

Make integrity  
count to  
strengthen  
your business

EY Forensic & Integrity Services



**EY**

Building a better  
working world

# Actions speak louder than words

## Reputations should be managed in real time

In today's technologically connected, round-the-clock news and social media environment, bad news travels fast. Breaking news of negligent corporate behavior at a prominent company can jeopardize the public's perception of the brand. As developments unfold in real time, even the most-loyal customers may rethink their trust in the company, which now must divert significant resources to save the relationships it built throughout the years.

At the same time, governments are increasing their commitment to tackling poor corporate and individual behaviors using more-stringent enforcement regimes. As a result, companies are facing demanding business, regulatory and legislative pressures to strengthen governance and controls.

Once the damage occurs, crisis management planning alone may not be enough to protect a company's business reputation and value. Restoring lost value then becomes more than a PR exercise. Rebuilding consumer, shareholder and regulator trust can take considerable time, effort and financial resources.

Crisis management planning often involves a root-and-branch assessment of an organization's governance, controls, culture and use of data analytics.

This "look in the mirror" demands an honest assessment of whether management has effectively woven integrity into the fabric of the business.

# Why integrity counts

Companies that embed the value of integrity in their strategic vision and day-to-day operations develop stronger businesses, sustain their long-term competitive advantage and deliver more value to shareholders. EY Forensic & Integrity Services can provide the people, technologies, processes, tools and insights that help you to instill a culture of integrity in your business.

Embracing integrity means doing what you say you will do, with unerring commitment. This can make it easier to attract and retain talented people, and harness their skills to grow your business. A foundation built on integrity is critical because today's talent values purpose-driven organizations. It can also help you develop stronger partnerships with suppliers and work more effectively with employees, investors, regulators and influencers.

But before your organization can gain such advantages, it must see integrity as more than just a compliance matter. When integrity drives a business, the overarching question changes from "Is this allowed?" to "Is this right?"

The way you engage with employees, customers, suppliers, investors, regulators and the public demonstrates how deeply you have embedded integrity in your business. Bridging the gaps between these interactions and the organization's intentions is now a necessity. We call this strategy the Integrity Agenda.

## Developing an impactful Integrity Agenda

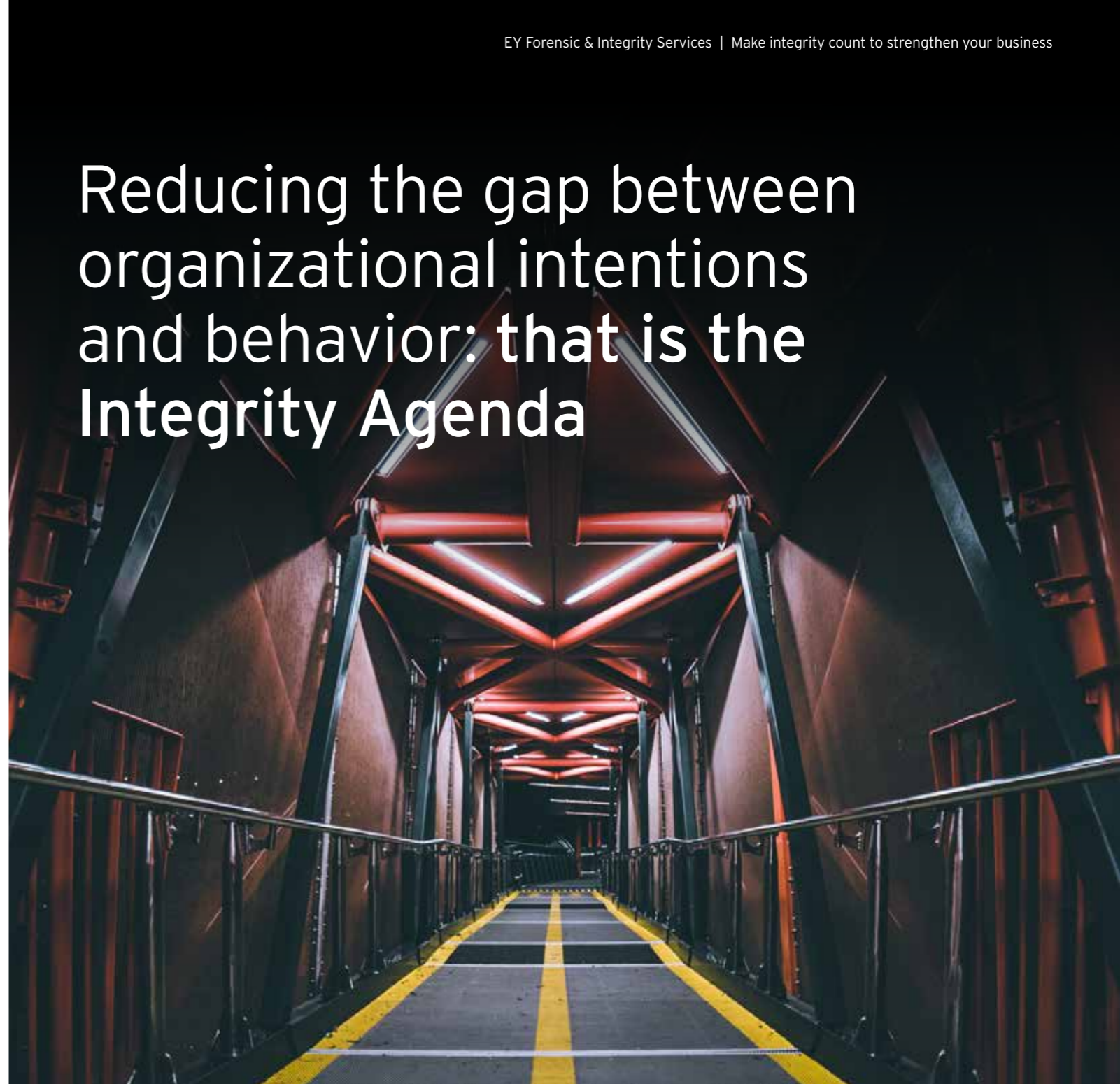
EY Forensic & Integrity Services works with companies to design and help implement their Integrity Agendas, define their desired outcomes and measure their progress. The EY teams can provide the people, technologies, processes, tools and insights that help you to instill a culture of integrity in your business.

