

The background image shows a large, modern university building with a prominent tower and a clock face. In the foreground, there is a paved plaza with several people walking and sitting. A large, leafless tree branch is visible in the upper right corner. The sky is clear and blue.

# **LLSMS2280 Business Ethics and Compliance Management**

## **Mock exam and team work Q&A**

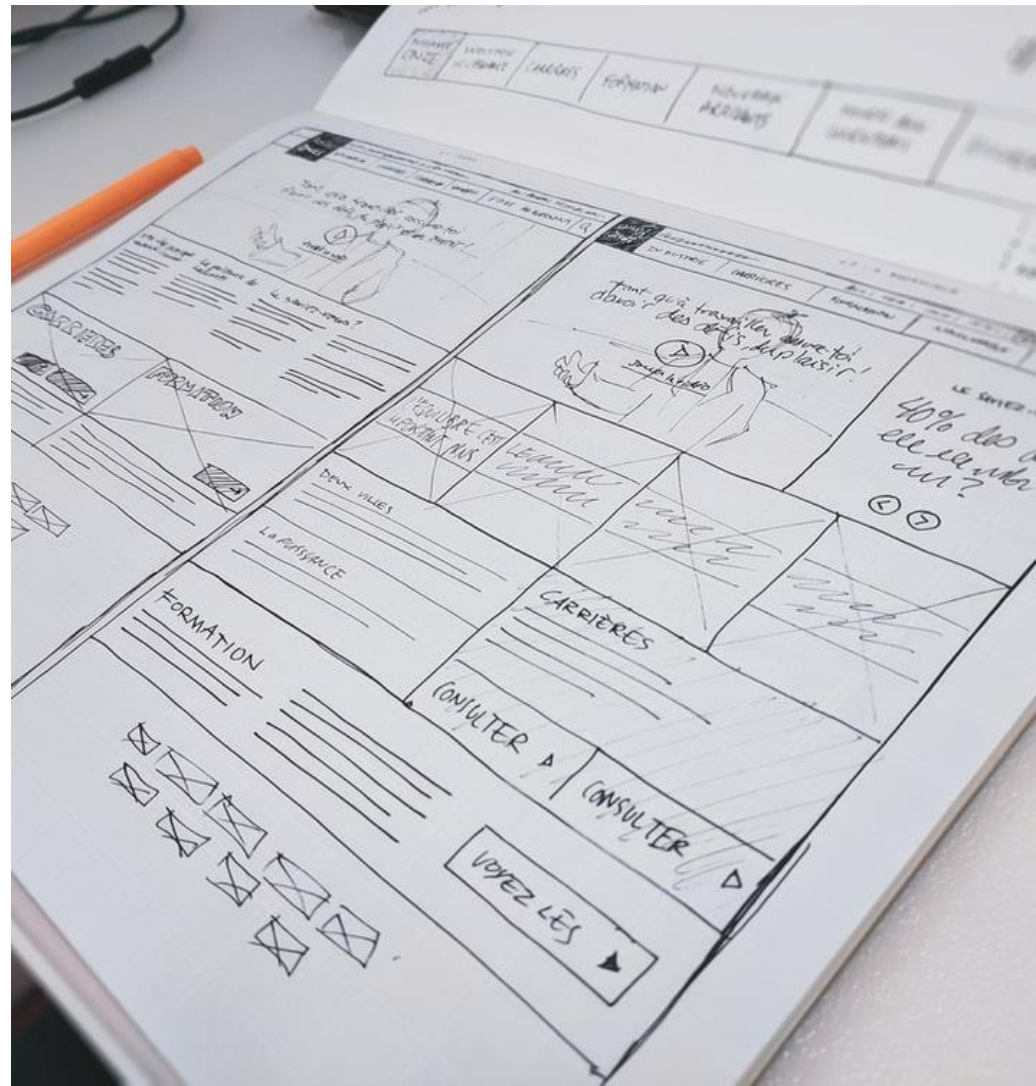
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# Mock exam

