

April 3, 2020

CULTURE OF INTEGRITY

Mary Shirley and Julie Basha

1

SPEAKERS



MARY SHIRLEY



JULIE BASHA

2

SPEAKER INTRODUCTIONS

Mary Shirley

Mary Shirley is a New Zealand qualified lawyer with extensive experience implementing, evaluating, and monitoring compliance programs for multi-national corporations. Currently Senior Director, Ethics and Compliance at Fresenius Medical Care in Boston, Mary has a large international footprint of experience, having held global ethics and compliance roles in Singapore, Hong Kong and Dubai. Mary also spent time working as an investigator for regulators in New Zealand in the areas of data privacy and antitrust.

For Mary, compliance is more than just a 9-5 job. She co-hosts the Great Women in Compliance podcast with Lisa Fine, co-hosts the Boston Compliance Professionals Networking Meet Ups with Matt Kelly, and contributes to thought leadership opportunities in the field regularly; including speaking at conferences, sitting on the Compliance Week Advisory Board, the SCCE Boston Regional Conference Planning Committee, writing articles and participating in interviews on ethics and compliance.

Mary's expertise, commitment to the advancement of women and dedication to coaching the next generation of compliance officers has been recognized in recent years as a finalist in three categories at the Women in Compliance Awards; Compliance Officer of the Year, Mentor of the Year for the Advancement of Women and In-house Compliance Team of the Year. She was also bestowed the honor of being named a Compliance Week Top Mind 2019.

Julie Basha

Julie Basha is a Massachusetts licensed attorney and is currently an Associate Compliance Specialist at Fresenius Medical Care North America. Julie has been with Fresenius for a year and a half. While in law school, Julie's interest in health care law and compliance blossomed. During her time at Fresenius, she has been instrumental in the implementation of two major software systems: one for policy and procedure management and one for documentation and tracking of compliance inquiries. She has additionally been responsible for projects on risk assessments, compliance effectiveness, annual compliance training, and code of conduct training. Julie also acts as a liaison between Fresenius North America and Fresenius regions across the globe for various projects.

In addition to her day-to-day work, Julie volunteers on the compliance marketing team at Fresenius. This team is responsible for leading compliance outreach initiatives throughout the year such as Compliance Week. Julie is also very passionate about the advancement of women and volunteers as the Junior Chair for Fresenius Medical Care's Women's Employee Resource Group. In this role, Julie focuses on attracting, retaining, and engaging women leaders in the company. Julie's work experience thus far has been largely in the health care field. She aspires to grow in compliance and hopes to soon become an in house compliance officer. She has gained a strong interest in anti-bribery and anti-corruption and is eager to continue learn more about compliance in those areas.

3

POINTS OF DISCUSSION

Cultures of Integrity

- Working Towards a Culture of Integrity
- Value of a Strong Culture
- CEB Findings
- Ideas for Stronger Programs
- Surveys

Working with Difficult People

- The Three People You Meet in Heaven (Compliance)
- Organizational Psychology Tips

4

CULTURES OF INTEGRITY

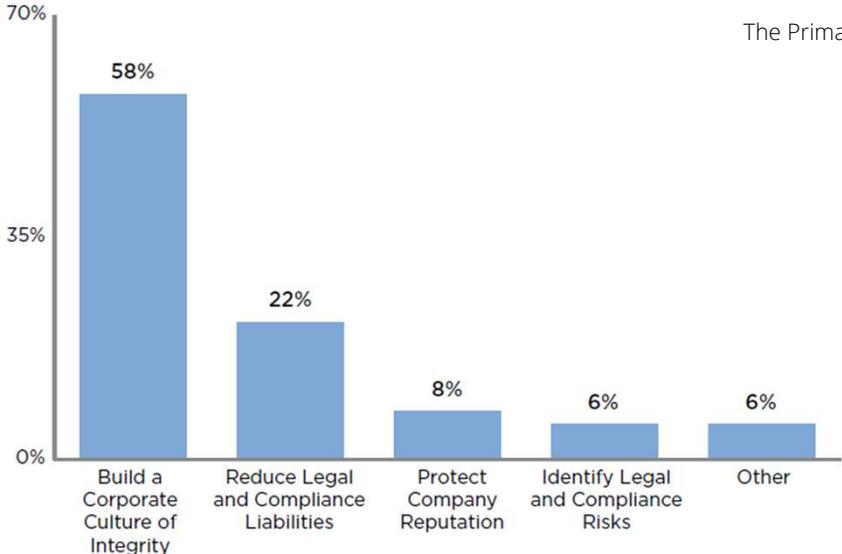


EMBEDDING A CULTURE OF INTEGRITY IN A COMPANY'S DNA

5

WORKING TOWARDS A CULTURE OF INTEGRITY

The Primary Goal of the Compliance and Ethics Program
Percentage of Respondents, 2016



