

# Turning Ethics & Compliance Insights into Action



ERICA SALMON BYRNE  
President,  
Ethisphere



ANDREW NEBLETT  
Co-Founder, informed360  
Chief Operating Officer,  
Ethisphere



BRIAN BEEGHLY  
Co-founder, informed360  
EVP, Insights & Solutions,  
Ethisphere

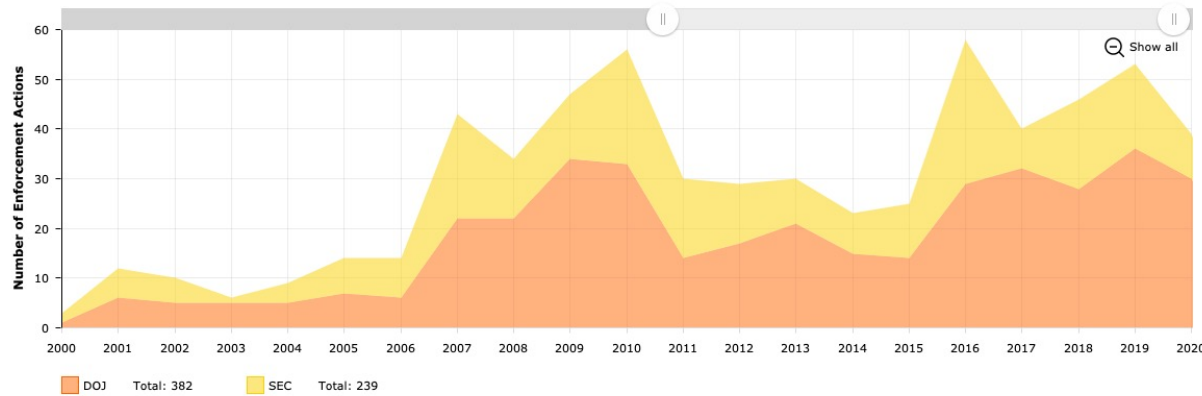


# THE WORLD TODAY

# Non-Compliance is Costly

DOJ and SEC Enforcement Actions per Year

DOJ and SEC Enforcement Actions



\$119,715,686

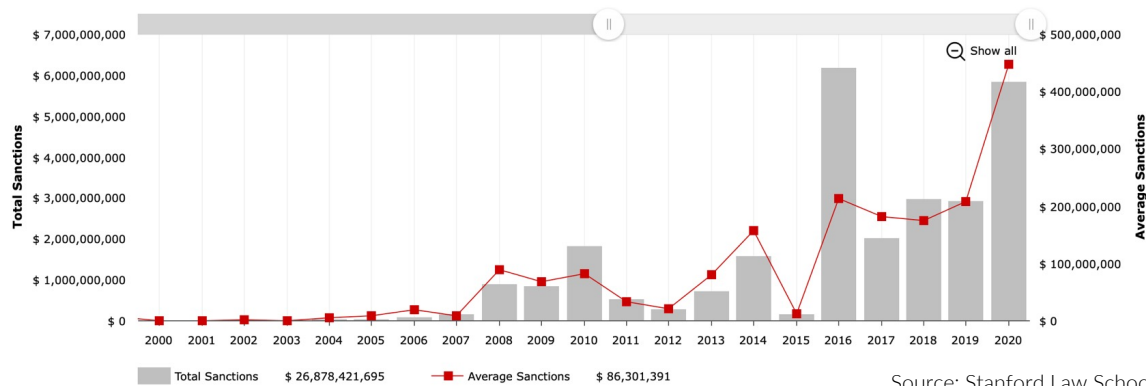
Average monetary settlement amount since 2015

\$1,824,304

Average monthly cost for FCPA-related investigation

Total and Average Sanctions Imposed on Entity Groups per Year

Total and Average Sanctions (Entity Groups)



Source: Stanford Law School

38 Months

Average length of an FCPA investigation

\$13,146,439,983

Monetary sanctions paid to foreign governments in FCPA-related enforcement actions

# Larry Fink's 2022 Letter to CEOs



“Workers demanding more from their employers is an essential feature of effective capitalism. It drives prosperity and creates a more competitive landscape for talent, pushing companies to create better, more innovative environments for their employees – actions that will help them achieve greater profits for their shareholders.”

Companies that deliver are reaping the rewards. Our research shows that companies who forged strong bonds with their employees have seen lower levels of turnover and higher returns through the pandemic.”

