

CEP Magazine – February 2021 Meet Olga Pontes: Lead and transform during crisis

Olga Pontes, Chief Compliance Officer at Odebrecht S.A. in São Paulo, Brazil

Olga Pontes (olga.pontes@odebrecht.com) was interviewed by Gerry Zack (gerry.zack@corporatecompliance.org), Chief Executive Officer of SCCE & HCCA.

At the 2019 Compliance & Ethics Institute, Gerry Zack interviewed Olga Pontes for the first time, focusing on transformational and compliance challenges, and the personal challenges compliance professionals have faced resulting from Operation Car Wash, Brazil's ongoing and largest corruption investigation. For this interview, they chose to focus on interpersonal challenges faced by compliance professionals and Odebrecht's own compliance and ethics transformation in the wake of Operation Car Wash.

GZ: Reputational crises create opportunities for compliance professionals. Among the opportunities, what are the risks that a compliance leader must evaluate before taking on transformational challenges?

OP: Certainly, moments of crisis bring opportunities and risks. Before taking on any new responsibilities, especially those involving a leadership role in a transformation project, I recommend performing a risk assessment to find out what kind of waters you will be sailing on. The assessment should consider the full range of risks, from the most strategic risks related to top management's commitment to transformation to the most operational risks related to the experience, the skills, and the competences of the professionals involved in the process.

Overcoming a reputational crisis requires discipline, perseverance, and emotional intelligence. To get there, challenges have to be overcome. Many will have surfaced along the journey, but some end up being more difficult than those previously identified.

GZ: Can you tell us more about why you ultimately decided to join Odebrecht while it was under investigation for corruption, money laundering, and other charges?

OP: I am driven by challenges, and I decided to embark on a stormy sea, even with limited visibility, for these reasons:

- I trusted that top management was determined to change and break away with past practices and cultures.
 - After a long period of denial, in March 2016, the company announced that it would collaborate with the authorities' investigation. The high number of executives and lawyers in the "war rooms" demonstrated to me that the company was serious about its cooperation.
 - I was confident that if we signed the leniency agreement with the authorities, the authorities would require the company's commitment to change, to implement an effective compliance program, and even to retain an independent compliance monitor for a period of time. In December 2016, leniency agreements were signed with the United States, Brazil, and Switzerland. In the following years, additional agreements were signed with other authorities. In February 2017, the monitor's mandate began.
 - There was a clear segregation of functions. The legal team was responsible for the investigation and
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reconciling past conduct, and the compliance team was responsible for overcoming the present challenges and building the future.

- Crises accelerate changes, including forcing transformations to the control environment and to the compliance culture, where compliance is recognized as an investment and not only cost.

In addition to the above points, I always had in mind that chaos usually precedes major changes, and after the storm comes the calm.

GZ: How can a compliance team’s motivation and engagement under high pressure be maintained for quick and effective results?

OP: The team’s commitment and engagement are extremely important for the success of the transformation journey, and motivation is a key element to ensure results. As it is, motivating yourself in normal times is an art. Motivating in times of crisis is quite complex.

At Odebrecht, I had to assemble the compliance team when I took on the leadership role. Forming a team during a time of crisis is a challenge, but it also creates opportunity to embark on a journey alongside professionals who are passionate about compliance. It allowed me to identify professionals not only with the right experience and technical skills, but also who had the ability to work under pressure and were determined to overcome challenges. Having these kinds of professionals on board was instrumental for the continuous motivational process.

In the day-to-day journey, in order to nurture the team’s seeds of motivation, I adopted classic motivational techniques, such as:

- Aligning expectations, priorities, responsibilities, goals, and ways to achieve results;
- Involving the team in the decision-making process and also being willing to be influenced by the team; and
- Inspiring others by leading by example in terms of dedication, confidence, and trustworthiness.

GZ: How can you best earn management’s confidence that you understand both the compliance needs as well as the business needs of the organization?

