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CBRE, PRUDENTIAL SINGAPORE, BOEING, 3M AND MORE
ON BUILDING INTEGRITY THROUGH DATA-DRIVEN TRANSPARENCY

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William E. Connor & Associates**

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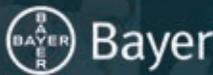
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Business Ethics Leadership Alliance Asia Pacific Chapter

In partnership with Ethisphere's Business Ethics Leadership Alliance (BELA), a globally recognized community of leading multinational companies, BELA Asia Pacific, co-chaired with William E Connor, Omega Compliance, provides leading companies with on-demand data, in-depth research, expert guidance, and networking opportunities that will ensure they have the tools they need to implement a best-in-class ethics and compliance program to support a strong culture of integrity. BELA Asia Pacific members have access to a series of closed-door, in-depth roundtable discussions and workshops with senior executives on topical issues across the region.



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Our Mission Statement

The Ethisphere® Institute is the global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust and business success. We have a deep expertise in measuring and defining core ethics standards using data-driven insights that help companies enhance corporate character. Ethisphere believes integrity and transparency impact the public trust and the bottom line of any organization. Ethisphere honors superior achievements in these areas with its annual recognition of The World's Most Ethical Companies®, and facilitates the Business Ethics Leadership Alliance (BELA), an international community of industry professionals committed to influencing business leaders and advancing business ethics as an essential element of company performance. Ethisphere publishes *Ethisphere Magazine* and hosts ethics summits worldwide.

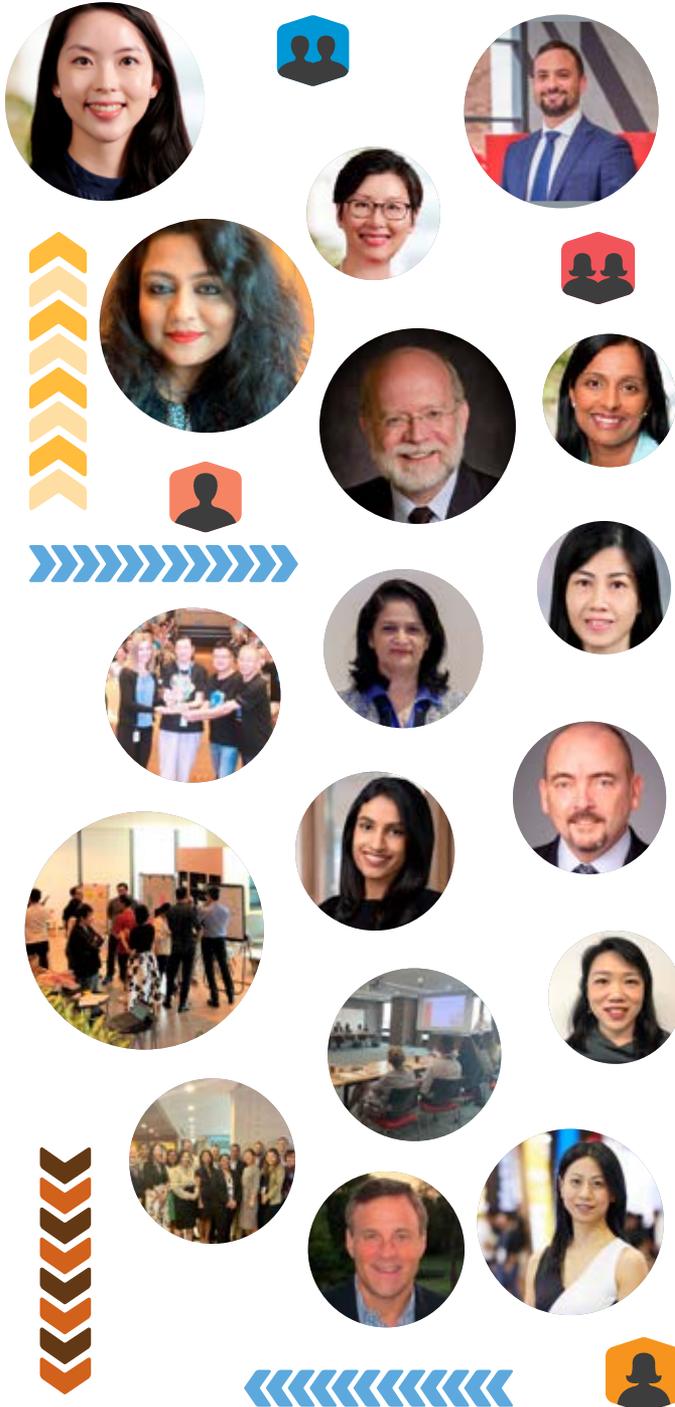
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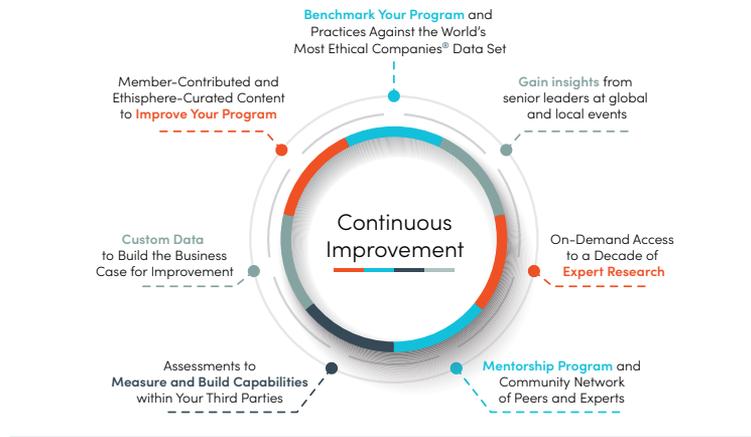
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Founded by the Ethisphere Institute, the Business Ethics Leadership Alliance (BELA) is a globally recognized organization of leading companies collaborating together to share best practices in governance, risk management, compliance, and ethics. Become an enterprise member of BELA and you and your team can **engage** with senior legal, ethics, and compliance leaders from 60+ industries in more than 290 companies worldwide. Be part of a community that shares **best practices** and **expertise**. Gain access to **exclusive data**, **benchmarking**, and opportunities to **showcase your program**.



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SPEAKING UP

»» THIS ISSUE'S LETTER FROM THE GUEST EDITOR ««



Dear Readers,

"It takes 20 years to build a reputation and five minutes to ruin it." These words from business icon Warren Buffett, the longest serving CEO on the Fortune 500, should be displayed on the walls of every company seeking growth and prosperity. Today, where younger consumers, in particular, often base their purchasing and investing decisions not only on what a company produces or the services it provides, but by who they are, and the values they embrace – a culture of integrity is vital.

Welcome to the 2020 Business Ethics Leadership Alliance (BELA) Asia Pacific edition of Ethisphere Magazine. I am honored to represent W.E. Connor & Associates Ltd. and serve as the Guest Editor of this publication, presenting articles about best practices in ethics and corporate governance from compliance leaders across the Asia Pacific region.

This publication is part of a broader partnership between William E. Connor & Associates Ltd., Omega Compliance Ltd., and Ethisphere - the goal of which is to convene a community of leaders across the Asia Pacific region committed to furthering a strong culture of ethics and who will share and benchmark with each other to ensure the highest levels of integrity across their operations. Together, this community will help define and codify leading practices in ethics and compliance across the Asia Pacific region. Why? Because, as Buffet notes, ethics, integrity and reputation matter.

We are beginning this journey with the launch of the first of its kind, BELA Asia Pacific magazine. In the following pages, you will see the work of true business leaders with a vested interest in elevating the global conversation - particularly across Asia. Business leaders from companies such as 3M, OnSemi, Boeing, CBRE, Prudential Assurance Company Singapore, Western Digital Corporation and more, share executive insight and explore high-level topics such as how to navigate the intricate web of supply chain risk; strategies for implementing a strong ethical culture; cracking down on bribery and corruption through data analytics; and promoting environmental sustainability. The articles and in-depth research address a common theme: The need for company leaders to build and sustain an environment that nurtures a strong ethical culture.

At Connor, we partner with our clients in managing their supply chains. We act as their alter ego, providing them with a wholly transparent global footprint. To that end, we maintain a rigorous program of ongoing audits to ensure that all suppliers are effectively benchmarked against stringent social, labor, human rights and environmental standards. All suppliers must abide by our Code of Conduct, the strictest in the industry. It is more than talk. We lead by example. We will not risk the reputation of ourselves or our clients.

Mitigating supply chain risk is easier said than done. It requires relentless, on-the-ground vigilance. It requires that companies do more than publish compliance standards and react to issues that might arise. Rather, companies, together with their supply chain partners, must be proactive in regularly reinforcing standards; must encourage and regularly reaffirm transparency and disclosure; and must act decisively when issues do arise.

The companies featured in this publication provide insight into the challenges that matter to today's business leaders. We show how a diversified group of respected company leaders work together to help navigate the challenges of assuring a world of transparency, sustainability, and ethics.

As Warren Buffet stated, a reputation takes only 5 minutes to lose. So, together, let's lead the way. Let's set the gold standard for ethics and principle. Let's share our best practices and learn from each other. This is what BELA and this special edition of Ethisphere magazine is about. I hope you enjoy the content and, importantly, find that it helps you move the needle toward a world of higher integrity, sustainability, and prosperity.

Sincerely,

William 'Chip' Connor
Chairman and CEO
William E. Connor & Associates

EDITOR'S NOTE

» COVID-19 OUTBREAK: HOW COMPANIES ARE NAVIGATING A SEA OF UNCERTAINTY «

Dear Readers,

The recent threat of Coronavirus also known as COVID-19 has jolted financial markets and impacted business operations around the world. Some companies in China have been forced to halt regular business operations as the epidemic continues to affect workers and families across the region. In February, the American Chamber of Commerce in China ("AmCham China") released the results of a flash survey that measures the impact of the COVID-19 outbreak on its member companies. With over 150 companies responding to the survey, these results provided a glimpse into how the Chamber's members have been affected and what government measures should be put in place to mitigate this disruption.

"AmCham China member companies, like much of society here, face a large number of uncertainties in combating COVID-19," said AmCham China Chairman Greg Gilligan. "There is, in the short term, a clear and significant negative impact to member company operations, through travel disruptions, reduced staff productivity, increased costs, significant drops in revenue, and more. However, for most of our members, it is still too early to tell how significant the long-term impact will be. Forty-three percent of respondents say it is too soon to determine COVID-19's 2020 impact on market growth, half feel it is too early to determine impact on still-planned investments, while one-quarter report plans to maintain existing investment plans."

While the unpredictability of the situation has left many in a wait-and-see mode, we had a chance to talk to several business leaders in the ethics and compliance field in Singapore, Hong Kong and Thailand who shared some thoughts on how they are planning ahead and handling the growing threat of COVID-19. The purpose of these interviews are to educate and share best practices to help our community during this time:

"With the COVID attack and advisory in countries are changing less than every 24 hours! My strategy is to read, read, read to stay informed" – Corporate Counsel, **Singapore**

"Working remotely has helped most of us to continue to cope with the spread of the virus, I spend some time each day checking in on my team whether it's over a phone call or an email, we are prepared to provide support." – Business leader, **China**

"To keep a handle of the situation in Singapore, our company has mandatory health checks to detect the virus early." – Compliance Counsel, **Singapore**

"Many of our locations are taking temperatures and gathering medical symptom information from visitors." – Compliance Leader, **Thailand**

What any business ecosystem craves is certainty, and the nature of the Coronavirus is anything but certain, so we advise everyone to take this threat seriously, especially until more information is at hand. As this is an evolving situation, we will continue to monitor and provide updates in our next issue of this magazine. The entire Ethisphere team would like to extend our deepest sympathies to those affected and we hope that this pandemic is behind us soon.

We urge all civic minded business leaders to exercise appropriate caution with regard to the safety and security of employees and partners, stakeholders.

Aarti Maharaj
Managing Director, BELA South Asia and AsiaPacific

The Impact of Coronavirus on Privacy and Stigmatization of Employees— A Global Company's Response

Privacy remains an important topic as the spread of COVID-19 continues to impact the day-to-day operations of many companies. Here are a couple of best practices from one BELA Asia Pacific member, who is based in Thailand and has been close to the situation for a while and preparing to deal with the ramifications of this pandemic.

Medical Privacy Laws

During this time, it is important to note that medical privacy is important. The issue here is gathering enough information to comply with government requests and to keep our broader population safe, but doing it in a way to comply with medical privacy laws around the world.

Bias for being sick

We want to make sure our employees are not labelled or stigmatized either if they test positive or if they have even been tested. I think there are many examples of bias against Chinese citizens in other countries, only because they are citizens of a country where the disease originated. We want to avoid that at our company, and adhering to some best practices vis-à-vis medical privacy can help.

We are a global company and many of our locations are taking temperature and gathering medical symptom information from visitors. It is worth noting that the first line of defence in gathering medical information is security personnel, not trained in medical privacy issues.

Important points to note on maintaining privacy

- *How to protect medical information: All disclosures by visitors are done manually via a form, which was published by the [World Health Organization](#). We have been advising that these forms must be kept under lock and key.*
- *Who you can share with: We have advised security that the forms should only be shared with our onsite clinic staff, or if a hospital/health agency request information in conjunction with treating the actual patient. If anyone else request for this information, the security team directs them to a VP for approval.*
- *When to destroy forms: We have advised after 30 days. The incubation period is longest 14 days, and we doubled that just in case there is any latency in diagnoses.*

For an update on the situation, online training and technical guidance check out the World Health Organization: <https://www.who.int/emergencies/diseases/novel-coronavirus-2019>



LISTEN, LEARN, MEASURE AND PRIORITIZE

Essential Lessons from the 2020 Business Ethics Leadership Alliance (BELA) Asia Pacific Roundtable held in Singapore

Written by : Aarti Maharaj, Managing Director, BELA South Asia and Asia Pacific

“Excuse me...I can't hear you.”

These are six words no company should ever want to say to their employees. In any business, the first line of defense or the greatest mechanism for proactive reputation building and enhancement is its employees, and their willingness to speak up and speak the truth. For ethics and compliance leaders it is easy to get caught up in business processes that are performed every day, but equally as important is always listening to the company's greatest asset: it's employees.



Earlier this year Ethisphere's Business Ethics Leadership Alliance (BELA) Asia Pacific Chapter kicked off its first 2020 roundtable in Singapore. The event, hosted by **Prudential Assurance Company Singapore**, drew more than 30 leading companies from across the region who came together to share ideas on promoting employee engagement, governance, risk management, compliance and ethics.

