Risk Assessment: Combining Data from Multiple Sources to Identify and Mitigate Risk

Jennifer Teerdhala
Director, Ethics & Compliance Programs, Analytics, & Risk
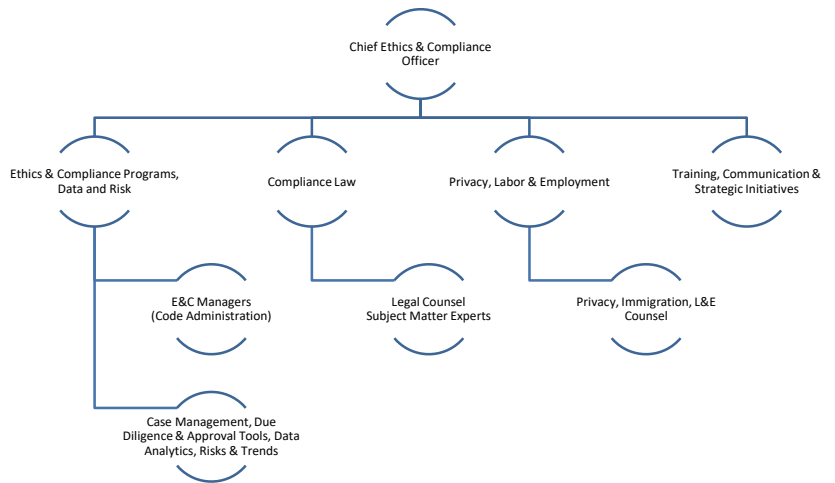**The Coca-Cola Company**
jteerdhala@coca-cola.com

1

The Coca-Cola Company is EVERYWHERE…*almost*.

TCCC Presence
(Where we do business Or sell products.)

Non-TCCC Presence

2

2

Ethics & Compliance Office at Coca-Cola

Chief Ethics & Compliance Officer

Ethics & Compliance Programs, Data and Risk

Compliance Law

Privacy, Labor & Employment

Training, Communication & Strategic Initiatives

E&C Managers (Code Administration)

Legal Counsel Subject Matter Experts

Privacy, Immigration, L&E Counsel

Case Management, Due Diligence & Approval Tools, Data Analytics, Risks & Trends

3

What we will cover

BUILDING THE FOUNDATION OF COMPLIANCE DATA INCLUDING UNIQUE SOURCES OF DATA TO GAIN COMPLIANCE VALUABLE INSIGHTS

COMBINING DATA INTO ANALYTICS, METRICS, AND RISK ASSESSMENTS
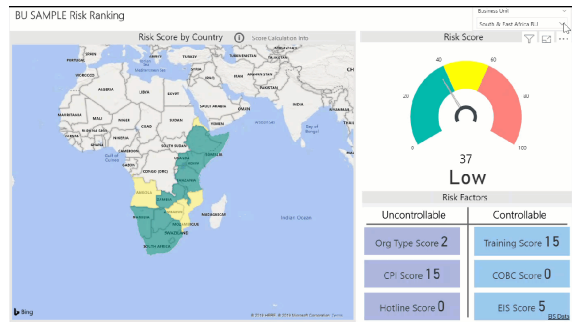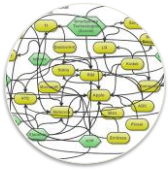
THE FINISHED PRODUCT: VISUALIZATIONS AND DASHBOARDS

4

Our Journey

FROM ➡️ **TO**

5

U.S. Department of Justice

U.S. Department of Justice
Criminal Division

Prosecutors should also consider "[t]he effectiveness of the company's risk assessment and the manner in which the company's compliance program has been tailored based on that risk assessment" and whether its criteria are "periodically updated." *See, e.g.*, JM 9-47-120(2)(c); U.S.S.G. § 8B2.1(c) ("the organization shall periodically assess the risk of criminal conduct and shall take appropriate steps to design, implement, or modify each requirement [of the compliance program] to reduce the risk of criminal conduct").