# Business is Expected to Lead

## ALL STAKEHOLDERS HOLD BUSINESS ACCOUNTABLE

Percent who agree

Global 27

**58%**

**Buy or advocate for brands**  
based on their beliefs and values

**60%**

**Choose a place to work**  
based on their beliefs and values

**64%**

**Invest**  
based on their beliefs and values

**88%**

of **institutional investors**  
subject ESG to the same scrutiny as operational and financial considerations

Global 7

Source: 2021 Edelman Trust Barometer  
Special Report: Institutional Investors

2022 Edelman Trust Barometer. Belief-driven consumer, employee, and investor segments. General population, 27-mkt avg. Employee data is filtered to be among employees of an organization (Q43/1). Investor data is only among those who sell stocks, bonds, or mutual funds as a standalone or employer-sponsored investment (INVESTOR/1). See Technical Appendix for a full explanation of how belief-driven consumers, employees, and investors were measured.

2021 Edelman Trust Barometer Special Report: Institutional Investors. Q7. Please indicate the extent to which you agree or disagree with the following statements regarding shareholder activism. 4-point scale; top 2 box, agree. 7-mkt avg.

# A Combination for the Full Lifecycle

Identify & Codify  
Leading Practices



Understand  
Program Maturity

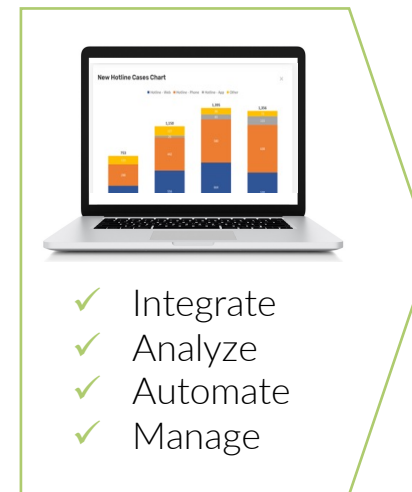
- ✓ Comprehensive Program Reviews
- ✓ Ethical Culture Measurement
- ✓ Key Risk Assessments

Benchmark  
Against the Best



Ethical Culture:  
1.5+ million  
employee  
responses

Implement  
Improvements



Continually Learn  
from Leaders



A dark blue background with a complex network of white lines and dots, resembling a molecular or digital structure, with some dots highlighted in a light green color.

# UNDERSTANDING BEST PRACTICES

**ETHISPHERE**  
GOOD. SMART. BUSINESS. PROFIT.

BUSINESS ETHICS  
LEADERSHIP  
**ALLIANCE**  
An Ethisphere Community

# What is Expected?

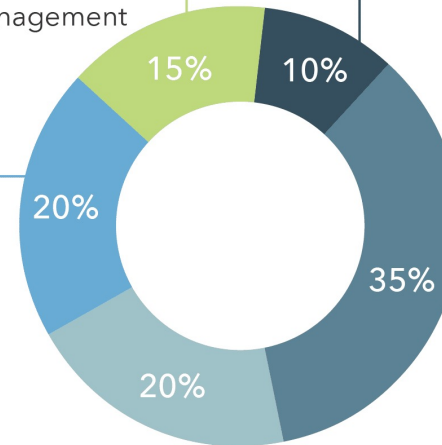


### Governance

- Oversight
- Governance principles
- Risk management

### Leadership and Reputation

- Legal compliance and ethical track record
- Ethical reputation in the marketplace
- Awards and accolades garnered
- Examples of leadership locally, nationally, and globally



### Environmental and Societal Impact

- Sustainability, citizenship and social responsibility
- Environmental stewardship
- Community involvement
- Corporate philanthropy
- Workplace impact and well-being
- Supply chain engagement and oversight

### Ethics and Compliance Program

- Program structure, responsibility, and resources
- Program oversight and tone at the top
- Written standards, training, and communication
- Due care, detection, monitoring, and auditing
- Enforcement and discipline

### Culture of Ethics

- Efforts to establish ethical tone from top and middle
- Frequency with which culture is evaluated
- Methods and outcomes