Wilf Blackburn, the outgoing CEO of Prudential Singapore provided the opening remarks around ethical leadership. Session leaders included El Lynn Yeoh, Head of Ethics, **Prudential Assurance Company Singapore** who shared more about the company's ethics journey; **Johnson Controls'** Sonali Narasimhan, Regional Head of Compliance, Asia Pacific and Tay Ai Lin, Global Compliance Director, **Johnson Controls-Hitachi** took a closer look at linking ethics to performance management; Jon White, Managing Director, **Omega Compliance** shared his expertise on supplier risk management; and Daniel Levison, Partner, **Morrison & Foerster LLP** spoke on due diligence and the role it plays in promoting ethics and compliance across the region. And

throughout the discussions, four key takeaways and general themes surfaced:

- The need for companies to promote a “speak up” culture
- The importance of incentivizing employees
- Careful and proactive monitoring of the supply chain
- Why transactional compliance due diligence matters

Promoting a speak up culture and incentivizing employees to value ethics and integrity go hand in hand. Participants agreed that a combination positive and negative incentives, based on clear goals and metrics, will encourage employees to keep company values top of mind. It is important, according to the team from **Johnson Controls**, to inspire employees to speak up; a simple concept, but it not necessarily easy to implement. While the attendees agreed that research and data show that there is in an inherent tendency by some employees to take the shortest route to a reward, one participant mentioned that encouraging the right behavior starts with leadership and storytelling as part of training can help drive employees to make the right decision.

Moreover, companies that do it right set “compliance” goals and they incorporate the achievement of these goals into their performance evaluations, literally including ethics metrics as a parameter for performance evaluations that could lead to promotions or merit increases, bonuses and other awards.

At the same time, presenters noted that negative incentives can also be effective, when used judiciously. The “carrot and stick” approach may not always work. Consequences for behavior that does not reflect the desired compliance with the tone from the top, such as clawbacks, warning letters, probationary actions and yes, even dismissal are necessary. Presenters stressed, however, that such measures must be applied equally and fairly and within the confines of a standardized approach that clearly defines the expectations.

In another session, led by Daniel Levison, Partner, **Morrison & Foerster LLP**, he explained that poor transactional due diligence can lead to serious financial and reputational trouble. According to Levison, compliance leaders—with mounting business demands, are tasked with keeping a transaction at a low

cost and at the same time, they need to ensure that compliance risks are flagged and factored into the decision-making process. With so many elements at play, Levison and his colleague Sheryl Janet George, Associate, takes a closer look at this topic, offering guidance and practice solutions in this issue of the BELA Asia Pacific magazine, titled, *Make or Break the Deal: Three Things You Should Be Thinking About in Transactional Compliance Due Diligence*.

Another key takeaway at the roundtable was how companies should prioritize supplier challenges. This session was led by Jon White of **Omega Compliance**. According to Mr. White, today, Compliance and Ethics officers straddle the horns of the dilemmas created by an ever-changing regulatory landscape coupled with the ubiquitous need for companies to depend on outside vendors and other third parties to some extent. However, for all the efficiency gains that tactic might bring to operations, it remains challenging to tame the growing risk exposure that comes along with it.

To that end, attendees engaged in a robust discussion about when and how to drop a supplier that is not living up to company expectations, how to conduct proper and fruitful investigations of suppliers in a world where companies partner with suppliers in every corner of the world, and understanding the cultural differences that could impact your supplier compliance programs. Mr. White provided some helpful tips that any company can absorb and utilize.

1. **When to drop a supplier** – Often when bad behavior is exposed, the supplier will try to retain the business by providing discounts or value added services. Be wary, says Mr. White. After all, the answer to bad behavior ought not be to reward a supplier. It will more than likely just incentivize more of the same.
2. **How to investigate** – One of the challenges of investigating suppliers is that it is labor intensive. But White says you have to do it. And the best approach is to start at the junior level employee and move up the ladder, as that will provide the most clarity.
3. **Considering cultural factors** – It is important to consider culture when signing on with a supplier, as it is not a one-size-fits-all approach. The last thing a company wants is to be

engaged with a supplier who does not prioritize issues like human trafficking, corruption or child labor, because if preventing such abhorrent behavior is not a priority, then it is only a matter of time before a crisis is exposed.

Speak up, incentivize ethics and keep an eye on the supply chain. Sound advice coming from leading experts, a hallmark of any BELA roundtable. These are just a sample of the issues discussed that also included dealing with conflicts of interest, regulatory changes, fear of retaliation, reputation management, developing data analytics around ESG frameworks and keeping up with ever-changing data production. As we look to the future of the Asia Pacific chapter of BELA, there is tremendous potential to make a difference and improve our overall business climate.

Resources

Ethics and Compliance Concerns Across Asia Pacific in 2020

A brief poll at the start of the roundtable shows that the following topics remain the top of mind issues Ethics and Compliance leaders continue to focus on across the region:

- Promoting a speak up culture
- Incentivizing employees
- How to take a written list of policies and use it as an engagement tool
- Conflicts of Interest
- Regulatory changes
- Reducing employee's fear of retaliation
- Reputation management
- Developing an ESG framework for data analytics
- Keeping up with the changes in data

Expert Biography

 **Aarti Maharaj** is Managing Director of Ethisphere's Business Ethics Leadership Alliance South Asia and Asia Pacific Chapters. She is responsible for steering the development of these Chapters which has become Ethisphere's key conduit to engaging with companies interested in improving business integrity across India and Asia Pacific.



DESIGN THINKING AT PRUDENTIAL SINGAPORE

Five Questions with El Lynn Yeoh, Head of Ethics, Prudential Singapore

Interview with El Lynn Yeoh, Head of Ethics, **Prudential Assurance Company Singapore**

In the following interview, El Lynn Yeoh, Head of Ethics, Prudential Singapore, spoke to Ethisphere's Aarti Maharaj about training, innovation and empowerment at the global insurance company. As the Head of Ethics, Yeoh is responsible for ensuring a successful corporate ethics culture and developing and implementing an Environmental, Social and Governance (ESG) framework, as well as a framework around the responsible use of AI and data analytics.

Aarti Maharaj: Why is ethics increasingly a focus in the financial services industry in Singapore today?

El Lynn Yeoh: Following the global financial crisis in 2008, public trust in financial institutions dropped to an all-time low. A decade later, the situation is no different. According to the 2019 Edelman Trust Barometer that surveyed 15 industries and 33,000 global respondents, financial services polled as the least-trusted industry.

In Singapore, the Monetary Authority of Singapore (MAS) this year published its inaugural Enforcement Report, which revealed that the top three areas of financial services misconduct were:

- Mis-selling (53 percent), such as cases involving suspected misrepresentation of financial products during sales or inappropriate advice and recommendation of financial products
- Conduct of business (29 percent), such as cases involving suspected breaches or circumvention of business conduct rules when carrying out financial service activities
- Fitness and propriety (18 percent), such as situations involving suspected dishonest, incompetent or unfit individuals

It is no surprise that earlier this year, the MAS and the Association of Banks in Singapore (ABS) announced the establishment of a Culture and Conduct Steering Group (CCSG) to promote sound culture and raise conduct standards among banks in Singapore. Additionally, the MAS, the General Insurance Association of Singapore, the Life Insurance Association and the Singapore Reinsurers' Association, recently established the Insurance Culture and Conduct Steering Committee (ICCSC) to foster sound culture and strengthen standards of conduct among insurers in Singapore. MAS is clearly focused on intensifying its work with the financial services industry to strengthen ethical business practices that safeguard customers' interests and ensure fair treatment, prudent risk-taking behaviour and robust risk management.

Against this backdrop, ethics should serve as the backbone of any organisation, particularly those in the financial services sector, and should not be a value that is taken for granted.

At Prudential, we take a values-based approach to ethics and believe this must be integrated into the company culture, with the leadership team serving as role models. When the culture rewards and



recognises the right behaviour, only then can an organisation succeed. Ultimately, culture goes hand-in-hand with long-term sustainable business performance, and studies repeatedly show that companies with stronger cultures tend to have employees who are more engaged and committed. Turnover tends to be lower and productivity higher.

AM: How are companies like Prudential leading the way in ensuring ethics is integrated into the company's culture?

ELY: At Prudential, we have transformed the way we talk about ethics, culture and values. Last year, we launched our Prudential Charter, which outlines what we can expect from one another at work each day, including a set of standards and behaviours that underpin our values. Our Leadership Team and People Managers walk the talk and lead various platforms, including divisional meetings and town halls, to bring ethics-related discussions to the forefront of all business practices.

In 2019, we established an ethics function within the CEO's office to ensure a successful corporate ethics culture, but more importantly, to signify that ethics is an enterprise-wide function that takes conduct into serious consideration. We set up an Ethics Committee that reviews ethics-related policies, guidelines and programmes, as well as oversees consequence management. We will soon be implementing our Ethics Framework, which will include a Code of Ethics, to further reinforce our guiding principles to help the organisation and every individual understand what it means for us to do right by all our different stakeholders.

As part of our ethics journey, in 2019 we ran our first Ethics Dialogue—a staff engagement activity where we conducted a Design Thinking session around our Ethics Framework and Ethical Decision-Making Framework. We had employees across all divisions and seniority levels attend the session. The dialogue also saw employees volunteering to become Ethics Advisors, where they would support their peers in the event employees want

to report or raise a concern. Our Ethics Advisors will undergo a training that will equip them with skills and knowledge on how to deal with ethical scenarios. Next year, we plan to run an exclusive engagement series for our Ethics Advisors so that they can continue to learn from and share ideas with other respected and ethical leaders in the industry.

AM: Keeping employees engaged and motivated while creating an ethical culture can be a challenge. How does Prudential maintain this balance in an ever-changing business landscape? One of Prudential's core values is "Empowerment". How do you consistently foster empowerment among the workforce through ethics?

ELY: We expect everyone in Prudential to act with integrity. To establish where we stand ethically as an organisation, we kicked off our first ethical culture survey where we identified gaps that need to be addressed.

Next year, we will be conducting an ethical leadership training session for our leaders and people managers. The training will be a combination of experiential learning, active learning and reflective learning and will set the tone to understand how ethical decisions are made and how those decisions translate into ethical behaviour.

We want our leaders to truly understand the concept of ethical conduct through organisational citizenship behaviour that stretches beyond a check-the-box, regulatory/compliance-driven must-have. This is essential to ensure that our leaders are not only leading their teams, but also leading themselves and continuing to inspire a high-performing culture that balances achieving KPIs and targets while maintaining the utmost integrity. This training will then be scaled up enterprise-wide with the support of our Ethics Advisors.

We have zero tolerance for unethical behaviour, and we actively encourage and empower our staff to speak up using the many channels we have available,

including our local ethics hotline or Speak Out channel. We also encourage division leaders to bring up ethics-related discussions during divisional town halls. Ultimately, it is about creating a safe space where issues can be discussed with confidentiality, and one where employees feel 'psychological safety' in the workplace.

AM: Looking ahead, how do you intend to evolve the ethics program at Prudential Singapore?

ELY: We are at the start of our ethics journey and will be looking at ways to extend this to our distributors (e.g., Bancassurance and Agency Force) in the coming year. Socialising ethics will continue to form an important part of what we do as we embed this into the organisation. We will continue to engage with our employees to make ethics an integral part of our culture and to ensure that that every person has an ethical mindset in all that they do—from planning and procurement, to dealing with stakeholders, establishing partnerships, closing deals and servicing customers, through to how we treat one another with respect and inclusiveness.

AM: Companies in Singapore are turning to innovation to drive ethical behavior. How are you keeping ahead of this trend? What initiatives are in place to take this further?

ELY: Innovation is our hero value, and we will continue to drive this in the organisation. Ethics as a topic is often seen as serious and dry, but it doesn't need to be that way. We can be innovative and creative in driving ethical behaviour by thinking outside the box and creating thought-provoking collaterals and platforms that capture the attention of employees. We plan to leverage technology and tools including videos, interactive digital platforms and an interactive digital wall to engage with employees and drive awareness and promote ethical behaviour.

Expert Biography

 **El Lynn Yeoh** is the Head of Ethics at Prudential Singapore. She is responsible for ensuring a successful corporate ethics culture, developing and implementing an Environmental, Social and Governance (ESG) framework, as well as a framework around the responsible use of AI and data analytics. El holds a BA in Communication from Olympia College and is currently pursuing a BA in Sociology and Psychology at the Singapore University of Social Sciences.



WANT TO BUILD A CULTURE OF COMPLIANCE? INVITE YOUR EMPLOYEES INTO THE PROCESS

How Western Digital Innovates Integrity by Giving Workers a Voice

Written by Brendan J. Hanley, Sr. Director and Assistant General Counsel, APAC Ethics & Compliance **Western Digital (Thailand) Co. Ltd.**

Imagine waiting to walk into a huge conference room filled with 500 fellow employees and it is so silent you can hear a pin drop in the far corner. Knowing this is supposed to be a fun celebration, you start to wonder if something is wrong. You step foot into the room and 1000 eyes are on you with blank stares. Then, in unison, every single person starts to a wave mini-flags with an image of your department mascot—still in silence—but with beaming smiles. On stage, you feel gratified with the energy of the room.



Everyone is greeted by a local leader who speaks of how important your team is to that site and the company as a whole. The leader then joins other employees on stage to perform an amazingly orchestrated dance performance, which they have been practicing for weeks. You get up to speak and people are engaged, clapping at times, laughing at times. You ask the audience to participate in a quiz, and people are eager to jump out of their seats to answer the questions. The event finishes with loud applause, co-workers with smiles and talking to each other. Employees tell you how much they enjoyed the event, and then confide in you with a problem they are having at work. Does this sound like a typical legal compliance themed company event? I think not, and I say so with almost 20 years of legal work experience. I have never seen this level of engagement, not in any of the numerous roles and companies I have worked in. In this article, I would like to share at least 3 initiatives our Ethics and Compliance program at Western Digital has taken that have resulted in this unique and impressive level of engagement.

1. Compliance Champion Program

One aspect of Western Digital's compliance program that I am particularly proud of is our Compliance Champion program. We work with site leaders to select rank and file employees to essentially be ambassadors of our Compliance program at that particular site. These employees are our eyes and ears, because we only have so many of those on our own team. Specifically, we ask our Champions to help foster a culture of compliance, be a guide to employees, and create awareness on compliance policies, processes, and guidelines. In a company-wide cultural survey in 2019, 39% of employees chose "Ask a Compliance Champion" when asked what they would do if they had an Ethics and Compliance related question. That is a significant number of employees and shows the impact this aspect of our program really has.

