

## WHAT MAKES A GOOD COMPLIANCE OFFICER?

Zero risk does not exist for companies and should not be an objective.

Given globalization, increased competition, ever increasing objectives on the one hand and increasingly complex and sophisticated international laws and standards on the other, the issue of non-compliance has become critical. One small act or incident can put a company's reputation at risk and potentially call into question its performance and ultimately its existence.

Certain functions emerge as central and become strategic for the Group. This is the case for the Compliance Officer whose role has been developing over the last few years, first in the United States and then in Europe.

Some believe that the role of the Compliance Officer is to ensure that a company's business is conducted in compliance with professional standards and accepted business practices. For others the role involves ensuring that business is carried out diligently, loyally, equally and ethically. Finally, some believe that the role of the Compliance Officer is to identify and manage legal and reputational risks. Most agree that raising awareness of risk, training and advice are critical elements of the CO's mission. Therefore, a good Compliance Officer has the demanding and complex task of fulfilling all these roles.

This requires an excellent understanding of the company's business in general, flexibility, an open and inquisitive mind as well as sensitivity to different cultures and the ever changing regulatory environment.

### ***What are the risks associated with Compliance?***

In light of the increase in legal norms, rules, regulations, both professional and societal, the legal risk faced by companies has become strategic.

Compliance, in its broadest form, is the combination of all processes which enable a company to ensure respect for the values and ethics as installed by management. Non-respect can lead to legal and/or administrative sanctions, financial losses or damage to image and reputation.

### ***What is the role of the Board of Directors and top management?***

This mindset and culture must first be demonstrated by the Board of Directors, the CEO and senior management. The *tone from the top* is crucial and cannot be merely cosmetic.

The enthusiasm and will to respect and incarnate these values regardless of temptation must be solid. In addition, exemplary behavior at the top must be constant and unwavering.

The role of the Compliance officer is that of a linchpin for the deployment of a compliance program at all levels of the company. He or she implements a compliance program and links it to the most important strategic interests of the company.

In order to do this, the Compliance Officer must possess the characteristics necessary to ensure the successful implementation of his or her mission.

### **What is a Compliance Officer?**

The Compliance officer is responsible for ensuring respect of national and international regulations, professional and extra-professional norms as well as rules of ethics and good behavior as defined by the company. A good Compliance officer must be able to analyze these regulations and norms from the company's perspective depending on its activity, culture and the global financial environment.

*The challenge?* To raise awareness and ensure that all employees, whether there are 50 or 300,000 and regardless of where they are located in the world, respect the legal norms as well as the values and ethics of the company.

It's a considerable challenge.

In addition, the law can sometimes appear abstract if not incomprehensible to large numbers of employees. A good Compliance Officer must consider how to integrate best practices in order to ensure respect for the regulations and values of the company.

The Compliance program should encourage respect for the values of the company and include concrete and effective policies and measures.

The Compliance Officer must first define the ADN of the company. He will then adapt the program to take into consideration specific issues faced by the company, the stakes involved, the markets, the history and culture as well as the operational and reputational risks.

The Compliance Officer must correlate the compliance program and its implementation to the management of risks (corruption, antitrust, CSR, sanctions, reputation, etc.).

Strength comes from an alliance between the regulations and ethical behavior.

Ethics are everywhere. The norms are diverse and numerous. The dissemination of information on ethics and norms in the company is a real challenge.

It must be broadcast to a large, diverse audience. At the same time, it must be adapted to each country or zone while remaining transnational. A company's ethics code must be easily translated and implemented when borders are crossed.

The Compliance Officer must harmonize and define universal values that will be understood and respected by all staff, in all countries and cultures.

### **What is the assignment of a good Compliance Officer?**

The Compliance Officer's mission is twofold. It is:

- vertical, and applies to each level of the Group
- transversal, and works with all departments

The Compliance Officer must:

- have an excellent and thorough understanding of the business
- have skills and human qualities which allow him to advise, train and raise awareness amongst company staff on the interest of business ethics and compliance.

He ensures that the program is communicated clearly, understood by each country, region or location and assimilated and embodied by the employees targeted.

He organizes and supervises the training sessions either through meetings or e-learning.

The Compliance Officer must be constantly on the alert for potential areas of vulnerability or risk and work with management and operations to develop contingency plans. He must ensure that the issues relating to ethics and compliance are evaluated, monitored, managed and resolved in an appropriate manner. He must also put in place appropriate disciplinary actions and measures to avoid a recurrence.

He makes sure the monitoring programs are in place to measure efficiency and to identify potential areas for improvement.

The deployment of the program has three components:

#### Awareness

He must make sure that each employee is aware of the importance of compliance and respects and contributes to its implementation.

#### Advice

- In close collaboration with lawyers and the Executive Committee, the Compliance Officer plays a key role in risk assessment especially in specific situations (mergers/acquisitions, tenders).
- Reporting
- He analyzes and reports on best practices to be implemented in the company in the company...

### ***What are the character traits required to be a good Compliance Officer?***

A good Compliance Officer must have the following skills and qualities:

#### **Skills**

A good understanding of the company's business, global perspective on the company's role, the stakes involved and developments in the market.

Be familiar with the company's overall strategy in order to align the compliance with the business

Understand the potential risks in order to anticipate them and secure the business.

**Qualities and characteristics**

*Leadership*

*Independence*

*Charisma*

*Integrity*

*Communicator and mentor*

*Human and firm*

***And in addition:***

**The Compliance Office is a sensor**

With a panoramic view of the company a good Compliance Officer has global knowledge of the business and the people so that he or she is prepared and can anticipate the steps necessary to deal with risks while appreciating the potential constraints.

These different qualities allow the Compliance Officer to act as a kind of sensor. He or she helps the CEO to understand what is going on at the heart of the company and in his immediate environment.

**He or she is also a monitor**

To be the best, some may be tempted to put the company at risk. Confidence in the Compliance Officer, in his analytical capabilities, his discernment and judgment should encourage those tempted to discuss these issues.

**What are the challenges for a good Compliance Officer and what are the traps to avoid?**

The challenge for the Compliance Officer is to understand what is expected from him, depending on the sector and size of the company. The challenge is to put in place an adequate and appropriate program.

There are however a number of risks and traps to avoid:

- Don't implement a cosm'ethic program.
- Don't make people irresponsible by implementing a program that is too complicated. This will reduce their ability to identify potential risk that common sense would allow.
- Encourage everyone to be responsible for the efficient implementation of the program. Everyone needs to understand that the procedures are not superimposed on the business to complicate it, but are part of the business.

## Conclusion

A good Compliance Officer must align the compliance program with the business of the company in order to improve its overall performance. The objective is to deploy more than just a regulatory program. It must also encourage business conduct by and for the company based on responsibility and ethical behavior.

This does not mean that the program should not be based on norms, but a program based on values is more likely to be a success.

The relationship between two concepts – risk management and Compliance – will allow the alignment of the compliance and expressed values with the business in the overall context of its strategic vision.

The committed Compliance officer will be able to convince staff and even management that expanding business is important but not at any price. By being compliant, the company can reduce risk and threat and still increase its business opportunities. By reducing non-compliance risk, a company commits itself to a path of even greater compliance, **the creation of added value.**