 cases in which allegations of misconduct by a supplier or contractor employee were substantiated. The 250 cases resolved outside of Ethics & Compliance were mostly employee relations issues referred to Human Resources.

### Why are so many allegation cases unsubstantiated?

Eighty-one (56%) of the 145 cases were proved untrue, or it was determined that the reporter had misinterpreted what he or she saw. In 36 (25%) cases, investigators could not determine if the allegation was true. In the remaining 28 (19%) cases, while the underlying factual allegation might have been credible, an essential element of the violation could not be proved.

Ethics & Compliance often has insufficient information on which to build an investigation. For example, the implicated person might deny an allegation, and the investigator can't find independent evidence to corroborate either side of the story.

Remember that you can report any suspected ethics violation anonymously, but

a thorough and objective investigation cannot be completed without adequate details. Higgins says, “Ethics HelpLine data shows that an allegation is three times more likely to be substantiated when the reporter self-identifies.” Everyone who contacts the Ethics HelpLine is given a unique “report key” and personal password that allows anonymous users to check their case status, answer investigator questions, or provide additional data by phone or online.

In 2019, 81 substantiated allegation cases

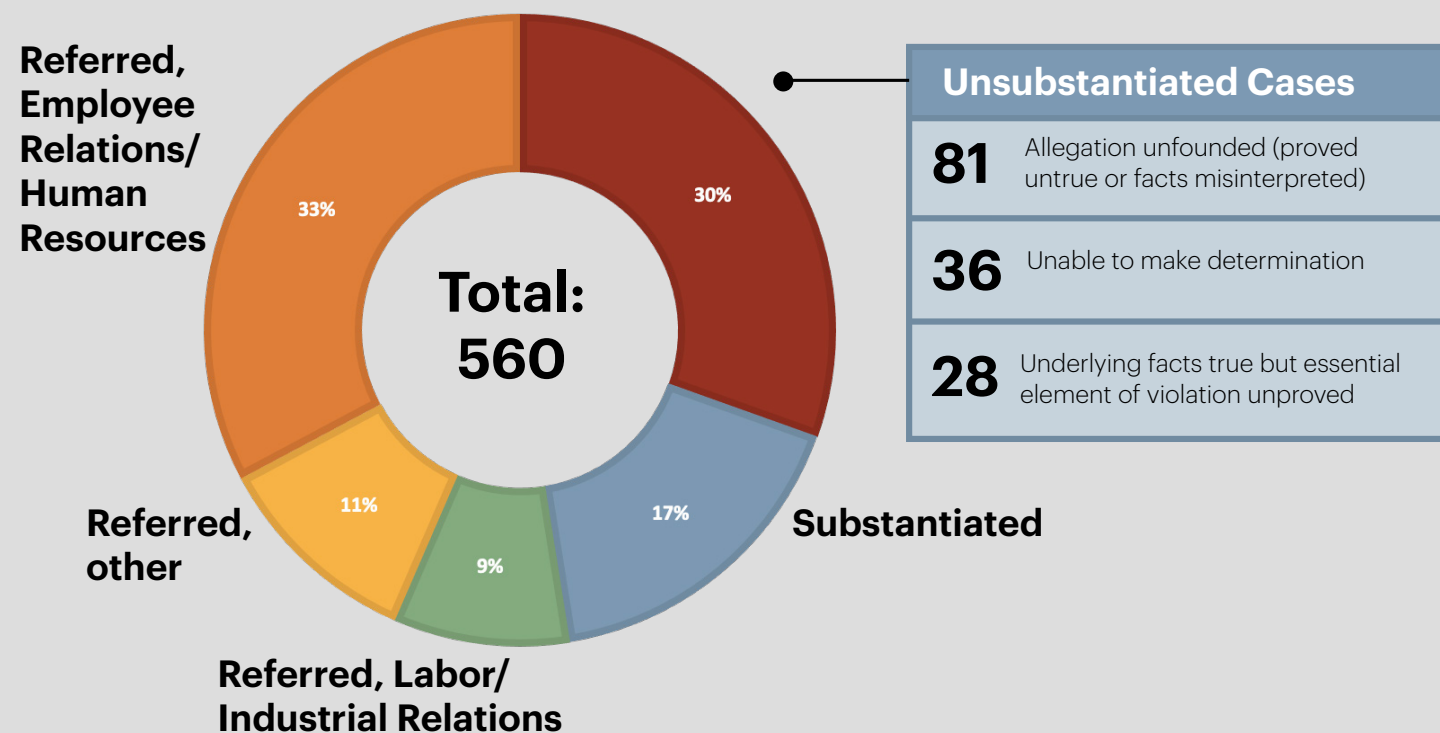
### Substantiated allegations

Employee relations	22
Misuse of resources	20
Legal and regulatory compliance	18
Business practices	11
Conflict of interest	8
Environmental, safety, health, and security	2

were closed, compared with 106 in 2018.

The most frequent category of substantiated cases was employee relations (27 percent).

## Allegation disposition



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Note: Not all investigations are closed in the same year they are opened; 79 of the 490 allegations opened in 2019 were still open at year's end. Similarly, 59 of the 515 cases opened in 2018 were carried over into 2019. This is because some matters require extensive review of documents and records, and interviews with witnesses in multiple locations worldwide. Data from closed cases are reported in the year the case is closed.

### Primary case outcome

Corrective/disciplinary action	58
Termination	9
Policy/process review or revision	4
Communication issued	2
Training provided	7
Other	11
No action required	2

### What actions were taken with substantiated cases?

Ethics & Compliance is responsible for assuring that appropriate action is taken for every substantiated case. This chart shows the primary outcomes for the 81