## DATA

# Programs in Practice



✓ 65% track click metrics on policies

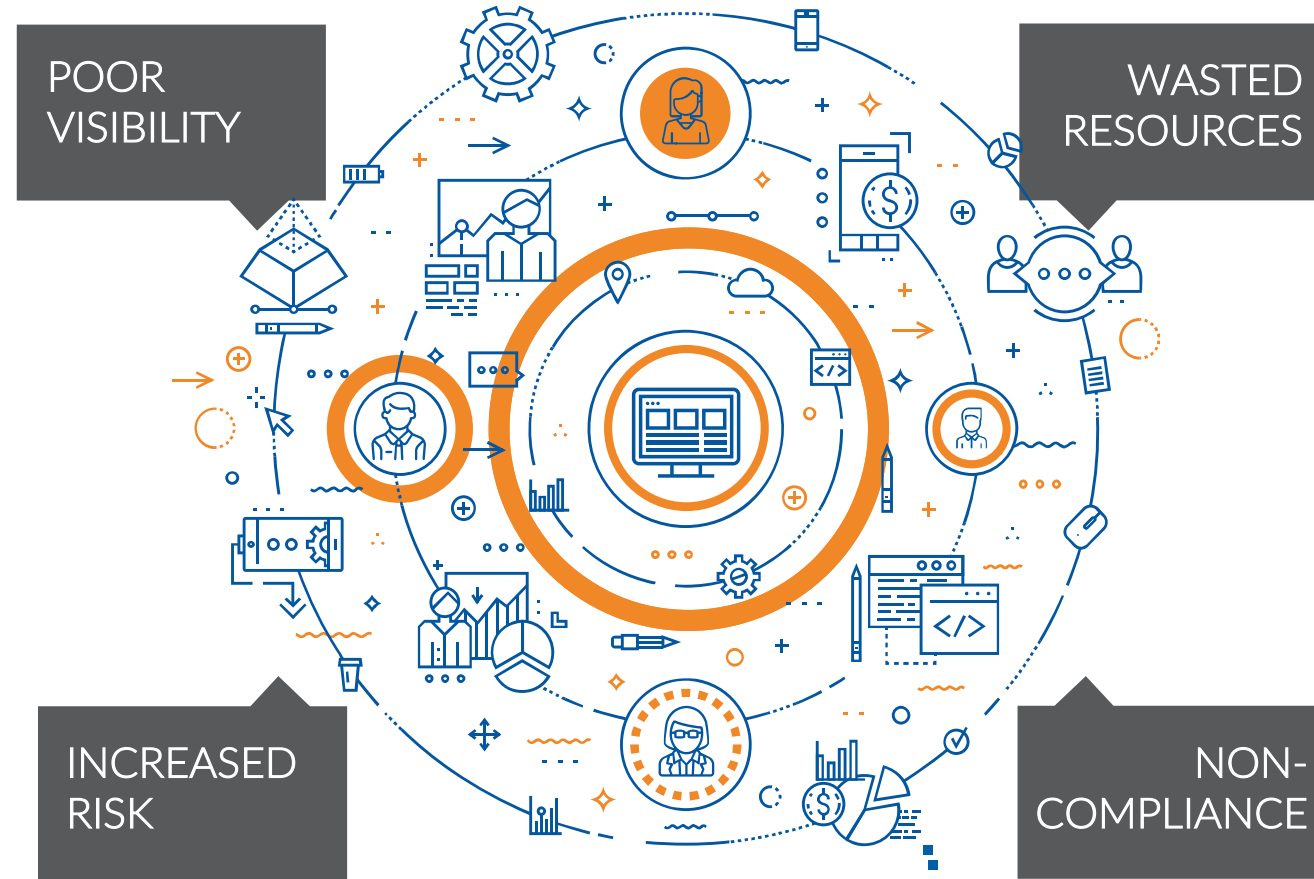
✓ 75% use software tools for Conflicts of Interest (COI) disclosures