Guidance Document
Updated: April 2019

6

Setting the Foundation with Data

Where to find your data

Ethics & Compliance Data

Other Internal Data

External Data

Ethics & Compliance Data

9

Hotline trends
Case data
COI Disclosures
Govt Dealings Requests
Training completion rates
-by type/categories
-by org levels/types
-by empl. characteristics
-by root cause/risk

Third Party DD
-High Risk vendors
-Red Flags
-associated employees

Ethics & Compliance Data

Other Internal Data

External Data

10

Example Custom Fields

- Case Closure Analysis
- Risk Score
- Governance employee involvement
- Root Cause
- Financial Impact Analysis
- Internal Control Weaknesses

Case Closure Analysis

Risk Assessment Value (1 = Low, 5 = High. 0 for Non-Codes)	4
Is subject of investigation in a governance role?	No
Root Cause	Personal Gain
Root Cause - Other Details	

Financial Impact

Financial Impacted Party	- Select -
Total Impact Amount	$ 44,787.03
Amount Recovered (confirmed returned to Company)	$
Actual Loss (Company loss)	$ 44,787.03
Financial Statement Impact Amount	$
Financial Statement Impact	- Select -
Finanical Impact Summary	Total actual to Company: USD $4...

Internal Controls

Internal Control Weakness Identified?	No
Internal Control Weakness Details	Employee mischaracterized the e...
Confirmation received of completed remediation	- Select -
Additional details of remediation (optional)	
Name of responsible person	

11

Ethics & Compliance Data

Other Internal Data

External Data

12

Human Resources	Ethics & Compliance Data
Public Affairs/Legal	
Marketing & Special Events	Other Internal Data
Finance	
Enterprise Risk/IMCR	External Data

13

Other Internal Data – HR Data

employee characteristics	employee relations cases	engagement survey
• Unique Identifier • Grade Level • Seniority • Job Resp. • Mgr/Ind. Contrib. • Manager name/uid • Org/Location • No SPI required	• Volume • Types of Issues • Org/Location • Employees implicated	• Engagement levels • Compliance specific questions • Other insightful questions

14

Other Internal Data – Public Affairs
- regulatory watches   - activism

THREAT   SAMPLE DATA

STATUS	COUNTRY	ISSUE	RESOLUTION
	BAHRAIN	Issue #1	Work in Progress/Next Steps
	GUATEMALA	Issue #2	Work in Progress/Next Steps
	India	Issue #3	Work in Progress/Next Steps
	Vietnam	Issue #4	Work in Progress/Next Steps

	A	B	C	D	E	G
	Level 1	Level 2	Level 3	Country	Legislative/Regulatory	Score
5	EMEA	Western Europe BU		Multiple		2
6	LA	Brazil BU		Brazil		5
7	LA	Latin Center BU		Multiple		3
8	LA	Mexico BU		Mexico		3
9	LA	South Latin BU		Multiple		2
0	NA	Canada BU		Canada		3
	NA	CCNA		United States		2

