



# BELA ASIA PACIFIC VIRTUAL ROUNDTABLE RECAP

HOSTED BY: EY Forensic & Integrity Services

PRESENTED BY:

BELA Asia Pacific Chapter

DATE:

Thursday, March 17, 2022

# Chatham House Rules

To preserve the integrity and authenticity of discussions held during our BELA South Asia roundtables, we always observe Chatham House Rules of confidentiality, which by virtue of this message, extends to the contents of this recap.

We ask that each attendee and recipient of this message respect the privacy of fellow members of the BELA Asia Pacific community. This document is not intended for distribution beyond the BELA community or to those roundtable participants to whom it has been sent.

# PARTICIPATING COMPANIES

- 3M
- Bain Capital
- EY
- Dell
- DHL Supply Chain
- General Electric
- Honeywell International
- IBM
- Johnson Controls
- KKR
- LVMH
- Morrison & Foerster
- Kimberly Clark
- Omega Compliance
- Prudential Assurance Singapore
- Unilever

# Thank you to our Virtual Host



# Thank you to our presenters

MORRISON  
FOERSTER



KKR



# Agenda

Opening Remarks by Ramesh Moosa, EY Asean and Singapore Forensic & Integrity Services Leader  
Insights from the 2022 Global Integrity Report

## **2022 Regulatory Update (ESG Trends)**

Dan Levison, Partner, Morrison & Foerster (Singapore)

## **Deconstructing ESG and Compliance and its Impact on the Supply Chain**

KKR's APAC Compliance leader will examine the link between ESG and Compliance plays in the process. This session will also feature an industry expert from Omega Compliance who will address the importance of ESG due diligence, and overall how supply chains continue to function in a post-Covid world.

Session Leader: Catherine McNamee, Senior Manager, EY

Speakers: Jon White, Managing Director, Omega Compliance; and Kapil Kirpalani, Compliance Officer, APAC, KKR

## **A Conversation on Repositioning and Investing in ESG Programs**

Session Leader: Ramesh Moosa

Speakers: Apriani Kartika, ESG Lead, Prudential Singapore; and Fanny Huang, VP Strategic Deals and Head of ESG APAC, DHL Supply Chain

In this session, Prudential Singapore will share best practices on repositioning or investing in various elements of ESG programs. This conversation will explore how companies are elevating the "S" on their agendas to ensure that ESG commitments are measured with the right controls and oversight.

## **High-level recap of the roundtable discussions**

Lead: Wilaiporn Ittiwiroon, Partner, EY (Bangkok, Thailand)

Closing remarks and comments on the virtual **2022 Global Ethics Summit** by Kevin McCormack, EVP and Executive Director, BELA

## TOPIC 1:

# Insights from the 2022 Global Integrity Report & Recap



Ramesh Moosa  
Asean and Singapore Forensic & Integrity  
Services Leader  
**EY**  
[Ramesh.Moosa@sg.ey.com](mailto:Ramesh.Moosa@sg.ey.com)



Wilaiporn Ittiwiroon  
Partner  
**EY (Bangkok, Thailand)**  
[Wilaiporn.Ittiwiroon@th.ey.com](mailto:Wilaiporn.Ittiwiroon@th.ey.com)



# DISCUSSION NOTES

## 2022 EY Global Integrity Report: Asia

- Businesses must review compliance programs: lack of improvement in integrity standards
- More than half (global 55%, Singapore 60%) of employees and leaders from companies around the world believe that standards of corporate integrity have stayed the same or worsened over the last 18 months, according to the [2022 EY Global Integrity Report](#)
- While a record (global 97%, Singapore 96%) respondents to the survey agree that integrity is important within their organizations, 41% of global respondents (Singapore 44%) say that the COVID-19 pandemic is making it more difficult to act with integrity in business dealings
- Interestingly, the survey found that Singapore respondents are more willing to adopt or accept unethical behavior for personal advancements, such as their career or remuneration, than global respondents
- These unethical conduct include willingness to mislead external parties such as auditors (Singapore 19%, global 8%); ignore unethical conduct by suppliers, distributors or other third parties (Singapore 18%, global 10%); and falsify financial records (Singapore 12%, global 8%)
- This disconnect in ethical behavior is happening even as companies hiked their integrity and compliance programs. In the last 12 months, corporates have put in greater investments in integrity and compliance initiatives: 53% of responding global organizations (Singapore 55%) have a code of conduct in place, compared with 47% globally (Singapore 50%) 18 months ago
- There is also an uptick in training programs, with 46% of global businesses (Singapore 42%) providing regular training on relevant legal regulatory or professional requirements, compared with 38% globally (Singapore 32%) in 2020.

