

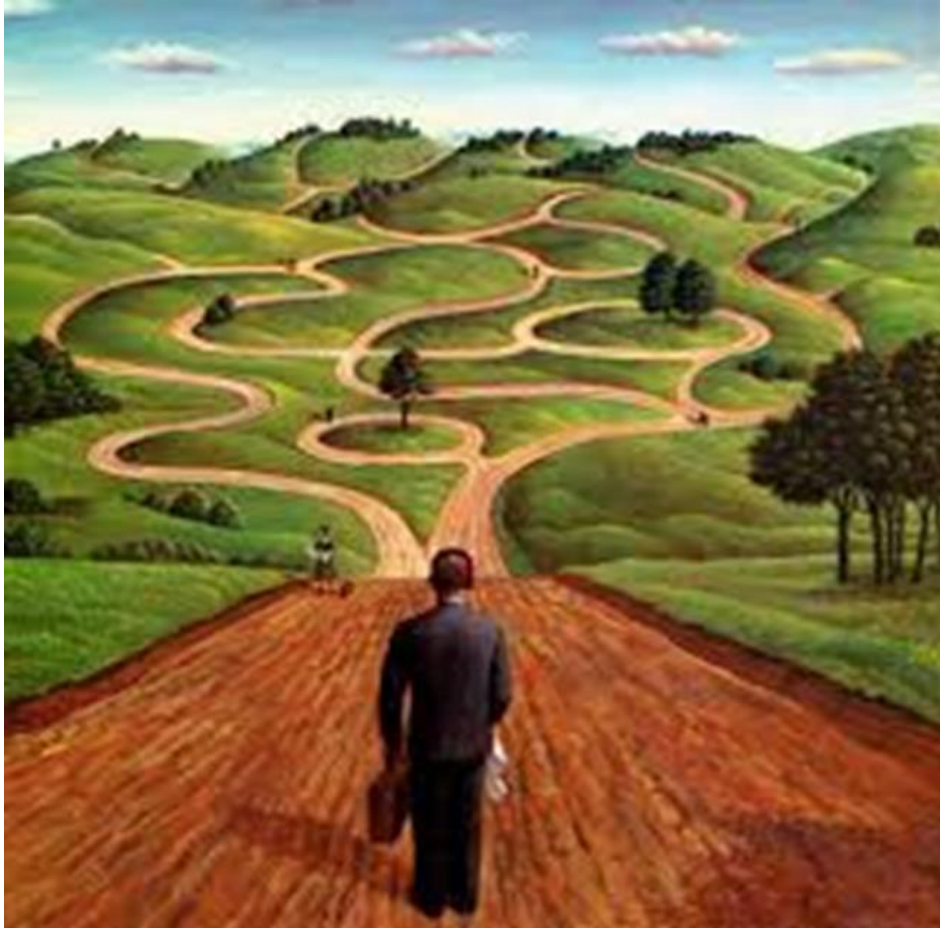


# Ethics & Compliance in Business

BSJV's Perspective

**Kannan Govindasamy**  
Ethics & Compliance Team

# Compliance and integrity in business





## Did you know...

The typical organization loses an average of **5% of revenues** each year due to fraud? On a global scale, this translates to losses of approximately \$3.7 trillion, according to anti-fraud experts.

An ACFE (Association of Certified Fraud Examiners) study revealed that **companies with fewer than 100 employees** lose a median of \$155,000 each year as a result of fraud, compared to a median of \$120,000 each year for businesses with 100 workers or more.

# Reflection

After attending a BSP tender briefing, you learned that one of your staff has a sister working in BSP SCM's team that will likely be involved in the tender.

You've heard that one of your competitors bidding for the same BSP contract as yourself has a relative in BSP SCM's team.

Upon review, you noticed that BSP has been overpaying for your services during the last 6 months. Your company has had some financial difficulties lately. You raise this to your manager and they tell you not to worry, they've made a deal with BSP agreeing to the raised rates.

# Bribery and Money Laundering



**RUSH  
ORDER**

USD  
1,000,000,000,000



## Helping Iraqi schoolchildren stay safe

Iraq has one of the world's worst traffic accident rates and young people are particularly at risk. See how children are learning to stay safe.





