

# Integrity, Compliance & Ethics



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Corporate compliance is an essential element of good governance and a strategic priority for most organizations today. It should be no surprise that the current economic, regulatory, social and ethical climate, coupled with increasing stakeholder expectations regarding effective integrity and compliance management, has propelled corporate compliance to the forefront of corporate priorities.

## The challenge of effective integrity and compliance management

Organizations realize the need to establish and embed principles of effective global integrity compliance management into the fabric of their day-to-day business – to keep them out of trouble, integrate sustainable approaches and drive better business performance. More than ever, boards and C-suite executives must respond to increasing pressure and scrutiny from stakeholders to provide tangible evidence that they are effectively addressing their compliance risks – from a corporate and individual perspective.

Broadly speaking, compliance includes both mandatory requirements – such as laws and regulations – and voluntary, company-specific requirements – such as policies and procedures, public commitments, and contractual obligations. Companies today are focused on determining whether their compliance infrastructure (programs, structures, people, processes and controls) is effective in preventing and detecting noncompliance, and whether it is effectively integrated into business processes and everyday decision-making.

Many companies address compliance reactively in response to events such as regulatory actions, criminal investigations and litigation, rather than proactively. This approach can result in increased costs, non-acceptance of employees and other stakeholder, liability and negative public exposures. Additionally, compliance responsibilities may be “siloeed” within different corporate functions, departments and business units. This can create gaps and inconsistencies that undermine the company’s effectiveness in preventing and detecting noncompliance. As the business environment becomes more complex – across countries, languages, cultures and lines of businesses – many of today’s compliance programs are not managed to reflect these realities.

## Getting it right – addressing the major risks

Companies that act with integrity have a business advantage in their daily operations. To that end, integrity and compliance management helps companies manage risk, investigate alleged misconduct and measure the financial implications when issues arise.

Over the past few years, organizations have focused significant effort to design their governance, internal control, risk and compliance/ethics function. From a compliance point of view, it is critical to think about the integration and alignment of compliance as it relates to all risks relevant to your business. Key regulation and reputational risks that every business should consider include:

- Anti-bribery/anti-corruption
- Foreign trade and sanctions
- Data privacy and data protection
- Antitrust and competition law
- Fraud
- Money laundering

In addition, industry-specific regulation as well as geographical reach can have a major impact on the compliance strategy and effectiveness.

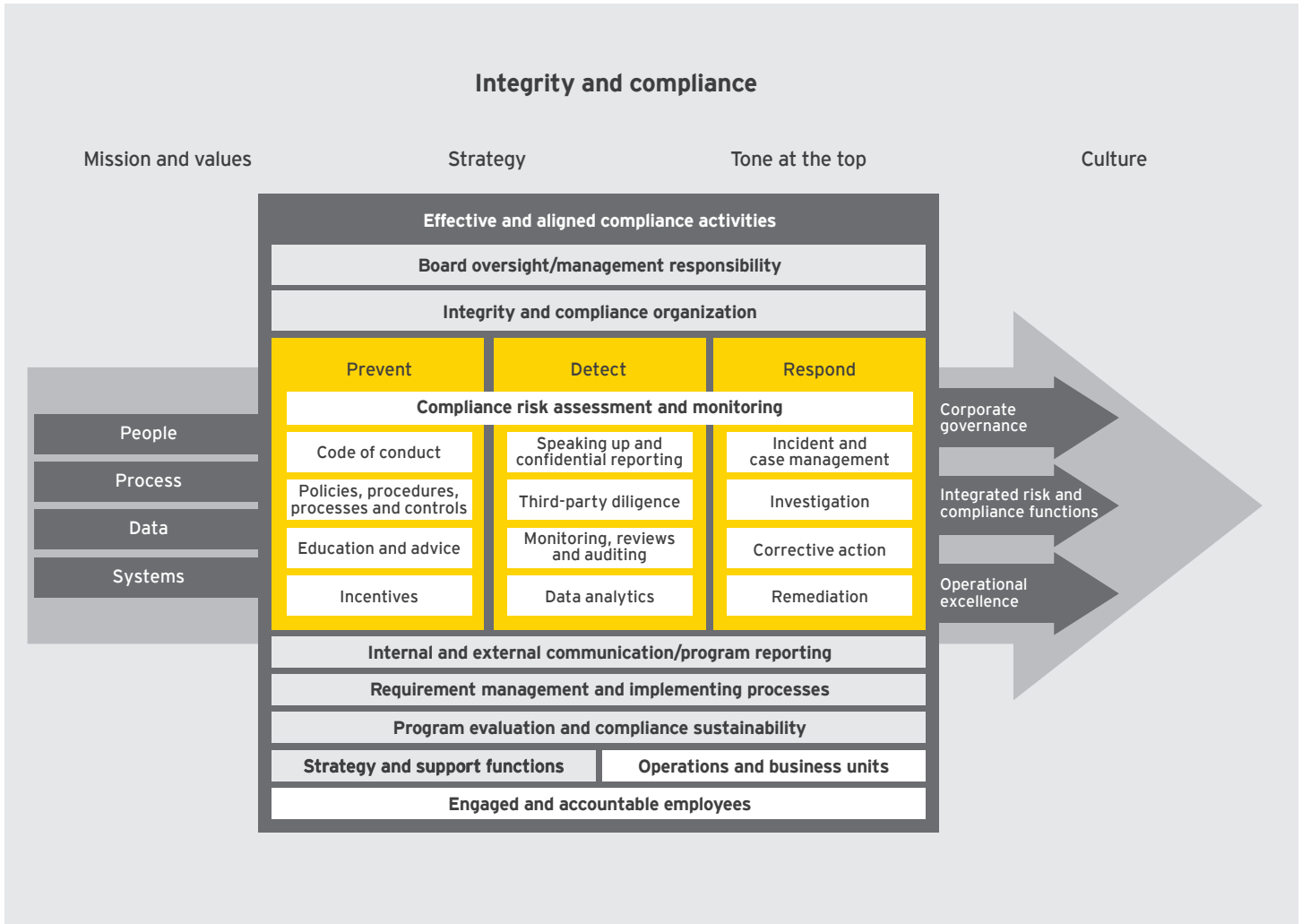
### Major integrity and compliance standards