**[Download: 2022 EY Global Integrity Report](#)**

**[Participate in EY's ESG Survey](#)**

TOPIC 2:

## 2022 Regulatory Update (ESG Trends)

**MORRISON**  
**FOERSTER**



Dan Levison  
Partner  
Morrison & Foerster (Singapore)  
[dlevison@mofo.com](mailto:dlevison@mofo.com)



# DISCUSSION NOTES

## 2022 Regulatory Update (ESG Trends)

- For financial institutions, ESG compliance also has a significant aspect
- In Asia-Pacific, the risk lies in performing ESG activities. The most frequent risks are around bribery & corruption and human rights issues. Working on projects that are considered high risk for corruption or human rights violations—many of which are neighboring jurisdictions
- For many companies, using local agents/intermediaries is part of a CSR program, such as through community outreach
- When implementing ESG activities, it's important for companies to think about the compliance risk and build that into risk assessments to avoid potential, significant, legal or reputational liability.

## ESG Disclosures

- ESG disclosures matters: In some jurisdictions it's a regulatory requirement, there's significant compliance enforcement and potential litigation risks if those disclosures are not properly made
- ESG disclosures is beneficial in terms of enterprise value creation. ESG reporting allows companies to access a broader capital market and borrow at lower cost
- Investors rely on company disclosures to determine if a company is sustainable or look for specific targets to help make investment decisions
- ESG disclosures can help build a brand's integrity and promote products and services. Consumers expect ESG-related commitments to help influence their decisions.

*Exclusive data point from the 2022 World's Most Ethical Companies dataset: With the rise in ESG disclosure regimes, 60 percent of World's Most Ethical Companies Honorees indicated they have designated a specific committee (either standalone or an existing committee) to oversee these matters and defined those responsibilities in the charter of that committee, and 12 percent indicated they've split the responsibilities up but defined them in the charter of each relevant committee. The remainder have not yet delegated responsibilities to a committee or committees*

# DISCUSSION NOTES

## General Observations

- Comply or explain basis: This region is categorized by economic and legal systems, which impacts if disclosures are voluntary or mandatory
- Regulatory requirements in regards to disclosures are rapidly evolving, for example in Korea, they are in the process of promulgating new guidelines
- *Environment* has been the pillar of ESG that has gained the most attention: Almost every jurisdiction that has a non-voluntary ESG regime: Environmental disclosures are subject to some requirements. China, for example – has required non-issuers and certain non-financial institutions to publicly disclose environmental-related information
- ESG disclosures in some jurisdictions extend beyond equity issuers listed on stock exchanges—other than China and Indonesia—regulators have extended ESG disclosure requirements to some financial institutions
- Different jurisdictions in the Asia-Pacific region have adopted different international and national reporting frameworks
- The absence of international standards has been a historic issue and has presented challenges for ESG disclosure-related policy design

## ESG Frameworks used across APAC

- The following are widely recognized ESG frameworks in the region:
  - Task Force on Climate-Related Financial Disclosures (TCFD)
  - The Value Reporting Foundation
  - Sustainable Accounting Standards Board (SASB)
  - The Global Reporting Initiative
  - International Financial Reporting Standards Foundation
- Thailand has a new mandatory sustainability reporting requirement that takes effect from FY 22. It covers sustainable management environment and social sustainability
- The US has some disclosure requirements applicable to some issuers regardless on where they are listed
- Nasdaq has developed disclosure on board diversity (this rule is currently under legal challenge).

## TOPIC 3:

# Deconstructing ESG and Compliance and its Impact on the Supply Chain



Catherine McNamee  
Senior Manager  
**EY**



Kapil Kirpalani  
Chief Compliance Officer (APAC)  
**KKR**



Jon White  
Managing Director  
**Omega Compliance**  
[jwhite@omegacompliance.com](mailto:jwhite@omegacompliance.com)

# DISCUSSION NOTES

## The Link between Compliance and ESG

- ESG remains a standalone pillar and it is focused on driving impact
- The goal is to try to learn industry best practices on ESG before formulating your own ESG best practices
- Through ESG frameworks, there's a feedback loop to keep the focus narrow and specific
- From a reporting perspective: Case studies help identify what is missing in an ESG program
- In some cases, when thinking about ESG plans, it's important to prioritize given the atmosphere, for example work from home requires additional community outreach or cyber policies (governance)
- Additional support comes into play by: Leveraging external providers or reaching across other functions to tap into experts that can support the overall process. Another big part is not being shy to say where there are deficiencies or risks exists
- Setting a plan that covers the first 100 days of ESG can help visualize how you can embed this topic into compliance

