



Today's Agenda

- 1. Bribery & Corruption in Asia
- 2. Enforcement Actions
- 3. Anti-Corruption Laws & Regulations
- 4. Key Considerations for Multinational Companies Operating in Asia





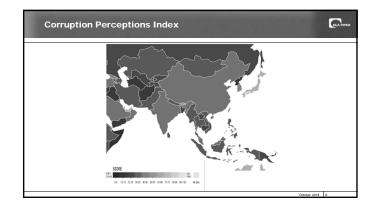


Asia

- Asia is the largest and most populous continent in the world
- 48 countries comprise of Asia
- Over 2,000+ different spoken languages
- Top languages include: Chinese, Hindi (India), Indonesian, Japanese, Tagalog (Philippines), Korean, Vietnamese, Thai, and Malay.
- Every country has a different set of laws and customs.
- Every government has a different set of priorities.

* For the purposes of this presentation, we only cover a select few countries in East Asia, Southeast Asia, and South Asia.





| ption Perceptions Index | | | | | | | |
|-------------------------|-------------------|-----|-------------------|----|----------|----------------------|--|
| | | | | | | | |
| Country | CPI Score 2017 | | Standard Error | | Upper CI | number of sources | |
| Singapore | 84 | 6 | 2.26 | 80 | 88 | 9 | |
| Hong Kong | 77 | 13 | 2.37 | 73 | 81 | 7 | |
| Japan | 73 | 20 | 2.66 | 69 | 77 | 9 | |
| Bhutan | 67 | 26 | 1.83 | 64 | 70 | 5 | |
| Taiwan | 63 | 29 | 3.28 | 58 | 68 | 8 | |
| Brunei Darussalam | 62 | 32 | 8.72 | 48 | 76 | 3 | |
| Korea, South | 54 | 51 | 2.24 | 50 | 58 | 10 | |
| Malaysia | 47 | 62 | 2.67 | 43 | 51 | 9 | |
| Vanuatu | 43 | 71 | 3.93 | 37 | 49 | 3 | |
| China | 41 | 77 | 1.96 | 38 | 44 | 9 | |
| India | 40 | 81 | 2.16 | 36 | 44 | 9 | |
| Solomon Islands | 39 | 85 | 3.71 | 33 | 45 | 3 | |
| Sri Lanka | 38 | 91 | 1.82 | 35 | 41 | 7 | |
| Timor-Leste | 38 | 91 | 7.5 | 26 | 50 | 3 | |
| Indonesia | 37 | 96 | 3.12 | 32 | 42 | 9 | |
| Thailand | 37 | 96 | 2.03 | 34 | 40 | 9 | |
| Mongolia | 36 | 103 | 1.4 | 34 | 38 | | |
| Vietnam | 35 | 107 | 2.78 | 30 | 40 | 8 | |
| Philippines | 34 | 111 | 1.9 | 31 | 37 | 9 | |
| Maldives | 33 | 112 | 1.71 | 30 | 36 | 3 | |
| Pakistan | 32 | 117 | 2.11 | 29 | 35 | 8 | |
| Nepal | 31 | 122 | 2 | 28 | 34 | ě l | |
| Myanmar | 30 | 130 | 3.91 | 24 | 36 | ž | |
| Laos | 29 | 135 | 5.89 | 19 | 39 | 5 | |
| Papua New Guinea | 29 | 135 | 2.55 | 25 | 33 | 6 | |
| Bangladesh | 28 | 143 | 3.19 | 23 | 33 | ă | |
| Cambodia | 21 | 161 | 2.43 | 17 | 25 | 8 | |
| Korea, North | 17 | 171 | 4.18 | 10 | 24 | Ă I | |

Local Perspective China's "Tigers and Flies"

"We must uphold the fighting of tigers and flies at the same time, resolutely investigating law-breaking cases of leading officials and also earnestly resolving the unhealthy tendencies and corruption problems which happen all around people"

- Xi Jinping, President of the People's Republic of China

Local Perspective India: "Black Money"

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"Demonetization was a major step to fight black money and corruption. The people had asked me to fight graft.... We took a key step to help honest citizen to defeat the menace of graft."

- Narendra Modi, Prime Minister of India

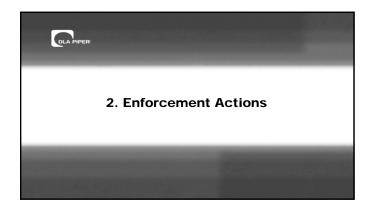


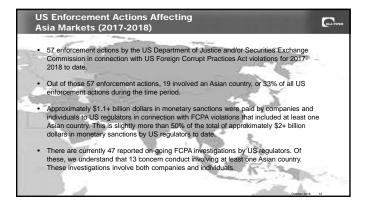
Local Perspective South Korea: Presidential Scandal

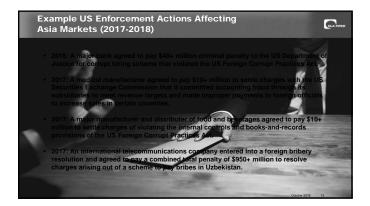
"The defendant abused her presidential power entrusted by the people, and as a result, brought massive chaos to the order of state affairs and led to the impeachment of the president, which was unprecedented."