# In the news

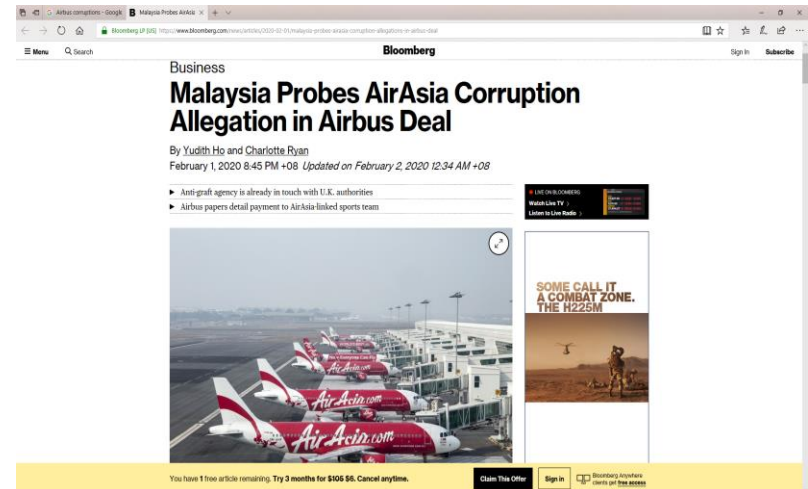
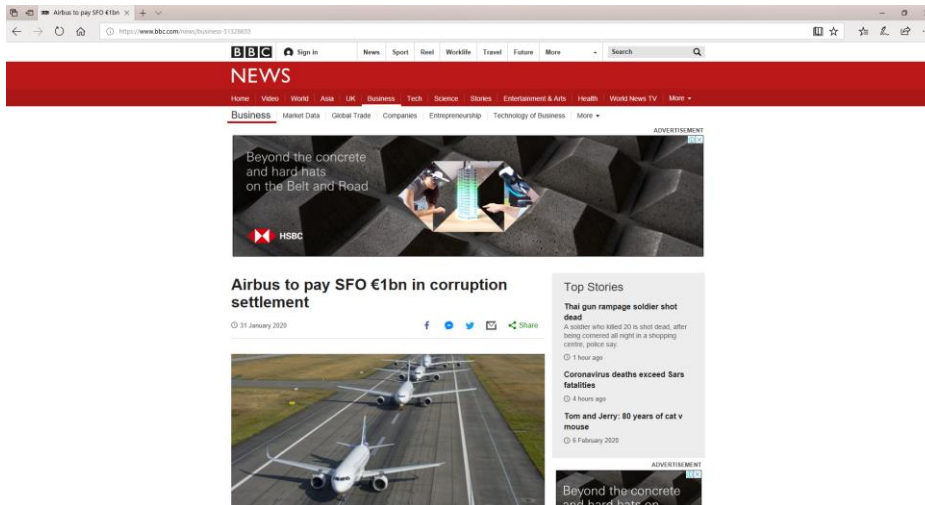
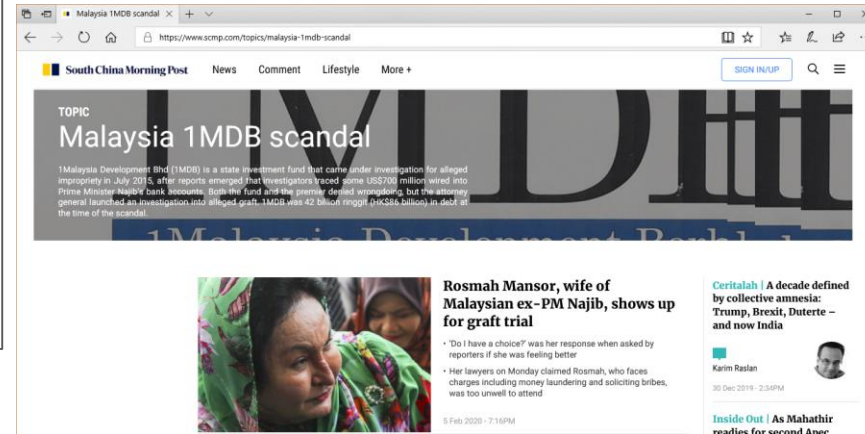
## Singapore uncovers large oil heist at Shell's biggest refinery

John Geddie, Henning Gloystein

5 MIN READ



SINGAPORE (Reuters) - Eleven men were charged in a Singapore court on Tuesday in connection with a large-scale oil theft at Shell's biggest refinery, while police said they were investigating six other men arrested in a weekend raid.