To achieve its goals, an organization must put integrity at the heart of all its business intentions and behaviors. A robust Integrity Agenda can help make this happen by giving leaders a clear focus on **governance**, corporate **culture** and compliance **controls** – all underpinned and refined by ongoing feedback and **data insights**.

Research supports the link between integrity and strong business performance. According to the Ethisphere Institute, organizations on its World's Most Ethical Companies list outperformed the US large cap sector by 14.4% over a five-year period.<sup>1</sup>

<sup>1</sup> "World's Most Ethical Companies," Ethisphere, 2019, worldsmoethicalcompanies.com.

# Reducing the gap between organizational intentions and behavior: that is the Integrity Agenda



## From intentions ...

- ▶ Mission and value statement
- ▶ Code of conduct
- ▶ Standards, policies and practices
- ▶ Management communications

## ... to actual behavior

- ▶ Principles, behavioral standards and unwritten norms that guide employee and third-party actions
- ▶ Verifiable data on employee behavior and organizational culture
- ▶ Integrity-based systems and processes

# Integrity – the business benefits

## Employees

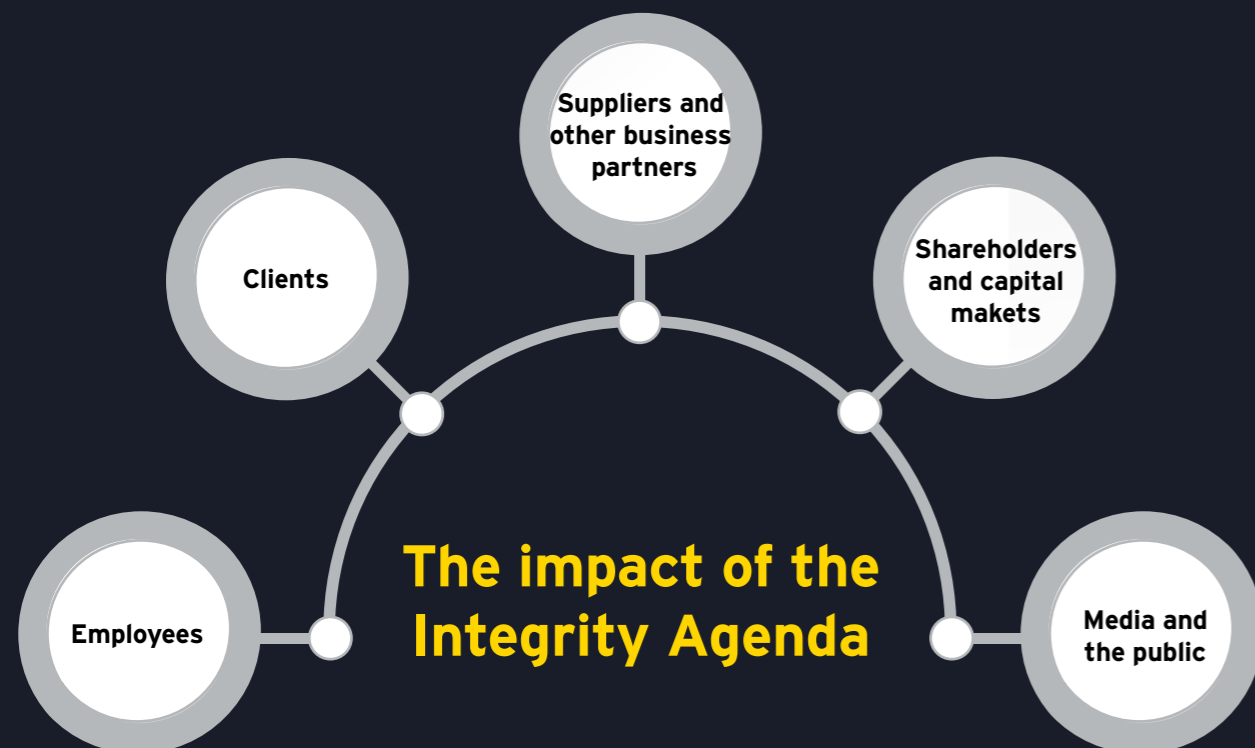
Embedding integrity and ethical leadership in an organization's culture can enhance employee engagement. Workers may gain more confidence in the business and a stronger belief that they can raise concerns in a supportive environment.

- | Results                           | Business benefits  |
|-----------------------------------|--|
| ▶ Improved engagement             | ▶ Reduced talent recruitment costs   |
| ▶ Higher levels of morale         | ▶ Lower staff turnover   |
| ▶ Increased motivation            | ▶ Improved management focus  |
| ▶ Improved staff retention        | ▶ Timelier and more cost-effective responses to regulatory enforcement actions |
| ▶ Greater trust                   | ▶ Reduced risk of potential fines for directors                                |
| ▶ Improved corporate behaviors    | ▶ Reduced likelihood of employee disputes                                      |
| ▶ Reduced compliance-related risk | ▶ More effective management of compliance controls                             |
| ▶ Fewer breaches                  |  |

## Clients

When a company focuses on doing what is right, clients may develop greater trust in the brand and feel valued by more-engaged employees who provide better service.

