

## Integrity Awareness Training for Operations in China

### Overview:

The worldwide marketplace demands ethical behavior. Also, workers in China care when they realize that their jobs, livelihood and reputation are at risk if they violate Company rules, or US or Chinese laws and regulations. For example, although Conflicts of Interest are common in China, without training Chinese staff may not understand the concept, or if they do, they may not understand its consequences.

Most global enterprises provide “Codes of Conduct” and other ethics-related communications. However, without a baseline of effective Ethics Training and documentation of employee participation, an employee could inadvertently commit an ethics violation, and a Company could incur reputational risk and legal risk when dismissing or even disciplining an employee for unethical behavior.

In dealing with unethical behavior, companies find that legal recourse in China is expensive and time-consuming, and often results in minimal financial compensation. Operators need to be street smart and operationally savvy, and not totally rely on rules of law that may be slow. During its history of advising China-based operations for western companies, East West Associates [EWA] has seen and dealt with numerous cases of fraud and other unethical behaviors. In response, EWA developed a pragmatic, on-site, customized “Integrity Awareness Training” program. To ensure employee understanding, the EWA presentation materials and industry-relevant case histories are in both Chinese [Mandarin?] and English.



**Program Goal:** Post-training, Client’s staff should be able to recognize the “red-flags” and know what they should do and can do, to avoid and combat fraud, theft, corruption and unethical behavior.

### Objectives:

- ✓ To educate new and current employees on the basics of proper ethical behavior in today’s business situations, both in China, and globally.
- ✓ To share our client’s “Code of Conduct” standards to help prevent or uncover current and future unethical behavior.
- ✓ To employ a proactive risk management approach to protect the Company from HR & legal disputes, such as accusations of Chinese Anti-bribery Law, FCPA violations or employee discipline disputes.
- ✓ To limit or prevent financial or reputational loss in the event of ethical or criminal behavior by any of its managers or employees.
- ✓ To train China operations personnel in the recognition and prevention of cybercrime, IP theft, fraud, corruption, kickbacks, bribery, conflicts of interest. and other unethical behavior.
- ✓ To ensure employees recognize that violations are taken seriously, and have serious consequences, such as job loss, prosecution, and possibly jail.
- ✓ To “deputize” and otherwise empower the Client’s China staff to play an integral part in fraud prevention, deterrence or detection through their understanding of reporting mechanisms.

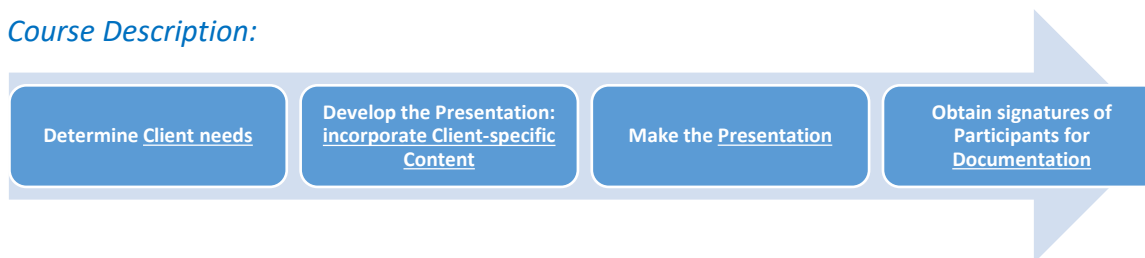
**Audience:** Supervisors, middle management and influential employees, i.e. anyone who may be present when money and goods change hands. EWA's training leverages change-agents in the company who can influence and nurture an ethical business environment. Functional areas to be invited include: General Management, HR, Finance, Manufacturing management, Sourcing / Procurement, Sales & sales management.

**Duration & Class Size:** 2 to 3 hours per 15-25 participants.

**Triggers that suggest the need for a training session:**

- The opening or relocation of a China-based operation
- When new general management is put in place
- As numbers of new employees are hired
- As a "refresher" if it has been more than 3-4 years since the previous ethics training
- As a result of a "whistle-blower" communication
- When evidence of a specific ethical or criminal concern arises. Examples: evidence or suspicion of inventory or materials shrinkage, IP/TS theft, kickbacks, bribery, other unethical behavior

**Course Description:**



**1. Values, Ethics, Internal Policies, US FCPA & PRC Commercial Bribery Regulations**

Introduction to Client's values, ethics & internal policies re: fraud or corruption. For example: *What are examples of unethical behaviors? Why are frauds and corruption not acceptable to Company? Does Company have a "zero-tolerance" policy? What does this mean? What should Company employees know?"*

EWA incorporates Client's Mission, Vision and Values to customize training specific to the Company.

**2. Fraud & Corruption**

Define fraud, corruption and other unethical behaviours in the context of (a) accepted norms & practices, and (b) the Client's operations. Include real-life examples of common forms of frauds and corrupt acts in China.

**3. Drivers & Enablers**

Access – Authority - Ability. *Why do frauds and corruption happen? What are the "Drivers" and "Enablers".*

**4. Common Weaknesses**

Common systemic and procedural gaps & loopholes found in relation to fraud or corrupt acts.

*How could this have happened?*

**5. Susceptible Positions**

*Who are usually involved? Are these people in "vulnerable" positions?*

**6. Similar Company Case Studies**

The ugly side of frauds and corruption. *"What can happen to you?"* (e.g. Loss of job, criminal prosecution, adverse impact to family, etc.)

**7. Prevention, Deterrence & Detection**

*What can you do as an employee to safeguard Client's business integrity? Define the Call-for-Actions for the targeted audience.*

The program concludes by having each attendee sign off on an attendance sheet. By having documentation as backup in the labor bureau or court where violations by an employee are addressed, Companies have successfully defended challenges to actions they had taken for ethical breaches.