



FARMER MAC

Designing a Built-In Compliance Program

*Grace C. Wu de Plaza,
Director – Compliance & Corporate Integrity*

*Anjali D. Desai,
Assistant General Counsel – Corporate & Compliance*

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Agenda

- Overview of Farmer Mac
- Compliance Program Evolution
- Built-in Compliance Program
 - Farmer Mac
 - Practical Tips
- Table Exercise
- Metrics to Show ROI
- Key Takeaways



Who is Farmer Mac?

- GSE formed by Congress in 1987 in response to farm crisis of 1980s
- Secondary market for agricultural real estate loans, rural housing loans, and rural utilities cooperative loans
 - Almost \$20 billion in assets
- Stockholder-owned, federally chartered corporation serving a public mission

Mission

Farmer Mac is committed to help build a strong and vital rural America by increasing the availability and affordability of credit for the benefit of American agriculture and rural communities.



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Who is Farmer Mac?

- Regulatory authorities
 - Farm Credit Administration (safety and soundness)
 - Securities and Exchange Commission
 - New York Stock Exchange
- Public profile as a GSE
 - Congressional action; regulatory enforcement action; stockholder lawsuits

Promise

To build a strong and vital rural America through innovation, collaboration, and excellence.



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Who is Farmer Mac?

- U.S. Employees
 - Less than 100 employees
 - Mostly in D.C., but some remote employees
- Offices
 - Washington, D.C. (HQ), Iowa, California, Idaho

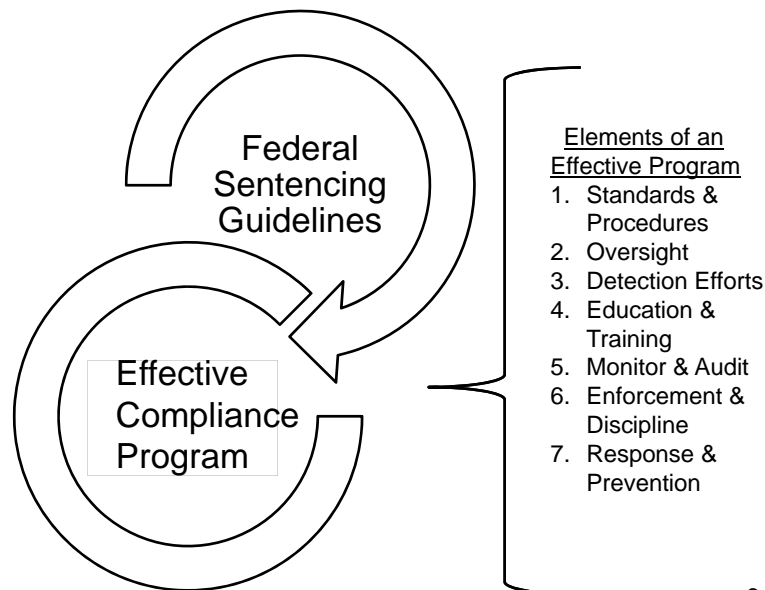
Values

Stewardship | Unparalleled Service | Innovative Thinking |
Collegial Collaboration | Unrelenting Excellence | Absolute Integrity |
Passion for Rural America | One Farmer Mac



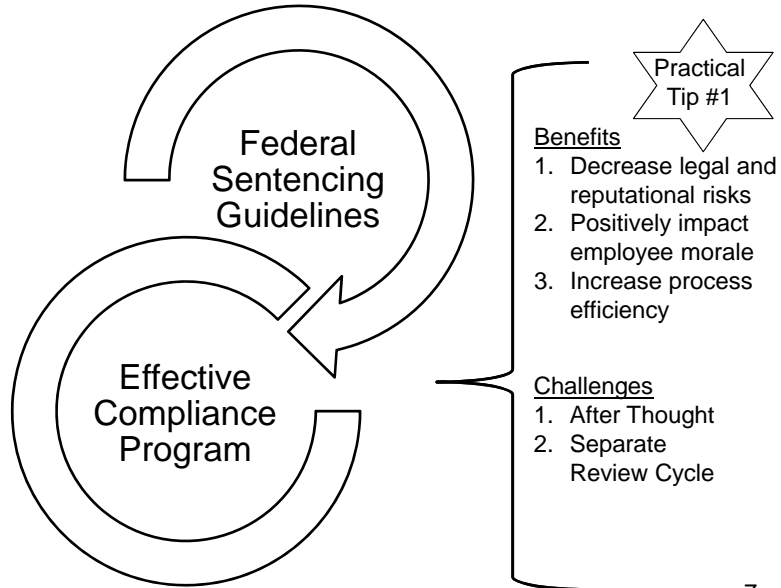
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Compliance Program Evolution