- | Results  | Business benefits  |
|--|--|
| ▶ Greater satisfaction with services received                | ▶ Reduced costs of customer acquisition  |
| ▶ Increased advocacy for the business from satisfied clients | ▶ Lower likelihood of legal costs associated with customer claims and disputes |
| ▶ Improved client retention                                  |  |
| ▶ Improved perception of brand value                         |  |
| ▶ Fewer complaints and disputes                              |  |



## Suppliers and other business partners

A culture of integrity can lead to stronger company relationships with suppliers, consultants and business, as well as a shared purpose. As a result, these groups may better understand how integrity drives effective operations and feel valued for their contributions to the business.

- | Results   | Business benefits  |
|---|--|
| ▶ Deeper relationships with companies that hold the same values           | ▶ Reduced risks and costs associated with contractual disputes               |
| ▶ Increased opportunities for collaboration                               | ▶ More efficient management of third-party relationships                     |
| ▶ Stronger supply chain links   | ▶ Less - costly resolution of breaches related to supplier compliance issues |
| ▶ Minimized risk of doing business with third parties that lack integrity |  |
| ▶ Greater supplier commitment   |  |
| ▶ Improved partner governance   |  |

## Media and the public

The organization can develop a stronger reputation as a trustworthy business that does the right thing.

- | Results   | Business benefits  |
|---|--|
| ▶ Greater respect and credibility with the public | ▶ More positive coverage due to improved media relations |
|   | ▶ Positive social media coverage, more likes and shares  |
|   | ▶ A more positive reception from target customers        |
|   | ▶ Widening potential client and investor pool            |

## Shareholders and capital markets

The ways through which the business will use its brand and reputation to sustain its long-term competitive advantage can become clearer.

- | Results  | Business benefits                                      |
|--|--|
| ▶ Stronger brand value and differentiation             | ▶ Reduced pre and post close risks in M&A transactions |
| ▶ Increased and sustained competitive advantage        | ▶ Lower cost of capital                                |
| ▶ Improved shareholder satisfaction                    |  |
| ▶ Greater interest from investors that value integrity |  |
| ▶ Increased analyst referrals                          |  |
| ▶ Greater regulator trust                              |  |
| ▶ Increased opportunities for suitable M&A deals       |  |

# The EY Forensic & Integrity Services approach

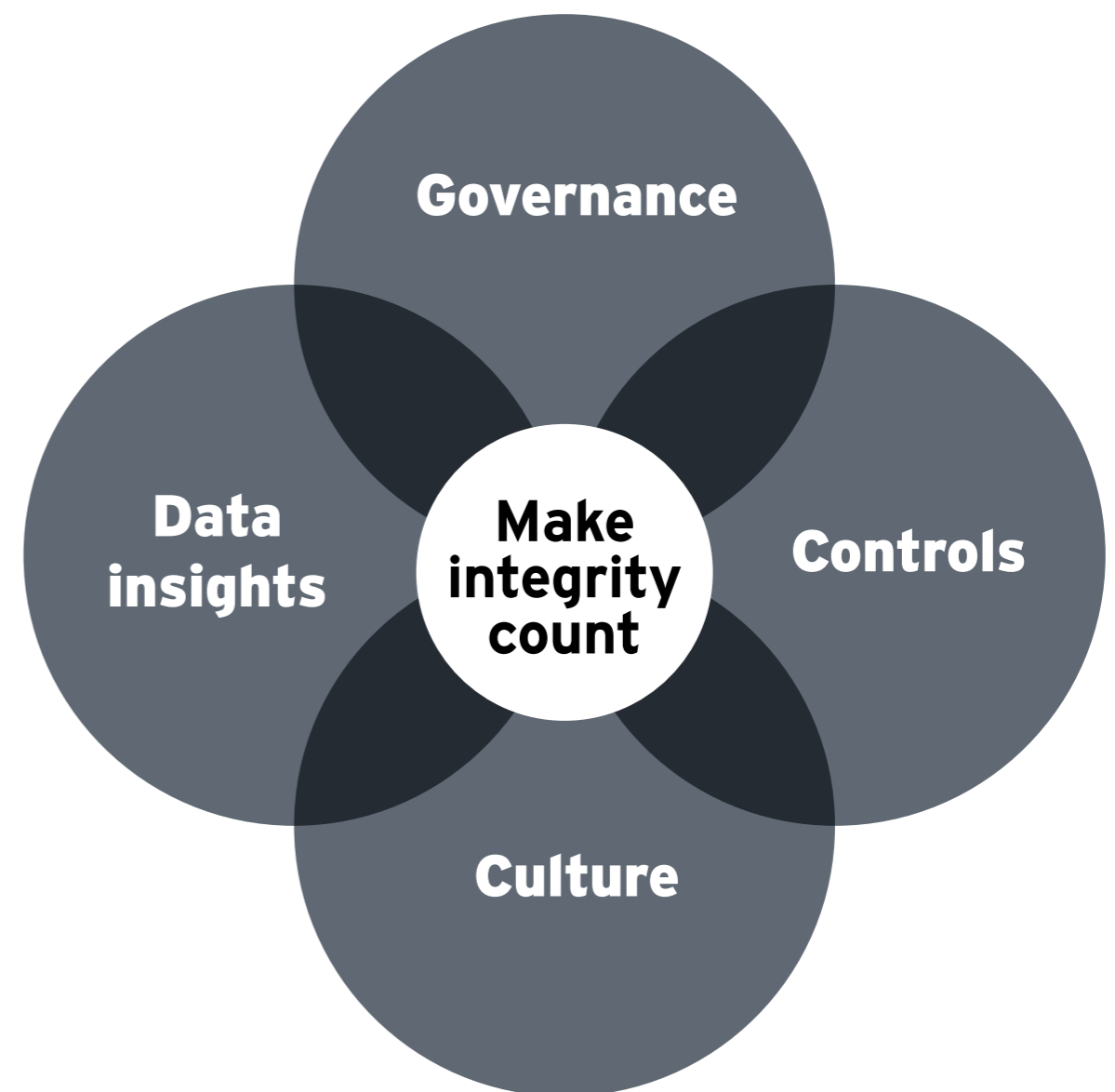
In this international and highly connected commercial environment, growing and protecting your business value may be especially challenging. We see the Integrity Agenda as a match for today's complexities and can work with you to instill a value-enhancing commitment that helps you build trust and confidence in your business.