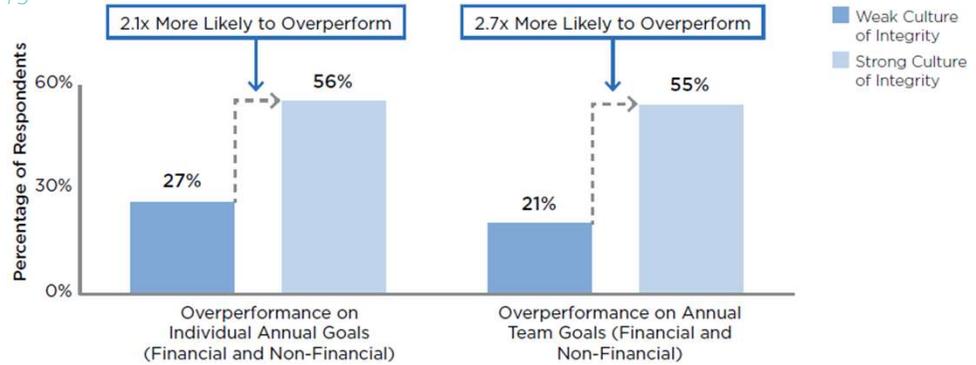
n = 171.
Source: 2016 CEB Compliance and Ethics State of the Function.

A Consistent Priority: Since 2010, building a culture of integrity has been the most frequently cited goal for the program by compliance and ethics officers.

6

The Value of Strong Culture

LIKELIHOOD OF EMPLOYEE OVERPERFORMANCE IN STRONG VS. WEAK CULTURES
PERCENTAGE OF RESPONDENTS



n = 5,025.
Source: CEB Compliance and Ethics 2017 Global Culture Assessment.

The Impact of A Strong Culture of Integrity on Risk Management and Employee Outcomes

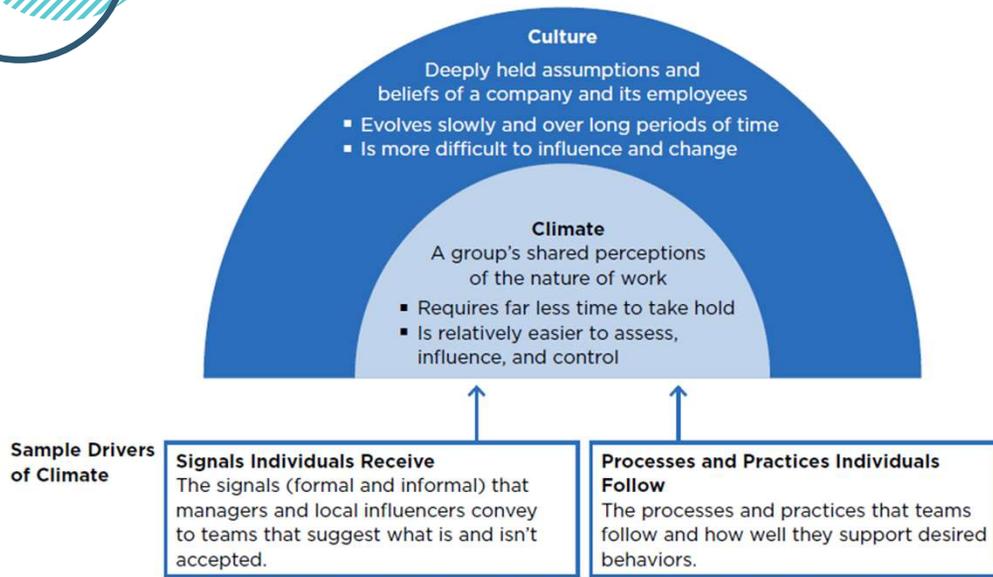
- Employees in strong cultures of integrity are:**
- **90%** less likely to observe misconduct.
 - **1.5x** more likely to report observed misconduct.
 - **2.1x** more likely to be engaged with their job and company.
 - **2.4x** more likely to exhibit higher levels of discretionary effort

n = 1,941,735; n = 5,025.
Source: CEB RiskClarity 2008-2016 Benchmarks; CEB Compliance and Ethics 2017 Global Culture Assessment.