cases that were substantiated in 2019.

In some cases, corrective action was taken with more than one employee, or more than one action was taken with a single employee. For example, one employee might receive a written disciplinary warning and be required to retake a compliance training course. In other cases, such as instances where a process had already been changed or the implicated employee had left the company, no further action was required. In 2019, there were 91 actions taken in 81 cases, while two cases required no further action.

"Management—not Ethics & Compliance—has the authority and accountability for decisions with respect to individual consequences for violations, with advice from Human Resources and the Labor & Employment lawyers in the Legal Department, where appropriate. However, Ethics & Compliance makes the determination of whether a violation has occurred," says Higgins. "In order to promote consistent consequences for ethics or compliance violations, we share our views and seek to reach consensus with HR and

Legal on appropriate discipline in substantiated cases. If consensus cannot be reached, or if management disagrees with our joint recommendation, the "Consistent Consequences Process," adopted in 2015, provides for escalation before the discipline is implemented.

"All cases have unique facts, so reasonable people might differ on whether the appropriate consequence in a particular case is either termination or a final written warning," Higgins adds. "But if a manager decides that no formal disciplinary action is needed, it is likely that the decision will be escalated to a higher level of management for review."

From the Ethics HelpLine to the Ethics & Compliance officers within the GBUs and Functions, Bechtel has numerous resources to help employees identify and address any ethics-related concern. "You have my personal assurance that your concerns will be taken seriously and investigated appropriately," says Chairman & CEO **Brendan Bechtel**. "Retaliation for raising concerns will not be tolerated."

## ETHICS HELPLINE



To learn more about the Bechtel Ethics HelpLine, visit the [Ethics & Compliance site](#). To report a suspected violation, contact the Ethics HelpLine on the internet at [helpline.bechtel.com](https://helpline.bechtel.com) or by telephone at 1-800-Bechtel (1-800-232-4835) from the U.S. and Canada. Additional Ethics HelpLine phone numbers are available online at [helpline.bechtel.com](https://helpline.bechtel.com) as some countries offer multiple toll-free or reverse-charge dialing options. You can also e-mail the Ethics HelpLine at [ethics@bechtel.com](mailto:ethics@bechtel.com) or contact it by post.