By creating and implementing this strategic focus on integrity, we can help you support positive behaviors in your organization that enhance your efforts to gain a competitive advantage. When working with you to implement your Integrity Agenda, we focus on four core elements:

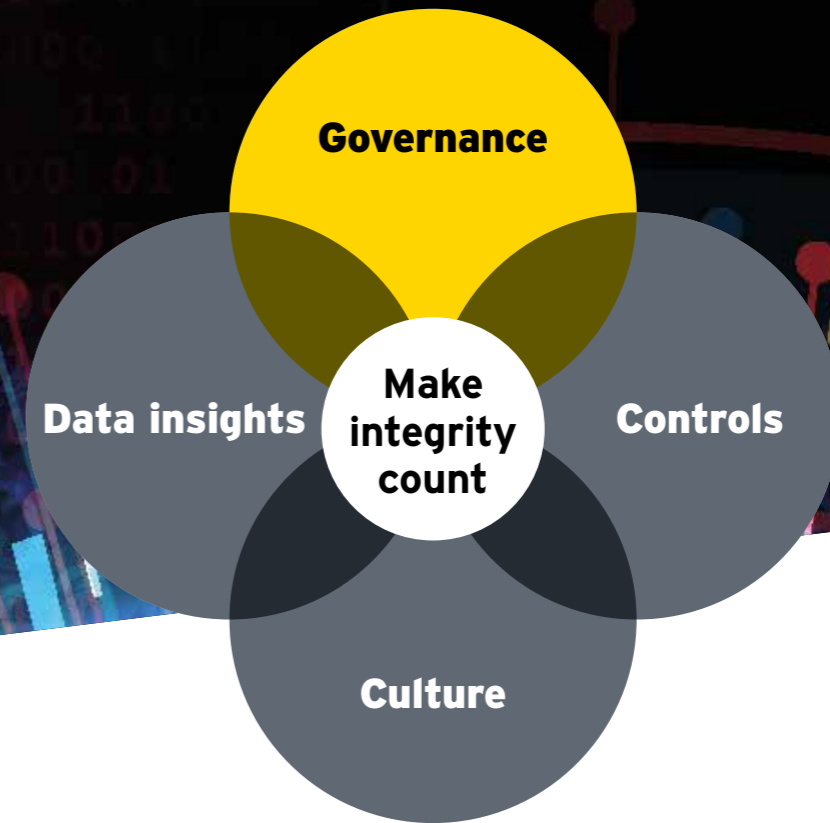
- ▶ Relevant and effective **governance**
- ▶ A supportive corporate **culture**
- ▶ Robust compliance **controls**
- ▶ Insights from qualitative and quantitative **data**

EY Forensic & Integrity Services can help you strengthen these elements by integrating each into a broad cycle of continuous improvement and using sophisticated data insights. This flexible methodology, designed to align with your operating model and the markets in which you operate, can help you address your needs, whether they involve targeted interventions or overarching reform.

The approach ranges from enhancements in areas of perceived weakness or issues – including governance, controls, culture and data insights – to full organizational design and structural implementation.



# Why having strong governance is critical



## Strengthen your business

The effectiveness of your corporate Integrity Agenda depends heavily on your **governance** processes. These inform the operational framework for key business decisions, particularly those that affect customers, have legal ramifications or may inflict reputational damage. These processes need to actively support your purpose, culture and values—and empower employees to behave with integrity at all times.

By giving employees the freedom to consider why and how the business does things instead of expecting them to just follow the rules and codes of conduct without a second thought, you can enhance innovation and entrepreneurial spirit across your organization while identifying competitive advantages.

This is good for employee morale and helps bolster your corporate reputation, making integrity more

than a matter of legal necessity. Clients, investors and regulators may also understand and respect the company's commitment to this core value.

Building a robust, yet flexible, governance framework doesn't just help reduce risks or save money, it also shapes stakeholder thinking and decision-making so that acting with integrity becomes second nature, even in times of adversity. Effective governance includes building organizational structures and mechanisms that create a culture in which people are encouraged to speak up.

These mechanisms range from whistle-blowing hotlines and professional support to legal protection and even anonymity for whistle-blowers. They prevent corporate complacency by giving all employees the authority to challenge inappropriate actions and report issues of concern.

It is vital to communicate your **governance** processes to all stakeholders so they can factor them in when making decisions that affect your business. When combined with a supportive culture of integrity and rigorous compliance controls, governance mechanisms can build trust in your company.

By making integrity your company's responsibility you can gain the confidence to say: **"We know the right thing to do, we do the right thing and we can demonstrate that we do the right thing."**

### What happens when governance fails?

Weak, inflexible or nonexistent governance protocols can result in costly corporate mistakes, if not outright criminality.

