

THOMS TALKS TRADE



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As Global Head of Ethics and Compliance for AB InBev, the largest brewing company in the world, what do you consider the biggest challenges for compliance and ethical company culture during the COVID-19 pandemic? Which obstacles are particular to your sector?

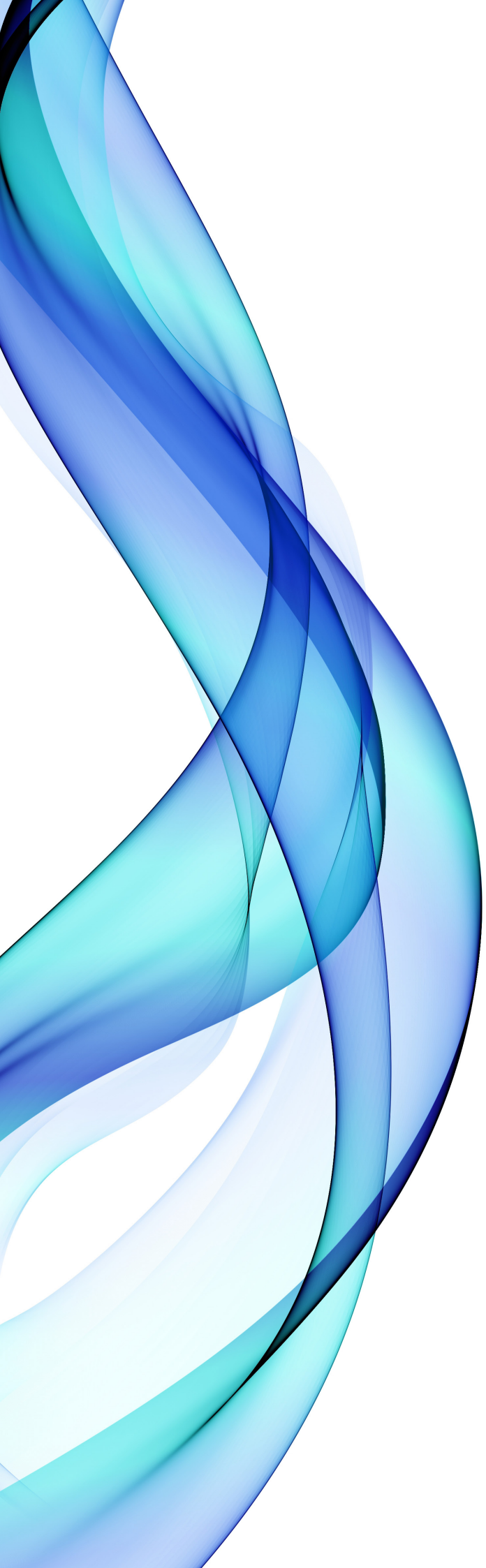
One challenge facing compliance officers of global organizations is the ability to gather information and stay relevant to the business at an extended time without travel. In my pre-Covid existence, I spent roughly 75% of my time shuttling from business to business. In hindsight, that was probably too much, but 0% is not enough either. AB InBev is a unique company in that insofar as we are global in scope, we are local in our nature. The value chain for beer is a local one. People like their local brews and it is often impractical to move either the ingredients or the final products for beer long distances anyway. We have been better positioned than many to pivot to this new way of working because we have always fielded a global team and because we have invested in data aggregation and data analytics for years – so we had access to commercial information and metrics used to assess risk. But we still miss the ability to spend time in the field and understand what is driving the business and risks on the ground.

Among the current challenges is one of empathy. At the present moment, there are many different versions of the pandemic happening at one time. There is the Chinese version where the pandemic is in the past tense. The Latin American or African one where it is in the front view. The American one which is a period of transition. We have had to recalibrate what can be expected of our global teams in light of these differences. That doesn't mean ethics is under negotiation – but some of the expectations in terms of optimization process or compliance deliverables need to be re-assessed in terms of the priorities. A year ago there was a management concern that the transition home would generate lethargy but the opposite was true. The transition home has generated increased expectations across compliance teams on multiple fronts. From privacy concerns around virus / vaccine / testing status to return to work initiatives, compliance teams have had to reinvent themselves to ensure the business keeps running in an ethically sound way.

How is data changing ESG priorities now, and how will it change them tomorrow? Would you agree that data analytics should unlock the opportunity to drive transparency as opposed to only process?

Compliance is central to the “G” in ESG initiatives. As a starting point, advances in computing and data analytics should be taken as opportunity to redefine the role of compliance in organizations. Traditionally, compliance tended to be focused on documentation and process – so in the event that something went awry, that there was a record of good faith adherence to governing legal regimes. But the entire field is changing. As more companies consider how best to influence behavior, they tend to gravitate away from practices of documenting behaviors in triplicate and more about what might incentivize the best outcome. Nothing bad has ever been prevented by forcing photocopies across rank and file employees.

