

Managing Ethics and Compliance Challenges in Latin America

Geert Aalbers, **Controls Risks**

Mason Pan, **Control Risks**

Rodolfo Rivera, **Fidelity National Title**

Moderated by:

Kevin McCormack, **Ethisphere**



FEATURED SPEAKERS

MODERATOR



Kevin McCormack
*VP, Global Thought
Leadership & Programs*
Ethisphere



Geert Aalbers
*Senior Partner, Head of
Brazil and Southern Cone*
Control Risks



Mason Pan
*Principal, Compliance,
Forensics and Intelligence
practice for Americas*
Control Risks



Rodolfo Rivera
Chief International Counsel
Fidelity National Title

Special Report



Contributions include:

- **A.I. & Big Data and Anti-Corruption Efforts**
 - **Control Risks**
- **M&A – Latin America Perspective**
 - **Grupo Bimbo**
- **Litigating in Latin America**
 - **Fidelity National Title**
- **Creating a Long Distance Culture of Ethics**
 - **VLI Logistica**
- **Streamlining Compliance**
 - **Walmart International**
- **Momentum for Change against Corruption**
 - **ABB**
- **Navigating Code of Conduct Conflicts**
 - **Ingersoll Rand**

Update on the Latin America Business Culture and Landscape



Setting the Stage



Peru's President to face impeachment proceedings

Jan. 2

DEALBOOK

Petrobras of Brazil to Pay \$2.95 Billion Over Corruption Scandal

Brazil's state-controlled oil company said that the agreement would settle a shareholder lawsuit in the United States.



13 Dec 2017



Ecuador VP Jorge Glas sentenced for corruption in Odebrecht case

... in connection with corruption at the Brazilian construction giant **Odebrecht**. Jorge Glas... **Odebrecht** executive in Ecuador Jose Conceicao Santos revealed that the company had paid... Mexico, Peru and Panama as well as Brazil, where **Odebrecht** is based....