1) Typical exam questions

2) Debrief



## Question 1 – case

- Theranos Inc. was once the most valuable medical technology start-up in America. Founded in 2003 by 19-year-old Elizabeth Holmes, Theranos raised more than \$700 million from venture capitalists and private investors, resulting in a \$10 billion valuation at its peak in 2013 and 2014. However, it was found in 2015 (through whistleblowers and investigations) that the technology Theranos was promising actually never existed. Holmes was found guilty of fraud early 2022.
- There were multiple failures throughout the company's operations and processes compliance-wise. For this exercise, we focus on the lack of Ethics and Compliance officers, considering the first E&C officer was hired in 2016, when it was already too late. This case shows a frequent observation made about start-ups, where resources are initially focused on growth rather than compliance. Investors and Board members seemed not to have considered it a red flag at the time, while the firm was being valued billions with no proper care given to compliance function.

## Question 1 – questions

Based on this case, discuss the role and relevance of the E&C function:

1. What are E&C officers **responsible** for, based on the model of **lines of defense**? How do they interact with **management and key decision-makers**?
2. Based on your answers, what is the **importance of the E&C function**, putting it into perspective with the Theranos case? If a competent E&C officer was hired early enough, what would have been different in your opinion?



# Practice time! 15'

- Understand the case
- Identity what concepts from the lectures/ conferences/ hands-on sessions may be useful
- Think about the structure/ contents of your answer



## Question 2 - case

- At UCLouvain, numerous complaints for sexual or moral harassment have been made towards individuals with a "position of authority" in the past years. Besides individuals being suspected, UCLouvain is also under scrutiny as an employer who has to take prevention measures against harassing, not only before facts happen, but also once they have been signalled.
- UCLouvain has put in place campaigns, podcasts on harassment, networks of trusted individuals, an application to use if one is feeling unsafe, a centre called "Cellule Together" to listen to, support and guide victims and witnesses of harassment (the centre is managed by an expert who worked at SOS viol for years and a nurse, and they claim to ensure confidentiality and full independence towards UCLouvain authorities).
- Also, we note that UCLouvain's ethics and compliance program is mostly dedicated to those harassment issues (considering how pressing those cases are); there is virtually nothing available regarding other potential ethical issues (e.g., corruption, accreditation obtention fraud...).

## Question 2 - questions

1. What do you think may be the **systemic issues** at UCLouvain that led to those numerous cases of harassment from people in a position of authority? Remember the university is part of the **public sector**.
2. The current situation shows that, if one wants to **blow the whistle**, they have to meet responsables from the Cellule Together and go through a support process before actually deciding if they want to file a complaint.
  - a. What is your analysis of the **efficiency** of this process (benefits and disadvantages)?
  - b. Do you have **recommendations** to improve UCLouvain's whistleblowing system?
3. What is your analysis of the overall approach taken by UCLouvain in terms of **mitigation actions**? You may think about values-based vs. rules-based approach (linked to discussions from lectures and conferences). You may also comment the specificity of this current approach in terms of scope of ethical issues.

# Practice time! 15'

- Understand the case
- Identity what concepts from the lectures/ conferences/ hands-on sessions may be useful
- Think about the structure/ contents of your answer





## Last comments about the exam

- Be careful: case studies may be **longer** (usually up to one page)
- **Links with conferences** may be direct or indirect – up to you to identify where they are relevant!
- We like using **recent cases** – put yourself in your shoes and review the Business & Ethics news
- There is no purely theoretical or purely practical question – a good answer requires you to **articulate** the course materials in a relevant way according to the questions asked (**applied** to the case)
- Study in a **critical way** – ask yourself questions, challenge assumptions...
- **No strictly right or wrong answers:** but you need a sound rationale and well-articulated arguments grounded in concepts, examples...

