

A close-up, artistic photograph of a camera lens and its internal gears. The lens is the central focus, with various markings like 'f: 3.5', '50 mm', and '1:5' visible on its rings. The background is filled with the intricate, metallic gears of the camera's internal mechanism, creating a sense of precision and complexity. The lighting is dramatic, highlighting the textures of the metal and glass.

Deloitte.

COMPLIANCE WEEK

In Focus:
**2015 Compliance
Trends Survey**

Agenda

About the survey

Compliance program core functions

Compliance office form and structure

Managing compliance across the enterprise

Third-party risk

Risks confronting the enterprise and strategies to address



In Focus: 2015 Compliance Trends Survey

About the survey

- Drafted by Compliance Week and Deloitte & Touche LLP in November 2014
- Distributed to an audience of senior-level corporate compliance, audit, risk, and ethics executives world-wide from December 2014 through mid-March 2015

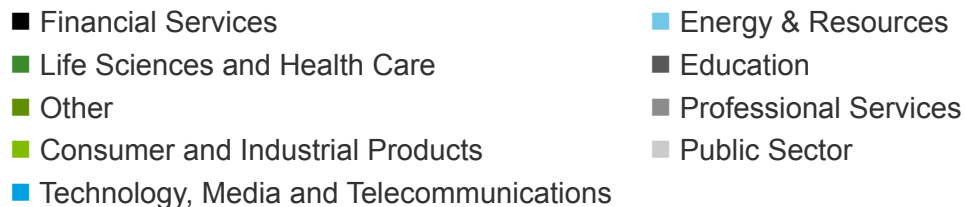
Participant demographics — 364 responses

18% held the title of chief compliance officer (CCO)

Median annual revenue: \$1 billion to \$5 billion

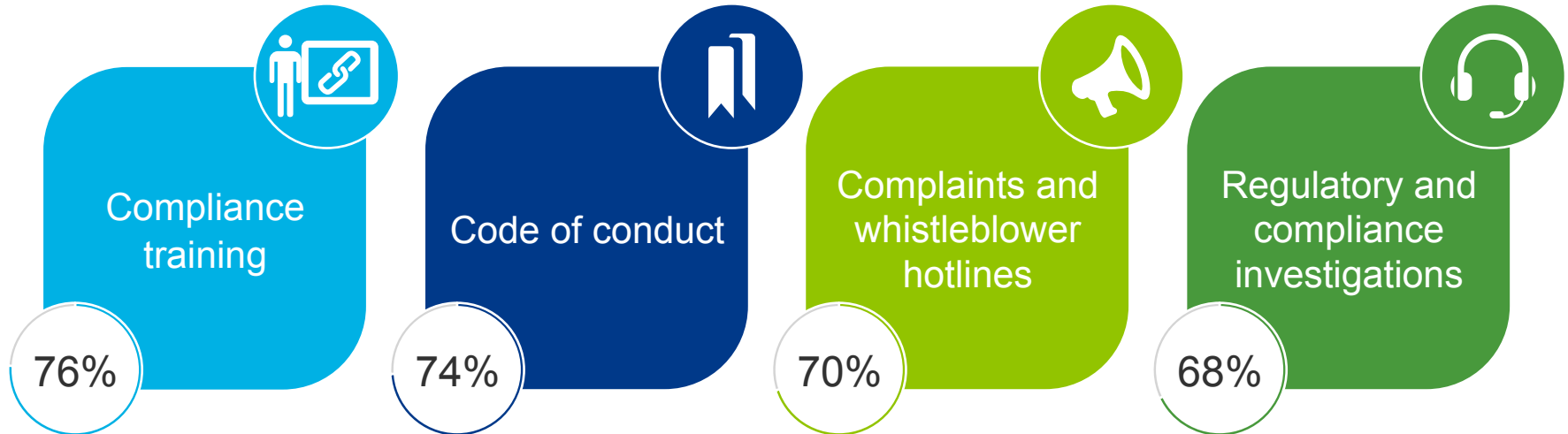
7% held the title of chief ethics & compliance officer

Median employee headcount: 5,000 to 10,000



Compliance programs core functions....

Top 4 responsibilities of the compliance function



Bottom 4 responsibilities of the compliance function

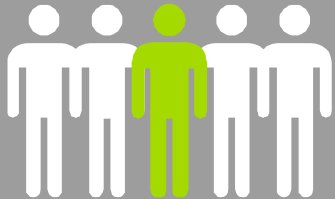
40% — Anti-money laundering programs

36% — Records and information management

35% — Communications

24% — Culture assessment

Compliance office form and structure



↑ 59%

of organizations have a stand-alone chief compliance officer



↓ 32%

of survey respondents feel that the compliance function is viewed as a business partner across the organization



↑ 51%

of CCOs hold a seat on the executive management committee



40%

of survey respondents indicated compliance is considered in measurement of senior management's annual performance and discretionary compensation



↑ 57%

of CCOs report directly to the CEO or board



48%

of survey respondents indicated their company has 1 to 5 full-time people focused on their organization's ethics and compliance program

Managing compliance across the enterprise



44%
of survey respondents' companies do not have designated compliance officers in their subsidiaries, business units or geographies



49%
of that group said their companies' subsidiaries', business units' or geographies' compliance officers directly report to the enterprise CCO

Type of oversight the enterprise CCO provides to subsidiary compliance officers:

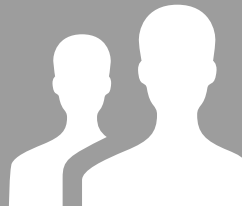
Periodic meetings with professional development

66%



Input on goal setting

62%



Input on performance evaluation

57%



Input on the selection of individuals serving in those roles

50%



The number one concern for surveyed CCOs is... third-party risk. Again.



