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TOP MINDS 2018



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TOP MNDS 2018

Compliance Week is pleased to announce the 12 recipients of the Top Minds 2018 award. Launched in 2016, Top Minds is an annual recognition of the best and brightest thought leaders in the fields of governance, risk, compliance, and ethics. Read on for in-depth features on how these GRC greats view their jobs and the importance of compliance to the companies they serve.

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BEN Bard

When Ben Bard was brought on as Archer Daniels Midland's global chief compliance officer in 2014, it wasn't just he who was embracing a new opportunity; it meant a fresh start for the company, as well.

BY JACLYN JAEGER

Vice President

Global Chief Compliance Officer

Archer Daniels Midland

The trust builder

Adjusting to an unfamiliar culture, building rapport with business colleagues, creating a positive first impression are all things that can make joining a new company and starting a new job nerve-wracking. These are just some of the hurdles Ben Bard faced when he joined food processing company Archer Daniels Midland Company (ADM) as global chief compliance officer in 2014.

Following seven years at The Coca-Cola Co., where he was responsible for managing its global ethics and compliance program, Bard came to ADM prepared, bringing with him strong ideas about how a compliance team can work as a partner with other business and corporate functions and help a company deliver on its commitments to customers, shareholders, and regulators.

“Compliance and legal personnel can sometimes tend to think of themselves as different from other corporate functions or business colleagues,” Bard says. “I believe strongly that compliance strategy should be mapped to the company’s strategy, and compliance activities should likewise be mapped to reflect the objectives of the business line.”

“How can we possibly support the business’s efforts to lawfully and ethically accomplish their commercial objectives without first understanding what it is they are trying to achieve? At the end of the day, compliance issues are business issues. I encourage our team to think of themselves as business people who are in the business of providing compliance solutions, counseling, and expertise.”

Those ideas were put to the test from the very beginning. Just weeks before Bard’s first day at ADM, the company had settled a Foreign Corrupt Practices Act case with the Securities and Exchange Commission and the Department of Justice. The underlying matter concerned a majority-owned subsidiary in the Ukraine that had made improper payments through third-party vendors to obtain value-added tax refunds.

ADM’s timely, voluntary, and extensive disclosure of the conduct had earned it a non-prosecution agreement. As Bard



set forth to help the company effectively steward and navigate through the three-year NPA, he started by working to understand what had taken place leading up to the FCPA matter:

“What was the compliance department doing well? What was it doing poorly, or what could it have done better? I used that exercise, those conversations, to determine how I could start tending to relationships that needed repairing, and then build the type of relationships and rapport that were going to be necessary to give compliance a new foundation from which to reemerge as a valued function, a valued business partner, a department that could be thought of as trusted, proactive, and solutions-orientated.”

In the process of seeking feedback to better understand their strategies and objectives and ways the compliance department could improve, Bard says what was eye-opening was

that “they were very surprised by my questions. They basically told me that they had not been asked for their opinions before.”

“That made me realize that, regardless of how we had got here, our path going forward was going to have to include [the compliance function] getting reacquainted with our business colleagues all over again.” Fundamentally, to achieve that in any company, the compliance team cannot think of itself as separate and distinct from the business.

The most important exercise in the evolution of transforming the compliance function was to map the compliance department’s goals to the company’s strategy and objectives throughout ADM’s various businesses and regions. “We found that by thinking about what objectives the businesses have in mind, what their goals are, it enabled us to make sure that our resources were best positioned to support them in a timely, reliable, and consistent way,” Bard says.

“This commitment to understanding the needs of our organization, and the ways our department can improve, have enabled us to provide more targeted, tailored, and effective support. It also means that we do not waste resources on tasks that don’t add value or reduce risk to the organization.”

Moreover, ADM’s culture is always focus on continuous improvement. “I challenge my team to always—not just as a one-time exercise—be constructively discontent and think about, ‘Are we always evaluating whether the things that we’re doing could be done in a more cost-effective or time-efficient manner?’”

“I’m sure they’re tired of hearing me say it, but I’m always asking my team, ‘Does this path, in what we are doing, does this add value or does it reduce risk?’ If they can’t answer that it’s doing one or both, I then challenge them, ‘Why are we still doing it, or why aren’t we doing it in a different way?’ That way of thinking has taken root across the team, and I think our entire team has been empowered to think about ways that they can improve their daily work.”

Whereas ADM’s compliance function was once seen as primarily keeping the business in check, the compliance team is now seen as a “solutions providers, value-adding specialists, and trusted business partners. We are commercially sensitive in our approach, trying earnestly to find ways to help our business colleagues accomplish their objectives, while advising them of the legal, policy, and ethical considerations,” Bard says. “When compliance must say ‘no,’ we explain the reason why and provide some independent and proactive thinking about alternative approaches that may enable positive outcomes.”

These efforts have been successful, in part, because of the compliance function’s commitment to develop strong information-sharing partnerships and relationships with various other corporate units—including internal audit, finance, legal, global security, and HR. “That collaboration enables us

BEN BARD

Title: Vice President, Global Chief Compliance Officer, Archer Daniels Midland

About ADM: One of the world’s largest agricultural processors and food ingredient providers, with a global value chain that includes approximately 500 crop procurement locations, 270 ingredient manufacturing facilities, 44 innovation centers, and the world’s premier crop transportation network, ADM connects harvest to home, making products for food, animal feed, industrial, and energy uses.

Location: Chicago

Years of experience: 10+

Areas of expertise: Anti-corruption, trade compliance, antitrust, data privacy, and conflict of interest programs

“I believe strongly that compliance strategy should be mapped to the company’s strategy, and compliance activities should likewise be mapped to reflect the objectives of the business line.”

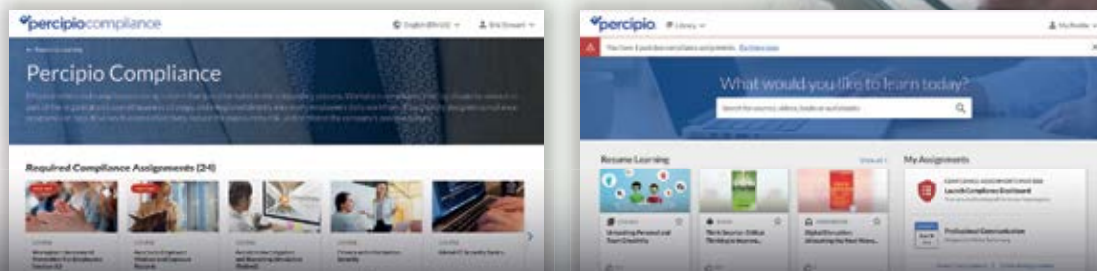
to accomplish what we want to accomplish in a much more informed and effective way,” Bard says.

For a company with 30,000 employees, \$60 billion in annual revenue, and sales in over 170 countries, ADM keeps its management lean. “We see that as enabling us to be more agile, and I think that drives this culture of collaboration,” he says.

ADM’s new compliance ambassador program has also helped boost the compliance department’s efforts. Folks from other functions “help expand the reach of our department via the insights that we can get from locations and regions where we don’t have a dedicated, full-time compliance resource,” Bard says.

Having learned from past mistakes, ADM’s compliance department today is completely different in almost every conceivable way. “We no longer operate in a reactive manner—our work now has purpose. We are proactive and strategic,” Bard says. “We regularly look around the corner to understand the emerging risks and regulations that may affect our company and provide timely and practical communications to our business colleagues.” **TM**

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BOB Bowman

For the director of risk management for one of the largest restaurant chains in the country, the recipe for success starts with “doing the right thing.”

BY JOE MONT

Director
Risk Management
Wendy's

The quality king

Bob Bowman, director of risk management for The Wendy's Co., may not be a compliance officer, but he certainly understands the symbiotic relationships that integrate ethics and culture-building into the fabric of an enterprise.

Wendy's has staked its ground on making quality a key differentiator. As coined by its founder, Dave Thomas, nearly 50 years ago, "Quality Is Our Recipe" is a slogan and mantra for all Wendy's employees. It not only relates to food, but to all facets of the company to ensure its reputation as a quality leader in the "quick service restaurant" industry.

That focus on quality and reputation is a foundation of for the future. Wendy's currently has approximately 6,500 restaurants in the United States and 29 other countries. It continues to expand that global footprint and attract new franchisees.

As Wendy's grows and builds upon its market dominance, Bowman, as an overseer of risk management, will continue to play a key role. During his four years at Wendy's, Bowman has focused on compliance and culture-building as an ongoing education process for the company and its franchisees. This focus on "doing the right thing" is crucial in an era where social media can taint a restaurant brand faster than a customer can order chili and a Frosty.

Bowman's recipe for success incorporates four main ingredients: equal parts education, process development, reflection, and capitalization. His vision and mission: to be intentional in supporting an environment that furthers the company's core values.

Can you tell us about yourself and the path to your current position? How closely do your duties intersect with broader matters of compliance?

My role and career path are likely quite different than many of the other award recipients. I do not come from an audit,



governance, or compliance background. My background is primarily in the insurance, claims, and operational risk management areas. At a certain point, however, it became my perspective that those traditional areas of risk management had a very strong relationship with other areas, such as business continuity planning, crisis management, enterprise risk management, and governance, risk, and compliance.

This recognition led me toward compliance and the concept I refer to as "integrated risk management."

The concept of integrated risk management considers risk at the enterprise level and seeks to manage and affect risk in a comprehensive and consistent manner throughout the organization. This concept challenges many of the existing structural paradigms within organizations and seeks to establish a common risk-based decision-making culture.

What does your role at Wendy's as director of risk management entail?

My current role at The Wendy's Company reflects direct responsibility for a number of the traditional components of operational risk management, such as insurance procurement, claims management, environmental health and safety, contract review, and oversight of our total cost of risk.

I also partner with and support professional counterparts relative to accountability for some of the non-traditional and emerging components of risk management, such as crisis management, business continuity management, enterprise risk management, risk analytics, and various forms of risk mitigation and response.

Our collective perspective regarding integrated risk management, and the synergies we realize as we continue to collaborate more effectively, have resulted in the elimination of a number of historical distinctions between and among these programs and are becoming key differentiators in the manner in which we achieve results.

Can you elaborate on this statement from your nomination about a vision of compliance programs being, "equal parts education, process development, reflection, and capitalization," which you strategically integrate to increase visibility and promote cohesion?

As it relates to me, this is less about direct oversight and direction of our compliance programs, and more about the partnerships we form relative to the concept of integrated risk management. In this regard, I find myself working directly with those who hold primary accountability for both audit and compliance.

As we continue to more effectively leverage and integrate our respective programs, I have a unique opportunity to observe the manner in which education and awareness, process development and maturation, reflection and data visualization, create the traditional opportunities for control, identification of deficiencies, and demonstration of diligence, as well as unique opportunities for identification of strengths and the ability to capitalize on, or exploit, certain challenges, creating opportunities and strategic advantage.

How is communication essential to the success of compliance and risk programs at Wendy's?

An integrated risk management program is premised on

communication and effective cross-functional collaboration. In such a program, it seems that we begin to move away from the traditional siloed approach to business toward shared accountability, active partnership, and the introduction of a risk-based decision-making culture.

Can you explain how "Quality Is Our Recipe" has become more than advertising and is now a guidepost for all Wendy's employees?

"Quality Is Our Recipe" has always been a guidepost for the Wendy's system. This was one of our founder Dave Thomas's five core values, and it continues to guide our decision making today. It has always been a part of who we are as a brand, and it continues to serve as a pillar for both personal and organizational success, more than 15 years after Dave passed away.

Can you talk about what makes "fast food" such a risk and compliance challenge? Especially when social media can quickly stain a restaurant brand.

The quick service restaurant sector includes numerous operational and support functions and, as a result, we are challenged on an ongoing basis regarding a myriad of legal, regulatory, and compliance obligations.

Each function introduces compliance obligations relative to different industries and different sectors.

Some of these obligations relate to one another closely, or logically, and can be managed uniformly, whereas others are derived from entirely different industries or regulatory bodies and require entirely different or unique expertise, processes, and oversight.

Our industry is also a consumer-facing industry. We need to always keep the customer at the center of everything we do. The introduction of social, digital, and other emerging forms of media enable information, accurate or inaccurate, to spread at an exponentially faster pace. In our industry, where our brand and reputation are at the center of our relationship with customers, we must be highly sensitive and very responsive to ensure that we are fulfilling our obligation as brand stewards.

How do you control the risks inherent in the benefit and chain differentiator offered by Wendy's of fresh, not frozen beef? Many have tried to get this right and failed at the logistics. Another fast food chain, as an example, had health issues arise when they tried to shift to entirely local providers and seemingly failed to grasp the inherent

risks of a national chain doing so. Wendy's, in contrast, spent nearly three years procuring a viable supply of fresh blackberries to get things right when it launched a new salad.

Food safety is our highest priority. We have developed and maintain a strong food safety and quality assurance program that reflects the standards that enable us to assure that our differentiators—including fresh, never-frozen beef—are appropriately protected. Our program has been in place for many years, and includes high standards, ongoing monitoring, and strong compliance requirements.

