

ETHICAL LEADERSHIP IN INDIA

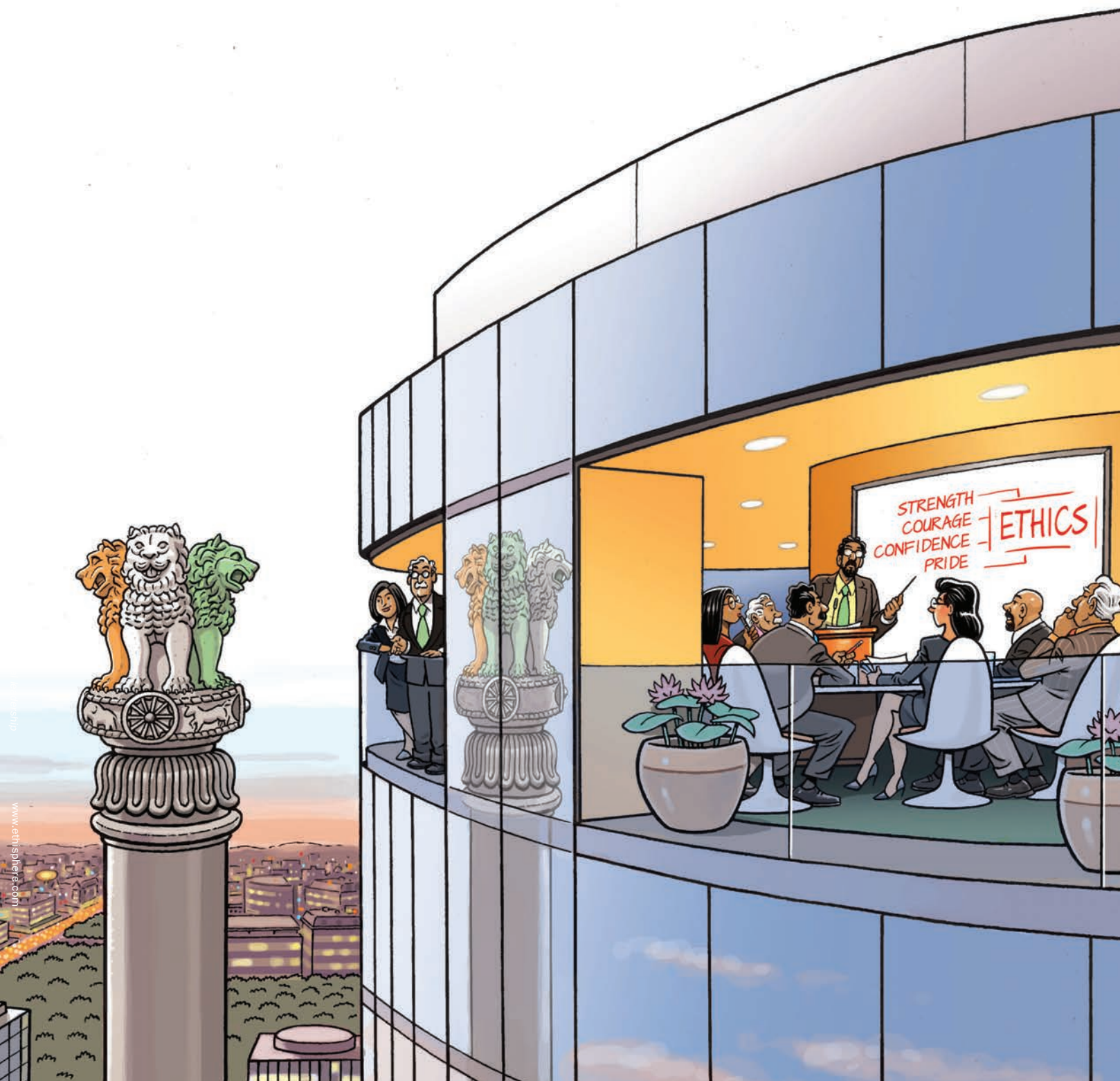
BELA SOUTH ASIA COMMUNITY OF LEADERS ON ADVANCING BUSINESS PERFORMANCE THROUGH INTEGRITY

FEATURING: BOEING, MAHINDRA, MARUTI SUZUKI, DR. REDDY'S, NOKIA AND MORE

ETHISPHERE®

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SPECIAL EDITION // 2019



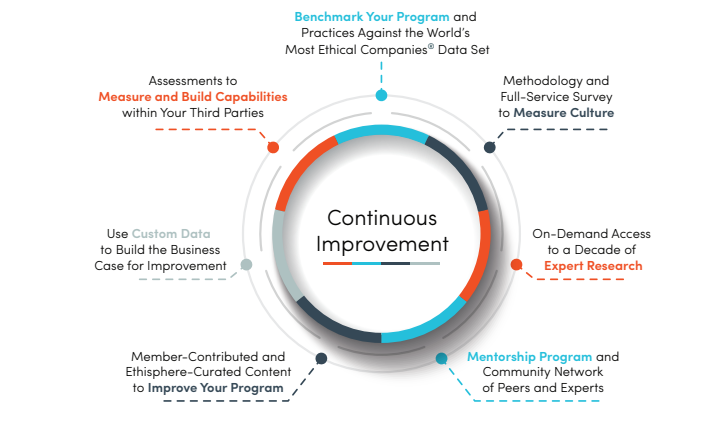


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Founded by the Ethisphere Institute, the Business Ethics Leadership Alliance (BELA) is a globally recognized organization of leading companies collaborating together to share best practices in governance, risk management, compliance, and ethics. Become 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 275 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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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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The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, playing a proactive role in India's development process. Founded in 1895, it is India's premier business association. CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

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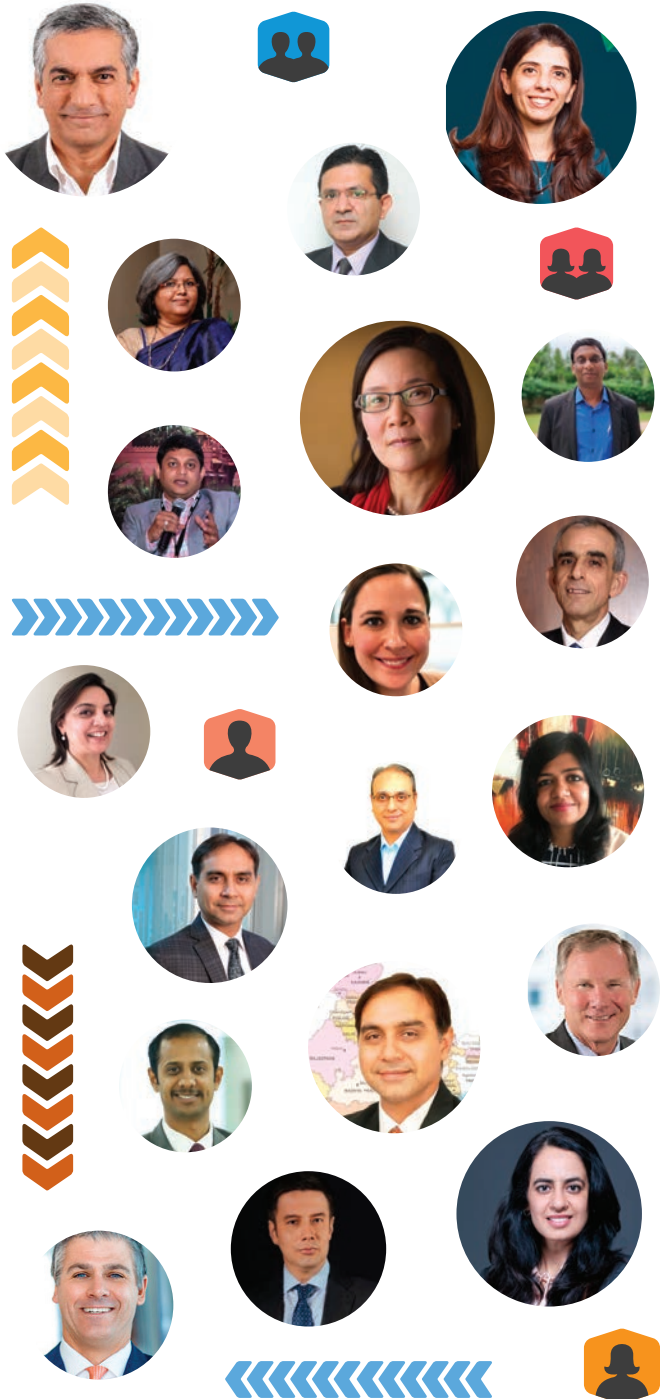
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BELA South Asia Founding Members

The BELA South Asia Chapter includes a community of select multinational companies. Founding Members collaborate to shape the strategic and tactical direction of the chapter while playing a leadership role in inspiring best practices in ethics, integrity, and anti-corruption efforts across India and South Asia.



BELA South Asia Integrity Partners

Integrity Partners are a consortium of leading companies that have come together to collectively raise the standards and practices for ethical and compliant corporate behavior in the region. Integrity Partners are accepted on an invitation-only basis.



Learn More:

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Interested in joining the BELA South Asia Chapter?
Contact: jonathan.whitacre@ethisphere.com



Confederation of Indian Industry

SPEAKING UP

»»» THIS QUARTER'S LETTER FROM THE EDITOR «««

HOW THE COURAGE OF LIONS CAN GENERATE POSITIVE CHANGE

Dear Readers,

The Lion of Ashoka: four Asiatic Lions standing back-to-back, symbolize power, courage, confidence and pride. An appropriate image, as it underscores the very nature of the connected leadership that exists in Ethisphere's Business Ethics Leadership Alliance South Asia Chapter. Trying to change a culture is never easy. It takes courage. In our case, it also takes the collaborative designs and engagement of individuals willing to work as one, toward a common goal. In my humble opinion the work we do can and should be seen as an embodiment of the spirit of India.

It has been two years since we have launched our Chapter in India, and we have enjoyed every opportunity to work with leaders from across this great nation. We navigated new territory, and the contributions and guidance from our established industry leaders have enabled us to surpass our expectations. The BELA South Asia community, at its core, is about promoting integrity through shared experiences, enabling businesses to thrive and transform because of the challenges that ethics and compliance leaders overcome each day. But it has not been easy.

In 2019, India experienced many changes on the political, business and economic fronts. From the reelection of Prime Minister Narendra Modi, pursuing his mantra of good governance, to increased regulations and an ever-changing workforce, adjustments have been essential. India's transformation is happening at a time when the country is celebrating 73 years of freedom and with great pride, the country has come far, and now holds an opportunity to be a beacon of light and a moral compass for others to follow.

In the midst of these milestones, we have seen the fall of some prominent business leaders as a rise in individual accountability has resulted in bad actors being brought to justice. At the same time, enforcement agencies have demonstrated a more aggressive pursuit of systemic corruption and workplace conduct. Thrust into the spotlight, the #MeToo movement has aligned business leaders with the notion that human rights are non-negotiable. We should all be proud that the BELA South Asia Chapter embraces these notions. With the support of the government, India continues to crack down on illicit behavior while leaders of our BELA community have been working with great confidence to help advance the business ecosystem.



In the spirit of collaboration, together with the Confederation of Indian Industry (CII), we have held a series of BELA South Asia roundtables across India—Delhi, Kolkata, Bangalore and Mumbai—where our leaders gathered in intimate settings to discuss topical issues challenging the industry today. And as a testament to our work, we have developed collective resources on our BELA South Asia member hub, intended to cultivate and inspire an exchange of ideas and continuous commitment to ethics and compliance programs. Under the guidance of our working committee, we have unveiled data from our Prevention of Sexual Harassment Best Practices report and rolled out an India Business Case Deck for compliance that highlights the importance of embracing ethics and good governance as a competitive business advantage. We have also established a Supplier Toolkit committee to help guide our efforts in providing research, practical insights and training tools that companies can use to reach vendors, partners and the extended supply chain.

Leadership takes the courage of lions, and in the following pages, you will learn how leaders from Accenture, Mahindra, Cummins, Diageo, Pfizer, Maruti Suzuki and Nokia are roaring to make a difference as major players in the industry to drive change. You will also hear from Ethisphere's Erica Salmon Byrne, Chair, BELA, who takes a closer look at what the data says in India.

The Lion of Ashoka is often accompanied with the words *Satyameva Jayate*, or 'truth alone triumphs'. As we begin our third year together, we must maintain our vision to be the gold standard for ethics and principles, and share our message beyond the boundaries of BELA. We have laid the groundwork; now it is time to courageously turn our good thoughts into thoughtful actions.

A handwritten signature in black ink that reads "Aarti Maharaj".

Aarti Maharaj
Ethisphere BELA South Asia Managing Director

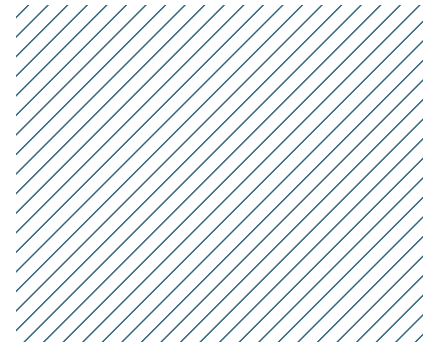


BEST PRACTICES ON THE PREVENTION OF SEXUAL HARASSMENT

How Leading Companies are Supporting Inclusive Environments

Written by Erica Salmon Byrne, Chair, Business Ethics Leadership Alliance

No matter where you do business, it is unlikely you've missed the tsunami-like attention to workplace treatment and employment practices that all business ecosystems experienced because of the #MeToo movement. After all, these issues don't have borders. We, as a business community, needed to respond to the issues being raised through the stories of the #MeToo movement, and many organizations are searching for inspiration from peer practices. That is why we are so delighted to share the relevant data derived from the Business Ethics Leadership Alliance's (BELA) recent Prevention of Sexual Harassment (PoSH) Survey and Report.



The survey, which included participants from beyond the BELA South Asia community and touched a variety of industries, was designed to capture leading practices while measuring how companies—both those based in India and multinationals operating in the region—are responding to PoSH compliance, fair employment practices and other forms of harassment. The survey data in the report, which will be released at the South Asia Ethics Summit in September, is the first of its kind in India. It serves as a testament to the work of our leaders in the BELA South Asia community, who are willing to take the lead to gather the information needed to guide the overall business ecosystem in a positive way.

Since PoSH was legislated, companies across India have been working to meet its terms and provide a safe environment for their employees. Accelerating this is the fact that more women have entered the workforce, taking on leadership positions from the boardroom to offices and to plants in rural areas of India—which all means that the workplace dynamic has evolved. Further, the emergence of social media and the #MeToo movement has gripped India, with a rise in personal accountability that has taken down prominent business leaders and Ministers.

The stakes have never been higher when it comes to workplace respect and conduct, and we hope that the data from our survey can help shed light on this developing area.

Only 25 percent of survey respondents say that their company utilizes regular anonymous surveys around sexual harassment

75 percent of companies in India continue to educate employees on their rights under the PoSH act through regular awareness programs, and 62 percent make use of employee workshops

Developing and Measuring Employee Awareness

Among survey respondents, it was common to train employees about how to prevent workplace harassment, though the details of providing this training varied. Sixty-two percent of respondents provide mandatory training to all global employees, while the remainder make training mandatory for managers or managers and staff. Almost 38 percent provide face-to-face training for workmen. When it comes to PoSH specifically, data from our survey reveals that 75 percent of companies in India continue to educate employees on their rights under the PoSH act through regular awareness programs, and 62 percent make use of employee workshops. This demonstrates a clear commitment to making sure that employees are knowledgeable and properly educated about harassment and workplace conduct.

But when it comes to measuring and evaluating employees' understanding of these issues, however, there is far less consensus on the right course of action. Only 25 percent of survey respondents say that their company utilizes regular anonymous sur-

veys around sexual harassment. Without surveys or other data-driven measurements to track employee perceptions and knowledge about workplace harassment, it may be difficult to determine how effective this training actually is.