Tip: Choose the right employee. At Western Digital we look for an employee that has strong ethics and values. Also, an employee who is approachable, compassionate and mature enough to guide employees. If you use multiple Champions, try to choose people from various departments.

2. Compliance Review Boards:

We set up regular (2-3 times per year) meetings with each site leadership team to discuss compliance related topics. This meeting allows us to communicate important messages related to



Tiffany Scurry (left), Vice President and Chief Compliance Officer at Western Digital, presents A World's Most Ethical Company award at a CAM site event (described in the introduction)".

compliance, but more importantly to garner feedback from that team about what we can do better, or what site-specific issues we should consider in our plan to support that site. This enhances engagement because the leaders understand what we are doing and have a chance to let us know exactly how we can best support that site. This usually comes in the form of a business update, such as a recent increase of hiring or an increase in production, which allows us to be better informed about how to proceed with the communication, training or policy. Keeping site leadership engaged enhances the tone at the top, which is critical for any successful compliance program.

Tip: Come to these meetings with data. Since Western Digital is a data storage company, our leadership expects to see numbers that tell a compelling story. This can be challenging for a compliance program, but certainly doable in regard to investigations, training, and surveys.

3. Compliance Awareness Month (CAM)

CAM is an initiative where we ask the company to dedicate their attention to compliance related matters for a month. Our initial objective was to enhance awareness of the importance

of completing our annual compliance training, but it ended up being so much more. As described in the introduction, our employees have completely embraced this concept via local site events and have intertwined these events with local culture. CAM energizes our employees because we allow each site to personalize their experience.

We have a major event at each site. Usually a half or full day of activities, with the all employee meeting being the major attraction. In order to pull this off, we enlist the help of our Champions, who form a committee to help message, organize and run everything leading up to and during that month. This committee is essentially allowed to run CAM how they see fit. That results in an amazing amount of creativity, but also ownership, both resulting in engagement. Some examples of variation in creativity include a poem contest in Japan, compliance dioramas in the Philippines, and compliance art-themed contests at many other locations. Other factors that help with engagement at CAM include a strong leadership messaging/presence, and an emphasis on employee recognition throughout the month.

Tip: Leadership buy-in is a must. Some of our site events are at factories, and these events can be considered disruptive. But

we spend considerable time, from our executive team down, explaining why this is important. Without this, you could be setting yourself up for failure!

At Western Digital, the Ethics and Compliance team strives to make it easier for our employees to act ethically. When employees are engaged, it is definitely easier to act ethically, and we feel that CAM, compliance review boards, and our compliance champion program all contribute to a healthy level of engagement and a robust ethical culture at Western Digital.

Expert Biography

 **Brendan Hanley** leads Western Digital's Ethics and Compliance program in the Asia/Pacific region, covering tens of thousands of employees across diverse countries. His team manages projects/issues focused on leadership engagement, develops awareness campaigns, investigates misconduct and trains on policies and regulations including anticorruption/anti-bribery, antitrust, confidential information/IP and data privacy.



BUILDING A GLOBAL CULTURE OF ETHICS AND COMPLIANCE IN A DIVERSE WORKFORCE

How ON Semiconductor creates a single global culture of ethics and compliance while localizing programs across multiple jurisdictions to ensure effectiveness

Written by Shin Min Thng, General Counsel, Asia Pacific,
ON Semiconductor

ON Semiconductor is a Fortune 500 company headquartered in Phoenix Arizona. With over 36,000 employees globally spanning across more than 20 countries, we have an extremely diverse workforce. Specific to the Asia Pacific region, we have approximately 25,000 employees based in manufacturing facilities, design centers, solution engineer centers and regional support offices. Our employees come from different backgrounds and cultures. Depending on the country or region, employee interactions and dynamics can also vary.



We are proud to have been recognized as a five-time World's Most Ethical Companies honoree by Ethisphere Institute. ON Semiconductor has remained competitive in the global marketplace while upholding the highest ethical standards. Our company core values of Integrity, Respect and Initiative drive our business decisions, and our continued commercial success demonstrates growth and integrity are not mutually exclusive. It is these core values that form the foundation of our Compliance and Ethics Program.

ON Semiconductor's Compliance and Ethics Program

ON Semiconductor's Compliance and Ethics Program is designed to promote an organizational culture built on ethical conduct, commitment to our core values and compliance with the law. Our program is focused on detecting and preventing misconduct as well as responding to potential or actual incidents of unethical or illegal conduct.

Governance-wise, our Compliance and Ethics Program is closely monitored by our Board of Directors, who receive quarterly updates on the program activities and expect benchmarking of our compliance data against other companies in the industry. Ethics is also a metric of performance for all business units and the company regularly conducts ethics perception surveys throughout the organization.

With such a large and diverse workforce, how does ON Semiconductor ensure that our ethics and compliance program is an effective one globally?

Clear and Consistent Messaging in the Organization

Creating a global culture of compliance and ethics requires clear and consistent messaging throughout the organization. The organization must start with a set of values which are easy to understand by employees at every level. These values should then be communicated consistently and repeatedly to employees globally. The traditional method of such communications are through employee messaging channels such as compliance training sessions, display posters and email announcement reminders. In addition to these methods, at ON Semiconductor we enhance the effectiveness of our program through setting the right tone throughout our organization.

Tone from the Top – The executive management and leaders set the tone and communicate to employees that

ethical behavior is critical and expected of all employees. At ON Semiconductor, when our leaders travel to various offices globally to conduct townhall meetings, compliance and ethics is always an integral part of their message.

Tone from the Middle and Peer Influence – As employees, the perception of our company culture is to a large part formed through observing the behavior of others. Employees interact the most with their direct managers and fellow colleagues. When ethical behaviors and ethical decision-making are reflected in day-to-day work, workplace rituals and social interactions, our culture is strengthened. We expect employees to communicate respectfully and act with integrity at all times, and if they believe someone is not living up to these standards, to report their concerns through one of multiple reporting mechanisms.

Power of Stories – During compliance and ethics roadshows and lunch-and-learn sessions, we share stories of employees who have engaged in exemplary ethical behavior. These sessions encourage employees to keep up the good work and inspire them to always act with integrity. Transparency and Consistency in the Program – ON Semiconductor has a strong non-retaliation policy which is reiterated at every site. Employees understand that whistleblowers who raise concerns in good faith are protected. To reinforce this message, we share real life examples with employees of managers who have been disciplined for threatening retaliation. We also take transparent and consistent action against any ethical misconduct. This can sometimes be challenging as we manage disciplinary matters across different jurisdictions, having to consider differences in labor law requirements in different countries.

Global Network of Compliance and Ethics Liaisons

A key factor driving the success of ON's Compliance and Ethics Program is the presence of a global network of Compliance and Ethics Liaisons ("CELs"). These CELs are the ambassadors of our Compliance and Ethics Program, spreading the message of ethics and compliance at each of their locations. Every country, office or manufacturing site with more than 100 employees has at least one CEL. These CELs have been identified as highly ethical middle management employees who take on the CEL role in addition to the main job functions. They are visible and approachable to all employees and are in a position to influence ethical behaviors throughout all levels of the organization. With the CEL network, we are able to understand local issues

Resources

ON Semiconductor's Core Values: Respect, Integrity and Initiative

Integrity—*We mean what we say and we say what we mean. Our Company has set high standards for our products and individual conduct. Our reputation depends on the highest standards of ethical behavior. We are accountable for delivering our commitments on time with the highest quality. We address issues objectively, using facts and constructive feedback in a work atmosphere where we do not fear open discussion or questions. When a decision has been made, we work to support it. We comply with all legal requirements and hold ourselves to the highest standards of ethical conduct.*

Respect—*We treat each other with dignity and respect. We share information and encourage different views in an open and honest environment. We draw out the best in each other, recognizing that diversity of backgrounds and experience are key strengths. We all win when we support each other.*

Initiative—*We value people who demonstrate a positive, "can-do" attitude, while collaborating to win. We work intelligently, with a sense of urgency, while always maintaining our commitment to comply with applicable laws, regulations and standards. If a problem exists, we see it through to rapid resolution while acting in an ethical manner. Each of us is expected to demonstrate these core values in our roles at ON Semiconductor. These values apply equally to us all — employees and directors alike*

Source: ON Semiconductor's Code of Business Conduct
<https://www.onsemi.com/site/pdf/COCB.R4-ENG.pdf>

and gather feedback on policies and employee communications. The CELs help to receive and address queries by employees on ethical practices, enabling the company to be prepared for issues and address compliance and ethics risks proactively.

Ethics versus Culture

Ethics and business integrity training is not simply a check-box exercise. Instead, it must be culturally relevant and practical for employees. At ON Semiconductor, our compliance and ethics program is implemented in a manner which is applicable and understandable by every employee. This means understanding that every culture has different practices and expectations in our employee communications. The CELs play a crucial role in this. We also conduct regular surveys to gather employees' feedback of the company's ethical culture and compliance program. Our employees participate actively in these surveys as we make them easily accessible for all, such as using QR codes to encourage participation by employees on the go, or factory operators who do not have access to a desktop. In addition to surveys, we conduct interviews and focus group sessions with employees at every level to understand their concerns on compliance and ethics issues. The information gathered from these surveys and feedback help us develop a program into one that is localized and understandable by employees.

Employees are also educated through peer influence and explicit policies on the ethical behavior expected of them. For example, gift policy thresholds and guidelines are clear and simple. We want employees to be self-motivated to do the right thing and feel that they are amongst highly ethical colleagues and managers.

Embracing Differences with Respect

It is important for a compliance and ethics program to understand that all cultures, languages and societies are different in many ways, yet recognize that every culture is deeply rooted in concepts of integrity, ethics and respect. When we approach our diverse and global employee population with respect and understand what our employees care about, we are able to effectively develop a program that resonates with all employees.

Expert Biography

 **Shin Min Thng** is General Counsel, Asia Pacific at ON Semiconductor, based in Singapore. She graduated from the National University of Singapore with a law degree. Shin Min started her career in litigation before moving in-house into the telecommunications, retail and TMT sectors. Shin Min has extensive experience in handling legal and ethics compliance, litigation and contracts management.



DRIVING RESPONSIBLE ETHICS AT 3M

It is often said that the best defence is a good offence. At 3M, our Ethics & Compliance (E&C) program is designed to proactively identify and manage conditions that may trigger compliance risks.

Written by Gerardo Roldan Macko, Compliance Counsel Asia, **3M**

3M is a global company with over US\$32 billion in global sales. 3M has operations in approximately 70 countries, but we sell in over 200 countries. The foundation for our program is the 3M Code of Conduct, Be 3M, which is part of the 3M Value Model and positions 3M for long-term growth. The Code applies to all global employees and serves as the guide for employees when the right choice is not always clear.

In the Asia Pacific (APAC) region, we deploy the values in our Code through a staffing and deployment strategy that is risk based and leverages the unique skills and talents of our team. Members of the E&C team are physically located where we have centres of business operations, such as Singapore, China, Hong Kong and India. Given the risk profile of our operations, the members of the E&C team have backgrounds and skills that complement the risks, such as legal, finance, investigations, data analytics and project management. This structure and approach were designed to ensure that ethics and compliance is embedded across 3M's operations in the region.

Members of the E&C team regularly travel to ensure that they visit all countries in the APAC region where we have operations. These visits include holding discussions with management about emerging risk areas or business strategies, providing in-person training, advising and answering questions about the elements of our compliance program or conducting risk reviews. The APAC team advises on and facilitates the implementation of 3M's compliance program. For example, 3M has a global process for conducting risk-based due diligence reviews of our third party relationships based on an assessment of risk factors, including transaction size, type of relationship and geography. The process is managed by an internally developed work flow tool, and our team regularly provides training on the system and monitors metrics from the process to gauge engagement, compliance and risk from this process. On the other side of the spectrum, we have implemented local policies on gifts, entertainment and meals, setting forth application and approval requirements tailored to address the risks and business practices of different subsidiaries.

At the core of our work is the close relationship we maintain with business leaders. We play a strong advisory role to the country and area leadership teams, featuring periodic Business Conduct Committee (BCC) meetings, BCC metric scorecards and quarterly metric reporting packages that provide a 'pulse' on measures such as online training completion rates, conflict of interest disclosures, third party due diligence processes and relevant metrics from our hotline and investigations team. Through these ongoing communications with 3M's business leaders, we are constantly reinforcing our Code and promoting strong ethical behavior.

Message from Michael Duran



Be 3M. It is what we do as a company and individuals to build on the ethical foundation of 3M. For more than a century, 3M has done things the right way, ensuring integrity is at the heart of what we do. We know that trust is an unwavering value that cannot be broken – trust in our employees, shareholders, customers and communities.

As a global company, we are facing new opportunities every day, which oftentimes come with added risks. Use the Code as your guide in this journey to answer questions and to solve ethical problems when the right choice may not be clear. It provides the foundation for the values we live by. These values can be felt all over the world.

It takes the collective effort of each one of us to make decisions every day to do the right thing, even when the choice is hard and things are not clear. It is always the right thing to do when you speak up and ask questions.

Michael Duran
Vice President, Chief Ethics & Compliance Officer
Ethics & Compliance

Ask a question, raise a concern at [3Methics.com](https://www.3m.com/ethics)

Global Code of Conduct 4

In terms of training, although 3M has a global online platform that provides baseline expectations and covers core risk areas, we supplement this training with tailored in-person training that is specific to the risks in APAC. To further drive the values in our Code, we deliver live Ethics & Compliance Days in each country every year or two, featuring case studies, group discussions by senior executives and other interactive tools to drive employee engagement in the events.

Research repeatedly shows that employees feel most comfortable discussing ethical issues with their managers. According to Ethisphere's 2019 Culture Quotient data set, [<https://ethisphere.com/culture-report-press-release/>] which features key



To further drive the values in our Code, we deliver live Ethics & Compliance Days in each country every year or two, featuring case studies, group discussions by senior executives and other interactive tools to drive employee engagement in the events.



insights from its global culture survey, perceptions of senior leaders can have a striking impact on employee behavior. We deployed a culture survey and found results consistent with these findings. One prominent finding was the linkage between employees' positive perceptions of their managers with how frequently the manager discusses compliance topics. The more managers discuss ethics and compliance, the more likely an employee is to consider their manager a role model and be willing to raise a concern to their manager.

