



**Workshop title: Risky Business: Working with Agents,
Contracts & Other Third Parties**

Name: Adam Turteltaub

Organisation: Society of Corporate Compliance and Ethics

www.14iacc.org

www.iacconference.org

www.twitter.com/14iacc

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

The screenshot shows the SCCE website homepage. At the top, the logo for the Society of Corporate Compliance and Ethics (SCCE) is displayed, along with navigation links for SCCE.net, ABOUT, EVENTS, NEWS ROOM, MEMBERS, RESOURCES, CERTIFICATION, STORE, and JOB BOARD. The main banner features the text "2010 Compliance & Ethics Institute" and "September 12-15, 2010 | Chicago, IL". Below the banner, there are several sections: "SCCE.net" with a link to "SCCE's Compliance & Ethics Social Network"; "National Conferences" with a link to "2010 Compliance & Ethics Institute"; "Membership" with a link to "Join SCCE Today!"; "Certified Compliance and Ethics Professional-Fellow (CCEP-Fellow)" with a link to "Advanced Certification for Compliance and Ethics Professionals"; "Audio/Web Conferences" with a link to "Get guidance from industry experts"; "Compliance Academies" with a link to "August Compliance Academy"; "Social Media and the Workplace: Legal, Ethical and Practical Issues Every Employer Must Consider"; "Making Social Media Your Ally: Resources for Compliance Professionals"; "Fraud 101 for Compliance Professionals"; and "Past Web Conferences on CD".