India's Response: Utilizing and Sharing Experiences

Communication remains key to responding to #MeToo and PoSH. Through narratives, companies in India have found that they are able to reach employees across the board and communicate what a fair and respectful workplace should look like. In our PoSH survey, close to 70 percent of companies reported that they share anonymized lessons learned from sexual harassment cases with employees. General Electric, for example, will use actors—who are company employees—to portray a harassment scene in their training initiatives, before asking employees to identify and respond to the issue.

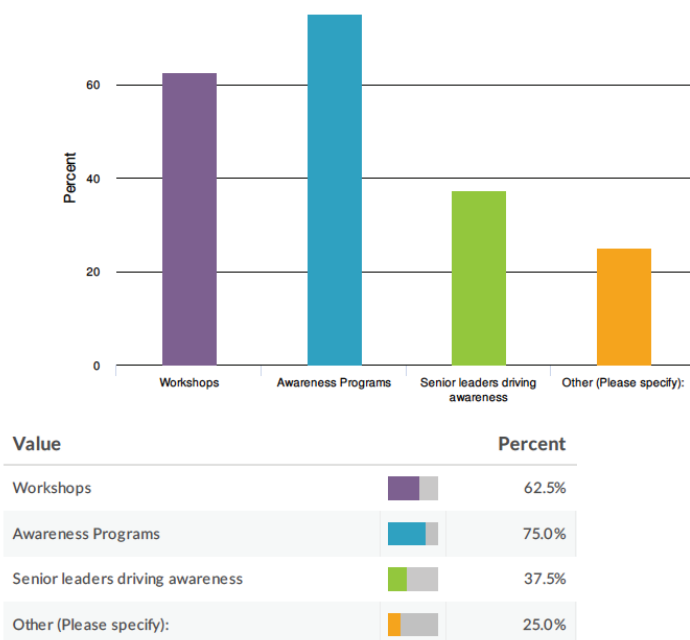
The value of telling real-world stories about compliance issues—to show “how it can really happen”—is also recognized by the U.S. Department of Justice's updated

guidance about the evaluation of corporate compliance programs, which was released in April 2019. The updated guidance notes the importance of using descriptions of “misconduct that led to discipline” in communications and similar real-world examples in training to increase transparency and help employees see how compliance issues can play out in real life. Leading organizations are adopting this practice and seeing tremendous results from it—91 percent of the World's Most Ethical Companies honorees incorporate stories from their own organization, and the same amount use stories from outside of their organization. These examples convey what happened, why it matters, and what the company did about it.

Given the sensitivity of discussions around PoSH that have not traditionally been considered acceptable in an office setting, companies are still working on stepping out of their comfort zone and using innovative modalities to reach employees—for example, only 25 percent report using PoSH-themed videos to communicate directly with employees.

What is important to note is that these issues are not going away. While #MeToo may no longer be the topic of daily headlines, its impact is ubiquitous and powerful. Sexual harassment has become a human rights issue, and considering that the consumer and investment bases who drive our business are decidedly human, figuring out best practices for dealing with it is a priority.

How are employee's educated on India's PoSH Act?



Author Biography

Erica Salmon Byrne is Executive Vice President and Chair of Ethisphere's Business Ethics Leadership Alliance where she has the responsibility for the organization's data and services business and works with Ethisphere's community of clients to assess ethics and compliance programs and promote best practices across industries. As the Chair of the Business Ethics Leadership Alliance; she works with the BELA community to advance the dialogue around ethics and governance, and deliver practical guidance to ethics and compliance practitioners around the globe.

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BELA SOUTH ASIA ROUNDTABLE RECAP

Highlights from the 2019 Roundtables across India

Written by Greta Baranowski, Senior Writer, Ethisphere

There have been incredible ongoing conversations taking place across the BELA South Asia Chapter over the past two years. Here are some highlights from 2019 of insights companies have shared at roundtables about how they are leading the way when it comes to ethics and integrity.


January: General Electric hosted the first roundtable of 2019 at its Gurgaon office in New Delhi. Leaders from over 18 companies gathered to discuss conflicts of interest issues and why companies need to develop simplified conflicts of interest policies. Mr. Vishal Wanchoo, President and CEO of GE South Asia, provided the opening remarks and shared with attendees how GE's leadership handles conflicts of interest, including training, regular meetings and other methods of communicating with employees. Mr. Wanchoo focused on the company's evolving culture and the importance of being candid and transparent. Speaking about the policies and the regulatory side were Ms. Ritu Jain, Chief Compliance Officer, Asia, GE, and Ms. Tejal Patil, General Counsel, GE India.

June: In early June, **TATA Steel** hosted the BELA South Asia community for the first time in Kolkata, India. At this roundtable, participants engaged in meaningful discussions on

third party risk management, sustainability megatrends and the Prevention of Sexual Harassment Act. Ms. Sonali Khanna, AVP, Legal, **Hindustan Coca-Cola Beverages Private Limited**, led a discussion around the due diligence process and shared practical insights on how the company manages its third, fourth and fifth parties. Ms. Vasudha Sharma, Legal Counsel, **Accenture**, spoke to roundtable attendees about surveys that address conduct, conflicts of interest and harassment. "Sexual harassment is a subset of harassment, and once we have the data from the surveys, we talk about it from a high level," she said.

August: Despite the incumbent weather, **Diageo India** hosted the latest roundtable at the JW Marriott in Mumbai. This full-day event featured opening remarks from Mr. Anand Kripalu, Chief Executive Officer, **United Spirits**, on why integrity and ethical leadership matter. Ms. Tanhieya Ghosh, Director, Legal & Compliance, India, **Medtronic**, discussed rebuilding and investing in a company's reputation and trends across India. Mr. Shantanu Joshi, Group Ethics Program Officer, **Capgemini**, took a closer look at how companies can train managers to become effective leaders.

Expert Biography

 **Greta Baranowski** is a Senior Writer and Editor at Ethisphere.

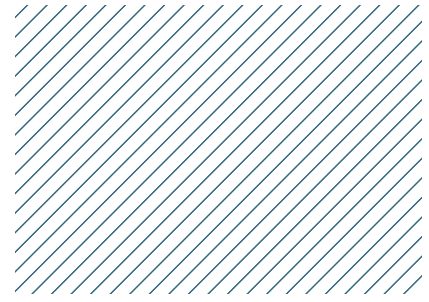


BOEING: WHY WORKING TOGETHER HELPS INSPIRE BEST PRACTICES AROUND THE WORLD

Boeing's Senior Vice President and Chief Ethics & Compliance Officer on Building Engagement

Written by Ethisphere

How can companies continue to drive excellence in ethics and compliance in today's dynamic, global environment? Through collaboration, ethical leadership and a commitment to building and sustaining the right culture.



A focus on building the right culture and supporting it at all levels within an organization is critical for business success.

This was one of the key takeaways during an industry roundtable in May when Ethisphere and The Boeing Company partnered to host nearly two dozen general counsels, C-suite executives, board members and global leaders in the ethics and compliance field in Boeing's Chicago office in the United States.

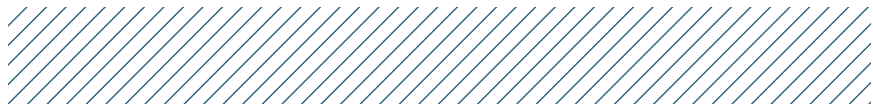
Over the course of two days, participants from AT&T, Booz Allen Hamilton, Dell, Google, IBM, Pfizer and more shared best practices and discussed everything from emerging data privacy concerns to crisis management. Attendees also had the opportunity to hear from Boeing Chairman, President and CEO Dennis Muilenburg and engage in discussions about building a strong company culture, innovation and the need for leaders to model company values on a daily basis.

'Sessions like these allow us to discuss issues that affect us all and find innovative solutions,' says Diana Sands, senior vice president of Boeing's Office of Internal Governance and Administration, who led the roundtable discussion. 'By working together across industries, we can strengthen our own internal ethics and compliance programs and also shape the future of our field.'

Boeing has been a founding member of the BELA South Asia Chapter since its inception in 2017. As one of the world's biggest aerospace and defense companies, Boeing continues to play a leadership role in inspiring best practices in ethics, integrity and anti-corruption across India.

In the following Q&A, Ethisphere Executive Vice President and Chair of the Business Ethics Leadership Alliance Erica Salmon Byrne had the chance to catch up with Sands about building engagement and working together to advance standards of ethical business practice across the globe.

The excerpts below are from a 2019 Global Ethics Summit video interview. The comments have been modified for clarity; the full video can be found on Ethisphere's YouTube channel.



As one of the world's biggest aerospace and defense companies, Boeing continues to play a leadership role in inspiring best practices in ethics, integrity and anti-corruption around the world.

ESB: One of the things I wanted to try to capture in this interview is some of your thoughts on the importance of collaboration. You've been a tremendous supporter of BELA for a number of years now. How would you characterize the way that you've used BELA?

DS: The BELA community has been a great forum for collaboration and networking. You're bringing together a great array of companies across many industries to share, and to learn, so that we can all advance our programs together. We don't want to compete in the ethics and compliance area.

ESB: One of our favorite sayings is, 'There's no competition in compliance!' Now, if I was a brand new BELA member, what advice would you have for me in terms of how to tackle the engagement question? How do I really use it?

DS: In one word, I would say, 'engage', for sure. And you all make it pretty easy, whether it's in large forums like the Global Ethics Summit or in more intimate forums via round table discussions with compliance leaders that we bring together to discuss some of our tougher challenges and how we're tackling them. And I think just looping in and getting involved with

the many different forums that BELA offers is a fantastic way to do it.

ESB: One of the things that I really appreciate about what Boeing has done is the way that you've engaged different functions across your business. Can you speak a little bit about how you have pulled all those different functions into the [ethics and compliance] conversation?

DS: Sure. When we think about our roles, they are quite vast. We're certainly trying to advance culture, and we have a lot of conversations about that overall—but in various compliance areas, there's a lot of hot topics that we have to address. For example, with the increasing regulations and oversight required of companies in the supply chain over recent years, that's been an area I know many of us have been trying to understand and be more effective in. It's important to bring in the actual folks who are working those areas in our companies to engage with you, and with other companies. That has really been beneficial for us because it gets to the heart of the work.

By working together across industries, we can strengthen our own internal ethics and compliance programs and also shape the future of our field.



Author Biography

Diana Sands is senior vice president of the Office of Internal Governance and Administration for The Boeing Company and a member of the company's executive council. She is responsible for the advancement and effective implementation of Boeing's internal governance policies and plans. Sands also chairs the company's Enterprise Services council, which is responsible for driving cross-functional alignment of all internal services and providing optimized service delivery globally. As the company's chief ethics & compliance officer, Sands leads Boeing's ethics, compliance, corporate audit and trade controls activities.

Spotlight Panel

Earlier this year, Sands participated in an executive panel of leaders at the 2019 Global Ethics Summit in New York sharing reactions to the #MeToo mandate at the company level, tactics to address behavioral changes and expectations for how company culture needs to protect the dignity of its people.

A movement that began with a blistering stream of reports of sexual harassment out of the entertainment industry is still just as important now, nearly a year and a half since the conversations and reports went viral, as serious concerns have crossed over into both politics and business. Boards and executive teams remain concerned about the toxic impact on company culture if harassment and all forms of inappropriate workplace conduct are not given the attention they deserve.

The panel, which featured Carrie Cohen, Partner, Morrison & Foerster; Elizabeth Owens Bille, Senior Director of Harassment Prevention, EVERFI, and Former General Counsel at the Society for Human Resource Management (SHRM); Kathryn Ditmars, General Counsel, Americas, JLL; and Sands outlined how companies must work to ensure their culture aligns to their values.

'Culture is the foundation that guides all of our work,' said Sands during the panel conversation. 'Culture is reflective of the behaviors of every leader and employee in the company. [We have to focus on] setting the right expectations, making sure employees are aware of those expectations and, of course, holding everyone accountable to them.'

For more on this topic, download the 2019 Global Ethics Summit Showcase of Leading Practices on www.ethisphere.com.



FIRST WOMAN GENERAL COUNSEL AT MARUTI SUZUKI

How Manjaree Chowdhary Relied on ‘Expertise and Professionalism’ to Build Credibility and Drive Value

Written by Manjaree Chowdhary, Executive Director and General Counsel, Maruti Suzuki India Limited

I joined Maruti Suzuki as its General Counsel in early 2018. It was a first of sorts for me—as well as for Maruti Suzuki. After a long and enriching stint at the US multinational General Electric, I had decided to move on and join an iconic brand, a unique combination of an Indian Public Sector Undertaking taken over by the Japanese multinational Suzuki and now the leading automobile manufacturer in the country. Maruti Suzuki, on its part, had laterally hired its first woman General Counsel, breaking usual convention. I was excited at the opportunity of working with a company that I had grown up admiring as a symbol of empowerment and achievement. In essence, I was looking forward to experiencing a new environment and learning about a new business and industry where I could add value as an effective business partner.

With these thoughts I walked into office for my first meeting with the MD & CEO, Kenichi Ayukawa. Ayukawa-san, as he is respectfully addressed, welcomed me warmly. We discussed the business, his priorities and the expectations from the role. Our initial exchange was broad and he encouraged me to take time to understand the business and what is called the 'Maruti Suzuki Way'. While we agreed to a weekly operating rhythm, he gave me confidence that I could reach out to him as and when required. I came away motivated, inspired and ready to make a difference at Maruti Suzuki.

The first month was a whirlwind with introductions and handovers besides wading through a myriad of onboarding activities. Coincidentally, with the Board meeting round the corner, I was fortunate to get an early initiation into the Board management protocol and interaction with the members of the Board. Understanding the Board of a large listed company as Maruti Suzuki was critical to appreciate the strategic imperatives and corporate governance. A debrief session with Ayukawa-san concluded my first month. We discussed my first impressions, and I was pleasantly surprised that we seemed to agree on many of my observations. What stayed with me, though, was his desire to see me leverage my experience to translate best practices in governance and compliance.

Encouraged, I got to work quickly (used to delivering within a quarter!). Upon reviewing existing processes, I felt there may be room for incorporating certain best practices. However, when it came to implementation, it did not turn out as expected. I was aware that change was never an easy process but soon realized that at times it can not only take much longer but—more importantly—it may not be just process dependent but can be largely people dependent.

This meant first starting with yourself, basically unlearning to relearn, then understanding the organizational system better, building relationships with stakeholders and relentlessly striving to enable incremental changes that may collectively support the larger cause. For someone who was used to a relatively quick process-driven implementation, this learning came with its share of pitfalls. I learnt quickly, and despite a few hurdles, have slowly been able to build credibility and drive small but valuable additions.

I feel happy to share some new compliance initiatives that we have been able to put in place. The MD appreciated the business case for specialized focus on compliance and risk management in view of the increasingly stringent regulatory and enforcement regime and approved the creation of a separate Compliance

After some initial hiccups, I would say it becomes easier as one begins to appreciate the culture and builds credibility with colleagues and teams.

department in the Legal team. The department is fully operational, and I am confident it will add critical value as we collectively move into the next phase. Additionally, an initiative to revamp the Company Code of Business Conduct and Ethics to make it more relevant and user friendly has been successfully launched, topped with a more structured employee training program. At the annual Compliance Month celebration, we built focus on the 'tone from the top' where the MD and the Leadership Team participated in compliance sessions streamed live across all locations. This is a beginning, albeit a small one. The effort to continuously enhance our culture of compliance is an ongoing one.

My journey of a year and a half at Maruti Suzuki has been eventful to say the least—often challenging but always exciting and full of learning. I think I have travelled the distance from being 'a newcomer in the Maruti Suzuki family' to now slowly gaining acceptance. Of course finding acceptance amidst alliances of 35 years is no mean task. Here, I must admit that I have always had the support of Ayukawa-san, our MD & CEO. He has always been accessible, listened patiently and provided considered and candid feedback. In his quiet and understated manner, he been encouraging in difficult times and never hesitated to give credit when due.