In response, we put together the Manager Dialog Program for business managers. These materials consist of concise and user-friendly scenarios about issues revealed through real-life compliance consultations, investigations and audits, followed by questions and facilitation notes that business managers may use to lead discussions with their team members. This program stresses the business' ownership of and accountability for compliance. The feedback we received from the business was very positive and helped us elevate our program.

At 3M, we believe in continuous improvement and we regularly benchmark our program design and practices against those in peer companies through a variety of platforms, such as the data set and practices from Ethisphere's Business Ethics Leadership Alliance.

We have heard it time and time again that each country comes with its own regulatory hurdles and other complexities. When developing training and conducting investigations, one should keep in mind the local culture, which plays a significant role in how ethics and compliance is perceived. Ultimately, staying ahead of the curve with constant preparation and fine-tuning processes can future-proof your compliance program.

Resources

Do Business the 3M Way

The Code of Conduct ("Code") is part of the 3M Playbook, which lays out how we achieve sustainable growth as a Company. Our Code summarizes the guidance provided in 3M's principles, policies, standards, and procedures, which govern how we do business everywhere, every day. By living our Code, we create an inclusive workplace where each of us contributes to 3M's vision. Our success depends on our integrity. In some situations, the right choice might be clear. In more complex situations, our Code is here to provide guidance and insight for acting ethically. It also helps us know when to ask questions and where to get help when we need it. In addition to meeting 3M's high standards for integrity, we each have a responsibility to follow the laws and regulations that apply to the work we do and where we do business. If our Code conflicts with a local law, we should always obey the law. However, if the Code sets a higher standard for ethics and integrity than the law, we should follow the Code and get help from a resource listed in the "Be Good" section.

Source: 3M's Code of Conduct Global Handbook: <https://multimedia.3m.com/mws/media/12375160/handbook-pdf-eng-v2-pdf.pdf>

Expert Biography



Gerardo Roldan Macko is 3M's Compliance Counsel for the Asia Region, based in Singapore.

He is a lawyer qualified to practice law in Australia and Argentina, with over 15 years' in-house and private practice experience. He was previously legal counsel for 3M Australia & New Zealand and Head of Legal for Burger King & Starbucks Coffee in Argentina.



CBRE ON LEVERAGING THE USE OF DATA ANALYTICS IN ANTI-CORRUPTION MONITORING

Written by Jee Mei Cheng, Director, Compliance – SEA, CBRE

As compliance professionals, we are often confronted with an avalanche of data when trying to find the information necessary to achieve the anti-corruption objectives of our compliance monitoring program. In other words, we are looking for the proverbial needle in the haystack—which, of course, is never an easy thing to do! Fortunately, modern technology has made this arduous task somewhat easier through the application of data analytics that enable us to focus more on the treasure trove of data. As a result, we save time and devote more of our resources to the areas that need particular attention, thereby better protecting the company at the same time!

Businesses have been using data analytics for many years for all sorts of purposes. Airlines, for example, use data analytics to determine which routes to fly and navigate. Chain restaurants use data analytics to determine where to locate a new restaurant. Industrial operations use data analytics to predict where and when industrial accidents will occur and take corrective action and preventative measures. And even professional sports teams use data analytics to evaluate which players to sign, based on predictive statistics. The possibilities are endless—even for compliance professionals—and data analytics can help us understand strengths and gaps and arm us with the information we need to build the business case for new resources or plan long-term ethics and compliance initiatives.

So what are data analytics? Data analytics are the process of examining large volumes of data to uncover unusual patterns or anomalies using data analysis techniques. Without such tools, compliance professionals may essentially be flying blind, so their use must be considered mandatory for any modern compliance function.

At CBRE, gone are the days when compliance officers spent hours behind their computers, flexing their Excel skills to manually piece together data in a meaningful way. Using data analytics in our anti-corruption monitoring has allowed CBRE to achieve a more desirable outcome—a more effective and efficient anti-corruption monitoring compliance program that flags any areas of concerns.

Taking A Closer Look: Big Data, Big Wins

So what's the difference between manually piecing data together and using artificial intelligence in data analytics in CBRE's anti-corruption monitoring compliance program?

One of the biggest wins is better sleep at night knowing that we are doing things the right way to align ourselves with anti-corruption regulatory requirements. The data analytics tool at CBRE is tailored to the risk profile specific to each country's operations, stability, corruption perception index, applicable anti-corruption laws and the recommendations from internal audits and investigations. Based on the specific risk profile, the data is presented in dashboards that includes a summary of top high-risk vendors by number of transactions and amounts, payments to foreign bank accounts, gifts and entertainment amounts over a defined limit and transactions that contained compliance-sensitive words (permits, refunds, sponsorship, etc.).

One of the biggest wins is better sleep at night knowing that we are doing things the right way to align ourselves with anti-corruption regulatory requirements.

As a result of using data analytics tools, CBRE's Compliance professionals can review data in a meaningful way and are able to spot trends that the human eyes could not. We can risk-rank entities and specific transactions based on identified anomalies to justify and determine the allocation of our investigative resources. And it further enhances the strength of our efforts by ensuring that these decisions are based on objectivity, rather than subjectivity, which is a characteristic of the human mind.

Another big win was the time saved by CBRE's compliance team, which was able to devote their time to analysing information rather than trying to make sense of the data. We estimate the time spent analysing and reviewing data has been reduced as much as 50 percent. This has the added benefit of allowing the Compliance team to devote more time to actual investigations.

The Journey in Data Analytics Continues

While there have been some big wins from using data analytics at CBRE, the results are only as good as the criteria established in the data analytics. Determining the data analytics criteria is not a one-time effort, as it requires continual re-evaluation of the criteria used in the data analytics tool. This is because as a company changes, be it operationally, strategically, geographically, financially or even technologically, its information needs change, too.

At CBRE, prior to each anti-corruption monitoring compliance review using data analytics, an anti-corruption risk assessment is conducted to ensure that we are keeping up with the changing risks. We also review to ensure that the data analytics criteria are reflective of such changes. Such continual monitoring of our compliance risks ensures the quality of our work remains high and helps the work to withstand a review by any other compliance team.

Digital Innovation

A Deep Dive into Compliance Program Technology

As the pace and volume of business transactions, communications, and data increase exponentially, compliance leaders are turning to technology to streamline, manage and improve programs.

In this latest research report from the Business Ethics Leadership Alliance (BELA) we convened a working group of leading global BELA member organizations and surveyed the broader BELA community to learn:

- Technology solutions and approaches companies are using
- How organizations are implementing innovations
- Best practices and guidance for incorporating technology into ethics and compliance

Download this Executive Summary and learn how leading companies are approaching:

- Technology-enabled efficient compliance, with insights into the use of artificial intelligence, bots, augmented reality and other tools
- Data-enabled actionable compliance, including an overview of the types of tools companies are using, from dashboards to monitoring, blockchain, and other methods
- Success factors and challenges when implementing digital innovations

The full report is available exclusively to BELA members and contains specific examples of company solutions, results of the BELA community survey, and insights and recommendations on keys to successful projects. Click here to access the Digital Innovation Report on the BELA-member hub: <https://bela.ethisphere.com/>

I started this article talking about the need to find a needle in a haystack. Data analytics is just one tool compliance professionals have at their disposal to achieve this goal. But it is important to remember that artificial intelligence can never be a substitute for human intelligence, for it is man who creates the machines and writes the programs. Therefore, it is incumbent on every compliance leader to be aware of their risk environment and risk factors so that data analytics does not simply produce the old IT fear of 'garbage in, garbage out'. Only by striving for continuous improvement will we succeed in our mission to protect the Company.

This article provides insight into how CBRE is using data analytics to provide their anti-corruption compliance team with capabilities that enhance and continuously improve the company's anti-corruption monitoring compliance program. This article is written with special thanks to Mr. Tyson Avery and Mr. Ricky Short for their leadership in implementing data analytics at CBRE.

CBRE's Compliance professionals can review data in a meaningful way and are able to spot trends that the human eyes could not...

Expert Biography

 **Jee Mei Cheng** oversees CBRE's Ethics and Compliance program for CBRE Southeast Asia countries. CBRE takes great pride in their reputation for upholding the highest standards in the way they do business. Learn more about CBRE's Ethics and Compliance at <https://www.cbre.com/about/corporate-responsibility/pillars/ethics-and-compliance>.

Every day many of the world's most trusted brands put their faith in Omega as they endeavor to work with suppliers who operate ethically, securely and free from corrupt practices.

SUPPLY CHAIN MONITORING



Every day many of the world's most trusted consumer brands put their faith in Omega to ensure the integrity of their global supply chains.

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ETHICAL BEHAVIOR



A dedicated, internal ethical team requires our staff to uphold exceptional levels of integrity, honesty and transparency at all times.

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EXPERTISE



Omega provides insight and guidance over a broad range of industry challenges and trends. View our thought leadership section to learn more.

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Omega goes beyond supply chain monitoring. With a network of teams stationed across the globe, we provide deep expertise navigating local challenges, such as forced labor, human trafficking and wages/working hours non-compliance, as well as broader industry issues such as supply chain corruption and unauthorized subcontracting. With an industry leading anti-corruption program, and client services in Hong Kong and the United States, Omega places its partners at the center of its business. We pride ourselves on delivering excellence with flexibility, attention to detail and unparalleled integrity.

Learn more about Omega Compliance here: <https://www.omegacompliance.com>

Contact: Jon White, Managing Director: jwhite@omegacompliance.com





MAXIMIZING SUPPLIER INTEGRITY IS A HANDS-ON JOB

Business integrity is the one area where there is no need for competition. In fact, the more ethical our ecosystem becomes, the more each company gains

Written by Jon White, Managing Director, **Omega Compliance**

At the BELA Asia Pacific Roundtable in Singapore earlier this year, I had the opportunity to lead a discussion around supplier risk management. One question we sought to collectively answer was: when should a company disqualify a supplier? The list of companies tripped up over misconduct committed by their third parties or suppliers is a long one. There are many instances where misconduct by a company's key supplier has resulted in unwanted scandal, or even criminal proceedings.

Why is this the case? Well, mostly because everyone has an angle. We all seek advantages that will help us rise above the competition. Suppliers are fighting for your business and the competition can be fierce. In reaching for the prize, some may cut corners. Others might neglect ethics. Some are just dishonest. Either way, their shortcomings can have a significant negative impact on the companies who choose them as a partner.

You can never 100% eliminate the potential for corruption or dishonesty. So why is everyone looking for the magic solution that will "solve" integrity concerns once and for all? It is an unattainable goal. Integrity and ethics has to be managed the same way as quality control. You must constantly review procedures and implement oversight which effectively mitigates the risk.

We all strive to eliminate the potential for supplier integrity issues, but it is an ongoing and ever evolving process. There is certainly no one size fits all approach. The impact of varying government regulatory oversight, or the lack thereof,

With a network of teams stationed across the globe, Omega Compliance has extensive expertise in navigating local challenges, from forced labor in China, to worker retention strategies in Thailand...



from country to country makes this unrealistic. Chasing perfection is no bad thing, but those companies that recognize the need to constantly review their strategies and preventative measures will have an advantage.

Today, Compliance and Ethics officers are always wrestling with these dilemmas: coupled with the ever-changing business landscape, almost every company depends upon outside vendors and other third parties to some extent. However, for all the efficiency gains that tactic might bring to operations, it remains challenging to reduce the risks that comes along with it.

The most effective way to maximize supplier integrity is to take a hands-on approach. Suppliers can have all the documentation in the world, but truth is, seeing is believing. In order to truly know if a factory in Bangladesh or a facility in China is meeting your ethical and compliance standards, you need to go and see it. For companies using hundreds, or even thousands of suppliers, this is labor intensive. But the risks outweigh the time and expense. In today's business environment the impact of a supplier miscue can be devastating to a brand. Does anyone want to be associated with a partner that is using child labor? How about a supplier linked to human trafficking? It never simple. How do you let the supplier know its time to part ways without damaging your brand or drawing unwanted attention to your

program? We need to approach this with a level of sensitivity.

With a network of teams stationed across the globe, Omega Compliance has extensive expertise in navigating local challenges, from forced labor in China, to worker retention strategies in Thailand , as well as broader industry issues such as supply chain corruption and unauthorized subcontracting. We believe that sharing information and best practices is vital to any strategic approach to maintaining supplier integrity. Hence, our work with the BELA Asia Pacific community, which has helped us engage with leading experts from a variety of industries.

Business integrity is one area where there is no need to compete. In fact, the more ethical our ecosystem becomes, the more each company gains. Likewise, as the global crisis of 10 years ago proved, when the business community is damaged by scandal, consumer and investor trust levels plummet and everyone loses.

This is why I was so pleased to be asked by Ethisphere to pen this article. What we share and what we learn from others will help create a healthy business environment. As the saying goes, a rising tide lifts all boats. Together, with the help of the BELA Asia Pacific Chapter and Ethisphere, let us take the appropriate steps to raise the sea level for suppliers, and with our own endeavors, to ensure the business climate continues to prosper.

Business integrity is one area where there is no need to compete. In fact, the more ethical our ecosystem becomes, the more each company gains.

About Omega Compliance

Every day many of the world's most trusted brands put their faith in Omega as they endeavor to work with suppliers who operate ethically, securely and free from corrupt practices. Omega goes beyond supply chain monitoring. With a network of teams stationed across the globe, we provide deep expertise in navigating local challenges, such as forced labor in Thailand or worker retention strategies in China, as well as broader industry issues such as supply chain corruption and unauthorized subcontracting. With an industry leading anti-corruption program, and client services in Hong Kong and the United States, Omega places its partners at the center of its business. We pride ourselves on delivering excellence with flexibility, attention to detail and unparalleled integrity. Learn more about Omega here: <https://www.omegacompliance.com/>

Expert Biography

Jon White has held senior leadership positions overseeing global supply chain compliance operations for more than 20 years. He has extensive experience developing supply chain compliance and anti-corruption and integrity programs for many of the largest consumer brands and retailers in the world. Jon has been the Managing Director at Omega since its inception and continues to lead the company as its services grow. He can be reached at jwhite@omegacompliance.com

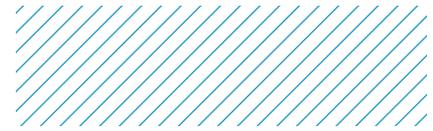


ON THE FRONT LINE OF DEFENCE: THE VITAL ROLE OF IN-HOUSE COUNSEL IN MAINTAINING CYBERSECURITY

Multifactor authentication or two-step verification should be a minimum defence used by attorneys on websites that include any personal or company-sensitive information.