News | Latin America & Caribbean

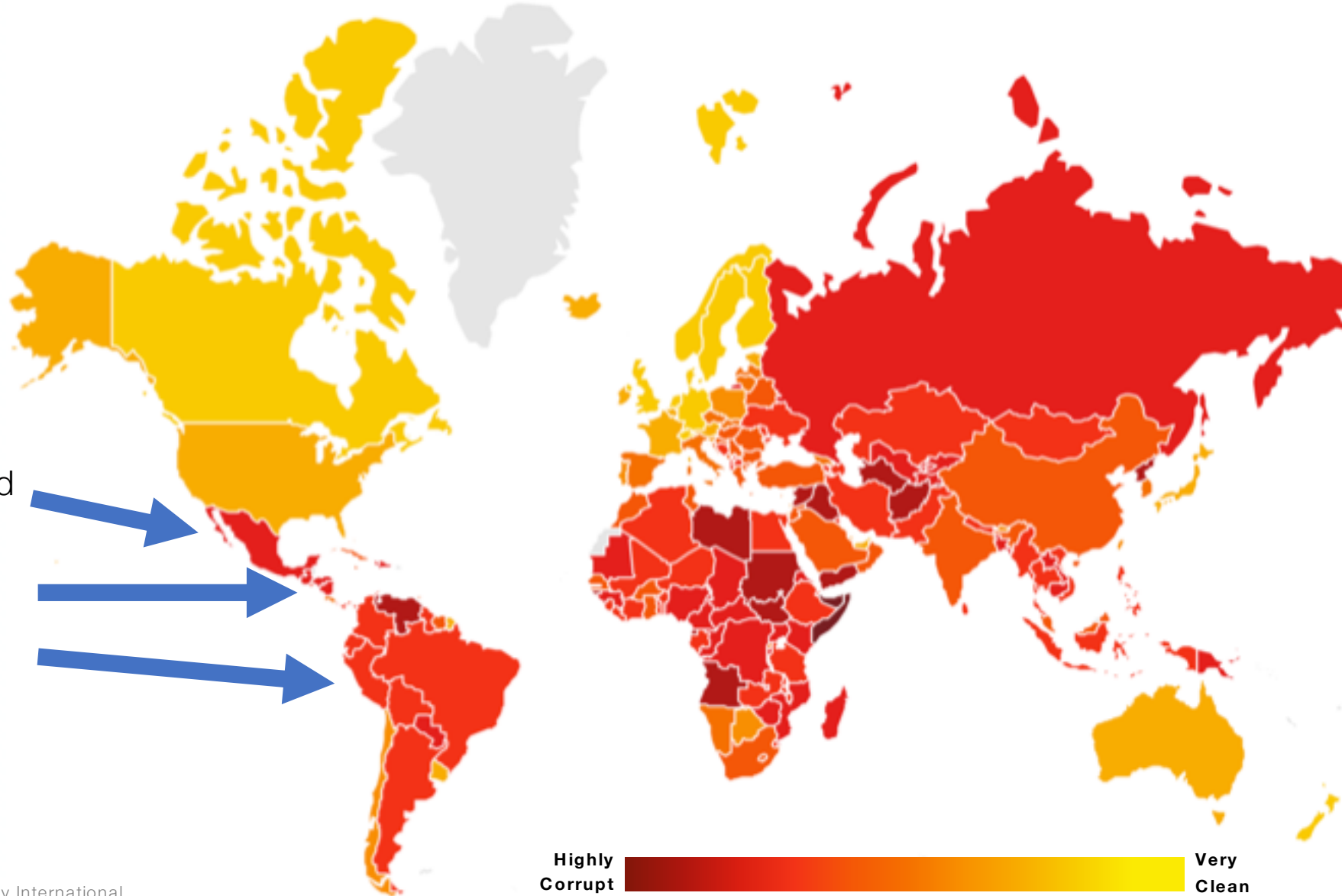
Trends in Latin America

Anti-Corruption: A wave of high-profile corruption cases impacting both the public and private sectors have made news across the region, and globally, raising awareness about corruption among the public.

Reputational exposure: Thanks to social media and networking, even a hint of scandal reverberates globally and almost instantaneously.

Global Organizations Face Risks Everywhere

- What determines success are the processes and procedures in place to deal with these risks, whether known or unknown
- Mexico, Central America, and South America continue to face hurdles for conducting business the right way, but these regions are certainly not alone



Litigation Risks in Mexico and Across Latin America



Litigation Risks

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Litigating in Latin America

Written by
Rodolfo Rivera of Fidelity National Title



No matter where you are located, litigation can be complex, time consuming, and unpredictable. Litigating in Latin America presents its own unique set of challenges. Nearly all countries in the region follow a civil law system. It is easy for those of us used to working in common law countries to feel overwhelmed or even out of place. Failure to understand the cultural and legal differences is a recipe for disaster if you're not careful. Here are some of the most important strategies for effectively managing litigation in Latin America.