# EFFECTIVELY MANAGING PROGRAMS

# Challenges to Program Management

Current State of Ethics and Compliance Programs



# Elements of Risk Assessment

## Create

Create targeted or general risk assessment

## Capture

Capture insights on likelihood, impact, effectiveness and velocity

## Analyze/Report

Prioritize risks with online analytics, updates, filtering and visualizations

## Act

Manage follow-up actions to mitigate identified risks

ID	Title	Description	Expected Response	Status	Created Date	Created By
23	Informed360 Corporate Risk Assessment 2020	Assess top corporate risks for S&P for 2020.		Draft	January 24th 2020 at 1:53 pm	Andrew Naldrett
21	Accounting and Financials Risk Assessment 2020	Accounting and Finance risk assessment to corporate leadership to identify top potential risks for 2020.	50	Draft	October 20th 2019 at 12:33 pm	Andrew Naldrett
20	2020 Ethics and Compliance Risk Assessment	This is our company's annual Ethics and Compliance Risk Assessment	800	In Progress	October 19th 2019 at 8:45 pm	Brian Beaghy
18	Corruption Risk Assessment 2019	Global corporate assessment of the key corruption risks for 2019		In Progress	August 2nd 2019 at 7:57 am	Andrew Naldrett
15	Money Laundering Risk Assessment	This is an internal risk assessment to assess our money laundering exposures.	200	In Progress	March 19th 2019 at 12:15 pm	Brian Beaghy
4	Ethisphere - BEA Community Risk Assessment	This is a Risk Assessment for Ethisphere's BEA Community		Closed	October 20th 2017 at 8:46 am	Bob Jones
3	2017 Accounting Practices Risk Assessment	This is an Assessment of ABC Company's Accounting Practices Risks. This Assessment will be used for ABC	1000	Closed	June 28th 2017 at 2:15 pm	Bob Jones

**Assessment: 2020 Ethics and Compliance Risk Assessment**  
 Page: 3 of 6  
 Progress: 40%

**Bribery and Corruption**  
 Ethics and Compliance risks related bribery and corruption.

**Likelihood**  
 What is the likelihood or probability that this risk will occur within the next year?

- Remote < 10%
- Unlikely 10% - 30%
- Possible 30% - 70%**
- Probable 70% - 90%
- Certain > 90%

**Impact**  
 If the risk does occur, what is the likely financial impact or severity of this risk to the company?

- Minor < 25k
- Moderate 25k - 50k**

**Filters**

Business Unit: Select Business Unit  
 Country: Select Country  
 Country Group: Select Country Group  
 State (U.S.): Select State (U.S.)  
 Job Function:

**Heat Map**  
 The X-Axis represents Likelihood, the Y-Axis represents impact and the radius of the bubbles represents Effectiveness.

**Table**

Compliance Risk	Effectiveness
1 Earnings Manipulation	2.0
2 Revenue Recognition	3.0
3 Transfer Pricing	2.0
4 Channel Stuffing	1.0
5 Percentage of Completion	2.0

**Action Plans**

Summary  
 Progress 0%

Details  
 ID: AP-2020-30  
 Title: Gifts & Entertainment Process Creation  
 Record Status: Draft  
 Project Start Date: 2020/02/05  
 Target Completion Date: 2020/01/31

Comments  
 Add Comment...

Approval Trail  
 Add Comment...

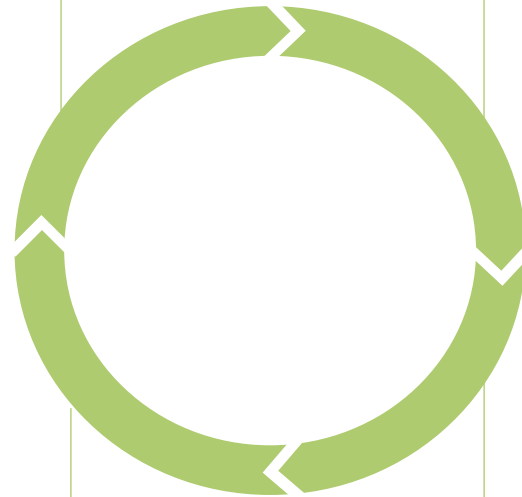
# Addressing Key Challenges

## Automation

Automate to facilitate compliance, enhance productivity, and promote engagement

Define best practices and use templates to ease implementation, drive standardization and ensure compliance

## Best Practices



## Integrations

Integrate digital connections to authenticate users, enhance workflows, and rescue stranded data

Conduct reporting, analytics and KPI assessment to measure progress and drive accountability

## Analytics

# IMPLEMENTING GUIDANCE

# Action Plans: Key to Implementation

**ETHICS AND COMPLIANCE PROGRAM REVIEW**

During this stage, multiple components of the organization's ethics and compliance program are examined and assessed against the hallmarks set forth in Chapter 8 of the U.S. Federal Sentencing Guidelines, related commentary and case law ("the Guidelines"). Key findings and recommendations are set forth for each component reviewed.

