



**Asia-Pacific
Economic Cooperation**

2019/SOM3/ACT/NET/WKSP/018

Compliance and Anti-Bribery-China Enterprise Practice

Submitted by: China



**Workshop for Law Enforcement Agencies on
Effectively Using Corporate Compliance Programs
to Combat Domestic and Foreign Bribery
Puerto Varas, Chile
18-19 August 2019**

COMPLIANCE& ANTI-BRIBERY-CHINA ENTERPRISE PRACTICE

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Puerto Varas, Chile
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Corporation Compliance & Anti-Bribery in China

- 01 SDIC Profile
- 02 Laws & Regulations
- 03 Corporation Mechanism on Compliance Management
- 04 Practice & Experiences
- 05 New Challenges

State Development & Investment Co., Ltd



- **Established in 1995, Reg. Capital RMB 33.8 bn.**
- **Equity Investment, Management & Operation**
 - Total Assets RMB 600 bn.
 - Managing Capital Assets RMB 1.2 tn.
 - Consl. Revenue RMB 136 bn.
- **Group Company**
 - 8 listed out of 18 subs. and 145 holding companies
 - 45,000 employees



➤ Diversification

- Conventional Industries
- Strategic & Emerging Industries & Funds
- Financial & other Services
- International Business

➤ Overseas involvement

- Over 100 Countries & Economies
- Investment, Engineering, Financing, Trades, etc

➤ Soundness

- CSR – Annually Released for Public Scrutiny
- Balance – Shareholder, Society, Employees
- Operation – 15 A Grades, 4 Tenure Excellencies



Summit of Belt & Road Forum for International Cooperation
May 2017

➤ Overview

- Focus & Drive from Top
President Xi Jinping explicitly emphasized that
“To regulate overseas operation of enterprises, it calls for strengthening compliance system construction for overseas operation of enterprises.”
- Active Promotion of Government Departments
Step up efforts on legislations & law enforcements.
Popularizing laws & helping enterprise compliance.
- Actions of Enterprises
Awareness increased.
Compliance improved.

➤ **Legal & Administrative Authorities (incl.)**

- The National Supervision Commission (NSC)
- The Supreme People's Court
- The Supreme People's Procuratorate
- The Ministry of Public Security
- The Ministry of Justice
- The Ministry of Commerce
- The State-owned Assets Supervision & Administration Commission (SASAC)
- The People's Bank of China
- The National Audit Office
- The State Administration of Market Regulation

➤ Related Laws, Regulations & Guidelines

- The PRC Criminal Law
- The PRC Anti-unfair Competition Law (the “AUCL”)
- The PRC Company Law
- The PRC Foreign Trade Law
- Propositions on Regulating Overseas Operations of Enterprises
examined and approved by the Central Leading Group for Comprehensive Deepening Reform, May 2017
- Guidelines for Central Enterprise Compliance Management
SASAC, Nov. 2017
- Operative Norm on Overseas Investments & Operations of Private Enterprises
by NDRC, MFA, MOC, the People’s Bank and ACFIC, Dec. 2017
- Compliance Management Systems-Guidelines
GB/T 35770-2017/ ISO 19600:2014, China Standardization Institute, Dec. 2017
- Guidelines for the Compliance Management of Overseas Operations of Enterprises
7 Departments & Authorities, Dec. 2018



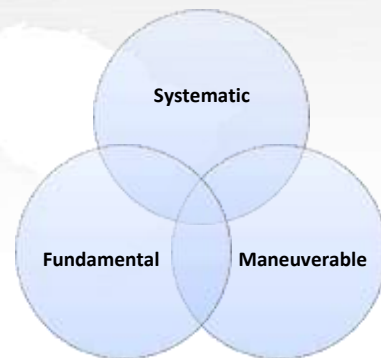
The first Bluebook on Combating Commercial-Bribery
By China Institute of Corporate Legal Affairs & LexisNexis

➤ Anti-Bribery and Compliance

- Laws define, identify, classify, address, and discipline/penalize bribery. Exposed bribery-suspected behavior or deed is subject to legal adjudication.
- “Inadvertent” offences.
- Good practice or implementation of enterprise compliance management prevents or mitigates commercial briberies.

