
C A S E S T U D Y
BIMS[®] Implementation and Results.
Acres International/Hatch Energy
Canada

September 12, 2007

1. Firm Description

- Acres International, CANADA - www.hatchenergy.com
- Years in operation: 80 (to 2004)
- Acquired by Hatch Associates of Canada 2004. Also known as Hatch Energy now
- Employees including subsidiaries: 1000
- Main consulting services: hydropower, wind power, thermal power, nuclear power, oil & gas.
- Main clients: Public sector owners of power generation, private power generation owners and developers, major oil & gas companies .

2. Integrity Management Background

- Commitment to integrity has always been prominent corporate policy.
- Code of Conduct formally adopted in 1978. Top management signoff annually
- Revised Code of Conduct in 2002, expanded annual signoff to all project managers, all staff once
- In 2003, introduced BIMS based on FIDIC model, with added procedure re Representatives and Sub consultants
- Developed model representative agreement, which formed the basis for FIDIC Model Representative Agreement (2005)
- Acres BIMS Compliance Officer has been active on FIDIC IMC since 2005, presented FIDIC seminar on BIMS in Malaysia in 2006. Also active in Conference Board of Canada's Corporate Ethics Management Council

3. BIMS Procedures

| | |
|----------------|--|
| IM - 01 | Hatch Code of Conduct Administration |
| IM - 02 | Hatch Energy Business Integrity Management System - Project Audit Procedures. |
| IM - 03 | Selection and Engagement of Representatives and Subconsultants in Foreign Countries |
| IM - 04 | Personal Conflict of Interest |
| IM - 05 | Appropriate Funding of Overseas Client Visitors |

4. *Critical Projects*

- Focus on projects outside Canada/US
- Countries with TI CPI under 7.0 special focus
- Government/aid agency projects > 2000 mh Critical
- New private sector clients, > 2000 mh Critical
- Typically 15 Critical projects active at one time