Can you talk about some of the risk factors you face and how they are dealt with?

We elaborate on risk factors in our 10-K, and it becomes apparent, very quickly, that they arise from a wide variety of sources. We manage risks within our enterprise risk management program and within business functions, utilizing a variety of identification, assessment, control, and mitigation techniques.

What role does translation serve in ensuring global transparency? Are there linguistic challenges to conquer?

Transparency is key, and any business that operates globally must effectively recognize and adapt to language barriers and differences across a wide variety of categories.

A quote from your nomination I'd like you to comment on: "Bob's vision to advance compliance programs at Wendy's is simple: Be intentional in supporting an environment that furthers the company's core values. He envisions compliance programs creating solutions rather than challenges. In addition, he aims to reduce demands on leaders."

Compliance can become a resource for enabling business, a catalyst for relationships, and a facilitator of communication. The balance of the business is built around our values. When we integrate compliance programs into this context, and they join in reflecting and supporting our values, they become a means of meeting challenges and accomplishing solutions.

How do you meet the goal of streamlining compliance operations?

While I do not hold responsibility for compliance operations

BOB BOWMAN

Title: Director of Risk Management, The Wendy's Co.

About Wendy's: The Wendy's Company is a global restaurant chain, known for its old-fashioned square hamburgers, french fries, and "the frosty."

Location: Dublin, Ohio

Years of experience: 20

Areas of expertise: Insurance procurement, contract review, business continuity, risk management systems

"Compliance can become a resource for enabling business and a catalyst for relationships and, when you reach that point, the function is embraced as part of a framework for success. It is imperative to help others understand how the compliance obligation relates to making the business more effective."

directly, I do participate in efforts to streamline our compliance efforts, through strong partnership and open, ongoing communications with my counterparts on our compliance, legal, and audit teams. As we continue to coordinate our programs and the data related to them more effectively, we realize gains in both efficiency and effectiveness.

Among your priorities, you said, was demonstrating the value of compliance to the overall business. What's your advice?

Compliance can become a resource for enabling business and a catalyst for relationships and, when you reach that point, the function is embraced as part of a framework for success. It is imperative to help others understand how the compliance obligation relates to making the business more effective.

When we recognize and respect the needs of the business, along with the compliance obligations, in the design and execution of our compliance measures, it's possible to attain compliance requirements while simultaneously facilitating business success. **TM**

FORREST Deegan

When Forrest Deegan first joined clothing retailer Abercrombie & Fitch Co. in 2012 as its first-ever director of compliance, he never could have imagined the many unexpected twists and turns that would come his way.

BY JACLYN JAEGER

Chief Ethics and Compliance Officer

Abercrombie & Fitch

The great collaborator

When Forrest Deegan first joined clothing retailer Abercrombie & Fitch Co. (A&F) in 2012 as its first-ever director of compliance, he never could have imagined the many unexpected twists and turns that would come his way.

Deegan is a lawyer by training. Earlier in his career, he worked as an associate in the D.C. office of law firm Arnold & Porter, where he found himself almost exclusively working with corporate clients, helping them strategize and develop their compliance and training programs. Loving that work, he knew he had found his new calling.

Deegan would join A&F at a transformational time in the company's 126-year history. Founded in 1892 by David Abercrombie as a hunting and fishing equipment store, the brand was eventually renamed Abercrombie & Fitch in 1904 to reflect the name of its co-founder, Ezra Fitch. A&F would continue to expand its stores throughout the years, creating the Hollister brand in 2000, but remained a U.S. retailer for most of its existence. Today, A&F has nearly 900 stores in 20 countries across the world and is 40,000 associates strong.

You were hired at A&F in 2012 as its first-ever director of compliance, but things didn't exactly go as planned at the start. Tell me about that.

Originally, my focus was to be on compliance related to anti-bribery and anti-corruption, but an unexpected departure during my first weeks resulted in my serving as the main in-house lawyer on A&F's first joint venture in 2013 and then on its first franchise in 2014. Up until 2014, A&F had directly owned all its stores, including all its international stores, which was very different from many other retailers.

So, when I arrived at A&F, instead of focusing exclusively on building an anti-corruption program, my first two years at the company were a crash course in learning about A&F's business and then incorporating a franchise strategy, which



gave me the opportunity to learn more about the company and be a service to the teams in helping build out these new business structures.

How did serving as A&F's deal lawyer at the start help you in your current role?

The two biggest benefits from that experience were getting a holistic perspective of the company's operations and gaining a measure of internal credibility with business functions that were unaccustomed to working with legal and who'd never known a corporate compliance officer. Both those benefits really helped me when we looked to expand the concept of corporate compliance at A&F beyond anti-corruption to a more overarching role.

“Creating a corporate compliance program at a retailer requires a great deal of internal buy-in and collaboration. Because you don’t have a central pillar of command or ‘highly-regulated’ mandate to your work, you sometimes need to work harder to make your case and prove your worth.”

During that timeframe, when we were working on that first franchise, A&F hired its current general counsel, Robert Bostrom. After the franchise work was done, and with Bob’s leadership and the support of the board and management, we embarked on developing our corporate compliance program.

How was the compliance program at A&F structured?

Our approach to building the program was two-fold. First, we took a very purposeful and risk-based approach to determine our oversight priorities. Second, we sought to leverage existing compliance expertise as we structured the program.

Our team is lean, but we have support in our Ohio office and our office in Shanghai. We also have co-reports that are embedded within the business. Some of those co-reports are embedded compliance officers who own existing functional compliance programs, such as trade compliance, sustainability, merchandise regulatory, and our stores’ health and safety team. The other co-reports are members of the compliance support network and are based in functions that support our work more generally. These are teams that do not have compliance in their job title—such as asset protection, IT, and procurement—but where they serve as quarterbacks for how their functions support our corporate compliance work.

For the embedded compliance officers, the focus is on standardizing and enhancing their documentation to ensure that it’s tracked consistently and that any issues are escalated, resolved and reported. With the compliance support network, the idea is to help organize and prioritize the compliance work that is happening across those functions. Our IT function, for example, has both systems expertise and subject matter expertise. When you’re tackling a topic like third-party risk management, you need access to both types of expertise, because not only do you need to understand and address the potential info sec risks for our third parties, but also understand and update the IT systems that our third parties touch from selection through contract through payment.

Both types of co-reports have really benefited from this risk-based approach that builds upon our existing strengths. Another benefit to my time at A&F has been working closely with cross-functional teams; the culture here supports collab-

oration, and these teams enjoy working cross-functionally, while learning from others, and we’ve seen a growing appetite from them to support larger projects.

What were the challenges of standardizing A&F’s approach to compliance across different functional groups?

Creating a corporate compliance program at a retailer requires a great deal of internal buy-in and collaboration. Because you don’t have a central pillar of command or “highly regulated” mandate to your work, you sometimes need to work harder to make your case and prove your worth. I call it creative persistence.

How do you envision A&F’s compliance program progressing?

Through the compliance charter established last year, the compliance program has a mandate from the board to take the work we’ve done from pencil to pen. The mandate we have from the board is three-fold:

The first mandate is ensuring that we’re telling our story by continuing to improve our reporting across all areas with analytics, so that the right information is getting to the right people, whether they’re in the field or at our home office. The leadership approach to enterprise risk has also changed. They, too, see the benefit in breaking down those siloes and getting the right information to the right people. It’s been a collective effort internally to take a more holistic approach to how we look at and support our customers, our associates, and our business. The way we do that has fundamentally changed.

The second mandate is around training and policy development and enhancements. The code of conduct is a great example of that. Our current code is a more reader-friendly, in comparison to the old code. It was a document that existed because it had to exist. We rewrote the code to be more accessible for the audience and organized it around our core values. We’ve also made it user-friendly, with relevant examples and actionable guidance. We’re taking this user-friendly approach to all of our policy development and training. You’ve got to meet people where they are if you want to move the needle.

The third mandate has to do with culture. At A&F, people

are very passionate about the brands they work on and the work that they do. The key is to tie the corporate compliance initiatives to that passion—why people work at A&F. People are proud to work at A&F, and our role is to help provide the tools to our associates so we can protect our brands. It's that idea of continuing that path of ensuring we're instilling concepts of transparency and accountability throughout, making sure everyone understands that we all have a role to play. I want everyone to be able to answer the question 'What is my role in protecting the company and promoting our values as a brand?'

We hosted a work-team based "Compliance Trivia" event on campus and the response was amazing: We had more than 200 associates attend and participate in their work teams. It was a fun and engaging way for people to learn more about our compliance program and policies with their colleagues.

What other initiatives have you been working on?

In the past year, we've also started a legal compliance and compliance design internship program. I was overwhelmed by the number of applications for the legal compliance internship. It took me 10 years to get in-house to do this stuff full time and it took my last hires 5 years to get in-house. The fact that my next hire could be straight out of school reflects just how quickly the concept of corporate compliance has developed and how dynamic this field is right now.

The growing scope and reach of our program is also what led to our compliance design internship, which helps us translate our compliance deliverables into accessible and actionable content that helps drive understanding and engagement. The next logical step is expanding the internship program to include instructional design; that's my goal for next year.

Since we started our compliance internship program, I've had the opportunity to meet and work with several university chief compliance officers, including those at the University of Texas at Austin and The Ohio State University, and have started collaborating with them on developing a pipeline of future compliance talent. Both schools have taken notice of this evolving career path and what it means for their students and their curricula. I'm passionate about engaging with universities because the more that students learn about the concepts of compliance and integrity and how they intersect with all types of business, the better equipped they'll be to support our overall compliance efforts regardless of where they end up.

What has been one of the most rewarding things about being in the compliance profession?

I've grown into this role during a fascinating time in retail.

FORREST DEEGAN

Title: Chief Ethics and Compliance Officer,
Abercrombie & Fitch Co.

About Abercrombie & Fitch Co.: Global retail company
A&F has 886 stores and approximately 40,000 associates worldwide. Its fiscal year 2017 revenue was \$3.4 billion.

Location: New Albany, Ohio

Years of experience: 10+

Areas of expertise: Anti-bribery; anti-corruption;
building and leading a global ethics and compliance
program

"Wherever you find in-house compliance folks, you will find people who are passionate about their work and eager to learn from others. We are, in a sense, all in it together."

One of my favorite things about being in-house is the incredible camaraderie I've found with other in-house compliance professionals. I am a founding member of the East Coast Retail Compliance Roundtable (E-CR2), which consists of in-house retail folks. Abercrombie & Fitch Co., Under Armour, L Brands, J. Crew, and Marc Jacobs are all founding members. We get together twice a year at each other's headquarters to talk about our programs and the compliance issues most relevant to us. I am also on the Leadership Team for RILA's Compliance Counsel, whose biannual meetings in D.C. are a highlight of my year.

Whenever I travel for work, I seek to gather local compliance professionals together, organizing events in the past year in Boston, Shanghai, and Austin. What I always find remarkable is how easy this is to do, to connect with the compliance community. In Shanghai, for example, we pulled together a forum with 20 locally based counsel for international companies on just two weeks' notice. Wherever you find in-house compliance folks, you will find people who are passionate about their work and eager to learn from others. As corporate compliance expectations grow and evolve, we are, in a sense, all in it together. We are all trying to figure out what works and what doesn't work, together. We're on the same journey. **TM**

CARRIE Di Santo

Carrie Di Santo has built a compliance career by offering practical solutions that don't just tell people "no," but demonstrate how to do business safely and with integrity.

BY TAMMY WHITEHOUSE

Global Chief Compliance Officer

Managing Director of ERM

CME Group

The trusted adviser

Carrie Di Santo may well be sitting at the precipice of risk in today's capital markets—and from that high perch, she's come to recognize the most effective way to manage it is with a laser focus on the risks that matter most.

Di Santo is the global chief compliance officer and managing director of enterprise risk management at CME Group, a derivatives marketplace that brings together buyers and sellers looking to manage risk or profit from it. Through CME exchanges and trading platforms, banks manage risks from changing interest rates. Agriculturalists manage risks from changing commodity prices. Transportation enterprises manage risks from changing fuel costs.

CME manages an average of 3 billion contracts annually, valued at \$1 quadrillion. To put that into perspective, 1 quadrillion is 1,000 trillion. Expressed numerically, it's a 1 followed by 15 zeroes.

Sitting on that mountain of risk, Di Santo knows she can't manage it by being a micromanager.

"You have to understand what the business is and where the risks really are," says Di Santo. "It's not about insisting on a tick-box approach. You lose your audience that way. Management will lose its sense of seeing you as a trusted adviser if you insist on people worrying about things that are not relevant to the business model."

Di Santo says one of her key objectives as the global compliance and risk leader for such an enterprise is to assure she's seen by management not as the "no" police, but as a trusted adviser.

"I want to make sure I'm trusted as a risk and compliance business partner to the management team," she says. "I want to make sure, in a risk-based manner, that we're meeting our obligations and standards to ourselves and our regulators, but in a very practical way that's focused on what's important to the company and its stakeholders."

That's an insight Di Santo has developed and honed over



more than two decades in legal and compliance positions that launched her to the top of an entity that's critical to the global success of orderly financial markets.