Questions your board and management teams should ask when considering the company's Integrity Agenda include:

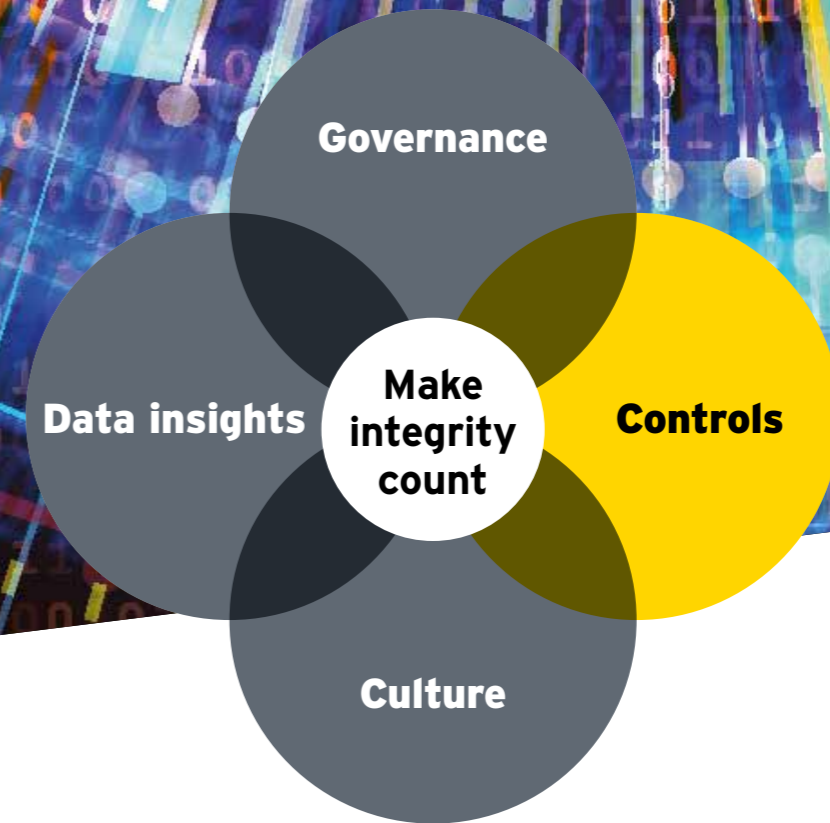
- ▶ How do we hold our leaders accountable for embedding integrity and making decisions based on company values?
- ▶ Do we have adequate resources to advise personnel about integrity and legal obligations?
- ▶ How confident are we that we are keeping up with changing regulatory landscapes?
- ▶ How prepared are we to respond effectively to regulatory scrutiny?
- ▶ Is our Integrity Agenda agile enough to respond to our changing business needs?
- ▶ Can we adapt our protocols to include new territories, new technologies and ways of working and do we have line of sight into all our business units and regions?

### How EY Forensic & Integrity Services can help

If you find weaknesses in your governance system or want to test its strength, the EY Forensic & Integrity Services teams has the compliance, investigation, forensic and behavioral analytics capabilities that can help you:

- ▶ Explore the ways formal and informal **governance** frameworks and processes currently influence your employees' behavior
- ▶ Build robust yet flexible governance structures with clear policies and processes
- ▶ Embed integrity considerations into your enterprise risk management work and enable holistic decision-making
- ▶ Facilitate board and senior management visibility into your culture of integrity and provide accurate knowledge of who is accountable for managing relevant efforts across all parts of your organization

# Why integrity should be integrated into controls



Managers often see compliance as a necessary evil because associated controls have traditionally focused on preventing violations of laws, regulations and internal procedures. Businesses put these controls in place to avoid costly disputes, enforcement actions and penalties, and other sources of reputational risk. Companies also aim to maintain the right to operate in specific markets, tending to distinguish between activities permitted under two sets of standards that don't always match: the letter of the law (legal) and the spirit of the law (ethical).

The EY teams help companies establish compliance as a real value enhancer for their businesses. By integrating and aligning controls with governance and operational processes, we help organizations position themselves as businesses that do the right thing.

This integrated approach can help an organization gain benefits beyond purely functional protections and allow it to fulfill multiple objectives simultaneously. It can actively enhance the organization's reputation and perceived value with stakeholders and make it easier to work with partners, partner companies, suppliers and regulators. This approach can also help organizations comply with complex laws and regulations in national and international markets.

Our aim is to help prevent compliance failures and protect companies and leaders from severe legal and financial penalties. Embedding appropriate controls across an organization is not easy. However, simplifying or automating routine compliance activities can reduce the risk of employee errors that often stem from a lack of training or insufficient awareness of rules and regulations.

## What happens when controls fail?

Good effective controls are hard to develop, not least because too many people see them as a burden. Here are some questions your board and management team should ask about your compliance standards:

- ▶ Will they prevent **crimes and regulatory failings** such as bribery, corruption, money laundering, market manipulation and tax evasion from affecting our company?
- ▶ Do they support our robust **cybersecurity and data protection** policies that respect customer privacy and align with international standards such as the EU General Data Protection Regulations?

- ▶ Will they protect our company, leaders and employees from **finances, other penalties and third-party risks**?
- ▶ Do they reduce the risk of **contract failures, breaches** and resulting disputes?
- ▶ Do they enhance our **reputation with stakeholders** while encouraging talented employees to take reasonable **entrepreneurial risks** that drive growth?