Be prepared and become educated

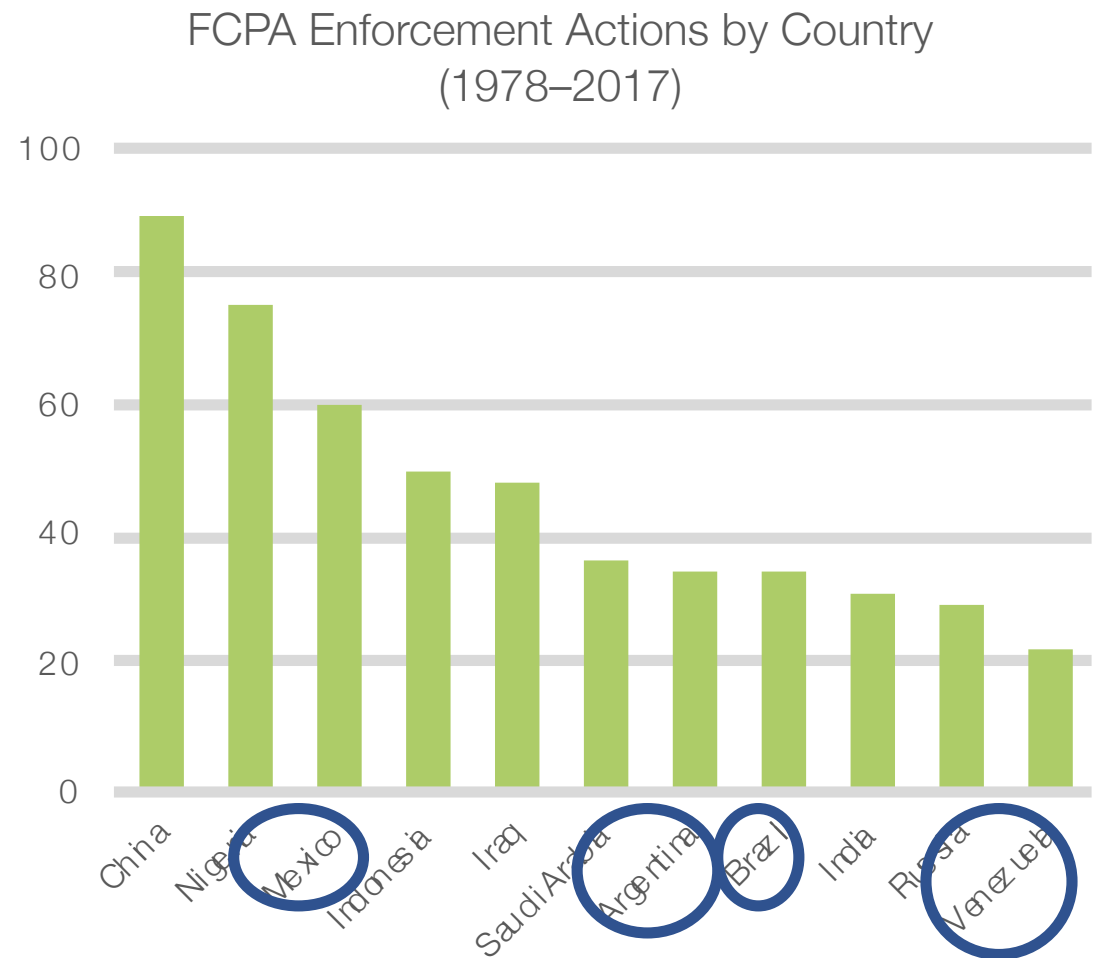
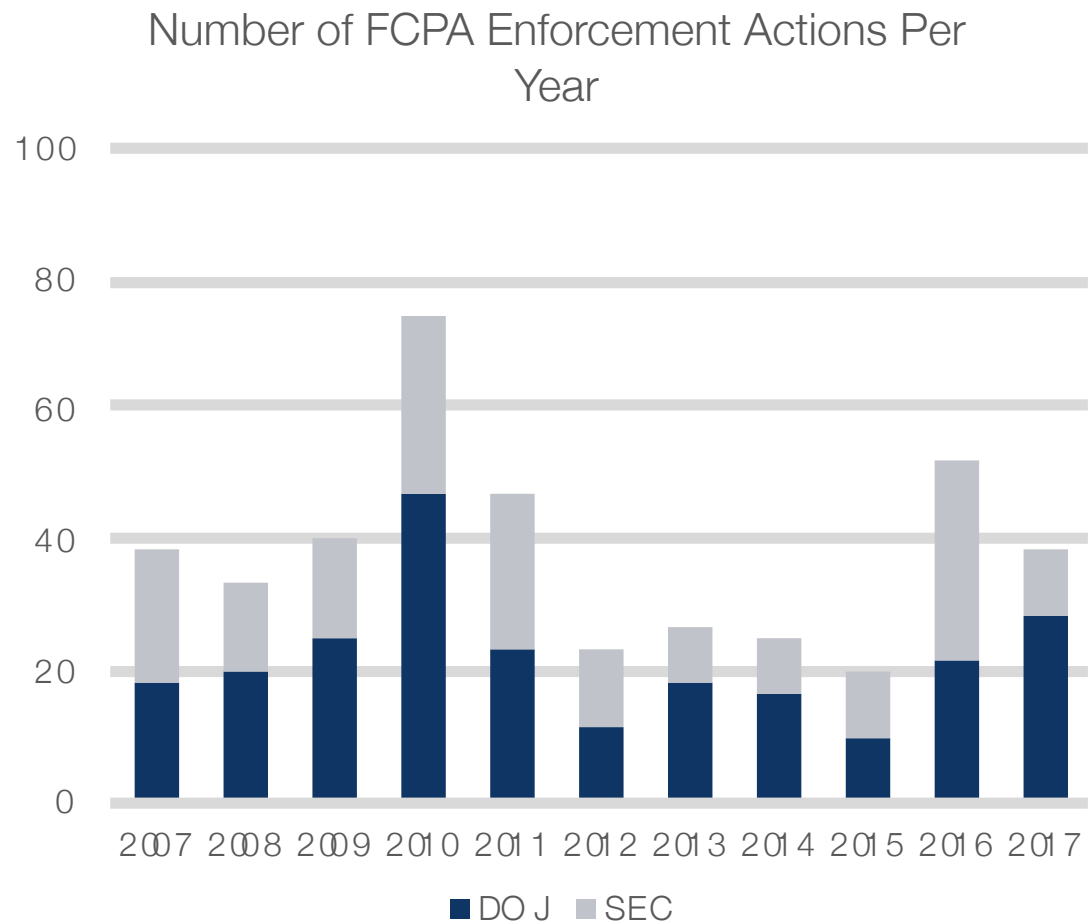
Do do your homework, and always be prepared even if there is no pending litigation. Understand how evidence is presented, who can and cannot testify, and whether the evidence is presented before a judge or an attorney law clerk. Be prepared to deal with the fact that no discovery is allowed and that evidence is presented piecemeal. It would surprise you to learn that when the client is testifying the attorney is not permitted to be present. In Mexico, for example, once pleadings are filed they cannot be modified except under some rare exceptions. Some countries view conflicts of interest differently—do not ask if there is a conflict, but rather, has the firm