Acceptance and support in large home-spun organizations is not easy and takes patience and perseverance. After some initial hiccups, I would say it becomes easier as one begins to appreciate the culture and establish credibility with colleagues and teams. It is important to remain focused on the positives. Being promoted to Executive Director this year has been encouraging. I hope to keep my team motivated and collaborate with colleagues to support the business, manage risk to protect the brand and ultimately add value to our customers and shareholders. The role of a General Counsel is fast evolving—from being 'just a lawyer' to that of a 'trusted advisor'. I remain pas-

sionate about Legal being well integrated into the business and collaborating effectively to drive high performance and sustainable outcomes with integrity.

As I look back from when I started at Maruti Suzuki, a few learnings and skills immediately stand out. A new environment is always challenging more so if you are the only diverse member in the top management. There is a different way of doing things that needs getting used to. Any form of change is slow in coming. I have personally found that expertise and professionalism helps, abundant caution, patience and perseverance is advisable, understanding the system and people is key and driving consensus-based outcomes is critical. In navigating the matrix, the ability to introspect, reinvent and always remain positive comes in handy. It's not so much about the end but how you choose to reach the end.

Empowering India


Maruti Suzuki celebrates International Women's Day

In celebration of International Women's Day in March 2019, Maruti Suzuki India Limited announced an exclusive service camp for vehicles of female customers across India.

Maruti Suzuki has been catering to the diverse audience of India for over 35 years. This initiative marks the company's continued commitment towards providing the best of service facilities for enhanced vehicle performance. With an average of 1.5 lakhs female customers getting their vehicles serviced every month across India, this Women's Day camp is expected to boost convenience and delight them.

Source: Maruti Suzuki

Expert Biography

 **Manjaree Chowdhary** is Executive Director and General Counsel of Maruti Suzuki India, a subsidiary of Suzuki Motor Corporation Japan and the leading car manufacturer in India employing over 34,000 people. Leading a team of about 40 professionals, Manjaree works closely with the Board, the MD & CEO and the Leadership team to provide legal and compliance support in a dynamic regulatory and risk environment.



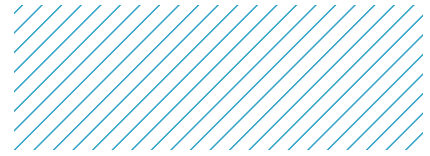
DR. REDDY'S: PROMOTING A CULTURE OF ETHICS AND COMPLIANCE

The Four Pillars of a Successful Compliance Program

Written by Kristin Mykulak, Timur Khasanov-Batirov and Sunanda Wadhwa, Compliance Leads, Dr. Reddy's

A well-established Compliance program does not simply rest on its laurels; rather, it adapts and grows with the regulatory environment, expands its reach, engages in introspection and continues to move the needle forward.

Dr. Reddy's Global Legal & Compliance Department acts as a change agent to drive the culture of Compliance in the Company through proactive detection, remediation and prevention of non-compliances within the structure and dynamics of the Company.



Foundation of Dr. Reddy's Compliance Program

The foundations of Dr. Reddy's Compliance program is based on four pillars: robust policies and procedures framework, effective training & communication, prevention, detection & remediation controls and appropriate corrective & preventive actions.

Further, our Compliance program focuses on capacity building and strong governance models. Dr. Reddy's governance model adopts an approach similar to the COSO Risk Framework in defining the three lines of defense, identifying the controls and responsibility and accountability matrix for the said controls. This approach has given us a pervasive visibility across the organization and is our success factor for strong Compliance program.

Policies and Procedures

Besides, we have specially focused on a few high risk compliance areas, like Anti-Bribery and Anti-Corruption, Trade Sanctions, Data Privacy, Third Party Risk Management and Gifts & Hospitality. The focus is to incorporate the culture of compliance into its day-to-day operations and at the same time address and aim to reduce risks identified by the company as part of its risk assessment process.

We at Dr. Reddy's believe in collective and collaborative efforts in designing and implementing policies, procedures and governance. This has helped us to work cohesively with complete buy-in from the business.

Training and Communication

A tailored training and communications plan ensures that policies and procedures have been integrated into the organization. The risk-based training plan covers not only all directors, officers and relevant employees but also third parties who work on behalf of the Company. The trainings are delivered in a form & language appropriate for the audience and also include assessment on what has been learnt. Training analytics are reviewed from time to time by the Senior Management at the Company.

We believe that a good compliance program must continue to innovate and engage. At Dr. Reddy's this is demonstrated through the use of its creative compliance campaigns, which promote compliance in a fun, cooperative and a healthy competitive environment.

We at Dr. Reddy's believe in collective and collaborative efforts in designing and implementing policies, procedures and governance

Global campaigns like 'Compliance Champions Program', 'Know your Business', 'Compliance Bulletin - Ombuds Update' aims at spreading and consolidating the commitment and values of the Company as contained in the Code of Business Conduct & Ethics (COBE).

In Russia, the Compliance team has engaged employees by hosting a number of competitive compliance initiatives, whereby employees compete to create photos/captions or draft poems embodying Dr. Reddy's COBE.

In the United States, the Compliance team has used crossword puzzles and hosted compliance trivia sessions.

In India, the Compliance team has introduced 'Compliance Clinics', which is a walk in clinic to address compliance-related queries. The India Compliance team is present in this clinic to answer all compliance-related questions from any employee. Collaboration with subject matter experts from cross functional teams like Medical, Data Privacy and Information Security at the Compliance Clinics makes it a unique initiative of the Compliance Team

With the right tone from the top, these campaigns have been a huge success and have helped in creating an enhanced awareness among employees about Compliance.

Prevention, Detection and Remediation
Important aspects of good governance are transparency, integrity and accountability of all individuals and their commitment to voice concerns in a responsible and effective manner.

The Ombudsperson Policy (whistle-blower or vigil mechanism) is a governance mechanism to report concerns on actual or suspected violations of its policies/procedures including the COBE and is a hallmark of our Company's Compliance Program. The vigil mechanism safeguards against retaliation of those who use this

mechanism. An independent and qualified Ombudsperson Team at the Company ensures investigations are independent, objective, appropriately conducted and properly documented.

The fact that Chairman of the Audit Committee of Dr. Reddy's Board has been the Chief Ombudsperson demonstrates our strong belief in robust, transparent and good governance.

The Senior Management at the Company foster a speak-up culture by modelling the right behaviors, where employees feel free to share their ideas, opinions & concerns and feel confident that their ideas are heard and recognized.

Since, Dr. Reddy's operates in a highly regulated global environment, our policies and processes are uniquely tailored to the geography in which it operates. Thus, while the Company adopts certain global standards, every geography also creates its own policies that govern the specific region within the framework of global standard prescribed by the Company.

Another hallmark of the Company's Compliance Program is the design of its governance structure. We have created ten (10) Regional/Business Compliance Councils with respective geography and business heads as chairs with cross functional membership. This is to bring ownership and accountability at each geography/Business Unit level and making Compliance as KRA of the said geography and Business Unit level. Further, as a nodal governance body, there is a Corporate Council chaired by the CEO with CFO, CHRO, Quality Head, CCO and GC as members to ensure and track overall compliance risks and mitigation.

We partner with Internal Audit to conduct risk assessment of various programs.

Corrective Action and Preventive Action Process

Dr. Reddy's Global Legal & Compliance Department does not stop at highlighting

compliance risks only but partners with cross functional team to remediate the risks appropriately. This is highly recognized as value add to the business and to the Company while we maintain our independence in the ways of working.

Digitized Solutions

A significant headway in our Compliance Program is implementing digital solutions around Health Care Professional/Health Care Institutions engagement approval workflows, third party risk management, incident management etc.


Launch of an automated tool to manage statutory compliances and risk mitigation has been a special milestone of the Global Legal & Compliance department at the Company.


Innovative Approaches in Sharing Best Practices


In order to further expand and collaborate within the Compliance team, a Global Compliance Forum has been created, which is a platform for compliance leaders of the Company to share their best practices in implementing key compliance initiatives as well as a forum for engagement on certain identified global risk areas.

The Compliance journey at Dr. Reddy's has demonstrated that anything good can be made better, and anything better can be made great with continuous improvement, measurement and effective training. Dr. Reddy's Compliance Program will continue to evolve and grow with this outlook, thinking outside the box in order to meet the challenges of a dynamic global regulatory environment.

Expert Biography

 **Kristin Mykulak** is an attorney in Dr. Reddy's legal department and is responsible for the Company's compliance program in the United States and Canada.

 **Timur Khasanov-Batirov** is the Compliance lead for Russia, CIS & Romania at Moscow office of Dr. Reddy's Laboratories.

 **Sunanda Wadhwa** is the Lead, Business Compliance, in India, Asia Pacific, Africa, Middle East and LatAm and also handles Centre of Excellence on (a) Compliance Trainings (b) Anti-Bribery Anti-Corruption Program and (c) Trade Sanctions Compliance Program.

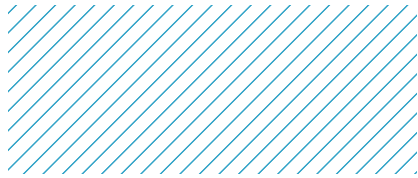


ERNST & YOUNG: THE TRANSITION TO A TECHNOLOGY-LED APPROACH FOR ENHANCED INTEGRITY

Data can provide significant indicators to mitigate unethical activities in the workplace

Written by Arpinder Singh, Partner and Head – India and Emerging Markets, Forensic & Integrity Services, EY

‘Finding a needle in a haystack’ seems to be apt to describe the role of a forensic investigator or compliance professional. Over time, fraud, bribery and corruption risks have turned sophisticated, perpetrators have become smarter and data in the form of bits and bytes has become central to unearthing critical evidence, transforming the ‘haystack’ into a ‘grassland’. With the expanse incredibly broad, some of the biggest dilemmas for investigators during the process tend to be ascertaining 1) the very existence of a (crucial) piece of information, 2) figuring what does exist, and 3) where to begin that search in the first place?



The versatility offered by technology can be a key enabler to get a proactive and prompt response to these questions and address many challenges.

Taming Your Data

Organizations must use the data gleaned to their advantage, tame it and use it readily to generate patterns and trends that can mitigate risks and enhance integrity. Today, there are multiple technological tools available that can help compliance and investigation functions do this.

Forensic Data Analytics

Sifting through free-text comments among thousands or millions of records in a spreadsheet to pinpoint fraudulent transactions is not only a daunting task, but also an inefficient way of analyzing available data. Forensic Data Analytics (FDA) can be useful to structure this data, reveal new insights and highlight red flags. For example, FDA can be deployed to collect and use structured and unstructured data to identify potentially improper payments or kickbacks, as well as highlight patterns of unethical behavior. FDA can be integrated with continuous monitoring tools and analysis of data (in real or near-real time), to enable a rapid response when flagging up suspicious or fraudulent transactions.

Global companies possessing large volumes or varieties of data may require cutting edge and sophisticated technologies. To address this need, Big Data technologies and other parallel processing or in-memory processing systems can significantly improve the speed at which analytics are conducted and simplify data for better decision-making.

It has been observed that cases of fraud may be detected after months and sometimes even years. FDA combined with visualization and forensic technologies has the potential to reduce the lag time between when the fraud is committed and its detection. Compliance professionals can benefit from using FDA as it can highlight gaps that may be exploited by fraudsters and strengthen ethics and governance frameworks. While some of these might be false positives and genuine transactions or approvals, the system would typically flag these in advance and mitigate possible damage.

Data can provide significant indicators to mitigate unethical activities at the work-

place. For example, analytics-based dashboards may be used to highlight various trends—a sudden increase in purchases from a particular vendor, vaguely defined descriptions or orders placed on weekends or buyers processing purchase orders outside their usual scope of responsibilities. Collating such information can help compliance teams to proactively identify possible red flags that can mitigate future fraud risks.

Artificial Intelligence and Robotics in Compliance

In recent times, we have increasingly seen the application of artificial intelligence (AI), bots and robotics in forensic and compliance that can help configure systems to reason, collect, extract and recognize patterns. Machine learning enables the application (or Robot) to get smarter, learn with every new step or incident, and distinguish between legitimate and suspicious transactions. They offer great versatility and flexibility after configuration.

Additionally, technologies such as AI and robotics have the potential to reduce the need for human intervention in manual tasks, thereby allowing the compliance function to focus on interpreting and evaluating the results and taking proactive action. This is an area in the global spotlight, and is expected to evolve significantly with time.

Organizations can also use AI-led chatbots as part of their ethics and corporate integrity frameworks. For example, an employee may seek the chatbot's help to derive information on the organization's gifts policy. The questions would then get logged in the system and extracted later to decipher trends on employees' understanding of policies, their geographical spread, designations and other parameters. Analysis from this data can be subsequently used to increase trainings or awareness campaigns for a specific location, topic or people.

Technology can also be leveraged to raise awareness on ethics, encompassing the code of conduct, anti-bribery and anti-corruption policies, gifts policy, conflict of interest and others. These can be through e-learning, micro learnings and video messages, among others.

Computer Forensics

Extracting forensically sustainable data to be used in the court of law is extremely crucial during an investigation or ongoing legal matter. In addition to the content, emails, files, etc., computer forensic technologies can enable the extraction of meta data associated with such files, which may hold critical evidence in a legal dispute or fraud and bribery-related case. The meta data would reveal the

document's origin (date and time) on the computer, when it was last edited, saved or printed, as well as user details carrying out these actions. These tools are not limited to computers, and can be used on mobile phones as well as other devices.

It is prudent to note that many organizations may attempt to conduct forensic imaging using local IT teams. More often than not, this can turn out to be detrimental to the investigation efforts and may not always produce positive results. In case of (ongoing or expected) legal cases, courts demand proof of the facts and evidence that has been extracted in a forensically sound manner and remains untampered.

eDiscovery

Filtering through large volumes and varieties of electronically stored information (ESI) is not an easy task for any organization, especially those with a large geographic spread. When the volume of data is large, assessing an optimum approach to filter critical and privileged data can be time consuming. However, specialized eDiscovery teams working across geographies can ease the burden on companies by reducing and filtering the amount of ESI for a quicker and effective review.

Conclusion

The responsibilities resting on the shoulders of forensic and compliance functions can be fairly onerous. Hence, organizations should institute robust ethics, integrity and compliance policies and procedures and hold trainings and supplement these with new age technologies. Ultimately, if companies do not evolve with changing technologies, they may fall behind the value and competence curve. The future will demand adoption of smarter solutions and ways of dealing with data to mitigate risks and enhance ethics. Emerging technologies such as AI and automation can be used extensively for improved performance, business success as well as raising the integrity quotient.

Expert Biography



Arpinder Singh is Partner and Head - India and Emerging Markets, Forensic & Integrity Services Ernst & Young LLP. He has significant experience spanning over 25 years in multi-jurisdiction investigations, forensic accounting and dispute advisory in India, the US and other regions. His key areas of specialization include ABAC, fraud risk management, regulatory compliance, AML, corporate governance and training.

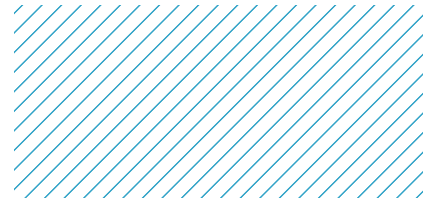


THINK BIG, DO IT TOGETHER, MAKE IT HAPPEN

How Innovation & Ethics Intersect at Western Digital Corp.

Interview by Aarti Maharaj, Ethisphere

In the following interview, Aarti Maharaj, Managing Director of the Business Ethics Leadership Alliance South Asia Chapter, spoke to Supria Dhanda, Vice President and Country Manager at Western Digital India, about innovation in India and why companies need to pay attention to the growing trends and best practices in this area.



AM: What is the current state of innovation in India and why should this be a top priority on the agenda for leaders?

