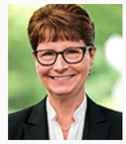
Karen Bertha (karen.bertha@rcn.com) is an Ethics and Compliance Program Management Leader.



Ellen M. Hunt (ehunt@sparkcompliance.com) is the Principal Consultant & Advisor at Spark Compliance Consulting.

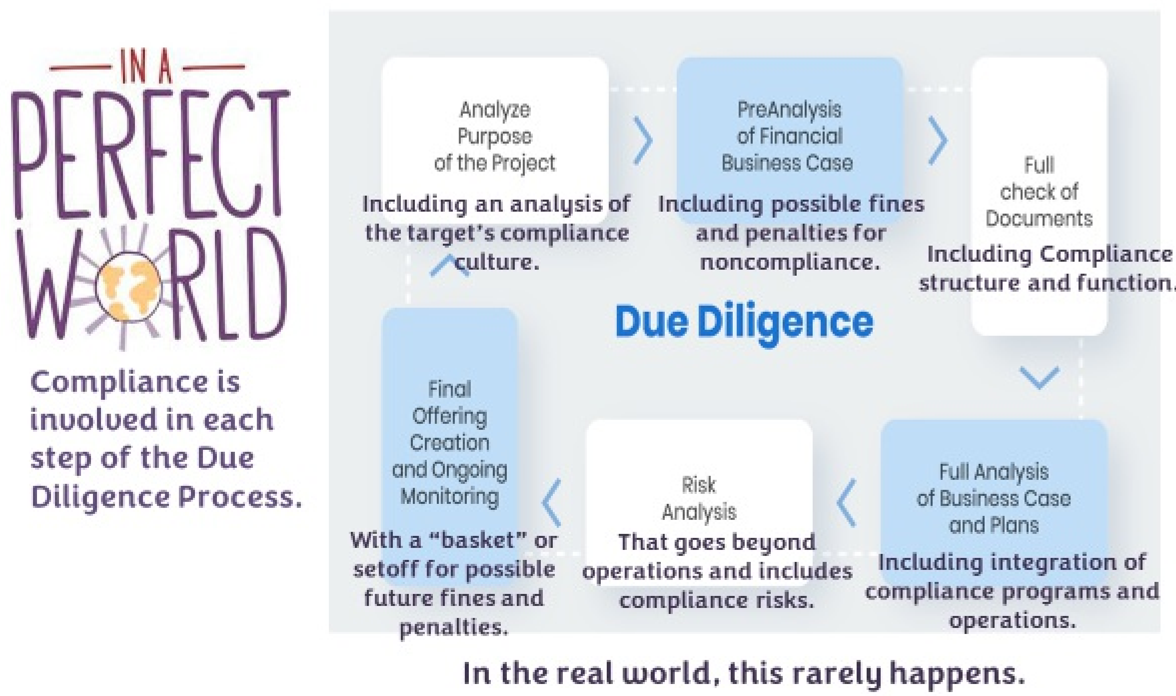
Laurence Houlbert (laurence.houlbert@nvent.com) is Compliance Director at nVent.

All together now: Post-acquisition compliance program integration

By Karen Bertha, Ellen M. Hunt, and Laurence Houlbert, CCEP-I

The due diligence process is a critical element in a merger and acquisition transaction. Most companies clearly define the steps and rarely skip them. However, the participants in the process vary widely, and ethics and compliance are often overlooked. In a perfect world, the chief ethics and compliance officer and the ethics and compliance team would be part of the deal team early on, consulted in "go or no-go" decisions, and have a seat at the table throughout the process.

Figure 1: The due diligence process



Why is it so important for the ethics and compliance team to have a seat at the table? While you may already

Copyright © 2024 by Society of Corporate Compliance and Ethics (SCCE) & Health Care Compliance Association (HCCA). No claim to original US Government works. All rights reserved. Usage is governed under this website's Terms of Use.

know the answer, your leadership may still need some convincing. Here are some significant reasons you can communicate to your executive team:

- **Subject matter expert:** Compliance officers will bring a set of skills and experience that allows them to look at things from a different perspective and identify red flags that no one else would.
- **Increased focus on compliance risks:** Global laws and regulations are getting more robust in a variety of areas, including human rights, trade sanctions, and data privacy. Compliance officers will be able to ask the right questions to identify potential risks or even violations.
- **Expected by governing authorities:** The U.S. Department of Justice, the French anti-corruption law, and others are clear: companies that invest in strong compliance programs and conduct thorough compliance due diligence are better positioned to navigate the complexities of mergers and acquisitions. Who is better placed than compliance officers to lead those efforts?

Assessing the target company

Since few of us live in a perfect world, what might you do if you learn about the deal only after the ink is dry or are given limited information and restricted access to personnel? Regardless of when the ethics and compliance team gets involved, a strategy for post-transaction integration will be needed. So, regardless of your situation, here are things you can do to prepare:

- **Scour the internet**: An amazing amount of information can be obtained about companies from public sources. Look for and read the annual reports, sustainability and environmental, social, and governance reports, and press releases. Learn what the other company's industry is, its vision, mission, and values. Search for regulatory violations and lawsuits. Study who makes up the leadership team and board of directors. If you cannot find these things online, this also tells you about the company.
- **Assess the potential risk**: Based on the industry, products, and geographic areas of operations, you can assess the potential risks of the target and identify how they might require additional or new compliance resources. Interview the executive team to understand what they think are the possible risks.
- **Evaluate the ethics and compliance program**: Is there a code of conduct? If so, how does it differ? Are any policies and procedures publicly available? What kind of employee reviews are on platforms like Glassdoor? Are employees represented by unions or labor councils? What does their website say about how many positions they currently recruit for?

This document is only available to members. Please log in or become a member.

Become a Member Login

Copyright © 2024 by Society of Corporate Compliance and Ethics (SCCE) & Health Care Compliance Association (HCCA). No claim to original US Government works. All rights reserved. Usage is governed under this website's Terms of Use.