## Strengthen your business

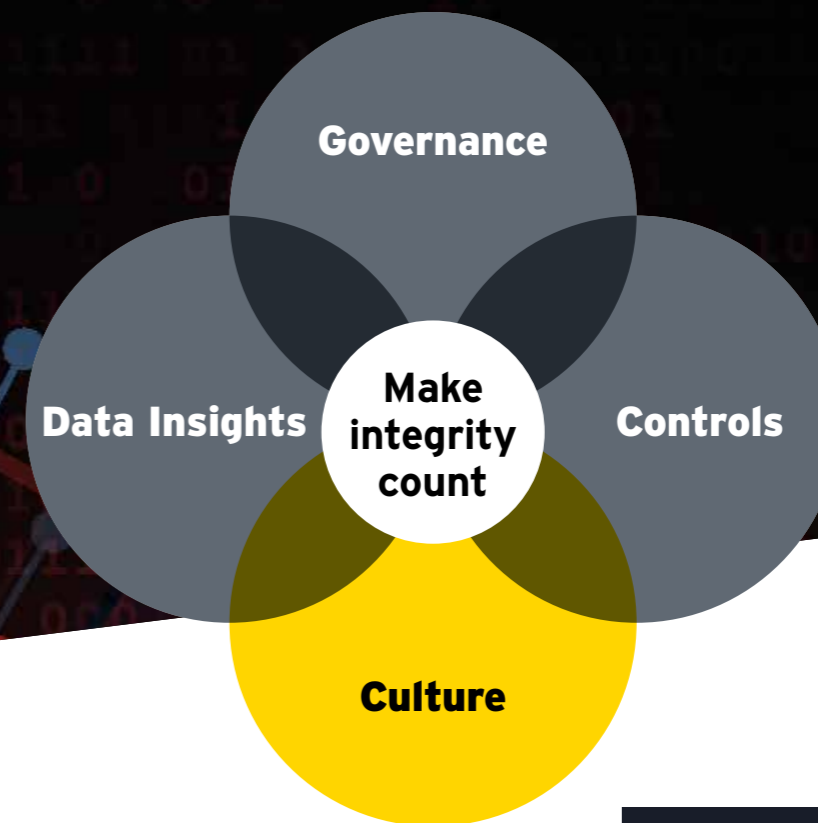
### How EY Forensic & Integrity Services can help

If you want to change the narrative and establish compliance as a value enhancer within your business, EY Forensic & Integrity Services teams have the experience that can help you achieve this aim. We can work with you to address weaknesses in or test the strength of your compliance controls and data security policies.

Our capabilities can help you:

- ▶ Strengthen your policies and controls and reduce your exposure to potential legal, financial and reputational risks
- ▶ Rapidly investigate any allegations of fraud, bribery or regulatory breaches
- ▶ Use advanced technologies to enhance controls by making traditionally time-consuming manual reviews more efficient and dramatically reducing false positives
- ▶ Confirm that controls align with national and international laws and regulations
- ▶ Apply behavioral science techniques to identify red flags and support compliance monitoring
- ▶ Design data analytics and workflows to deliver real-time alerts for potential violations of defined compliance controls.

# Why hardwiring integrity into a culture is vital



## Strengthen your business

In a culture of integrity, ethical behavior is encouraged, recognized and rewarded. People are empowered **do what is right, not just what is legal**. Creating a culture of integrity can help reduce regulatory risk, improve employee morale and build stakeholder confidence in a company's ability to deliver on its promises.

However, establishing such a culture is not easy. It requires consistent leadership from the CEO and all managers. Integrity must be hardwired into the organization's strategy, **governance**, compliance **controls** and day-to-day operations.

To achieve a culture of integrity, the business needs to consider the extent to which integrity is reflected in, for example, promotion, succession and incentive structures.

Employees need to see that integrity cascades from the top, through all levels of the company. They must be empowered to live the company's values within their own framework of beliefs. They must be supported by proper training in appropriate models of behavior and be given the tools to help them make ethical decisions.

For this culture to come alive, the organization must apply a humanistic perspective that truly places an understanding of human behavior at its core. Holding personalized trainings; offering seamless, timely support; and providing information when employees need it are just a few actions that will help meet the desired outcome.

### What happens when culture fails?

When efforts to build a culture of integrity fail, stakeholders often treat governance protocols and compliance controls as merely burdens on the business. However, doing what is needed now must not take priority over always doing what is right.

Here are some cultural issues your board and management team need to consider:

- ▶ How do we as an organization define integrity and expect to embody it in our business?
- ▶ To what extent is our culture contributing to the mitigation or amplification of risk?
- ▶ Is our focus solely on short-term financial gains or market wins—or on creating long-

term shareholder value with integrity at the core of our business?

- ▶ How do we manage our reputation in a society where news and social media run 24 hours a day and the public's judgment of failure is virtually instant?
- ▶ How do we help employees act with integrity at all times?
- ▶ How do we create an environment that encourages people to promptly come forward and admit when mistakes occur?
- ▶ How do we respond when things go wrong?
- ▶ How do we turn stated intentions into tangible actions that rebuild trust, fast?

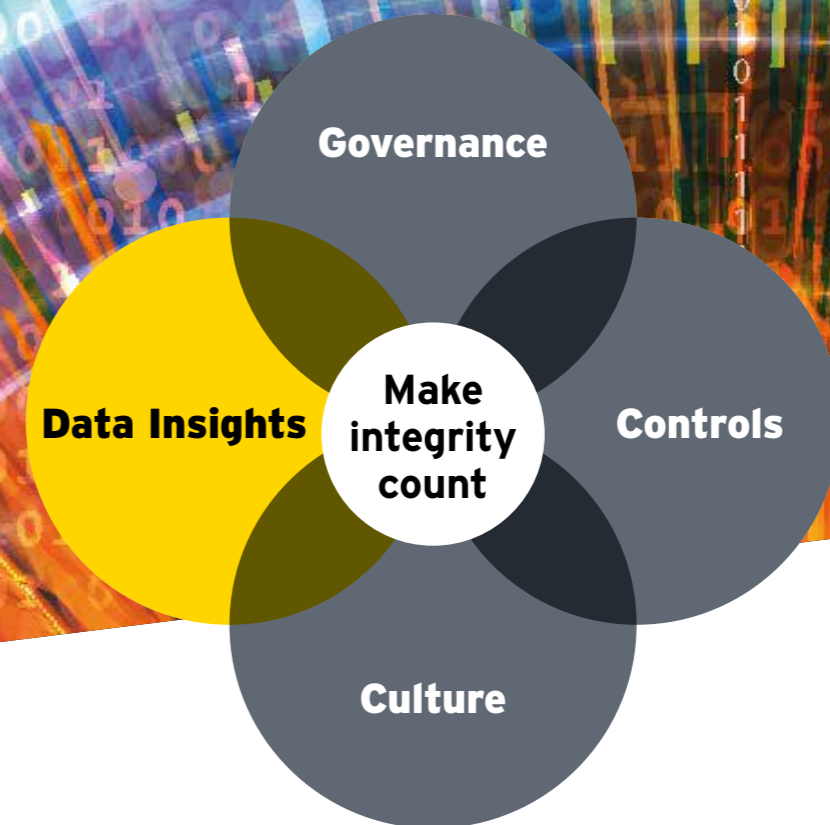
### How EY Forensic & Integrity Services can help

