

Deloitte and Compliance Week collaborated to produce our "In Focus: 2015 Compliance Trends Report" using the data from 364 survey respondents across the Financial Services, Life Sciences and Health Care, Consumer & Industrial Products, Technology, Media, & Telecommunications, and Energy & Resources industries.

C&IP specific insights from the

In focus: 2015 Compliance Trends Report

Historically, many Consumer and Industrial Products (C&IP) companies have had fewer regulatory restrictions than some in other sectors, such as financial services. But that's changing as a growing number of C&IP companies expand their product and service offerings and extend their geographic reach. The increasing rule complexity and growing scrutiny by regulators, customers, and other stakeholders may be driving C&IP companies toward adding more independent compliance functions and enhanced compliance and ethics capabilities. Brand/reputational concerns also propel the trend as customer awareness and support of ethical, environmentally sustainable businesses seems to be on the rise.



53% of C&IP companies have a designated Chief Compliance Officer (CCO), up from only 37% over last year. However, C&IP still lags behind other industries, which average 73%. The number of CCO officers in the C&IP industry is likely to continue to grow as more companies increase their geographic footprint and product offerings.



45% saw an increase in compliance and ethics budgets in the past year. Nearly half reported that changing regulatory requirements influenced this increase. Compliance with the Foreign Corrupt Practices Act (FCPA) and environmental regulations consume the largest percentages of time and resources (25% and 21%, respectively).



Only 45% measure the effectiveness of their compliance programs. Of those who measure, only 58% have confidence that their metrics provide a true sense of how well the program is working. Potential barriers may include the lack of industry standards to measure compliance effectiveness and/or lack of relevant, easily available data.

Only 29% are confident or very confident in the ability of their compliance department's IT systems to satisfy the organization's compliance responsibilities and reporting requirements. Analytics technology offers great potential for compliance departments that are looking to do "more with less," but few C&IP companies appear to have sufficient IT infrastructure to support development.



Compared to the other options, more compliance professionals (36%)

chose third parties as their first or second most challenging risk issue facing the compliance organization. Third-party risks—especially those embedded in the company's supply chain—have been a top risk for C&IP companies for some time and the trend shows no sign of reversing. Meanwhile, only 30% report that they "always" perform compliance audits and 26% "always" perform background checks on potential business partners.

Based on our survey results, C&IP organizations are moving in the right direction on compliance. However, there are important performance gaps in the compliance function including:

- Building capabilities and trust as a strong, independent "second line of defense"
- Improving compliance systems, IT infrastructure, and analytics
- Finding new and better ways to measure compliance effectiveness

Addressing these gaps can help CCOs and the compliance function win the respect of the organizations they serve and increase their influence as trusted advisors for all compliance-related business issues.

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