## Setting up compliance structures with ESG in mind

- Potential ESG regulations mean expanded responsibilities for Compliance
- ESG concepts in financial services are still evolving and nebulous
- Setting deliverables: Deliverables are important because it is what will be acted upon and will make sense to all stakeholders
  - Deliverables can be seen as short-term goals
- Each category that goes into your ESG plan should be in the local language (a mistake that is often made is to keep in English)
- Diversity, equity, and inclusion in ESG: What does it mean to have a diverse board, there are some jurisdictions where speaking certain gender-related topics are illegal. Approaching it with a level of sensitivity is important depending on the jurisdiction

**Exclusive data point** from the 2022 World's Most Ethical Companies dataset: For the first time, over thirty percent of Honoree board seats (32 percent) are held by women or gender non-conforming directors. Meanwhile, 53 percent of Honorees have between 30-45 percent of board seats held by gender-diverse directors, and 18 percent are at or past parity, significantly higher than the Russell 5000, which as of the end of Q1 of 2021 had just 24.3 percent of board seats held by non-male Directors.

# DISCUSSION NOTES

## Supply Chain risks

- Legislations: Focus on forced labor and legislations
- Big retail brands usually work with thousands of suppliers – the key step is to find out where your product is being made/ where are the factories are located – the pandemic has changed this and here are additional questions to consider:
  - Where are the raw materials coming from? CBP has held products that contain cotton as they believe the cotton originated from China or Xinjiang
  - Mapping supply chains remains top of mind for many companies
- How do you prove that there was no forced labor? It requires an upstream approach through multiple tiers to the farm where the cotton was picked. Are you able to interview the farmers? It's impossible to evaluate each place and this is where risk processes are valuable
- There needs to be IT support platform to help automate declarations. In the end the data inputs matter, if the data is not accurate or not legible, then the platform won't serve its purpose
- There's no use in sending out questionnaires in English due to the language barriers that exists. In order to obtain information that's accurate, you have to do it in the local languages. This should be built into the IT platform.

## Legislation in China

- China Anti Sanctions law: If you are going into China and check that you are in compliance with the Uyghur Forced Labor Prevention Act, by doing so, are you now contravening the China anti sanctions law? There's no clear solution, it demands everyone's attention, especially high levels

## Navigating the framework

- The question here is who is handling supply chain risks? Legal? Compliance or Sourcing?
- The legislation in place now is very specific and future legislation will have more demands on traceability
- It's important to have someone dedicated to this role to analyze the data to evaluate risks
- If a company is sourcing and operating in Asia, there should be someone that is familiar with common issues in Asia, understands them and has access to senior levels in the company to put in place the right management processes.

## TOPIC 4:

# A Conversation on Repositioning and Investing in ESG Programs



Ramesh Moosa  
Asean and Singapore Forensic & Integrity  
Services Leader  
**EY**



Apriani Kartika  
ESG Lead  
**Prudential Singapore**



Fanny Huang  
VP Strategic Deals and Head of ESG APAC  
**DHL Supply Chain**

# DISCUSSION NOTES

- ESG Framework: Making health and financial security available; Stewarding the human impacts of climate change; and Building social capital: Without an investment in social capital, you don't have the license to operate
- To support the above are (ESG drivers):
  - Good governance and responsible business practice
  - Responsible investment: Covers building a greener future
  - Community engagement and investment (CSR)
- Investing in digital health innovation through inclusive offerings and promoting financial literacy (making this more accessible).
- Accelerating contributions: Making pledges and commitments to climate change such as pledging to become a net zero company by 2050. Immediate steps are required such as decarbonizing portfolio companies. The transition should be as inclusive as possible
- Building social capital: Covers diversity, inclusion, and belonging. The priority is providing a healthy and safe workplace for all workers.
- Examples include:
  - Closed gender pay gap by 1.3%
  - 50% female participation rate
  - Robust coaching and learning culture
  - Age-inclusive practices: Helping seniors tackle social isolation, this is on the national agenda in Singapore
  - This pillar also covers "digital responsibility"
- Social issues can be a challenge to address and solve. There are methodologies and frameworks for companies to assess the impact of "S". The key point here is how do you take care of your people, your customers, how do you take care of your suppliers and other stakeholders?
- A clearly thought out strategy must include enablers > such as: Working Groups, an ESG committee, Ethics committee which reports directly to the board. Working Groups include: Responsible investment ; Environmental and Risk Management, etc., that are all responsible for various elements of ESG