Written by Paul Fredrick, General Counsel - East Asia & Japan, Schneider Electric

In-house attorneys handle a wide variety of compliance, governance and regulatory matters to ensure that our companies do business ethically and to minimise risks from commercial operations, transactions, and projects. In recent years, cybersecurity issues have become a top priority for Directors and Senior Management and thus for in-house counsel at every level.



In-house lawyers should work collaboratively with their IT departments and other functional groups to develop policies and procedures; discuss encryption methods; prevent business interruption from hacking; prepare incident response plans; and address other risks caused by cybersecurity issues and possible data breaches.

Recently I received another phishing email and embedded link about a purported problem with my Outlook account. The email was written poorly and looked suspicious, so I immediately informed our IT department who then issued an internal alert. Colleagues working from mobile devices, however, could have a more difficult time to see the whole email and thus might hastily click on the link. Mobile devices used for work are particularly vulnerable when there are social media apps on the device or inadequate security software to protect from the increasing number of malware, viruses and phishing schemes. New apps, whether social or for work, continue to be developed and often will have security flaws.

Tapping into authentication

Multifactor authentication or two-step verification should be a minimum defence used by attorneys on websites that include any personal or company-sensitive information. Other forms of encryption, including password protection on files and fingerprint readers, create a stronger defence to protect data stored on mobile phone, laptops and other devices particularly when data is sent via email from unsecure wireless networks in public locations such as airports, hotels, restaurants and elsewhere.

One report in 2019 noted that the global average cost of a data breach was about US\$4 million, which may not take into account the following:

- (i) reputational damage to the company and loss of loyalty from customers or business partners;
- (ii) disruption to commercial operations;
- (iii) compensation claims from those who lost personal data;
- (iv) fines, penalties or legal fees; and
- (v) possible criminal prosecutions.

Another report in February 2020 stated the average cost per breach in 2019 was US\$9 million, an increase of more than US\$2 million from 2018. The economic impact to companies from cyberattacks is increasing along with the frequency,

brazeness and sophistication of the hacks.

The 2020 report also noted that almost 70% of IT security professionals indicated their companies experienced an attack in 2019 that compromised data assets or IT infrastructure. Of the incidents that were successful, 80% were new “zero-day” attacks and this will continue. Thus, the timeliness of incident response is important along with the ability to remotely wipe data when a device is lost or compromised.

Responding to Cyber Threats

Cyber-attacks target every industry and type of business, including international law firms, which have files with significant proprietary client information and materials. The American Bar Association issued opinions in 2017 and in 2018 advising attorneys about professional and compliance obligations to protect client information. Law firms routinely purchase cyber insurance because general liability / malpractice policies may not cover data breaches or other security incidents against claims by clients. Law firms also need coverage for its own losses such as restoring data, lost work time and other indirect losses.

As industry experts frequently warn, it is a question of “when” and not “if” a cyber-attack will occur. As one former US FBI Director stated at an information security conference in 2012:

“There are only two types of companies: those that have been hacked and those that will be. And even they are converging into one category: companies that have been hacked and will be hacked again.”

Cyber-attack schemes against entities in the financial, healthcare, hospitality, insurance and telecom industries have increased due to the sensitive personal data and/or client files accessible from a successful breach. In 2019 in Singapore, the Personal Data Protection Commission levied fines of over a million dollars against two groups involved in the disclosure of personal data for 1.5 million patients.

Looking ahead, in-house counsel must remain on the front lines and be vigilant about cybersecurity. A basic starting point is familiarity with relevant laws in our respective jurisdictions regarding data breaches and privacy, especially as these laws evolve and strengthen each year.

In Singapore, there were amendments in 2019 to the Personal Data Protection Act that will require mandatory reporting of data breaches in 2020. Evolving laws in Australia, China, India and

other countries should be studied and researched along with the new laws in Vietnam from 2019.

Mandatory reporting obligations are not in place in Japan and electronics company NEC only disclosed in January 2020 a security breach that occurred in 2016. As is often the case for companies embarrassed by a cyber-attack, NEC downplayed the overall severity of the hack, which the company did not detect for six months and resulted in the theft of more than 27,000 files from its defence business division.

In 2019 in the U.K, the Information Commissioner’s Office (ICO) fined the Marriott hotel group over GB£ 99 million for a breach of the or breaching European data protection law. Marriott had purchased the Starwood Hotels Group in 2016 but did not learn until 2018 that Starwood’s security systems were hacked in 2014, which resulted in the theft of data (including passport and credit card details) of almost 500,000 million Starwood clients. The ICO concluded that the due diligence conducted by Marriott prior to its acquisition was inadequate.

In 2019, the ICO fined British Airways GB£183 million under the GDPR for a similar breach, thus confirming that companies will be held liable for the loss of data even when such loss result from an M&A transaction. In February 2020, a US federal grand jury charged members of the Chinese Liberation Army with the 2017 hack on Equifax Consumer Credit Bureau, which resulted in the theft of sensitive personal data (including Social Security numbers) and trade secrets of 150 million Americans.

To prepare for meetings with local regulators after a cyberattack, legal teams should work proactively to develop relationships with such regulators before any problem occurs. Thereafter, when the need arises to go discuss with the relevant government entity, the relationship is already established and each side should have developed a positive, credible view of the other.

In-house counsel should work closely with IT departments to develop trainings for employees about how to avoid mistakes that could inadvertently allow a breach. Precaution before a crisis is always preferable to the time and effort required, along with economic effects, after a cyberattack. Accordingly, the collaborative efforts by in-house counsel on cybersecurity must continue for many years to come as bad actors become increasingly sophisticated in their hacking efforts. I remain confident that in-house counsel will continue to rise to this important challenge as we have done with many others in the past.

Resources

Webcast Recap | Reducing Cybersecurity Risk: Cross-Functional Responsibility at the GC, CCO, and CISO Level

Companies increasingly realize that effective cybersecurity and the related protection of intellectual property, confidential information and trade secrets requires collaboration between IT/ security, legal and compliance. Most companies have not effectively implemented cross-functional collaboration between these three departments. In addition, reducing cybersecurity risk requires the involvement of the departments that deal with third parties (supply chain procurement, sales, etc.) and the cooperation of the third parties. Finally, the cost of not taking these issues seriously and putting effective plans into place puts these enterprises at great risk with all their stakeholders – employees, customers, partners and shareholders.

Take a look at a webcast co-hosted by Ethisphere and Cybersecurity Collaborative focused on how to accelerate effective collaboration between GCs, CCOs and CISOs to reduce cybersecurity risk.

The full recording and slides are available the BELA-member hub: <https://bela.ethisphere.com/reducing-cybersecurity-risk/>

Expert Biography

 **Paul Fredrick** leads a team of 10 lawyers in 7 countries and together they handle legal and compliance matters for US\$1.8 billion of commercial operations annually in 15 diverse countries throughout Asia. Previously, Paul worked for Chevron Corporation, served as General Counsel of Itochu Oil Exploration Co., and practiced with major international law firms.

Cybersecurity Maturity Assessment

Measure and Improve Your Cybersecurity Approach

A service enabling companies to assess, verify and improve cybersecurity across the enterprise and with third-party partners.

“The Cybersecurity Framework may become the de facto standard ... and may impact legal definitions and enforcement guidelines for cybersecurity moving forward.”

- PwC



Gain Immediate Insights

Our robust assessment enables you to learn the strengths, weaknesses and maturity of your cybersecurity program.



Align to Top Guidance

The Cybersecurity Maturity Assessment aligns to the NIST Cybersecurity Framework and top guidance referenced in it, including NIST 800-53, NIST 800-171 and ISO 27001, among others. See how your program compares with best practices.



Map a Way Forward

Our reports, expert verification and improvement recommendations enable you to better allocate resources and effectively improve cybersecurity.



Speak the Same Language

Our maturity-based assessment provides a common language of information security maturity levels for communicating with your board, leadership, employees, customers and third parties.



Leverage Best Practice Expertise

Map your program to leading practices defined by NIST Framework experts and senior cybersecurity leaders from global companies.

Try It Now: Email info@ethisphere.com to request a demo and learn how Ethisphere's Cybersecurity Maturity Assessment can help your company.

The Process

Step 1:

Assess and benchmark



- Start by taking a comprehensive online assessment covering the NIST Framework's 98 subcategories of controls and the standards referenced in it (e.g. NIST 800-53, NIST 800-171, ISO 27001).
- Gain an immediate picture of where you need to improve and allocate resources.
- See how your program elements rate on a scale of 1 (least mature) to 5 (most mature).
- Access a report to see how your approach benchmarks against the NIST Framework.

Step 2:

Verify results and map improvements



- An Ethisphere expert conducts an independent evaluation, generates a second set of scores and benchmark reports, and recommends priority improvements. Or your company can license the service and use internal teams to verify the assessment results.
- Either way, you will have a robust view of your cybersecurity program to use for ongoing benchmarking, resource allocation and reporting to the Board, C-Suite and others.

Step 3:

Scale, manage and monitor



- Using the Ethisphere technology platform, you can expand your cybersecurity maturity assessment program across your enterprise and with third-party partners.
- It provides a user-friendly interface for taking the assessment and managing dozens, or even thousands, of cybersecurity assessments.
- It offers efficient record-keeping, the ability to integrate independent verification into the workflow, and robust reporting capabilities.

Two Ways to Use the Cybersecurity Maturity Assessment

- **Full service:** Ethisphere manages the assessments, conducts an expert verification and provides reports of results along with improvement recommendations.
- **License the platform:** Your company manages the assessments and workflow, and uses internal teams or third parties for verification and reporting. This option can be used for managing assessments conducted with divisions, subsidiaries and third-party companies.

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Ethisphere brings together leading global companies to define and promote best practices for ethics and compliance; and helps to advance business performance through data-driven assessments, benchmarking and guidance.

Learn How: Email info@ethisphere.com to request a demo of Ethisphere's Cybersecurity Maturity Assessment.

www.ethisphere.com



Join the Business Ethics Leadership Alliance (BELA) and try the Cybersecurity Maturity Assessment as part of your Membership. BELA is a community of global companies collaborating around best practices.

VISIT bela.ethisphere.com



SPLUNK: DATA IS THE NEW OIL, BUT CULTURE STILL POWERS THE ENGINES

Meet Mekhla Basu, Splunk's new Director and Corporate Counsel for APAC

Interview by Greta Baranowski, Senior Writer, Ethisphere

Ethisphere had the chance to catch up with Mekhla Basu, Director and Corporate Counsel, APAC, Splunk about her new role, career path and managing the growing risks of data and social issues across the region.

Greta Baranowski: What inspired your to move to Splunk?

Mekhla Basu: In my previous role as Intel's South East Asia compliance counsel, I had a fair visibility of the complex issues arising out of the Asia market and was handling this dynamic region based out of India. When the opportunity came up in Splunk, a few things inspired me:

- **Splunk's business:** Splunk is a San Francisco head-quartered multinational company that turns data into doing with the Data-to-Everything Platform. Splunk technology is designed to investigate, monitor, analyse and act on data at any scale. The company has over 27 offices and over 5500 employees worldwide and growing exponentially in this region. Splunk is driven by a single important mission that is customer success and this very ingrained DNA has helped Splunk become one of the most prestigious software companies in the world, steeply and quickly. Data is the new oil, and most technology companies I have worked with in the past were re-inventing themselves to become data companies. Enough said—the core business of Splunk was reason enough for me to be sold!
- **Splunk's values:** Splunk's vibrant yet disciplined culture. The focus of the company has been on building this network of customers by inspiring trust. Splunk lists its values as - Innovative, Passionate, Disruptive, Open and Fun. Sounds pretty simple, right? But behind these very simple sounding values are a deep attempt by Splunk's global and regional management to create a world-class company driven by customer success, having an open, transparent, ethical culture where the employees are its best assets.
- **My role:** In this newly created role, I have been entrusted to uphold and amplify this existing culture and help Splunk's APAC management navigate a challenging and dynamic market—doing the right thing and heading towards customer success. In my role, as Director and Corporate Counsel, I will handle a bunch of interesting matters—such as ethics and compliance, employment, corporate commercial to name a few. Splunk's steep growth curve, added with the inspiring culture and the ability to be a part of this growth and success, made Splunk a natural choice as a coveted employer!

GB: Can you talk more about your new role and expectations? What are looking forward to most in your role?

MB: As stated earlier, this is a newly created because very early on, Splunk recognised the need for transparency and ethical conduct along with steady growth in the region. Given, the company's 40% YoY global growth curve, it is all more important that Splunk continues to derive and add value through its enviable reputation, not just as a niche leader but also a company focused on innovation and passion. Innovation cannot happen without the right kind of culture and Splunk has recognised that this is fundamental. In my role, I will be responsible for upholding and exemplifying this culture and help APAC management navigate through choppy waters of an unpredictable, fast changing regulatory sea-scape! Except for deals and transactions, my role which is unfolding every passing day, will include a host of different subject matters, in addition to ethics and compliance. As part of the APAC management team, I will work with the regional and country leaders (and their teams) closely and hopefully will be an enabler to business success through integrity and the right conduct. I am highly excited about this partnership!

Personally, I moved to Singapore from India with Splunk's role and looking forward to immersing in the local cultural and business environment in my new home-country!

GB: Now that you are based in Singapore and will be handling the entire APAC region including China and Australia, how do you plan to keep abreast of laws, regulations and business environment? What advice do you have for others in similar roles?

MB: This is indeed a vast region and the regulations are ever changing. That said, in this age of information, there is a lot available and one needs to figure what is most applicable to one's role, so reading and learning is objective and effective. After all, we also have a personal life!

I try to keep abreast of most of the political, socio economic changes and news to begin with, that provides much needed context to emerging laws and regulations. Followed by alerts and subscription to magazines, e-zines and law firm updates and carve out an hour every day to review and book-mark relevant updates. I would say, not just the region but even keeping oneself generally knowledgeable about what's happening in world really helps, because that perhaps, soon, will follow in the region.

My advice to my colleagues is simple—objective relevant and disciplined reading

I will be responsible for upholding and exemplifying this culture and help APAC management navigate through choppy waters of an unpredictable, fast changing regulatory sea-scape!

time, followed by in-person discussion with colleagues to do deeper-dives.

GB: For Ethics and compliance Leaders, looking to expand their roles and profile in the regions, what career advice would you give?