After graduating with a law degree from Notre Dame in the mid 1990s, Di Santo began her legal career as a law clerk for a judge in the 7th Circuit Court of Appeals who was an expert in white-collar crime. "I'm not sure there was such a thing as a compliance profession then," says Di Santo. It was certainly before the U.S. Federal Sentencing Guidelines had become the de facto basis for an effective corporate compliance program, she says.

Di Santo transitioned to law firm Baker McKenzie where she would begin her practice with a great deal of work in international white-collar crime. "I got a lot of early exposure to international corporate criminal matters—antitrust, [Foreign

Corrupt Practices Act], the whole ball of wax in what is a compliance program for a company at that time,” she says.

Di Santo morphed from litigation into the investigative side of white-collar corporate defense work. She advanced to partner and became an adviser to companies on how to remediate compliance problems and establish international compliance programs.

Her legal career would blossom under the guidance of a strong mentor at the law firm, Robert Gareis. With her own parents in the suburbs, Di Santo would eventually refer to Gareis and his wife as her “downtown parents,” she said. “He taught me everything I know about what compliance looks like, how to solve problems, and how to put programs in place.”

After more than a decade at the law firm, Di Santo began to sense she could be a more effective adviser to companies if she had more insight on what it was like to work in a corporate environment. “I needed to understand what it was really like to be on the implementation side, to understand practically what was doable” she says.

In 2007, Di Santo accepted a position as assistant general counsel for compliance and global FCPA officer at insurance broker Aon Corp. Soon after, she became deeply involved in navigating what the Department of Justice would describe as “extraordinary cooperation” in a multiyear, multijurisdictional probe.

It was a complex problem involving multiple regulatory bodies, and Di Santo had extensive FCPA knowledge that was critical in the moment. “I was in the right place at the right time,” she says.

Di Santo even moved to London to work more closely with the business there and with U.K. authorities—both to resolve the compliance issue and to put into place enhanced risk processes and procedures.

“The U.K. regulators had not yet enacted an anti-bribery law at that point,” says Di Santo. The company set forth what it was doing to mitigate its own issues, and that ultimately helped influence the standards that were established for other U.K. companies, she says.

Soon after settling issues abroad, Di Santo returned to Aon in Chicago just as the company was undertaking its acquisition of Hewitt in 2010. “It was a major acquisition,” says Di Santo, “requiring the integration of two companies that had different compliance priorities.”

Aon was in the insurance brokerage business, while Hewitt was an outsource service provider. That meant they had very different risk profiles.

Di Santo would have her work cut out for her learning the newly combined business and its critical risk drivers and assuring the same for her team as well.

After some time integrating both the teams and the approach to compliance, Di Santo began itching for change. “I wanted to be in a position where I could be a trusted business adviser,” she says. “I didn’t want to be just a compliance officer who was really charged with enforcing the rules.”

After some time consulting, Di Santo connected with CME. “The management team I interviewed with was extremely talented, and this felt like an interesting opportunity to learn something different,” she says.

In 2012, Di Santo began with CME, “a highly regulated, systemically important company,” she says. She oversees functions that have aspects of both compliance and risk attached to them. That includes, for example, ERM, third-party risk management, corporate compliance, privacy, information governance, and e-Discovery. The key risks that are front and center for Di Santo are information security, data, and privacy, she says.

When Di Santo left her position at Baker McKenzie to gain some corporate experience, her intent was to eventually return to a law firm setting. “I really enjoyed being partner, but I found so many interesting issues in-house,” she says. “I found I really loved building high-performing teams. So, I never went back.”

Today, Di Santo is focused on some key priorities as the head of compliance and risk at CME Group. The first is to assure she is seen by management as a trusted adviser, one who partners with the management team, not someone intent on being a roadblock.

It’s challenging to work through the initial perception that many have of compliance as merely police officers laying down the law and calling out infractions. “That’s something I’m always striving for, both for myself and my team,” Di Santo says.

It takes time to establish credibility with management, says Di Santo. “You have to have them realize you’re offering practical solutions and trying to help them safely advance their business objectives rather than just being there to tell them no and all the reasons why they can’t do what they want to do,” she says. “You have to continually demonstrate that what you’re trying to do is help them do what they want to do in the safest way possible, protecting the reputation and good integrity of the company.”

Di Santo’s other big priority is to assure the company is compliant, of course, meeting its obligations to its stakeholders and its regulators in an effective, yet practical and efficient way.

And a third important priority to Di Santo is to build up her team, “I have the privilege to lead this team, and I want to make sure they all have an interesting, fun, and challenging workplace,” she says.

Di Santo is especially passionate about mentoring women in legal and compliance circles. “When I started in the legal profession more than 20 years ago, it was a challenging environment for women,” she says. “I’m pleased to see the efforts and successes of many women are changing that environment, and I hope to only continue to work in companies and foster teams where respect for women goes without saying.”

Striving to be that mentor to women, Di Santo says she wants to be regarded as one who can offer advice and guidance. “I’m so pleased at CME Group to see our leadership team comprised of many talented and strong women,” she says.

This summer, Di Santo will begin a term as president of the Chicago Bar Foundation, the charitable arm of the Chicago Bar Association. “It’s one of the leading foundations in the country, and I’m incredibly proud of being able to give back,” she says.

The Foundation does extensive work in assuring fair access to justice, says Di Santo, whether that means asylum seekers, children, people in poverty, and others. “I feel very lucky to have had a good, successful career in the legal community in Chicago,” she says. “I try to do as much as I can to support legal aid and charitable issues.”

For several years, Di Santo also has chaired an annual human rights awards luncheon in Chicago that raises money to support the legal needs of those who may have difficulty navigating the legal system on their own—refugees from violence, asylum seekers, immigrants, and children, for example. “Regardless of one’s political persuasion, it is so important to protect those who can’t protect themselves from violence, abuse, and injustice,” she says.

In the future, Di Santo hopes to extend her charitable endeavors to include others areas for which she also has a passion, such as animal rights and environmental issues. As the owner of a rescue dog, she sees firsthand the need for animals to have human advocates.

Di Santo credits her Italian immigrant grandmother for giving her the inspiration to become a strong woman pursuing leadership positions in business. Speaking no English when she arrived in America, Di Santo’s grandmother became a cook in a factory, but eventually opened her own restaurant.

“I’ve got a picture in my office of my grandma cooking,” she says. “She’s my strong woman role model—fierce and independent. I think she’d be pleased to see that I’m supporting the notion of women’s advancement.”

Risk and compliance present some strong career opportunities for young professionals, says Di Santo, and she sells that point often in her mentoring of young professionals. But it’s a profession where it’s a little difficult to demonstrate the full measure of your success with tangible results.

“The biggest successes are the things that never come to fru-

CARRIE DI SANTO

Title: Global Chief Compliance Officer and Managing Director of ERM, CME Group

About CME Group: One of the largest, most diverse derivatives marketplaces in the world, CME Group offers a wide range of global benchmarking products across all major asset classes, including futures and options, based on interest rates, equity indexes, foreign exchanges, energy, agricultural products, and metals.

Location: Chicago

Years of experience: 22

Areas of expertise: Foreign Corrupt Practices Act (FCPA), trade sanctions, data privacy, compliance operations, cyber-security, third-party risk management, and enterprise risk management

“I want to make sure I’m trusted as a risk and compliance business partner to the management team. I want to make sure, in a risk-based manner, that we’re meeting our obligations and standards to ourselves and our regulators, but in a very practical way that’s focused on what’s important to the company and its stakeholders.”

ition,” she says. “The problems that never happen. But when I think of successes, I also think of helping to be part of the business achieving its business success in the best way possible.”

Responsiveness is certainly a critical component to success in compliance, says Di Santo, both to business partners and regulators. “Risk and compliance functions are there to help the business safely and thoughtfully achieve their goals, not the other way around,” she says. “I always encourage my team members to be prompt, responsive, and user-friendly.”

Whether the company is pursuing a new line of business, engaging in mergers or acquisitions, or interfacing with regulators, what’s the best possible outcome? Compliance plays a key part in making that happen, she says. “I definitely feel best when my team is able to help achieve objectives in the safest way possible.” **TM**

CÉDRIC Dubar

Cédric Dubar took his legal background and passion for corporate social responsibility and crafted a career driving meaningful change at some of the world's biggest companies.

BY BILL COFFIN

Chief Compliance and Ethics Officer

Volvo Car Corp.

The top gear

Some professionals enter the field of compliance, ethics, and corporate social responsibility by way of a happy accident. But not Cédric Dubar. His legal background and deep commitment to building corporate integrity drove him to seek out opportunities in the compliance and ethics space. Once there, he built a career for himself as a leading advocate of business ethics that has continued to this day.

Born in the north of France, Dubar studied law and language in Paris, and moved to Toulouse, in the south of France, after graduation. There he obtained his postgraduate degree in business law. He moved to Pittsburgh, Pa. to live with family for 16 months while he further studied business law before returning to France and beginning his career in 1998, when he joined BNP Paribas bank as in-house counsel specializing in mergers and acquisitions.

Dubar stayed in that position for three years, but along the way became interested in the fields of governance, ethics, and corporate social responsibility. “These corresponded to my vision to how companies should do business, and I really wanted to apply my values to my daily work life,” Dubar says.

In 2001, Dubar moved to Lagardère, a multinational media conglomerate in Paris, again as M&A in-house counsel. But he saw that nobody at the company was dealing with what he thought were important corporate social responsibility topics, so he went to the general counsel, who was also his manager. Dubar told him he wanted to take the lead on CSR within Lagardère, which came as a bit of a surprise to his boss. M&A, after all, was the most prestigious position for in-house counsel at the time. Did Dubar really want to give that up for a field that, in the early 2000s, wasn’t being talked about at all in France, even within the legal profession?

Dubar had to work hard to convince the general counsel and other senior management that creating a CSR position



was a good idea, but he prevailed. In 2003, Dubar became Lagardère’s CSR committee coordinator, which he considers to be the first big win of his career. “Now, compliance and ethics is everywhere, but I launched that program when nobody in France had heard of the topic. Most people were doubtful, but I was convinced, which is why I fought so hard for it,” Dubar says. “A few years later, in 2007, the general counsel told me that I was right about ethics and compliance before anyone else and that he was glad I had insisted on taking on the subject.”

In 2009, Dubar became the group ethics & compliance officer for Dassault Systèmes, a Paris-area company that develops 3D design, 3D digital mockup, and product lifecycle management software. Dubar would hold that position until 2017, working proactively to build and enhance the com-

pany's compliance programs (before he left, his focus was both the General Data Protection Regulation, and SAPIN II, France's ambitious new anticorruption law).

Also during that time, Dubar became active with Le Cercle D'Ethique des Affaires (French Business Ethics Association). From 2013 to 2017, he was that association's general secretary, working on, among other things, the European Business Ethics Forum, an annual Chatham House event for compliance and ethics professionals, hosted by Le Cercle D'Ethique des Affaires, the Ethics and Compliance Initiative, and the Institute of Business Ethics.

In 2017, however, Dubar left both Dassault Systèmes and Le Cercle D'Ethique des Affaires and moved to Gothenburg, Sweden, to become the chief compliance & ethics officer of Volvo Car Group, a role he currently holds.

"At Volvo Cars, contrary to my previous experience, where there was no compliance program in place, the program had existed for a few years, and all components were in place when I joined a year ago," Dubar explains. "My focus now is to build on that and to move from a classic compliance and ethics program to something more creative, based on regular communications and using new technologies."

The communications campaign Dubar has in mind will be developed over a few years and consist of multiple prongs, the first of which involves a series of hypothetical scenarios involving a cast of four fictitious employees—Victoria from Sweden, Karl from Germany (but born in the United States), Anna from China, and Eric from the United States—who appear in monthly episodes, under various formats (video, post, podcast, etc.), that illustrate several ethics and compliance scenarios taken from real-life case studies. Volvo will be using these episodes to train and keep compliance and ethics top of mind throughout the company.

The second prong involves organizing mandatory integrity talks with managers every six to eight weeks. The idea is to have managers address potential ethical and compliance dilemmas and to discuss with their team members how to approach them.

The third prong involves Volvo Cars' network of what Dubar calls "compliance and ethics champions," who will provide bi-weekly quotes, Q&As, newsletters, articles, short videos, games, and other content that can drive a company-wide, integrity-focused discussion through e-mail, on screen, and in meeting places, such as the company café.

The fourth prong is to use influencers whose stories or interviews about ethics in their work life can spawn a body of material that can create a broad argument for a new ethical business model.

Last, Dubar says that Volvo Cars is using behavioral eth-

ics training to improve the compliance & ethics program. Looking forward, he has started working on adaptive learning with a view to "avoid a certain training fatigue. This kind of e-learning adapts to each individual, focusing on weaknesses as it takes into account what is already known by the individual. This is a very good example of how to use technology."

It's all very ambitious, but for Dubar, that kind of grand thinking is what the compliance & ethics field needs to shift to right now.

"In terms of compliance and ethics challenges, the auto industry is currently undergoing very significant changes with autonomous driving, the shift to electric cars, and new business models," Dubar explains. Apart from laws regarding CO2 emissions and fair competition, Dubar says that one of the biggest compliance issues arising for automakers is "data protection" with increasingly connected vehicles and new services to customers that both involve more processing of personal data.