SAMPLE DATA

15

Other Internal Data – Finance

Finance Data

Capital Plans
• Greenfield/Other construction

Operational and Expectations
• Budget/actuals

Travel & Entertainment
• Govt dealings
• Gifts and entertainment
• High spenders

16

TI-Corruption Perception Index

TRACE Bribery Risk Matrix

Enforcement Actions

Regulations

Open Web/Internet

Benchmark Reports (Navex, PwC, Ethisphere)
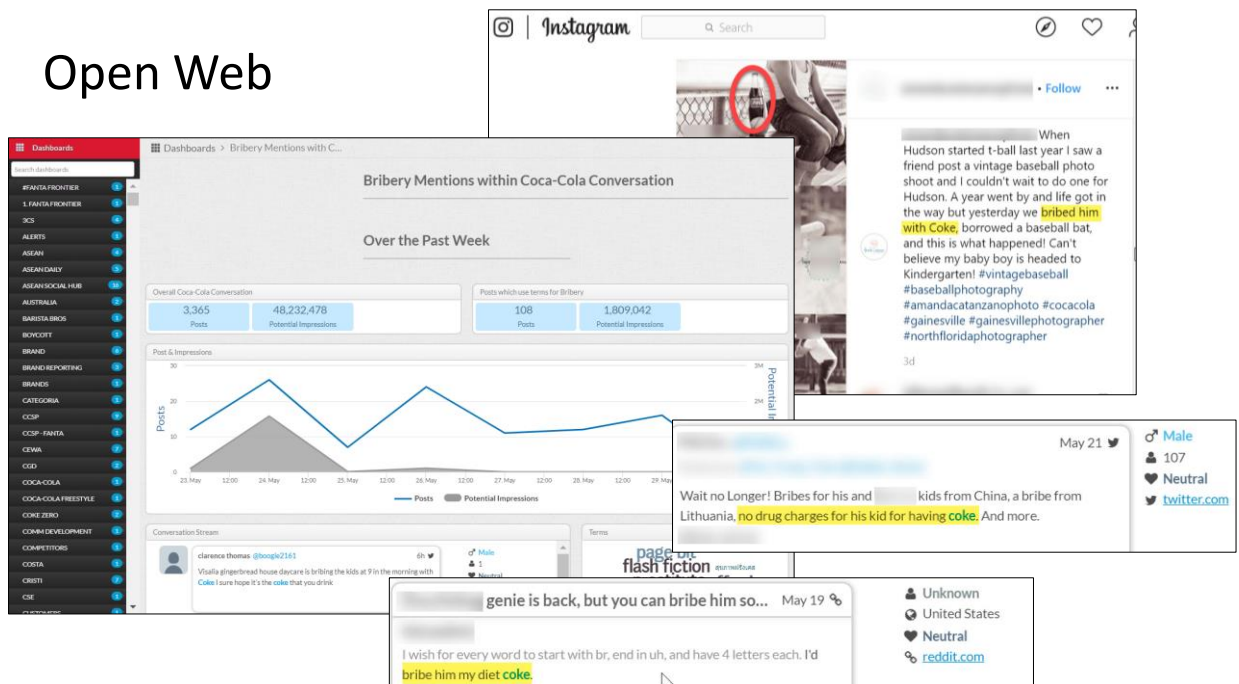
Ethics & Compliance Data