- COSO – Committee of the Sponsoring Organizations of the Treadway Commission
- Open Compliance and Ethics Group – “The Red Book”
- Securities and Exchange Commission/Department of Justice – A Resource Guide to the US Foreign Corrupt Practices Act
- US Federal Sentencing Guideline Manual – Sect. 8b: Effective compliance and ethics programs
- UK Bribery Act – Sect. 9: Guidance about procedures to prevent bribing
- International Chamber of Commerce – Antitrust compliance toolkit
- German Attestation Standard 980, Audit of Compliance Programs



# Integrity and compliance – an integrated framework approach

An effective integrity and compliance program should be designed to support and guide the business toward making decisions aligned with the mission, vision and values of the organization as well as the major compliance risks and regulations governing it. It should also provide management comfort that the organization operates with integrity. However, no single integrity and compliance program design fits every company. A company's risk profile, business model, organizational structure and culture should all influence the program design and operation.



Managing integrity and compliance risks for a multinational company is a topic of strategic importance for boards of directors and executive management. As new compliance requirements emerge, and existing requirements evolve, boards and management are looking for assistance to help address their responsibilities, including demonstrating program effectiveness around corporate compliance.

Our Business Integrity and Corporate Compliance services provide an ideal platform to frame strategic compliance and integrity decisions for the organization about an issue of critical corporate and personal importance. EY is well positioned as an independent, objective advisor with deep risk management experience and global resources to help a company effectively manage its compliance obligations. Managing current integrity and compliance issues is one of the highest priorities of each organization. Assessing and embedding a prevention program and the culture of ethics and integrity will help you to sustain global compliance.

## How EY can help

Our Integrity, Compliance & Ethics services help organizations improve the effectiveness and sustainability of their integrity and compliance program. We support you in assessment and strategic compliance projects as well as full range compliance program advisory campaigns. Specifically, we provide:

- ▶ **Compliance risk assessments** assist management in identifying and prioritizing the company's significant integrity and compliance risks, including emerging "frontier" issues.
- ▶ **Integrity and compliance performance assessments** provide an independent assessment of the design of the company's compliance infrastructure, including the compliance function, structures, people, processes and entity-level controls. This assessment compares compliance infrastructure to leading practices and identifies improvement opportunities. For that, EY uses its proprietary business integrity and corporate compliance maturity model developed to address the needs of your organization.
- ▶ **Integrity and compliance program improvement** assists you in developing and implementing a plan, as well as core elements and initiatives to mitigate specific compliance risks or to strengthen a company's integrity compliance infrastructure. These services also include integrity diligence services (compliance due diligence and transaction support), proactive data analytics services and fraud investigations.
- ▶ **Integrity and compliance sustainability and monitoring** assists management in developing and executing a plan to evaluate and monitor the operation of the company's controls to manage compliance risks, as well as integrating integrity and compliance in the day-to-day business operations.

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EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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