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



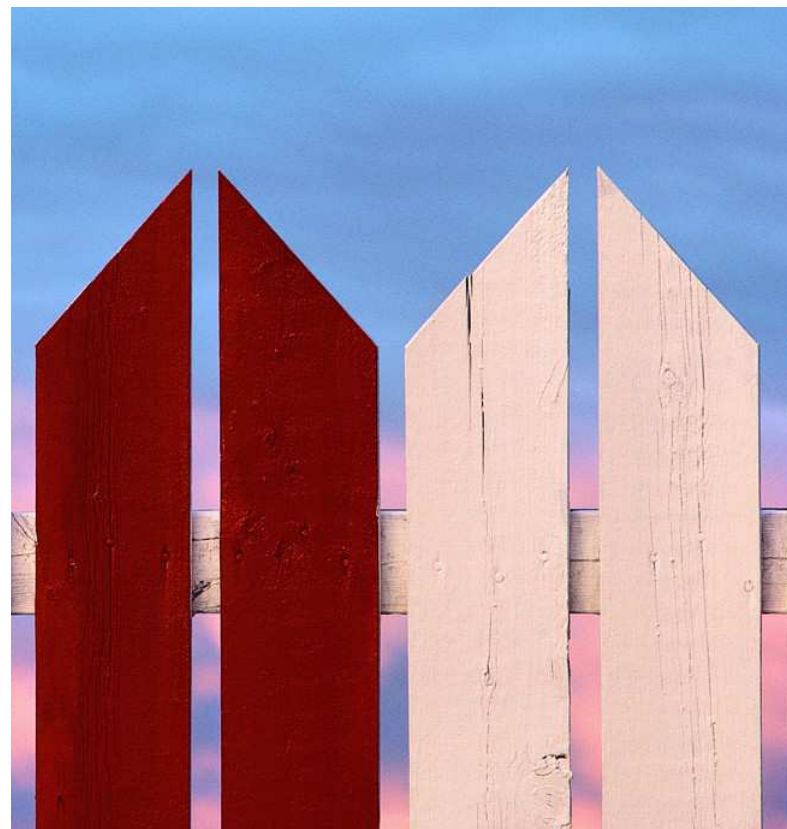
Part of a Mountain Range

- 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



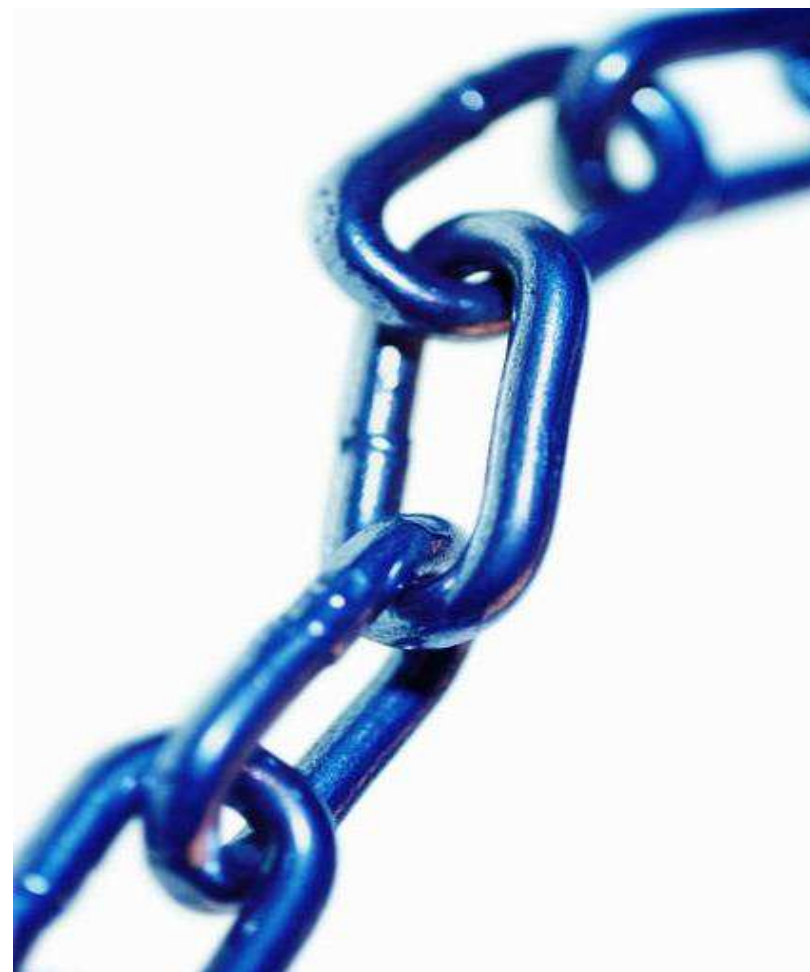
Integrated Approach

- 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



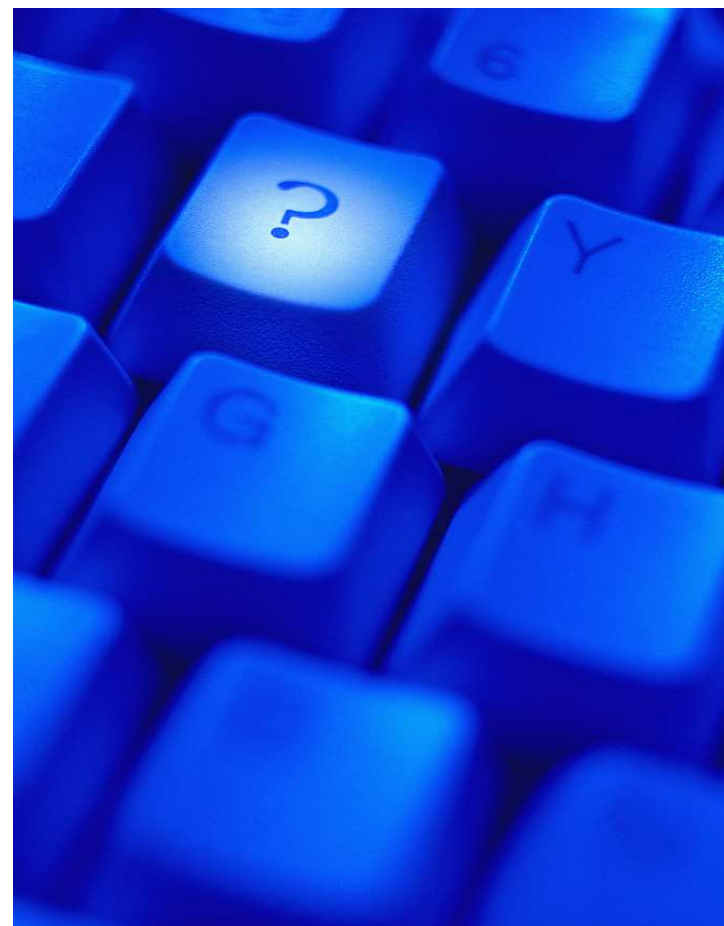
Regulatory Incentives & Penalties

- 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

The screenshot shows the SCCEnet website interface. At the top right, there are links for 'FAQs | Calendar | SCCE | Contact Us'. The main header features the 'SCCEnet' logo and a 'Login to see members only content' link. Below the header is a navigation menu with items: HOME, DISCUSSIONS, DIRECTORY, RESOURCES, BLOGS, SPONSORSHIP, FREE SIGN-UP, and a search bar labeled 'Search Keyword(s)'. The main content area is titled 'Discussions' and includes a search box with a 'Go' button and an 'Advanced Search' link. To the right of the search box is a 'Messages From:' section with options for 'Last 24 Hours', 'Last 7 Days', and 'Last 30 Days'. Below this is a section for 'eGroups' with a table listing various groups and their statistics.

eGroup	Posts	Files	Subscribers	Last Posting	Actions
Auditing and Monitoring Compliance...	266	44	762	07-12-2010 17:02	info digest post
Brazil Community	2	0	9	06-02-2010 08:59	info digest post
Chicago Regional Business Ethics...	18	1	56	04-27-2010 17:14	info digest post
Chief Compliance Ethics Officer...	1011	100	694	07-13-2010 09:35	info digest post
Communication Training and Curriculum...	101	19	421	07-12-2010 18:37	info digest post
Competition Law and Arbitrust...	41	8	134	05-26-2010 10:52	info digest post
Compliance and Ethics in a ...	12	5	193	10-16-2009 14:37	info digest post
Compliance Book Club	20	0	78	05-28-2010 11:46	info digest post
Compliance Risk Management ...	41	19	210	07-13-2010 13:48	info digest post
Educators Forum: Teaching Compliance...	13	5	235	05-06-2010 10:55	info digest post
Ethics Forum	278	37	477	07-09-2010 10:10	info digest post
European Compliance and Eth...	36	11	66	06-02-2010 13:56	info digest post
FCPA Service Contract Practices	35	22	102	07-12-2010 14:21	info digest post

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