Other Internal Data

External Data

17

Open Web

18

9

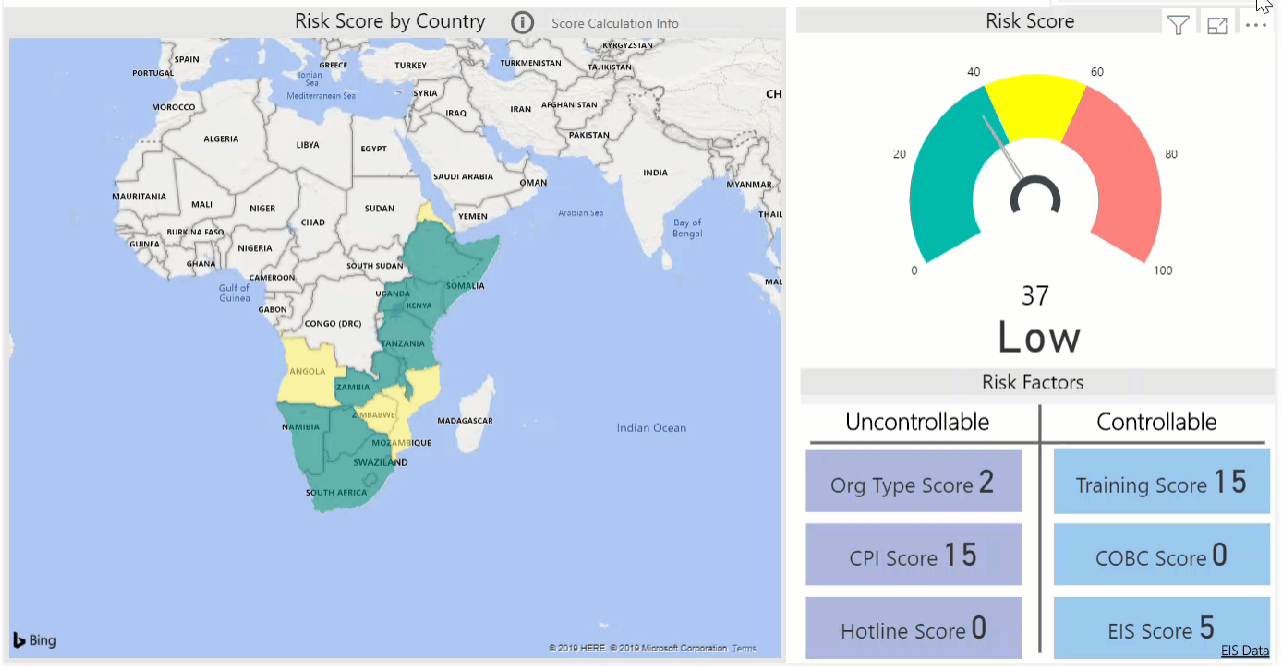# Analytics, Metrics, and Creative Visualizations in Dashboards and Reporting
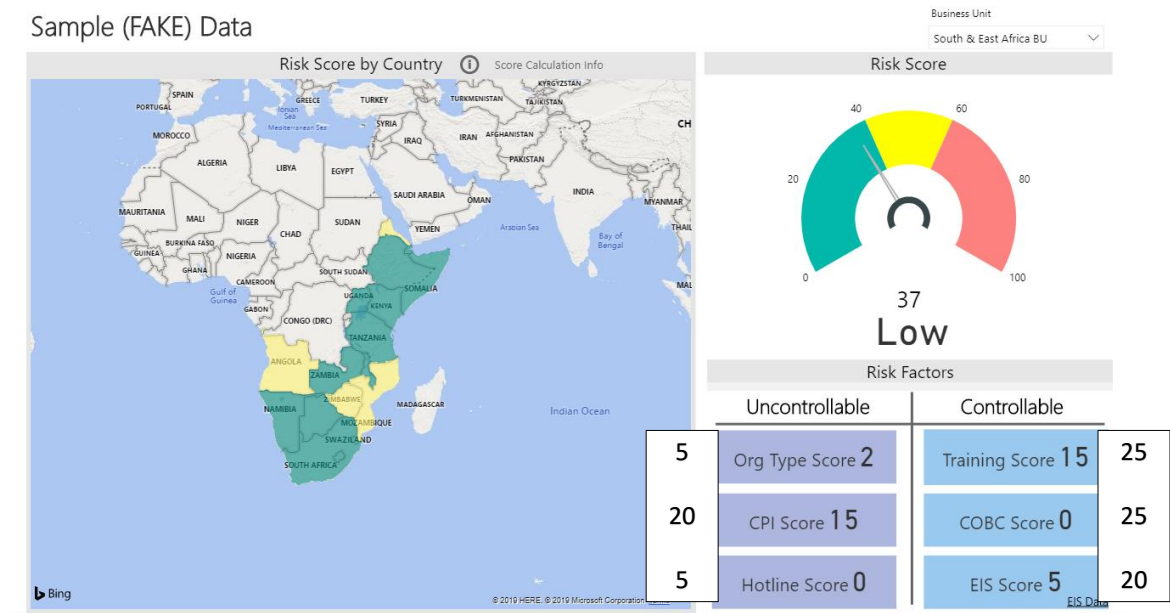
19