Guidelines for the Compliance Management of Overseas Operations of Enterprises Dec. 29, 2018

- Jointly issued by NDRC, MFA, MOC, the People's Bank, SASAC, SAFC, and ACFIC.
- Applies to both state-owned & private enterprises.
- Focuses on fields of goods & services trade, ODI, engineering and routine operations.
- 7 essential elements:
 - Thorough identifying of all compliance requirements
 - Organizational structure
 - Constitution of rules
 - Operating mechanism
 - Risk prevention & control
 - Continuous improvement
 - Culture construction



➤ SASAC's Policy & Movement

- New Five-Year Plan for Legal Affairs of Central Enterprises, 2014.
Urged to strengthen enterprise compliance system.
- Opinions on Comprehensively Promoting the Construction of Nomocracy Central Enterprises, Feb. 2016.
- Selected five pilot firms to build compliance management system, Mar. 2016.
Petro China, China Mobile, China Merchants Group, China Railway Group and China Dong fang Group
- Notice on Printing & Distributing Guidelines for Compliance Management of Central Enterprises (SASC Regulation [2018] No. 106), Nov. 2018.
Clearly listing anti-bribery & anti-unfair competition as key areas of compliance management.



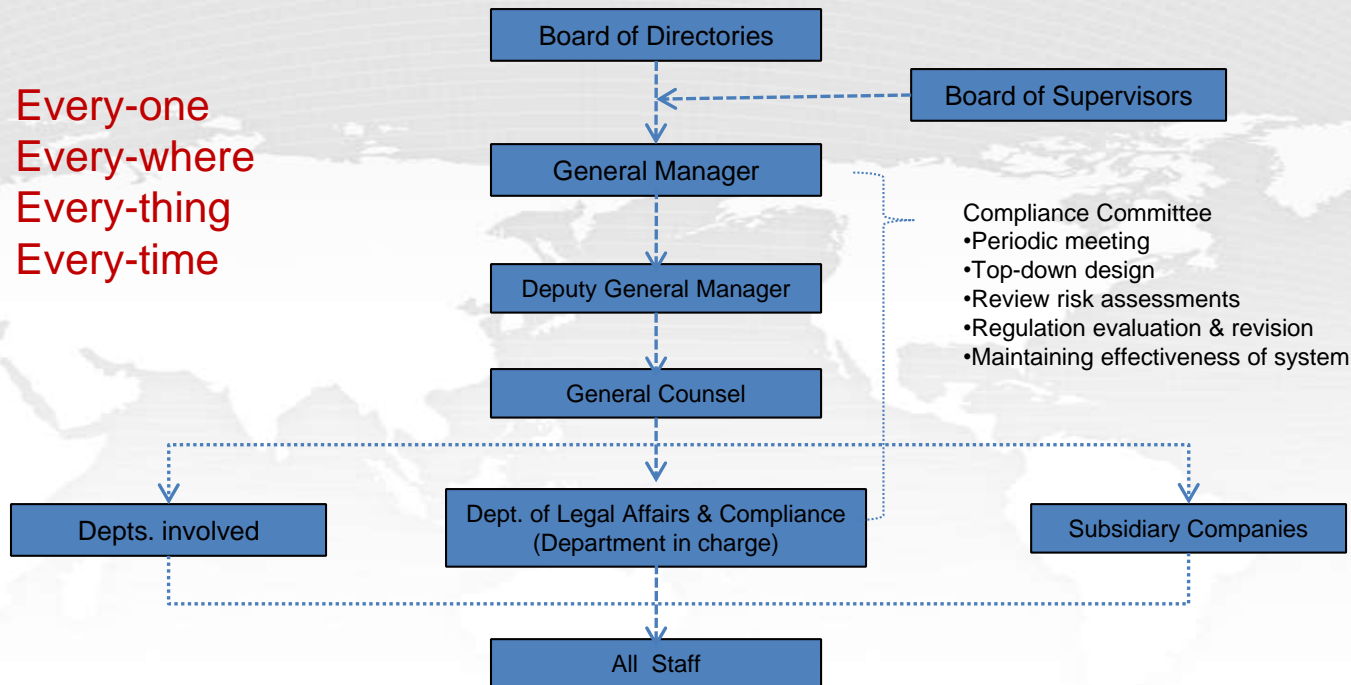
Enterprise Compliance Management System



➤ SDIC's Compliance Management System as per SASAC Regulatory Requirements

- Respect Market, regard compliance as cornerstone.
- Four Principals. Comprehensiveness; Accountability; Interoperability; Objective independence.
- Requires to comply with Laws, regulations, professional codes, enterprise constitutions/rules/regulations, international treaties and conventions, etc.
- Applies to all fields, departs., entities, staff.
- Consists of all essential elements from organization, stipulations, risk management, scrutiny/review, performance appraisal, training, whistle-blowing, investigation & accountability, reporting, MIS, culture, to key areas.