7

Defining "Climate"

DEFINITION OF CULTURE VERSUS CLIMATE



Source: Mark G. Ehrhart, William Macey, and Benjamin Schneider, "Organizational Climate and Culture," Annual Review of Psychology 64 (2012): 361-388; CEB analysis.

8

CEB FINDINGS

Advancing a Culture of Integrity by Building Strong Climates



- Little improvement in the average employee's perceptions of their company's culture of integrity over the past 9 years
- A strong culture of integrity can significantly improve employee performance and employee engagement, while reducing the likelihood an employee will observe misconduct
- More than 70% of employees report working in weak climates where their managers, teams, and colleagues send weak signals about the importance of compliance and ethics

- **Compliance and Ethics can work to create strong climates by:**
 - **Helping employees exhibit good behaviors in their work,**
 - **Ensuring managers send consistent messages, and**
 - **Making colleagues' positive behaviors more visible**

9

A GOOD COMMUNICATIONS PLAN IS NOT ENOUGH

- **Embedding culture into a company's DNA requires more than a good communications plan**
- **A Compliance Week is not the answer to your culture prayers!**
 - **Don't confuse holding outreach and advocacy events as creating a culture of integrity**

10

CONTINUED EFFORT AND REINFORCEMENT

Continued effort and reinforcement gets colleagues thinking deeply about ethics on a regular

WIDESPREAD REACH
AND VISIBILITY

ENFORCING PATTERNS
OF BEHAVIOR

INCENTIVIZING RATHER
THAN THREATENING

11

START AS YOU MEAN TO GO ON



Having the right people who already possess an integrity-focused mindset will cut down the proactive work you need to do



Incorporate compliance questions in the screening interview



Pose hypothetical or real-life situations that have led to compliance breaches in your company and ask them how they would proceed

12

CULTURE OF INTEGRITY SURVEYS

Recipe

- Aim a survey at your business asking questions to get to the heart of the culture
 - Ex - have you witnessed any misconduct?
- Use your results to do a gap analysis of your program
- Create remedial measures to address the gaps

13

CULTURE OF INTEGRITY SURVEYS

Have you ever done an integrity survey?

- A. Yes
- B. No

14

CULTURE OF INTEGRITY SURVEYS

If you have, did you amend your program as a result?

- A. Yes
- B. No

15

CULTURE OF INTEGRITY SURVEYS

How frequently do you deploy your surveys?

- A. More than once a year
- B. Once a year
- C. Every two years
- D. More than every two years

16

CULTURE OF INTEGRITY SURVEYS

If you have, do you still use the tool today?

- A. Yes
- B. No
- C. Haven't decided

17

WE TEND TO BUILD CULTURE TOP-DOWN

Compliance and Ethics Typical Leader Driven Approach to Culture Building



Assumed Benefits of This Approach

- **Efficiency:** Compliance and ethics can spread cultural values downward, while using limited program resources.
- **Effectiveness:** Employees will learn about culture from individuals that they know and trust.

Source: CEB analysis.

18

BEHAVIORAL CLOCK INITIATIVE

CORE ELEMENTS

- Create feedback mechanisms to help managers understand their ethical leadership behaviors.
- Impose a self-reflection exercise with tips to guide them.



Recipe

- Aim a survey specifically at middle management.
 - Inclusion of compliance topics on the agenda at team meetings.
 - Involvement of compliance staff at important meetings.
- Meet with them afterwards to discuss self-assessment.
- Follow up with managers in a year, provide them with bench-marking information and best practice examples.
- Help managers plan for how they will send consistent messages about appropriate behaviors during times of increased business pressure or instability.

19

CULTURE OF INTEGRITY SURVEYS 2.0

Think of your Compliance Week or Fair as a Two-Way Communication Mechanism

Here are some approaches, the theory being the more casual the environment, the more candid the feedback:

Gap analysis for knowledge absorption from earlier training sessions e.g. annual code of conduct training:

- Jeopardy game show or other quiz type games with prizes for correct answers - note what people are getting incorrect
- Use most basic of questions that you assume everyone would know plus trickier questions - are your basics covered?