# DISCUSSION NOTES

- ESG is a sustainable business and it is about partnerships
- Developing a sustainability roadmap should contain pillars. Targets are aligned with incentivization. For example:
  - Clean operations for climate change: Reduce emissions supported by targets on sustainable fuel, electrification, and zero emissions by 2050; Go Green workforce training certification for all employees, green packaging solutions, carbon reporting, reduce carbon emissions (setting a baseline is important)
  - Great company to work (for all): Measuring employee perceptions and engagement. Increase share of women in management > 30% by 2050; Human rights based on OECD and UN principles and guidelines; Launched APAC Diversity and Inclusion Taskforce with clear goals; Regular training and development such as regular supply chain specialist certification; CSR > Covid outreach and support and global initiatives
  - Highly trusted company and operations: The ESG roadmap is supported by stringent internal reporting, training measures, and policies. External reporting in line with SASB and GRI core standards. Code of Conduct > lays out standards and beliefs that should be embedded in each part of the business; Data protection and IT Security > ISO certified policies; Global 24 X 7 Cyber Defense Center
    - Supplier Code of Conduct: Contains a four-step-evaluation process to keep suppliers focused on compliance and sustainability.
    - Anti-Corruption: Partner with World Economic Forum Partnering Against Corruption Initiative and regularly conduct training on Anti-Corruption
    - Reporting: Metrics help evaluate the status and effectiveness of sustainable activities
    - Trade Compliance: Follow global regulations around trade—especially Export Controls and Sanctions
- While the global level is supported by pillars, on the APAC side, it comes down to implementation of the above > policies, standards, reporting structure, divisional implementation is very important and this is where partnerships come into play
- Supply chain: Warehousing, transportation (reducing carbon emissions foot print), and packaging. The challenge with APAC is the technological and infrastructure capabilities
  - Packaging solutions: Training becomes important

# RECOMMENDED BELA RESOURCES

## **Integrating ESG Into Your Organization: Selecting the Right Model:**

In our BELA ESG Working Group, 13 leading ethics and compliance experts came together to create a guide for organizations to utilize when choosing an ESG framework.

<https://bela.ethisphere.com/resource/bela-esg-integration-guide-2/>

## **APAC Leadership Spotlight: Baker McKenzie Conversation on ESG:**

The recent exponential growth in ESG value and recognition has brought increased pressure on companies from regulators, investors, employees, and consumers to adopt and enforce high ESG standards: <https://bela.ethisphere.com/resource/baker-mckenzie-apac/>

**Companies are under increasing pressure and expectations to understand and mitigate risks in their supply chain and ESG risks are no exception:**

<https://bela.ethisphere.com/resource/esg-2021-due-diligence/>

**Roundtable Recap on ESG:** RTI International shared their journey to creating their ESG report and Eaton led a discussion on growing your ESG program

<https://bela.ethisphere.com/resource/rt-recap-esg-rti-international-eaton/>

**Ethisphere Magazine – Winter 2022 Issue:** The 2022 Winter Issue of Ethisphere Magazine, the Crystal Ball issue, features leaders from Ethisphere, our global partners, and a diverse group of companies speaking on a variety of issues that are facing ethics and compliance programs today and in the future:

<https://bela.ethisphere.com/resource/ethisphere-magazine-winter-2022/>

## **The Work is Never Done: Now That You Have a “Mature” ESG Program, What Do You Do?**

At a [recent roundtable](#), Eaton led a discussion on ESG and sustainability: <https://bela.ethisphere.com/resource/eaton-esg-the-work-is-never-done/>

## **ESG and the Role of Ethics & Compliance**

At a roundtable, Maurie Lawrence, Associate General Counsel, Sustainability Director, Milliken & Company, led a discussion on ESG/Sustainability and the Role of Ethics & Compliance <https://bela.ethisphere.com/resource/milliken-esg/>

# Thank You!

## BELA ASIA PACIFIC CONTACTS

Aarti Maharaj  
Managing Director  
BELA Asia Pacific  
[Aarti.Maharaj@Ethisphere.com](mailto:Aarti.Maharaj@Ethisphere.com)

Kevin McCormack  
EVP and Executive Director,  
BELA  
[Kevin.McCormack@Ethisphere.com](mailto:Kevin.McCormack@Ethisphere.com)