If you suspect that your culture exposes your business to unnecessary risks, undermines market perceptions of your organization or reduces your ability to achieve growth, profitability and market penetration, EY Forensic & Integrity Services teams have capabilities that can help you:

- ▶ Identify current and emerging risks to the company's integrity that are related to its products and services, the public's expectations and enforcement trends
- ▶ Assess your current culture and identify behaviors and attitudes that expose you to risks
- ▶ Empower ethical leadership to build trust and encourage people to call out unacceptable acts
- ▶ Create a culture of integrity that rejects unethical behaviors demonstrated by suppliers, third parties and business partners
- ▶ Educate and empower your employees to know how to behave ethically and to understand people sometimes make the wrong decisions despite having the best intentions
- ▶ Monitor corporate behaviors so that they remain aligned with your company's purpose and values, and provide constructive feedback when people fall short of meeting the organization's standards for integrity



# Why deep data insights should underpin your integrity agenda



An effective Integrity Agenda is not a static program that should be forgotten once it is set up. It requires rigorous review and feedback mechanisms to help inform the organization's strategy. Deep data insights should underpin your Integrity Agenda. Data analytics can help you monitor your company's performance based on defined metrics. They can also enable you to develop insights into the aspects of your corporate culture that encourage ethical behavior and those that require close attention.

Through the effective use of machine learning techniques alongside forensic data analytics, you can gain valuable qualitative and quantitative information on the way your Integrity Agenda is shaping the organization.

Gaining better data insights requires:

- ▶ Cleaning up master records (i.e., semi-static information on clients, vendors and employees)
- ▶ Making sure that systems are capturing good data on day-to-day business activities without adding to operational overheads
- ▶ Isolating and combining the most valuable internal and external data elements for analysis
- ▶ Unearthing actionable insights that target bad behavior and encourage ethical conduct
- ▶ Designing user-friendly outputs and workflows for the business and leadership that make risk-informed decision-making and refinements to the strategy easier

**Data insights** do not just help a company identify strengths and weaknesses in its governance protocols, compliance controls, cultural environment and operational processes, they can also measure the effect of an Integrity Agenda on the organization's performance and identify commercial opportunities. These insights can provide valuable early warnings of potential threats, enabling leaders to intervene before situations escalate.

To effectively identify critical risk indicators and make timely decisions, your board and management team should consider the following:

- ▶ How do we measure culture, integrity and ethical behaviors?
- ▶ Are we analyzing data from the wrong sources, even if it is considered accurate?
- ▶ Are we taking decisions based on anecdotal rather than empirical evidence?
- ▶ Can we prove that our actions and decisions are appropriate in the context of our books and records and not just in relation to the technology we have implemented to manage risks?

## Strengthen your business

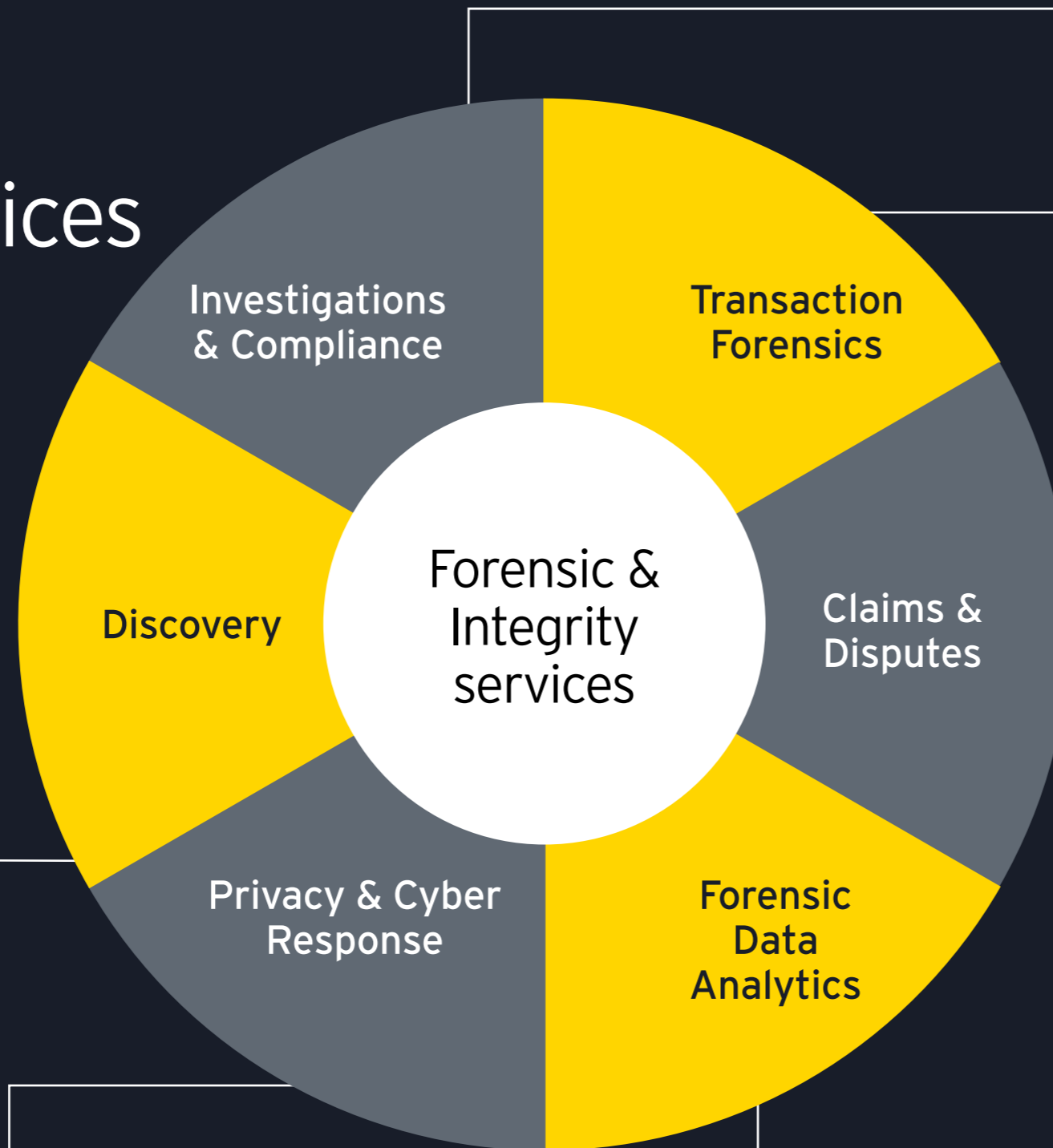
### How EY Forensic & Integrity Services can help

