

## **Globalizing A Compliance and Business Ethics Program**

A survey sponsored by Texaco Inc. in collaboration with the Ethics Officer Association, April, 1998.

### **Background**

- The survey was conducted in April 1998.
- A total of 313 surveys were sent to members of the Ethics Officer Association and 75 completed surveys returned for a response rate of 24%.
- The objective of the survey is to identify best practices, key issues and critical processes in several areas related to globalizing a compliance and business ethics program.
- The survey tries to address issues dealing with the development of a code of conduct, the approach used for training, and the actions taken to enhance a worldwide compliance and business ethics program.

### **Results**

- Commitment from senior management is what it takes to have a state of the art international compliance and business ethics program.
- The key components that have contributed to the success of the compliance and business ethics program were management support, training, and local representation in each country or region.
- 61% of those companies responding said that their companies have a compliance and ethics program that has been implemented internationally.
- 81% of companies with international operations have distributed a code of conduct to international based employees.
- 58% of the companies who did distribute a code of conduct to international employees reported that it is the same as the code distributed to employees based in the United States.
- Training was the most commonly used method to enhance an international compliance and business ethics program. Presentation and newsletter articles were among the other methods used.
- Many companies ( 68% ) offered training to international employees. Broad-based coverage of business ethics issues was the most common training classes offered.
- 39% of the companies distribute their code of conduct to contractors, suppliers, consultants, customers and/or government officials in the countries where they do business.
- 42% of the companies indicated that their company had a worldwide compliance and business ethics committee.
- 49% of the companies have established local compliance representatives in each country or region where they operate.
- 58% of the companies utilized a telephone help-line that is available to employees worldwide.
- A few companies were about to begin and implement their international programs.

## Summary conclusions

Setting up a global compliance and business ethics program is an important task for many internationally operating organizations. The answers we got from this survey give you insight into some of the best ways and practices being used in the industry. The following conclusions are based on analysis of the survey results:

1. Main components involved in developing and implementing an effective global compliance and business ethics program include the following:
  - Involvement of local employee from the beginning
  - Adjustment of the code of conduct to ensure compliance with local laws and adaptability to local culture
  - The selection and appointment of a local compliance and ethics officer
  - Translation of all related materials into the required local language
  - The use of focus groups to pinpoint major issues
  - The setting up of telephone help-lines
  - The exposure of program materials, such as program goals and objectives, to all employees
  - Tailored on-going training to meet the needs of the audience
2. Critical factors for maintaining a successful global compliance and business ethics program once implementation has been completed include:
  - Firm sponsorship from senior management
  - Cooperation and acceptance from local personnel
  - Inclusion of compliance and ethics into the business strategy
  - Smooth, effective, and on-going communication
  - Availability of program materials and information that are relevant to the target audience
  - The establishment of a worldwide compliance and business ethics advisory committee
  - Periodic measurement and review
  - Continuous improvement

### **For More Information, Please Contact:**

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