


So you can be you



Building a World Class Compliance Program – on a limited budget

Casper Venbjerg Hansen, Head of Corporate Business Ethics Compliance
26 March 2018


Regardless of the size of the company or the budget of the compliance department, there is almost always a limited amount of resources to do the things you want to do as a compliance officer.



Agenda

1. Introduction
2. An efficient and effective compliance program
3. What should be prioritized?
4. Most common weakness in compliance programs

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Introduction





World Class

What does it mean?

What does a World Class Compliance Program look like?

It depends on:

1. The maturity of the program / how long it has been in place
2. The structure/organisation of the company (global supply chain, affiliate in US/UK, use of third parties, etc.)?
3. Type of industry (healthcare, Oil & Gas, retail, etc.)?
4. Centralized or decentralized compliance functions?
5. Number and type of third parties
6. Etc.



Key messages

- Know the business: Build an efficient and effective compliance program that is tailored to the needs and risk appetite of the specific company.
- Think long-term: When you establish your compliance procedures, remember that an equal amount (and sometimes more) resources to conduct training, to implement the procedures and afterwards monitor and audit the level of compliance.
- Make it easy for your colleagues to comply with policies and procedures. This ensures a better likelihood of acceptance and compliance with the program.

About me

Relevant expertise:

- +10 years experience working with Business Ethics & Compliance.
- Experience from heading up compliance departments with both 'less mature' and 'very mature' compliance programs.

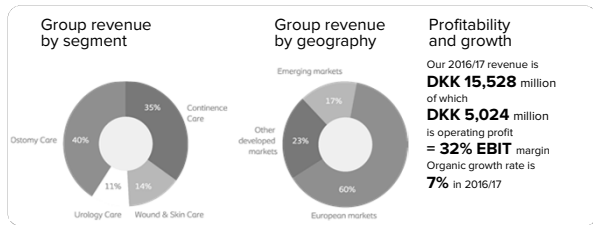
Working experience:

- Head of Corporate Business Ethics Compliance, Coloplast A/S
- Head of Compliance & Corporate Social Responsibility, Haldor Topsoe
- Political consultant / lobbyist, Confederation of Danish Industry.
- Head of Section, Ministry of Education

Education:

- MSc, Political Science
- CCEP-I: Certified Compliance and Ethics Professional – International

About Coloplast: one of the world's most successful Medtech Companies



An efficient and effective compliance program



With limited resources you need to be efficient and effective

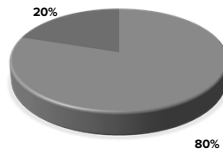
1. Make decisions on how to allocate resources
2. Be realistic about how much you can accomplish
3. Be courageous and trust your risk assessment
4. Use available guidelines



1. With limited resources – make decisions on how to allocate resources

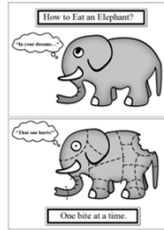
- Use the 80/20 rule.
- The secret to success by achieving more with less.
- Transferred to compliance the 80/20 rule (The Pareto Principle) suggest that 80% of the risks comes from 20% of the business.
- Compliance professionals must therefore understand and prioritize the business that produce the most compliance risk.

THE 80/20 RULE



2. With limited resources - be realistic about how much you can accomplish

- A common mistake is to start writing long and comprehensive policies.
- They might take too much time to implement early in the process.
- Remember for all the policies you put in place, you must reserve equivalent amount of resources to implement, monitor and audit.
- Small companies are not expected to have the same program as a big company.



3. With limited resources – be courageous and trust your risk assessment

- Start with the biggest risk.
- Leave a lot out to begin with.
- Make a plan on when to integrate more risks.
- It actually require courage.



4. With limited resources – use available guidelines

- No need to reinvent the wheel.
- But remember it is "only" guidelines – not 'holy books'.
- Combine it with your own judgement and experience.



What should be prioritized?



10 hallmarks of an effective compliance program

- 1 • Commitment from Senior Management and a Clearly Articulated Policy Against Corruption
- 2 • Code of Conduct and Compliance Policies and Procedures
- 3 • Oversight, Autonomy, and Resources
- 4 • Risk Assessment
- 5 • Training and Continuing Advice
- 6 • Incentives and Disciplinary Measures
- 7 • Third-Party Due Diligence and Payments.
- 8 • Confidential Reporting and Internal Investigation
- 9 • Continuous Improvement: Periodic Testing and Review
- 10 • Mergers and Acquisitions, Pre-Acquisition Due Diligence and Post-Acquisition Integration

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Pole questions – raise of hands

• How many represent a compliance function that reports to the company's Board of Directors or an appropriate committee of the Board such as the Audit Committee?

• Does compliance team play a role in reviewing incentive program and in identifying and mitigating risk prior to its being rolled out?



• How many experience that "false" hotline reports and investigations take up more time than planned – and have a tendency to distort the priorities of your compliance program?

