

# BELA Asia Pacific Roundtable Recap

Co-chaired by:



*Hosted by: Prudential Assurance Company Singapore  
Monday January 20, 2020*

## Participating Companies:

3M

Accor

Alcon Laboratories

Boeing

CBRE

Conergy

Continental Corporation

DELL

General Electric

Hilton

Johnson Controls

Johnson Controls-Hitachi

LVMH

MODEC

<continued below>

## Poll on E+C concerns in 2020:

- Promoting a speak up culture
- Incentivizing employees—what is the right way to do this
- How to take a written list of policies and use it as an engagement tool
- Conflicts of Interest
- Regulatory changes
- Reducing employee's fear of retaliation
- Reputation management—avoiding the headlines in 2020
- CFO's role in ethics and ensuring that integrity is embedded in all business transactions (Quest Global Engineering)
- Developing an ESG framework for data analytics
- Keeping up with the changes in data (specifically using programs like Python).

## Prudential Singapore CEO's Opening remarks

Led by: Mr. Wilf Blackburn, CEO, Prudential Assurance Company Singapore

Attendees spoke to Mr. Blackburn about ethical leadership, he explained why it is important for ethics and compliance to be a part of the conversation. The Head of Ethics reports directly to Mr. Blackburn and this sends a strong tone across the company on the importance of promoting an ethical culture. Participants asked Mr. Blackburn about how he ties ethics into his conversations and in public forums. The CFO of Quest Global added that ethics is now becoming part of the conversation at Quest and he asked Mr. Blackburn about how he ensures that his CFO and Chief Distribution Officer completed all trainings and know where to find the Code of Ethics and Code of Conduct.

## Highlights:

- Prudential Singapore is in a very early stage in its ethics journey
- Propaganda management is becoming increasingly important as one bad move can ruin a company's reputation
- Ethics survey are important and should be regularly

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ON Semi  
Oracle Corporation  
Quest Global  
RELX Group  
SAP  
Schneider Electric  
The Bank of Nova Scotia  
Western Digital Corporation  
William E. Connor/ Omega  
Zimmer Biomet

## BELA Resources

The CEO Conversation: Tapping into the Best Character of the Organization:

<https://bela.ethisphere.com/2019-ges-the-ceo-conversation/>

Ethisphere ethical culture and perceptions assessment: <https://ethisphere.com/what-we-do/culture-assessment/>

Focused fact: Measuring culture:

<https://bela.ethisphere.com/wp-content/uploads/Focused-Facts-2019-Measuring-Culture.pdf>

## Topic 1: Ethics at Prudential Assurance Company Singapore

Led by: El Lynn Yeoh, Head of Ethics

El provided an overview of Prudential Singapore ethics program. She highlighted the 8 pillars and referenced the ethical survey.

### Highlights:

- After conducting the ethics survey, we realized that we had a high percentage of the leadership team that don't know where the CoC is located.
- Prudential Singapore's Code of Ethics is part of the Code of Conduct and is not separated.
- Employees are often aren't aware of a retaliation policy.
- Q1 and Q2 is dedicated to ethics awareness—the ethics advisors play an important role in scaling. Prudential Singapore is working to link the company's culture with innovation.

Here is a link to view El's presentation on the BELA member hub: <https://bela.ethisphere.com/prudential-singapore/>

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## **Topic 2: Morrison Foerster Regulatory Update**

Led by: Dan Levison, Partner

Contact: [DLevison@mofo.com](mailto:DLevison@mofo.com)

Dan received questions on the following topics:

- Trade compliance
- M&A Due Diligence
- SFO recent regulation on due diligence
- Third party relationships

## **Topic 3: Johnson Controls on incentivizing and adding ethics to performance management**

Led by: Sonali Narasimhan, Regional Head of Compliance, Asia Pacific; and Ai Lin Tay, Global Compliance Director, Johnson Controls-Hitachi

Sonali and Ai Lin took a closer look at this topic by using a carrot and stick approach. They discussed what type of behavior should be incentivized and explained how different things motivate different countries. Western Digital Corporation shared that they incentivize by country and by function as that creates a healthy competition.

### **Highlights**

Incentive plans:

- Important part of encouraging the right behavior from staff – quality, financial performance
- Implications of sales incentives and reward schemes on compliance behavior
- Stephen M. Cutler, Director, Division of Enforcement, SEC: "...college football coach can be told that the graduation rates of his players are what matters, but he'll know differently if the sole focus of his contract extension talks or the decision to fire him is his win-loss record."
- Inherent tendency to take the shortest route to reach a reward

### **How Ethical Behavior is Reinforced:**

Positive

- Goal-setting: "Compliance" goal
- Performance evaluation/ Promotion decisions: Ethical behavior as a parameter for performance evaluations which impacts on merit increment.

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- Pharmaceutical: Employees rated from 1 to 3 on their values and ethical behavior and get a bonus if they meet or exceed expectations
- Reward & Recognition:
- JCI: Merit Award for exemplifying any JCI values (incl. Integrity First), Telecoms: Dedicated Ethics award, Retail: "Integrity in Action" award, Defense: Annual "Chairman's Award", Industrial Automation: Annual "Integrity Champion Award"
- Negative
- Clawback clauses in JCI sales incentive plans
- Considering a standard approach of giving a reduced performance rating of "Inconsistently Meets Expectations" to employees who received a warning letter

## Training completion

### Positive incentive

- Goal-setting & Performance Evaluation: " 100% on-time compliance training completion" goal task.
- Reward & Recognition: Awards recognizing regions with 100% completion within deadline.

### Negative incentives

- Considering to issue probation letters to new hires subject to completion of the online new hire training.
- E.g. Bio-tech Conglomerate: Bonus impact for non-completion. Salary planning cycle also does not begin for employees with incomplete training.

## Overall thoughts from JCI:

- Carrots may not work for everyone
- The question is not whether to use carrots or not, but how best to use them
- Carrots work best in conjunction with sticks, and in a workplace characterized by strong ethical culture and demonstrated commitment to business conduct that is consistent with tone at the top
- Inspire and celebrate people of their ethical leadership

## BELA Resource

- Ethics and compliance metrics used in performance reviews: <https://bela.ethisphere.com/wp-content/uploads/EC-Criteria-in-Performance-Reviews-BELA-On-Demand-Data-Report-2019.pdf>

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## Topic 3: William E. Connor & Associates

Led by: Jon White, Managing Director of [Omega](#)  
Contact information: [jwhite@omegacompliance.com](mailto:jwhite@omegacompliance.com)

### Highlights:

- When to drop a supplier — often times once bad behavior is exposed, they try to retain your business by providing a discount or offering other services — does this mean you keep this supplier?
- When conducting an investigation, its always good practice to start with the junior level employee and move up the ladder
- When navigating supplier risk, you have to understand that there are different personalities and culture but often, here are some common issues that come up:

China – Human Trafficking and child labor

India – Corruption allegations

China – Child Labor

Vietnam – Anonymous allegations

Philippines – Industrial action

More about BELA Asia Pacific co-chaired by William E. Connor: <https://bela.ethisphere.com/asia-pacific/>



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Co-chaired by:

**CONNOR**  
SOURCING THE FUTURE



**MEGA**  
COMPLIANCE



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