

2019 Bangkok Regional Compliance & Ethics Conference

Leveraging New Technologies to Simplify Your Compliance Program

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What is TRACE International?

- A non-profit **membership association**,
- that pools resources to provide **practical and cost-effective** anti-bribery compliance solutions
- for companies and organizations operating internationally.



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The TRACE Compliance Community

- Hundreds of multinational companies from every industry headquartered worldwide
- Committed to anti-bribery compliance
- Willing to share and establish best practices



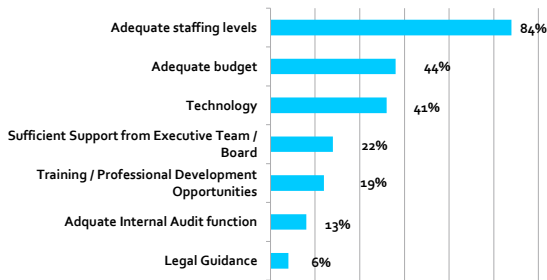
"We joined TRACE because we found it invaluable to have access to resources that we're able to rely upon to enhance our compliance program."



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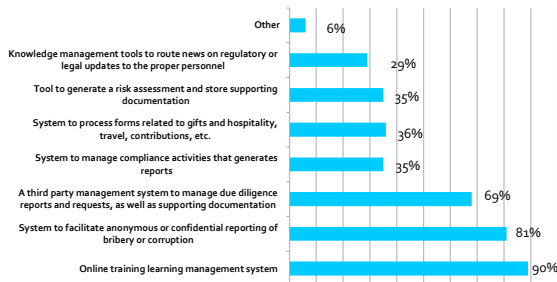
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Which resources do you think are lacking? (check all that apply)



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What new technologies have been integrated into your compliance program in order to carry out various compliance functions? (Select all that apply)



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Technology Areas

1. Compliance program management
2. Knowledge management tool
3. Policy management
4. Training & Communications
5. Third Party Risk Assessment
6. Third Party Management / Due Diligence
7. Issue reporting / investigations / Case Management
8. Gifts & Entertainment
9. Internal Control Monitoring

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Compliance Program Management

- Each requirement of the policy and program should be measurable and auditable.
- Gather data.
 - ▶ Helps you to focus time / attention / resources
 - ▶ Robustness v. effectiveness
 - ◆ 90% workforce trained versus > 90% understand training
 - ▶ meeting program goals (KPIs)
 - ▶ Creating Board / Business buy-in
 - ▶ Benchmarking across geographical units, track over time
 - ▶ Allows the company to demonstrate its good faith efforts

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Knowledge Management

- Provide materials for compliance team worldwide
- Country guidance
- gifts & hospitality information
- Regulatory guidance & updates
- Training materials

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Policy Management

- Streamlines policy creation, review, approval, and distribution
 - ▶ Anti-Corruption
 - ▶ Bystander Intervention
 - ▶ Code of Conduct
 - ▶ Competition and Antitrust
 - ▶ Data Privacy
 - ▶ Conflicts of Interest
 - ▶ Preventing Workplace Harassment
 - ▶ Reporting and Non-Retaliation



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Training & Communications

- Legal and ethics training should be required at every level of the company, third parties where necessary, and should be **repeated at intervals** stated in the Anti-Bribery policy.
- Use **ongoing communications** to reinforce training message.
 - ▶ CEO messaging
 - ▶ Leadership meetings (message from the middle)
 - ▶ Company communications – emails, posters, newsletters
 - ▶ Company intranet, blogs, social media
 - ▶ Annual reviews

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Third Party Risk Assessment

- Finite resources - identify consistent risk categories
- Verifying and collecting information
- Red flags and deal breakers
- Documented process



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Third Party Management Management System

- Undertake appropriate **due diligence on all third party intermediaries** and joint venture partners, who should also be required to comply in writing with the company anti-bribery policy.
- Significant third parties throughout the supply chain should be **monitored** and have their **contract terminated** if they pay bribes or act in a manner inconsistent with the Anti-Bribery policy.



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Managing Third Parties

- Third party training
- Securing certifications
- Re-screening: how often?
 - ▶ What level of monitoring is viewed by regulators as an indication of a robust program?
- Monitoring payments to third parties



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Internal Reporting

- Employees should have a **mechanism** by which they can safely and confidentially alert management to both internal and external wrongdoing or areas of concern.
- Promote **effective dialogue** with employees:
 - ▶ Helplines/anonymous emails
 - ▶ Involving neutral third parties/ombudsman
 - ▶ Providing multiple mechanisms for reporting
- Monitors status of cases

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Gifts, Hospitality & Travel

- Company representatives should not offer gifts, hospitality, travel or other benefits or expenses whenever it might **improperly affect** the outcome of a procurement decision.
- **Maintain records** on incoming and outgoing gifts, hospitality and travel. See trends / patterns in incoming / outgoing gifts, hospitality & travel.
- **Do not ignore** a large number of small dollar amounts.



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Monitoring & Testing

- A company should be committed to the continuous improvement of its compliance efforts through **monitoring and testing** of the Anti-Bribery Policy.



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Challenges

- 1. Resources – time / expense**
 - Volume & complexity of data to be converted
 - Limiting the scope
- 2. No turnkey solution to everything** – technology will not solve all your problems for you
 - Fundamentals still required - does not replace the need for an understanding of customers, employees, and business partners, expert judgment still needed to apply specifics in the relevant industry and region
 - Enforcement agencies are not going to ask what cutting edge tools you used

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Opportunities

- Nonetheless, automation can still be incredibly useful
- What are the issues you are grappling with? Where is the bottleneck?
 - What does my company need to do to address our own particular compliance risks?
 - Database screening - time consuming, false positives, labor intensive
 - Due diligence – high cost, manual questionnaires, no central repository
 - Online training – employees / third parties around the world, multiple language, tracking training
 - Internal reporting – ad hoc, no reminders, no follow up, generation of reports

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Know Your Business

Common Mistake –

“Failing to formally assess and understand *your* unique risks and business processes”

- Every compliance risk arises in a specific factual circumstance.
- Perform a risk assessment.
- Identify and articulate *your* potential risks.
- Identify the most effective and efficient controls.
- Prioritize your efforts.

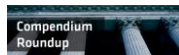


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Free TRACE Resources

- **The TRACE Intermediary Directory:** A publicly searchable database of vetted and trained third parties worldwide. Users may request and obtain TRACE Certified Due Diligence reports for third parties in the Intermediary Directory at no cost. <https://tpms.traceinternational.org/intermediarydirectory>
- **The TRACE Bribery Risk Matrix:** An index that measures business bribery risk in 200 countries. www.traceinternational.org/trace-matrix
- **The TRACE Compendium:** A searchable database of comprehensive summaries of international anti-bribery enforcement actions. www.traceinternational.org/compendium



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Free TRACE Resources

- **TRACE Egov portal:** the world's only global e-government directory
- Publicly accessible and includes a comprehensive collection of links to country-level e-government services and resources of interest to businesses and their employees
- Makes resources easily available to companies doing business worldwide



The TRACE e-Gov Portal includes over 20,000 links in more than 100 countries. Browse country resources by visiting egov.TRACEinternational.org.



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