# Industry and local actions- Case for change

## Borneo Bulletin

HOME NATIONAL SE ASIA WORLD BUSINESS TECHNOLOGY LIFESTYLE ENTERTAINMENT

National

Another former BSP employee gets jail for corruption

## Oil, gas industry leaders must uphold integrity, says minister

November 16, 2018

| Aziz Idris |

THIRTY-TWO additional signatories from the oil and gas industry operating in the Sultanate have pledged their commitment to uphold integrity in business by becoming new members of the Brunei Energy Industry Business Integrity Pact 2018.

## Disgraced judges accused of stealing \$7mn from court coffers

The couple was indicted on 152 corruption-related charges in one of Brunei's biggest graft cases

Ain Bandial

© JULY 23, 2018



His Majesty Stresses That Corruption Can Weaken The Administration





# What causes E&C incidents?

# PEOPLE





## Question

What makes GOOD people  
sometimes do BAD things?

Personal circumstances

Ambiguity



Muteness



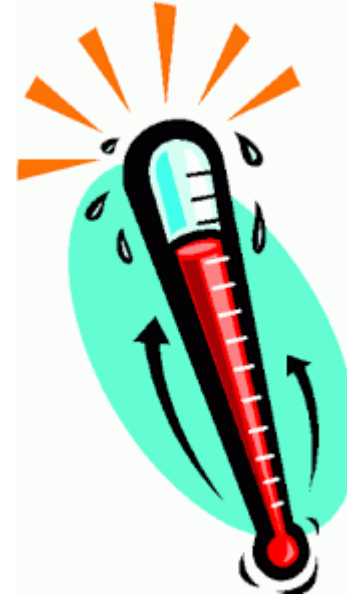
Bad role  
modeling



Avoidance

## Side effects of a poor compliance culture

- Low employee morale
- Decreased productivity
- Financial loss
- Ruined reputations and tarnished brand image
- No invitations to tender



---

## Strong Culture of compliance

Clarity

Commitment

Role Modeling

Accountability

Addressability

Enforcement

TRUST



## So, HOW can YOU achieve a good compliance culture??

**RULES**

**BASED**

IS IT:

- A list of 'Do's' and 'Don'ts'
- Documented policies
- Tick the Box assurance processes
- Mandatory trainings for everyone
- Email or web messages on the subject

**VALUES**

**BASED**

IS IT MORE OF:

- Walking the Talk
- Zero Tolerance and Consequences
- Acting with transparency and honesty, and expecting the same from others
- Encouraging everyone to question, challenge, or raise concerns in good faith



# Bribes and Facilitation Payments

Copyright of Shell International

RESTRICTED

17 February 2020



## Bribes and Facilitation Payments

You have recently finished building a new site. As in many countries, the law requires you to obtain **health and safety permits** to allow the building to open. You call the inspector-in-charge to request an appointment for the mandatory inspections.

The inspector informs you that they are quite busy and **will only be able to inspect the property in 16 weeks**. However, if you are willing to pay them \$100 cash, they could come this afternoon.

When the inspector arrives, they review the building and identify several health and safety violations, therefore the permits cannot be issued. They later tell you that if you are willing to pay them \$100 cash, they would sign off on the permits, even though the violations are real.

Copyright of Shell International



# BSP's Ethics and Compliance Journey



# BSJV's Commitment

## BSJV's policy on Business Ethics

- Prohibit bribery and facilitation payment in any forms in all activities under our control
- Do NOT offer or accept Gifts & Hospitality that could be perceived influence business decision
- Avoid and declare any actual, potential and perceived conflict of interest
- Refrain from engaging in business with parties who have demonstrate unethical business practices

## Our Code of Conduct

- Help you make ethical decisions
- BSJV's Values and Business Principles
- Responsibilities – doing the right thing
- Comply with all applicable laws and regulation of Brunei Darussalam
- Behaviours, People and Culture
- Choose suppliers with integrity
- Complete fairly
- Communicate Professionally

## Our ABC Management Standard

- Bribery & Facilitation Payment
- Appointment of Gov't Intermediaries, Distributors, Contractors & Suppliers
- Offering Gifts & Hospitality
- Dealing with Conflict of Interest
- Contract & Procurement
- Social Investment and Sponsorships
- Recruitment
- Integrity Due Diligence
- Business Development and Commercial Agreements
- Managing Incidents and Reporting Concerns

## BSJV's Expectation of Contractors

To enable Contractors to fulfil its contractual obligations, it is therefore expected that Contractors will :

- Have clear business principles and policies, addressing anti-bribery & corruption
- Train their staff in ABC
- Have an internal reporting system where their staff can raise concerns and a follow-up system to investigate the concerns
- Report if they encounter bribery and corruption requests or acts.
- Manage the integrity of their agents and subcontractors including due diligence checks before and during the contractual relationship – their misconducts could also expose the Contractor and BSJV to legal and contractual liabilities.