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I recommend prioritizing the following key elements

- 2 • Code of Conduct and Compliance Policies and Procedures
- 3 • Oversight, Autonomy, and Resources
- 4 • Risk Assessment
- 5 • Training and Continuing Advice
- 7 • Third-Party Due Diligence and Payments.

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2. Code of Conduct and Compliance Policies and Procedures

- Do not try to include all risks or compliance elements in the first edition of your code.
- It's difficult to make a choice at the beginning (and leave something out) - but it has to be done.
- It is better to start with a relatively short code which subsequently can be substantiated with policies and procedures.

Keep it simple!

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3. Oversight, Autonomy, and Resources

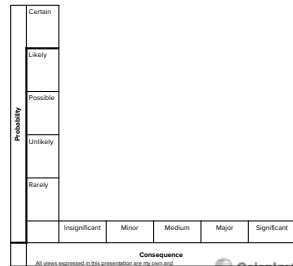
- To begin with, focus more on the compliance organisation and less on resources and reporting.
- Centralisation or decentralisation of the compliance function?
- Identify and use of non-compliance experts with compliance skills or interests within the organisation.

Different compliance responsibilities and functions:

- Compliance Officer
- Compliance Manager
- Compliance Liaison
- Etc.

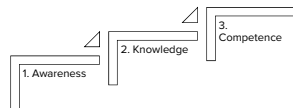
4. Risk assessment

- Know the risk appetite of top management – not knowing that makes it too difficult.
- Be true to the risk assessment.
- Spend less time on updating the assessment – and more time on monitoring the implementation of mitigating actions.



5. Training and Continuing Advice - 1

- The purpose of the training depends on the target group.
- Education is about learning the 'theory'. Training is based on dialog and dilemmas and give employees the competencies to 'act in a certain way'.
- Employees cannot be expected to be able to act according to the Code of Conduct after only one education session. It requires ongoing and more targeted training to reach that level.



5. Training and Continuing Advice - 2

Different ways of conducting training & communication

	Communications	Education	Training
Purpose	Create awareness	Increase knowledge	Build competence
Target group	70% Ex: 70% of the relevant target group become aware that the company has a compliance program.	20% E.g. all employees directly involved in sales and marketing activities must know about the key elements in the compliance program.	10% E.g. key gate keepers with specific responsibilities in compliance program must know how to act in certain situations.
Means	Newsletters, Intranet,	E-learning, face-to-face introductions to the key elements in the export control compliance program.	Targeted and tailored face-to-face training of e.g. sales teams, engineers and logistics in separate sessions.

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5. Training and Continuing Advice - 3

Selecting the right type of training	E-learning	Face to face
Pros	<ul style="list-style-type: none"> • Easy to use • Get you going fast • Easily spread to all employees 	<ul style="list-style-type: none"> • Tailored – targeted • Do not require IT • Adaptable
Cons	<ul style="list-style-type: none"> • Not tailored – not targeted • Technical difficulties • Not adaptable 	<ul style="list-style-type: none"> • Difficult to reach all employees • Language barrier in global companies

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Pole questions – raise of hands

- How many people agree that we overestimate the effects we achieve through e-learning or shorter education sessions?
- How many have developed a multi-year training plan for employees?



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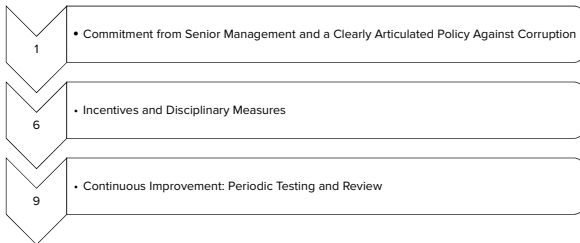
7. Third-Party Due Diligence and Payments

- Selection of due diligence tool?
- Scoping is key! Start with a small number of the third parties with the highest risk
- Responsibility?
- Audit trail?



Most common weakness in compliance programs

Most common weakness in compliance programs



1. Commitment from Senior Management and a Clearly Articulated Policy Against Corruption

- Some companies ends up focusing more on policies and procedures and less on culture.
- Senior Management commitment is vital – but Middle Management it the weak spot.



6. Incentives and Disciplinary Measures

- Compliance team should provide input to incentive programs.
- Sometimes the bonus schemes are counterproductive to compliance initiatives.
- It almost becomes too hard to do the right thing.



9. Continuous Improvement: Periodic Testing and Review

- Many companies spend so much time and resources on new compliance initiatives that they “forget” to prioritize proper implementation, monitoring and auditing.
- What do you do, if your company does not have an internal audit team?



Summary



Question to the audience

- *What is the weakest element in your compliance program right now?*
- *Considering that you have a limited amount of resources, what could you do right now or within the near future, that strengthen that element (does not necessarily have to be perfect)?*
- *Are there any 'low hanging fruits'?*
- *Can someone else in the organisation help you?*



Key messages

- **Know the business:** Build an efficient and effective compliance program that is tailored to the needs and risk appetite of the specific company.
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- **Make it easy for your colleagues to comply with policies and procedures.** This ensures a better likelihood of acceptance and compliance with the program.



Thanks for listening.

Questions?

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