Every-one
Every-where
Every-thing
Every-time



SDIC Organizational Structure of Compliance Management

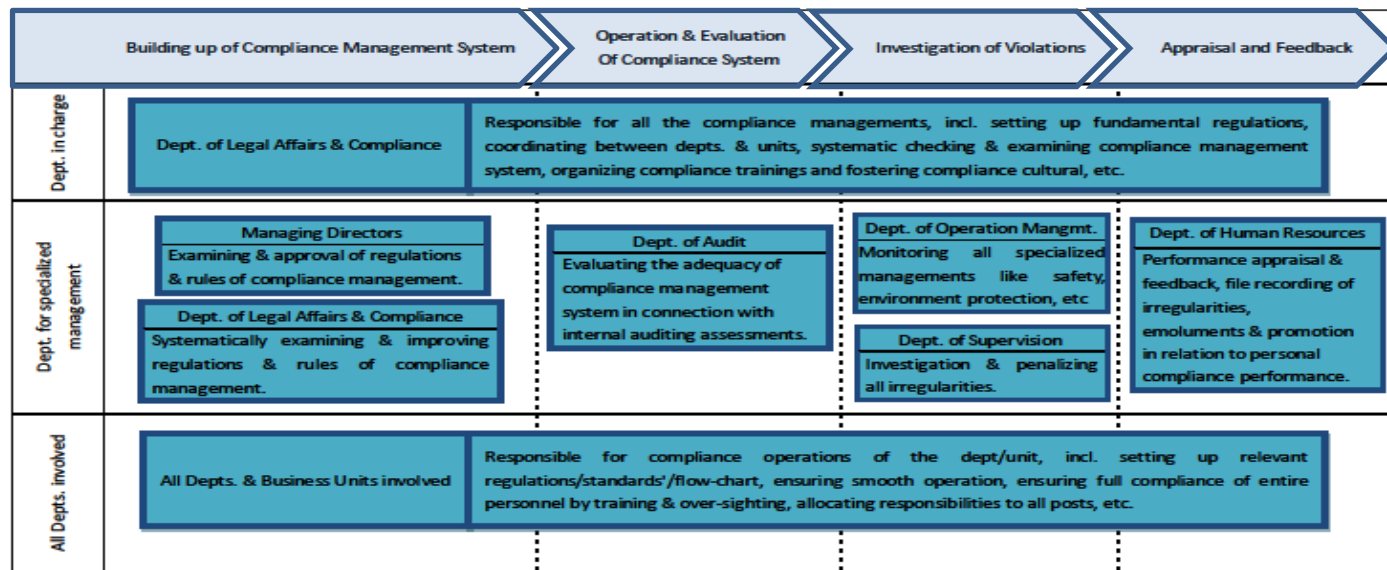


Illustration of Compliance Management System of SDIC

- S** – Self-discipline
D – Duty
I – Integrity
C – Compliance



➤ Individualities & Examples

SDIC Compliance Handbook the Oath

- Philosophy, Principals & Framework
- Corporate Compliance
- Company and Employees
- Company and Society
- Reporting and Investigation
- Explanation and Revision