"We create new services for customers that involve the processing of their personal data," Dubar explains. "We have the GDPR and other data protection regulations to consider, such as the cybersecurity law in China, which has provisions almost as strong as the GDPR in various areas. With May 25 approaching, we can expect an increased amount of attention from the media and national data protection authorities, as well as an increased number of customer requests [regarding their personal data]."

On the issue of autonomous vehicles, there is usually an ethical discussion over how to program cars faced with an impossible safety situation and must choose between killing an innocent person or the driver or a passenger. "This is an interesting discussion, but we're not really there yet" as an industry, Dubar says. "Today, the focus is really on the legality, liability, and limitations on using autonomous vehicles. In the EU, several countries have launched national initiatives to support autonomous driving. In the U.S., there are no federal guidelines for the testing of these vehicles or of their certification."

As for new business models, there is a greater shift to flexible/shared mobility and short-term use of vehicles that completely upends traditional models of buying, leasing, and renting. These all come with new challenges in terms of compliance and ethics that also need to be tackled.

"Volvo Cars was created 90 years ago. It's a Swedish company, and responsible business is a fundamental part of the company's heritage," Dubar says. "The tone from the top is amazing. I've been a chief compliance officer in several companies, and I can tell you that here, it's really amazing.

Speaking up is encouraged. Retaliation is down. It is clear, from our president and CEO, that you can really feel the ethical behavior.”

But Volvo doesn’t exist in a bubble. In recent years, the automotive industry in general, and the European automakers in particular, have faced a number of compliance difficulties, ranging from Volkswagen’s infamous Dieselgate emissions cheating scandal to allegations of cartel activity among multiple automakers, and more.

“Culture is the key, and that is where the compliance and ethics office has a role to play. We must make sure that expected behaviors are understood by our people, of course, but also that the speak-up culture is truly embedded in the organization.”

With regards to anti-cartel activities, Dubar says, Volvo has been focusing on complying with competition law for the past several years and has been focusing on avoiding information exchanges with its competitors.

With so many challenges before him, Dubar remains excited and optimistic about his current role at Volvo Cars, and about his journey as a compliance and ethics officer. He currently enjoys a wide scope of responsibilities that has him working on something different every day, from competition, corruption, and human rights to trade sanctions, conflicts of interest, and internal investigations.

As a chief ethics and compliance officer, Dubar says he faces two main challenges. The first and most important is the need to anticipate what is coming next and to be ready for it. “Otherwise, I will fail in my role to protect the company,” he says. “I have always striven to anticipate in my career. That has been a differentiator for me.”

The second big challenge Dubar faces is that time and resources often are limited, so he must exercise good judgment and prioritize. That means taking a risk-based approach, thinking about what is most important for the group, and identifying the right risks on which to focus.

Finally, Dubar sees maintaining his creativity as a third professional challenge. “When I started in compliance and ethics, I was a good negotiator, but not really creative,” he says. “But being creative thrills me in this job, especially since we need to be imaginative and find new ways to communicate. Otherwise, employees see compliance and ethics as a burden. I believe creativity and good communication allows us to shift from a normal compliance and ethics role to an influencer role that allows to reach all individuals within the company and support cultural change.”

Looking over the ethics and compliance in general, Dubar sees the field becoming more challenging and demanding more of its practitioners. He cites a need to stay abreast of

CÉDRIC DUBAR

Title: Chief Compliance and Ethics Officer, Volvo Car Corp.

About Volvo Car Corp.: Volvo Cars is a leading manufacturer of premium cars in the ranges of sedan, station wagon, and SUV (not to be confused with the heavy truck and construction equipment manufacturer AB Volvo, also based in Gothenburg).

Location: Gothenburg, Sweden

Years of experience: 15+

Areas of expertise: Leading values- and risk-based ethics and compliance programs, white-collar crime, due diligence, internal investigations

“A good compliance and ethics officer is an expert in his or her field of responsibility, who must be creative, a good communicator, and also curious enough to anticipate any new challenge. Being a subject matter expert is not negotiable. It is a matter of credibility.”

regulatory developments as well as to understand the business. He spends 30-45 minutes each day reading up on industry and compliance developments, and he meets regularly with colleagues within Volvo to better understand their vision and strategy.

“A compliance officer needs to be eager to learn about the compliance and ethics field, but also about the company’s biz developments. You need to encompass new business developments into your compliance program. If you don’t do that, you will miss something,” Dubar says.

“My wife is a coach and HR consultant. Most of her clients are men and women in their mid-40s, and most want to change jobs to something that will give some meaning to their life. As far as I’m concerned, since I moved to the compliance and ethics field, I have always been satisfied. It is not a restful and easy life, and you have to face a lot of challenges. But that’s also what is interesting about it. If you like challenges, you will do well with being a chief ethics and compliance officer.” **TM**

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INDRANI Franchini



For almost 20 years, Indrani Franchini has made a career out of getting to know the industry she is in, creating business relationships that build value and driving cultural change.

BY BILL COFFIN

Executive Vice President

Chief Compliance Officer

Alexion Pharmaceuticals, Inc.

The champion of culture

Indrani Franchini will gladly tell you that she didn't imagine a career in compliance when she was in law school. But after a few years practicing law at a firm that specialized in project finance work, she was looking for an opportunity that would place her in more of an adviser role as in-house counsel. As luck would have it, one of the world's top pharmaceutical companies, Pfizer, was looking for someone to join their newly formed compliance function. And so, in 2003, her compliance career began. By 2009, she would become the chief compliance counsel, overseeing Pfizer's \$40 billion global pharmaceutical business.

"This was right at the time of WorldCom and Enron," Franchini says. "Nobody really knew what the compliance function was or what it did." She took the job thinking it would be a terrific opportunity for her to spend a few years getting to know the company before transitioning into handling the legal side of business transaction. What she didn't expect was "falling in love" with compliance work and making her career out of it.

At the time, Pfizer had a bit of what Franchini describes as a "burning platform," with a large FCPA settlement, another large False Claims Act settlement, and three corporate integrity agreements to contend with. "We were building a compliance program inventing it as we went along," she says. "The compliance group grew from four people to 120 by the time I left. We were like the pioneers in compliance [at Pfizer]."

Franchini enjoyed her role as an adviser and understanding risk, as well as the challenge of figuring out solutions to complex compliance situations. For her, it was not dissimilar to private financing, where one begins by figuring out an end goal and what the key risks and potential might be, and then designing a risk management process for that journey.

In 2012, Franchini moved from Pfizer to Hess—a global energy company that specializes in oil and gas extraction—as



the company's first-ever chief compliance officer. Unlike Pfizer, Hess was not building a compliance function in light of numerous regulatory enforcement actions. Its CEO and general counsel had decided that given its risk profile, it needed to create a standalone compliance department. Franchini spent her first 90 days at Hess "doing her homework," getting to know the business, its key value propositions, and its key risks.

"I had to go back to basics, since I was building the program from scratch," she says. "Frankly, whenever managing anti-corruption and anti-bribery, it's all about following the money. But that is very different in oil and gas than it is in pharma. So, I did a 30,000-foot view with a third party to review what was in place already, based off of the key elements for effective compliance. We decided the key risks were corruption and bribery and focused on that."

“Compliance has become an area with a lot of people thinking about doing it well. They want compliance to be real, to be part of your business, and I think that’s what we’re doing here.”

Franchini spent a few years building an anti-corruption and anti-bribery program for markets outside of the United States using a risk-based approach. It wasn’t easy, though. “When you’re doing business in undeveloped markets with high corruption indices, where you are pulling resources from the ground, it is common to give back to the community,” Franchini explains. “It’s common to make government-style investment in countries where you are producing oil or gas. So, you have to make sure it’s at fair market value, what is the purpose of the investment, and it is separate from commercial deal decision-making.”

For all the differences between the pharma and oil and gas sectors, Franchini noticed they were both high-risk, high-reward industries that, when it came to corruption risk, were more similar than different. They both had long product development runways—whether it was going from block licensing to resource extraction, or from discovery of a molecule chain to marketing a pharmaceutical product—that could drive similarly off-limits behavior. “If the pressure is put here, where is the release valve?” she says. “Where does it drive behavior? What would it make people want to do?”

Being able to see compliance from that kind of risk perspective not only helped her shift between industries, it also helped her develop a strategic view of compliance itself as she shifted once more in 2017 to her current role as the EVP and chief compliance officer for Alexion Pharmaceuticals, a global biopharma company that specializes in treating rare diseases. In her current position, she reports directly to Alexion’s CEO, with a dotted line to the audit committee. She manages a team of about 20 compliance professionals worldwide, covering the U.S. and regional markets.

When Franchini joined Alexion, the company was going through a lot of other senior management changes. It was facing an FCPA investigation into practices outside of the United States, and it was part of a U.S. investigation. The company was reinventing itself as an enterprise, and it wanted to take its compliance program “to the next level,” as Franchini describes it. This suited her just fine, as it presented her with the kind of opportunity where compliance can add a lot of value. That would prove to be a guiding principle as Franchini relaunched Alexion’s global compliance function. “I came

here because this was a company that was taking a turn and growing into Alexion 2.0,” Franchini says. “So it was similar to when I was at Pfizer, though now we have the benefit of a lot more knowledge in this space. Compliance has become an area with a lot of people thinking about doing it well. They want compliance to be real, to be part of your business, and I think that’s what we’re doing here.”

Challenge, compliance, and culture

Alexion’s focus on rare diseases means it serves a relatively small number of patients, so the company has different kinds of interactions with healthcare providers and professionals. There is also a different patient journey for those who take Alexion medications. For Franchini, that means having to come up with creative compliance solutions that take those factors into consideration.

As she relaunches the compliance program, Franchini is focusing on operations outside of the United States, with day-long anti-corruption and anti-bribery workshops around the world in Alexion’s top markets over 2Q 2018. The training will be conducted live and in-language, in-country. “When you’re resetting things, it’s important to look at how to make the personal connection to make sure that you understand the business on the ground and how the compliance program interacts with it,” Franchini says.

To that end, Franchini has members of her team dedicated to business units around the world. It is one thing to have a compliance department back at headquarters that drives core policies and procedures, she explains. But for compliance to be really effective and sustainable, it has to build partnerships on the front lines, where the compliance officers can understand the company’s business objectives in action.

“Then we become a true partner,” Franchini says. “We aren’t there to just to investigate. We want to be partners that help the business achieve its short-term and long-term goals. Once people understand that, then the business comes to us.”

That’s important, considering the special conditions under which Franchini’s group operates, within a rare disease company with a very specialized market, business model, and mission that requires more than simple regulatory com-

pliance. It requires integrity.

"We at Alexion want others to see us as a good actor, as doing things the right way. And that's about being transparent and being honest about why we are interacting with a physician in a certain way, why we are collecting data, and what we are doing with it," Franchini says. "Now, we have to be honest about the lens through which people look at pharma and make generalizations. So, some of what we do is about perception risk. That is why we ask ourselves: How would people think about what we are doing? How do they feel? Is what we're doing the right thing to do? Is it ethical?"

This integrity component is a key element for Franchini, since she acknowledges that Alexion is still in flux—with a headquarters move to Boston underway, and a lot of cultural change within the company, much of which is being driven with the compliance program's objectives in mind.

"First and foremost, you have to recognize that you're not going to change culture overnight. It's not a program, it's not a one-hit thing. It's a constant," Franchini says, explaining that her group is partnering with human resources, communications, commercial, and other departments to drive the change toward an integrity-based culture, and that it is not simply a compliance initiative. The culture piece, she says, is tied with those groups as part of a larger effort to redefine the company's overall mission, and for a core value to "Act with Integrity."

"When we do this culture shift, I'm not talking about compliance. I'm talking about how we interact with each other," Franchini says. "So, one of the big pieces of acting with integrity means knowing to make the right choices, asking the right questions, speaking up, and saying something. Asking if we are using the right solutions, or if the way we are doing something is the way we should be doing something."

Building a true speak-up culture is a major point for Franchini. Sure, there will always be policies and processes that need compliance to make them happen but if there are not people raising questions and concerns, then there cannot be a genuine culture of ethics and compliance.

"If people are not comfortable with asking questions or speaking up, then we can never get up to acting with full integrity," she says. That is why she spends so much time on creating a speak-up culture and driving conversation within teams, among peers, and between managers and those who work for them.

"There will be individuals who knowingly break the rules," Franchini says. "But where things really get off track is when things are unclear or people misunderstand the application

INDRANI FRANCHINI

Title: Executive Vice President and Chief Compliance Officer, Alexion Pharmaceuticals, Inc.

About Alexion Pharmaceuticals: Alexion is a global pharmaceutical company specializing in medications for rare diseases.

Location: New Haven, Conn.

Years of experience: 19

Areas of expertise: Pharmaceuticals, biotechnology, oil & gas extraction, anti-corruption, anti-bribery

"The most effective compliance programs are the ones that are tailored to the company and the industry that you are in."

of a guardrail or a policy. You prevent against that by getting people to talk about it. Compliance should have other points to get information out there to see if things are being executed in the way that they should. But you have to have the culture to be a really high-performing company that acts with integrity."