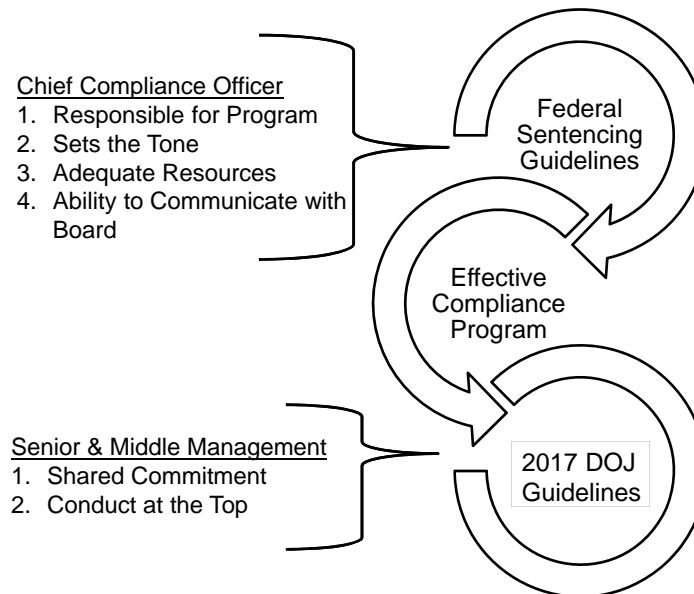
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Compliance Program Evolution



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Compliance Program Evolution



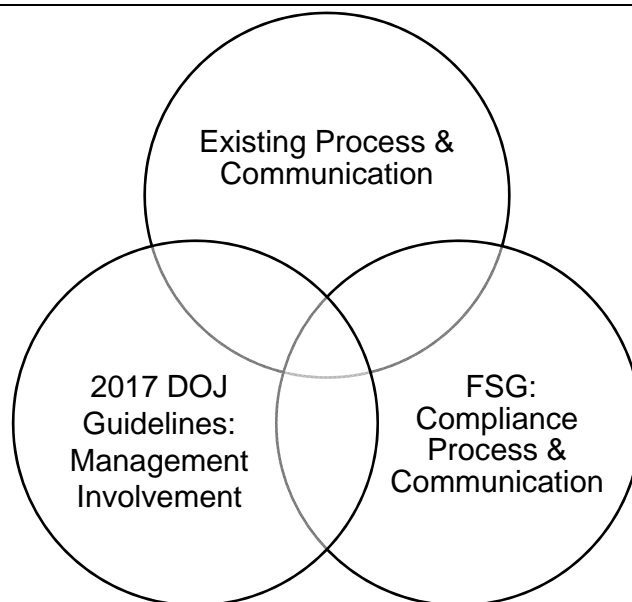
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Partnering with Leadership

- Visibly Communicate
 - *The (Honest) Truth About Dishonesty*, by Dan Ariely
- Model
 - *The (Honest) Truth About Dishonesty*, by Dan Ariely
- Be Accountable
 - *Better than ever? Employee reactions to ethical failures in organizations, and the ethical recovery paradox*, *Organizational Behavior and Human Decision Processes*, 123 (2014) 206-219, M. Schminke, et. al.

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Bolt-On Compliance Program



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Merge Processes



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Built-In Compliance Program

Built-In
Compliance
Program,
in Partnership
with Leadership

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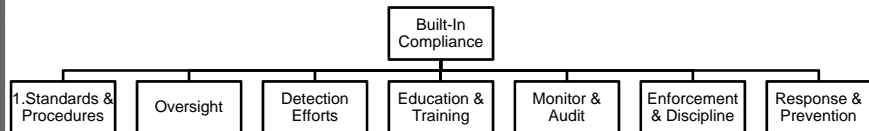
Built-In: Identify, Partner, Execute

- Identify
 - Which existing systems or processes can Compliance be rolled into?
 - Where can I add the most value?
- Partner
 - Who are the key stakeholders I must work with?
 - Who do I need to consult or inform?
- Execute
 - Are there obstacles? What is the implementation timeline? What is the communication plan?
 - **How can Leadership show commitment?**