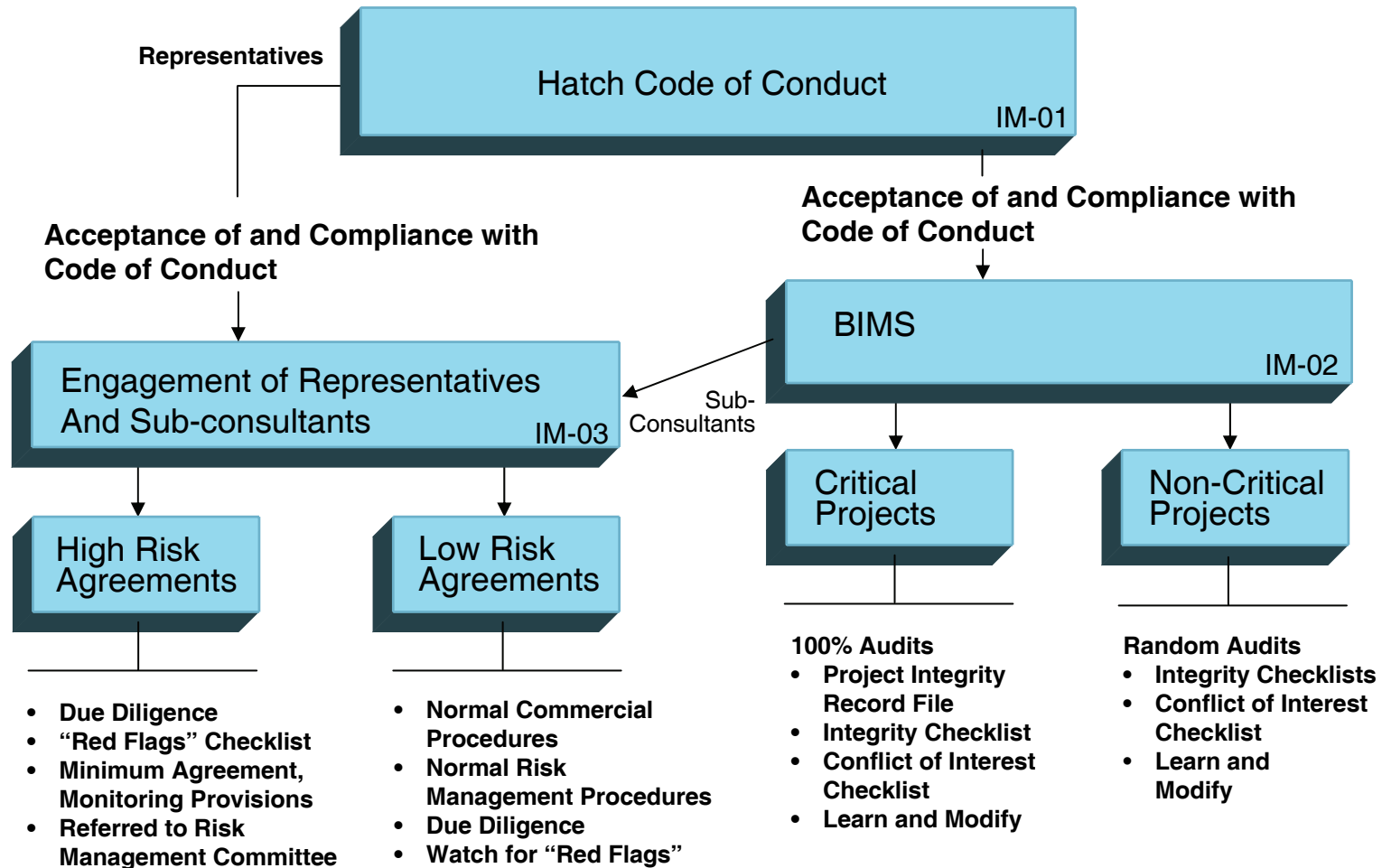
5. Documents

- Acres (now Hatch) Code of Conduct
- Hatch Energy Integrity Policy
- Hatch Energy Integrity Manual
- Project Integrity Record Files
- BIMS Audit results
- Training updates/reinforcement

