

The Complete Compliance and Ethics Manual 2024

Appendix 3-W: Ideas for Using Incentives in Compliance and Ethics Programs

The intent of this list is to provide potential ideas for the use of incentives in your compliance program because people generally do the things they are rewarded for doing. Inclusion of these ideas should not be construed to be an endorsement of their use for your specific organization. Each organization must determine the types of measures appropriate for its specific culture, needs, and circumstances, but hopefully this list will provide some ideas.

☐	Ensure integrity is one of the factors considered in annual performance appraisals for employees.
☐	Ask employees to nominate people who exemplify the integrity program; a board-level committee reviews nominations and gives the winner an award commensurate with the rewards given to top salespeople in the organization (e.g., incentive trip or bonus).
☐	Create an integrity point system where employees earn points for timely completion of training, participation in surveys, etc. Allow employees who accumulate a certain number of points to cash in their points for gifts (e.g., pins, desk accessories, t-shirts, mousepads) or extra vacation time.
☐	Award free lunch passes to the first department to achieve 100% completion of the annual conflict of interest certification.
☐	Enter names of people nominated for upholding high ethical standards into a drawing to have dinner with the CEO as a form of recognition.
☐	Create an annual compliance and ethics awards program and have the winner flown in to the shareholders' annual meeting with the award presented there.
☐	Audit findings could include positive findings regarding compliance with policies and processes that could be shared in a company newsletter.
☐	The compliance committee could select a department or work group that best exemplifies compliance and ethics. Measures could include such things as completing training on time, code-of-conduct attestations done on time, best personnel evaluations, etc. The reward could be a free lunch for the department.

☐	Managers with the best compliance and ethics records could be awarded free tuition and expenses to attend a compliance academy and/or to get certified in compliance and ethics.
☐	Make compliance and ethics certification (e.g., CHC, CCEP) a condition for promotion to senior management positions throughout the organization, including positions in functions other than compliance.
☐	Reward employees with small incentives for making recommendations and suggestions to improve the compliance and ethics program. This also brings in new, creative ideas.
☐	Provide rewards and recognition for those who conduct self-audits and share the findings and lessons learned.
☐	Require a compliance comprehension test as part of annual performance evaluations. A 100% score would mean an added 1% pay increase on top of the usual incentives, 80% would mean .8% increase, 70% —a .7% increase, and anything lower would not lead to an increase.
☐	Conduct a quarterly drawing for all people who report potential compliance issues to win a gift card.
☐	Ask managers to promote the organization's code of conduct as part of their staff meetings. Reward managers who do this with higher performance ratings.
☐	Survey employees about whether their manager has an open-door policy and encourages open communication. Reward managers who consistently receive good feedback in this area.
☐	Provide an incentive for all division and unit compliance and ethics officers to get training and certification (e.g., CHC, CCEP).
☐	Performance reviews can be linked to timely completion of specific compliance tasks. This could include timely submissions of required regulatory filings, on-time completion of compliance training, etc.
☐	Provide on-the-spot recognition by peers/supervisors with certificates ("compliance bucks") for behavior promoting compliance and ethics that can be redeemed for company merchandise.
☐	Give \$50 for any submissions to the company newsletter relating to compliance and ethics that are published.

☐	Create a compliance and ethics courage award (e.g., for turning down a gift or vacation trip from a vendor or challenging questionable conduct by other employees).
☐	Have a system for compliance and ethics points or president's points in small incremental amounts awarded based on performance during the month, quarter, or year. The points would be totaled for each time period, with recognition for those receiving a certain number of reward points.
☐	Senior leaders could ask employees compliance and ethics questions on the spot; those who answer correctly get free movie tickets.
☐	Condition all promotions on the employees having a record of behavior consistent with an effective compliance and ethics program.
☐	Send letters of commendation to each employee who raises a substantiated compliance issue and copy their direct manager. Send a letter of appreciation to the managers of reporters to thank them for creating an environment in which their employees feel safe speaking up.
☐	When a compliance investigation uncovers a material issue and saves the company money, write about the success story in a company blog, newsletter, or other publication.
☐	Add an "earning business the right way" factor to all sales incentive and reward programs to reward sales employees for adhering to ethical principles when pursuing sales.
☐	When an employee uncovers a material compliance problem, have the chief compliance officer or CEO conduct a gratitude visit where they go see them personally and hand them a commendation letter.
☐	Create an ethics film fest where employees are invited to create their own videos to promote ethical conduct in the workplace; promote the top three to all employees, with rewards given to the creators.
☐	Consider service on the compliance and ethics team as something that increases an employee's promotability into other departments and higher-level roles. Consider the compliance team as a key source of "promotable" talent in the organization.
☐	When a compliance and ethics team member creates or greatly improves upon a compliance control or mitigation program, ensure they are recognized for their work (e.g., in the company newsletter, or perhaps even featured in the annual report.)

☐	Create a March Madness competition bracket where departments compete against each other to complete the annual compliance certifications or training requirements first. Reward the winning department with extra time off.
☐	Create a special title like “Integrity Champion” employees can earn by exemplifying the values of the company through their behavior. Reward them with a pin, badge, or other visible designator of their new status.

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