Innovate your Compliance Program through digitalization, metrics, and KPIs

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Global Compliance Director
... but why?

- Why is it important to innovate and to digitize?
- Why does it matter?
- Why this make a difference in Compliance & Ethics?

Executives agree innovation is critical:

- Innovation is important to growth strategy (84%)
- Business models are at risk (80%)

Ready, set, go!

- Goals and objectives
- Review current processes and challenges
- Ask and observe
- Engagement with internal/external stakeholders
- Digitalization
Think twice, speak once!

- Tone from the top
- Audience
- Look and feel
- Importance of face to face engagement

Web-based platform

- Policies and training
- Communication
- Internal Compliance portal
- Gifts & hospitality
- Customer requests
- Risk assessment
Data rich, information poor?

- Identify development opportunities & improve effectiveness
- Data integrity / security / privacy
- Different systems / data consolidation
- Business intelligence tool

Metrics & KPIs

- Metric vs. KPI
- Must provide insight and inform decisions to be effective

Reasoning:
- Goals and objectives
- Identify improvement opportunities
- Monitor progress
- Effectiveness
- Benchmarking
Report example

Report:
• 3 hotline calls last month in ABC country
  ▪ Allegations: Fraud, bribery, and conflict of interest
  ▪ 2 unsubstantiated, 1 substantiated (disciplinary action)

U.S. Department of Justice\(^1\) questions:
• How has the company assessed the seriousness of the allegations it received?
• How does the company determine which complaints or red flags merit further investigation?
• Does the company apply timing metrics to ensure responsiveness?
• Does the company periodically analyze the reports or investigation findings for patterns of misconduct or other red flags for compliance weakness?

\(^1\) U.S. Department of Justice Criminal Division (2019), Evaluation of Corporate Compliance Programs

Compliance metrics examples

<table>
<thead>
<tr>
<th>Training</th>
<th>Risk assessments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online trainings / time spent in training</td>
<td>Number of risk assessments / dates</td>
</tr>
<tr>
<td>Re-training frequency</td>
<td>Risks</td>
</tr>
<tr>
<td>Number of participants</td>
<td>Impact/Likelihood/Severity/Level of Control</td>
</tr>
<tr>
<td>Past due days</td>
<td>Action Items</td>
</tr>
<tr>
<td>Face to face trainings / attendees</td>
<td></td>
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</tbody>
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<table>
<thead>
<tr>
<th>Cases/Incidents</th>
<th>Third Party Management</th>
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<tbody>
<tr>
<td>Number cases / dates</td>
<td>Number of third parties due diligence</td>
</tr>
<tr>
<td>Reporting source</td>
<td>Type/frequency</td>
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<tr>
<td>Allegation- Impact/Severity</td>
<td>Third parties approved/rejected</td>
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<tr>
<td>Investigation updates</td>
<td></td>
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<tr>
<td>Disposition / Action taken</td>
<td></td>
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</tbody>
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<table>
<thead>
<tr>
<th>Communications</th>
<th>Customer requests</th>
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</thead>
<tbody>
<tr>
<td>Number of communications and campaigns</td>
<td>Number of customer requests / dates</td>
</tr>
<tr>
<td>Website and reports views</td>
<td>Type/frequency</td>
</tr>
<tr>
<td>Internal social media posts/likes/shares</td>
<td>Action taken</td>
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<thead>
<tr>
<th>Export Control</th>
<th>Gifts and hospitality</th>
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<tbody>
<tr>
<td>Reviews performed</td>
<td>Number of gifts and hospitality / dates</td>
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<tr>
<td>Escalations</td>
<td>Type/frequency</td>
</tr>
<tr>
<td>Action items</td>
<td>Average amounts per (participant/event)</td>
</tr>
<tr>
<td></td>
<td>Total amounts (participant/event)</td>
</tr>
<tr>
<td></td>
<td>Planned and actual amounts</td>
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</tbody>
</table>
### Compliance KPIs examples

**Governance**
- Percentage of objectives completed
- Timeliness to complete objectives
- Percentage favorable from ethical business & conduct survey
- Timeliness to close audit findings

**Training**
- Training completion
- Percentage past due >30, >60, >180 days
- Training effectiveness

**Cases/Incidents**
- Percentage cases open >30, >60, >180 days
- Timeliness in reporting case to Compliance
- Timeliness to complete investigations
- Percentage of retaliation cases
- Percentage of cases with high impact/severity
- Percentage of favorable hotline testing

**Communications**
- Percentage of communications completed v. plan
- Communication effectiveness

**Risk assessments**
- Percentage of risk assessments completed vs. plan
- Percentage of action items completed
- Timeliness to close action items

**Third Party Management**
- Percentage of third parties which completed due diligence
- Percentage of third parties found non-compliant

**Export Control**
- Percentage of reviews escalated
- Percentage of reviews completed
- Timeliness of reviews and escalations

**Customer requests**
- Percentage requests open >30, >60, >180 days
- Timeliness to complete request

**Gifts and hospitality**
- Timeliness in reporting to Compliance

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**Sample Compliance Dashboard**

![Sample Compliance Dashboard](image-url)
Don’t innovate, digitize, or track metrics/KPIs just because you can!

**Lessons learned**

- Quick improvements
- Automation / macros
- Integration / consolidation
- Real time data
- Continuous improvement
- Prioritize / identify inefficiencies
- Less is more
- Leverage existing technology and resources
Own Tomorrow

- Keep improving and innovating
- Enhanced communications and reporting
- Robotic process automation
- Machine learning and AI
- Improved stakeholder experience
- Predicative and prescriptive analytics

Questions?

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