- Differences in legal process between US, Mexico and LATAM markets
- Challenges in selecting local counsel
- Beware of potential “landmines”

Anti-Corruption Enforcement and Remediation



Companies Continue to Face a Challenging Regulatory, Economic, and Cultural Environment

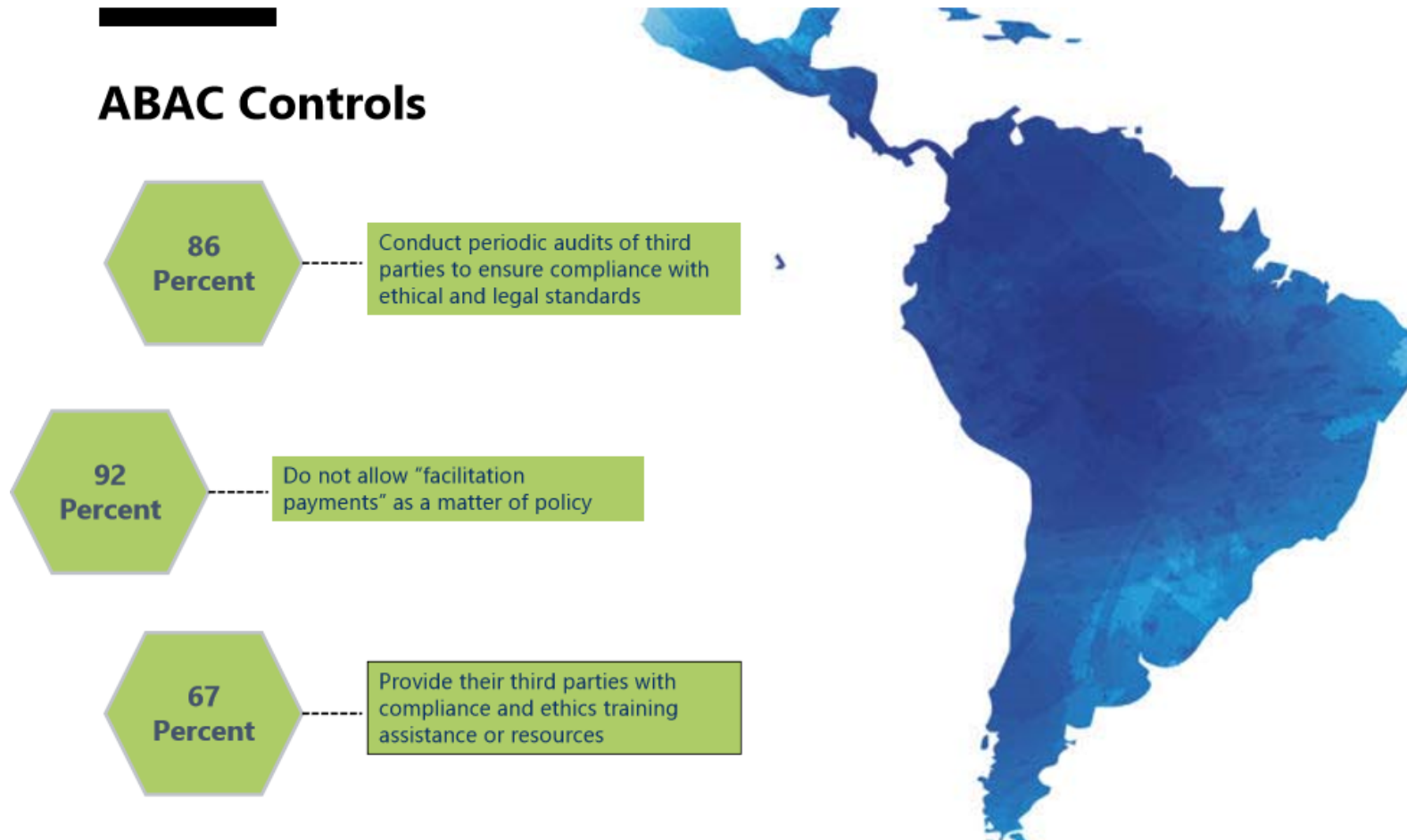


Source: "2017 FCPA Year End Update," Gibson Dunn

LATAM Data Points: Anti-Bribery and Corruption Controls

From this data set, Ethisphere identified 85 companies to include as part of the WMEC Latin America Benchmark (“LATAM Honorees”). This Benchmark includes organizations that are either headquartered or have operations in Latin America.

