MAKING YOUR PROGRAM RESILIENT:
DEFINING A STRATEGIC MISSION AND VISION FOR SUCCESS

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JUNE 21, 2019

Beyond compliance structures, policies, and procedures, it is important for a company to create and foster a culture of ethics and compliance with the law.

– DOJ Evaluation of Corporate Compliance Programs, April 2019
WHY

THE IMPORTANCE OF MVVC

VISION
What the world or your organization looks like in the future.

MISSION
What you are doing now to achieve your vision.

VALUES
What you believe in and how you behave.

CHARTER
The specific roles, responsibilities, structure, and objectives of the E&C program.
A 10% improvement in employees' connection with the mission of their organization would result in:

- 12.7% reduction in safety incidents
- 8.1% decrease in turnover
- 4.4% increase in profitability

Source: Gallup's 2016 State of the American Workplace report
Vision, mission, and values in practice

Internally
• Guide thinking on strategic issues
• Inspire employees and provide shared purpose
• Guide employee decision making
• Help establish shared expectations for behavior
• Inform performance standards

Externally
• Connect with customers, suppliers, partners
• Serve as a recruitment tool
• Market differentiator
• Public relations

Charters in practice

Internally
• Provide visibility into program structure and objectives
• Aid management of E&C programs
• Help ensure appropriate resources are provided

Externally
• Help answer the three “fundamental questions” of regulators like DOJ

Selected references:
Building a World-Class Compliance Program: Best Practices and Strategies for Success by Martin T. Biegelman and Daniel R. Biegelman

Embracing a values-based approach to E&C

Over the past five years, my organization’s E&C program and efforts have increasingly focused on values, not just rules.

![Bar chart showing the percentage of respondents' perceptions of the impact of E&C programs: High-impact programs (24%), Medium-impact programs (34%), Low-impact programs (55%), and a small percentage for 'Not at all'.]

Source: LRN’s 2019 E&C Program Effectiveness Report
A focus on values yields real impact

Organizations whose programs increasingly focus on values enjoy a multiplier effect in their impact on a variety of critical indicators, relative to programs with little to no focus on values.

- 4x Employees use of organizational values in decision-making
- 3x Employee engagement
- 2.5x Levels of speaking up/out
- 2x Employees do the right thing, even if not in their best interest
- 2x Employees recognizing and reporting misconduct

Source: LRN’s 2019 E&C Program Effectiveness Report

HOW

DEVELOPING A SUSTAINING MISSION
COMPLIANCE OFFICE MISSION
The mission of the ABC Health Compliance Office is to develop and sustain a strong and consistent culture of statutory, regulatory, and ethical compliance throughout ABC Health.

COMPLIANCE OFFICE VISION:
Everywhere we do business, ConsumerCo employees will always do the right thing.

COMPLIANCE OFFICE MISSION:
The Compliance and Integrity Group will promote ethical and legal conduct by ConsumerCo employees, as articulated in the law, the Code of Conduct, and ConsumerCo’s Compliance Policies. We will fulfill this mission by communicating our shared values, identifying risks, and developing and implementing plain language policies, programs, and systems designed to prevent, detect, and correct conduct that violates the law or policy or that damages ConsumerCo’s reputation. By advancing our vision and mission, we will empower employees to achieve business growth while upholding ConsumerCo’s ethical and legal standards.
Our Commitment
ChemicalCo is committed to conducting our business everywhere, every time, consistent with our values of honesty, integrity, respect and responsibility.

Ethics and Compliance Program Purpose and Scope
The purpose of the Program is to
1. Promote and foster an organizational culture of integrity, ethical decision-making and compliance;
2. Assure that the company’s directors, officers, and employees conduct business with the highest standards of ethics and integrity and in compliance with all applicable laws and regulations;
3. Conduct appropriate risk assessment and due diligence to prevent and detect unlawful and unethical conduct; and
4. Investigate and remediate misconduct

Process: Bottom-up, side-to-side, and top-down

1. Enlist employees’ perspective on how E&C Program can/should help and provide value
2. E&C Program staff articulate the vision and mission
3. Endorsement by Ethics and Compliance Committee and/or Board of Directors
Our vision is to make JLL a world-leading, sustainable professional services firm by creating spaces, buildings, and cities where everyone can thrive.