Dashboard

20

BU SAMPLE Risk Ranking

21

Sample (FAKE) Data

22

Training/Certification Completion Rates to Risk Scores

1. Completion Rate for Entity for Annual COBC Training
2. Completion Rate for Entity for Annual COBC Certification
3. Completion Rate for Entity for Employees with a High Risk Profile
   - Grade level
   - Job responsibilities
   - Previous Discipline
   - T&E Data
   - Manage 'High Risk' Vendors

Each analytic is scored and rolls into an overall metric score for the risk assessment

23

Training/Certification Completion Rates to Risk Scores

Category	Completion rate	Weighted Score
Overall Training	95 or higher	0
Overall Training	85-94	5
Overall Training	75-84	15
Overall Training	below 74	25
High Risk empl roles	98 or higher	0
High Risk empl roles	90-97	5
High Risk empl roles	80-89	15
High Risk empl roles	below 79	25
Certification	95 or higher	0
Certification	85-94	5
Certification	75-84	15
Certification	below 74	25

24

Engagement Survey Data

- Ethics & Compliance specific questions

- Other insightful questions

- Overall engagement Scores

Each question is assessed for each entity and scored based on percentage of unfavorable responses. Each score rolls into a metric in the risk assessment.

25

Engagement Survey Data

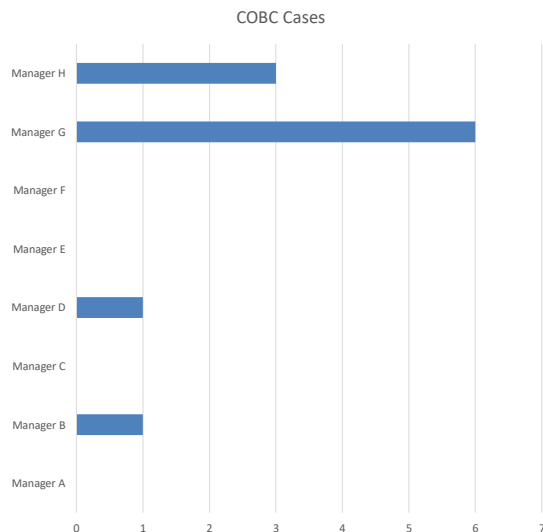| Question	category	> % unfav	< % unfav	points
Employees are respected, regardless of their level	respect	25	50	1
		50		2
Senior leaders' actions match their words	tone	20	30	2
		30		4
I feel comfortable reporting dishonest or unethical practices without fear of negative repercussions	ethics	10	20	2
		20	30	4
		30		6
Are you seriously considering leaving the company in the next 12 months?	engagement	30	50	1
		50		2

26

Hot Spot Metric

- HR employee data: unique identifier for employees and their manager
- Case data: employees mapped to unique identifier who are subjects of allegations and/or investigations
- Analytic to score each manager when there is a subordinate investigation
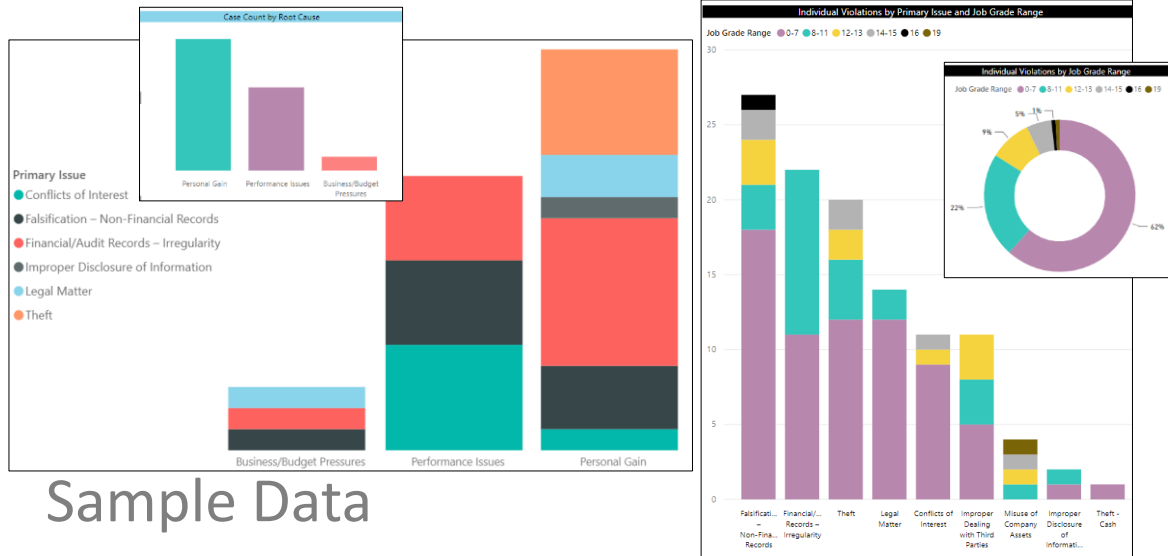
27