OP: While the compliance function must be autonomous and independent, it does not mean that it cannot work in close collaboration and in partnership with other areas of the company. The synergism between the business and compliance must be a common purpose for the entire organization, as there is a strong correlation between compliance and the long-term sustainability of the business. It is no coincidence that companies with a mature compliance program integrate it within the corporate governance structure and make it a part of the strategy and the definition of business goals, while enhancing the relationship of trust across the areas.

In order to continually strengthen this relationship of trust, it is essential that all compliance professionals be in the habit of continuously seeking to understand the business goals and needs in the short, medium, and long term. They must also seek to integrate the synergism of these aspects with the continuous improvement and enhancements of the requirements and pillars of the compliance program. Consistent practice of habits becomes a routine, and a routine enables professionals to offer viable solutions that add value to the business, and thus will be respected by the business.

GZ: How can compliance professionals convince and persuade employees to sponsor change and minimize resistance?

OP: Resistance to change is one of the most difficult obstacles in a transformation process. There are many reasons for resistance, such as leaving one's comfort zone, fear of the unknown, and feeling somehow threatened.

To achieve transformation, we have to overcome resistance. In our case, to minimize that risk, we had to take some actions. One of the main ones was to recognize the significance of and empower a common value within Odebrecht—alignment. We invest in alignment, valuing the good relationship between employees and strengthening the bonds of trust. Alignment helped us involve leaders in the transformation process. They were engaged as part of the solution and also as active advocates for change.

At the beginning of the transformation, Odebrecht gathered the leaders to ensure everyone was on the same page, explained to them that the changes were based on international best practices, and invited the leaders to help define what principles should guide the ethical conduct of all. At the early stage in our process, the time invested in alignment was three times greater than the time actually spent to define what should change. That investment was important to identify resistance and convert it into sponsorship.

Odebrecht invited well-known global leaders in topics related to citizenship, transparency, sustainability, and the fight against corruption to form an advisory board to help build our future. They shared with us a comprehensive set of international experiences that were useful in the day-to-day business activities and helped lessen our current leaders' resistance.

What was only a plan in 2016—and which was met with a certain degree of resistance—is today our day-to-day routine. We now have the pillars of our compliance program embedded in our daily practices, and compliance is now subject to ongoing improvement with everybody's support.

GZ: Taking the compliance program through a crisis and remediation can be very rewarding from a career perspective. But it can also be exhausting, with many late nights and working seven days a week. How do you ensure you protect yourself and maintain your health and sanity through it?

OP: To talk about health and sanity, we cannot disassociate them from the human and professional aspects. For that reason, I will add two events of my personal life that were particularly meaningful to me: the sadness from the loss of my mom in the early days of my challenge at Odebrecht and the happiness from the birth of my first daughter also during this time. These emotions influenced my attitude toward the challenges, giving me more appropriate perspective. If balancing my personal life and career was already important to my health and sanity, after I became a mom—without my mom's unconditional support and love—harmonizing personal and professional life became even more important. I thank God for the family I have. It is my safe harbor. It gives me strength and reason to be well, whatever the challenges may be. So, the strength I drew from my personal experiences enabled me to get through this challenging professional experience with health and peace, together with the following other factors:

- **My personality.** I am very objective, practical, and positive. Throughout this journey, I kept an objective stance regarding Odebrecht's past in order to be able to focus and dedicate myself to the development of a new future.
- **My passion for compliance.** I am happy to work in compliance. They say that doing what you like means freedom, and being passionate about what you do means happiness. Passion releases endorphins, which encourages us to overcome obstacles and reach goals.
- **My working team.** I am the kind of person who trusts in people. I am lucky to lead a team of good, committed, and skilled people who are high performers and on whom I can count and trust to overcome

challenges together, sharing pressures and anxiety.

Balance is the key for my well-being and for the well-being of those around me. Reaching balance is one of the greatest challenges any of us face.

GZ: The COVID-19 pandemic has affected the way business is being done. How do you ensure compliance remains at the forefront while also demonstrating that you understand what is happening around you?