FROM YOUR ETHICS OFFICERS
Our goal is to make our Ethics Everywhere program an enabler for a great company.

Our Code of Ethics

Ethics everywhere
JLL stands for uncompromising integrity and the highest ethical conduct.

THE CLOROX COMPANY

We make everyday life better, every day
A. Overview

The Johnson Controls Ethics and Compliance Program (the “Program”) consists of enterprise-wide and business unit-specific policies, standards, procedures, guidelines and responsibilities designed to:

a. Promote and foster an organizational culture of integrity, ethical decision-making and compliance with the Company’s values as reflected in the Ethics Policy;

b. Assure that the Company’s Directors, Officers, and employees conduct business with the highest standards of ethics and integrity and in compliance with all applicable laws and regulations; and

c. Promote appropriate risk assessment and due diligence to prevent and detect unlawful and unethical conduct.

Vision

- What is your preferred future?
- What problem are you trying to solve?
- How can you make life better for others?

Mission

- How does it reinforce the broader mission?
- Is it meaningful?
- Start with an infinitive
  - We exist to… Our mission is to…
- Who are you trying to reach?
- What is your desired outcome?
- How will you measure it?
WHAT

YOUR MISSION AS A NORTH STAR

1. Is the Corporation’s Compliance Program Well Designed?
   - Risk Assessment
   - Policies and Procedures
   - Training and Communication
   - Confidential Reporting Structure and Investigation Process
   - Third Party Management
   - Mergers and Acquisitions (M&A)

2. Is the Corporation’s Compliance Program Being Implemented Effectively?
   - Commitment by Senior and Middle Management
   - Autonomy and Resources
   - Incentives and Disciplinary Measures

3. Does the Corporation’s Compliance Program Work in Practice?
   - Continuous Improvement, Periodic Testing, and Review
   - Investigation of Misconduct
   - Analysis and Remediation of Any Underlying Misconduct
### Ensure your Code promotes values-based behavior

<table>
<thead>
<tr>
<th>2019 DOJ EVALUATION GUIDANCE</th>
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<tbody>
<tr>
<td>• As a threshold matter, prosecutors should examine whether the company has a code of conduct that sets forth, among other things, the company’s commitment to full compliance with relevant Federal laws that is accessible and applicable to all company employees.</td>
</tr>
<tr>
<td>• Prosecutors should assess whether the company has established policies and procedures that incorporate the culture of compliance into its day-to-day operations.</td>
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#### 2019 E&C PROGRAM EFFECTIVENESS REPORT

**DOES YOUR CODE MEET THE FOLLOWING GOALS?**

<table>
<thead>
<tr>
<th>Goal</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td>Helps align values-based behaviors with the achievement of business goals</td>
<td>77%</td>
</tr>
<tr>
<td>Inspires commitment to ethical behavior</td>
<td>77%</td>
</tr>
<tr>
<td>Connects people with a clear sense of the organization’s purpose</td>
<td>79%</td>
</tr>
<tr>
<td>Integrates organizational core values by expressing them in behavioral terms</td>
<td>78%</td>
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### Operationalize compliance by making policies accessible

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<td>• Prosecutors should assess whether the company has established policies and procedures that incorporate the culture of compliance into its day-to-day operations.</td>
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<tr>
<td>• Accessibility – How has the company communicated its policies and procedures to all employees and relevant third parties? If the company has foreign subsidiaries, are there linguistic or other barriers to foreign employees’ access?</td>
</tr>
<tr>
<td>• Additional guidance relating to Design, Comprehensiveness, Operational Integration, and Gatekeepers</td>
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#### 2019 E&C PROGRAM EFFECTIVENESS REPORT