# Interlude: Course evaluation

Feedback is a gift!  
Please share yours with  
us:

[https://survey.uclouvain.  
be/evasys/online.php?ps  
wd=64VFR](https://survey.uclouvain.be/evasys/online.php?pswd=64VFR)



# Team work Q&A

- Your questions! -



## Hands-on summary

### Risk-based assessment

- 1) If the 3<sup>rd</sup> party is a public official or interacts with
- 2) Countries in which the 3<sup>rd</sup> party is based and operates
- 3) Its industry
- ~~4) The value of the contract~~
- ~~5) The nature of the work/services~~

### Conducting due diligence

- 1) Beneficial ownership
- 2) Financial background and Payment of Contract
- ~~3) Competency of third party~~
- 4) Public records resources 
- ~~5) Reputation~~
- 6) Approach to ethics and compliance 



# Hands-on summary

## Public records resources

### In-depth research + internet search

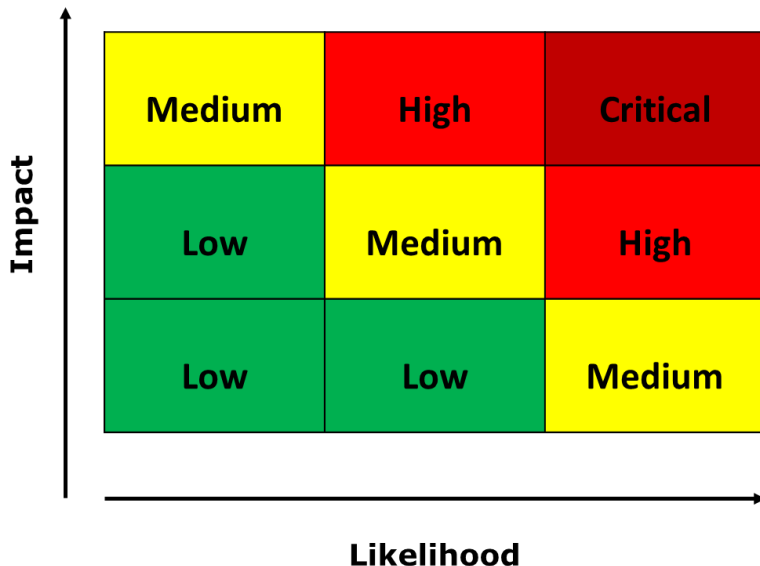
- Corruption
- Bribery
- Conviction
- Investigation
- Allegations
- Indictment
- Crime / criminal
- Kickbacks
- Money laundering
- Customer review
- Competition law issues
- Human rights
- Environmental issues
- ...

## Approach to E&C

- 1) E&C programme? Which governance?
- 2) Does it perform due diligence on contractors?
- 3) Tone from the top?
- 4) Training?
- 5) Topics covered by the CoE/C?
- 6) Other: Culture, values, risk assessment, sustainability, partnerships...

## Hands-on summary

### Risk matrix



### Managerial recommendations

- 1) Risk-based decision
- 2) SMART recommendations for further improvements

# Your assignment

- **Executive summary** (one page summary of your key findings, assessment and recommendations)
- **Review business footprint** (geographical, sectors, type of ventures and partners,..) to decide whether-a due diligence is needed or not.
- Review the **risks** associated to the beneficial ownership of the company. Find **major ethics and compliance issues** associated with the third party. Draw a **timeline** of issues.
- Review the **E&C system** and evaluate it.
  - Describe what the **mitigation actions** taken were. Indicate whether they were proactive and sufficient, and if the company changed.
  - Assess based on your desktop analysis the **effectiveness** of the existing E&C framework, resources and activities.
- Draw your conclusions in an **E&C risks matrix**.
- **Express a view** if you find that we can develop a business relation with them based on your E&C rating, support your assessment with key findings and point **key areas for improvement** needed prior to develop further relationship.

*10-15 pages. Times New Roman 12 with 1.5 space. Due December 20<sup>th</sup>*

# Thank you!

**This is the end of our classes!**  
**Thank you for your participation.**

We will meet again:

- On December 21st for your company's 1-hour workshop (schedules available)
  - Send us your report and 3 slide summary by December 20th
- On January 10th for your written exam (closed-book)
- Maybe in other occasions (other courses, Master's thesis...)