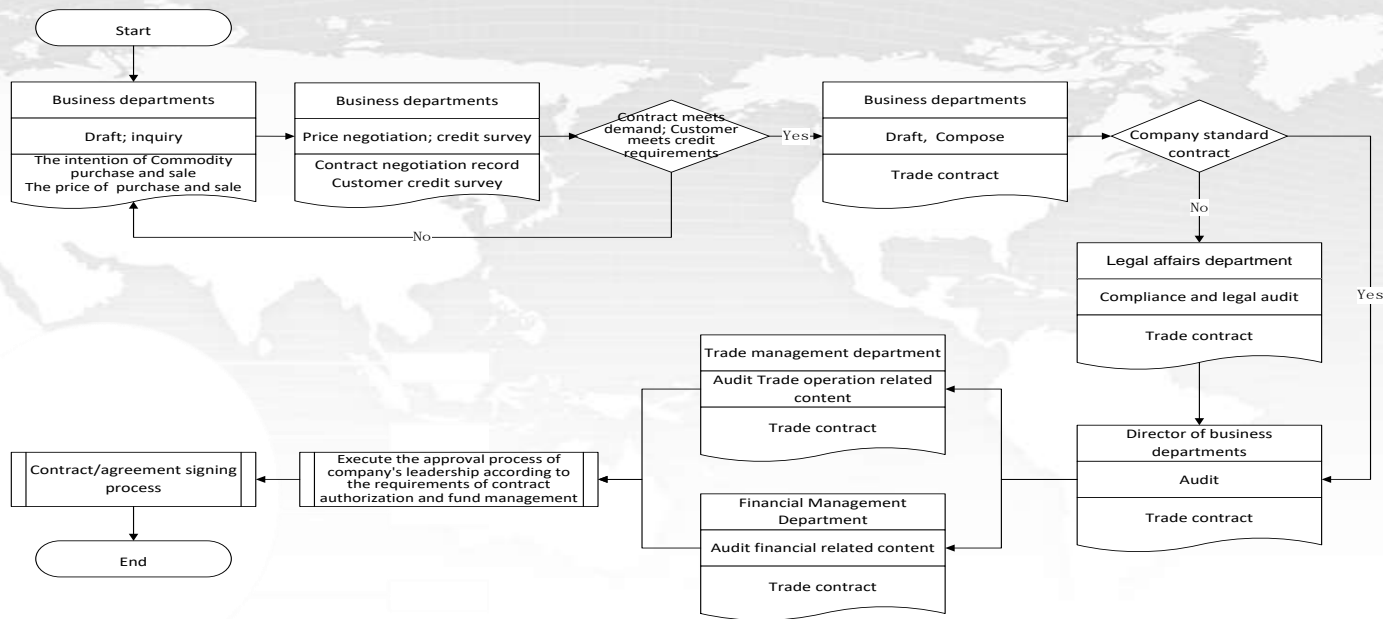
➤ Individualities & Examples

- Entire Personnel Commitment
Acceptance under oath & Signing pledge

PRACTICE & EXPERIENCES

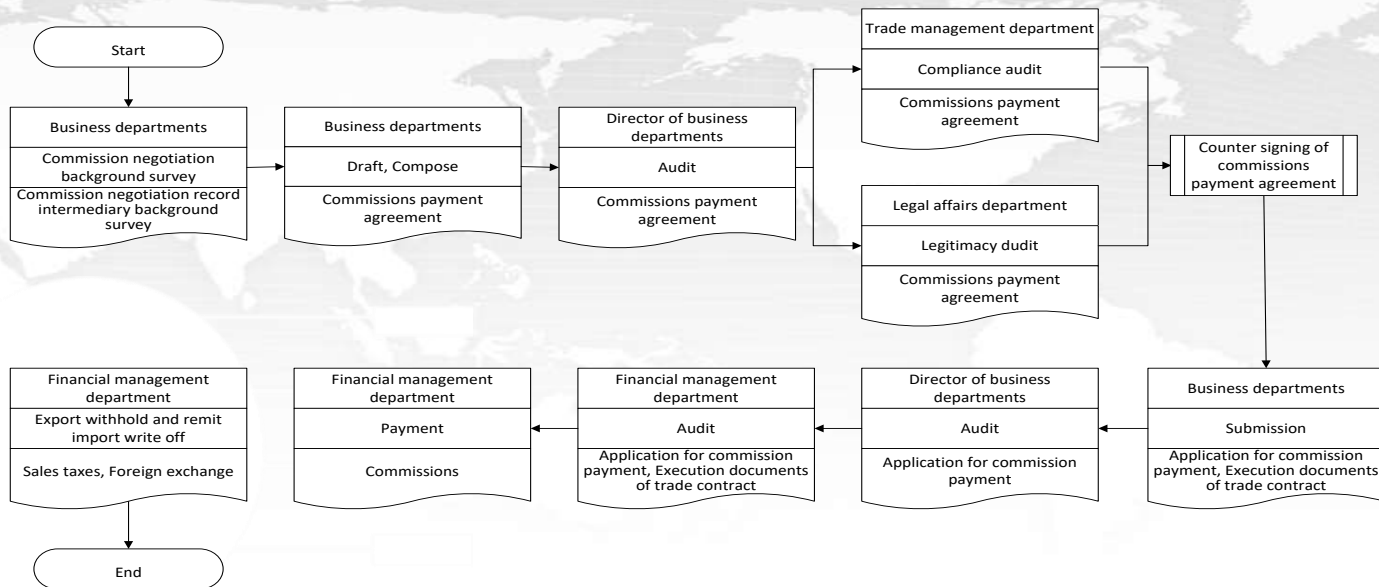


➤ Individualities & Examples



A Routine Operation – Contract Signing Procedure of SDIC Trade

➤ Individualities & Examples



In-advance Considerations – Commissions Management of SDIC Trade

➤ VUCA – the Coming Future



- V - volatility
- U - uncertainty
- C - complexity
- A - ambiguity

Uncertainty is the most, maybe the only, certain thing about future.

Tencent	金融联盟链	供应链金融	区块链发票	对账平台
Alibaba Group	跨境支付	电子商城	数字票池	
Suning	国内信用证	区块链征信		
Baidu	汽车债券ABS			
JD 京东	汽车债券ABS			



Block-chain & Applications

➤ Imminent Challenges

• International Consensus

Mature technology, financial nature, digitally“physical”, limited benefit DeFi, economies vary from forbidden, confined use to permission with different definitions.

• New Technologies

AI/BiomedicalEng/Compt./AeroSpace/Communicn, etc.
legal/social/ethic impact, Compliance Challenges
Quantum-computer vs. Blockchaining

• Compliance Improvement

Domestic based, in short of experience/personnel/expertise, incompliance, trying to improve



Thank You!