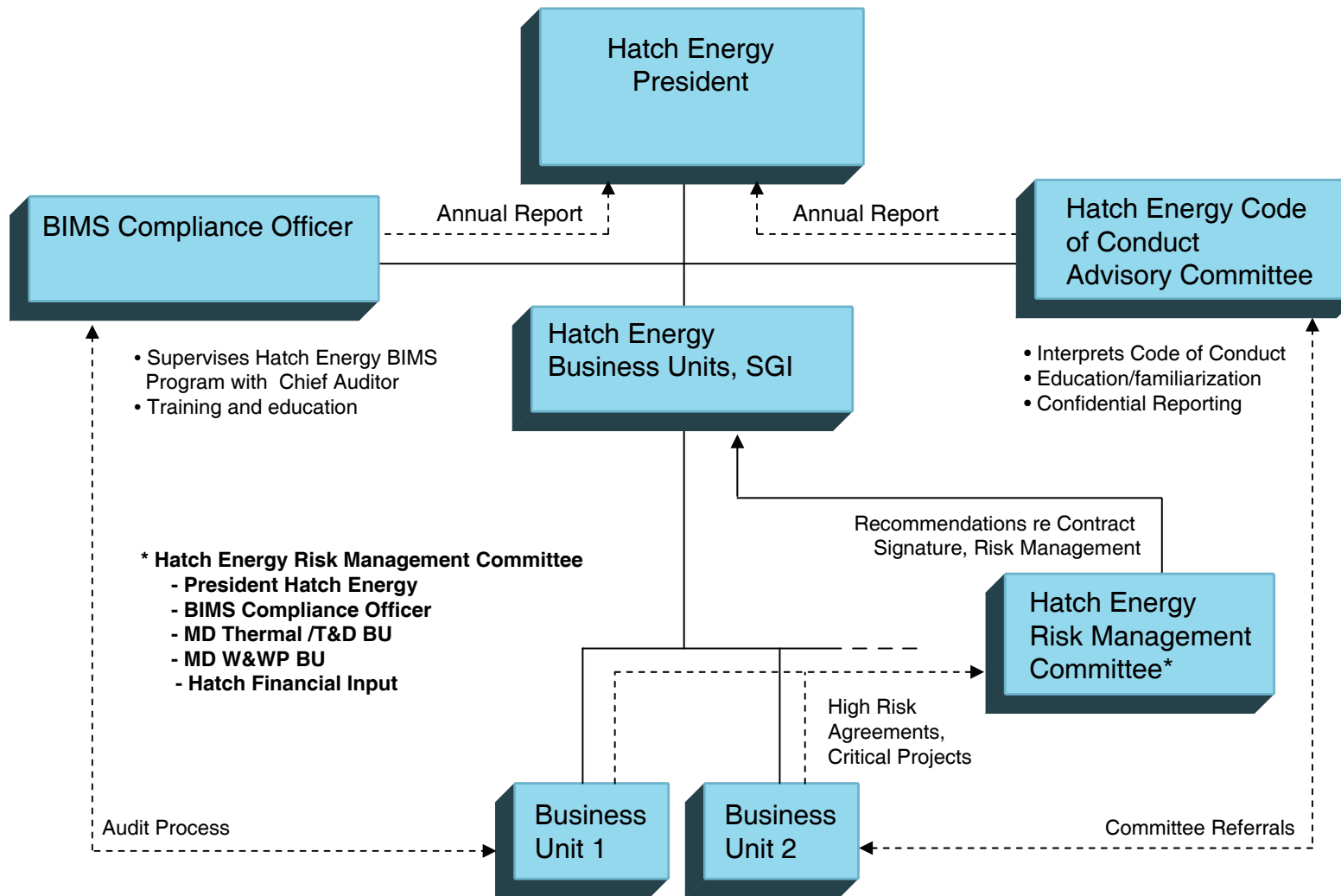
6. Work Process Matrix – Conduct to Prevent

| Work Process | Marketing of Consulting Services | | Delivery of Services | Collection |
|-----------------------------|--|--|--|--|
| Corrupt Conducts Bribery | <ul style="list-style-type: none"> • Bribery to obtain contract • Contributions during bidding process | <ul style="list-style-type: none"> • Giving gifts to a client • Bribery during execution | | <ul style="list-style-type: none"> • Bribery to obtain payment |
| Collusion | <ul style="list-style-type: none"> • Price fixing | | | |
| Fraud | <ul style="list-style-type: none"> • Falsification of qualifications | <ul style="list-style-type: none"> • Manipulation of TOR's • Reducing the scope of work | <ul style="list-style-type: none"> • Non-deliverance of parts of work | |
| Extortion | | | | <ul style="list-style-type: none"> • Client refusal to pay, invitation to bribe |
| Conflict of Interest | <ul style="list-style-type: none"> • Former employees acting for a client, award downstream work to an associated company | <ul style="list-style-type: none"> • Working for two clients with conflicting interests | <ul style="list-style-type: none"> • Working for multiple clients bidding for the same assets | |

7. Structure of Acres/Hatch Energy BIMS



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8. BIMS Impact on the Firm

- The firm was known for its integrity prior to implementation of a documented BIMS®
- The Lesotho corruption case demonstrated the value of operating an effective BIMS, and the need to have strong defenses against bribery allegations
- Many clients have complimented the firm for its BIMS – some have requested details.
- Open discussion of ethical issues has helped avoid problems and deliver better services to our clients
- Avoidance of corporate conflict of interest situations has been a major benefit

8.- Lessons Learned

- Important to avoid a strict compliance focus. The positive side of integrity management needs emphasis
- Regular training updates are needed, informing staff of recent developments
- Procedures should be updated regularly, streamlining while maintaining focus on critical risk areas
- A “paper trail” is important, to show that all potential Critical Projects are screened and all Critical Projects are so designated and audited
- There will always be skeptics – it is important to keep demonstrating the value of BIMS. .