Here are my humble learnings from the last few years:

- Establish your credibility and expertise, even before you start networking. In this age of social media and easy reach to network, I have observed that there is a lot of focus on the same, without a realistic assessment of what value do "I" bring to my network even before I derive value out of it. I think, if we continue to self-actualise and focus on the value we bring to table, we get recognised in our organisations, by our peers and in the market about our expertise and credibility
- A balance of long-term and short-term goals- I always have suggested to the younger lot, that take up this role only if you continue to remain passionate about it. The passion for the role, silences the everyday stress we face. We need to in the end, as professionals balance out what is important to us—and not just aim for a promotion to a regional role, because that's natural progression.
- Be open to life: This has been my mantra and I am open to failures and success that life brings. We need to be open to failures too if we ever truly want to taste success. Keeping our long-term goals in mind, let life flow and help meander its course by creating the right causes: help people, be there for your team, demonstrate empathy at every level, be hungry and be kind!

The Five Forces Building the Next Data Wave

Technology has been changing the world since the wheel. But the acceleration that began with the Industrial Revolution has increased tremendously in the digital era. The pace of change in the first two decades of the 21st century has been breathtaking. Over the past decade, the world has increasingly understood the impact of intelligently leveraged data. Tackling the biggest challenges — improving healthcare and education, stewarding the climate and natural resources, fighting poverty, protecting privacy and managing the huge global population — will depend on effectively understanding and acting on data. While the message of constant change has been a familiar refrain since the dawn of the commercial internet, we are on the cusp of a significant increase in the rate of data creation and utilization. We are at the advent of new disruptions, new threats and new opportunities. Just as the union of 4G telecommunications and the smartphone unleashed dramatic changes in business and daily life, five intensifying forces are combining to bring a new level of transformation, and a powerful wave of opportunity for both global society and the well-prepared organization. A data wave.

Read the E-book: https://www.splunk.com/en_us/about-us/why-splunk.html

Expert Biography

 **Mekhla Basu** is a legal & compliance professional and senior executive with experience in advising top multinationals in the Greater Asia Region. In her current role, Mekhla serves as Director and Corporate Counsel – APAC for Splunk, a provider of the Data-To-Everything Platform. Previously, Mekhla was heading Intel's compliance function in South East Asia, covering several high-risk jurisdictions.



ERNST & YOUNG: HOW TO CREATE, SUSTAIN AND MEASURE INTEGRITY

Leaders should maintain a laser-like focus on their integrity agenda

Written by Nick Robinson, Forensic & Integrity Services Partner, EY

According to Ernst & Young's (EY) most recent Global Fraud Survey, integrity is the cornerstone to success. The results suggest that the benefits of demonstrating organizational integrity go beyond avoiding fines and can actually improve overall business performance. 2,500+ EY survey respondents see deep advantages in protecting integrity to improve customer and public perception— not to mention helping to attract and retain top talent, with 97% of respondents recognizing it is important that their organization operates with integrity.

Despite this recognition and substantial investment in anti-fraud and bribery initiatives, the survey also revealed that fraud and corruption in business is not going away. In South Asia, for example, we are continuing to observe ethical failures, business losses and their reputational damage – because the risk factors for fraud and corruption are all trending upwards.

The increasing use of digital technology is heightening organizational exposure to fraud and corruption. At the same time, economic turmoil and a volatile, recessive environment is putting pressure on employees involved in operations and sales – particularly millennials. EY survey found that younger respondents are more likely to justify fraud or corruption to meet financial targets or help a business to survive an economic downturn. One in five respondents under the age of 35 said cash payments were justified under such conditions, compared with one in eight of those over 35.

As the cost of non-compliance continues to increase, it's time for leaders to take another look at their integrity agenda in the cold, hard light of the current business environment.

In my 30 years of investigative experience, I've come to realize that when an employee's loyalty is in decline and people are under pressure to deliver targets, decisions involving integrity are made on a three-tier framework in this order:

1. It is more than my job's worth?
2. Will I get caught?
3. Is it the right or wrong thing to do?

In other words, leaders cannot rely on their employees to take the ethical high ground. They need to experience the real-world consequences for bad behavior and be rewarded for making the right decision. It's also worth understanding that fraud and corruption are closely linked— few people bribe others with their own money. On the other hand, most steal first (fraud) before making a cash payment (corruption).

In this environment, how can organizations pursue an Integrity Agenda that ensures the genuine ethical intent of leaders cascades down every level?

Many businesses in South Asia have already reached a certain level of maturity in their compliance programs, with the vast majority using anti-corruption policies and procedures. However, there is a disconnect between policies and employee behavior. Organizations may have values, policies, programs and processes in place. But few are able

Management controls and internal control measures remain the first line of defence.

to demonstrate that their integrity measures are working.

The next step is to put in place four core elements to align day-to-day decision making with organizational integrity objectives:

1. Governance – At its base, this is the structure of integrity management, encompassing board, line management and corporate functions, and the policies that guide organizational behavior. However, to drive behavior change, governance principles must be proactively championed by leadership. People talk about setting the ‘tone at the top’ and imagine it just means the CEO writing an inspiring email about integrity. But ‘the top’ depends on where you sit in an organization. People follow what they see – not what the CEO says. If managers don’t model, talk about and reward ethical behavior, if employees don’t see misbehavior being corrected and coming with consequences, integrity will fall apart in a heartbeat.

2. Culture – Compliance functions need to shift from a narrowly legalistic activity to one rooted in ethics and culture. Integrity, like safety, is everyone’s business. It’s unrealistic to think that an individual executive or department can single-handedly police all operations. Compliance should be an organization-wide function rather than one that is the exclusive responsibility of the chief compliance officer or general counsel. And this should be manifested at all levels. Just as, every meeting on an oil rig starts with a safety briefing, so every meeting today should include a discussion of how to sustain organizational integrity in the context of the project under discussion.

3. Controls – Management controls and internal control measures remain the first line of defence. These are the procedures that embed integrity into day-to-day operations, preventing and detecting violations of laws and policies.

4. Insights – Ensuring integrity requires data-based insights about emerging risks and integrity performance.

Resources

How the Integrity Agenda bridges intentions, actions and measurement

The announced intentions of an organization may be clear: policies and codes of conduct are in place, and senior leaders demonstrate commitment via formal and informal communications. Yet, recent high-profile scandals at major corporations show that aberrational conduct by executives has persisted and gone unnoticed for long periods of time.

When the misconduct finally surfaced publicly, expensive investigations have ensued, fines have mounted and individuals have been prosecuted, while market capitalizations have declined. To close the gap between intent and reality, organizations should focus their efforts on improving the effectiveness of their compliance programs by assessing the corporate culture, controls and governance from an integrity perspective, leveraging new technologies to provide better data insights.

The importance of integrity

Integrity is the cornerstone to success. The results from our most recent Global Fraud Survey suggest that the benefits of demonstrating organizational integrity go beyond the avoidance of fines and can actually improve business performance. Survey respondents felt that customer perception, public perception, recruitment and retention of employees were deemed more important benefits than avoiding scrutiny and penalties.

The Integrity Agenda helps organizations bridge the gap between intentions and behaviors. It is a framework for success built on a core set of four elements that align an individual’s actions with an organization’s objectives. It enables successful organizations to stay true to their missions, keep their promises, respect laws and ethical norms, and foster public trust in the free enterprise system.

Source: EY Global Forensic & Integrity Services
https://www.ey.com/en_gl/assurance/how-the-integrity-agenda-bridges-intentions-actions-and-measurement



Compliance should work with the business to reinforce front-line integrity by sharing insight from data analytics. Advances in the predictive capabilities of big data means that analytics can be used to make real-time decisions, helping to identify and prevent fraud and providing management with more effective oversight. Leading organizations are taking this a step further, using predictive analytics to target limited internal audit resources more effectively.

Poor behavior will never be eradicated, but its incidence can be reduced. Leaders need to assume that fraud and corruption will happen and put in place processes to ensure – and demonstrate to the community and regulators – that such activity is detected quickly and appropriate action is taken. In setting up these processes, companies that follow the four-step Integrity Agenda will bridge the gap between corporate intentions and actual behavior, therefore reduce conduct risk and reap the commercial rewards.

The views reflected in this article are the views of the author and do not necessarily reflect the views of the global EY organization or its member firms.



Expert Biography

 **Nick Robinson** is a Partner, Forensic & Integrity Services, Ernst & Young Advisory Services Limited, based in Hong Kong, with more than 30 years of experience working on financial crime and cross-border fraud and corruption investigations across Asia and the Middle East. He has supported large-scale anti-money laundering and terrorist financing engagements across Asia and was formerly a Detective Senior Inspector with the Commercial Crime Bureau of the Hong Kong Police.

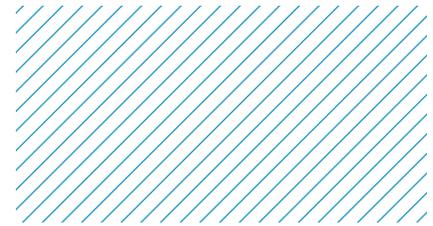


A GLOBAL CONVERSATION WITH THE WORLD'S LARGEST AEROSPACE COMPANY

How can companies build a strong corporate culture in a dynamic, global environment? As the world's largest aerospace company—with employees in 65 countries—The Boeing Company tackles this question every day.

Interview with Ralph L. "Skip" Boyce, Singapore-based President of **Boeing** Southeast Asia

Ethisphere caught up with Skip Boyce, Singapore-based president of Boeing Southeast Asia, for a discussion on growth in the region, building a corporate culture and supporting collaboration across the globe.



Ethisphere: Can you tell us about your career as a US diplomat before joining The Boeing Company?

Ralph Boyce: I was a Foreign Service officer with the US Department of State for 31 years before joining Boeing in 2008. I began my Foreign Service career with assignments in Tehran, Tunis and Islamabad. During my time, I also had the privilege of serving as US ambassador twice – once to Indonesia from October 2001 to October 2004, and then to Thailand from January 2005 to December 2007. I was also deputy assistant secretary of state for East Asia and Pacific Affairs and other assignments with the US government included deputy chief of mission in Bangkok; deputy chief of mission in Singapore; political counselor in Bangkok; and advisor to the deputy secretary of state, responsible for the foreign affairs budget. This broad range of experience and exposure to different parts of the world helped me understand the intricacies required to conduct business globally, which is critical for a company like Boeing that provides products and services support to customers in more than 150 countries.

ES: What do you think of the standards of conduct expected of Boeing employees compared to your time in the US government?

RB: I would say that the standards of conduct expected of Boeing employees is similar to what was expected of me as a public servant in the US government. At Boeing, we expect all employees to conduct business fairly, impartially, in an ethical manner and in full compliance with all applicable laws and regulations. Integrity is one of our Enduring Values; it's the foundation and underlying driver of all company relationships, including those with customers, suppliers, communities and employees. We also expect employees not to engage in business or activity that may call into question the company's honesty and impartiality.

ES: Can you share with us the aviation business climate in Southeast Asia currently? What are the challenges/opportunities for The Boeing Company?

RB: There is great potential for growth in our region currently. In particular, we expect strong future demand for our



commercial airplanes. We are forecasting a projected need for more than 4,000 new aircraft valued at US\$650 billion over the next two decades in Southeast Asia. The region is expected to generate annual air traffic growth at 6.2 percent, outstripping the global growth rate of 1.5 percent. To meet this growth, we recently brought on two vice presidents from our Boeing Commercial Airplanes sales function to Singapore to ensure that Boeing is suitably equipped to meet market demand and customers' needs.

ES: As you strive to meet these business goals, what are some of the initiatives being implemented in your region to ensure a culture of ethical and compliant behavior by Boeing employees? How do you drive a culture of safety, quality and integrity among employees?

RB: We advocate an open and accountable culture and we do so by implementing a strong ethics and compliance program, with strong policies and procedures designed to support our teammates around the world. Throughout our history which spans more than 100 years, safety, quality and integrity have been at the core of what we do. To foster an open and accountable culture, we also have policies in place prohibiting retaliation. This is extremely important to support an environment in which our employees feel safe to speak up and share concerns or suggestions on how we can improve our culture. We also have a network of dedicated Ethics Advisors around the world, including one located in Singapore.

ES: As a leader for a global team and as the primary representative for Boeing in Southeast Asia, what additional responsibilities do you have to model ethical and compliant behavior?

RB: Lead by example and never place profits over integrity. As Warren Buffett, CEO of Berkshire Hathaway, said: 'I look for three things in hiring people. The first is personal integrity, the second is intelligence, and the third is a high energy level. But, if you don't have the first, the other two will kill you.'

ES: What are your thoughts about collaboration, considering Boeing is a company with a global footprint in countries all over the world? How do you build strong teams and coordinate efforts in different countries?

RB: Cross-country/functional collaboration is vital to the future of our work, particularly as we operate in increasingly networked and interconnected business environments. It is critical to create a sup-

Shared Expertise

Each year, Boeing employees review and sign the company's Code of Conduct to demonstrate their commitment to safety, quality and integrity—and to speaking up, raising concerns and modeling ethical behavior.

Boeing Code of Conduct

The Boeing Code of Conduct outlines expected behaviors for all Boeing employees. Boeing will conduct its business fairly, impartially, in an ethical and proper manner, in full compliance with all applicable laws and regulations, and consistent with Boeing's enduring values. In conducting its business, integrity must underlie all company relationships, including those with customers, suppliers, communities and among employees. The highest standards of ethical business conduct are required of Boeing employees in the performance of their company responsibilities. Employees will not engage in conduct or activity that may raise questions as to the company's honesty, impartiality, reputation or otherwise cause embarrassment to the company. Employees will demonstrate their commitment to the enduring values, will treat each other with respect and will refrain from any type of harassment, including sexual harassment.

As an employee of The Boeing Company, I will ensure that:

- *I will not engage in any activity that might create a conflict of interest for me or the company.*
- *I will not take advantage of my Boeing position to seek personal gain through the inappropriate use of Boeing or non-public information or abuse my position. This includes not engaging in insider trading.*
- *I will follow all restrictions on use and disclosure of information. This includes following all requirements for protecting Boeing information and ensuring that non-Boeing proprietary information is used and disclosed only as authorized by the owner of the information or as otherwise permitted by law.*
- *I will observe fair dealing in all of my transactions and interactions.*
- *I will protect all company, customer and supplier assets and use them only for appropriate company approved activities.*
- *Without exception, I will comply with all applicable laws, rules and regulations.*
- *I will promptly report any illegal or unethical conduct to management or other appropriate authorities (i.e., Ethics, Law, Security, EEO).*

Every employee has the responsibility to ask questions, seek guidance and report suspected violations of this Code of Conduct. Retaliation against employees who come forward to raise genuine concerns will not be tolerated.

portive and safe environment to encourage employees to share and collaborate. It is also important to remember that while collaboration is an organizational goal, leaders can't forget the needs of individual employees. What tools do they need to be successful, both individually and as a team? Listen and help remove any hurdles that may be hindering your teams from collaborating so that it doesn't feel like one more extra step that they need to take to get their work done. Ultimately, when it comes to driving collaboration, leaders need to lead by example and show that they too behave with integrity, trust and open communication.