By giving you access to our domain knowledge, business acumen and forensic data analytics, we can unlock the value in data from across your business environment. The EY Forensic & Integrity Services teams can help you:

- ▶ Find deficiencies in your risk management, operational and financial data
- ▶ Design and develop analytics capabilities that integrate all data sources in one location, allowing for effective interrogation
- ▶ Implement tools that can keep pace with the complexity of your business
- ▶ Identify internal and external factors and activities that pose risks to your business
- ▶ Assess whether you are identifying the right data and information
- ▶ Reduce false positives so that you may shift your focus and resources to real and emerging risks
- ▶ Correctly interpret an analysis and efficiently report it to the right level of management

# More about EY Forensic & Integrity Services

Successful organizations protect their reputations and maintain stakeholder trust by keeping their promises, respecting laws and behaving ethically. EY Forensic & Integrity Services helps companies safeguard and restore their enterprise and financial reputations. With more than 4,000 forensic professionals around the world, we strive to assemble the right multidisciplinary and culturally aligned teams for a wide variety of organizations. Our professionals work with you so that you can benefit from our broad sector experience and deep subject-matter knowledge across our six solution sets.



## Investigations & Compliance

The dedicated global team of investigators, forensic accountants, compliance and technology professionals helps organizations respond rapidly to instances of alleged fraud, bribery and other misconduct, as well as law enforcement and regulatory inquiries. Using advanced forensic technologies, we quickly gather facts and evidence to assess the extent of the issue and to help organizations manage relevant stakeholders expectations. Leveraging forensic data analytics, we provide insights into employee behavioral patterns that an organization can use to develop customized compliance programs fit for its business and risk profile.

## Transaction Forensics

EY Forensics diligence professionals assist organizations and legal counsel in identifying and mitigating financial, operational and reputational risks inherent M&A transactions. EY teams are highly proficient in conducting in-depth risk analyses of fraud, bribery and corruption, money-laundering, restrictions on trade and export, related-party transactions and conflicts of interest.

## Discovery

The EY teams qualifications, experience and scale enable us to work with you across the broad range of stages in the e-discovery life cycle, from pre-litigation information management to post-matter data disposition. EY teams of e-discovery, information governance and forensic professionals can help answer the necessary “who,” “what,” “where,” “when” and “how” questions to address your e-discovery and compliance needs.

## Privacy & Cyber Response

From investigation to litigation to regulatory response, EY Privacy & Cyber Response (P&CR) professionals help organizations navigate complex cyber attacks. We combine cybersecurity and computer forensic experience with traditional investigative approaches such as witness interviews, data interrogation and examination of physical and digital evidence to uncover facts pertaining to a breach. Because cyber breaches often span international borders, we tailor all our procedures, including our work with external legal counsel, to the specific legal and regulatory requirements of each country involved in the investigation.

## Forensic Data Analytics

Forensic data analytics (FDA) is a critical element of nearly every way we support organizations – whether an investigation, the digitalization of compliance, forensic diligence or a complex litigation matter is involved. EY FDA professionals are experienced in machine learning, natural language processing and robotic process automation, and have extensive industry sector experience. We help organizations detect and investigate instances of fraud, waste, misuse, abuse, corruption and other forms of noncompliance.

## Claims & Disputes

If you can't see eye to eye with a customer, supplier, employee, regulator, government or other third party, we can help you decide how best to proceed: concede, stand firm or negotiate the middle ground. This includes quantifying and/or proving poor contract performance, establishing a legal strategy to make or defend a claim and assessing the potential liability. Our claims professionals also help companies recover financial losses through the preparation of commercial insurance claims and government grant applications following catastrophic losses.

# Let's talk

**The EY Forensic & Integrity Services has a global reach. For help and more information, please contact one of our Area leaders or visit [ey.com/forensics/Integrityagenda](http://ey.com/forensics/Integrityagenda).**

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## **About EY**

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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## **About EY Forensic & Integrity Services**

Embedding integrity into an organization's strategic vision and day-to-day operations is critical when managing complex issues of fraud, regulatory compliance, investigations and business disputes. Our international team of more than 4,000 forensic and technology professionals helps leaders balance business objectives and risks, build data-centric ethics and compliance programs, and ultimately develop a culture of integrity. We consider your distinct circumstances and needs to assemble the right multidisciplinary and culturally aligned team for you and your legal advisors. We strive to bring you the benefits of our leading technology, deep subject-matter knowledge and broad global sector experience.

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GA 1012094  
ED None

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