Avoid a Compliance Hangover: 
*Maintain Momentum in Your Compliance Program After the Regulators Have Left*

Richard Davies  
Global Chief Compliance Officer  
Avon Products, Inc.  

Gregory Bates  
Counsel  
Miller & Chevalier Chartered

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**Agenda**

- Hindsight and how you wound up with regulator supervision
- Supervision has ended – what’s next?
- Avoid calls for undoing valuable progress
  - Use your E&C oversight infrastructure
  - Remind stakeholders of reasons why the program is in place
- Keep the forward momentum
  - Be a team player and be willing to take on more
  - Continue to make changes for further improvements
- A Recent Case Study: Avon Products, Inc.
Hindsight – how you wound up with regulator supervision

- The following may have occurred:
  - A triggering event transpired
    - You learned of potential or actual misconduct
  - An investigation took place
    - Internal, external, or both
  - A resolution ensued and commitments were made
    - Administrative or judicial proceeding
    - Cease and desist, guilty plea, DPA, NPA

Prospective – supervision ends, so what is next?

- Looking forward, some ideas of what you do and do not want to do
  - Live up to the letter and spirit of your commitments
  - Don’t be a recidivist – it’s not pretty
  - Design and implement an effective compliance program
  - Leverage regulators’ and judicial guidance
  - Learn from the experience of others
Avoid calls for undoing valuable progress

- Keep the Board/Audit Committee engaged and help them to meet what is required of them
  - How do you engage with them?
- Keep senior and middle management engaged and interested
  - Keep the management oversight program fresh
  - What changes might be needed?

Avoid calls for undoing valuable progress

- Demonstrate value
  - Good for business
  - Good for corporate discipline
  - Good for external reputation
  - Good for internal morale and retention
  - Prevent costly violations, mitigate risk
  - Expected by regulators
  - Required by agreements with regulators
Keep the forward momentum

- Hardwire compliance value-adding improvements into existing processes
- Often a positive effect of a monitorship and regulator involvement
- Mitigate personality-dependent program elements

Keep the forward momentum

- Be a risk-based team player
- Focus on evolving risk landscape
- Resources
- Document your analysis and decisions
Side Note: Maintain Interactions with Regulators?

- Ongoing issues or regulators may learn of new issues
- Type/frequency of reporting

Case Study: Avon Products, Inc. (2018-present)
INTRODUCTION

E&C Program Evolution

- **Rapid Global Expansion**
  - 2010 - 2013
  - Early Building Blocks

- **FCPA Monitor**
  - 2015 - 2017
  - U.S. Settlement

- **‘Reimagination’: The Start-up Way**
  - 2018 - Present
  - “Self-Reporting” to U.S.

MAINTAINING MOMENTUM

01 Evolve Governance
02 Enable Enterprise Partners
03 Reintroduce E&C Team
04 Drive Sustainable Innovation
### 01 EVOLVE GOVERNANCE

- **Board of Directors**
  - Ensures oversight, autonomy and resources

- **Executive Committee**
  - Sets strong “tone at the top” and clearly articulates standards

- **Compliance Monitoring Committee**
  - (E&C, Finance, Sourcing, Cyber Security & Audit)
  - Reviews and assesses effectiveness of controls

- **Cluster Management Teams**
  - Corporate Leaders
  - Sets strong “tone in the middle” by implementing and reinforcing standards

### 02 ENABLE PARTNERS

- **Ethics & Compliance**
  - Anti-Corruption
  - Antitrust
  - Data Privacy
  - Conflicts of Interest
  - Trade Sanctions
  - Anti-Money Laundering
  - Records Management

- **Financial Controllers**

- **Sourcing**

- **HR**

- **Cyber**

- **Commercial Legal**

- **Communications**
03 REINTRODUCE TEAM

What we do

Drive Efficiencies
- COEs & low-cost process outsourcing
- Fully utilize new technology

How we do it

Refocus & Modernize
- Focus on highest risks, but keep records
- Transfer all lower-value tasks

Rebuild to Last
- Do full review of internal resources
- Design the organization to last

04 DRIVE INNOVATION

Small, cross-functional teams

Empowered to find end-to-end solutions

AGILE INNOVATION TEAMS

Team 1: Reconnect to Values & Mission
Team 2: Rapidly Accelerate Automation
Team 3: Help the Business Drive Growth
04 DRIVE INNOVATION

Step 1: Adopt a Start-up Mindset

Step 2: Conduct Extensive Benchmarking

Reconnect to Values & Mission
- Launched new Code of Conduct linked to mission
- Redesigned training: “Our Values, Our Code”

Rapidly Accelerate Automation
- Designed user-friendly systems
- Reduced internal approvals

Help the Business Drive Growth
- Applied for external E&C awards
- Promote E&C program with customers

AVON

Questions?

Richard Davies
Global Chief Compliance Officer
Avon Products, Inc.
richard.davies@avon.com

Gregory Bates
Counsel
Miller & Chevalier Chartered
gbates@milchev.com