Hot Spot Metric

COBC Cases

Manager	Cases
Manager H	3
Manager G	6
Manager F	0
Manager E	0
Manager D	1
Manager C	0
Manager B	1
Manager A	0

28

Examples: Root Cause & Employee Grade Level

Sample Data

29

Your Journey

30

First risk assessments … excel!

Group	Entity	Country	CPI	COBC	Hotline	Engagemt	Org	Final Score	Override comments
Bottling Investments	BIG Controller's Group	United States	1-3	1-3	1-3	1-3	1-3	Low/Med/High	
Bottling Investments	BIG Information Technology	United States	1-3	1-3	1-3	1-3	1-3	Low/Med/High	Overide due to…
Bottling Investments	India Bottling Operations (7 Zones, HO and SS)	India	1-3	1-3	1-3	1-3	1-3	Low/Med/High	
Bottling Investments	Guatemala Bottler	Guatemala	1-3	1-3	1-3	1-3	1-3	Low/Med/High	
Bottling Investments	Bangladesh Bottler	Bangladesh	1-3	1-3	1-3	1-3	1-3	Low/Med/High	
Bottling Investments	Monresa Bottler	Uruguar	1-3	1-3	1-3	1-3	1-3	Low/Med/High	Overide due to…
Bottling Investments	Myanmar Bottler	Myanmar	1-3	1-3	1-3	1-3	1-3	Low/Med/High	
Bottling Investments	Nepal Bottler	Nepal	1-3	1-3	1-3	1-3	1-3	Low/Med/High	
Bottling Investments	Singapore/Malaysia Bottler	Singapore	1-3	1-3	1-3	1-3	1-3	Low/Med/High	
Bottling Investments	Vietnam Bottler	Vietnam	1-3	1-3	1-3	1-3	1-3	Low/Med/High	
Bottling Investments	Coca-Cola Bottler Sales and Services (CCBSS)	Philippines	1-3	1-3	1-3	1-3	1-3	Low/Med/High	
Bottling Investments	Sri Lanka Bottler	Sri Lanka	1-3	1-3	1-3	1-3	1-3	Low/Med/High	
Bottling Investments	Cambodia Bottler	Cambodia	1-3	1-3	1-3	1-3	1-3	Low/Med/High	

- CPI = Corruption Perception Index
- COBC = Code of Business Conduct Cases
- Hotline = volume and restrictions
- Engagemt = Engagement Survey analysis
- Org = Type of entity being assessed

- 1-3 - 1 = Low; 2 = Medium, 3 = High

- Final Score = formula from the previous 5 components to give a High, Medium, or Low score

31

Jennifer Teerdhala
Director, Ethics & Compliance Programs, Analytics, & Risk
The Coca-Cola Company
jteerdhala@coca-cola.com

32