Expert Biography

 **Ralph L. "Skip" Boyce** was appointed vice president of Boeing International and president of Boeing Southeast Asia in February 2008. He is responsible for strengthening the company's presence across the region and supporting Boeing's growth opportunities. Boyce has a bachelor's degree from George Washington University (1974) and a Master of Public Affairs degree from Princeton University (1976). He speaks French, Persian and Thai.



WHAT COMPANIES NEED TO KNOW ABOUT THIRD PARTY RISK MANAGEMENT AND DUE DILIGENCE IN ASIA PACIFIC

Countries such as China and India are some of the most high-risk jurisdictions for bribery and corruption risk.

Written by Mini vandePol, Angela Ang and Andrea Kan,
Baker McKenzie

The Importance of Risk Management and Due Diligence. Companies increasingly rely on the support of third party intermediaries - such as agents, dealers, distributors, and consultants - in their global supply chains. The engagement of such intermediaries can reduce costs, and create new opportunities and greater efficiencies. Third parties, however, particularly those in high-risk countries, may also bring higher risks to the companies that engage with them.

Most anti-bribery and anti-corruption (ABC) laws, including the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act (UKBA) prohibit making corrupt payments directly and indirectly through third parties. The FCPA's far-reaching accounting provisions for companies holding US securities also requires books and records to accurately and fairly reflect all business transactions and effective internal controls to be maintained. Where third party intermediaries are concerned, it is difficult to closely monitor the work they carry out and track how the money paid for this work is used. For example, payments such as unsubstantiated fees or unusually large commissions to intermediaries such as shell entities or government-affiliated entities may be used as a means to hide corrupt payments. As such, companies must (i) conduct thorough due diligence before the engagement of a new third party intermediary as well as (ii) ensure that comprehensive risk management controls are in place to detect and prevent misconduct on an ongoing basis.

The Asia Pacific Context

Asia Pacific's largest markets - such as China and India - are some of the most high-risk jurisdictions for bribery and corruption risk. Of the 604 FCPA enforcement actions involving third party intermediaries between 1978 and 2019, 217 actions (36%) involved misconduct that took place in Asia Pacific, nearly half of which involved China alone. In China, interaction with government officials, normally through external agents or consultants, is common because

regulatory approvals and licenses are frequently required and many potential business partners, customers and suppliers are state-owned enterprises. Also, dubious gift and entertainment practices - stemming from the tradition of guanxi, a system of social networks where strong relationships are built on reciprocity and exchanging favours - are still rampant. Therefore, companies operating in this region cannot simply expect their employees and third-party intermediaries to "do the right thing"-strict procedures and controls are necessary to mitigate and manage risks.

Best Practices - What Companies Need to Know and Do

Pre-engagement Due Diligence

All companies should conduct comprehensive pre-engagement due diligence on prospective third-party intermediaries before the commencement of any business relationship. This can be done in-house, or, as we increasingly see, by externally hired local expert investigators. While it may be cost and time prohibitive to run background checks on all third-party intermediaries, it is highly advisable to screen major third party intermediaries in high-risk jurisdictions or industries, in particular those where the third party is frequently required to interact with government officials on behalf of the company. Even if a company did not have knowledge of or participated in its third-party intermediary's misconduct, failing to conduct proper due diligence may lead to regulators to believe that the company "wilfully" committed or facilitated the misconduct - as shown in the recent Telefonaktiebolaget LM Ericsson (Ericsson) enforcement action, discussed below.

The third party intermediary should be required to:

- Complete written questionnaires detailing, among other things, experience and qualifications for the work it has been contracted to perform; and
- Declare all government ties and affiliations, financial and accounting practices, and compliance program and history.

It is good practice to benchmark costs through competitive bids and provide ABC training to high risk third parties. Most importantly all such measures, and the red flags identified and resolved should be recorded in a formal due diligence report. The engagement should be formally set out in a signed agreement and include the scope of services, agreed remuneration, as well as basic compliance

covenants (i.e. adherence to all relevant ABC laws, audit rights, and termination rights).

Post-engagement Monitoring and Training

A standard "check-the-box"-type approach to post-engagement third party monitoring and training is no longer sufficient to meet the US and UK regulators' standards - companies must have in place a robust compliance program with tailored standards and controls that are consistently and effectively applied and periodically audited.

What this means, at the most basic level, is that companies should have a set of protocols that can detect compliance problems on a continuing basis, to ensure that policies and procedures are actually carried out in practice. In December 2019, Ericsson agreed to pay a total penalty of more than US\$1 billion - making this the second largest FCPA enforcement action of all time - for various alleged FCPA violations, including paying bribes and managing off-the-books slush funds through third party intermediaries in China, Indonesia and Vietnam, among other countries. The allegations against Ericsson included:

- Failing to implement and maintain sufficient controls to ensure effective enforcement of its third party compliance procedures; and
- Engaging third parties through sham contracts while payments were made pursuant to false invoices and then improperly recorded in its books and records. The Securities and Exchange Commission (SEC) characterised this as a "wilful failure".

Companies should also regularly exercise their audit rights over high-risk third party intermediaries and reconcile bank accounts with outgoing and incoming payments to/from all third party intermediaries on a monthly basis. Companies should verify compliance by conducting a formal risk assessment annually (or more frequently where warranted) and obtaining a renewed signed compliance certification form.

Moreover, simply gathering information and identifying compliance problems is not enough - where any red flags are uncovered, companies should swiftly and proactively investigate and remediate. In June 2019, Walmart Inc. was fined US\$282.65 million in relation to allegations of making payments at the subsidiary level in a number of countries including China and India, to third party intermediaries without assurances that

the payments were consistent with their stated purpose or in accordance with ABC laws. Walmart learned of various internal control risks and weaknesses from its internal audit team on multiple occasions and even received a whistleblower complaint, but did not sufficiently investigate the allegations or implement the suggested remedial actions. The SEC treated this as evidence of Walmart's internal controls failures, in breach of the FCPAs accounting provisions.

Ultimately, companies cannot blindly assume that their global compliance programs will be operationalised where they conduct business - rather, they should drill down to understand the specific risks faced by their employees on the ground including those associated with the engagement of third parties; conduct training in the local language and implement practical policies and procedures customised to ameliorate the risks faced. To ensure that the compliance program is properly communicated to and understood by third party intermediaries, companies should closely monitor attendance at training sessions and follow-up on missing attendees. Lessons can be learned from Walmart - despite having a worldwide anti-corruption compliance and training program, the SEC considered that Walmart's failure to adapt and implement this for its China subsidiary or offer formal compliance training to be evidence of Walmart's internal controls failures.

Expert Biography

 **Mini vandePol** is the Chair of Baker McKenzie's Asia Pacific Compliance & Investigations Group. She focuses on risk management and mitigation, transactional compliance risk due diligence and cross border investigations across multiple countries and industries. She is the trusted advisor to significant global clients — establishing and enhancing their risk management programs and promoting a strong commitment to a compliance culture.

Angela Ang has extensive experience in cross-border investigations. She regularly assists clients with designing practical compliance policies, training programs and advising on Hong Kong anti-bribery issues.

Andrea Kan has assisted in a range of cross-border anti-bribery and corruption investigations including in China. She also advises on regulatory compliance matters involving clients from various industries.

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– Grupo Bimbo



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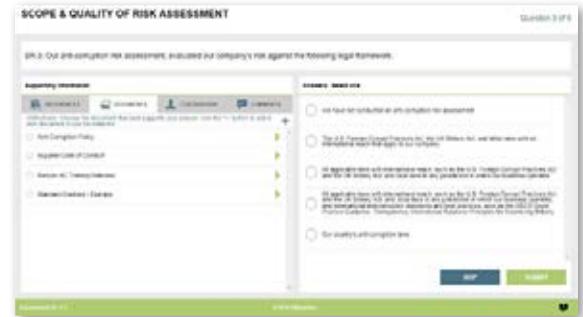
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MAKE OR BREAK THE DEAL: THREE THINGS YOU SHOULD BE THINKING ABOUT IN TRANSACTIONAL COMPLIANCE DUE DILIGENCE

Transactional compliance due diligence is the new norm

Written by Daniel P. Levison, Partner; and Sheryl Janet George Associate, **Morrison & Foerster**, Singapore

Like never before, robust pre-transaction compliance due diligence has become increasingly common in most mergers, acquisitions, equity investments, and joint venture transactions, even where the investor is only taking a minority stake. What may have been limited in the past to one row in a check-the-box due diligence checklist, has now been routinely expanded to include fulsome inquiry into anti-bribery and anti-corruption, anti-money laundering, sanctions and export control, data privacy and cybersecurity, and, in the wake of #metoo awareness, diligence into sexual and other forms of illegal harassment, as well as the use of child labor and modern slavery.

Some skeptics may continue to disregard the significance of compliance risk, insisting that expansion in the scope and depth of diligence is unnecessary or, at best, a weight that slows down a transaction; they worry that the results of diligence may put the brakes on commercial efforts that may have been in the works for some time before compliance diligence was considered.

Principles of successor liability have historically governed the degree to which an acquirer can be liable for the transgressions of a target. However, the risk calculus does not end there, and even asset transfers are not without risk. Law enforcement authorities expect that companies contemplating an investment will conduct rigorous, risk-based diligence. The US Department of Justice (DOJ), US Securities and Exchange Commission (SEC), and UK Serious Fraud Office (SFO) have all made it abundantly clear that buyers and shareholders are not free from the risk of facing criminal or civil liability for the violations of the companies they acquire or in which they invest. The US Treasury Department's Office of Foreign Assets Control (OFAC) sends the same message and has not hesitated to take action against investors in the context of mergers and acquisitions, with three such enforcement actions for sanctions violations in 2019 alone. The authorities are clear: There are real financial and reputational consequences that flow from enforcement actions precipitated by poor transactional due diligence. These exceed the costs of due diligence; and so as the mantra goes: "Don't buy trouble."

The challenge remains, however, as most compliance counsel will agree, in finding the right equilibrium between the two seemingly competing tensions: the business demands to move a transaction forward at low cost, and the mandate to ensure that compliance risks are identified and appropriately accounted for in decision-making. Perhaps the first step as compliance counsel is to obtain business buy-in: point to any number of DOJ, SEC, or OFAC enforcement actions that speak to how weak pre-transaction compliance due diligence can leave a business exposed to unnecessary and avoidable risks that in turn have very real commercial impact in the form of steep fines or settlement payments that hit profitability, and cause immeasurable reputational harm. Speak to the potentially catastrophic loss of investment value when contracts obtained through bribes, and business models dependent on corrupt practices have to be abandoned and rebuilt; an entire investment can be entirely

wiped out by the costs that will be incurred to remediate improper business practices. The next step is to tailor pre-transaction compliance due diligence in a manner that drives the deal to the right equilibrium. In this article, we look at three considerations that should be front and center when planning and implementing pre-transaction compliance due diligence.

#1: Issue Spotting – What Are the Risk Areas?

The areas to be examined in transactional compliance due diligence should be determined based on careful risk assessment. Avoid boiling the ocean, but instead, carefully calibrate the potential risk areas. We suggest some of the following as key considerations when developing the risk profile of a transaction:

- In what industry does the business operate? Is the industry heavily regulated? What particular risks are common to this industry? Has the industry been the subject of recent enforcement activity?
- What jurisdiction(s) does the business operate in? Are these high-risk jurisdictions for particular compliance areas?
- What are the investee's history and reputation? Can you leverage on existing information to identify potential liabilities and uncover known problems? If not already commissioned, should you consider conducting a targeted background check?
- Does the nature of the investee's business flag particular risk areas for special attention? For example, if the business depends on data, is that data secure? Has it been collected, processed, and disclosed in accordance with applicable law? Is any technology on which the business depends subject to export controls?
- What is the size of the investment? What is the investor's exposure to risk for the investee's wrongdoing?

Developing a risk profile helps identify specific areas of compliance that demand pre-transaction attention, prioritizes those risks, and "right-sizes" the due diligence exercise. In this way, the due diligence process is customized to address the relevant risk areas, while keeping commercial cost sensitivities in view.

#2: Time Is of the Essence – Begin Early

To properly develop the prospective investee's risk profile, reviewing publicly available information will not suffice. Best practices require that the buyer or investor request documents and information and follow up with the target's management, with a view to examining the investee's

business practices, risks, and internal controls in a manner commensurate with the risk posed. The process can be time-consuming and, in some cases, can result in a large volume of information to review. Plan ahead for this – compliance professionals should work with their business colleagues to ensure that they and/or external counsel are brought on board as soon as an acquisition or investment is considered, so that all parties get to the intended finish line at the same time. To get to this place, the compliance team will need to sensitize their business colleagues to compliance risks early and often. Training, which is periodically updated to stay current, on the risks facing the business is indispensable in this regard.

#3: A Can Do Attitude – A Potential Issue Does Not Have to Kill a Deal

It may be that due diligence uncovers violations of relevant laws and regulations that are so severe that a transaction no longer makes business sense. However, that is not always the case. In some instances, even where red flags are identified, a company may still wish to proceed with the deal, depending on its risk appetite. Indeed, enforcement agencies have made clear that they do not intend for the risk of enforcement action to halt good business activity and they have provided guidance for conducting diligence and disclosing violations to the government under certain circumstances in order to minimize future liability.

We suggest the following questions as broad guidelines when considering the steps to implement in order to minimize risk exposure as a buyer or investor:

- What is the degree of severity of the risk?
- Did the offending conduct occur in the past or does it continue (or is it likely to continue) in the present?
- Have steps been taken to require that the investee company cease the offending conduct? What steps can be taken to ensure that the offending conduct has in fact ceased?
- Is the risk of a nature that it needs to be addressed or corrected pre-signing or pre-closing, or can it be addressed through post-closing covenants?
- Is disclosure by the investee company or the acquirer to the relevant enforcement agency or regulator necessary to mitigate risk?
- What enhancements are required to the investee company's current compliance policies and training programs?
- What disciplinary action needs to be taken against employees who have been involved in illicit activity? Should they be terminated?
- What warranties or representations are required in the deal documents?

