

PROMOTIONAL FEATURE

# Surviving in a new world of ethics and compliance



It seems like only yesterday that having an ethics and compliance programme simply failed to cut much ice in Europe.

For years US companies have been offered rewards of generous reductions in fines or lesser punishments in response to effectively implemented compliance programmes.

However, with a few exceptions - Decree 231 in Italy and the UK Office of Fair Trading's recognition of competition law compliance programmes – the carrot-versus-stick approach has been slow to gain traction this side of the Atlantic.

But at last things seem to be happening.

In line with February's Organisation for Economic Co-operation and Development (OECD) good practice, which recommended effective internal controls, including ethics and compliance programmes designed to prevent and detect foreign bribery, the UK's Bribery Act 2010 now provides an organisation with a legal defence to the new offence of failing to prevent bribery if it has put "adequate procedures" in place to combat the problem.

We must wait for further guidance later in the year to see what form these procedures will take, but it is likely that the OECD's call for robust ethics and compliance programmes, including training, will be echoed here.

In similar vein, the Information Commissioner's Office (ICO) has now raised the prospect that, in setting the new – and potentially substantial – monetary penalties for breaches of the Data Protection Act, the ICO may also reward organisations which have offered risk awareness training to their employees.

So how is the ethics and compliance risk management community reacting to these moves?

**INTEGRITY INTERACTIVE**, with ten years' experience in helping hundreds of global corporate clients and their business partners detect, assess and manage the risk presented by ethics or compliance failures, has defined the following critical measures:

- Ensure you have top management support

- Conduct a comprehensive risk assessment throughout your entire organisation
- Choose your business partners with care, including agents, suppliers, resellers, consultants and joint-venture partners, and include them in your risk assessments and mitigation processes
- Once risks have been assessed, come up with a plan to address them effectively, for example by
  - ensuring policies on key risk areas are clear and effectively communicated in the right language
  - offering regular, mandatory, tracked and monitored employee training, both online and in person to all employees
  - requiring certifications for past and future compliance
  - deploying an incident or issue management and reporting system
  - establishing a means of managing and learning from reported incidences of ethics or compliance failures
  - utilising metrics that help demonstrate the effectiveness of all the above measures, and
  - reporting to the board, probably through an independent director.

We may have waited years, but one thing is certain: having an effectively implemented ethics and compliance programme is no longer a luxury; it is an essential part of your company's sustainable business strategy.

And it could keep your executives out of jail, too.

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