ABAC Controls

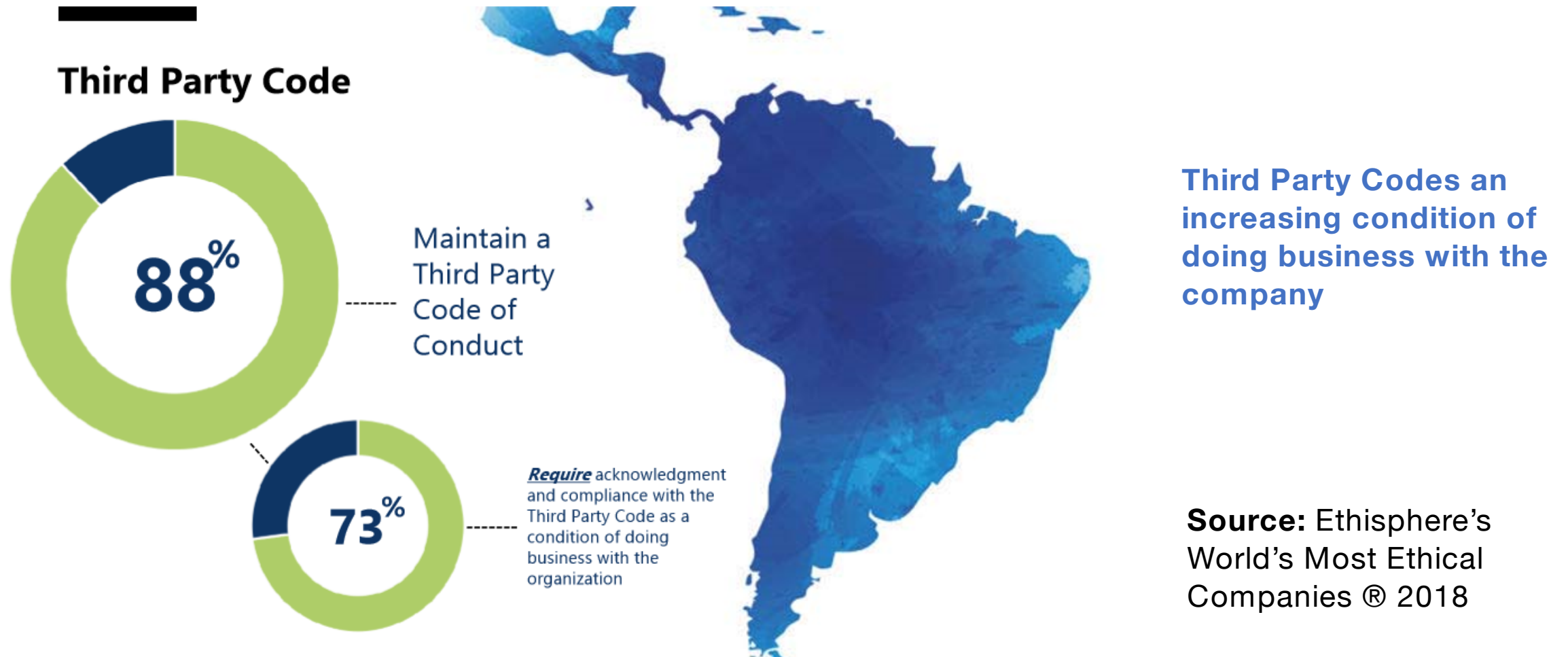


Specific compliance controls and process linked to managing ABC risk across Latin America

Source: Ethisphere’s World’s Most Ethical Companies ® 2018

LATAM Data Points: Third Party Code

From this data set, Ethisphere identified 85 companies to include as part of the WMEC Latin America Benchmark (“LATAM Honorees”). This Benchmark includes organizations that are either headquartered or have operations in Latin America.



LATAM Data Points: Anti-Bribery and Corruption Training

From this data set, Ethisphere identified 85 companies to include as part of the WMEC Latin America Benchmark (“LATAM Honorees”). This Benchmark includes organizations that are either headquartered or have operations in Latin America.

ABAC Training



Training consistency and expansion within “higher risk” markets to enable better identification and anticipation of issues.

Source: Ethisphere’s World’s Most Ethical Companies ® 2018

Improving Compliance through Data Analytics and A.I. Applications



Artificial Intelligence & Data

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Artificial Intelligence and Big Data are Changing Anti-Corruption Efforts

...and it starts with Brazil

Written by
Geert Aalbers and Mason Pan



Anti-corruption enforcement has been intensifying across Latin America ever since the Operation Car Wash investigations made headline news in March 2014. But Operation Car Wash is just one of several major regulatory probes involving state-owned entities, private companies, politicians, lobbyists, and other intermediaries accused of wrongdoing in a number of industries, including oil and gas, electricity, financial services, and infrastructure. And while the Operation Car Wash investigations may be winding down in Brazil, their effects are increasingly being felt throughout Latin America. In countries such as Colombia, Peru, and Argentina, other probes are just beginning to ramp up.

Looking beyond the spectacular media reporting of the well-orchestrated police operations across Brazil and the steady year-on-year deterioration of the corruption perception index as reported by Transparency International, we see a silent revolution at a growing number of private and public sector companies. Compliance is now a board-level issue for many major Brazilian companies. Implementation of effective programs to prevent, detect, and remediate fraud and corruption risks is now a top priority for boards and executive teams alike. In this evolving business climate, technology is set to radically alter the accuracy, speed, and efficiency of future compliance programs.

The arrival of big data and artificial intelligence technology in the compliance, anti-corruption, and anti-fraud space is a real game changer. Top Silicon Valley companies and financial institutions have used these technologies for many years, but a strong business case for their use had evaded the compliance function. Brazil, however, is now a fertile ground for the compliance-related adoption of these technologies. There are several important reasons for this. First, most companies in the country are starting from scratch with their programs, which means they can adopt the latest technologies without disrupting incumbent processes and systems – sort of like jumping from faxing documents to 5G data transmissions. Second, Brazil is a tech-savvy culture with some of the highest internet penetration levels and social networking density in the world, creating a natural environment for new technologies to prosper. Third, due to having one of the most cumbersome bureaucracies in the world, Brazilians have become creative at using technology to overcome

- Technology and analytics can help augment compliance programs
- Enable investigative efficiency and deter fraud and misconduct
- Choosing the right AI model for your risks
- Challenges and practical considerations

Questions & Discussion

Thank You



Contact Us

Kevin McCormack
kevin.mccormack@ethisphere.com

Tyler Lawrence
tyler.lawrence@ethisphere.com