

GUIDELINES

The role of the
Chief
Compliance
Officer



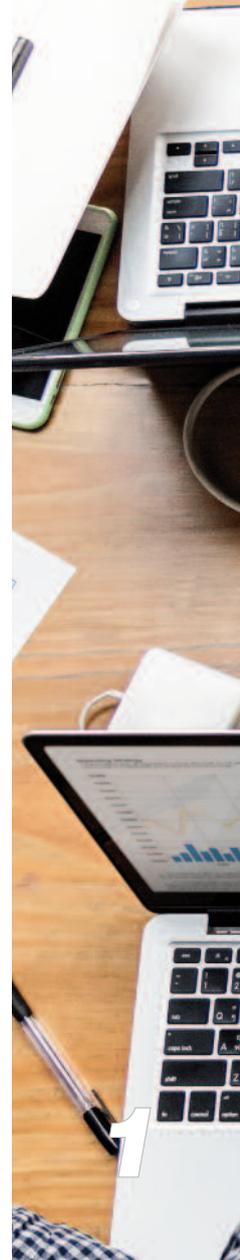


AmCham Romania warmly thanks the following members of the Corporate Governance Committee for their contribution to the elaboration of the Guidelines on the Role of Chief Compliance Officer:

Roche Romania
MPR Partners | Maravela, Popescu & Roman
OMV Petrom

About the Chief Compliance Officer

- The Compliance Officer is a support role designed to ensure that business is conducted according to the highest Ethics and compliance standards.
- Brings added value by supporting the implementation of compliance frameworks and the development of a compliance culture (the cost of compliance is lower than the cost of non-compliance).
- Acts as business advisor rather than business controller in relation with other departments or business divisions from the company to ensure a high level of compliance in any business endeavors.
- Develops compliance programs to raise awareness within the organization and encourage “buy-in” from all staff.
- Uses existing mechanisms for an effective cascading of the “tone-from-the-top” compliance messages within the company.
- Monitors compliance-related KPIs and targets to mitigate non-compliance risks and, if necessary, proposes treatment measures when breaches arise.
- Maintains the company's reputation clean and keeps the license to operate.



A

We hired a highly qualified individual as our new Chief Compliance Officer (CCO). Where is the most effective place in the organization to assign him/her?

- Board of Directors level
- Management level; reporting to Legal
- Management level; reporting to HR
- Management level; reporting directly to CEO

Discussion:

An effective ethics and compliance program and structure depends on many factors, such as the nature and size of the business, the inherent risks of noncompliance, recent compliance history, experience of management and the workforce, and other factors to be discussed. A program built on rules is principally a compliance program; a program based on values is an ethics program. Here are some key considerations in determining where to locate the CCO in the organization:

Board Level:

- CCO not in the best place to know what is going on
- Workforce will be skeptical because the “CCO is not one of us” and because often, board members are considered difficult to reach by the workforce
- Workforce may view the CCO as the “ethics police”
- Workforce will conclude that management is not trusted
- Authority of the CEO is diminished

- [Sometimes, because of recent serious compliance failures within management, interim assignment of the CCO to the Board is necessary.]

Legal:

- Fundamentally a bad choice because of the embedded conflict of interest, the lawyer's job is to defend the organization; the CCO's job is to bring the bad news to the top management, to help keep the company out of the dog house, and to help restore the company's reputation when ethical or compliance problems have visited.
- It is inevitable that the CCO's role and stature will be blanketed by the lawyer, and that the CCO's information and advice will be filtered.
- It is particularly important for the CCO to collaborate with all departments within the company and especially with the Legal department, which is why a horizontal relationship should be more adequate.

Human Resources:

- Most ethics and compliance issues are management issues, not employment issues.
- HR has a narrowly-focused, specialized mission; placing the CCO under HR would tend to obscure the importance of the position.
- Less likely to be perceived as having authority.
- Less likely to be adequately resourced.
- It is particularly important for the CCO to collaborate with all departments within the company including the HR department, which is why a horizontal relationship should be more adequate.

Directly to CEO:

- The CCO's place within the organization is with management - - directly responsible to the CEO.
- The center of gravity for all company operations lies with management.



- Management has the first line of responsibility and accountability for ethical business conduct.
- Management is the first responder to ethical crises.
- The workforce tends to act when it perceives management really wants it to act.
- The ethics/compliance officer articulates to others that ethics initiatives are that of the CEO, and not “the latest from the ethics office”.
- A practical reason is that the CEO is the giver of authority, and holds the ultimate decision on resourcing the ethics office.

Conclusions:

- The CCO should be part of management with a direct line to the CEO;
- The CCO should be a link between management and the workforce;
- The CCO must be given adequate resources (IT systems, personnel) and authority or will be discounted by both management and the workforce;
- The CCO must be given independence in order to act in the best interest of the company, when dealing with breaches of compliance;
- The CCO should not be dismissed or penalised by the management for performing its tasks, especially when conducting investigations, applying measures to mitigate risks or notifying the top management about a compliance breach;
- The CCO should have a seat at the table whenever the CEO meets with other “direct reports” and should participate in major business decisions;
- The CCO should remain focused on ethics and compliance and not be given competing assignments;
- In larger organizations, the CCO's role should be a fulltime, dedicated position;
- In smaller organizations the CCO may be a part-time position (“dual hatted”); the other duties should be compatible duties;

- The CCO must have ready access to the Board, which has the obligation to be knowledgeable about and to provide oversight of the ethics and compliance program.

