ethics

INTERNATIONAL SOCIETY OF HEALTHCARE ETHICS AND COMPLIANCE PROFESSIONALS

The changing role of compliance in an ever-changing environment

Past – Present – Future

Hannes, 8 May 2024

The Early Days

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- Rule-based cost centers mitigating legal risks

- Producing statues, regulations, legal doctrines

- Perceived as a necessary evil to avoid fines and legal entanglements

- Straightforward mandate: identify risks, develop policies and procedures, and enforce compliance with laws and regulations

- (Seen as) a rigid and bureaucratic domain, governed by checklists and audits

- General sentiment: Legal & Compliance as the same

The Era of Corporate Responsibility

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- Growing emphasis on corporate social responsibility (CSR)

- Companies suddenly expected to consider the impact of their operations on society and environment

- Compliance officers found themselves thrust into navigating a complex web of ethical considerations.

- New insight:

  - Following the letter of the law and producing statues and regulations not enough anymore

  - It's about "doing the right things and things right"

  - Discussion included new dimensions: "sustainability", "diversity", "community engagement", "ethics" etc.

  - No real structured approach yet, compliance more navigating

The Rise of ESG

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- Study of Ivo Knoepfel in 2004 for Kofi Annan "Who cares wins."
  - First mention of ESG: collaboration of UN Global Compact, the International Finance Corporation, and Swiss Government
- Initially used to aid investment decision-making
- Now increasingly influencing decision-making of employees, customers, communities (corporate)
- Many of the SDGs can be achieved through ESG practices

- Role of compliance officer elevated:
  - governance structures are essential part of investment decisions ("the **G**" in ESG)
  - Environmental & social aspects often under same umbrella

- But also new challenges:
  - Prevention Paradox – Resource
  - New Skillsets needed – Recruiting
  - Maintaining a strong compliance culture – Positioning of Compliance
  - Data & tech – complex and costly
  - Neighbouring Compliance Functions – Keeping the bracket for LTO