Judge Kim Se-yoon of the Seoul Central District Court Criminal Division, speaking in regards to former President of South Korea, Park Geun-hye, who was sentenced to 24 years in jail in connection with corruption charges.







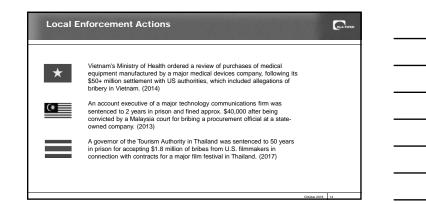


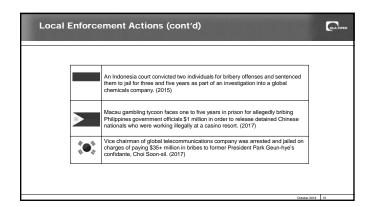
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Trending: Coordinated Enforcement Actions

- Increased trend of multiple enforcement actions from different regulatory authorities against the same company in relation to the same or similar conduct.
- Regulatory authorities are increasingly sharing information with one another.
- Coordinated enforcement actions where different regulatory authorities tackle different parts of the conduct.
- Potential fines and penalties from more than one regulator and/or country.



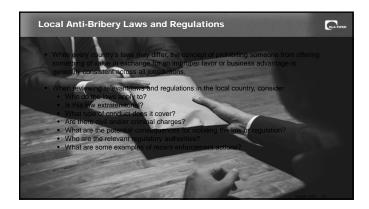




2016: Multinational food and beverage company agreed to pay \$6 million to settle charges that it violated the Foreign Corrupt Practices Act and chilled a whistleblower who reported the misconduct.







Anti-Bribery Laws and Regulations

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- Some Important Laws to Know
 Chinese Criminal Law and Anti-Unfair Competition Law
 Hong Kong Prevention of Bribery Ordinance
 South Korea Criminal Code including various Acts related to official corruption
 India's Prevention of Corruption Act
 Indonesia's Eradication of Criminal Acts of Corruption
 Vietnam's Anti-Corruption Law and Penal Codes
 Thailand's Organic Act on Counter Corruption B.E. 2542 and Penal Codes
 United States Foreign Corrupt Practices Act *
 United Kingdom Bribery Act *

* Not Asian laws but heavily enforced overseas.

- Relevant laws and regulations vary by country
 There may be multiple relevant laws and/or regulations for any particular potential misconduct.
 Regulatory enforcement trends evolve over time





The Diversity and Complexity of Asia

- No common language across the region
 Highly diverse -- no common culture, no common religion
- Deep history and strong cultural ties
- Distance and travel times are significant
- Diverse forms of governments from dictatorships to democracies
- Different ways of communicating and understanding
- Socio-political dynamics vastly different from region to region



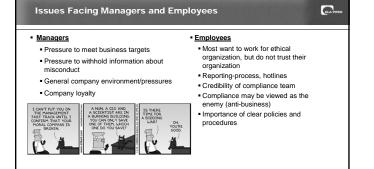


Common Compliance Issues

Kickbacks

- Very common in Asia
- "Just a part of doing business"
- Gift-giving culture
 - Gifts, travel, and entertainment are almost expected to win deals or maintain business
- What is the difference between a gift and a kickback? Conflicts of interest
- Win-win mentality
- "You help me, I help you. What's the problem?"





Incentivize Ethical Conduct & Disciplinary Measures

Encourage, protect and reward whistleblowers Avoid dismissive attitude toward whistleblowers

- No disciplinary action or retaliation should be taken against an individual for reporting an actual or suspected complaint or for participating in an investigation conducted by inside or outside counsel
- Investigate and document complaints
- Take consistent action against misconduct
- Regulators expect it. Failure to fully investigate could be used by regulators as evidence of management's complicity and may result in increased penalties against the company. Markets expect it. Failure to fully investigate could affect share prices and affect company's reputation and/or credibility.
- The public expects it. Consistent action along with a timely and decisive response may help with
 managing any public relations impact.

Tips & Insights

- · Resist bribery at every point
- Understaffing can lead to little oversight
- Invest in strong internal financial controls and robust third-party screening
- Be vigilant in maintaining the integrity and confidentiality of an internal investigation
- Combat a culture of indifference in remote offices
- Create a contingency plan if an investigation results in the termination of a senior manager or country head



