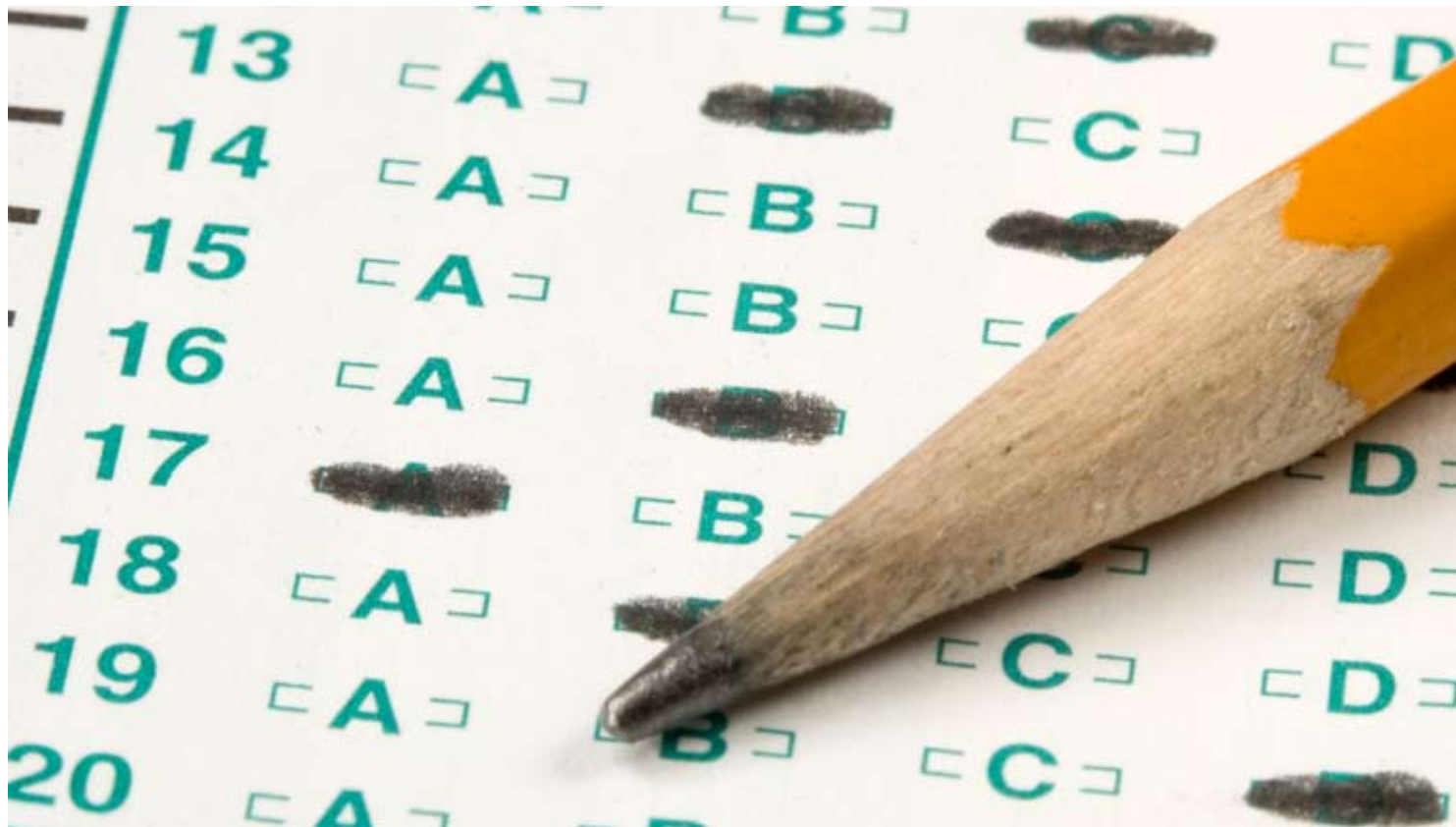


Questions that boards should consider asking regarding Ethics and compliance programs



Building a culture of ethics and compliance within an organization is a business imperative. From the boardroom to the mailroom, everyone should adhere to the same standards. The director's role in oversight of an organization's ethics and compliance program is important to its success. An effective ethics and compliance program requires senior management involvement, organization wide commitment, an effective communications system, and an ongoing monitoring system. Some questions that will assist board members in assessing whether elements of an effective ethics and compliance program are in place include:

- Does the tone at the top, as communicated by senior management, demonstrate to every employee that ethics and compliance are vital to continued business success? Does the organization's culture support making ethical and compliant choices?
- How has the organization supported the ethics and compliance program through training and communication efforts?
- Can you describe the process for assessing ethics and compliance risks within the organization? Has the organization ever performed a cultural assessment?
- How is the current ethics and compliance program structured? Does it cover the organization's global operations? Has it addressed the high-priority areas? Has the organization's ethics and compliance program and code of ethics/conduct been updated periodically. Has the organization reevaluated its internal reporting mechanisms in light of these regulations?
- Does the organization have an ethics and compliance officer? Is a senior executive with adequate time, financial resources, and board access in charge of the program? Are there dedicated, full-time resources?
- Does the code include statements regarding responsibilities to employees, shareholders, suppliers, customers, and the community at large, and is it distributed to all relevant parties, including the Board, employees, management and vendors?
- Does a reporting process exist to keep the board informed on ethics and compliance issues, as well as the actions taken to address those issues? Is ethics and compliance a regular board agenda item?
- Is there an effective and utilized reporting mechanism in place to let all employees raise ethics and compliance issues without fear of retribution? Is there an anonymous reporting mechanism or helpline? Who fields the follow-ups on concerns raised through the helpline? Are audit committee members or the audit chair named as an additional outlet for employee concerns?
- What type of ongoing monitoring and auditing processes are in place to assess the effectiveness of the program? Is the code and ethics and compliance program reviewed at least annually by senior management to determine if it needs updating due to business, legal, or regulatory changes? Does Audit Committee conduct reviews? Are employee surveys conducted? Has the program been reviewed by outside consultants/experts for possible improvement?
- Does the organization regularly and systematically scrutinize the sources of compliance failures and react appropriately? Does management take action on reports? Are employees appropriately and consistently disciplined?

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