But data analytics unlocks the potential for driving transparency. And at AB InBev, we believe that transparency incentivizes better conduct. It's not that complex. If you operate in an environment where multiple stakeholders have visibility into your activities, you have more reason to behave better. That is a better use of compliance's time than mere documentation. That is not to say that we should throw out the copiers but compliance teams are reassessing where to spend their time and priorities.



With your outstanding expertise in anti-corruption compliance, which factors, both political and within companies, are the most crucial when tackling such a widespread phenomenon as corruption?

Anti-corruption enforcement has continued to rack up massive fines and prosecutions for organizations that operate or access capital in several key markets – most notably, the U.S., UK, Brazil, and China. But how much has this emphasis on corporate prosecution really reduced the underlying problem of corruption? Estimates of the economic impact of corruption on Global Economic Activity remains in the trillions and shows little signs of slowing down. Some of this gap is perhaps the impact that corruption enforcement tends to have on organizations and compliance teams that operate within them. Often, the goal of a compliance program is to put the organization in position that should something go wrong, the company can show that the “wrong” was the product of a single bad actor acting with a single bad apple of some foreign government. But that hypothesis often ignores the root cause of corruption. More often, corruption is driven by complex gray market factors, that incentivize market participants to engage in forms of exchange that fall outside business practices acceptable to regulators. This is not a problem that is well addressed by a program geared to isolate bad actors engaged in that conduct. Rather, it suggests that a compliance program cannot solely look internally – it should also work with stakeholders to drive transparency and influence the terms of exchange in markets where organizations operate. That suggests that independent action may not be enough. There needs to be collective action across market participants to change these terms of exchange. It is this conclusion that has led us to not only invest in the development of analytics capability that works within AB InBev, but also to develop a compliance analytics framework that can work across organizations. We are currently working on a pilot with a large pharmaceutical company to prove that organizations can improve compliance analytics without sharing underlying data. This will be a game changer for access to compliance analytics but also hopefully, will be a step change for markets stricken by corruption because it will unlock collective positive action to tackle what is a collective market problem.

From working with you for many years now, I know that you are always looking for ways to train your people in an innovative and engaging way. Tell us a little bit about your cooperation with Labyrinth.

Compliance officers tend to share this amazing ability to reach every leader in an organization for at least an hour and require them to engage in some sort of training, presentation, whatever. But what do we do with that power? Often, very little. Often a great message gets lost in either overly “legalized” language or in a medium that is not geared to influence behavior. Our compliance teams have recognized that not taking time to communicate in an engaging, productive manner can be dilutive of the compliance brand and often counterproductive to the compliance mission overall. But there was not a good solution on the market – until we met Labyrinth. Labyrinth is formed by professionals from media and entertainment (one of the principals has an Emmy!) and their work product feels like it. We have received amazing feedback and found extraordinary results using these training modules and I often tell my fellow compliance officers that there is no faster way to improve your credibility and image than engaging in Labyrinth-enabled training. Plus, like most of what we do at AB InBev compliance, it costs a lot less than it might seem.



Matthew Galvin
Global Vice President,
Ethics & Compliance
at Anheuser-Busch InBev

Matt Galvin is the Global Vice President for Ethics and Compliance for AB InBev – the world’s largest brewer with over 180,000 employees and operations in over 80 countries. Matt’s team covers anti-corruption, sanctions, anti-money laundering, data privacy, human rights, competition, and internal investigations. He is recognized as a leader in the application of data analytics to solve compliance problems and streamline compliance systems and processes and frequently speaks and writes on the use of technology in law. He is a co-chair of the 2020 ACI FCPA conference and has been recognized by several organizations including the Financial Times, Compliance Week and American Lawyer for leading innovation in the compliance function at AB InBev. Matt is a NY and Hong Kong qualified lawyer who spent ten years in private practice before joining ABI in 2015. Matt attended the Georgetown University Law Center and Boston University and speaks native English and fluent Mandarin.



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Heads Baker McKenzie’s International Trade Practice in Germany and is a Member of the firm’s EMEA Steering Committee for Compliance & Investigations. Anahita is the Global Lead Sustainability Partner for our Industrials, Manufacturing and Transportation Industry Group and a Member of the ABA International Human Rights. Anahita has won various accolades for her work, including 100 Most Influential Women in German Business by manager magazin, International Trade Lawyer of the Year (Germany) at the 2020 ILO Client Choice Awards and Young Global Leader of the World Economic Forum. She is regularly interviewed as an expert by the BBC, n-tv, Handelsblatt and other news stations and newspapers on trade and sustainability issues.



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