Franchini is pleased to report that Alexion's CEO, Ludwig Hanston, talks about integrity often and sets the right tone from the top. She says that Hanston stresses that voice matters, that there are no wrong questions, and that the best solutions always involve making the right choices both personally and for the company.

Franchini recently conducted a culture survey to see where the company's staff felt in terms of integrity, comfort in speaking up, how open managers were to discussion, and how to raise issues. She created a benchmark from that survey and is now creating tools and techniques to help managers and team members address those issues, especially when it comes to feeling comfortable about speaking up.

"In a year, we will conduct another pulse check on those questions and see if people feel better about those things," Franchini says. "That is the culture shift. It's not easy to execute, and it is sometimes hard to measure. But it is such an important step to a good, effective compliance program." **TM**

DAVID Huntley

David Huntley seeks to make compliance more active, more connected to performance of the business.

BY TAMMY WHITEHOUSE

Senior Executive Vice President

Chief Compliance Officer

AT&T

The compliance innovator

Perhaps it was obvious from the very beginning that David Huntley is the kind of guy who has a passion for doing the right thing, and he's not afraid to stand up for it.

"We have to be the ones who see the value proposition in what we do," says Huntley, who is senior executive vice president and chief compliance officer at AT&T, Inc. "We can't leave that to others to dictate. We must have this unshakable conviction to do what we do. We are the examples."

As a sophomore at Southern Methodist University in the late 1970s, Huntley was elected student body president as a write-in candidate. He was the first African American student to hold that position, and he soon became the student voice for underserved student populations in the state of Texas. He spent some time in the workforce, then attended law school at Cardozo School of Law at Yeshiva University, where he became a standout in moot court.

After graduating in 1990, Huntley began his career at AT&T with aspirations of climbing the corporate ladder through the legal department. He practiced law there for about 10 years, he says, until someone suggested he broaden his horizons and consider additional business leadership opportunities.

"That wasn't really my game plan," says Huntley. "I thought I wanted to rise and achieve within the legal department." But he answered the call and switched to the operational side of the business in 2005, assuming responsibility for leading the company's customer information services.

Additional assignments in e-commerce, sales, and mobility services would give Huntley a variety of operational experience that would eventually shape his views on legal and compliance matters. "It gave me a different perspective," he says. "I had several different operational roles, a sales function at some point, and some P&L responsibility. All of that was very different. I had to reinvent myself to do those kinds of things."



Eventually, Huntley would find his way back to the legal department as a senior officer of the company. He served nearly two years as senior vice president, general counsel, and secretary for AT&T's Advertising Solutions, then a more than \$3 billion business, leading a team of attorneys and managers across five locations.

Then in 2014, AT&T CEO Randall Stephenson tapped Huntley for his current position, a senior leadership role in the company positioning compliance to report directly to the CEO. "I really didn't have compliance on my radar," says Huntley. "This role found me, as opposed to me seeking it."

The job was appealing in part because of the direct line to the CEO and the board. The trend is growing, but not every company puts its compliance officer in such a high-ranking, independent place in the organizational structure. "They saw

"I get on the stump about compliance and ethics whenever I can. You just have to pick up a newspaper and see some company is in the news to know how important this is. Your ethical culture is such a driver of what you do."

a need to have compliance be independent from other organizations and have an independent seat at the table," says Huntley. "It factored into the equation."

With no prior direct experience in corporate compliance, Huntley drew on his legal and business background to determine how best to drive compliance in a massive, multinational operation. His operational experience in particular proved significant in shaping how he would go about compliance, he says.

"Knowing what pressures and challenges people who are in operational roles face probably gave me a greater appreciation for how I'd want to go about doing this business of compliance for the company," says Huntley. "I have insights into those things. I know where people might be tempted to cut corners."

He also did some research to understand what best practices were emerging in compliance. "When I took this job, I thought what do the best programs look like? And I went on a mission to find them," says Huntley.

What he found among the most unique programs is that they generally arose to address a problem. Companies doing some of the most innovative things in compliance tend to be those that are trying to recover from some kind of mishap, he says. "We wanted to be sure we didn't let ourselves fall along those lines," he says. "Why wait for something bad to happen to put an investment into a robust compliance program? Why not get ahead of it and put things in place on the front end?"

Investment and innovation still must be efficient and effective, he says. As Huntley looked for ways to revamp the compliance effort, he and his team were able to identify opportunities to use technology, like bots, for example, to automate certain manual, repetitive tasks.

In his few short years in the position, Huntley has sought to make compliance a more dynamic, top-of-mind aspect of doing business at AT&T. He's looking for ways to remake compliance training so that key messages about doing the right thing are continually refreshed among employees.

As an example, Huntley says, AT&T has retooled and rebranded its compliance training, calling it Ethics@Work. It consists of elements of traditional in-person and online training, but it has expanded to include more interactive elements, plus tools and mobile-enabled Websites that are meant to be accessed and used on a continual basis.

The company's code of conduct, for example, was a document like many that explained what employees were expected to do and how they were expected to act as representatives or ambassadors of the company, but it was a relatively static document brought out for training and then tucked away. Huntley says he and his group wanted the document to be more dynamic, more front-and-center with employees on an ongoing basis.

So the code of conduct was made accessible to employees on desktop and mobile devices, and it sports an interactive feature in the form of a decision tree. When employees find themselves in a gray area of compliance, facing some kind of uncertainty about how to act or respond, they can access the code of conduct for immediate guidance.

Employees queried the code of conduct nearly 100,000 times in the first year, says Huntley. The most common questions surrounded areas like gifts and entertainment, conflicts of interest, and how to report misconduct.

"We felt good about putting something in the hands of employees that they could use on an ongoing basis, not just something they would see once a year," he says. "It's about making sure people have the tools and the license to figure it out and do the right thing."

In another innovative program, AT&T came up with a tool that helps employees in the area of third-party management and vendor management. "We put it into the hands of vendor managers and it helps them better manage their relationships with third parties and vendors that are so vital to our business," says Huntley. "We are trying to get ahead of problems instead of just reacting to them," he says.

A fan of big screen entertainment, Huntley enjoys going to theaters to see movies, which inspired another compliance initiative—"At the Movies with David." It uses movie clips to drive discussions on leadership, ethics, and integrity. In a user feedback survey, this idea received an unprecedented 99 percent approval rating.

A recent event revolved around scenes from "The Devil Wears Prada," a 2006 film that starred Anne Hathaway and Meryl Streep. Hathaway portrays a promising young graduate who lands an opportunity as an assistant to Streep's character, a demanding editor of a fashion magazine. To describe the fictional work environment portrayed in the film as dys-

functional is something of an understatement.

"It's a movie that tells a lot about leadership and culture," says Huntley. "You see the dynamic when someone puts high goals or requirements on employees—how, without saying it, it can cause people to do the wrong thing."

The movie clips often prove to be great discussion starters, he says. "It isn't about me getting up and talking about it," he says. "It opens a dialogue on some of these issues, and the employees do most of the talking."

When it comes to conveying ongoing compliance messages, they are often presented to employees almost like advertising taglines—catchy and easy to spot. "We want the messages we put out to resonate with employees," says Huntley. "We wanted messages that were simple, yet effective, like 'We don't buy business and we can't be bought.' " It's posted in elevators and on banners placed in prominent locations.

"We had another campaign around: Just do the right thing," he says. "It encapsulates everything we wanted employees to think about. We want people to feel it's their responsibility to do this."

For this year, his organization's mission at AT&T is to demonstrate the power of integrity as a competitive advantage. "My organization's role is to support the business units when it comes to integrity," he says. "The power of what that brings to the table."

The initiative begins with a focus on tone at the top, says Huntley — "making sure we demonstrate at the leadership level just how important this commitment to integrity and doing the right thing is." The initiative provides business units with data and evidence to show a link between integrity and business success.

The idea is to impress upon employees that having an ethical culture and acting with integrity goes beyond checking a box on a list of compliance tasks or activities. "It's about demonstrating the value proposition to the organization about ethical practices and how that helps move the needle in a positive way, not just preventing bad things from happening," says Huntley.

It has taken some effort to cut through the common perception of compliance as the "police" within the organization, says Huntley, merely waving checklists of tasks that must be achieved in order to demonstrate a positive business environment.

"One of the things we want people to understand is yes, there's enforcement and we're verifying compliance," he says. "That's one of the most important aspects of our job."

But for Huntley it goes well beyond setting the floor on a minimum expected standard of behavior or performance. "I wanted to make sure people understood how connected the

DAVID HUNTLEY

Title: Senior Executive Vice President, Chief Compliance Officer, AT&T

About AT&T: AT&T is one of the world's largest communications and digital entertainment services company.

Location: Dallas

Years of experience: 24

Areas of expertise: Corporate compliance, ethics, legal and regulatory compliance, customer and employee information privacy

"Why wait for something bad to happen to put an investment into a robust compliance program? Why not get ahead of it and put things in place on the front end?"

compliance efforts were to the brand, the reputation, and the results," he says.

That's a big reason for presenting messages with data and evidence attached. "When you're talking to business unit leaders, it helps them understand why doing things the right way is good for business, not just from a preventive standpoint but moving the needle in a positive way," he says.

One of the reasons Huntley believes he's been able to be successful in his role at AT&T thus far is his position within the organization reporting to the CEO and the board directly. "We've seen the prominence of the compliance profession growing," he says. "It starts with having a seat at the table, making sure I add value at all times."

When he's not thinking about compliance at AT&T, Huntley enjoys spending time with his family—a wife and two grown sons—and he enjoys reading and watching movies. He likes keeping up with the legal profession and mentoring young professionals—and then he draws quickly back to thoughts of compliance.

"I get on the stump about compliance and ethics whenever I can," he says. "You just have to pick up a newspaper and see some company is in the news to know how important this is. Your ethical culture is such a driver of what you do. We have to be the ones at the forefront." **TM**

JERRY Kral

Jerry Kral's compliance and ethics success is distilled from a gut-instinct approach and value-add mindset.

BY DAVE LEFORT

Vice President

Chief Ethics and Compliance Officer

Brown-Forman Corp.

The ethics entrepreneur

For Jerry Kral, starting a conversation with the top executives at one of the largest spirits companies in the world about going all-in on ethics and compliance was made easier by the fact that he could speak their language.

As a former business owner himself, Kral knew the key to selling a robust compliance program was to get senior-most leadership to see it not just as an important part of running a public company, but as a value-add for the business, a way to stand out that appeals to both a bottom-line mentality and a commitment to doing the right thing.

“My entrepreneurial mindset makes it much easier for me to relate to my business clients, to my peers. I’ve had to manage risk myself,” explains Kral, the vice president and chief ethics and compliance officer at Brown-Forman, an American-owned spirits and wine company that employs more than 4,600 people worldwide and sells its products—which include some of the top brands in the business (Jack Daniel’s and Woodford Reserve whiskey, Herradura tequila, Korbel California champagnes, etc.)—in more than 135 countries.

It also helped that Brown-Forman, which is headquartered in Louisville, Ky., and has been family-controlled for nearly 150 years, had a reputation of “integrity, trust, and respect” already distilled into its corporate culture like a fine, aged bourbon.

“A unique part of Brown-Forman is that we have really strong core values,” Kral said. “So it’s easier to engage a regional vice president on the topic of our business partners operating at the same level of integrity as we are. That’s an easy conversation to have at Brown-Forman.

“When I compare notes with other people in our industry or people who have a similar global footprint as Brown-Forman, we’ve made a significant amount of progress with less pushback and resistance.”

The 44-year-old Kral—who has been with Brown-Forman



in a full-time capacity since 2015—is a department of one, with support from other corporate functions and, as needed, contractors. He is a big believer in creating a “compelling value proposition” for investing in proactive ethics and compliance.

He also isn’t afraid of putting his money where his mouth is.

After beginning his career at a Big 4 consulting firm in the early 2000s with a focus on advising clients on implementing elements of compliance to satisfy the federal sentencing guidelines, he decided in 2008 to go out on his own and start AegisAdvantage, an ethics and compliance consulting firm.

“We started on the proactive side of compliance as opposed to reactive,” said Kral. “We focused on helping companies implement training, conduct risk assessments, create a



policy repository, roll out a code of conduct, implement a hotline, and raise awareness of the hotline. Our expertise was on prevent and detect, with a laser focus on embedding compliance within an organization.”

Brown-Forman was among a handful of large public companies AegisAdvantage worked with through the years as

“It’s important that you understand the business and the challenges that our colleagues out in the field face every day. Although we have to live in a world of some non-negotiables—complying with the law is non-negotiable—how we comply is completely up to us. And as long as we are comfortable with how we are complying, and that’s an indicator of risk tolerance, everything should be fine. Don’t let your compliance risk tolerance be lower than your business’ risk tolerance, because then you’re not going to be in alignment.”

the consultancy grew to eventually include 12 professionals and a nationwide client base. When B-F opened a search for a chief compliance officer, Kral—who already lived in Louisville with his wife and two children—threw his hat into the ring and got the gig.