SD: Today India is seen as a major player in the global economy when it comes to innovation. Roughly over 1.5 million engineers graduate from more than 3000+ engineering colleges every year in India, a study by Aspiring Minds has reported. The country is a talent hub for engineering and R&D excellence, and we have created a mark globally. The spirit of innovation and entrepreneurship that is seen here is unmatched.

As per NASSCOM, in 2018 alone, there were 1,200 startups that came up in India and the country is now the second largest start-up ecosystem in the world with over 20,000 startups. India has been consistently climbing the Global Innovation Index (GII) ranking and position—the country has risen five places to Rank 52 in the Global Innovation Index 2019, up from the Rank 57 it had in last year's rankings. In terms of patents, data from the World Intellectual Property Organization reports that India saw the highest growth in filing of international patents in 2018. Thirteen thousand patents were granted in 2018 versus 4000 patents granted in 2014.

The innovation competitiveness of India is at its peak, and leaders see the need to embrace and utilize this to the fullest. Hence, encouraging and nurturing upcoming talent should be one of the main aims of today's leaders. Young talent plays a crucial role in creating environments for innovation by re-inventing, re-thinking and challenging traditional ways of doing business. This may be a shift away from the usual norm, but with the right resources, infrastructure, mentorship and support, the results can be truly long-lasting.

AM: How are companies like WDC leading this charge?

SD: I believe we are in an interesting and exciting era of data innovation. As a leading global data infrastructure provider, Western Digital is swiftly accelerating the rate of innovation in the industry, in the country, and globally. The volume and diversity of data being captured today is ever-increasing and companies require smarter solutions for intelligent data utilization. The focus at Western Digital is to empower our customers to store, utilize

and transform their data in the most intelligent and efficient manner. Western Digital globally has 13,750+ active patents; approximately 1,250 new patents were filed in 2018, including many in India.

Western Digital India has played a pivotal role in the memory and product design for over a decade. Our India R&D facility is a leading innovation center and architects break-through HDD and Flash-based products. The India center has developed 1TB Extreme MicroSDXC™ Card – world's fastest microSD Card in its category and many products that are our proud showcase at global conferences and the worldwide market. India has among the largest number of fresh university graduate employees producing patents worldwide, for the organization.

From a talent standpoint, we believe in the culture of fostering a spirit of innovation amongst our engineers and students through tailor-made programs that harness unique skills, capabilities and talents. Western Digital hosts the India Innovation Bazaar, which enables our engineers to drive the innovation needed to help customers with intelligent solutions. We are always looking for ways to support the immense amount of talent and ideas that emanate from the country. We are committed to driving future innovations that will deliver the infinite possibilities of data.

AM: Working with the government can help drive change; can you talk more about this?

SD: The ideal scenario in today's digital ecosystem is where the government builds the infrastructure and enterprises leverage it to come up with innovative solutions. Governments play a significant and vital role in enabling enterprises through regulations—in the form of patents and policies to lead this journey. To bring about a difference and change in the global economy, both the stakeholders should work in tandem. As a trusted third party, Western Digital India has the potential to work closely with the Government of India, to drive positive changes to the economy. Collaboration between enterprises and the government will strengthen the consumer's trust in the emerging digital technology and services. We leverage and share best practices, and ensure we have a good network of influencers. Western Digital recognizes India's massive opportunity in R&D, Surveillance, Traffic and Smart City Solutions, and we are actively exploring engagements with the Government of India, on how we can help and benefit the country. In addition, we have been actively partnering with 'Startup India' and 'Invest India' to support the development of an ecosystem for emerging entrepreneurs and startups.

AM: Research repeatedly shows that when companies collaborate, we create a healthier environment. How can multinational companies doing business in India—in your view—work together to create a future of innovation?

SD: Indian enterprises have their own uniqueness and strengths that cannot be matched to another, and vice versa. Enterprises need to build on each other's assets to maximize their intelligence. The Indian market, is extremely demanding with companies battling to have a competitive edge. Leaders should look at co-creating the future of innovation with Indian enterprises. To understand the sentiment and deliver that customized solution is not an easy task. This can be accomplished only with deep intelligence of the market which Indian companies have. The collaboration will enable multinational companies to create niche and unique solutions, as well as empower the industry.

Western Digital works with various companies across the globe to engineer tailored solutions. Our Data Innovation Bazaar initiative offers a platform to recognize the best innovative minds from across India and showcase their ideas and concepts to leverage the power of data. The platform acts as an aggregator that brings together government alliances, businesses and innovators on a unique platform. If the aim and motive of companies are the same, leaders can drive collaboration in harmony to leverage strengths collaboratively and continue to create a bright future of innovation.

AM: Another important area is thinking about the next generation. How is WDC using data to engage employees?

SD: In the current age of digital transformation, data should be leveraged for employee engagement as it does have strong business impacts. Western Digital continuously empowers employees through data for decision making, extracting intelligent insights and improving efficiency. By harnessing data analytics, teams are provided with smart data that saves them time, which can be invested in creating breakthrough solutions. Western Digital also curates in-house programs that challenge employees to build data centric solutions for the company and customers. We ensure that our engineers are always pushing boundaries when it comes to both applying and leveraging data.

AM: As the Country Manager for WDC, how do you drive an ethical culture across the business in India?

SD: At Western Digital, we focus on three values—Think Big, Do It Together and Make It Happen. I have been in the people-centric role for over two decades,

and today as the Country Manager for Western Digital India, I believe the company's reputation and ethical approach is vital to run a successful organization. We strive to create and maintain an ethical culture across the company. We ensure employees are given the freedom to innovate, and we are transparent in our decision making while also ensuring free flow of information. This helps in building a work culture that is not just followed by the company heads but is encouraged by the employees as well.

Further, Western Digital has been recognized by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices, as one of the World's Most Ethical Companies (2019 World's Most Ethical Companies). At Western Digital, doing the right thing is not just a slogan or a tag-line, but we believe that it is actually a standard operating procedure. The company believes that each one of us is an ambassador for doing business the right way, every day.

AM: How do you inspire the next generation of leaders in your workforce through innovation?

SD: Western Digital thrives on data innovation; this fuels the spirit of enthusiasm in our upcoming leaders. Our industry enables us to challenge our engineers to innovate solutions to problems that did not have answers before. With the help of data, we create solutions that solve global challenges. We encourage and engage our young creative minds to solve today's problems and create roadmaps for future encounters. Developing a transformative, result driven, agile approach continues to be the guiding force for building a culture of innovation. This motivates our engineers to own and lead projects that bring about a difference within the company and the industry overall.



Expert Biography



Supria Dhanda is Vice President and Country Manager of Western Digital India. She leads India's strategic charter and its expansion, key customer relationships, government relations, sustained growth of Research and Development capability, and serves as a spokesperson for the corporate brand in India. Supria's fusion of business acumen, strategy and organizational development has driven high culture and strong growth for the India region. She has more than 20 years of experience and has held several leadership roles in HR, been an entrepreneur and anchored mergers & acquisitions.

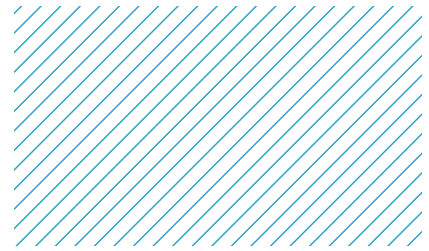


ACCENTURE ACCENTUATES PRIVACY CONTROLS IN THE DIGITAL WORLD

Safeguarding the Business Ecosystem Is a Matter of Trust

Written by Rajeev Chopra, Managing Director – Legal, Accenture

Accenture serves more than three-quarters of the FORTUNE Global 500, driving innovation to improve the way the world works and lives. With expertise in over 40 industries and all business functions, Accenture delivers transformational outcomes for a demanding new digital world. Enabled by new and innovative technology—we are helping clients create sustainable value for their stakeholders. We are proud that 97 of our top 100 clients have been our clients for 10 years or more. The fact that our digital business has more than tripled in value in the last five years and that our digital services, along with cloud and security related services, constitute 60 percent of the revenue (net of overlap), reflects the bold transformation brought about recently.



However, the post-digital era brings economic and social uncertainties. The power of intelligent technologies is radically disrupting long-standing paradigms and eroding trust—among consumers, employees and citizens. As the global internet has outgrown its original purpose of being a communication and information-sharing tool, digitally fueled innovation has outpaced the ability to introduce adequate safeguards against cybercriminals. In the absence of an effective action, lack of safeguards could stall growth of the entire digital economy and hence, there is need to put trust and security at the forefront of business strategy.

Accenture believes that the following would help build a practical framework to secure the future of digital economy:

- Governance: Solving the cybersecurity challenges will require an organized group effort
- Business architecture: Connect and protect with a model run on digital trust
- Technology: Advance business and enhance safety

We believe businesses must step up and positively impact society at a scale that makes a difference. On this journey with our clients to navigate an exciting but uncertain digital future, and in an era of digital disruption as such, we believe that ethics are more relevant than ever to determine a company's future and are essential in conducting business responsibly.

At Accenture, we recognize that safeguarding the data of our clients, our company and our people is one of our most important responsibilities. We continually evolve our approach to information security and data protection, identifying new threats and driving appropriate behavior to reduce the likelihood and impact of attacks. Everyone at Accenture has a responsibility to demonstrate effective data management practices in accordance with our company policies, including our Data Privacy Statement and procedures.

In addition to complying with globally recognized privacy principles, best practices including ISO® 27001:2013 certification from the British Standards Institution

Our training and awareness programs have long been successful in changing behaviors resulting in greater understanding and awareness of a company-wide mindset

(BSI) and applicable regulations, we also continue to lead the way by expanding our focus beyond legal compliance to broader management accountability and data ethics. BSI has recognized our work in this area, rating us as a 'Role Model' (the highest rating) for all National Institute of Standards/U.S. Department of Commerce Cyber Security Framework categories.

Internal initiatives dictate how we protect sensitive information and help us optimize our risk resilience. For instance, our Client Data Protection (CDP) program governs the stewardship of client information and systems entrusted to Accenture—either as part of client-specific projects or outsourcing arrangements, or when clients are using platforms and services that Accenture operates across multiple clients.

The program defines a set of required management processes and controls to protect data against a variety of risks and consists of certain key elements like accountability, foundational controls, service-specific controls, training and awareness, technology, and information security and data privacy subject matter expertise; and spans the protection of personal data, as well as the physical, application and infrastructure environments where the data resides and has the flexibility to incorporate client-specific information security requirements.

Apart from the many initiatives that Accenture undertakes to reinforce its ethical stance, Accenture is also GDPR compliant. Because the GDPR applies to processing of personal data of individuals in the EU, regardless of where it is processed or stored, Accenture has proactively adopted the GDPR across geographies and is addressing the new requirements as a consistent, global standard to address client needs.

In addition to deploying internal technologies, controls and practices that protect Accenture, our people and our clients, we work with Accenture Security to deliver comprehensive security solutions span-

ning strategy development, risk management, cyber defense, digital identity, application security and managed security services to our clients.

Across our business and operations, we demonstrate our commitment to behaving ethically by rolling out extensive Ethics & Compliance training sessions, the content of which is reviewed and refreshed periodically, to keep pace with the dynamic environment and the digital space that we operate in. We strive to maintain employee completion rates in the high 90th percentile for our Ethics & Compliance training each year. In fiscal year 2018, we maintained employee completion rates of more than 98 percent for our Ethics & Compliance training. Through our efforts, we continue to shape our organization as a responsible business while maintaining a highly ethical culture.

Accenture has enhanced focus on training and communications, and mediums like self-paced learning boards, webcasts, short video communications and mandatory awareness trainings are being deployed to enhance the understanding of privacy and security practices and initiatives. Our training and awareness programs have long been successful in changing behaviors, resulting in greater understanding and awareness of a company-wide mindset.

Against this backdrop, to drive a trust turnaround, we continue to collaborate with our employees, clients and partners to evolve and improve data privacy and security practices as technologies become smarter and more pervasive. We constantly strive to ensure that 'trust' remains embedded in the fabric of our organization and a cornerstone of our partnership models. By protecting our own organization and extending protection through its value chain, we make our contribution towards safeguarding the business ecosystem.

The Digital Age

Meet the Chatbot That Makes Ethics People-Friendly

From artificial intelligence to data privacy to human rights, the fast pace of business makes it harder than ever for people to make ethical decisions. Not only do organizations need a strong culture of ethics and compliance, but they also need new ways to access information in the moments that matter.


Until recently, when our people had an ethics question they had to dig deep to find a dense PDF that was difficult to navigate and time consuming to get an answer from. As we invested in world-class compliance programs and embraced digital transformation across our company, it became clear that our Code of Business Ethics needed a digital makeover too.

Design for a Global Workforce

We joined forces with our colleagues at Fjord to co-create a solution that would give our people—425,000 strong and predominantly millennials—access to ethics information whenever they need it. The team included experience designers, creatives, content strategists, technologists, legal experts, HR and learning specialists and marketers—spanning different geographies, nationalities and career levels.

Source: www.accenture.com

Expert Biography

 **Rajeev Chopra** is currently in his 26th year of his career out of which the last 15 years has been in-house, where he has held leadership positions at LG Electronics, Bharti Airtel and Dell before moving to Accenture. He is responsible for legal support to (i) Accenture Global Delivery Centers and (ii) Head of Legal for India, Philippines and Sri Lanka.

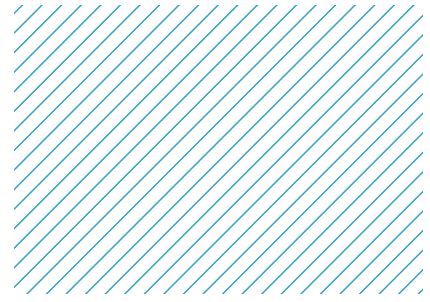


CREATING ORGANIZATIONAL VALUES AND BUILDING COMPLIANCE FRAMEWORKS

How to Integrate Employees into a Compliance and Ethics Culture

Written by Pankaj Dahibhate, Ethics and Compliance Leader, Cummins India Limited

Over the years, I have noticed that the ethics and compliance function has evolved from the ‘vigilance’ function to a business partner. E&C professionals are expected to be risk managers and the moral compass that helps navigate the organization, and employees to make the right choice—every time. Two things are critical to being a business partner: (a) gaining the trust of your colleagues and (b) thorough understanding of the business. It must be noted that there is no chronology to this order.

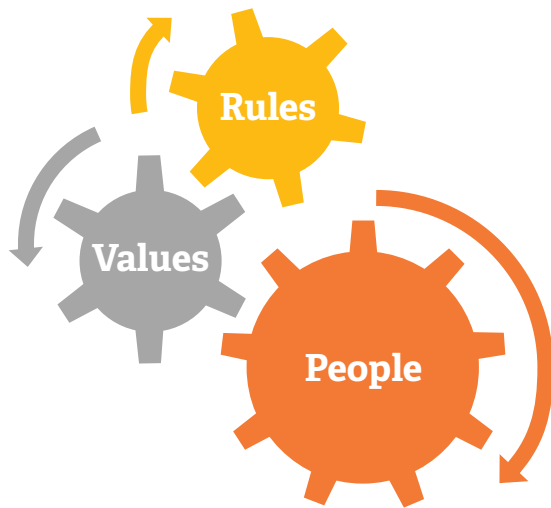


There is an imminent need to embed a culture of ethics and compliance so that values-based decision making becomes core to an organization’s DNA—that would move the needle from rules to mindset. By this I mean, to be effective, systems, policies, procedures need to be supplemented with an ethical mindset. There are multiple pieces to an ethics and compliance program; however, two critical ones are (a) Values and (b) a Compliance Framework. The latter is heavily dependent on how the former is embedded because a corporation with strong values builds and shapes a sustainable organization and community. It must be noted, however, that a robust control framework, operating in isolation, would still expose an organization to reputational risks.

