

# Ethics and Compliance Programs of the Future:

New Strategies for Integrated Assessment and Management of Risks

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# **Key Components of an Effective Compliance Program**

External criteria's/guidances (OECD, US DOJ, UK BA,)		
Commitment from senior management and clearly articulated policy against key risk areas	Often referred to as "Tone at the top", senior management and board directors alike are responsible for conveying a strong message that key risks will not be tolerated	
Code of Conduct and compliance policies and procedures	Code of conduct provides ethical guidelines for those conducting business on the company's behalf. A company may also have specific policies and procedures that address its most significant risks and outline proper internal controls and monitoring procedures	
Oversight, autonomy and resources	Responsibility for the compliance program should be assigned to an appropriate senior individual or group to provide the authority and autonomy to oversee the program and report to the company's governing bodies	
Risk Assessment	Program should be designed around and commensurate with its unique risk profile, taking into account factors such as its size, structure, industry, geography, interactions with foreign officials and involvement of business partners. A thorough risk assessment ads efficiency and credibility to compliance efforts	
Training and Continuing Advice	Company should take steps to ensure all employees are aware of the policies and procedures, which is often accomplished through periodic training. Certain key roles, such as management, sales, financ and business development personnel may receive enhanced training	
Incentives and Disciplinary Actions	To avoid the appearance of a "paper program", corporate compliance program must be enforced unequivocally throughout the organization with clear disciplinary procedures for violators applied timely and consistently. Also positive incentives (financial or merit-based rewards) may reinforce a culture of compliance	
Third-Party Due Diligence and Payments	Risk-based due diligence approach identifies and devotes attention to third-parties posing the greatest corruption risk. The guidance highlights three area's to govern dealings with third parties from pre- contractual due diligence efforts to payment terms and on-going monitoring of third-party relationships	
Confidential Reporting and internal Investigations	Employees and third-parties should be encouraged to share tips or suspected violations in a secure and confidential manner	
Continuous Improvement: periodic testing and review	Companies may perform periodic testing or audits to monitor compliance with the various elements and controls of the program and to uncover existence of potential violations and red flags signaling new corrupt risks	
Pre-Acquisition Due Diligence – Post- Acquisition integration	An acquirer is responsible for conducting thorough due diligence of a potential target company, which extends to evaluating potential corrupt activity by the target	

# Effective Compliance Program Corruption Hallmarks



# **Traditional 3 lines of defence**

#### Governing Body / Audit Committee

#### Senior Management Team

Business operations	Compliance, Ethics, Integrity	Internal audit
First line of defense	Second line of defense	Third line of defense
Compliance risk ownership	Compliance risk oversight	Compliance risk assurance
<ul> <li>Operating subsidiaries / affiliates bear full responsibility for the risks their operations create</li> <li>Under the first line of defence, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks</li> </ul>	and frameworks for compliance risk management and facilitate compliance risk assessment	Internal audit forms the organisation's third line of defence. An independent internal audit function will, through a risk-based approach to its work, provide assurance to the organisation's board of directors and senior management. This assurance will cover how effectively the organisation assesses and manages its risks and will include assurance on the effectiveness of the first and second lines of defence.



### **THANK YOU for the lively exchange!!!**

# Ann, George, Isaure, Dominique & Ariadna