“I had always been on the outside, so moving inside and applying the approaches that I had been recommending and implementing for others was a great opportunity,” Kral said.

At the heart of what Kral is executing at Brown-Forman is a program that emphasizes “making it easier to do the right thing and harder to do the wrong thing.” Differentiating between the two isn’t always easy, so Kral, using a strategy that worked well for him at AegisAdvantage, simplified it by tying it to a physical feeling to which everyone can relate.

“We created this whole concept around when you see something, hear something, or are asked to do something that gives you that uncomfortable feeling in your stomach, that knot in your stomach, that’s when it’s time to speak up,” Kral explained.

The “knot in your stomach” test was part of Kral’s three-pronged approach to compliance training at Brown-Forman:

1. Values drive decisions. “As a person, do we make decisions that erode our integrity? No, we don’t. So when you’re making a decision on behalf of Brown-Forman, make a decision that is going to maintain or increase Brown-Forman’s integrity with the business partner, the government official, or the consumer. Let’s establish and maintain integrity, let’s deepen trust, let’s ensure respect, let’s drive for excellence. When you make your decisions using our

core values (which employees were already very familiar with), you can rest assured it's the right decision."

2. Listen to your gut. "We try to train with symbols as much as possible. We train with the knot in your stomach, and we've tied that to other concepts as well."

3. Slow down. "We make our products years before we sell them. In other words, our product (bourbon, for example) has to age in a barrel before it comes to market. So, whatever you're being asked to do right now, whatever you're feeling pressured to do, ask yourself or your line manager, 'What's going to happen if this decision isn't made today or tomorrow? What dominoes are going to fall?' We are on a much longer time horizon than a lot of other industries. I talk a lot about our business having the luxury of being thorough and comprehensive when it comes to decision making. We shouldn't feel rushed."

Another key to any successful compliance program, according to Kral, is transparency. It's a philosophy he not only believes in when it comes to the actions of Brown-Forman's own employees, but how customers and business partners view the company's commitment to doing the right thing as well. The 36-page employee Code of Conduct is published for all to see on the company's Website.

"Our code of conduct is an expression of our values and how our values intersect with our business partners, the environment, our coworkers, government officials, and others," Kral said. "I think it's important that it sets expectations for those that are going to interact with us—for both our behavior and theirs. It's an easy place to go to get a feel for our risk tolerance, our tone. How we engage."

Transparency also applies to decision making and is a litmus test when doing so.

"There are many ways to do the right thing," Kral explained. "If you can't do it transparently, then why are we doing it? If you can't do it transparently, should you be doing it at all?"

Sometimes, being transparent means not being afraid of what you might uncover when you do your due diligence on overseas business partners. Especially those your own data has identified as high risk.

"This is a whole new can of worms," Kral said. "This isn't just about their ability to sell Jack Daniel's in whatever country they're in. It's a question of whether they are going to be able to do it with values and business practices that are consistent with ours. Brown-Forman seeks business partners for the long-term, and if we do not see eye-to-eye on our core

JERRY KRAL

Title: Vice President and Chief Ethics and Compliance Officer, Brown-Forman Corp.

About Brown-Forman Corp.: One of the largest American-owned spirits and wine companies and among the top 5 largest global spirits companies, Brown-Forman sells its brands in more than 135 countries around the world and has offices in cities across the globe. In all, Brown-Forman has more than 25 brands (including Jack Daniel's) in its portfolio of wines and spirits

Location: Louisville, Ky.

Years of experience: 13

Areas of expertise: Problem solving, training, designing controls, facilitation

"Corner-cutting and shortcuts are not long-term strategies."

values, we may need to consider finding a partner where our businesses share similar values."

Kral says the biggest indicator that the program is working is that employees have adopted the language. From around the world, he receives e-mails and calls referencing "a knot in the stomach" to start a conversation around an issue.

And that's what it boils down to for Kral: Using Brown-Forman's values, being transparent about doing the right thing and fostering a culture in which that behavior is both facilitated and applauded. Oh, and doing it all while keeping in mind the bottom-line needs and unique characteristics of the business.

Kral's advice for compliance officers? "It's important that you understand the business and the challenges that our colleagues out in the field face every day. Although we have to live in a world of some non-negotiables—complying with the law is non-negotiable—how we comply is completely up to us. And as long as we are comfortable with how we are complying, and that's an indicator of risk tolerance, everything should be fine. Don't let your compliance risk tolerance be lower than your business' risk tolerance, because then you're not going to be in alignment." **TM**

CINDY Moehring

Cindy Moehring, Walmart's head of compliance, runs a program as ambitious as the retail giant itself, requiring diligence, innovation, relatability, and the courage to make hard calls.

BY JACLYN JAEGER

Senior Vice President

Chief Ethics & Compliance Officer – U.S.

Walmart

The catalyst for change

Cindy Moehring joined Walmart in 1999 as associate general counsel for corporate governance in Walmart's legal department, before moving on to become its senior director of U.S. ethics, and later senior vice president and chief ethics officer for Walmart, Inc. In this capacity, Moehring developed and implemented a company-wide, global ethics program leading a values-based culture of integrity for Walmart's two million associates worldwide.

Moehring is an inspiration across Walmart, collaborating with business leaders to show them the endless value of a proactive ethics and compliance partnership. She is an influencer, educator, and listener determined to create a culture where ethics and compliance is everyone's business.

At Walmart, Moehring is also a catalyst for change and putting ideas into action. She encourages every associate in her division to think beyond the boundaries of their comfort zone, to reach far and wide to create a culture that fosters high performance and makes ethics and compliance the way they work. "Be change and stay relevant" is the mantra she encourages her team to live by each day.

Under her fearless leadership, Moehring has inspired remarkable technological advancements across the company—among them, bots, machine learning, and blockchain technology to help reduce supply chain risk—advancements that are enabling Walmart to be a leader of change and to progress forward as one of the most innovative retail companies in the world.

Moehring's work as an ethics and compliance ambassador does not end at the office. She freely lends her knowledge by serving on the boards of the Ethics & Compliance Initiative, the Ethics and Compliance Association, and the RAND Center for Corporate Ethics & Governance. She is also an active member of the Conference Board Global Council on Business Conduct, Society of Corporate Compliance and Ethics, Better Ethics Leadership Alliance, and serves on the Compliance Council Steering Committee for the Retail Industry Leaders Association.



How did you land in the ethics and compliance profession?

Compliance, for me, was an offshoot of my legal career at Walmart. In the early 2000s, I was doing corporate and governance legal work when Sarbanes-Oxley was passed. After that, our company was very focused on establishing departments for both compliance and ethics within Walmart, and so I helped get both of those built and launched. Later, I had the opportunity to join and then lead the ethics department.

Before you were named chief ethics and compliance officer for Walmart U.S. and Sam's Club, were the ethics and compliance functions separate?

Yes. They started as separate departments in the United

“We’re all trying to make our companies as compliant and as ethical as possible. Collaboration among industry peers is important, because it allows us to benchmark, share best practices, gain new ideas, and learn about new challenges. It’s one way we gain insight into what each of us might do to make our programs even stronger. Networking ensures that we are all aware of best-in-class practices.”

States so that both departments could mature quickly. By having them separate at the beginning, we were able to devote equal time and attention to the people, processes, and systems required to operate both an ethics department and a compliance department.

After a period of years, and as we grew our international operations, we reexamined the way we were operating our ethics and compliance groups and determined that we could be more effective by putting the two together.

Your scale of responsibility at Walmart is enormous, leading a team of more than 400 full-time ethics and compliance professionals. Can you tell us more about that?

Our compliance and ethics organization in the United States is quite vast. We service all of the Walmart and Sam’s Club facilities in the United States, including distribution centers, and approximately 6,000 trucks in our fleet. So, for Walmart Inc., that’s about 5,300 retail locations, and 1.5 million associates, serving 260 million customers each week. Of course, with an operation this large, it takes a sizeable ethics and compliance team. In the United States, we have over 400 full-time ethics and compliance professionals across a number of different subject matters, including food safety, environmental, health and safety, labor and employment, product safety, anti-money laundering, and health and wellness (to support our pharmacies). So, it’s a very broad array of ethics and compliance responsibilities because of the breadth of our business model.

You mentioned that Walmart has 1.5 million associates in the United States. With operations that large, how does Walmart foster a culture of ethics and compliance?

Acting with integrity is one of our four core values. So, one of the ways we maintain a culture of integrity is through our business leaders championing integrity as a behavioral value—the foundation upon which Walmart was built. We also have a global framework for our ethics and compliance pro-

gram to support the cultural value of acting with integrity. We have defined processes, procedures, controls, and systems for our ethics and compliance program, and we monitor the business’s execution of the program. At Walmart, we have a seat at the table with our business leaders—and compliance is a part of their overall responsibilities.

That sounds like a monumental task. How do you keep on top of it?

I have a team of subject matter experts for each of the subject matters we cover. They conduct regular risk assessments and design their programs with appropriate processes, procedures, and controls. They also design the training for their programs to make sure compliance is embedded into everyday operations. We then use our monitoring team to verify that the designed programs are being executed correctly in the stores, clubs, and distribution centers.

Systems and technology are also key to advancing our program, keeping us relevant, and allowing us to operate from a risk-based perspective. For example, we want our store and club managers to spend as much time as possible on the sales floor serving customers. With that in mind, we designed a mobile compliance dashboard that allows our store and club managers to see how they are doing on compliance without having to sit at a computer in the back room or look at a paper report. The mobile dashboard also allows us to see trends and quickly respond to mitigate risks.

What is your feeling on how innovative technologies are advancing the future of ethics and compliance?

As I mentioned, technology is key to advancing the future of ethics and compliance. Machine learning and artificial intelligence are two exciting ways that we can all advance our programs faster and make them better. At Walmart, we are working on a number of different projects in these areas; some are already in use and others will be soon. We are find-

ing that we can use bots to review, categorize, and analyze data and information faster, better, and more reliably than when done manually. This will save us time and make us more efficient and effective in areas such as product safety, health and safety, and food safety. Rather than focusing on gathering and categorizing data and information and then analyzing it, we can move quickly to acting on the data to mitigate risk and enhance our programs based on what the data and information is telling us.

I also understand that Walmart is using blockchain technology to enhance its supply chain. How is that coming along?

We are piloting blockchain with IBM and some of our suppliers in the food safety area now, and it is going well. We think it could have some real benefit in this space. Blockchain is a transparent, safe, reliable system that can be used to quickly trace each step in the movement of products, such as tracing food from farm to fork.

For example, tracing the actual source of produce quickly in the event of a recall is important. It allows affected produce to be pulled from the shelves with precision and dealt with while leaving unaffected produce on the shelves.

One recent blockchain pilot we did was with mangoes. We used IBM's Blockchain to trace a mango from a store all the way back to the farm it came from to see how much time we could save in tracing it back. In our test we found that it took about seven days to manually trace the mango back to its original source. With blockchain technology, that process took approximately two seconds.

Aside from taking advantage of technological innovations, how important is it to maintain connections with industry peers and foster those human connections?

It's incredibly important. We're all trying to make our companies as compliant and as ethical as possible. Collaboration among industry peers is important, because it allows us to benchmark, share best practices, gain new ideas, and learn about new challenges. It's one way we gain insight into what each of us might do to make our programs even stronger. Networking ensures that we are all aware of best-in-class practices. Of course, those practices must be refined and customized for each individual company because no one company is the same.

What final thoughts would you like to leave fellow ethics and compliance professionals with?

First, as an ethics and compliance professional, focus on

CINDY MOEHRING

Title: Senior Vice President, Chief Ethics & Compliance Officer – U.S., Walmart

About Walmart: Walmart is a global retail company with 11,695 stores in 28 countries and e-commerce Websites in 11 countries; fiscal year 2017 revenue of \$485.9 billion; and approximately 2.3 million associates worldwide

Location: Bentonville, Ark.

Years of experience: 20+

Areas of expertise: Ethics and compliance; anti-corruption; anti-money laundering; anti-trust; environmental compliance; food safety; health and safety; labor and employment; privacy; product safety; responsible sourcing; and trade compliance

“Machine learning and artificial intelligence are two exciting ways that we can all advance our programs faster and make them better.”

being proactive, driving change, and showing the value compliance adds to the business. Second, be risk-based in your approach. Third, take the time to really understand the business. That will allow you to not only add perspective, but also find solutions that will work, that are relevant, and that the business will embrace. If you approach it that way, ethics and compliance can be a very rewarding career choice.

From an individual perspective, I think that there are certain characteristics that are really important for folks in ethics and compliance to have. You must be personable and relatable. If your business partners are afraid to approach you, you will have a hard time overcoming the idea that compliance is scary or synonymous with “no.” Also, you must be a trustworthy partner who inspires and empowers your business leaders to be champions of ethics and compliance.

Finally, the most important individual trait that an ethics and compliance professional must have is courage. Our companies are counting on us for that—to raise the issues that need to be raised. You can't shrink away from that. You must be courageous. **TM**

KATHRYN Murtagh

For Kathryn Murtagh, managing the myriad compliance concerns of Harvard University's financial management company takes a special kind of vision and commitment.

