

Compliance & Ethics Professional[®]

December
2015



A PUBLICATION OF THE SOCIETY OF CORPORATE COMPLIANCE AND ETHICS

www.corporatecompliance.org

Meet Kenny Rogers

Director, Ethics and Business Conduct
Huntington Ingalls Industries
in Newport News, VA

See page 14

27

**Building an
effective compliance
champion program**

Bruno Falcone

31

**A definition
of ethics in
business**

Anthony Smith-Meyer

35

**Striking a balance: Integrity
due diligence and data privacy**

Guido van Drunen and
Tabitha Gaustad

43

**Contracting and
Compliance: Every business
needs a contracting policy**

MaryEllen O'Neill



by Bruno Falcone, CCEP-I

Building an effective compliance champion program

- » A solid compliance champion program may be an efficient and cost effective way to further improve your compliance program.
- » Compliance champions are not only compliance ambassadors, but should be educated and empowered to provide compliance training, help identify the major risk areas, and much more.
- » The compliance champion should be someone who really wants to be in that position, truly believes in compliance, is perceived as model of ethics and integrity, is able to influence others, thinks strategically, and exercises leadership.
- » Compliance champions should be nominated by the head of function, in agreement with the compliance officer, with buy-in and oversight by the senior management.
- » A robust compliance champion program allows the compliance officer to get different views of the business and provides the organization the opportunity of having not only compliance officers speaking about compliance, but business people themselves.

As the Compliance profession continues to grow in prominence around the world and resources are often limited, a solid compliance champion program may be an efficient and cost effective tool to increase awareness, build a strong compliance culture, disseminate ethical values and the importance of ethical behaviour, and engage all levels of the organization.



Falcone

In a nutshell, it can be simply stated that compliance champions work as compliance ambassadors and facilitate the liaison between their own internal functions and the compliance officer on compliance-related topics. That statement is accurate, but the compliance champion role should not be limited thereto. Compliance champions

should be educated and empowered to provide compliance training themselves, roll out written standards coming from the compliance officer within their own business units, implement their own initiatives in order to address their department-specific compliance needs as previously aligned with the compliance officer, help identify the major areas subject to exposure, and encourage employees to speak up whenever they encounter potential violations.

Who should serve

To be effective in the role, a compliance champion should be someone who really wants to be in that position, truly believes in compliance, is perceived as a model of ethics and integrity, demonstrates accountability

and professional maturity, and is able to influence others, think strategically, and exercise leadership. It does not mean that it is mandatory that the compliance champion is in a senior leadership position; much to the contrary, diversity is key. The more diversified the team is, the easier it will be for the potentially risky areas to be identified and remediated. He/she should be able to effectually communicate with all levels within the organization.

The compliance officer should also encourage compliance champions to consistently share their experiences with each other and communicate within the compliance champions network itself.

It is not up to the compliance officer to nominate compliance champions, albeit the compliance officer does play an essential role in helping identify who could potentially add real value as a compliance champion. That is one of the reasons why the more the compliance officer knows the company's staff and understands the organizational structure, the easier it will be for the compliance officer to have the best compliance champions on board.

As always, tone from the top is a must and, therefore, compliance champions should be appointed by their respective heads of function in agreement with the compliance officer and the buy-in and oversight of the senior management. In order to ensure empowerment and accountability, nominations should be formally announced

and nominators need to fully understand what the compliance champion role really is and how the compliance champion will interact with the compliance officer.

Responsibilities

Compliance champions typically do not report to the compliance officer, meaning that the compliance champion's performance needs to be closely followed up by his/her manager

and systematically discussed with the compliance officer throughout the year. It also needs to be previously agreed by the nominators and the compliance officer how much of the compliance champion's time will be available for Compliance. That is a key success factor for the compliance champion program.

That previous

discussion should be as open and realistic as possible, and the commitment for the compliance champion to dedicate a certain length of time to Compliance should be firm and permanent. No one wants to invest money, effort, and resources in building a compliance champion program to then jeopardize its execution merely because of lack of time. It is understandable that urgent situations may always come up, but Compliance does need to be on the compliance champion's priority list.

There should be at least one compliance champion for each area, not only business units but also supporting functions. However, for the most critical functions (and depending on how extensive a department is within

Compliance champions typically do not report to the compliance officer, meaning that the compliance champion's performance needs to be closely followed up by his/her manager and systematically discussed with the compliance officer throughout the year.

the organization, such as a large sales force team), it might make sense to have more than one compliance champion within the same function, provided that each of them covers different pieces and has different goals. After a comprehensive risk management assessment, the compliance officer should be able to determine what sort of network structure makes more sense for the compliance champion program.

It might be appropriate to replace a compliance champion from time to time, and this should be deemed as a natural move, not necessarily detrimental to the compliance champion. Sometimes giving the opportunity to different professionals might increase motivation, gather different perspectives, and refresh and benefit the Compliance champions program as a whole.

The compliance officer must ensure that specific training sessions are regularly provided and specific meetings are held with compliance champions in order not to lose the momentum. Because communication is an essential part of any compliance program and compliance champions are expected to be the first line of compliance people on the ground, able to respond to routine queries and identify what matters need to be escalated to the compliance officer, it is of utmost importance that they are informed about any compliance-related initiatives in advance of other employees and be given clear guideline on what is expected from them.

Compliance champions are not compliance officers, and using them as such would be a deviation from the compliance champion program. They have in common the basic purpose of preventing, detecting, and responding to misconduct, but their responsibilities are totally different. Building and continuously improving the compliance program is under the responsibility of the compliance officer. The compliance champion

program should be a part of the full compliance program. As a consequence, compliance champions do not need to be specialists on the subject-matter, but they do need to have a basic understanding of compliance, including the seven essential elements of compliance and how an effective compliance program can offer significant benefits to their organization.

Compliance champions also need to be fully aware and updated on the compliance program and the laws and regulations affecting the company's businesses. This means that compliance champions are not only required to attend compliance champions meetings, but proactively engage in the discussions and contribute to the continued improvement of the compliance champion program. Additional S.M.A.R.T. goals (i.e., Specific, Measurable, Achievable, Results-focused, and Time-bound) for compliance champions would be implementing their own initiatives, previously aligned with the compliance officer, to address their function's specific needs, and also providing basic training on compliance-related topics.

A robust compliance champion program also allows the compliance officer to get different views of the business and provides the organization the opportunity of having not only compliance officers speaking about compliance, but business people themselves.

Conclusion

In view of the foregoing, I am convinced that an effective compliance champion program can add value and play an important role in assisting the compliance officer to successfully partner with the business, help employees do the right thing, protect the company's reputation, and ensure a sustainable growth for the organization. *

Bruno Falcone (brunofalcone@hotmail.com) is Regional Director, Head of Compliance, Brazil & Latin America na Takeda Pharmaceuticals in Sao Paulo, Brazil.