Built for Success
The 5 Essential Features of an Effective Compliance and Ethics Officer

Karen Bertha
Chief Ethics & Compliance Officer, MCR

Judith Nocito
Global Compliance Director, Alcoa (ret.)

Patrick Gnazzo
Principal, Better Business Practices
Former CECO CA Inc & UTC

Donna Boehme (moderator)
Principal, Compliance Strategists
Former CECO BP plc & The BOC Group

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Our Interactive Session

➢ Identify & discuss features of an effective CECO
➢ Strategies on how to develop them, if missing
➢ Advance this important dialogue
Why Does It Matter? (Duh.)

5 Essential Features

- Empowerment
- Independence
- Resources
- Line of Sight
- Seat at the Table

CECO
Empowerment

- Clear and broad mandate
- Flows from the Board
- Understood by all
- Supported by management

Strategies for Empowerment

- Board Resolution
- Program Charter (eg Tenet)
- Delegations of Authority
- Interface Charts
- Robust Job Description
Independence

- Separate but equal
- Can speak truth to power
- Unfiltered, objective opinions
- Protected from retaliation

Strategies for Independence

- Correct positioning
- Relationship with the Board
- Unfiltered reporting
  - scheduled & ad hoc
- Levers of independence
- Nondiscretionary escalation
Seat at the Table

- Formal & informal
- Voice in the C-Suite
- Peer level with other key functions (HR/Legal)
- Trusted advisor

Strategies for Seat at the Table

- Ask: where does Compliance need a presence?
- At which meetings are peer functions represented?
  - Senior management annual meetings/dialog
  - HR disciplinary/promotion
- What message is being sent?
Line of Sight

• No carve-outs=>
  all key risk areas
• Recognized as SME & leader
  of C&E
• Formal & informal
  mechanisms
• Can be dotted line

Strategies for Line of Sight

• Map out all key risk areas
• Map out solid & dotted line
• Interface charts to clarify &
  mollify
• Written roles in the C&E program
• Input to annual performance
  review & compensation
Resources

- Budget
- Internal resources (within function)
- Company resources (outside function) with role clarification
- Peer networks
- Outside experts

Strategies for Resources

- Seek existing compliance assets & leverage
- Use compliance mandate to give them roles
- Leverage outside networks
- FCPA & other guidances
- Outside evaluation
What the Effective CECO Brings to the Table

• Integrity
• Gravitas
• Business savvy
• Engagement Skills
• Communication Skills
• Project Management
• Collaboration
• Problem Solving
• Courage
• Team Management
• Crisis Management
• Change Management
• Know What You Don’t Know
• Humility
• Political Savvy
• Judgment
• Perseverance

Recommended Reading (1)

◆ Five Essential Features of an Effective Chief Ethics & Compliance Officer
  (Boehme, Compliance & Ethics Professional 2012)

◆ An Independent CCO is a Compliance Program Requirement
  (Volkov, Corporate Counsel 2013)

◆ The Business Case for Creating a Standalone Chief Compliance Officer Position
  (Yuspeh et al, Ethisphere 2009)

◆ The Real Happy Marriage Between the GC and the Chief Compliance Officer
  (Boehme, Corporate Counsel 2012)

◆ The Chief Ethics & Compliance Officer - A Test of Endurance
  (Gnazzo, Business & Society Review 2011)

◆ JP Morgan Chase Takes a Giant Step on CCO Independence
  (Volkov & Boehme, Corporate Counsel 2013)
Recommended Reading (2)

- Big Banks Give the CCO a Seat at the Table
  (Boehme, Corporate Counsel 2012)
- An Independent CCO is a Compliance Program Requirement
  (Volkov, Corporate Counsel 2013)
- Empowering the Chief Compliance Officer
  (Volkov, JD Supra News 2013)
- The Person of the Year - The Chief Compliance Officer
  (Volkov, JD Supra News 2011)
- Perspectives of Chief Ethics & Compliance Officers on the
  Detection & Prevention of Corporate Misconduct
  (Greenberg, RAND 2009) (3 Invited RAND White Papers)
- Fitting a Square Peg in a Round Hole
  (Tabuena, Corporate Secretary 2009)

Questions?

dboehme@compliancestrategists.com
Follow her on Twitter @DonnaCBoehme

patrick.gnazzo@gmail.com