BY JOE MONT

Managing Director
& Chief Compliance Officer
Harvard Management Company

The endowment overseer

Kathryn Murtagh serves as managing director and chief compliance officer for Harvard Management Company. The firm was formed in 1974 to manage Harvard University's endowment and related financial assets.

Harvard's endowment consists of more than 13,000 individual funds invested as a single entity; it remains the largest source of revenue supporting the University budget. For the fiscal year ended June 30, 2017, the return on the Harvard endowment was 8.1 percent and the value of the endowment was \$37.1 billion.

Since joining HMC in 2006, Murtagh has built an internal legal and compliance function for the endowment, while serving as a strategic business partner to HMC's senior executives in their efforts to drive organizational change. Her broad mandate encompasses all traditional legal and compliance functions, as well as sustainable investing—the innovative intersection of legal and investment risk that integrates environmental, social, and governance risk factors into HMC's investment framework.

As chief compliance officer, Murtagh is responsible for ensuring that HMC conducts business and implements operations in accordance with regulatory, ethical, legal, and industry best practices.

Can you tell us about Harvard Management Company, the university's endowment, and your role in building an internal legal and compliance function for the endowment?

Harvard Management Company was formed in 1974 to manage Harvard University's endowment. The endowment stood at about \$37 billion in the last fiscal year and that makes us the largest university endowment in the U.S.

HMC's singular mission is to help ensure that Harvard University has the financial resources that need to constantly maintain and expand its preeminence in teaching learning and research. The University's endowment it really thought



of as a perpetual asset it is intended to benefit both current and future generations. So, at HMC we focus on long-term investing to both meet the current liquidity needs of the university and to continue to preserve and grow the endowment.

What are the compliance challenges that come with that territory?

Harvard, as you might imagine, has a very broad and diverse investment portfolio, and each asset class really brings its own set of compliance challenges

For example, at one point in our history, HMC operated an internal public markets platform that traded a very wide variety of financial products across geographies and across markets. It really required us to maintain a very robust trade

compliance program that we modeled after best practices in the investment industry.

We also operate timber and agricultural assets around the world, some of which are in emerging markets. To ensure that our local managers operate with the highest standards of personal and professional ethics, we've developed anti-corruption and business contact policies. We conduct training with our managers on the ground in their local language.

With our external managers, we really seek to understand their policies and procedures on topics as diverse as insider trading and maintaining a harassment-free workplace. It's a large—and thankfully for me—very interesting set of issues.

You were described as “a strategic business partner to HMC's senior executives to drive dynamic organizational change across HMC's investment and support organizations.”

I've been at HMC for almost 12 years now, and it has experienced some very important organizational changes. I've been fortunate in that we really work well together as a leadership team to best position the endowment for future success.

I've had an opportunity to partner with very strong CEOs and other senior colleagues throughout my career here, with a cross-disciplined approach, as we evolved business strategies and worked to implement those strategies across the organization.

Under the leadership of N.P. Narvekar, who joined us as CEO in December 2016, we've worked to restructure our agency into a generalist investment model. We've spun out various internal platforms. We've rebuilt our investment processes and analytics. I've had the opportunity to partner with my colleagues to make sure that we're moving the agency forward.

We were told by colleagues that your “mandate encompasses all traditional legal and compliance functions.” How so?

On the traditional legal front, my team and I provide legal support for all investment activity across all asset classes and jurisdictions. That could be negotiating private fund documents, cross-border transactions in timber and agricultural assets, or executing public markets trades. We also manage a broad network of outside counsel relationships around the globe.

On the traditional compliance front, my team and I maintain the HMCs regulatory compliance program, and we prepare all required filings relating to our investment activities.

We also monitor internal compliance with HMC's code of conduct and other policies. That includes employee personal trading, the treatment of confidential information, and maintaining restricted lists to safeguard material nonpublic

information.

I'm also the clerk of HMC. In that role, I'm responsible for governance matters, and support the work of HMC's board of directors and its standing committees.

We also have a couple of slightly non-traditional responsibilities that my team and I look after. We manage communications. Another subset of my team and I also manage sustainable investment. It's a very interesting, diverse, and exciting set of responsibilities.

How challenging, necessary, or rewarding is sustainable investing, especially in a college environment where many, especially civic-minded students, have vested and vocal interests?

At Harvard, we're very fortunate to have engaged stakeholders who are very interested in this work. We always appreciate their involvement.

As a long-term investor, HMC is really focused on material environmental, social, and governance (ESG) factors that could have an impact on the performance of our investments, either now or in the future. ESG factors can be found in traditional areas like energy consumption, resource scarcity, and even things as broad as diversity and inclusion, and effective board oversight.

At HMC we believe that configuring these ESG factors in our investment analysis and decision-making is aligned with our mission to provide strong, long-term investment results to Harvard University.

If I look back over the past decade, sustainable investment has become a broader part of the mainstream investment debate. In the past, particularly in the U.S., investors feared that they would be trading off investment returns if they incorporated ESG factors. Now, increasingly, investors are discovering that the consideration of ESG factors can not only mitigate risk but also drive value. The more institutional investors become interested in sustainable investing, the more willing asset managers are to engage in this dialogue and develop their own programs.

What are the most challenging of these sustainability issues to deal with when choosing investments? What do you look for? How do you weigh the benefits and risks inherent in ESG matters?

One of the challenges of sustainable investing is that it very much depends upon the type and form of the investment, whether that's public equity investment, or a direct investment in real estate or natural resources. There really is no

one-size-fits-all approach. We base our efforts on a lot of factors, such as asset class, geography, and investment model.

At the most basic level, when we engage with our external managers, we look for a familiarity with material ESG factors that could impact portfolios, coupled with a willingness to engage with us in a dialogue on sustainability and a desire to see continuous Improvement in this area.

What's your view of training to maintain an ethical culture and minimize organizational and investment risk?

Training is a critical part of the program. At HMC, we are committed to promoting the highest standards of personal and professional Integrity for our employees. We've developed a series of policies to help ensure that all of our employees are familiar with applicable laws and ethical obligations. For example, our code of conduct covers conflicts of interest, the handling of confidential information, and prohibitions on insider trading.

We also have very robust anti-corruption and business conduct policies, and policies on anti-money laundering, information security, and whistleblowers. We conduct training with our staff on all those policies.

It's a critical way for people to understand the framework we want them to be operating under, while also opening up a dialogue. These can be complicated areas, and there could be complicated questions. We really want to make sure that our staff feels comfortable coming to myself and the members of my team if they have any questions.

In 2014, Harvard President Drew Faust announced that Harvard University had become the first U.S. university endowment to become a signatory to the United Nations-supported Principles for Responsible Investment. Can you tell us more about the PRI and Harvard's role, especially given that one of your many hats is managing director of sustainable investing?

Harvard's leadership in sustainable investing dates back to 1972 when it formed committees focused on matters of shareholder responsibility, specifically proxy voting. Being the first U.S. university endowment to become a signatory to the PRI was really a natural extension of that work.

The PRI itself joins together a network of international investors working to implement a set of voluntary principles that we've all agreed to. Those principles provide a framework for integrating environmental, social, and governance factors into our investment analysis and ownership practices. We really feel those are very much aligned with our fidu-

KATHRYN MURTAGH

Title: Managing Director and Chief Compliance Officer, Harvard Management Company

About Harvard Management Company: The firm was formed in 1974 to manage Harvard University's endowment and related financial assets. For the fiscal year ended June 30, 2017, the value of the endowment was \$37.1 billion.

Location: Boston

Years of experience: 29

Areas of expertise: Compliance, ethics, legal matters, fund regulations, socially responsible investing

"If I look back over the past decade, sustainable investment has become a broader part of the mainstream investment debate. In the past, particularly in the U.S., investors feared that they would be trading off investment returns if they incorporated ESG factors. Now, increasingly, investors are discovering that the consideration of ESG factors can not only mitigate risk but also drive value."

ciary duties as an investor.

We've served as a co-lead investor in two significant PRI coordinated collaborations. There was one targeting corporations that publicly support climate risk regulation, while privately lobbying against those measures. We also worked on a collaboration that sought to encourage energy and utility companies to improve their management of methane emissions and strengthen disclosures about that process.

It must be rewarding to know that the policies you put in place at Harvard evangelize a message of responsible investing to the broader investment marketplace.

It is wonderful. Harvard is certainly viewed as a thought leader in so many spaces, in terms of their research and their educational work. It's been very rewarding to take the lead for them in this in this important area as well. **TM**



PEDRO Castro Nevares

Navigating crisis with compliance, Pedro Castro Nevares helped steer Argentina-based sports marketing firm Torneos through the FIFA scandal to remain in business.

BY TAMMY WHITEHOUSE

Chief Compliance Officer, Legal Director

Torneos y Competencias

The sports pioneer

In 2015, when corruption allegations erupted in the world of soccer—or football, as it is known in Argentina and most parts of the world—Pedro Castro Nevares found himself at the epicenter, evangelizing a compliance mindset in a culture that was largely unfamiliar with the concept.

His good friend, Ignacio Galarza, became the general manager at Torneos y Competencias, a Latin American sports marketing company that was facing bribery and conspiracy allegations as part of the scandal that shook the Federation Internationale de Football Association, or FIFA. Galarza was intent on saving the company, and he recruited his longtime friend Castro Nevares to give him a hand.

At that time, Castro Nevares had a comfortable enough arrangement already. He had no prior experience in the soccer industry, or even in sports marketing. “I did some very small work with some companies in this market, but not that much,” he recalls.

But when Castro Nevares’s friend offered him a position as the legal and compliance director for the company, he saw it as a cause worth supporting and decided to jump in.

In a few short years, he helped hold regulators at bay while establishing a compliance operation for the company, and he’s become a resource to others in Argentina looking to follow suit. He’s truly a “pioneer in cross-border compliance,” says David Massey, a partner at Richards Kibbe & Orbe who nominated Nevares as a Top Mind in compliance.

A 1998 graduate of Universidad de Buenos Aires, where Castro Nevares earned his law degree, he also attended Duke University to earn a master’s in law degree 2002. He had worked in the corporate legal department for Citibank in Argentina, and he spent some time with law firm Simpson Thacher & Bartlett in New York, primarily doing corporate restructuring and other capital market work.

Castro Nevares was drawn back to Buenos Aires by an offer from law firm Estudio Becar Varela, where he advanced to partner of the firm in 2008. Then in 2011, he and some fel-



low partners decided to strike out and hang their own shingle, forming the firm Tanoira Cassagne.

While practicing corporate law comfortably with Tanoira Cassagne in 2015, Castro Nevares was little more than a bystander when FIFA-gate exploded. The Federal Bureau of Investigation and the Internal Revenue Service in the United States found evidence of wire fraud, racketeering, and money laundering over World Cup qualifying tournaments.

The U.S. Department of Justice began handing down indictments and revealing guilty pleas from individuals who chose to cooperate in uncovering allegations of collusion. U.S. authorities ultimately charged some 30 individuals who were current or former officials at FIFA, at similar national bodies in South America, in Central and North America, and at sports

“This is soccer in South America. It was very, very clear that for many, many, many years, the way the industry worked was not necessarily by abiding by all these principles. There are a number of players that were here before and still are a part of the equation.”

marketing and entertainment companies, including Torneos. Similar charges began emerging in other jurisdictions.

Authorities said the case involved a 15-year scheme to control media and marketing rights to FIFA World Cup events. For its part, Torneos ultimately agreed to forfeit more than \$110 million in profit and criminal penalties, and it entered into a 48-month deferred prosecution agreement that involved new leadership, new internal controls, a rigorous new corporate compliance program, and full cooperation with the ongoing investigation. It is the only entity so far to get a deferred prosecution agreement from U.S. authorities in the scandal.

To give the scene a little more context, Castro Nevares describes what the environment was like as he entered Torneos. “The guy that used to be the general manager and stock holder of the company was for a couple of days in 2015 a fugitive,” he says. “He decided to turn himself into police in Italy and was extradited to the United States.”

Alejandro Burzaco eventually pled guilty and became a witness for the government, says Castro Nevares. “At the beginning, whatever we tried to do, it was very, very difficult,” he says. Some within the company wanted to stand their ground in terms of how the company had always operated, and some wanted to accept a new direction built around a compliance mindset.

The company terminated all of its directors and finance staff, says Castro Nevares. “So basically, within a month, this company was without anybody that was aware of the most basic way to run the company or the actual business,” he says. “It was a good thing. It needed to happen, but it presented challenges. We needed to start running the company from scratch.”

And start from scratch it did, says Castro Nevares. The company still had a payroll and an active workforce, and they wanted to get back to work. “There was a very fundamental decision, a conviction, that we should be able to conduct this business in a healthy way, in total compliance with all regulations,” he says. “We were sure that there was an opportunity to create and rebuild this very strong company in terms of this history and the work that people here were doing for the last 15 to 20 years. I wouldn’t have joined this company otherwise.”

For his part, the primary objective was to cooperate with U.S. authorities and establish a compliance operation that would show regulators and the soccer world that Torneos meant to do business in a new way.