**HIGH-LEVEL PERSONNEL ASSIGNED OVERALL RESPONSIBILITY FOR THE PROGRAM**

The Ethisphere Institute evaluates how overall responsibility for compliance oversight is assigned to particular high-level personnel, as well as how resources and authority have been allocated to those individuals.

**ONE CASE**

The Ethisphere Institute reviews whether the organization is using reasonable efforts to exclude from positions of high authority any individuals who have engaged in illegal activities or other improper conduct.

**WRITTEN STANDARDS**

The Ethisphere Institute evaluates the organization's written code of conduct, discipline policies and other relevant procedures. Well-written, comprehensive and well-communicated policies, procedures and controls play a critical role in preventing and detecting misconduct, reducing the likelihood of violations and ensuring a satisfactory state of compliance for an organization.

**BOARD OF DIRECTORS OVERSIGHT**

The Ethisphere Institute evaluates whether the members of the organization's governing authority

**TRAINING AND COMMUNICATIONS**

The Ethisphere Institute analyzes information regarding the organization's current compliance training and communications program to determine whether ethics and compliance training is mandated for all employees and agents, including senior management. The Ethisphere Institute also reviews whether this training obligation is ongoing, requiring periodic updates. Furthermore, the Ethisphere Institute evaluates

**Ethical Culture Assessment**

**Key Recommendations & Curated Resources**

- Over-communicate closing the loop on investigations process
- Participants lagging in awareness of non-retaliation policy
- Leverage leadership in periodic compliance messaging

**Ethical Culture Assessment**

**Improving Company Culture Through a Lifecycle Approach**

2020 → 2021

2020	2021
<p><b>1 EXPLORE</b> July 2020</p> <ul style="list-style-type: none"> <li>Establish Company's Culture Quotient Baseline</li> <li>Explore data using Culture Quotient application and other reporting tools</li> <li>Develop initial list of metrics of communications, programs and tools to address key recommendations</li> </ul>	<p><b>2 COMMUNICATE</b> August 2020</p> <ul style="list-style-type: none"> <li>Present findings to C-suite and regional leadership</li> <li>Present findings to Audit Committee</li> <li>Present key findings to all employees in company-wide newsletter</li> </ul>
<p><b>3 IMPROVE</b> Q4 2020 - Q1 2021</p> <ul style="list-style-type: none"> <li>Use Ethisphere programs to improve metrics identified.                             <ul style="list-style-type: none"> <li>BELA Non-Retaliation Awareness Program</li> <li>BELA Senior Leadership Communication Program</li> <li>BELA Organizational Justice Program</li> </ul> </li> </ul>	<p><b>4 MEASURE</b> Q1 2021</p> <ul style="list-style-type: none"> <li>Conduct Pulse Survey on perceptions of non-retaliation awareness and/or pulse measuring perceptions of post-investigations process</li> </ul>

informed360
Home
ETHISPHERE
Andrew Neblett

- Dashboard
- Program Elements
- Risk Assessments
- Risk Assessments 2.0
- Risk Library
- Disclosures
- Training
- Case Management
- Action Plans
- Self Assessments
- Documents
- Import
- Surveys
- Reports
- Scorecards
- Configuration
- Company Settings

## Action Plans

Action Plans
Tasks

Filters
Configuration
Create New

Showing 1 - 6 of 6 action plans.

ID	Title	Priority	Owner(s)	Actual Start Date	Target Completion Date	Progress	Status	Latest Status Update
AP-2020-4	Extend Conflict of Interest Process	High	Douglas Allen	2020/12/01	2022/04/01	85%	DELAYED	Delayed to Launch April 1. ...
AP-2020-7	Update Code of Conduct	High	Erica Salmon Byrne	2022/01/10	2022/03/31	25%	ON TRACK	Initial Code Drafted. ...
AP-2020-3	Gifts & Entertainment Process Update	High	Andrew Neblett	2020/09/08	2021/12/01	90%	ON HOLD	Hold during Covid... ..
AP-2020-6	Implement Ethics Liaison Program	High	Erica Salmon Byrne	2021/03/01	2021/11/15	100%	COMPLETED	Program Launched. ...
AP-2020-5	Improve Manager Specific Training	Medium	Andrew Neblett	2020/10/05	2021/09/01	100%	COMPLETED	Training Launched ...
AP-2021-8	Compliance Exit Interview	High	Andrew Neblett	2020/09/02	2020/12/31	100%	COMPLETED	Complete. Moved to BAU. ...