OP: The pandemic has affected and accelerated the implementation of a series of social, economic, and even cultural changes in our lives and in the business world. One of these accelerated changes is related to the form of social and economic interaction between people and between them and companies, which is generating new and complex risks.

For compliance professionals, the challenge was and will always be to follow context changes, even if they are unplanned, drastic, and sudden. It is up to compliance professionals to adapt and strengthen the compliance program, assessing its maturity, as well as making it dynamic and sustainable over time.

With the pandemic, short-term priorities had to evolve, such as adherence and compliance with laws and new health prevention regulations for people and work environments, public and private investments for crisis management, etc. The best results will be obtained by those who have greater flexibility and the capacity to adapt to this new context, minimizing in some way the materialization of risks that can only be assessed when the storm is over and more peaceful times reach us.

GZ: How do you ensure compliance is everyone's responsibility and not just the compliance team's responsibility?

OP: Everyone should comply with applicable laws and with the company's policies. However, in general, not everybody internalizes this concept, and they unduly transfer this responsibility to the compliance team. To foment compliance in everyone's DNA, it is paramount that a sense of shared responsibility be established. These are some of the actions implemented by Odebrecht to foster individual accountability:

- Corporate governance was restructured at all group-controlled companies, establishing a board of directors with independent members, an audit and compliance committee, and the appointment of a chief compliance officer reporting to the board of directors.
- Policies were created and reviewed to add clear responsibilities for those involved in the process.
- Goals related to compliance were incorporated into the annual employee evaluation process.
- Investments were made into communication and training regarding the policies and how they were going to be implemented.
- Risk-based third-party integrity due diligence was implemented.

We started our transformation journey with a high percentage of employees believing that compliance was the responsibility of the compliance team. After four years of this journey, almost all employees now believe they are also responsible for compliance.

GZ: Scandals have made clear how important compliance is in the business world. Based on your experience, how is it possible to make compliance important to everyone at any time?

OP: The business environments most affected by scandals are active in the debate on compliance, ethics,

integrity, and transparency. The pillars of a compliance program will be an inherent part of all businesses only when the importance of compliance and the consequences of noncompliance start being a topic of discussion within the home, and as part of structured, disciplined, and mandatory discussions at schools and universities. Only then will professionals entering the job market be adequately trained and prepared to be compliance gatekeepers regardless of the company's own training program.

Compliance discussions must be part of the evolutionary process of training people, where the business world would be the last stage in the learning curve. This would enhance the incorporation of citizens' ethical attitudes, conduct, and respect for the relevant rights and duties, consequently leveraging the sustainable development of societies and economies.

GZ: The monitorship for Odebrecht came to an end in November 2020. What has it meant for you, your compliance team, and the company that it obtained certification for successfully implementing a consistent compliance program capable of preventing, detecting, or punishing cases of violation of anti-corruption laws?

OP: Certification was one of the most important achievements of the Odebrecht group in the last few years. It was a result of engagement and commitment by all employees. Together we achieved the planned objectives and surmounted those challenges that presented themselves along the way.

Certification marks the beginning of a new cycle, a cycle where the compliance culture is already part of the routine of the company, where employees acknowledge their responsibility to pursue the strengthening and improving of the compliance culture, ensuring continuous enhancements of our practices to changes in the environment and adaptation to evolving risks.

We now have a feeling of mission accomplished and that every effort was worthwhile. Looking back at the road we paved that led to certification, I determined that with resilience, perseverance, and courage, our dreams might be achieved. I now feel:

- Like I'm a more mature professional after the lessons learned and the experiences I lived.
- Proud to be part of a compliance team that proved to be mature and prepared enough to overcome complex challenges.
- Thankful to those who were always by my side, supporting me unconditionally, especially my family and my direct team.

This achievement has strengthened my confidence to move forward and to apply my experiences and lessons toward general improvements to compliance practices. I also feel that I can assist others with furthering their professional development, and I am motivated to continue studying and learning every day to be a better person and a better professional myself.

My experience has shown me that to accomplish anything, we must first be willing to do it and then try to do it while never giving up.

GZ: Thank you, Olga!

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