Blank canvas feedback:

- Ask questions to which you genuinely wish to know the answer - e.g. to gauge your department's reputation "What word comes to mind when you hear Compliance?" "How can we as a department serve you better?" "What topics do you wish you were trained on more?" "What's the most confusing part of our Compliance Program?"
- Include some incentive for participating for example handing out Compliance Department branded swag of nominal value. We gave out stamp cards for various activities. 3 stamps could be traded in for a Compliance Department Beer Mug.

20



COMPLIANCE COMMENTS

Building on the Initiative

Ask if they would like to be a part of a communication plan to promote compliance.

Managers will be continuously and visibly accountable for their role-modeling.

During interviews, note comments from influential managers about what they think of compliance.

Create a poster using their faces and speech bubbles with the quote about what they think of compliance

Use peer norming to nudge managers towards more progressive ethical leadership behaviors and create urgency to send stronger signals.



21

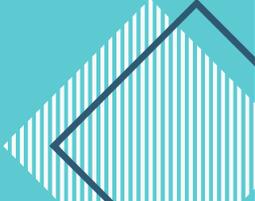


ONGOING TRANSPARENCY

Sanitize recent compliance issues and post them on the intranet for all to see

Post high-level detail about the context and the punishments that were issued

Won't work for all companies - some executives are deterred at the thought of airing dirty laundry. Anecdotally, compaies who have implemented this have found it to be very successful.



22

COMPLIANCE DISCUSSION GROUPS

- Propose compliance discussion groups to team leaders
- Leaders buy-in to holding semi-regular discussion groups on compliance topics.
- Regular opportunities to help teams make better decisions



23

BLOG/PODCAST

- **Works well if you have a humorous, charismatic chief compliance officer with excellent writing skills**
- **Get different leaders in the business to rotate authoring the compliance blog**
- **Everyone has an ethics story to tell, not just your compliance colleagues**

24

The Three People You Meet in Heaven (AKA Compliance)



THE NON-BELIEVER



THE COMMITTED
BUT TIME POOR



THE DO AS I SAY,
NOT AS I DO

25

THE NON BELIEVER



How to spot them: smirking when in conversation with you, Compliance isn't invited to their big meetings, playing on their phone when Compliance is presenting



Best way to get buy in: peer norming and acknowledgement of their view on Compliance

26

Working with Difficult People

Organizational Psychology Tips - What the Experts Say

Adam Grant, professor of management and psychology at the Wharton School of the University of Pennsylvania, offered the following advice:

- Frame the argument as a debate rather than a conflict.
- Argue as if you're right but listen as if you're wrong
- Give the benefit of the doubt: Make the most respectful interpretation of the other person's perspective.
- Acknowledge where you agree with your critics and what you've learned from them.

27

THE COMMITTED BUT TIME POOR



How to spot them: you don't - they're always in back to back meetings! Haven't taken a vacation in five years and genuinely care about their work and integrity



Best way to get buy in: spoon-feed opportunities, anticipate needs and proactively fill them

28

THE DO AS I SAY, NOT AS I DO LEADER



How to spot them: they're the first to loudly champion ethics and integrity causes but when you view annual training completion rates, they're overdue



Best way to get buy in: let them make commitments to you, utilize their administrative assistant

29

Advice from Penny Milner-Smyth

- Understand that these personalities are among the most difficult to deal with. They see their own agendas as very important and can be passive aggressive or passive with varying degrees of aggressiveness in the workplace.
- Their behaviors are probably being supported or enabled by their supervisors.
- Maintenance of self-esteem and perception others have of them is very important to them.
- Need to be non-threatening, charming and make them feel good about themselves.
- Whenever we are seen in a non-threatening way we can move forward.
- Fear of humiliation can be used as a lever - if you can be seen as an ally to help promote the positive perception of them that is aligned with our compliance objectives, they will walk forward with us

Heed the warning that not every person we engage with in the workplace is going to become the model for implementing our Compliance programs. Regardless of this, we need to keep walking the journey with them and maintain a relationship with them at all costs because over time if we are seen as un-threatening and supportive, they may turn to us and see us an ally.

30



THANK YOU!

FOR INQUIRIES

MARY SHIRLEY

Mary.Shirley@fmc-na.com

JULIE BASHA

Julie.Basha@fmc-na.com