## IMPLEMENTATION

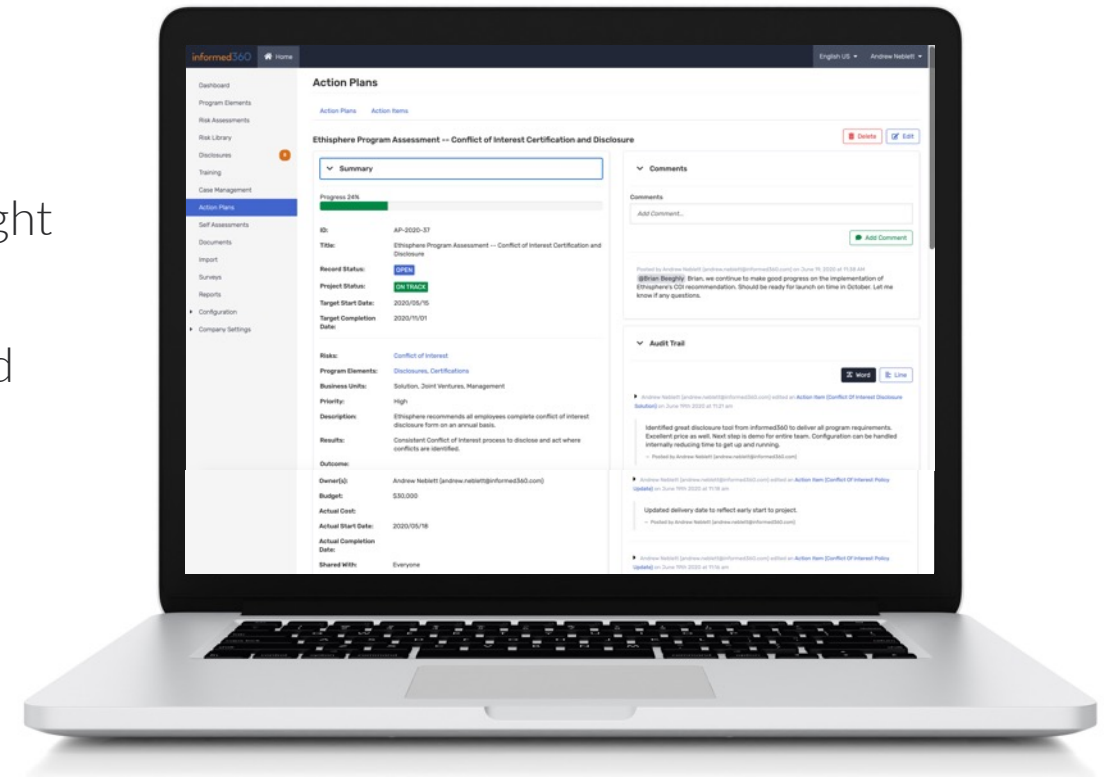
# Turn Insights into Actions

### Map Out the Plan

- ✓ Assign tasks, owners and deadlines
- ✓ Know who is doing what, where, when and how
- ✓ Deliver automated alerts and reminders
- ✓ Attach relevant documents in central repository

### Track, Monitor, Report

- ✓ Enjoy real-time collaboration and oversight
- ✓ Monitor program performance, budget and spend
- ✓ Track progress with complete audit trail
- ✓ Simplify reporting and improve visibility



Cloud-based, intuitive, and device friendly platform



# IMPLEMENTATION

# Dynamic Disclosures

## Disclose

Make the disclosures process easy

## Review

Configure approvals for each form and track communications with complete audit trail.

## Analyze

Slice and dice the data to understand substantive and operational trends

## Report

Leverage best practice reports or build your own

## Follow-up

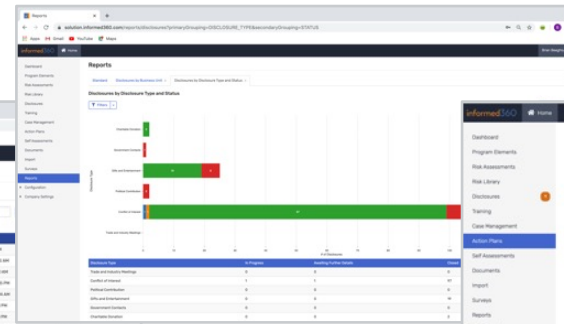
Manage follow-up actions associated with disclosures