Carefully examining the potential risks and possible mitigations elevates you from being seen as simply the harbinger of bad news, to being part of the solution. It enables you to present a risk-based solution to the business, equipping them to make an informed decision about whether to proceed with a transaction.

Conclusion

Transactional compliance due diligence is the new norm. Against this backdrop, we provide guidance to in-house compliance counsel looking to step into their ever-expanding role as an advisor to the business, providing practical, risk based solutions.

Expert Biography

 **Daniel Levison** has more than 20 years of experience in advising clients on complex multi-jurisdictional investigation, litigation, arbitration, and compliance matters across the Asia-Pacific region. As head of Morrison & Foerster's disputes and compliance practice in Singapore, Mr. Levison is experienced in handling highly sensitive matters, which have included fraud and corruption, cartel and other competition matters, anti-money laundering, export control, privacy and data security, and regulatory and product safety investigations. In addition, he also helps clients protect their businesses with pre-acquisition and third-party compliance due diligence, and developing, reviewing and implementing compliance policies, procedures and training programs. Mr. Levison has been recognised by Chambers Asia-Pacific every year for the last three years as a top practitioner (Band 1) in his field for Corporate Investigations/Anti-corruption. He was also recommended as a global leader in Investigations in Singapore by Who's Who Legal/Global Investigations Review 2019 and 2020.

Sheryl George is a disputes and compliance associate in the Singapore office of Morrison & Foerster. Her practice focuses on investigations and white-collar matters, regulatory and global compliance, including compliance due diligence for corporate transactions, as well as complex commercial disputes. Sheryl has particular expertise in fraud and corruption, anti-money laundering, economic sanctions, cybercrime and cybersecurity, and a broad range of complex commercial matters. Prior to joining the firm, she was a Deputy Public Prosecutor/ State Counsel in the Singapore Attorney-General's Chambers, where she served as the lead prosecutor and state counsel on a wide variety of financial crime and regulatory matters.



HOW COCA-COLA AND THE UNDP ARE QUENCHING ASIA'S THIRST FOR ENVIRONMENTAL RESPONSIBILITY

Company Focused on Plastic Waste Management as Key CSR Initiative in India, Singapore and Across the Globe

Written by Shukla Wassan, Former Executive Director, Legal & Corporate Affairs, South Asia, **Hindustan Coca-Cola Beverages**.

The last few decades have witnessed a surge in the magnitude of plastic usage globally owing to its intrinsic properties, convenience of usage and price, thereby lowering the overall cost of production across industries. India alone consumes approximately 12 million tons of plastics annually, of which 50 to 60 percent is converted into plastic waste each year. The plastic recycling industry in India is an informal sector employing approximately 1.5 million workers and recycling 60 percent of the waste so generated.

Regulation of plastic usage is a matter of the Concurrent List of the Indian Constitution, thereby empowering both the central and state governments to legislate on this issue. Though state governments started regulating usage of plastics as early as 2003, it was only in 2016 that the central government introduced the Plastic Waste Management Rules, which impose responsibility on brand owners and manufacturers for the environmentally safe disposal of the plastic waste generated by their business activities by introducing the concept of Extended Producer Responsibility (EPR).

HCCB Compliance Strategy on Plastic Waste Management Rules (2016)

Hindustan Coca-Cola Beverages Pvt. Ltd. (HCCB) undertook an in-depth study of the prevalent practices in waste generation, focusing specifically on plastics, as well as the current mechanisms and market players involved in the waste collection, approved recycling technologies and the current state of the recycling industry. With inputs from various stakeholders including policy makers, regulators, advisory groups, industry bodies etc., HCCB worked on a strategic approach to comprehensively address the existing challenges as summarized below.

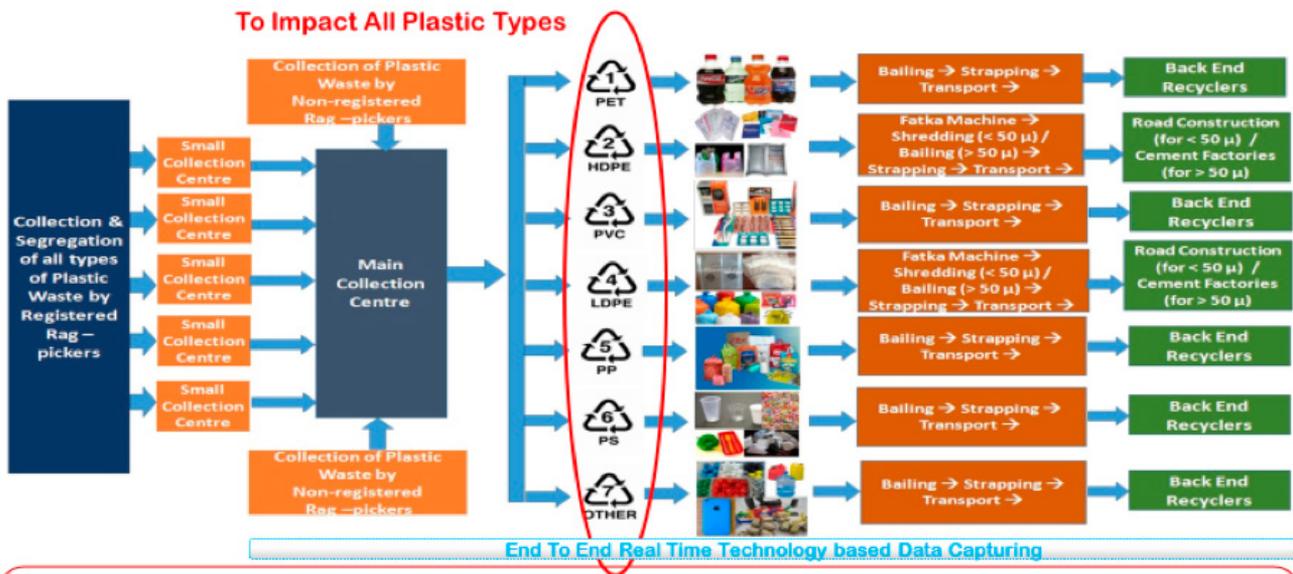
Strategic Initiatives

- **Recycle:** Rapidly expand recycling of waste in terms of quantity, quality and costing.
- **Protect Natural Ecosystems:** Drastically control discharge of plastic waste into the land and marine environments.
- **Coordinate the Value Chain:** Ensure end-to-end coordination across the value chain from generation, to collection, to recycling of plastic waste by leveraging economies of scale with strategic market linkages being created.
- **Integrate:** Incorporate the informal sector of waste collection into the formal sector of waste recycling

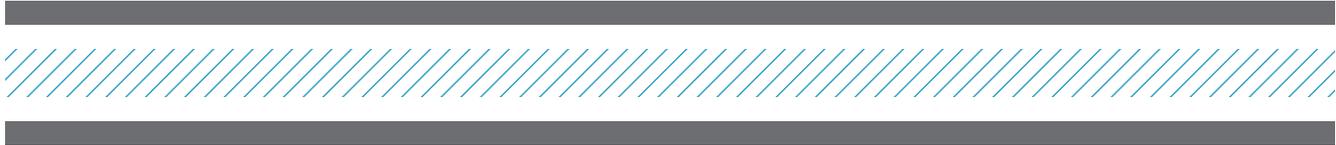
Strategic Enablers

- **Engage** policy makers by providing them with relevant tools, data and insights related to PET, PET packaging

Program Developed with Integrated Livelihood Based Model for All Plastic Categories...



- **Community Led** Decentralised Approach
- **Livelihood Model** driven by Self Help Groups
- **Multiple Stakeholders** - HCCB, UNDP, NGO, SHGs, RWA, Municipalities, PCB, Govt, Research & other Institutions



- and recycling to help build an effective mechanism.
- **Ensure effective communication** between the various stakeholders of the plastic waste value chain on the current situation, best practices, insights and specific opportunities.
 - **Strategic alliances** with stakeholders to leverage core capabilities and ensure efficiency and scale and also create an office for effective management of alliances.
 - **Leverage** technology and innovation

Based on the strategic approach, an action plan was developed for 2018-2020 to undertake the following initiatives:

Recovery and Recycling Programs

- Initiate recycling programs in 50 identified towns across HCCB franchise areas
- Prevent marine littering and debris on 30 beaches
- Recovery and recycling program in the top 30 high footfall religious places
- Seasonal recovery and recycling programs during the top 20 pilgrimage periods
- Neighbourhood waste banks
- Recovery and recycling programs in tourist places

- Campus recycling programs on 25 identified university campuses
- Institutional recycling programs with key accounts
- Recycling programs to be built into all festivals
- Event recycling built into all sports and cultural events.

Awareness Creation

- Awareness programs to improve segregation of waste at source and recycling- Housing societies, resident's associations, schools, colleges and other relevant target groups.
- Experiential learning on marine littering & debris for school and college students in the vicinity of marine coastlines.
- Volunteer mobilization in coastal towns and training to create mass awareness programs
- PET Ambassador program to be built into Coke Ambassador program
- Ambassador program to be part of student factory visits.

Strategy Execution: A Partnership Approach

HCCB partnered with the United Na-

tions Development Program (UNDP) for implementing an integrated plastic waste management program in 50 cities across India by 2020. UNDP has notably led the Swachh Bharat (Clean India) campaign in the cities of Bhopal and Indore, judged the two cleanest cities in India during 2016 and 2017.

Project Objectives:

1. Minimize negative impacts, including risks to the environment and human health, by spearheading sustainable plastic waste management practices.
2. Demonstrate a model that works, a strategy blending social and technical approaches with strong governance mechanisms.
3. Improve social conditions of waste pickers in keeping with the objectives of the Swachh Bharat Mission (Clean India Mission) in India.
4. Extend producer responsibility compliance.

Project Approach:

The focus areas of the project are as follows:

- I) Design and set up material recovery

facilities focusing on segregation of plastic waste using technology and processes.

- II) Mainstream waste collectors, who are key stakeholders in plastic waste management, focusing on women's self-help groups for improving socio-economic conditions.
- III) Develop technology-supported monitoring mechanisms and incorporate a feedback mechanism to ensure that the partnership is achieving its objectives.
- IV) Initiate partnerships and knowledge management exchange platforms with the state and central government departments.

Framework of the Program

The program works on a model of decentralised collection centres that will be ward-based, from which the plastic waste reaches the centralised Material Recovery Facility (Swachata Kendra), where it is segregated into seven plastic categories. These segregated materials would further undergo value addition through processes like blow air cleaning, shredding, baling etc., according to the material, before it is forwarded to material-specific recyclers. At the core of the model is the technology solution that shall provide live visibility to all stakeholders, including the government— on a need basis and based on the traceability of the material from the first point of collection till the recycler—a first of its kind in India.

Swachhta Kendras Material Recovery Facility

Swachhta Kendras shall be a facility where all the plastic waste will be collected, sorted, segregated from the dry waste collected from the city based on their qualities and thickness and pre-processed (such as shredding, baling, extruding etc.) as per the various end-use requirement of the recyclers.

Achieving improved socio-economic conditions for waste pickers. This will be achieved by incorporation of the plastic waste management model into urban local bodies by mainstreaming waste pickers' (Safaii Mitras) activities and strengthening self-help groups (SHGs) for Safaii Mitras to improve living conditions of waste pickers and their families. All the Safaii Mitras will be given identity cards to maintain their respect and dignity in society. These cards will be issued by the urban local bodies along with the facilitating NGO institution. Each member of the SHGs will be linked with individual and group-based bank accounts. Regular savings and credit systems will be created for the members to meet their immediate credit (access) needs through the people's managed systems. This will

Plastic Waste Management

Our long-term vision is to leverage the scale and resources of our entire system to ensure that all our packaging material is reused and recycled to minimise its environment impact, while creating livelihood opportunities for waste collection workers.

Recover and Recycle

We offer our beverages in returnable glass bottles (RGBs), aluminium cans, PET bottles and tetra packs. Around 30% of our beverage sales come from RGBs which are fully recovered from the market (except for breakages). We also work with authorised collection agencies, NGOs, waste collectors and key account customers to recover PET waste which is then recycled by authorised processing agencies. One of our biggest contributions to the food and beverages industry in India is the large-scale adoption of PET bottle which is light weight, durable, economical, re-saleable and above all 100% recyclable.

Circular economy on plastics

HCCB has partnered with United Nations Development Program (UNDP) and several NGOs to gradually establish plastic waste collection programs in the top 50 cities of the country partnering NGOs, urban local bodies, pollution control boards, resident welfare associations and other stakeholders.

The program, in India, aims to create an end-to-end recycling ecosystem starting at the point of waste generation and connecting to the recyclers thereby creating a Circular Economy on plastics. The digital platform created for this purpose shall provide complete visibility, traceability and digital governance. The programme will engage and improve the lives of more than 37,500 safaii mitras by organising them into self-help groups for income generating activities and enterprise creation.

Source: HCCB Corporate Social Responsibility
<https://www.hccb.in/en/blog/CSR-Stories/Plastic-Waste-Management>

lead the locals (waste pickers) to agree, take decisions and share costs.

Program End Benefits

1. Collection & recycling of 100,000+ tons of post-consumer plastics every year.
2. Improved socioeconomic conditions for 35,000+ waste pickers.
3. Demonstrate a sustainable model for plastic waste management blending social and technical approaches with strong governance mechanisms.
4. Institutionalize the approach- between communities, municipalities and other stakeholders within the project.

Achievements to date

1. HCCB has launched the program in 26 locations across India. More than 31,000 metric ton of plastic waste has been collected and sent for recycling since the launch in May 2018.
2. More than 2,400 Safaii Mitras have been enrolled in the program, more than 65 percent of which are women.

Expert Biography



Shukla Wassan is the Former Executive Director – Legal & Corporate Affairs, South Asia, of Hindustan Coca-Cola Beverages Pvt. Ltd, and also the Chairperson (Non-Executive) of Bottlers Nepal Limited, Nepal (listed entity). She has over three decades of experience in the areas of joint venture, strategic alliances, fund structuring, intellectual property, indirect taxation, competition law, and corporate governance and compliance. She was awarded the 2017 Corporate Lawyer of the Year Award by the Annual Women in Compliance Awards, organized by C5 Communications Limited (formerly known as Euroform), a subsidiary of C5 Group Inc., UK. She also received the 2019 Award for Excellence in F&B Sector by Indian Corporate Counsels Association. 2013 Jury Award for Outstanding Achievement – In House – Female and the 2014 General Counsel of the Year (Female) Award at the Annual LegalEra Awards.



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