Assessment of development needs

In order to prepare an **effective development plan**, based on the ideal profile of the CCO, a short online survey can be used as a self-assessment tool. The suggestion is to share this survey with relevant stakeholders inside and / or outside the company to obtain feedback and define specific capability building activities. Ratings are based on the following scale:

1 - Strongly disagree / 2 - Disagree / 3 - Neutral / 4 - Agree / 5 - Strongly Agree

Emotional Intelligence

Does the CCO

- have empathy, listen actively and understand the perspective and needs of colleagues?
- create a foundation of trust and respect in the organization?
- partner and network positively with different stakeholders in the organization?
- adapt their own thinking based on the input of colleagues?
- manage conflicts positively, resolving disagreements and collaboratively develop resolutions?
- support different stakeholders to reach consensus?
- foster an open communication and speak-up culture?
- role model the leadership commitments?
- establish and maintain effective cross-organizational and cross-cultural relationships?



Strategic thinking and influencing

Does the CCO

- inspire and guide colleagues and teams?
- “walk the talk”?
- influence without authority and make decisions with stakeholders, not for them?
- show self-confidence and convey solid arguments when interacting with colleagues?
- align colleagues around a joint vision, based on the big picture, thinking short and long term?
- provide strategic guidance to senior management on compliance and integrity-related matters
- build and maintain positive relationships with colleagues?
- build decision networks and navigate the organizational politics?
- have strong communication and presentation skills?
- send and express clear, convincing and well-tuned messages?
- advocate for creating a culture of ethics and compliance within the company?

Proactive and entrepreneurial

Does the CCO

- have a “can-do” attitude?
- embrace business thinking and -ideas and propose solutions to adapt ideas not fully meeting the ethical standards?
- show initiative and hands-on behavior?
- show pragmatism and 80/20 thinking?
- have a sense of urgency?
- work with a creative mindset and openness to solve any situation/issue?
- address issues and identify opportunities, also outside his or her functional area?
- deliver results within the requested timelines?

Project management and complexity

Does the CCO

- have the ability to lead complex projects?
- have the ability to collaborate within cross-functional teams and businesses?
- have strong multi-tasking and prioritization capabilities?
- quickly grasps complexity and is he / she at the same time able to simplify for non-experts?
- show analytical and system thinking?
- have a quick response in crisis situations?

Experience and technical skills

Does the CCO

- have solid expertise and knowledge in Compliance?
- have solid industry and business understanding?
- have a proper understanding of the organization?
- quickly understand complex legal topics?
- have solid IT and digital skills (powerpoint, excel, new IT tools, etc.)?
- at all-time be bound by confidentiality regarding the activities undertaken in order to make sure that the company is compliant?

Additionally, the company should ensure that the CCO shall maintain its expert knowledge by regular trainings, participation in relevant conferences and meetings, etc.

Tools for self-assessment

Short and practical self-assessment survey on Emotional Intelligence:

<http://globalleadershipfoundation.com/geit/eitest.html>

C

Ideal profile CCO (Job description)

- Oversee the effectiveness of the compliance program and foster a culture of compliance and ethical business practices.
- Act as a true business partner to proactively identify opportunities and contribute to business solutions.
- Build and develop a high-caliber compliance team enabling the effectiveness of the compliance program and providing concrete support and solutions for the business.
- Continuously evolve the compliance program and ensure that it is consistent with the values and principles of the organization, fit for purpose and in line with regulatory requirements.
- Work collaboratively with senior management and perpetuate a “tone at the top” and “middle” that reflects the company’s commitment to ethical and legal business conduct, and compliance with the letter and spirit of the law and policies in all aspects of the company’s operations.
- Actively engage in external and internal compliance networks (e.g. through industry organizations and associations) to shape and influence the environment, and identify emerging trends/ best practices.
- Advise senior management regarding compliance obligations, risks and proactive risk management strategies, actual or potential compliance-related issues, investigation and resolution of such issues, and corrective actions.
- Support the implementation of Policies and Guidelines and provide guidance on Standard Operating Procedures and processes development, as applicable.
- Create, maintain and constantly improve a compliance monitoring program which provides management with assurance that key compliance risks are being adequately managed within the organization (including trainings, awareness campaigns, guidance documents and other internal policies).
- Coordinate and assist other control and risk functions in order to comprehensively identify, assess and manage compliance risks.
- Increase consistency of compliance efforts within the organization
- Where applicable, participate as a key member in relevant compliance and business committees/groups by actively contributing to the purpose, the objectives and respective solutions.

About AmCham Romania

The American Chamber of Commerce in Romania (**AmCham Romania**) has been for 25 years a leading representative of the business community in Romania, and is acknowledged as a promoter of the private-public dialogue on matters related to the business climate, public policies that impact Romania's economy and competitiveness or the economic ties between Romania and the U.S.

AmCham Romania's mission is to offer its members a professional platform for interaction, collaboration, exchange of best practices and promotion aimed at business development and trade relations, as well as to represent its members' business priorities on matters of joint interest, in relation with the Romanian authorities.

Currently, **AmCham Romania's** over 430 members – U.S., international and Romanian companies allow **AmCham** to engage in promoting the business priorities for many industries, through dedicated working groups, such as: Capital Markets & Financial Services, Corporate Governance, Competition and State-Aid, Future of Work, Energy, Environment, Health, Digital Economy, Structural Funds, Public Procurement and PPP, Real Estate, Taxation and Tourism.

For companies, affiliation with **AmCham** is an expression of their commitment and responsibility towards the quality of the investment climate in which they operate and towards their contribution to Romania's overall social and economic development.

AmCham Romania's connection with the international business is granted by its accreditation by the U.S. Chamber of Commerce and its affiliation to AmChams in Europe. In Romania, **AmCham** enjoys a great institutional collaboration with the U.S. Embassy in Bucharest and is a member and contributor to *Coaliția pentru Dezvoltarea României*, the informal consultation platform supported by business associations that share the same objectives.

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