**ARE YOUR ORGANIZATION’S POLICIES:**

<table>
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<tr>
<th>Requirement</th>
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<tbody>
<tr>
<td>Available to all employees</td>
<td>89%</td>
</tr>
<tr>
<td>Uniform in format and style</td>
<td>84%</td>
</tr>
<tr>
<td>Available to third parties as appropriate</td>
<td>81%</td>
</tr>
<tr>
<td>In simple, easy to understand language</td>
<td>80%</td>
</tr>
<tr>
<td>Focused on values as well as rules</td>
<td>80%</td>
</tr>
<tr>
<td>Reviewed and updated annually or biennially</td>
<td>77%</td>
</tr>
<tr>
<td>Translated into principal local languages</td>
<td>77%</td>
</tr>
<tr>
<td>Clear about who is accountable for oversight</td>
<td>75%</td>
</tr>
<tr>
<td>Informed by the risk assessment</td>
<td>74%</td>
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</table>
Support employees through training and education

**2019 DOJ EVALUATION GUIDANCE**

- Another hallmark of a well-designed compliance program is appropriately tailored training and communications.
- What training have employees in relevant control functions received? Has the company provided tailored training for high-risk and control employees?
- Has the training addressed lessons learned from prior compliance incidents?
- How has the company measured the effectiveness of the training?

2019 E&C PROGRAM EFFECTIVENESS REPORT

**MY ORGANIZATION’S ETHICS & COMPLIANCE TRAINING PROGRAM:**

- Communicates organizational values as well as rules: 90%
- Tests employee knowledge and retention of training content: 76%
- Provides training in all relevant languages: 76%
- Uses flexible formats: 75%
- Solicits employee feedback on the training: 73%
- Uses data to determine areas for additional focus: 67%
- Tailors content to the compliance risk for each category of employee: 61%
- Works on mobile devices: 55%

Cultivate support from key stakeholders

**2019 DOJ EVALUATION GUIDANCE**

- The effectiveness of a compliance program requires a high-level commitment by company leadership to implement a culture of compliance from the top.
- The company’s top leaders – the board of directors and executives – set the tone for the rest of the company.
- Prosecutors should examine the extent to which senior management have clearly articulated the company’s ethical standards, conveyed and disseminated them in clear and unambiguous terms, and demonstrated rigorous adherence by example.
- Prosecutors should also examine how middle management, in turn, have reinforced those standards and encouraged employees to abide by them.

2019 E&C PROGRAM EFFECTIVENESS REPORT

**SENIOR MANAGERS AT MY ORGANIZATION:**

- Focus on organizational values in their communications: 56%
- Integrate E&C considerations into business planning and decisions: 56%
- Take responsibility and action regarding compliance failures: 55%
- Support effective sanctions or penalties on senior execs and high performers: 46%

**MIDDLE MANAGERS AT MY ORGANIZATION:**

- Deal effectively with E&C concerns raised by their teams: 69%
- Model values-based behavior: 67%
- Take ethical issues into account when reviewing or promoting their employees: 58%
- Initiate open discussion of ethical issues in meetings: 51%
Use measurement to reinforce what you're managing

2019 DOJ EVALUATION GUIDANCE

• Is the corporation's compliance program well designed (and) being implemented effectively?
• How often and how does the company measure its culture of compliance?
• Does the company seek input from all levels of employees to determine whether they perceive senior and middle management's commitment to compliance?
• What steps has the company taken in response to its measurement of the compliance culture?

2019 E&C PROGRAM EFFECTIVENESS REPORT

HOW OFTEN DOES YOUR ORGANIZATION REVIEW ITS E&C PROCEDURES TO ENSURE THEY REFLECT AND ADDRESS KEY RISKS?

- Yearly: 55%
- When the need arises: 34%
- After a significant instance of misconduct: 6%
- Rarely: 5%

WHICH OF THE FOLLOWING METHODS DOES YOUR ORGANIZATION USE TO ASSESS ITS ETHICAL CULTURE?

- General employee survey with some ethics questions: 65%
- Cultural diagnostics focused specifically on trust, respect, etc.: 39%
- Employee focus groups: 26%
- No formal mechanism: 18%
- Other: 8%

THANK YOU