To integrate the employees into the ethics and compliance culture of the organization, corporations invest significant time and energy via their onboarding and mandatory training programs. But as time passes, employees get embroiled in day-to-day operations and there is a possibility that a blind-spot is developed towards core values.

In the era of digitalization and automation, more and more organizations rely on automated process and controls to keep a check on non-compliant behavior. While this is great to ensure reduced oversight and errors, a compliance mindset leads

Organizations should reinforce the Code, Values, Ethical Principles through narratives, evaluate and take a pulse on a company’s ethical culture through surveys



Rules to Mindset

to enhancement of governance in spirit. Most of the corporations do have a well designed Code of Conduct that depicts the values and ethical expectation (i.e., focus on how results are achieved). In my experience, I believe the objective of these codes is to guide the workforce to use the values as a moral compass to help them deal with ethical dilemmas and mitigate/minimize blind-spots. After all, integrity is making the right decision when no one is looking.

Organization Values and Compliance Frameworks need to complement each other and cannot work separately. It is imperative to strike the right balance on both ends as values embedded in organizational DNA help build trust, foster open communication, encourage employees to speak up without fear of retaliation and better risk management that would possibly lead to lesser non-compliant behavior/issues. Robust processes keep a timely check on oversight and provide analytics on trends, themes and areas with weaker controls, thus creating an opportunity to fix gaps in real-time.

Organizations should reinforce the Code, Values, and Ethical Principles from time to time through narratives, evaluate and take a pulse on a company's ethical culture through surveys, value maturity assessments and gauge the overall level of awareness and understanding of employees at all levels of an organization.

This journey requires a strong tone from the middle management, as they have visibility on strategies and operational execution and are the catalyst to turn ethical principles into practice. While the tone at the top is non-negotiable, to drive culture change it is the middle management that can drive the magic. As ethics and compliance professionals, the key to culture

shift is to identify the right stakeholders within the organization with the support of leadership, and make them into ethics and compliance ambassadors. Business owners internalize, acknowledge and adapt the messages from their functional managers and peers, because of their lines of communication and connection.

To sum up, employees are the human element of a values framework and remain fundamental to embed ethical and compliance culture and can drive change. On the other hand, a compliance mindset leads to innovative and efficient compliance frameworks, high employee engagement and sustainable growth in long-run. They two frameworks are symbiotic and should consistently work in tandem to improve business performance.

Disclaimer: The article states my personal view and not the views of my organization or state of compliance in any organization.

Expert Biography

 **Pankaj Dahibhate** is a Head of Ethics and Compliance at Cummins India Limited and manages primary areas such as Cummins Code of Business Conduct, Anti-Bribery, Third Party Risk Management, Conflict of Interest, Supplier Code of Conduct, Data Privacy, Human Rights, Anti-Money Laundering and supports multiple other functions on Export Controls, Legal (Anti-Trust), HR (to embed ethics and compliance culture) Internal Audit and Business Controls (to strengthen the internal control framework) and Investigations (to impart robust training and communication with a focus on emerging trends)

BELA South Asia Resources

India's Business Case for Compliance

As India's business ethics environment continues to mature, it stands to reason that the world will take notice, making India a most attractive place to conduct international business and trade.

Earlier this year under the direction of the BELA South Asia Chapter, a working committee was established to develop the 'India's Business Case for Compliance' deck, which shows the importance of embracing compliance as a competitive business advantage. The members of this working committee included Pankaj Dahibhate, Cummins India Limited; Shri Atul Kumar, Chief Ethics Officer, SBI; Sandhya Sharma, VP, Corporate Governance, Mahindra, Sandeep Seth, Director, Corporate Compliance, Pfizer and more.

For more information or to request guest access to view this deck, visit bela.ethisphere.com.

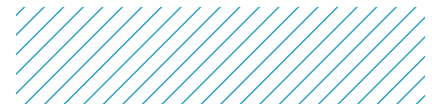


DO CONVENTIONAL APPROACHES TO COMPLIANCE PROGRAMS WORK?

Like Any Other Aspect of Business, Compliance Must Innovate to Stay Effectively Relevant

Written by Sandeep Seth, Director - Corporate Compliance, Pfizer India

In order to adapt to today's emerging and fast-paced environment, organizations need to think innovatively when it comes to compliance in a way that ethics and compliance become a part of the mainstream activity. To align with this need, compliance programs need to be vibrant, innovative, flexible and focused on behavior while being aligned to corporate policies and procedures.



Today, we have the best governance models, framework and code of conduct to run a corporation. However, its effectiveness will depend on the way it is practiced at all levels, particularly at the grassroots level. We need to imbed a culture of compliance in the entire organization, where the code is followed in true spirit. This will only be possible by instituting innovative and proactive approach in our programs.

Apart from the strategic need as stated above, we should consider these four operational elements to institute innovative thinking in compliance.

- Firstly, compliance is generally considered a tedious subject, and is mostly considered a tick-in-the-box. One should create and use some interesting methods and tools to make it lively and exciting without undermining the seriousness of the subject.
- Secondly, communicating compliance to professionals in the organization is different from enforcing discipline in the army or a school. In a corporate setup, one needs to focus on 'enabling' compliance rather than 'enforcing' it.
- Thirdly, compliance is not a work, but a habit of doing a work in a disciplined manner. This behavioral aspect cannot be instituted by routine compliance training. We need innovative methods to lead to change in behavioral pattern and habits.
- Lastly, compliance is everyone's responsibility. But putting more focus on their compliance responsibility needs a consistent approach and attractive methods of communication and training.

Thus, the goal on bringing innovation in compliance is to make it simple, interesting, practical and focused on behaviors and values.

Below are the key progressive approaches to make compliance a lively and exciting subject:

Newer Ways of Compliance Education

All compliance communications must be 'enabling' rather than 'enforcing' professionals to comply. This brings more ownership and involvement of colleagues in compliance programs and initiatives. Most face-to-face compliance trainings should be based on case studies, practical and live examples, role plays and gaming methods. This should be in addition to regular online training modules.

All compliance communications must be 'enabling' rather than 'enforcing' professionals to comply.

Communication from compliance functions should carry friendly connotations such as trusted compliance advisor, compliance helpdesk, compliance support, etc. This demonstrates compliance as a business partner or advisor and helps take fear out of compliance.

Special Compliance camps/kiosks such as 'Compliance Clinics' can be run during team meetings to serve compliance queries and resolve practical issues.

Use new modes of communication that are user friendly, such as short mobile messages, videos, animated cartoon scripts, newsletters, clippings etc.

'Compliance Roadshows' can be conducted at all regional offices/field offices in the country, led by compliance teams and business leaders to have open dialogue with on-ground colleagues to instill and enhance the compliance culture at a grassroots level. This creates greater involvement of colleagues at the ground levels to participate in compliance programs and initiatives.

Focus on Behavioural Aspects

It is important to give equal focus on behavioral aspects as we do for compliance training on SOPs and guidance.

Specialized sessions and training modules on compliance behavior such as ownership, accountability and integrity enable instituting the right compliance mindset in the organization. This is important to enhance the culture of compliance so that process and policies are followed in true spirit. This can be implemented in partnership with the L&D department of the company.

Similarly, specifically created 'Why Compliance' sessions allow colleagues to know the basic principles and rationale behind the policies and procedures. This not only improves understanding of compliance requirements but also enhances the faith and commitment to the values and standards. This helps to implement compliance not as a burden but as a matter of pride.

Collaborative Approach to Create Ownership

It is very important to create a framework that enables compliance and makes it a part of the day-to-day responsibilities that are owned and practiced by everyone in the organization.

One of the new methods in this direction is to create 'Compliance Champions' within each department in the entire organization. Motivate them to become compliance role models and leaders to help enhance compliance culture and ownership at the grassroots level. These 'Champions' can be used as extended arms of the compliance function, building a bridge of trust and integrity in the organization. They also act as monitors and provide useful practical insights about ground realities in the field, which can be used to finetune compliance policies to make them more practical and effective.

Inbuilt Compliance in Business Processes: 'Build Controls and Control These Controls'

Compliance departments in most organizations are lean. We need to continuously innovate to adopt a system-based approach to embed compliance controls into the business processes and have oversight on these controls.

In today's business model, where resources are scarce, these approaches are useful tools for effective compliance management.

Imbedding Compliance in the Entire Lifecycle of People Process

It is important to bring in compliance consideration in the complete lifecycle of human resource in the organization, i.e., recruitment, selection, promotion, rewards, awards, evolution and exit. Compliance considerations must be weaved in all stages and areas in such a way that ethics and integrity become part of the fundamental element and fabric of the organization. This will then automatically flow into each decision-making and business practices.

Simplification of Compliance Processes: 'If It Is Simple,-It Is Effective'

It is important to make the rules simple and easily accessible to everyone in the organization. SOPs and Codes are drafted keeping in mind their users. An innovative way is to create a Compliance manual. This acts as one-point document that provides all information applicable to a market/company at one place. Employees need not to search for corporate policies, SOPs, Guidelines, circular or instructions at different places or websites.

Such Manuals also consist of guidance tools, FAQ, policy at a glance and check lists for key areas.

Even making a 'mobile app' for the manual could be very useful for employees to get all compliance related information at a fingertip.

Reward/Recognition & Competitive Model

Compliance programs and models not only aim to make compliance friendly but also to recognize and reward positive and committed behaviors. In annual award events, there should be a special category on ethics, values and integrity. This creates a positive environment to motivate colleagues to commit towards values of the organization.

Further, a competitive model always brings excitement and fun. A compliance competition can be created amongst different zones or regions in the country led by compliance champions who can compete on adherence to compliance on various parameters.

Use of Analytics & Dashboards

Apart from regular auditing and compliance reviews, analytics is one of the newer approaches to monitor compliance adherence in key risk areas. This provides useful insights on compliance health on critical parameters. There are various analytical models supported by artificial intelligence (AI) that can be implemented in partnership with third parties' experts based on needs and risk profiles.

Risk-based dashboards are another tool to keep a watch on compliance outliers and take early remedial actions. These dashboards are created for critical compliance risk areas in partnership with other control functions such as legal, finance, operations and HR.

Thus, using forward-thinking and newer approaches not only makes compliance simple, lively and exciting, but also helps position it as strategic business partners keeping pace with a complex business environment.

Expert Biography

 **Sandeep Seth** leads the Compliance function at Pfizer in India. He is part of the company's Executive Leadership Team and provides strategic compliance direction to Pfizer India operations. He is responsible for overall compliance strategy, framework and implementation of Compliance programs & initiatives.



BUILDING AND SUSTAINING A RESILIENT CORPORATE REPUTATION

Reputation, Like Trust, Takes Years—Even Decades—to Build, But Can Be Dented in a Day

Written by Ruzbeh Irani, President (Group Communications and Ethics) and Chief Brand Officer, Mahindra Group

Corporate reputation underpins perception and impacts the market value of organizations. Findings from recent AMO (a leading international strategic advisory network) research highlighted that during the 12-month period ended March 31, 2019, corporate reputations accounted for 35.3 percent of total capitalization of the world's top 15 stock market indices, representing \$16.77 trillion in shareholder value. Companies with stronger corporate reputations are more likely to withstand stock market shockwaves.



Today's generation is increasingly focused on the corporate persona behind the product or experience. However, while corporate reputation has gained in importance, the risks to reputation have also multiplied manifold. A potential reputation crisis can erupt anytime, anywhere in a world where brands are increasingly global and social media is ubiquitous.

Mahindra is a global, diversified Group operating in 22 industries with 240,000 employees across 150 companies and 100 countries under a federated structure in which operating companies enjoy substantial independence and are governed by their respective Boards. Our corporate brand 'Mahindra' and what it stands for is the uniting factor in this diverse 'federation'. Hence, in our case, the importance of building and sustaining corporate reputation cannot be overstated. There are many building blocks to this.

Corporate Purpose, Rooted in Core Values

A company's reputation is no longer defined merely by what it produces, but how it behaves and what it stands for. Our business endeavors are aligned to our corporate purpose, 'Rise'. Our core purpose is to *challenge conventional thinking and innovatively* use all our resources to drive positive change in the lives of our stakeholders and communities across the world to enable them to Rise.

Our purpose is rooted in our core values, which are immutable and have defined us since our birth in 1945. These are respecting the dignity of the individual, good corporate citizenship, customer first, quality focus and professionalism. These core values guide our decisions and actions and demarcate the boundaries beyond which we will not venture.

Living Our Purpose and Values

Reputation is built and sustained on the basis of action, not mere intent. Our core purpose 'Rise' guides our businesses endeavors. Mahindra Finance providing loans to the not so creditworthy to fund their dreams, Mahindra Lifespaces developing green buildings that ensure lower carbon footprint, our pioneering work in electric vehicles and our ventures into Renewables and Micro Irrigation Systems are all about driving positive change/creating solutions for a better tomorrow.

We have ensured our corporate purpose is an integral part of our employee recruitment, training and evaluation. 'Rise' defines our culture—one that aims at enabling business outperformance — and is the basis of our '3+5 framework', which is drawn from our core purpose. The '3' refers to the three Rise pillars, which are attitudes/views of the world that must come into play seamlessly and effortlessly in any situation: Accepting No Limits, Alternative Thinking, and Driving Positive Change. The '5' refers to the five behaviors which will bring the three pillars to life and lead to sustained business outperformance and passion. They are building trust through authenticity; managing fear and leveraging failure; using the left as well as the right brain; being mindful about possibilities and ideas; and being a multiplier of the team's energies, passion and engagement.

Governance and Ethics: The Key Building Blocks of Reputation

Governance goes beyond mere compliance. Governance is the framework of rules and practices by which the board of directors ensures accountability, fairness and transparency in a company's relationship with all its stakeholders. To institutionalize Governance as a process, every point of decision-making needs to be tested for the following 3-Cs: Compliance, Competence and Conflict of Interest Eradication.

We have institutionalized Governance as a 'Process' (which is as important to us as 'Purpose') through a rigorous implementation of the 3-Cs, a Code of Conduct designed keeping in mind the global nature of our operations and the diversity of our workforce and a Governance e-cockpit that has further enhanced our journey from Compliance to Governance.

Our Code of Conduct has been disseminated across the organization through training and communication programs to emphasize its importance. We have drawn up a separate supplier code of conduct, which all large suppliers are required to follow.

The Mahindra Governance e-Cockpit is an online platform that consists of two broad sections. The first section provides complete updated information on all policies related to governance of the business, Code of Conduct, employees and investors. The second section is an interactive tool which provides access, enables interaction and provides information to authorized participants on the Compliance Portal, Director's Information Portal, Board Portal, CEO/ CFO Certification Portal, Tax Litigation Tracker, Disclosure Portal and Data

Archives. Together, the two sections facilitate the highest level of transparency, accountability, responsiveness, alignment with the law and empowerment for all stakeholders.

The Role of Communication in Reputation Building

The above enumerated building blocks would be underleveraged without an effective communication strategy. There are three simple principles that I recommend:

1. Consistent and authentic brand messaging: 'Mahindra Is Innovative' and 'Mahindra Cares' are core messages that we communicate as a corporate brand. Both emanate from 'Rise' and its three pillars. Innovation is about Alternative Thinking and accepting No Limits (challenging convention)—we term it #FUTURise. 'Mahindra Cares' is about driving positive change in the lives of our stakeholders (we call it 'Rise for Good').
2. Three-sixty-degree communication: Use the PESO model (Paid, Earned, Social, Owned media), to break through the clutter and make an impact in today's world, which suffers from a surfeit of messages accompanied by ever-shortening attention spans.
3. Equip to communicate in real-time: The importance of tracking social media & digital trends, riding them

and whenever possible even shaping them, cannot be over-stated. We have a Strategic Digital Intelligence Centre which uses cutting-edge tools to enable us to do this.

And, last but not the least, be prepared for crises: they will hit you when you least expect them. Have an early warning system to pick them up, an SOP to deal with them and a mechanism to learn from them.

In Conclusion ...