## The Panalpina Case

In 2007, Shell was one of several companies investigated by DoJ for violations of FCPA.

**Violation:** Local company by-passed normal customs clearance process to expedite delivery of materials. Customs duty and taxes not paid on some items.

Shell paid for invoices stating “local processing fees” & “administration/transportation charges” (red flags). There were sufficient red flags that certain staff either knew, or should have known, of the improper activity.

### Consequences for Shell:

- 14 individuals received consequence management.
- \$48m in criminal and civil penalties
- SNEPCO Deferred prosecution agreement (DPA): 3 years “probation” (vs guilty plea): DoJ will not prosecute if Shell keeps its side of the bargain.
- Ongoing commitments for compliance and reporting

***(Total fines & penalties paid by all involved, amounted to USD237 million.)***



# BSP ABC Programme – Highlights

## Anti-Bribery and Corruption Management Standard

Mandatory requirements for:

- Contracting with Government Intermediaries, Contractors and Suppliers
- Offering or receiving Gifts & Hospitality
- Dealing with Conflict of interest
- Facilitation payments
- Contract & Procurement
- Funding Social investment, donations & sponsorships
- Third-party Due Diligence
- Recruitment
- Business Development & Commercial Agreements
- Incident Management & Reporting Concerns

## Enhanced Procedures and Controls

- Due diligence for high risk counterparties
- Contract clauses and audit rights
- Mandatory declaration of potential Conflicts of Interest and registration of Gifts & Hospitality above thresholds

## Training

- Mandatory for all staff e.g. Code of Conduct, Conflicts of Interest & Gifts
- Risk based training e.g. for ABC
- Delivered via on-line learning system or F2F classroom sessions (high risk)

## Monitoring

- ABC audit or country reviews, E&C risk assessments, business self-assessments
- Business Integrity Ambassador Network
- Business & Functions Assurance Committee meetings

# 2019 Brunei Energy Industry Integrity Pact

- BSP led **Brunei Energy Industry Integrity Pact** (BEIIP) held a successful recognition event on 26<sup>th</sup> November 2019 to welcome on-board **22 more companies** into the network.
- The Guest of Honour was Yang Mulia Dato Seri Paduka Awang Haji Matsatejo Bin Sokiaw, Deputy Minister of the Ministry of Energy.
- The Brunei Energy Industry Pact was established in 2017 with 10 founding members made up of established Oil & Gas companies in Brunei and has strengthened the anti-corruption network with **64 members as of 2019**.
- The event also featured an **Executive Plenary Session**, discussing the theme of "Integrity, Compliance & Regulatory Challenges".
- By agreeing to this Pact, the Industry is conveying its zero-tolerance message that any company lacking integrity and transparency will not have the opportunity to do business with any of the oil and gas operators in Brunei.