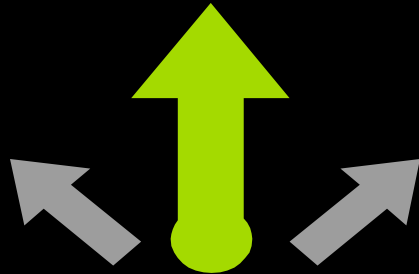
↓ 32%

of survey respondents indicated that they "sometimes" audit third-party compliance with regulations



21%

of survey respondents "rarely or never" screen for conflicts of interest



20%

of survey respondents "rarely or never" provide third party with company code of conduct and/or request copy of third party code of conduct



↑ 32%

of survey respondents indicated that they "always" require training and certifications of third-party compliance



↑ 38%

of survey respondents indicated they "always" perform extensive background checks

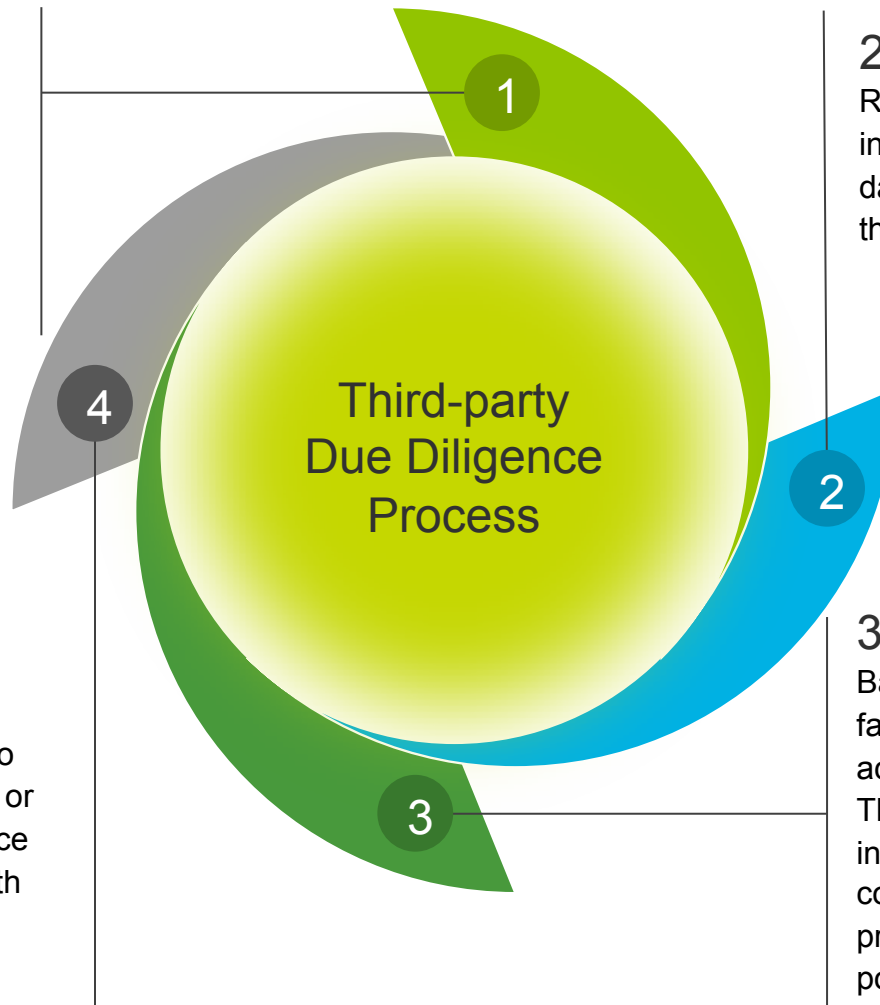
Continuum of third-party due diligence process

1. Gather

Gather data directly from the third party as well as client-maintained data, as available. Gather and store existing information, such as business justification forms and initial screening reports.

4. Decide

Based on the remediation processes, decide next step; to accept or reject the third party or conduct additional due diligence and training. Communicate with the third party to understand ongoing remediation efforts.



2. Rank

Rank the third party according to initial risk factors found in the data gathered, which helps drive the scope of investigation.

3. Remediate

Based on risk ranking and risk factors, perform remediating actions to mitigate identified risks. This could include background investigations of the third party, collection of policies and procedures, certification to policies, and/or anti-corruption or other training.

