



MYTILINEOS

ΕΝΟΤΗΤΑ IV: Η Κανονιστική Συμμόρφωση ως ανταγωνιστικό πλεονέκτημα που υπερτερεί του κόστους της.
Compliance as a competitive advantage outbalancing its cost



Scope of compliance for the today's discussion

Included

- Legal & Regulatory compliance: compliance with laws/regulations/rules
- Bribery & corruption regarding customers, suppliers, 3rd parties
- Embargo and sanctions: trading with restricted persons/organizations, financing crime/ terrorists
- Anti-Money Laundering: dealing with suspicious organizations, transaction risk
- Privacy and data protection: processing of personal data, handling of incidents
- Anti-trust/ Competition: trade rules and communication principles violation
- Market abuse while in dominant position
- Conflicts of Interest: Inducements and Fees, Outside directorship/activities, employee trading, business conflicts
- Information controls: Information barriers and confidential information (excl. personal data)

Not included

- Health, Safety and environmental
- Employee matters: diversity, conduct, harassment
- Customer complaints
- Quality: norms, checks, assurance
- Tax



It is difficult to measure Compliance ROI since

- On one hand compliance bears a certain cost to an organization (time, resources, IT systems)
- On the other hand compliance creates
 - new opportunities with financial impact (e.g. new markets, new customers)
 - avoidance of difficult situations with measurable cost impact (e.g. fines)
 - avoidance of damaging factors to non- measurable damage (e.g. reputation, loss of customers, loss of talents)

Let's start with:

- It is all about risk identification, risk mitigation and organizational risk appetite
- Although compliance is not optional, there are many ways to tackle the matter and various levels of organizational maturity
- Compliance is currently being transformed from a tick the box approach to a compliance cultural asset for the organizations.

...when compliance is working it gets unnoticed



The **complex** and **fast changing** Regulatory environment applicable to the business activities of a company that is present in various markets or that is part of an international company value chain, creates an additional burden for compliance and change to the company that is beyond its core activities and expertise.

For example the main anti-corruption legislation / guidelines/ key stakeholders are:

- Legislation
 - Foreign Corrupt Practices Act (FCPA)
 - UK bribery act
 - National laws
- International Anti-bribery conventions
 - UN (United Nations) convention against corruption
 - OECD (Organization for Economic Cooperation and Development) Convention on Combating Bribery of Foreign Officials
 - Criminal Law Convention on Corruption (Council of Europe),
 - Civil Law Convention on Corruption (Council of Europe)
 - African Union Convention on Preventing and Combating Corruption
 - Inter-American Convention Against Corruption (Organization of American States)
- industry/ sector codes
 - COCIR (Healthcare)
- industry/ sector regulations
 - Sunshine act (Healthcare)
- Organizations and Agencies Combating Corruption
 - Transparency International
 - World Bank
 - European procurement authority

...have nowadays the ultimate need to comply with laws, rules and regulations and **be able to demonstrate this**.



The risk: we have seen the last decade many cases of non compliance...

- Large **corporate fines** for violations: direct fines for own violations, indirect fines for violations of business partners
- Lengthy public **investigation procedures** that disrupt the company operations
- **Debarment** from public procurement or other opportunities (eg. World bank financed projects)
- Lack of **corporate financing** by banks or investors
- **Reputational** damage, loss of stakeholder trust
- Loss of **market share**
- Decrease in **stock price**
- Failure to attract **employees**
- **Penal** charges for key employees and imprisonment
- **Fines** for key employees

... that have seriously damaged the affected organizations



The solution: a robust ethics and compliance program can ...

Management Responsibility

1 Prevent



Set up...

- the right culture,
- policies
- processes

...to avoid the misconduct

2 Detect



Establish detection mechanisms to identify deviations from the policies and wrong doings

3 Respond



- Disciplinary actions
- Improve program

Integrity of all of the company's employees and 3rd parties

1.1 Compliance **risk assessment**

1.2 **Code of conduct, guidelines** and processes

1.3 **Training** and communication

1.4 **Advice** and support

2.1 **Control system** in the primary process

2.2 **Monitoring** and compliance reviews

2.3 **Compliance checks** by Audit

2.4 **Compliance** investigations

2.5 **Whistleblower** system

3.1 Troubleshooting/**post-processing incidents**

3.2 **Remedy** systemic weaknesses

3.3 **Consequences** in the case of individual misconduct

3.4 **Continuous improvement**

...protect the organization by adverse acts and their consequences.



The competitive advantage between a company with robust CO program...

- Strategic
- Management demonstrates undisputable **ethics and leadership** through the “tone from the top”
 - Management can get to **better decisions due to** Risk management effectiveness
 - Gets **access to international markets** and is able to operate in high risk markets with confidence because of it’s compliance controls
 - Gets **trusted** by customers, suppliers, employees, shareholders, other stakeholders
 - Gets better **access to the value chain** of big international companies
 - Gets easier access to **external financing**
 - **Attracts** top talents, attracts potential partnerships, contract opportunities, or merger & acquisition considerations
 - Fosters **Sustainable development**
 - Provides **assurance to the management** to sign the “in compliance statement”
 - Avoids Successor Liability for Anti-Corruption Violations through the compliance Due diligence during **M&A activities**
 - Cultivates **ethical culture** across it’s whole value chain

operational

- **Its employees are aware** of the risks, can identify them and are able to act accordingly.
- Gets a **better 3rd party risk management**: knowing customers and vendors through the due diligence process
- Avoids **conflicts of interest**
- Prevents and detects **non conformance activities**
- Communicates the company’s risks all the way through the organization and **enables employees to counter act through the whistleblowing channel.**
- **Escalates any deviations** in the right time and to the right people
- Conducts **internal investigations**
- Responds to **external CO related requests** in more timely and accurate manner and at a lower cost
- Stays **out of trouble/** stay out of courts
- robust ethics and compliance program can **reduce adverse legal action and lessen financial penalties**””

...and one that is simply “adhering to the law”.



If you think compliance is
expensive...

...try non compliance

THANK YOU

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