MANAGING THIRD PARTY COMPLIANCE PROGRAMS ON A GLOBAL SCALE

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COMMON CHALLENGES?

- Program design & implementation
- Risk-based approach
- Systems
- Diligence
- Regulatory
- Cultural nuances
A TYPICAL WORKFLOW

1. PROGRAM DESIGN & IMPLEMENTATION
2. SYSTEMS

DATA & INTEGRATIONS
3. CULTURAL NUANCES

4. RISK BASED APPROACH
5. REGULATORY CHALLENGES

6. DILIGENCE
### SCOPE – MEDIA CHECKS

<table>
<thead>
<tr>
<th>Media Example</th>
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</table>
| State Ownership               | Full local language media & internet search | Y-Fund Management is 20% owned by DID Investment Company, a state-owned enterprise under the Economic and Information Technology Committee. | Retrieved Feb 7 2018: DLYFund  
Retrieved Feb 7 2018: Dalian Economic and Information Commission (SME Bureau)                                                                 |
|                               | **Media Database**                    | No findings in brand name database                                      |                                                                                                                                            |
| Alleged transfer of benefits  | Full local language media & internet search | The China Securities Regulatory Commission therefore demanded XW Pharmaceutical Co., Ltd. to disclose the transactions between SPLCM Co., Ltd. and XW Pharmaceutical Co., Ltd.’s clients and suppliers in details, including the transaction background, the amounts, and the balance involved. | Dated Oct 17 2017: China Securities Regulatory Commission                                                                                   |
|                               | **English Language Derogatory Media** | English media has no relevant finding                                    |                                                                                                                                            |
| Embezzlement by former senior managers | Full local language media & internet search | A Sina (新浪) article dated 5 March 2010 reported that three former senior managers of J Mining embezzled from SXEP Co., Ltd. – Zuo Loo, a former Chairman, was sentenced to 18 years’ imprisonment with reparation and had property worth CNY 1 million (approximately USD 145,234.90) confiscated by the Higher People’s Court in December 2009 for embezzlement and falsifying capital contribution. Zuo Bos, a former Vice President, was sentenced to 16 years’ imprisonment with reparation and had property of CNY 500,000 (approximately USD 72,617.45) confiscated for embezzlement and falsifying capital contribution. Loo Zos, a former Vice Chairman, was sentenced to one year’s imprisonment with a two-year reprieve and had illicit gains confiscated for falsifying capital contribution. | Dated Mar 5 2010: Sina Finance  
Media Database & English Language Derogatory Media – derogatory findings only available in local language |

State Ownership

Y-Fund Management is 20% owned by DID Investment Company, a state-owned enterprise under the Economic and Information Technology Committee.
Alleged transfer of benefits
The China Securities Regulatory Commission therefore demanded XW Pharmaceutical Co., Ltd. to disclose the transactions between SPLCMA Co., Ltd. and XW Pharmaceutical Co., Ltd.’s clients and suppliers in details, including the transaction background, the amounts, and the balance involved.²

Embezzlement by former senior managers
A Sina (新浪) article dated 5 March 2010 reported that three former senior managers of J Mining embezzled from SSEP Co., Ltd. Zoo Loo, a former Chairman, was sentenced to 18 years’ imprisonment with reprise and had property worth CNY 1 million (approximately USD 145,334.90) confiscated by the Higher People’s Court in December 2009 for embezzlement and falsifying capital contribution.³ Zoo Boo, a former Vice President, was sentenced to 16 years’ imprisonment with reprise and had property of CNY 500,000 (approximately USD 72,617.45) confiscated for embezzlement and falsifying capital contribution. Loo Zoo, a former Vice Chairman, was sentenced to one year’s imprisonment with a two-year reprise and had illicit gains confiscated for falsifying capital contribution.
SCOPE – LITIGATION

CONCLUSION
QUESTIONS?

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