Reputation, like trust, takes years—even decades—to build, but can be dented in a day. It is an organization's most precious asset. Using all the above mechanisms and pointers should help in the journey to build and sustain corporate reputation.

Expert Biography

 **Ruzbeh Irani** joined the Mahindra Group in 2007, as Executive Vice President – Corporate Strategy, heading the Group's Strategy function. He subsequently also became the Chief Brand Officer of the Group, during which time he spearheaded Mahindra's entry into racing, and led the development of the Group's brand position and core purpose, 'Rise'. He then moved on to head International Operations for the Automotive and Farm Equipment Sectors of M&M.

The Way We Rise

Mahindra's Code of Conduct

Working by the Mahindra philosophy means we must always act with integrity to ensure that we are trusted by our customers, colleagues, business partners, and the communities in which we operate. Our Code of Conduct sets out what we expect from every single person working for and with the Mahindra & Mahindra Limited ('Company' or 'Mahindra'). It also underlines our responsibilities to our people, partners, and shareholders. The Code of Conduct ('Code') helps us make informed decisions and tells us where to go for more information.

What is the Code of Conduct?

The Code of Conduct is our central policy document, outlining the requirements that every single person working for and with the Company must comply with, regardless of location. We may also have additional policies that we need to adhere to which are specific to a role or location. To whom does the Code of Conduct apply? The Code is for everybody working for or on behalf of the Company. We expect everyone who represents the Company to uphold the same standards and to abide by our Code and policies. In addition, individual business units issue policies that provide more specific guidance about certain business practices. If we need help finding or understanding a policy, or in case we need any clarification or guidance on the Code, we should speak to the Chief Ethics Officer.

Source: <https://www.mahindra.com/resources>



CONFLICTS OF INTEREST: A BRIEF GUIDE INTO NAVIGATING ITS COMPLEXITIES

Three-Pronged Approach to Developing a Robust Conflicts of Interest Policy

Written by Nirupama Pillai, Corporate Counsel, Office of Integrity and Compliance, Infosys

At first glance, the headline seems laughable. Any compliance officer who has spent time in the trenches knows that conflicts of interest can be one of the most complicated areas that they may have dealt with in their careers. The existence of a conflict of interest situation could be an isolated case of an employee gone rogue or it could be a symptom of a larger malaise. Any regulatory issues—whether corruption in the form of a kickbacks, unethical practices such as the acceptance of expensive gifts or insider trading—is at the root of it a conflict of interest. Posit this with the fact that companies are almost always dependent on employee self-disclosure to identify such situations. Combined with the fact that there are so many potential conflicts of interest that could arise, putting it all into a policy seems impossible.

It can be argued that the existence of a successful conflict of interest compliance program can be derived using a three-pronged approach—First, having a published policy on conflicts of interest; second, implementing a defined process that enables employees to disclose their potential conflicts on a regular basis; and third, the ability of the company to distill these disclosures and apply them to their areas of high risk. Needless to say, success of the three prongs is directly related to a company culture that encourages disclosure without fear of reprisal and adequate training and communication around the policy and process.

A Simple Conflict of Interest Policy—A Utopian Dream?

Companies subject to the NYSE and NASDAQ corporate governance requirements are keenly aware of the obligation on them to have a policy that defines conflicts of interest and provide a means for employees, officers and directors to disclose their potential conflicts of interest. Closer to home in India, directors are expected to disclose their conflicts of interest on an annual basis. Whether or not your company is subject to these requirements, it is imperative to have a written policy on conflicts of interest. Here are three key requirements that should be considered when drafting a conflicts of interest policy:

1. Define conflicts of interest such that it leaves sufficient leeway for the company to ensure that all possible conflicts can be brought in within its ambit. The classic lawyer term of ‘including but not limited to’ comes to the aid of many companies here.
2. Develop examples of the most common situations of potential conflicts of interest. While traditionally one might have considered outside directorships, employment and relationships at work, the gig economy has led to many employees wanting to ‘do something more’. While many of these, like weekend fitness training or writing a blog, may not be apparent conflicts, what happens when the weekend fitness instructor uses employee data to expand his clientele? Compliance officers have to navigate this by defining conflicts of interest to include situations where company time and assets are used.
3. Devolve to employees the expectation that when in doubt, they should disclose and clearly spell out how they should disclose and how frequently.

Companies can choose to have a standalone policy or bring it within the Code of Conduct. The policy should unequivocally state that having a conflict of interest is a violation of the Company’s Code of Conduct.

Processes

At Infosys, disclosing conflicts of interest is a written part of the Code of Conduct and Ethics. The Office of Integrity & Compliance receives disclosures and suggests remediation or mitigation measures. However, increasingly the need was felt to have periodic disclosures along with an easy-to-use disclosure system. We were cognizant of the fact that employees are on the move and have multiple demands on their time. As a process, all employees are required to complete an annual assessment of their understanding of various compliance issues including anti-bribery, data privacy, information security, intellectual property and anti-sexual harassment in a multiple-choice format. Working with our internal teams at Infosys, we developed a conflict of interest disclosure process within this quiz that also educates employees on what conflicts can occur at the workplace. Many companies work with third parties to put in place an annual disclosure collection process. Either approach can be followed, but in essence, an ad-hoc process may not be enough to satisfy regulators or give you actionable insights.

You Identified the Conflict. Now What?

Three points to consider:

1. Developing risk scores for conflict of interest situations: Each disclosure that has been made is reviewed and mitigation steps provided. Maintaining a risk scoring for each response gives consistency and legitimacy to the process.
2. Detecting trends in conflict of interest disclosures: Conflict of interest disclosures can lead to a wealth of data. Keeping the data in a form that enables to you to identify trends gives greater value to the process that you run. For example, you should be able to identify the number of high-risks disclosures received, the departments and roles that are at greatest risk of conflict of interest situations and whether these are tied to certain events within the company—for example, the movement into a new location or signing up to a new contract. Consistent receipt of disclosures that are not relevant points to the need for more training and

communication around the policy or a revision of the policy itself.

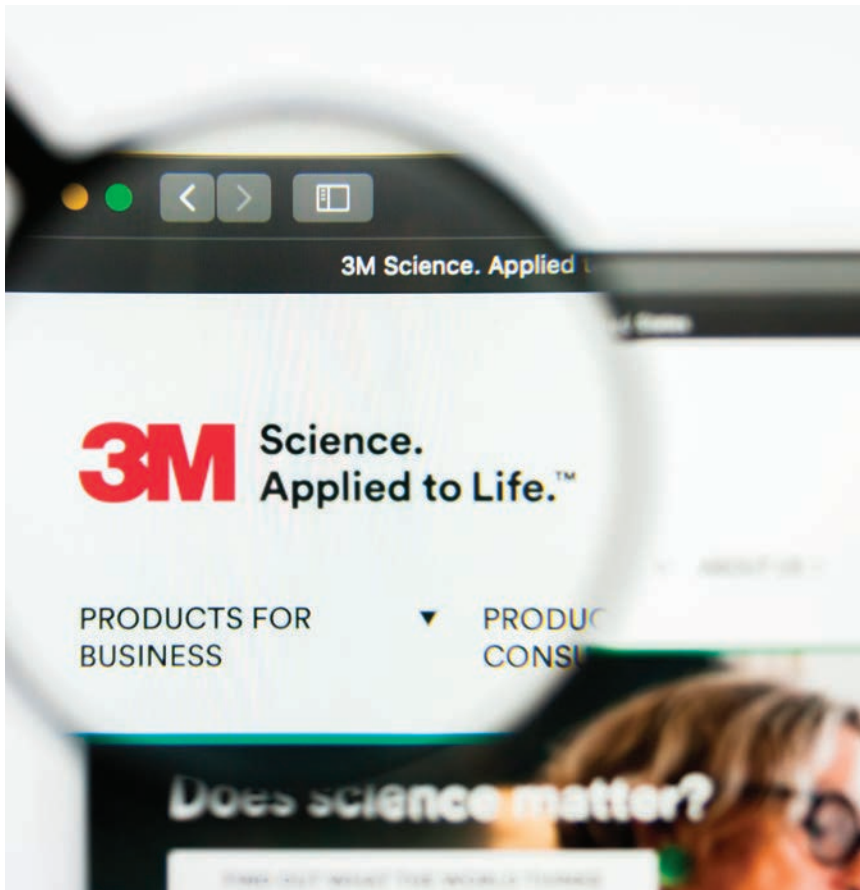
3. Discover commonalities across company systems: In an ideal compliance universe, all our systems would be linked and it would be easy to identify the supervisor who hires his relative or link a vendor disclosure of related parties to the lack of a corresponding employee disclosure. If you work in a company where there are linked systems for all of these, start running analytics to obtain these linkages. In its absence, identify the multiple systems that run in the company, whether it be an expense claims process, an employee referral process or the empanelment process, and plug in in the disclosures you obtain. Collaborate with your colleagues in the human resources, recruitment, procurement, data privacy or intellectual property departments who run these systems. Tally these with whistleblower complaints on conflicts of interest and you may have a great story there.

Summary

Conflicts of interest is a complex issue to navigate—not only for the compliance officer, but also for employees. In a culture where it is common to work with people who are known to you, the risks of conflict of interest may not be apparent to employees. The above guidelines need to be bolstered by a strong training and communication plan that focuses on timely and repeatable messages on conflicts of interest. Circulating updates about actual conflicts of interest situations that occurred in the company give clarity to employees and confidence that the company works in an ethical manner. It also is vital to make line managers your champions, as they are the stakeholders that will have most visibility into your employees’ activities.

Expert Biography

 At Infosys Limited, a global provider of technology services and consulting, **Nirupama Pillai** is a Corporate Counsel at the Office of Integrity & Compliance and works on designing and implementing a compliance and ethics program for the Infosys group. She focuses on the Code of Conduct and Anti-Bribery policy and controls and the training and communication program of Infosys’ Compliance and Integrity Program. Prior to Infosys, she worked in private practice at Trilegal, a law firm in Bangalore, India, on their Corporate and TMT team.



THIRD PARTY RISK MANAGEMENT IN INDIA – THE 3M APPROACH

In Rapidly Changing Business Environment Act with Uncompromising Integrity

Written by Seshadri Govindan, Ethics & Compliance, 3M India Limited

It takes several years to build a reputation and one thoughtless act to destroy it. The rapidly changing business environment, has ushered in a new era of transparency where companies need to ensure that they have strong ethics and compliance programs that extend not only to their executives and employees but also to all their partners, vendors and associates who enable business outcomes.



Ethics and compliance give us a competitive edge in the marketplace.

3M has a solid reputation for doing things the right way, built upon trust—that we must uphold for our customers, employees, business partners and third parties, shareholders and communities alike. We have earned our reputation for integrity over many decades, and no one at 3M is free to compromise it. We owe it to all who count on us to do business the right way, at all times and under all circumstances.

Third parties generate sales, assist with supply chain and deal with government authorities. 3M chooses business partners and third parties who share our values and are committed to integrity. Our expectation is that the third parties we work with will conduct business free from bribery and corruption. We value our relationships with these third parties and are also aware that these relationships may create some risks, which may arise from:

- Sale to government customers
- Obtaining licenses and permits
- Inspections
- Plant operations
- Import/export clearances, customs and taxes

In this article, we explore how 3M identifies risks associated with third parties and mitigates them. We also discuss how 3M has evolved its Compliance & Ethics program to tackle rapidly changing business landscapes.

The Foundation: Our Code of Conduct

The Code of Conduct is a part of 3M's Value Model, which positions 3M for long-term growth. Our values bind us together as 3M employees—across business groups and across geographies. We have one Code of Conduct that applies to our 92,000 employees in over 70 countries globally. Our Code of Conduct summarizes 3M's compliance principles and raises awareness for doing business the right way, always and everywhere. The Code is our guide for answering questions and providing direction when the right choice may not be clear.

The Code is available in 25 languages and sets clear expectations not only for employees, but also for certain third parties. As a part of our Code of Conduct, the 3M Anti-Bribery Principle ensures that we comply with global anti-corruption laws, including the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and legislation from all the countries where we operate.



Be 3M. It is what we do. It is how we do things all over the world. It is also what we expect from our suppliers, business partners and all third parties we do business with. It means to act with uncompromising integrity in all that we do. Our expectation is that the third parties we work with will comply with all laws—including any bribery or corruption—that could damage 3M's and a third party's reputation.

*Michael Duran
Vice President and Chief Ethics
& Compliance Officer*

Third Party Controls

3M requires certain third parties—particularly channel partners, dealers, sales agents, customs brokers, freight forwarders and government-facing business consultants—to enter into an enhanced set of contractual undertakings with 3M before we consider doing business with them. The provisions establish awareness and expectations that 3M has of its third parties to operate. The contract explains a third party's obligation to comply with all relevant anti-corruption laws, audit and investigation rights or termination rights.

Due Diligence

3M has a global program for evaluating third-party risk. This program—called 'Integrity Assessment' or 'IA'—is an internally developed online platform that is used to document and assess our third-party risk. Third parties with heightened risk require enhanced due diligence and approvals. If a red flag is identified, a mitigation plan is needed to address the risks or 3M will not move forward with the relationship. 3M actively monitors these relationships through the use of metrics and monitoring reports.

Training

3M offers a comprehensive online compliance training program to all employees worldwide. The training modules are assigned to employees based on their role and area of responsibility within the company. Online courses are offered in 22 languages. The Ethics & Compliance website on 3M's intranet offers additional on-demand online training courses. In addition, there are frequent, tailored in-person training programs to businesses, subsidiaries, staff groups and third parties. Some of this training occurs as a part of an annual schedule, or as requested or deemed appropriate.

Speak Up! – Extended to Third Parties

At 3M, we have a 'Speak Up!' program to encourage not only 3M employees but also third parties to raise or report any ethics concern. Our Ethics Hotline and website—www.3MEthics.com—is open to everyone, inside and outside of 3M.

'In 3M India, we have been enjoying a relatively high rate of reporting from folks outside of 3M. They include our channel partners, dealers and vendors. This shows that our business partners have become more mature and are willing to move hand-in-hand with us towards business practices of high integrity,' says Ramesh Ramadurai, Managing Director of 3M India.

Evaluations

A dedicated team within 3M's Ethics & Compliance Department conducts periodic compliance and anti-bribery evaluations in various 3M subsidiaries and operating units each year. These evaluations are selected using objective and subjective risk factors, and include reviews of financial transactions, compliance records, interviews with business personnel and audits of selected third-party intermediaries.

In 2018 alone, the number of third parties reviewed or visited through an evaluation grew substantially. A number of local

In 3M India, we have been enjoying a relatively high rate of reporting from folks outside of 3M. They include our channel partners, dealers and vendors. This shows that our business partners have become more mature and are willing to move hand-in-hand with us towards business practices of high integrity,

*Ramesh Ramadurai, Managing
Director of 3M India*

evaluations in 2018 specifically focused on third-party business partners. Through the use of our IA system, training and evaluations, we are better able to manage risks associated with working with third parties.

We value the relationships we have built with our third parties and value their commitment to doing business the right way. Our third parties walk hand-in-hand with our business and together, we share the collective responsibility of upholding the brand and reputation of the company.

Expert Biography

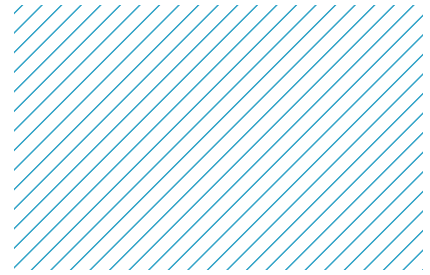
 **Seshadri Govindan** is Manager of Ethics & Compliance for 3M India Region, based out of 3M's Bangalore office. He is a chartered accountant and certified fraud examiner with a career span of 18 years in the industry. Seshadri joined 3M India in 2010 and has had stints in Business Finance and Internal Audit, prior to his current role. He has earlier worked with Hewlett Packard and Accenture India.



