

Ethicast: Jeffrey Eglash, Vice President, Ethics and Compliance, Nokia

In the following interview Eglash chats with Ethisphere about what it means to build a culture of leadership and accountability.

Q: Jeffrey, it's great to have you on this week's series. Can you tell me more about your role at Nokia?

Eglash (01:02): So right now Nokia and Alcatel-Lucent are coming up on the one-year anniversary of their combination and so I would say we are in the final stages of integrating the two programs, sets of policies, defining a common culture and so forth and I think that's going very well. The programs have different backgrounds and histories, but they're coming together nicely. Beyond the integration, I'd say we're focusing in on building a culture of leadership accountability over compliance and we're focusing in on enhancing what I think is an already strong speak up reporting culture. That along with making sure we do a world class job when it comes to investigating concerns when the concerns are raised as well as ensuring proper follow through on those concerns in terms of corrective actions, discipline if it's warranted by the investigation and things like that.

Q: I have a follow up question here. You highlighted building a culture of leadership and accountability, can you expand on that?

Eglash (02:15): I can and I think often times in compliance we talk about leadership engagement and tone at the top and those are certainly important prerequisites to a successful compliance program, but I think it goes beyond that. You need a true sense of leaders owning compliance and being accountable for compliance in order to take things to the next level and that means that we don't want to have a compliance department that kind of sits on the sidelines and raises a red flag or a green flag and says you can do this or you can't do that, you can't have this partner, but rather we want leaders making those decisions where they're fully informed by the compliance leaders but the leaders are ultimately the ones making the decision with the understanding that they're ultimately accountable for the outcome of those decisions. Or to put it differently leaders need to understand that they're not only responsible for achieving financial and business objectives which are laid out for them, but doing so in a compliant fashion.

Q: On our Ethicast series we like to provide our audience with some highlights of a company's compliance program. Can you share some highlights of yours?

Eglash (03:28): We are global companies and are selling major infrastructure projects to governments and state owned enterprises in more than one hundred countries, we have a network of third parties that assist us in going into the market. We are in a number of joint

ventures so from a compliance risk standpoint our risk profile is a significant` one so we need to take a number of steps to address that and foremost among those are robust processes around third parties, due diligence and onboarding, monitoring of third parties and things of that nature. And I'll go back to what I said before about making sure employees feel comfortable raising concerns, knowing that they'll be looked at thoroughly and they won't suffer from retaliation and ensuring that we have proper follow through on investigations. So those are just a couple of the many areas that we focus on. We also think a lot about making sure we have effective and engaging compliance communications, obviously compliance training, great risk assessment processes and things of that nature.

Q: Merging with another company can usher in many challenges, but when it comes to compliance integration what challenges have you encountered and how do you ensure that your program continues to be effective?

Eglash (04:59): It's interesting because in my last job before coming to Nokia I was responsible for compliance integration between two companies, which had different backgrounds. In my current role it's no secret that Alcatel has some compliance challenges in the past. They had a compliance monitor that helped them build up a terrific program and in many ways the program that Alcatel built up was a bit different from Nokia's. Alcatel's program (then) was one that was very heavily resourced and very process driven. What we are trying to do is strike a balance between the preexisting Alcatel program and the Nokia program and have them come together and find the best of both worlds. I think we're doing a very good job finding that balance and harmonizing two programs, while they bore many similarities also had important differences.

Q: So Jeffrey, you've worked in compliance for many years and spent many years at GE as well so you've gathered a lot of experience here and your panel at the Global Ethics Summit will focus on how compliance adds value to the business. From your experience can you explain why this is becoming increasingly important?

Eglash (06:20): It's a great question and it's a timely question, Aarti. For a long time, I heard a number of business leaders talk about the value of compliance from a commercial standpoint. I guess I didn't always know that that was actually the case in real life. More and more what I'm seeing is that it truly does matter to have a solid program, culture and a strong commitment to integrity. It matters with government, it matters with customers, suppliers, employees and I think as we're seeing more and more big corporate scandals, confidence in companies is being shaken and so integrity and reputation truly matters. When I go out and visit my colleagues in different parts of the world I'm really gratified to hear from them that they're counterparts and customers really value our reputation and our brand and commitment to integrity. It is making a difference in helping us win in the market place. One of the things I'm trying to do in that regard with our compliance team is build a mindset of our compliance leaders as being strategic business partners. I alluded earlier to sitting on the sideline and saying yes or no and that's not my vision of how compliance can best serve and best partner with the business to achieve

objectives. I like to see compliance leaders world constructively with business leaders to identify solutions and come up with ways where maybe you can't do a deal or transaction or a third party relationship the way it's originally envisioned, but often times if you sit across a table and put your heads together you can find a way to mitigate the compliance risks that have been identified, but still allow the transaction to go forward so it's a win-win situation.

Q: That takes me to my next question, which is how can companies effectively implement compliance across an organization?

Eglash (08:41): I've been fortunate that in my position I haven't had to start from scratch, in my previous job and current job I've been very fortunate to inherit programs and people in place and working effectively. What I've tried to do is strengthen those things that need strengthening, identify some potential deficiencies and ways we can do things better. I have not had the formidable task of building a compliance program absolutely from scratch. I would say there is no one size fits all solution. What I've seen in my various compliance roles is that each company and the culture of each company is different and demands a different solution. Let me try to give you a couple examples. I mentioned the idea of strengthening open reporting and even though I think at Nokia we do a pretty good job at getting the word out to employees of getting them to speak up when they have concerns, I think that's an area where you can't ever let up. You have to constantly reinforce that message. We're looking to initiate a new program, and ombuds program, where we have compliance champions at key sites around the globe to help drive the message to the people and have trusted representatives where employees can go to confidentially raise concerns. Another issue I saw is that the company was spending a tremendous amount of time and energy on a risk assessment process to identify key risks and key markets and helping to come up with effective mitigation plans. I'm working to make sure our risk assessment process is a little more robust in terms of mitigation efforts. It's finding the things which could be done a little better and focusing on those. Like I said, I have not had the unenviable task of building something from complete scratch.

Q: What type of training do you provide the ombuds leader at Nokia?

Eglash (11:12): So our ombuds program that's just now taking shape, we've designated an outstanding individual to be our global ombuds leader and one of the things that she's going to do is work closely with leaders at sites across the world to identify tenured and trusted employees in different functions that can serve as those local champions. We'll do a good job, a careful job selecting them and then we'll provide ample training for them to carry out their new found responsibilities on top of their day jobs so these are people who will be volunteering to take on additional work and serve in this important role. We want to ensure that they're trained enough in terms of properly taking in concerns and escalating them to the right levels.

Q: Before we wrap up Jeffrey, can you talk more about your upcoming panel at the Global Ethics Summit?

Eglash (12:11): It's still taking shape, but I think I want to expand on more of the points that you and I talked about today in terms of that notion of business partner mindset, in terms of leaders owning it and the increasing importance in the marketplace of doing business with reputable companies that are committed to integrity. I think those are a couple of the key themes and I'm looking forward to drawing out on those themes with the panel and with great engagement from the audience as well. I come to compliance more from the investigation side, my background is as a prosecutor so I feel like I've got a lot still to learn about compliance programs. I'm looking forward to hearing from some of those best minds and leveraging all their great words and ideas.