A screenshot of the 'Conflict of Interest - Supplier' form in the informed560 system. The form includes a title bar, a 'Table' and 'Create' button, and a detailed description of the conflict of interest. It contains several sections with dropdown menus and text input fields, such as 'What is the name of the supplier or vendor?', 'Is this supplier or vendor your former employer?', 'Do you have a conflict with a specific individual at this supplier or vendor?', 'Have you disclosed this conflict previously?', and 'Please provide any additional comments or information relating to this disclosure:'. At the bottom, there are buttons for 'Continue', 'Save & Continue Later', and 'Back'.

A screenshot showing the details and approval workflow for a 'Conflict of Interest - Supplier' disclosure. The 'Details' section includes fields for Disclosure ID, Disclosure Type, Status, Created At, Created By, Resolution, Reason Level, and Reviewer. The 'Approvals' section shows a green checkmark indicating approval, with a note: 'Additional Information: Andrew must stay out of the selection process.' Below this, there are sections for 'Comments' and 'Confidential Notice'.

A screenshot of a 'Disclosures' data table. The table has columns for 'Disclosure ID', 'Created By', 'Disclosure Type', 'Status', 'Approved To', and 'Created Date'. It lists various disclosures with their respective details.

Disclosure ID	Created By	Disclosure Type	Status	Approved To	Created Date
0000-0000-0000	Andrew Nelson	Conflict of Interest - Supplier	In Progress	David Bradstreet, Neil East	March 4, 2020, 10:32 AM
0000-0000-0000	Bob Bergley	Conflict of Interest - Supplier	Closed		February 20, 2020, 10:40 AM
0000-0000-0000	Andrew Nelson	Conflict of Interest - Supplier	Closed		February 20, 2020, 2:02 PM
0000-0000-0000	Andrew Nelson	Conflict of Interest - Supplier	Closed		February 24, 2020, 10:40 AM
0000-0000-0000	Andrew Nelson	Conflict of Interest - Supplier	Closed		February 26, 2020, 10:40 AM
0000-0000-0000	Bob Bergley	Gifts and Entertainment - Dining	Closed		February 14, 2020, 2:02 PM
0000-0000-0000	Andrew Nelson	Conflict of Interest - Supplier	Open	Andrew Nelson	February 12, 2020, 5:36 PM
0000-0000-0000	Bob Bergley	Conflict of Interest - Supplier	Closed		February 7, 2020, 10:39 AM
0000-0000-0000	Bob Bergley	Conflict of Interest - Supplier	Closed		January 21, 2020, 10:40 AM
0000-0000-0000	Bob Bergley	Conflict of Interest - Supplier	Closed		January 20, 2020, 10:40 AM
0000-0000-0000	Bob Bergley	Conflict of Interest - Supplier	Closed		January 20, 2020, 4:07 PM
0000-0000-0000	Bob Bergley	Conflict of Interest - Supplier	Closed		January 16, 2020, 11:39 AM
0000-0000-0000	Bob Bergley	Conflict of Interest - Supplier	Closed		January 7, 2020, 10:39 AM
0000-0000-0000	Bob Bergley	Conflict of Interest - Supplier	Closed		December 16, 2019, 10:40 AM
0000-0000-0000	Andrew Nelson	Gifts and Entertainment - Dining	Closed		December 11, 2019, 10:40 AM
0000-0000-0000	Andrew Nelson	Gifts and Entertainment - Dining	Closed		December 9, 2019, 10:39 AM
0000-0000-0000	Andrew Nelson	Conflict of Interest - Supplier	Closed		December 6, 2019, 5:36 PM
0000-0000-0000	Bob Bergley	Conflict of Interest - Supplier	Closed		November 20, 2019, 10:40 AM



A screenshot of an 'Action Plans' dashboard. It shows a summary of an action plan for 'Review Andrew Nelson's participation in supplier selection process of ABC company'. The dashboard includes a 'Summary' section with fields for ID, Title, Project Status, Disclosure, Target Start Date, and Target Completion Date. It also has sections for 'Comments', 'Audit Trail', and 'Attachments'.

# The Practices of Leading Companies



71% use software tools to track G&E disclosures

*However...*

54% also rely on accounting codes and 47% on spreadsheets



Learn More: [Ethisphere.com](https://www.ethisphere.com)