Measuring and assessing effectiveness



30%

of organizations do not measure the effectiveness of their compliance program

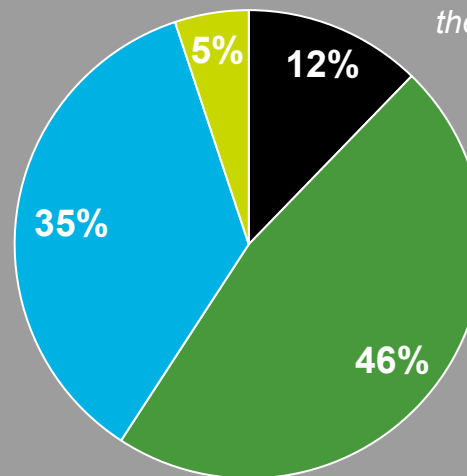


32%

of survey respondents felt “confident” or “very confident” in their IT systems’ ability to fulfill all compliance and reporting requirements

Top 5 metrics used to measure effectiveness

Analysis of internal audit findings **65%**
Analysis of self-assessment results **63%**
Completion rates for required compliance training **56%**
Hotline call analysis **51%**
Feedback from employee ethics surveys **47%**

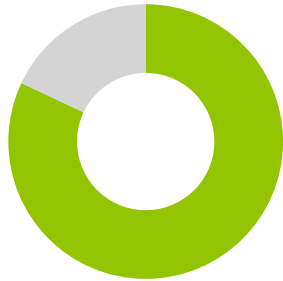


How confident are you that these metrics give you a true sense of how well the program is working?

■ Very confident
■ Confident
■ Somewhat confident
■ Not confident

Note: answers do not add to 100% as not all participants answered the question.

Compliance program and risk assessment



82%
of companies
conduct
enterprise-wide
compliance risk
assessments

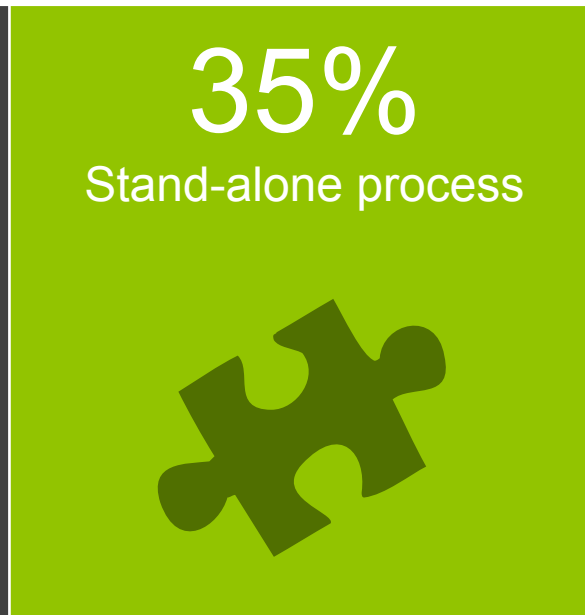
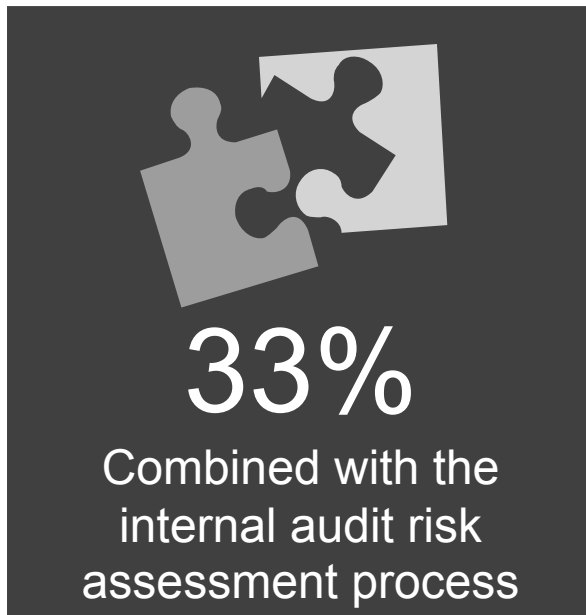


50%
of companies
conduct an
annual
compliance risk
assessment



35%
of companies
conduct a stand-
alone, enterprise-
wide compliance
risk assessment

Approach to performing enterprise-wide compliance risk assessments:



Ethics and compliance risk exposure framework

Building an effective enterprise compliance program starts with a meaningful view into compliance risks.

User details

Instructions



Business Partners/Third Parties

<input type="checkbox"/> Contract Management	<input type="checkbox"/> Product Safety
<input type="checkbox"/> Export Processes	<input type="checkbox"/> Food Safety
<input type="checkbox"/> Anti-Corruption/FCPA	<input type="checkbox"/> Health and Safety
<input type="checkbox"/> Due Diligence	<input type="checkbox"/> Not Applicable
<input type="checkbox"/> Business Continuity	
<input type="checkbox"/> Anti-Money Laundering	
<input type="checkbox"/> Environmental	
<input type="checkbox"/> Privacy	
<input type="checkbox"/> Code of Conduct	
<input type="checkbox"/> Supply Chain	

Other Risks

Reset

Submit

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