Workshop title: Risky Business: Working with Agents, Contracts & Other Third Parties
Name: Adam Turteltaub
Organisation: Society of Corporate Compliance and Ethics
About the SCCE

• Non-profit (civil society) membership association based in Minneapolis, USA.
  – Nearly 2,000 members
  – Members in 32 different countries
    • 12 in Brazil
  – Programs in the U.S., Sao Paulo, The United Kingdom, Switzerland, Canada

• Our mission: SCCE exists to champion ethical practice and compliance standards in all organizations and to provide the necessary resources for compliance professionals and others who share these principles (www.corporatecompliance.org)
  – Education
  – Networking

www.corporatecompliance.org
The Integrity Mountain

- Tall mountain to summit, with many challenges
  - Regulatory:
    - FCPA
    - UK Anti-Bribery legislation
    - OECD
    - Development Banks
    - Local laws
  - Cultural
    - But that’s just the way business is done here
  - Structural
    - Poor visibility into local operations
Part of a Mountain Range

- One of many compliance issues the organization faces
  - Anti-Competition
  - Harassment
  - Government Contracting
  - Environmental
  - Improper Email Usage
  - Conflicts of Interest

- Each has its own requirements, but greater efficiency and effectiveness to think of the range of issues
Integrated Approach

• Treat corruption as one risk area within a risk management framework

• Build a structure which:
  – Assesses the range of compliance and ethics risks
  – Implements controls to help mitigate the risks: one control could have many benefits
  – Audits and monitors to ensure compliance
  – Quickly remediates problems that develop
Why Integrate?

- No risk stands alone. Connected to many other
- Structures you build for integrity can help elsewhere
  - Financial controls
    - Expense reports
  - Helpline
    - Beware EU requirements
  - Third-party vetting
  - Demonstrating corporate commitment to doing the right thing: proving your code of conduct truly means something
Regulatory Incentives & Penalties

- US Sentencing Guidelines provide for effective compliance and ethics programs, not just effective anti-corruption programs or effective third party vetting programs
  - Incentives and disincentives apply no matter what the type of violation
- Focusing solely on anti-corruption or third parties may limit program effectiveness in other areas
What Are Companies Doing?

- Looking beyond the corporate walls
  - Vetting third parties more carefully
  - Integrating third parties in their compliance programs
  - Asking: should we be using third parties?
Vetting Third Parties

• Increasing level of due diligence
  – No longer relying on the web
  – Is there an office?
  – What are the connections?
  – Who recommended them?
  – How long have they been in business?
  – Will they agree to be audited?
One Compliance Program Many Companies

- Extending the compliance program to the third party
  - Requiring sign off on company code of conduct
    - 47% of companies share the code of conduct with suppliers
    - 26% require third parties to certify to their own code of conduct
  - Providing compliance and ethics training
    - Requirement for US defense contractors
  - Extending the helpline to employees at vendors
    - Anecdotal data suggest 75% of large companies already do so
    - Lower figures among smaller ones
Do:

• Ensure that all of your communication is in the local language, and also remember regional differences in language
• Know your company and understand the scope of its operations. A compliance plan will not be effective unless such a basic understanding is reflected throughout
• Work with allied professionals, especially audit
• Understand all the risks you face, understand how they impact each other and change by region, and align your resources accordingly
• Be prepared when making a disclosure: what went wrong, what you did and how you’ll prevent the problem from occurring again
• Watch your competitors – what the government finds them doing they may investigate you for
Do

- Reach out to your peers
- Community.corporatecompliance.org
- Think in a comprehensive, integrated way
Don’t

• Don’t make it about the FCPA.
• When auditing, don’t stop at what got spent, but ask why it was spent
• Don’t think about the business that can be won, but instead think of the reputation that could be lost
• Don’t think of anti-corruption as a stand-alone issue
• Don’t stop after you have cleared a third party. Instead, make them an ongoing part of your compliance thinking and program
Contact Information

• Adam Turteltaub
  – Vice President of Membership Development
  – Society of Corporate Compliance and Ethics
  – adam@corporatecompliance.org
  – +1 818 501 1232
  – www.corporatecompliance.org