



## Benchmarking an Ethics & Compliance Program: How to Turn Insights into Actions

*“What we wanted in the Compliance Leader Verification process was to measure ourselves against what we considered to be the most respected peer group in the field, the World’s Most Ethical Companies®.”*



—Alistair Y. Raymond, Vice President – Chief Compliance Officer

### SYNOPSIS

To ensure that their ethics and compliance program addressed the expectations of both their regulators and their customers, for the past six years Avangrid has actively engaged in external program assessments with advisors, including industry consultants and law firms. In 2018, Avangrid’s primary shareholder, Iberdrola, S.A., engaged Ethisphere for a compliance program assessment and earned the Compliance Leader Verification. Following Iberdrola’s positive experience, Avangrid enlisted Ethisphere to complete a review of their program with the same goal of achieving Compliance Leader Verification.

The Compliance Leader Verification is awarded by Ethisphere to companies with programs that meet or exceed best practices across an array of ethics and compliance benchmarks.

### OBJECTIVES FOR THE BENCHMARKING

#### Align to leading guidance and best practices

External program assessments, such as those utilized by Avangrid with industry consultants and law firms, involve proprietary processes that can have limited utility for external benchmarking. Ethisphere offers not only a comprehensive program assessment based on criteria established under the U.S. Federal Sentencing Guidelines, but also the ability to benchmark a program against the best practices of the World’s Most Ethical Companies®.

*“The process was very comprehensive, really well mapped out—both professional and collaborative.”*

#### Identify compliance processes across the organization

To prepare for Ethisphere’s program assessment, Avangrid identified relevant policies, procedures, and practices across the company. During this process, they gained greater insight into the compliance activities undertaken by other departments.

*“Even if the Compliance Department isn’t doing something, the company may still be doing what it needs to under the Federal Sentencing Guidelines.”*

#### Analyze program effectiveness and identify appropriate metrics

While Avangrid appreciated the value in ongoing evaluation of program effectiveness, certain compliance areas were still in the early stages of developing quantitative metrics and implementing root cause analysis.

*“Getting Ethisphere’s insight into metrics used to benchmark against the World’s Most Ethical Companies was really helpful in terms of prioritization... their feedback prompted a new initiative to collaborate with other departments in terms of root cause analysis.”*

#### Show the value of compliance

Avangrid’s compliance leadership wanted to ensure that corporate ethics and compliance is viewed as a value-added function, as opposed to focusing exclusively on loss prevention.

*“I think this focus is really the key to an effective program; some of the recommendations that came out of the Compliance Leader Verification process helped justify additional resources and initiatives that will allow us to provide enhanced value.”*

### COMPANY PROFILE

Avangrid operates in a complex, highly regulated environment—energy and utilities. A strong ethics and compliance program is critical to maintaining the trust of stakeholders, from customers to state and federal regulators.

Avangrid’s subsidiary, Avangrid Networks, owns eight electric and natural gas utilities, and serves 3.2 million customers in New York and New England.

Avangrid’s subsidiary, Avangrid Renewables, is one of the nation’s largest producers of wind energy and generates power from nearly 60 renewable wind and solar energy projects in more than 20 states.

**KEY TAKEAWAYS**

**Program structure and staffing are an important demonstration of commitment**

As a direct result of Ethisphere’s program recommendations, Avangrid recognized an opportunity to expand its compliance leadership. The company appointed a full-time Chief Compliance Officer role separate from the General Counsel, who had previously held both positions.

*“Ethisphere’s recommendation was an important consideration for senior leadership to make an organizational change.”*

**Invest in expanded manager resources and in-person trainings**

Avangrid developed a “manager’s ethics toolbox” to better equip managers across the company to effectively communicate with their teams about ethics and compliance issues.

*“Our middle managers are geographically spread out. Providing them support is an important focus for us.”*

Avangrid also increased their in-person trainings to stimulate interactive discussions as an alternative to online training.

*“We decided to offer less lecturing and instead give our employees insight into the psychological and behavioral aspects of ethics, including the importance of speaking up in their day-to-day work.”*

**Collaborate with other departments for more efficient outcomes**

The company operates across more than 20 U.S. states and runs two similar but distinct businesses with different needs, cultures, and regulations. With five staff members dedicated solely to corporate compliance, they must utilize compliance experts in other areas of the company. As part of Ethisphere’s assessment process, the Compliance Department received both input and confirmation regarding the necessary coordination of activities across business functions.

*“Our colleagues in communications, human resources, as well as compliance experts in areas such as environmental and cybersecurity – they all recognize the value of ethics and compliance and want to be part of the process. Effective collaboration is the key to how you do more with limited resources.”*



Ethisphere brings together leading global companies to define and promote best practices for ethics and compliance, and helps to advance business performance through data-driven assessments, benchmarking, and guidance.

[www.ethisphere.com](http://www.ethisphere.com)



Join our community of global companies collaborating around best practices.

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Ethisphere’s Compliance Leader Verification process takes a deep dive review of your corporate ethics and compliance program structure and oversight, employee training and communication, ways in which risk is measured, how your company monitors for misconduct, when misconduct does occur what are the disciplinary measures in place, and the extent to which you measure the ethical corporate culture and employee perceptions.

Learn more: [www.ethisphere.com/clv](http://www.ethisphere.com/clv)

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