FIVE QUESTIONS WITH UNITED SPIRITS ON INTEGRITY IN THE ALCO-BEV INDUSTRY

Interview by Aarti Maharaj, Ethisphere

Ethisphere's Aarti Maharaj had the chance to chat with Chandramohan Ramanathan, Vice President – Controls, Compliance and Ethics at United Spirits, a Diageo Group Company, about his career and maintaining integrity across the alco-bev industry. In this exclusive interview, Ram highlights initiatives at Diageo that address challenges such as changing employee mindset. See the full interview below.



AM: Let's begin with your role at Diageo India. What really inspired this interview was a conversation we had about your previous life before you joined Diageo, and I thought that was very interesting and would be very useful for our readers—especially those that have a background in risk management. In your role at Diageo, you wear many hats. How has your experiences in ethics, compliance and risk management molded you for this job in particular at Diageo?

CR: I joined Diageo since 2008 as a commercial business partner and also I was very keen in developing controls and standardizing the process spreading across commercial and manufacturing. That was, I believe, as my goal then. I see integrity something close to my heart. When I think about it, integrity it's either you have it or don't have it. The measurement remains binary, either 0 or 1. In short, integrity for me is everything.

One big change that position gave me as a challenge is changing the people's mindset. A lot of dialogues happen between myself and the business process owners, who have been in the system for the past 10, 15 years and working on the same profile. As I surveyed and interviewed, the first reactions from them is, why should I change it? People's mindsets were very stubborn and they were static. Okay, I would often hear, All along, I've been doing this for a number of years and everything is working fine. Why do I need to change?

With this in mind, I also asked them, what are the key things you do in a process? In response, each member came up with 10 steps they do in an end-to-end process, which they had been handling over the years. As a business partner, I told them, let's review these steps together and I will extract two or three steps of what we are currently doing. Instead of that I will replace with one step, which I wanted you to do—making the work that they do simpler, effective and impactful. From here, I started seeing people coming to me or buying my agenda. Then I understood that change management is all about selling your thoughts.

Compliance also comes as a cultural change. It will involve a change of

The code of business conduct for Diageo India has around five sections to it. One is on personal integrity, which talks about responsible drinking, conflict of interest, and insider trading.

behavior of a person. Doing the right things in the right way is very, very important, which will lead to success of any organization. And when I look at Diageo India, trust and respect sit at the core of our performance ambition.

AM: When you said 'change people's mindset,' what do you mean exactly? Can you provide an example of how you've done this?

CR: The code of business conduct for Diageo India has around five sections to it. One is on personal integrity, which talks about responsible drinking, conflict of interest and insider trading. Then there is our people agenda, It addresses: health and safety, personal security, discrimination and harassment and human rights. Then there is commercial integrity, leadership and partnership, and the last piece is about assets and information.

When you think about our Code and changing the mindset of our people, they have their own understanding of each segment of the code. And any change which is conflicting to their person beliefs—will always come with resistance.

If you want a change to be adopted, there are two ways of doing it. One, we can say that this is the policy of the company, which a straightforward, simple, to my mind a stick approach. The other way of looking at that is, how do we sell this thought or the principles to the process owners or to the employees.

The first approach, which is a stick approach, is going to be a check-the-box activity. It may or may not sustain. But the second one is that if you are able to

One big change that position gave me as a challenge is changing the people's mindset.

sell your thought and if you're able to have a buy-in from the employees, then it's going to be sustainable. To clearly explain, what are the benefits each of the principles will bring into the company and how is it going to help their values ecosystem. Then they will follow it without anybody monitoring them. My principles have led me to the second approach, which will be sustainable, changing their mindset in terms of making them clearly understand what each policy says about it, what each policy gives you as a value addition to it.

AM: When it comes to the alcohol-bev industry, what makes India so unique when compared to other parts of the world?

CR: India is the world's fourth largest economy and has been growing in the high single digits in the recent past. Despite its vast potential, the beverage alcohol industry including Diageo India, annually requires an overwhelming 200,000 government approvals, right from procurement of raw materials to final sale of end products. Moreover, price determination by state governments continues to be a major blockade in doing business in this sector. While all countries impose regulations on this sector, India is the only country being subject to taxation and price controls. It is difficult to increase prices even to offset inflation. Moreover, price approvals and increases are wrapped in opacity and discretionary powers, with little or no transparency, no clear process laid down in law and no guiding principles. Furthermore, the social stigma of advertising alcohol brands though the use of media like television, radio and newspapers also needs to be worked on.

Another challenge is prohibition, which deprives governments of legitimate tax revenue, shifts much of the alcohol business underground and encourages illicit trade. It also forbids the majority of people who consume alcohol moderately and responsibly. However, it is clear that people have legitimate concerns around alcohol harm, which must be addressed and we are committed to doing just that. We believe that a balanced mix of intervention programs, policies and

education are required to address harmful drinking.

AM: Why does leading with integrity matter in the alcohol-bev industry?

CR: Integrity is the backbone of every organization. Leaders with integrity actually strengthen the business. Companies with strong ethical management teams attract investors, customers and talented professionals. A good leader is a combination of many qualities including a vision for success and believes in creating a team that will just not follow you blindly, but also challenge and develop their talent and empower people to accomplish their goals. In the alcohol industry, which is always seen for the wrong reasons, Diageo India is leading the way in building integrity, in whatever we do.

AM: Tell us more about your initiative 'Path to Pride.'

CR: The objective of the path to pride is to enable the middle management to take the baton from the top management to reach the grassroots level. While you can have a strong tone at the top, you need to lead at the grassroots level. We also need to enable middle management in terms of taking that baton. There are various initiatives that have been rolled out in achieving this objective. This initiative enables and empowers middle management to talk about compliance. Now what is the impact this is going to bring in? Well, if a person from any function/location can confidently talk about compliance connecting to their personal experience, it connects well within the team and has a greater impact in terms of sustainability. We are also exploring opportunities to connect compliance closer to employees by linking principles of compliance to the tools that everyone uses in their day-to-day business operation.

Disclaimer: The views expressed here are personal.

Expert Biography

 **C. Ramanathan** joined United Spirits Limited – a Diageo Group Company in January 2008. He has over 20 years of experience in the field of finance across various verticals, which include plant finance head, commercial finance business partner, planner & controller. In his current role, he is responsible for delivery of SOX & IFC requirements and focuses on building culture that can make Diageo one of the most trusted and respected consumer goods companies.



VALUES, STANDARDS AND GOVERNANCE – THE SECRET SAUCE FOR BUILDING TRUST IN PUBLIC RELATIONS

Publics Relations and Integrity: Setting Ethical Standards to Avoid ‘Fake News’

Written by Sarita Bahl, Country Group Head, Communications & Public Affairs (CPA) –
South Asia for Bayer

In May 2019, French media raised accusations that lists of supportive and critical stakeholders drawn up by Monsanto (now acquired by Bayer) in 2016 may have violated ethical principles and legal regulations. Following an initial review, Bayer has asked an external law firm to investigate the project Monsanto commissioned and evaluate the allegations. Bayer will fully support the public prosecutor’s office in France in its investigations. In addition, Bayer immediately suspended its relationships with ‘involved external service providers’ (a public relations firm).

The suspension of the public relations (PR) firm involved in preparing the purported list raises the pertinent question of ethics and principles.

As a communicator whose work often involves partnering closely with PR firms/agencies, transparency, integrity and honesty play a crucial role

Ethics in Public Relations Firms

As a communicator whose work often involves partnering closely with PR firms/agencies, transparency, integrity and honesty play a crucial role. Often confidential and sensitive information is passed on to the agency with the expectation that the agency shall ensure the highest standards of ethics and safeguard the information. Imagine then what a breach of this trust would entail for the organisation that has entrusted the agency with the information!

The Public Relations Society of America (PRSA) recognized the need for a set of ethics that could govern the behavior of PR firms. Within two years of its formation in 1948, the first PRSA code of professional standards was developed to address 'responsibility for the good character and reputation of the public relations professional.'

Over the years, the PRSA Board of Ethics and Professional Standards (BEPS) has evolved and kept itself abreast of new challenges in the areas of ethics and compliance. It has continually tried to upgrade the standards. As the 2000 PRSA member survey report shows, setting ethical standards requires long-term training and education, a commitment of resources and perhaps even an enforcement code in cases of non-compliance.

PRSA Member Survey Report by the Ethics Resource Center on February 25, 2000

2,099 responses (10.4 percent) to a 79-item survey mailed to 20,266 PRSA members.

- 92 percent see ethics as a key part of the PRSA mission
- 86 percent believe ethical standards add value to membership
- 90 percent think a commitment to a code can help brand PRSA as an industry leader
- 50 percent believe the professional and

ethical standards of PRSA are higher than the standards of the industry as a whole

- Strong support for enforcement to include denial of membership without commitment to uphold the Code (88 percent) and revoking membership for failing to meet the standards of the Code (76 percent)
- 85 percent support offering education and training on ethics and the Code
- Financial resources should be used to establish the Code (71 percent) and apply the standards (66 percent)
- Pressure to compromise ethical standards is higher with PRSA members (50 percent) than national average (13 percent)
- Observed misconduct closely matches the national average of 30 percent
- Of the misconduct that has been observed, seven of the top 11 relate to management. 53 percent of observed misconduct is reported.

For more information, visit https://www.prsa.org/wp-content/uploads/2019/01/BEPS_Handbook_2018.pdf.

Organizations Have a Role Too

The setting of ethics and standards, however, cannot be the role of just the PR agency. The case on organizations to ensure a culture that rides on integrity and transparency is equally strong. Here is a partnership that thrives on the bedrock of ethics. Compliance, therefore, is given, expected and often demanded. And compliance has the potential to become a very potent tool for setting the ground for good governance by organizations.

One of the key functions of a communicator is reputation management. Reputation of any organization or product or brand is based on consumer trust that is strengthened by the organization's values. It is always the internal reality of

an organization that drives its external reputation. Hence, a culture that focuses on the right values and governance lays the fundamentals for building trust.

The Advent of Fake News

Digitization has upped the game for communicators. On one hand it has resulted in efficient processes and quick connectivity across various channels and even providing the last mile reach to the consumer. On the other, it has given birth to the advent of fake news.

Fake news at its very fundamental level is the antithesis of ethics. Its ability to spread fast and masquerade as 'real' news poses a big challenge to the PR industry. Remember how it changed the way Americans voted in the last presidential election!

Today, the public has become lazy and does not have the time or the inclination to check the source of particular news. 'Restyling' nuggets of information to create a complete new story is almost a daily routine. Additionally, the easy spread of news in this era further compounds the problem. Hence, it becomes absolutely critical that PR agencies check the news that they send out. This is what ethics is all about.

A Two-Way Street

The core of ethics in a PR agency lies in providing truthful information, ensuring authenticity of facts and consistency all the time. Commitment to ethical conduct between a PR agency and an organization is a two-way street. It calls for equal adherence to standards, understanding the terms and evolving engagement from both the parties.

Expert Biography

 **Sarita Bahl** is the Country Group Head, Communications & Public Affairs (CPA) – South Asia for Bayer. Over her three decades of professional experience, Sarita has held multiple roles across diverse industries, public sector, trade associations, MNCs and the not-for-profit sector. An alumnus of Tata Institute of Social Science and the Swedish Institute of Management Program, Sarita specializes in stakeholder engagement, sustainability and communications.

The setting of ethics and standards, however, cannot be the role of just the PR agency.



OPERATIONALIZING NOKIA'S COMPLIANCE PROGRAM IN INDIA

Compliance at Nokia Is About Helping to Educate and Empower Business Leaders to Make Sound Decisions

Written by Amit Vidyarthi, Lead Investigator – West Asia & ANZ, Nokia

Nokia Corporation ("Nokia"), founded in 1865, is a global technology leader and creates technologies that are at the heart of our connected world. Its Ethics & Compliance program is committed to embedding business integrity at all levels of operations.

Taking a linear approach to discussing operationalization of this ethos for India, let us address the issue by discussing three of the top risks identified for 2019 (in no particular order) viz. (a) culture and awareness, (b) engaging third parties as a go-to-market strategy and (c) working with government.

A given paradigm while addressing the above risks effectively is that the India Compliance team must continue to be a trusted business enabler while meeting best practice standards.

At the heart of operationalizing compliance is India's Regional Compliance Council ("RCC"), which is the pivotal body responsible for developing policies, processes and risk mitigation programs. The RCC is headed by the Market CEO, who is joined by membership of Heads of Finance, HR, Legal, Global Services and Internal Audit (*special invitee as and when required*). It meets quarterly and is convened by the India Market Compliance Leader with participation of the internal investigations team.

The RCC has led discussions on issues such as gifts, entertainment and hospitality with government companies and regulators. Detailed discussions around various laws, rules and guidelines issued by the government from time to time has led to a detailed festival gifting guideline. It also meets to take disciplinary actions on serious confirmed investigations and undertakes trend analysis based on pointers such as anonymous reporting, cases per 100 employees, reporting per business, function, percentage of confirmed/not confirmed cases et al.

In India, as across Nokia, risk assessment is designed as a 360-degree review, inputting multiple data points from Compliance Control Framework Reviews, Investigations, Internal Audit reports and other internal and external data parameters. Some of the vehicles used for determining top market risks:

- *The Compliance Control Framework Program* ('CCF Program'), which requires site/business vertical/functional reviews focused on identifying anti-corruption risks, developing, implementing and monitoring responsive mitigation controls and producing localized risk mitigation plans. For instance, the CCF for 2019 sought responses from Procurement on aspects such as:
 - *How are local supplier selections made? What objective criteria are followed? Does such criteria conform with Nokia Supplier Base Management and other applicable Procurement processes?*

- Have anti-bribery/anti-corruption clauses been incorporated into such contracts?
- What checks-and-balances have been placed to ensure each purchase requisition is processed according to Procurement Policies, with no exceptions?
- To what extent has e-tendering been adopted? How many transactions went through e-tendering? Which transactions are left and what steps have been taken to cover all tendering digitally?
- Onboarding third parties as distributors, resellers, value added resellers etc. as a go-to-market strategy led to Compliance and business leaders working on a holistic and structured approach to managing our commercial third parties, particularly covering the life cycle of high risk third parties such as those dealing with the government.

Collaborative business-Compliance interactions focused on market dynamics, approaches taken by other companies, Nokia's 'go-to-market' strategy and compliance risks (such as offering higher discount rates, heightened regulatory and reputational risks around tax havens, convoluted ownerships et al) have now led to agreement on issues such as:

- Review of all commercial third parties with focus on regulatory and reputational issues through focused due diligence.
- Early and continued engagement of Legal and Compliance teams when finalizing third parties and determining the most appropriate transaction structures for deals.
- Continued training of salesforce on traditional and emerging risks.

Integration with global programs is as much an aspect of our local program. One of the initiatives we adapted to local needs is the 'Respect at Nokia' campaign. This campaign primarily arose as a result of the #MeToo movement focusing on the interplay of gender diversity with the core Nokia values of Respect and Challenge, but it was made more diverse by addressing how we deal with sexual harassment locally and seeking employee answers to questions such as:

- I understand the Company provides different ways to report ethical concerns.
- I am confident that if I raise a potential violation of Nokia's Code of Conduct or ethical matter, I will not experience retaliation.

- Does your line manager periodically talk about the importance of ethics and compliance?

Feedback from 'Respect' sessions led to onboarding more Ombuds in several sites, conducting top and middle level leadership coffee sessions and several other initiatives to improve culture not only in metro cities but in remote locations.


Our compliance program is structured to ensure ethical practice and understanding are essential for our employees in carrying out their responsibilities. We have used web-based and live in-person trainings on topics such as Ethical Business Conduct, Prevention of Sexual Harassment, Dawn Raids, Gifts, Entertainment and Hospitality, Working with Governments etc. to educate our employees and raise awareness.