Practical Tip #2

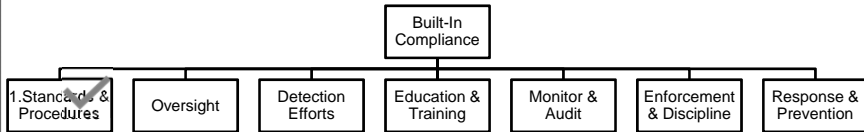
Built-In: Use Existing Vendors



Identify	Value Add	Partner	Execute
Third Party Risks Management Database	<i>Process Efficiency</i>	Procurement Office; Risk; Legal; Business Leads	Assign "Owners"
Marketing/ Design Vendor		Marketing; Communication	Communication Plan

Practical Tip #3

Built-In: Leverage Existing Relationships



Identify	Value Add	Partner	Execute
Matrix Reporting Chain	Decrease risks	Risk; BOD; CEO; Executive Officers	Attend Leadership Team or Board Committee Meetings

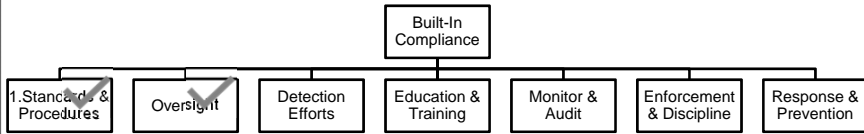
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Compliance – Strategic Plan

- Mission
 - To decrease legal and reputational risks, positively impact employee morale, and increase process efficiency by making ethics and compliance tools and resources easily available to all employees.
- Vision
 - For ethics to be seamlessly integrated into decision-making processes.
- Strategic Plan
 - What activities align with corporate strategies?
 - Hint: risks, morale, and process efficiency

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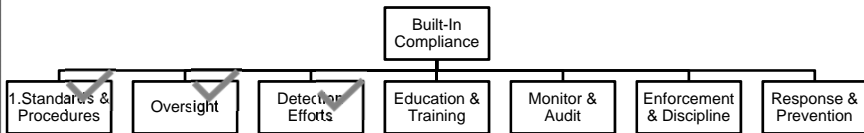
Built-In: Use existing processes



Identify	Value Add	Partner	Execute
Screening Key Candidates	Decrease risks	HR; Business Leads	Interview

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Built-In: Use Existing Channels



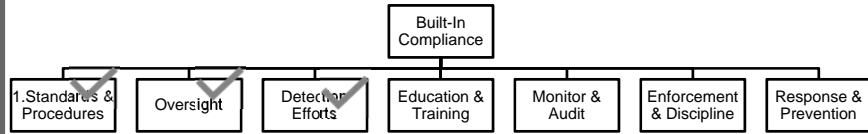
Identify	Value Add	Partner	Execute
Company Lunch & Learn		Marketing; Communication	Host sessions
Company Newsletter		Marketing; Communication	Include training information or educational materials
Team Meetings		Business Leaders	Introduce during meeting
Intranet		IT	Follow-up E-mail Add Compliance intranet site Determine location

Process Efficiency & Normalizes Compliance

Practical Tip #4

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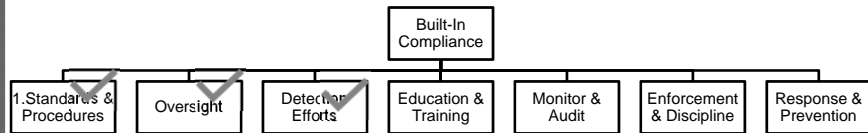
Built-In: Use Existing Channels



Identify	Value Add	Partner	Execute
Posting Boards	<i>Decrease Risks & Normalizes Compliance</i>	Marketing; Communication	Pre-approval
Laptop Stickers		IT	Roll-out plan
Intranet		IT	Include on intranet homepage
E-mail Signature Line		N/A	Add Hotline information
Out of Office Notification		N/A	Add Hotline information
Business Leads		Business Leads	Educate