“We worked in close cooperation with the Department of Justice in New York and with our U.S. counsel making sure what we were doing was aligned with their expectations, both in terms of cooperation but also looking to put the company in a remediation process and in a healthy state,” he says. “It was about whether we were allowed to continue as a going concern.”

One of the earliest steps was to adopt a code of conduct, says Castro Nevares. For guidance, Torneos turned to one of its biggest shareholders—AT&T, and DirecTV, which was acquired by AT&T at around the same time. “They were totally supportive, and that was very important,” he says.

Torneos began with the AT&T code of conduct and worked with the firm’s legal counsel both in the United States and in Buenos Aires to adapt the code to the business environment at Torneos, says Nevares. “We operate not only in a different environment from an industry point of view, but also from a jurisdictional point of view,” he says. “We are in Argentina, so we needed to adopt the code to our reality.”

The Torneos code of conduct addresses many of the same issues found in most modern codes, he says, including the importance of tone at the top, bribery, and anti-money laundering. By the end of 2015, Torneos’ new board of directors approved the new code of conduct. It was not formally the first for Torneos, but it was designed specifically for the business and it was accompanied by relevant policies and actions to ensure the code was known and followed.

Castro Nevares got approval from the board to create two additional positions to expand the compliance department from one to three people, and they set out at the beginning of 2016 to train directors and highly ranked officers on the new code. “That’s where everything started,” he says.

The first big challenge was to establish a new culture and help people understand a new way of doing business within Torneos, says Castro Nevares. “This was a company that was basically run like a family business,” he says. “The company was run in an unsophisticated manner, in that sense. There

was limited information shared by top management. There were no controls, no compliance, very little information in terms of results of the business.”

The new general manager was active in training sessions to help set the tone, says Castro Nevares. “He was the one telling people, and they reacted immediately because they recognized that,” he says. “We were going to run the business in a way that assures compliance with every single regulation.”

That also meant teaching people to understand standards and accountability—not only in terms of their behavior but also performance goals. The heads of different areas within the business had to learn to hold to a budget and pay attention to profitability, for example. “If you were running this event or that event, or if someone agrees to buy this right or sell that right, you had to assure there was a profit and a budget,” he says. “That was not the case before.”

Castro Nevares would soon find that teaching a compliance mindset would not be limited to the organizational structure of Torneos. For starters, the company has some joint venture partners. He spent some time reaching out to those entities to assure the entities understood that there was a new Torneos, and that it was following a new code of conduct and new principles and policies, he says. He’s also helping them establish compliance processes and procedures of their own so they can operate independently.

Business counterparties would also have to learn that Torneos was coming into the market with a new mindset. “This is soccer in South America,” says Castro Nevares. “It was very, very clear that for many, many, many years, the way the industry worked was not necessarily by abiding by all these principles. There are a number of players that were here before and still are a part of the equation.”

The good news, says Castro Nevares, is that the company has found many supporters as it has set about doing business according to its new mantra. Torneos has taken a stand, he says, that the company will not do business according to the old rules, and it hasn’t lost many contracts as a result. “It’s a challenging environment, but we are looking at this as the way the whole industry is trying to turn around,” he says. “We very much are basically a driver of that change, and we look forward to continuing to do that and leading that process as much as we can.”

Going forward, Castro Nevares says, there’s still plenty to be done to improve the compliance operation now that a basic program is in place. Internal communication and training will continue to be an important focus of further building and sustaining a compliance mindset, he says. “We enacted a big number of policies and risk assessment,” he says.

When he’s not tending to Torneos’s compliance operation,

PEDRO CASTRO NEVARES

Title: Chief Compliance Officer, Legal Director, Torneos y Competencias

About Torneos y Competencias: The sports and entertainment broadcasting and marketing firm is based in Argentina.

Location: Buenos Aires, Argentina

Years of experience: 16

Areas of expertise: Capital market transactions, mergers and acquisitions, corporate restructuring, corporate compliance

“There was a very fundamental decision, a conviction, that we should be able to conduct this business in a healthy way, in total compliance with all regulations. We were sure that there was an opportunity to create and rebuild this very strong company in terms of this history and the work that people here were doing for the last 15 to 20 years. I wouldn’t have joined this company otherwise.”

Castro Nevares is spending time with his family, which includes five children, enjoying a variety of sports, not the least of which is soccer. “Of course, I’m a soccer fan,” he says. “I’m from Argentina. We all like soccer here.”

He has played soccer his whole life, and he played rugby in his younger years, but his focus has shifted in more recent years to running. He’s running his fifth marathon this spring, and he enjoys sporting with his family on the weekends, including training one son’s rugby team. “As long as my health will allow me, I would like to keep on doing sports,” he says.

While Castro Nevares gets a great deal of credit for planting the compliance seeds that are now blossoming at Torneos, he says he certainly couldn’t have done it alone. “Everything we’ve done here was teamwork,” he says. “It was very, very important to have the support of our board, our law firms, our advisers, our shareholders. I don’t think we would have been able to bring this firm to where we are not without the help and support of all of those.” **TM**

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KIM Yapchai

At Tenneco, Chief Ethics and Compliance Officer Kim Yapchai is building on years of experience to strengthen the company's global compliance program.

BY JOE MONT

Chief Ethics and Compliance Officer

Tenneco

The role model

If just one word were used to describe Kim Yapchai's compliance accomplishments, it might very well be "transformational."

Starting in 2014, she helped steer Whirlpool's global compliance strategy into an award-winning program for 93,000 employees in over 50 countries. "I can't believe how she has been able to transform Whirlpool's global compliance program in such a short time and on tight budget," a former colleague said.

Yapchai is now working to do the same at Tenneco, a Fortune 500 company that manufactures ride performance and clean air products and systems for consumer automobiles and commercial vehicles. She recently joined the company as chief ethics and compliance officer.

Yapchai joins the new company at a moment of its own transformation. Tenneco recently signed an agreement to acquire Federal-Mogul, a global supplier to original equipment manufacturers and the aftermarket, from Icahn Enterprises. It also announced its intention to separate the combined businesses into two independent, publicly traded companies.

The career path that led Yapchai to the compliance function was a logical one. "I have been an in-house lawyer my entire career, so I've always been on the proactive side of the law," she says. "I loved both business and law when I was in college and decided to combine the two. You could say I've always been in compliance, in terms of trying to add value to the company and helping to steer them in the right way. You are training people and making sure processes and procedures are structured correctly."

A key to Yapchai's success was, and is, that she created "a pull for compliance" rather than having "to push information at people."

She partnered with general counsel and C-suite leaders to embed proactive risk management into business practices. The strategy was to break internal silos and resistance by expressing the goals of the compliance program and measuring its results in terminology that business units and senior



leadership understood and could quantify.

There was also the need to be creative with the otherwise staid elements of the profession.

"When I first started, I made it my slogan that I wanted to 'take the groan out of compliance,'" Yapchai says. She recalls being on the receiving end of training, and often walking away bored and unimpressed. A key to building a culture of compliance, nevertheless, is training. So, for Yapchai, the operative word was "transformation."

At Whirlpool, a moment of pride, and a soon-to-be replicated strategy at her new company, emerged during a corporate gathering in Chicago. Yapchai created a training session called SpeakEasy, a play on prohibition-era speakeasies where people broke the law by attending unlicensed saloons. They earned their name for the practice of being hush-hush

and secretive, so as not to alert the police.

For Yapchai's SpeakEasy, the objective was quite the opposite. "Our SpeakEasy was somewhere where we want you to follow the law, and we want you to raise your voices because we want to hear them," she says.

The session consisted of three stations: a survey of the comfort level of speaking up; a game of sorting hotline myths; and a game about the benefits of a speak-up culture. That may not sound all that different from any other compliance-related training session. The difference, however, was in the creative presentation.

Attendees were instructed to take an elevator to an identified floor. When the doors opened, they had to step into a cloud of man-made fog, greeted by 1930s gangsters. Fedoras, feather boas, and chocolate cigars were distributed to help stay in character and keep the session fun and lively.

"We were doing a meeting in Chicago, and we were at the end of a very, very long day, and so I told the team: 'We've got to amp this up. People are going to be exhausted by the time they get to our session,'" Yapchai recalled. "We needed to mix it up. We decided to keep the session secret. It was a secret even from the general counsel."

It wasn't just maintaining an element of surprise that prompted all the secrecy. There was also a message. "The compliance team needs to be comfortable with keeping secrets," Yapchai said, expressing the need to maintain confidentiality when employees come to them in confidence.

For an added injection of fun, the sessions quizzed attendees with an online game that featured a leaderboard to foster a sense of competition.

Measuring the effectiveness of the event was among the ways Yapchai leveraged marketing concepts and language. For example, she applied the concept of a "net promoter score" to compliance training.

The marketing team often used a net promoter score to measure the influence a product has on someone. This is done by asking a consumer how willing they are to recommend a product to someone else based on a scale of 1 to 10. Higher scores indicate that the person had a great product experience and will influence others to buy it.

The same principle could be applied to compliance training sessions by asking employees how likely they are to recommend a session to someone else. Yapchai used the responses to quantify the training impact, advertise sessions with high ratings, and identify any sessions that need improvement.

That review process "means something to the leaders and the business people and gave the compliance team some accountability," Yapchai says. "It's really an effective rating, because if the training's not applicable, not engaging, or people

KIM YAPCHAI

Title: Chief Ethics and Compliance Officer, Tenneco

About Tenneco: A \$9.3 billion global manufacturing company with approximately 32,000 employees worldwide. It is one of the world's largest designers, manufacturers, and marketers of ride performance and clean air products and systems for automotive and commercial vehicles.

Location: Chicago

Years of experience: 26

Areas of expertise: Ethics and compliance, training

"Culture is vitally important. You can paper policies and procedures from here to the moon and back, but if the culture of the company is one where employees are not going to follow the policies and procedures, or not tell you when others are not following them, you're not going to achieve your goals."

felt overwhelmed, then your score is going to be lower."

Another metric developed to measure impact involves an exit survey where employees are asked one simple question: After participating in this session, how comfortable do you feel speaking up? The poll allowed for an immediate, anonymous measurement.

In terms of hotline metrics, the goal is to promise anonymity, but with the hope there is a level of trust so that it is not needed. "I've actually had people who originally remained anonymous during the hotline process and then chose to disclose themselves to me afterwards," Yapchai says. "That's a big message that you're gaining trust on an individual basis. When the pull is happening rather than the push it tells me that the impact is working."

In her view, the key to a successful compliance effort is the ability to shape and mold a company's culture.

"Culture is vitally important," Yapchai says. "You can paper policies and procedures from here to the moon and back, but if the culture of the company is one where employees are not going to follow the policies and procedures, or not tell you when others are not following them, you're not going to achieve your goals."

“Compliance is not a ‘do it for me’ function; you have to grow it, inspire, and motivate. You shape it by helping people to understand the value of it,” she adds. “Compliance has transformed from a policing function to one that understands the importance of culture and shows the company how you can add value by protecting your brand and reputation, by engaging employees, and by increasing your ability to hire and retain employees.”

Ensuring success also requires being a role model and encouraging others to be role models.

“Not only do I want to be a role model, but I want our leaders to be role models as well,” Yapchai says. “I have to walk the talk just the same way as everyone else. In compliance, you have to be accessible and approachable as much as you need to be seen as an authority.”

Yapchai says she has been lucky to have executive buy-in throughout her career.

“Not everyone views or values compliance in the same way,” she says. “I am very careful about picking the companies that I work for, and one of the reasons I came to work for Tenneco is, frankly, the values-based culture that they have here and leadership’s commitment to compliance.”

In her first week at Tenneco, there was a company-wide

“Compliance has transformed from a policing function to one that understands the importance of culture and shows the company how you can add value by protecting your brand and reputation, by engaging employees, and by increasing your ability to hire and retain employees.”

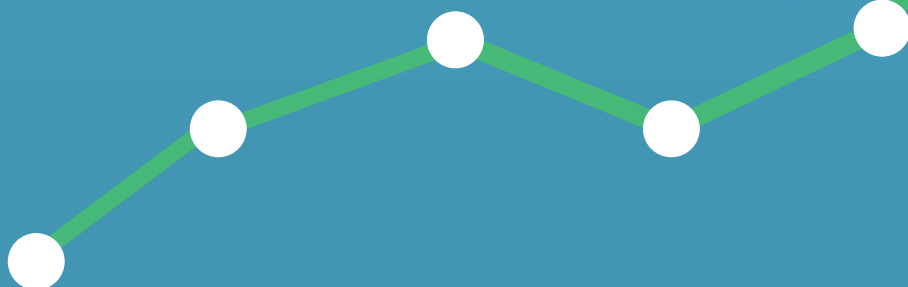
leadership conference. She considered asking the CEO to devote some time to promoting ethics and compliance to the international audience of employees, managers, and executives. “Before I could even grab a moment to do that with him, he had already included it in his presentation. In front of everyone he said, ‘I want to make it clear that integrity is not negotiable.’”

“It solidified my choice,” she says. “I am in the right place. When you’re working with leaders like that, it makes things so much easier. You’re almost trying to keep up, rather than push to get people where you need them to be.” **TM**

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