The India market spearheaded the 'Compliance Connect' initiative in 2015, resulting in focused emails being sent to all employees on compliance policies and processes, providing simple dos and don'ts, link to local and global policies, investigation trends and indicative corrective actions taken on proven non-compliances. Celebrating Integrity Day across India has been another success, with employees doing role plays, creating compliance motifs, posters et al. Last year 800+ employees joined these celebrations.

The above is only a brief exposition of some initiatives that operationalize Nokia's compliance program in India. The

list of initiatives is exhaustive but let me conclude by saying that, at Nokia, compliance leaders do not stand on the side-line and simply approve or disapprove transactions or third parties. Instead, and consistent with our philosophy of leadership accountability, they're expected to be solution-minded, expected to think strategically and help achieve outcomes that will satisfy business objectives while responsibly mitigating risks. Compliance at Nokia is about helping to educate and empower business leaders to make sound decisions and working collaboratively with them to help the company reach its long-term objectives and upholding a tradition of unyielding integrity.

Expert Biography

 **Amit Vidyarthi** is Senior Investigations Counsel – West Asia, Middle East & ANZ.

Amit is an India-qualified attorney with extensive ethics and compliance experience gained in leading law firms and global companies. Amit started his career, spanning 22+ years, as an attorney practicing civil law with Valmiki Mehta, Esq. and has since worked on corporate matters including large cross border aircraft lease and securitization transactions at Rajinder Narain & Co—a leading corporate law firm operating from its offices in New Delhi.

Podcast Replay

Nokia on Ethics and Compliance in South Asia

In the following interview, Vidyarthi spoke to Sundar Narayanan, Associate Director, **SKP Group**, on behalf of the Ethisphere BELA South Asia Community about trends in Ethics and Compliance in India.

SN: Can you talk more about how you engage with leaders across Nokia?

AV: One of the very basic things we do as humans is we have this very unique ability to communicate and when we are talking about communication it is in diverse forms and the most effective form of communication is a dialogue. We all love to speak and sometimes we forget the importance of a dialogue and end up in a monologue. When you think about how you wish to communicate, it can be verbal, written or pictorial. It's important that we use the tools that we have to communicate with each other. We are communicating verbally and we are able to share ideas. At Nokia we use Java Chat very often. I have laid down my connections on Java Chat by the functional units such as legal, compliance, finance, human resources, etc., then there are others you've connected with in the past...even employees—just sending a message to say hello and that kind of gets the human face to a lot of these communications.

Source: Listen to the full interview on the BELA member hub

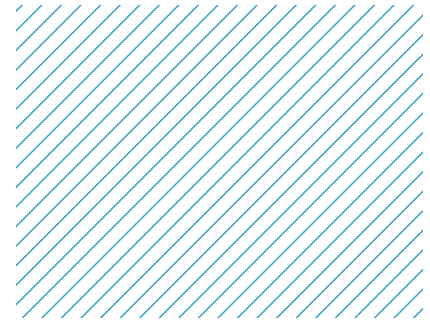


FACING THE MENACE OF A FACELESS FRAUDSTER IN THE DIGITAL CONSUMER BUSINESS

Companies Need to Pay Attention to Social Media Groups as They Expose Vulnerabilities

Written by: Sundar Narayanan, Director, Forensic Services, SKP Group

With India's smart phone users expected to reach 829 million (60 percent of the estimated population) in 2022 from 27 percent in 2017 according to Cisco's Visual Networking Index, digital consumer businesses in India are on the cusp of reaching their pinnacle.



Cheaper smart phones, emerging domestic smart phone brands, falling data prices (more specifically post the entry of Jio), regional language usability and mobile first applications/ businesses are evolving the digital consumer business rapidly. In addition, the innumerable incentives offered by digital businesses to influence and/or acquire new users (customers) to the platform/app/service has pushed the theme further in accentuating digital business opportunities across the consumer value chain. A consumer value chain includes e-commerce to convenience services, aggregators to hyper local deliveries, mobility services to digital entertainment, digital payments to digital finance/lending etc.

With start-ups and emerging technology businesses focusing on bringing convenience to users fingertips, there also arise certain key areas of frauds. Neither these fraud are new, nor their modus operandi. However, the environment in which such frauds occur is very different from the ones we have had deep familiarity with. One of the clear areas of difference is the identity of the fraud actor.

The types of fraud include hacks and tricks in exploiting the vulnerabilities, account take over issues, price error exploits, data falsification for benefits, app vulnerabilities etc. Hacks and tricks include exploits pertaining to cash back, promo codes, misuse of referrals, overusing coupon/Gift Voucher/offer, false refund, inflated incentives, falsified rebates, modifying prices, falsifying membership and manipulated delivery. In addition, there are threats of the digital money/wallet platforms being used for money laundering offenses.

The fraud actors in digital consumer business could be employees, customers, sellers, affiliates, business partners and organized fraud rings. Most of these fraud actors are identified with an email ID, a contact number or a user ID (collectively termed as 'identifiers'). In an environment where one can have multiple email IDs and contact numbers, this phenomenon takes us to a scenario of facing a faceless fraudster, whose identity is revealed only with digital foot prints with the identifiers.

Hacks and tricks include exploits pertaining to cash back, promo codes, misuse of referrals, overusing a coupon/gift voucher/offer and false refunds

With a number of organized fraud rings focusing on evolving techniques to exploit the vulnerabilities or the application gaps, the anti-fraud approach gains a paramount importance. Organized fraud rings and closely held social media groups do exchange info on such vulnerabilities. They trade one time passwords, contact numbers, user accounts and in some cases use genuine customers to do an activity on their behalf for a fee. It's pertinent to note that an individual customer's personal information including contact numbers, delivery address, product purchased or latest service availed are all available in the public domain for a fee. While the source of this unauthorized info and the accuracy of such information is questionable, the issue of broad-level exposure to the compliance structure cannot be undermined.

Why do these happen? While there could be a number of reasons for such things to happen, the primary issue is the pace of growth of the industry and the hyper evolution of the volumes, wherein customer centricity and gaining new users (customers) takes a lion's share of focus time of the businesses. The short windows of time to test for vulnerabilities are thin to address all of them, either before it is launched or as soon as info on an exploit is received. As the industry evolves, multiple technology-focussed solutions are expected to emerge.

Most of these fraud actors are identified with an email ID, a contact number or a user ID (collectively termed as 'identifiers')

Given the above, a digital consumer business needs an overarching framework to anti-fraud efforts. The framework by itself is neither unique nor new, but it brings together the cohesive integration of key areas of action aimed at value preservation:


- A. Manage & protect:** Deploy process and controls aided by analytics and alert mechanisms to protect the business from known exploits. Compiling the known exploit patterns is critical in such scenarios. These known exploits could come from historical data of exploits, ethics cases handled and control gaps identified during internal audit or other management reviews. A periodic mechanism to managing and protecting the organization from the known exploits is one of the key essentials to consider, such as a preventive mechanism for the same offer code being applied multiple times.
- B. Identify & detect:** Identifying the emerging key exploits as the business progresses. These exploits could be identified based on periodic analysis and identification of pattern based exceptions (velocity) from the transactional data. This would help in attempting to prevent exploits at the earliest. Such as, a detective mechanism to identify potential price error cases and prevent orders before exploited.
- C. Respond & recover:** Plan a mechanism to track the market events and receive inputs on exploits or potential exploits. Use this information to track and recover potential gaps in the process or the vulnerabilities that are resulting in losses. For example, a market intelligence mechanism through which one understands instances of transactions using contact numbers for which one-time passwords (OTP) are sold online or PAN/aadhar of dead or non-existent users used as a KYC document for wallet transactions.
- D. Govern & assure:** Set a governance mechanism to initiate action on po-

tential actions or recovery processes against offenders. Also develop appropriate control mechanisms to strengthen the process over time. An integrated approach with business, legal and compliance can yield greater results in such approaches.

Amidst a highly dynamic business environment and modulating competition pressures, a strategic and focused anti-fraud model is essential to control and preserve from fraud losses in the business. It's a world of faceless fraudsters with unreliable or masked digital identities. A well-defined anti-fraud framework and consistent efforts towards action can go a long way in identifying exploits and saving fraud losses for the company or its partner organizations. While, the inherent issues will take few years to settle, the impact of the issues could be minimized.

Plan a mechanism to track the market events and receive inputs on exploits or potential exploits.

Expert Biography

 **Sundar Narayanan** – a chartered accountant and certified fraud examiner, has over 12 years of fraud investigation and compliance review experience in India, Japan, Kenya, Tanzania and Zambia. He led several investigations/proactive reviews uncovering senior management misconduct, employee fraud and third party frauds. Sundar can be reached at Sundarparipurnan.narayanan@skpgroup.com.



BAKER MCKENZIE: CHALLENGES AND RISKS OF DOING BUSINESS IN INDIA

There's Increased Cooperation between US and Indian Authorities

Written by: Alina Arora, Richard Dean and Jerome Tomas

Global companies doing business in India should be aware of the heightened risk of corruption, particularly if they use third parties to promote their business, obtain licenses, permits and authorizations, or otherwise represent companies before government authorities (sometimes referred to as 'liaisoning'). In addition, organizations should know about the increased enforcement risks, both in the United States and in India.



In this article, we will discuss ongoing US Foreign Corrupt Practices Act enforcement involving India, new Indian anti-corruption legislation and the greater role of the Central Bureau of Investigation (CBI) in anti-corruption investigations. We will also touch on the increased cooperation between US and Indian authorities. We will then discuss best practices for doing business in India: what companies should do to reduce those risks and instill compliant behaviors within their companies and extended network of third parties.

Recent US FCPA Enforcement

FCPA and general corruption risks are greater in India than elsewhere due to the multitude of government interaction touchpoints, cultural practices allowing for facilitation payments and providing gifts to government officials and the widespread use of third-party intermediaries hired to assist with bureaucratic processes.

While early FCPA cases focused on India involved smaller bribes, like those associated with customs clearance, now the Securities and Exchange Commission and the Department of Justice—the main US government agencies in charge of enforcing the FCPA—have tackled a broad range of corruption risks that companies encounter in India. Most recently, the SEC and DOJ have focused on improper payments made in connection with sales-related activities. Specifically, these agencies have concentrated on payments to officials or representatives of Indian government customers to obtain orders or favorable treatment connected to the sale of products. US government authorities also developed deep institutional knowledge of how business works in certain industries in India, notably in consumer goods (as in the Beam, Mondelez and Anheuser-Busch InBev cases) life sciences devices (the Stryker and Alere Inc. cases), and defense (Embraer). These companies were investigated and then entered into FCPA resolutions with the SEC and/or DOJ.

Since bribery is often difficult to prove, the lack of supporting documents to substantiate payments and poor record-keeping led the SEC to charge accounting violations (books and records and internal controls violations), with the DOJ generally conducting the

investigation alongside with the SEC. In some cases, the DOJ led the charge, such as in the case of CDM Smith. CDM Smith received a declination from the DOJ after it voluntarily disclosed that its Indian subsidiary paid bribes to Indian government officials in exchange for highway construction supervision and design contracts and a water project contract. CDM Smith fully cooperated with the authorities, remediated improper conduct and disgorged USD 4 million in ill-gotten gains.

India is a democracy with a market economy and an active media, important characteristics for exposing corruption. Indeed, these factors have contributed to the significant attention public corruption is receiving. Coupled with the increased whistleblower activity and growing regulatory scrutiny, this trend will likely continue. Global companies should carefully assess their risk profiles in India and take steps to address the risks effectively.

Indian Law and Enforcement Trends

Not only does FCPA enforcement remain strong, the Indian government has also become more aggressive in investigating and prosecuting corruption under the main Indian anti-corruption law, the Prevention of Corruption Act, 1988 (PoCA). The CBI registered approximately 2,000 corruption cases against public servants in the last three years, and this number is growing. Major corruption cases involving various industries are in the headlines—for example, the Rafale case in the defense sector, the Punjab National Bank and Nirav Modi cases in the financial sector and the VK Sasikala disproportionate assets case in politics.

The successful prosecution of a growing number of companies is due in part to increasing cooperation between Indian and US authorities through a Mutual Legal Assistance Treaty and other mechanisms, such as issuing letters rogatory. In a related trend, the Indian authorities have opened investigations into matters that have been resolved in the United States, such as the CDM Smith and Embraer cases.

In addition to the already increasing enforcement, PoCA was amended in July 2018 to make future enforcement easier. The amended PoCA now explicitly provides for the offense of bribe-giving. It introduces a corporate bribery offense that applies to non-Indian commercial organizations doing business in India in any capacity—such as through a joint venture, consortium, distribution network, etc.—in addition to domestic companies, and makes the commercial organization liable if any person associated with it (including an employee,

agent or subsidiary) promises a bribe to a public official to obtain business or any business advantage. It also imposes liability on officers of the commercial organization separately in cases where it is proved that bribery was committed with the consent or connivance of such officers. Commercial organizations may assert the defense that they had put 'adequate procedures' in place to prevent such corrupt conduct.

What Companies Should Do

In order to manage corruption risks in India, companies should begin with a thorough risk assessment that focuses on their personnel, business structure, government interactions and in particular, their use of third parties. Of particular concern is the quality of their internal compliance controls, such as policies and protocols for conducting due diligence on third parties, training personnel and third parties and overseeing compliance by such parties with applicable laws and company policies. Companies should scrutinize how payments for services, especially those involving government interactions, are substantiated, documented and recorded on companies' books. Petty cash accounts should be subject to rigorous controls.

Companies should also take time to understand the regulatory landscape. While bureaucracy in India can be quite time consuming and frustrating, with multiple central, state and local regulations interposed, companies should not succumb to local practices but rather reserve sufficient time to make sure that all documentation has been prepared, all processes completed properly and all regulatory requirements complied with. Companies should instruct their employees and third parties to resist bribe demands and let officials know that company policies do not permit facilitation or liaisons payments of any kind.

With most FCPA cases involving misconduct by third parties, tiered due diligence based on the risk level of third parties is essential, along with conducting ongoing monitoring and addressing red flags as they are identified. The company should also have gift-giving policies setting the limits on the value of gifts to government and private customers, which should be enforced through reimbursement procedures and audited periodically.

Since local third parties often demonstrate a lack of familiarity or commitment to compliance, company requirements should be communicated to third parties, reinforced through regular training and controlled through periodic

exercise of audit rights. Provisions should be included in third-party contracts to provide for termination rights in cases of noncompliance with company policies or applicable anti-corruption laws.

Accounting controls are critical. Facilitation payments to local officials are often made out of petty cash, so petty cash should be strictly controlled, and payments should be made by other means whenever possible, with all supporting documentation retained.

Several recent corruption cases originated with a whistleblower complaint to government authorities. Thus, it is critical to set up a functioning reporting hotline to promote awareness and help the company learn of possible violations. This hotline should be available to both employees and third parties.

Despite all the challenges, with vigilance and clear goals to proceed in a compliant manner, reinforced with training and appropriate controls, companies can conduct business in India successfully and not run afoul of the FCPA or local anti-corruption laws.

Expert Biography



Alina Arora is a Partner with L&L Partners. She has over 20 years of experience in the areas of anti-corruption and white-collar crimes, having assisted clients in Indian and multi-jurisdictional advisory and investigations (involving the US, the UK and other countries). She has been consistently recommended by Chambers & Partners Asia-Pacific for white collar crimes from 2016 to 2019.



Richard Dean is a partner in Baker McKenzie's Compliance & Investigations practice group in Washington, DC, specializing in the US Foreign Corrupt Practices Act and related legislation. In the last several years, Mr. Dean has conducted several investigations into alleged corrupt practices at Indian subsidiaries of global companies. He has led the defense of those companies before the US authorities and worked closely with Indian counsel in addressing the consequences of those cases in India.



Jerome Tomas is Chair of Baker McKenzie's SEC and Financial Institutions Enforcement Group, and co-chair of the North America Government Enforcement practice group. He represents multinational companies faced with government investigations and conducts internal investigations to assess and remediate legal and compliance concerns in domestic and global operations.



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