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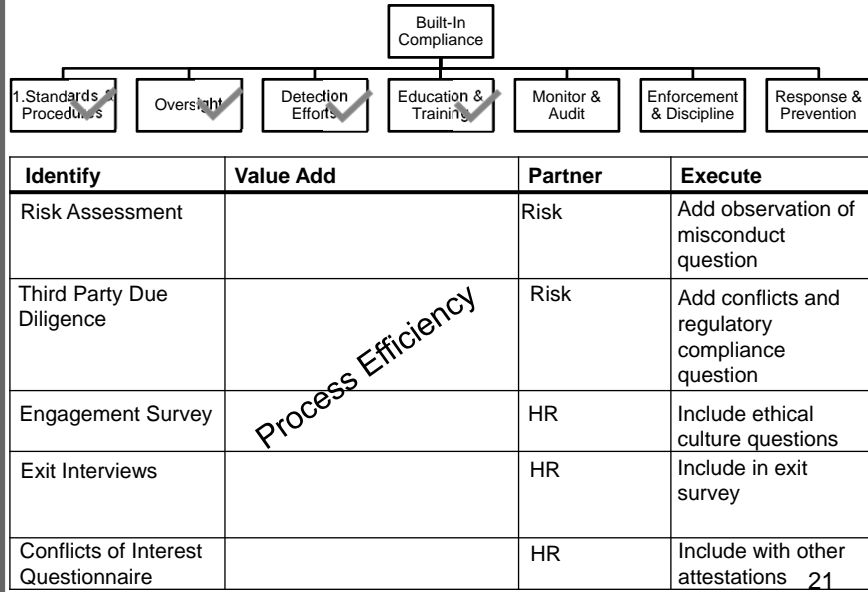
Built-In: Consolidate and Merge



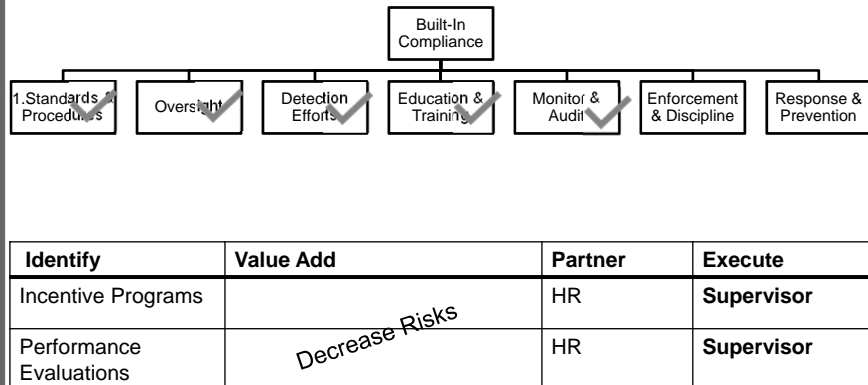
Identify	Value Add	Partner	Execute
Training Vendors	<i>Process Efficiency & Cost Saving</i>	Procurement; IT; Legal; HR	Vendor provides cross-functional trainings
Training Schedules		HR; IT	Built into enterprise calendar
Training Messaging		HR; IT	Consistent language Supervisor notification

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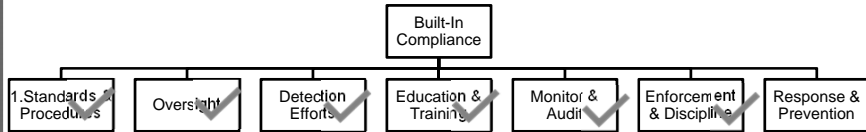
Built-In: Use Existing Processes



Built-In: Use Existing Processes



Built-In: Engage Management



Identify	Value Add	Partner	Execute
Root Cause Analysis	Decrease risks and process efficiency	Business Leaders	Create, revise, or clarify process

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Table Exercise

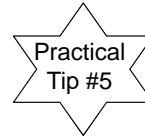
1. Individual
 - Identify, Partner, Execute
2. Table Discussion
 - Share Strategies
3. Share With Group

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Metrics to Show ROI

- Surveys
 - Compliance orientation and trainings
 - Outreach visits

- Data
 - Intranet: “hits” to your materials
 - Advice or Hotline Data: trends
 - Training: score; attendance
 - Legal Fees, Enforcement Actions, Penalties
 - Employee Engagement Results
 - Ethical Culture Results
 - Exit Survey Results



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Built-In: Takeaways

- One size does not fit all
 - Company size
 - Compliance maturity level
 - Culture

- Build trusting relationships
 - It takes time and effort
 - Know your champions
 - Leverage relationships

- You are not alone
 - Compliance networks

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Questions?



Thank You!

- Grace C. Wu de Plaza, Director of Compliance & Corporate Integrity
- Anjali Desai, Assistant General Counsel – Corporate & Compliance



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