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

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

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?

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