# Brunei Energy Industry Integrity Pact (BEIIP) Principles

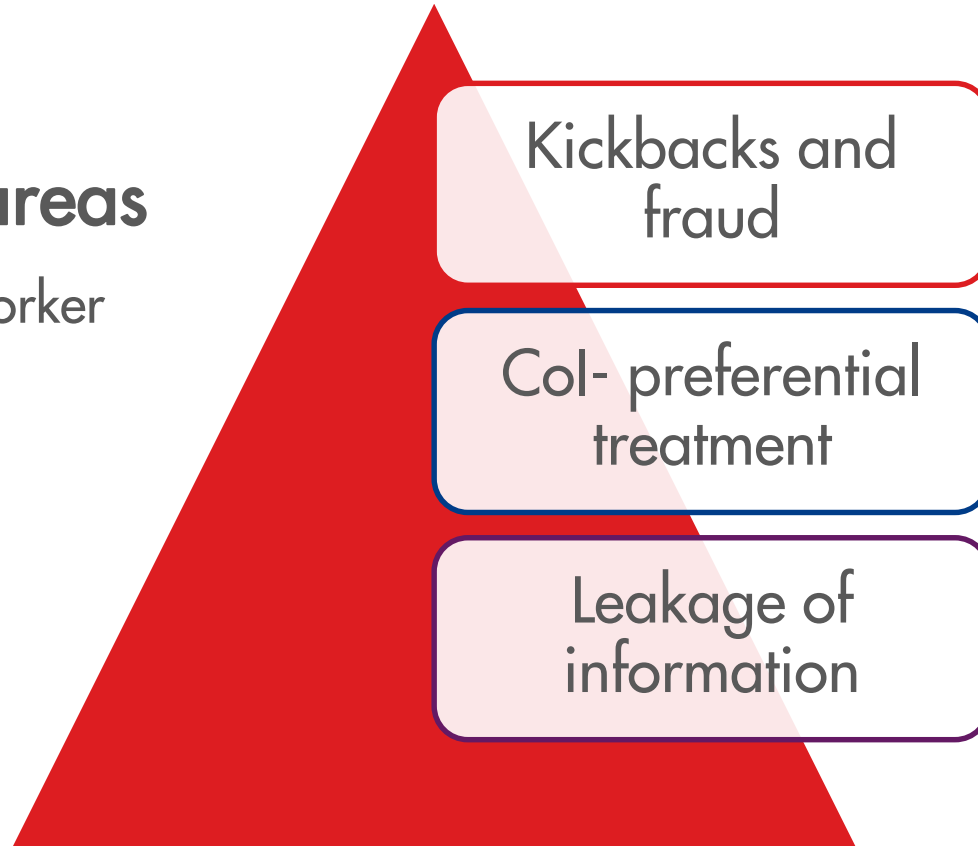
- ✓ Channels to raise concerns in confidence free of retaliation
- ✓ Proper investigations and appropriate consequence management
- ✓ Maintain a Code of Conduct
- ✓ Business partners to adhere to our Code of Conduct when working on behalf (terms and conditions in contracts)
- ✓ Communications and trainings to staff
- ✓ Disclosing Conflicts of Interest and mitigation
- ✓ No gifts or hospitality that could be perceived to influence
- ✓ Zero tolerance for bribery and corruption
- ✓ Internal controls to prevent and detect
- ✓ Refrain from doing business with unethical parties
- ✓ Cooperation with Government and ACB



## Most significant E&C risk areas in Brunei

### Emerging areas

Harassment/Worker  
welfare



# Avoiding and Declaring Conflicts- YOUR role



## Personal Relationship

A family member/friend: working for a competitor, customer or supplier that has business dealings with you or the team you work in.



## Outside Employment

- Having a second job
- Performing services
- Serving on a board of directors for a third-party that is a competitor, customer or supplier to BSP



## Gifts and Hospitality

Gifts from suppliers, partners, customers or competitors, can cause a conflict especially if you are making decisions (on BSP 's behalf) involving them.



## Financial Interest

Investments in competitors, suppliers, customers, especially if you have involvement in the selection, assessment and dealings of Business Partners,

# Encouraging a culture of intervention and speaking up

## KEY POINTS.....

- WHERE AND HOW?
- CONFIDENTIAL...REALLY?
- HOW MUCH EVIDENCE?
- WHAT IF I'M WRONG?
- RETALIATION NOT TOLERATED

**DO YOU THINK SOMETHING MIGHT BE UNETHICAL?**

# **SPEAK UP**

Call the LAPOR voicemail: **3377600**.  
All reports and identities are kept confidential.  
Or you may even remain anonymous.

---

You can also raise your concerns with your  
Line Manager, Ethics & Compliance  
Manager (LGL/EC), Business Integrity  
Officer (FAU/5 & FAU/51)

You can also contact Shell's Global helpline:  
Dial Brunei AT&T Direct Access: **800 - 1111**  
then **800-961-4117**, or submit online at:  
[shell.alertline.eu/gcs/welcome](http://shell.alertline.eu/gcs/welcome)

"We might think remaining silent is safe, or that it's none of our business. However, remaining silent could be a sign of consent, a sign that we are accepting wrongdoing. It is our responsibility to intervene, so we must not be afraid to speak up. Let's work together to make Brunei a corrupt free nation."

**HAJAH ROSITA HASSAN**  
HEAD OF SUPPLY CHAIN

**BRUNEI**

## Takeaways

- ❑ Know your identity and make values visible
- ❑ Assess risks and implement controls
- ❑ Communicate, engage and train
- ❑ Walk the talk and monitor
- ❑ Do not accept non-compliance

**BUILD TRUST AND ACCOUNTABILITY!**

**BRUNEI**

