Taking the Pulse of Corporate Culture

Leading Practices for Measuring E&C Program Effectiveness

Agenda

• Objectives and Company Overview
• How Do You Measure Effectiveness?
• How CenterPoint Energy Created an Effective & Measurable Compliance Program
  • Tone from the Top
  • Multiple touch points
  • Board Engagement

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Learning Objectives

• How to Build:
  - Learn a step-by-step approach for building—and getting the budget for—high value measurement approaches including in-person roundtables and surveys

• How to Segment & Measure:
  - Discover best practice approaches for segmenting employee populations and building measurement tools that create accurate and actionable results

• How to Report:
  - Spot trends and report out on effectiveness outcomes, and partnering with business units and other departments to address key risk areas

About CenterPoint Energy

• Headquartered in Houston, Texas
• Electric transmission and delivery covers a 5,000 square-mile area that includes Houston
• Natural gas distribution business operates in six states
• CenterPoint Energy Services (CES) competitive natural gas sales and service; approximately 15,000 customers across 20 states
• 7,505 employees – union and nonunion


CNP’s Ethics & Compliance Department

• Established in 2004
• Staff of 5 (1 CECO + 2 E&C and 2 Records Management)
• Chief Ethics & Compliance Officer Reports to Legal Counsel with dotted line responsibility to Audit Committee Chairperson
• The Department reports quarterly to the audit committee & E&C council
• Scope of E&C Responsibility – Training, Helpline, Investigations, Dodd-Frank, Data Privacy, PUC and FERC oversight
• Budget - $300,000 (excludes salary, records management)
CNP’s Ethics & Compliance Program

- Annually, we deploy:
  - One hour of mandatory online training
  - COI questionnaire to 3,000 employees
  - Risk assessment & biannual program evaluation
  - 20-25 roundtable sessions
- In addition to:
  - 24-hour helpline that collects 100+ reports/year
  - Custom online report forms

The $64,000 Question

What is the definition of “effective?”

Effectiveness Must Be Defined for Your Unique Organization

Examples of goals:
- Drive awareness of E&C expectations/requirements
- Change behaviors around particular issues (harassment, retaliation, etc.)
- Strengthen risk controls
- Ensure compliance with policies and the law
- Impact of compliance program on organizational culture
- Set priorities and develop work plan
- Demonstrate progress
- Defending your organization against key financial, reputational risks
Five High Value Measurement Approaches

1. Helpline/case trending and tracking
2. Internal and external audits and assessments
3. Employee feedback from helpline usage, surveys, and post-training audits and evaluations
4. Direct feedback from employees
5. A combination of any metrics or tactics that helps you spot trends

How CenterPoint Finds Measurable Success

- Tone from the Top
- Effective mix of:
  - Awareness Communications
  - Roundtables
  - Surveys
  - telephone and web-based reporting
  - Online Training
- Metrics to validate need for change in various areas
- E & C Risks incorporated into ERM process
- Partnering across the organization
- Exposure to the board of directors

Tone From the Top

- Scott Prochazka, President and CEO
- Addressed VW scandal proactively and used as opportunity to promote integrity in the workplace
- Followed up with a Manager’s Toolkit – “What does Integrity mean to you?”
- Video produced internally – minimal cost
Maintaining Awareness

Roundtable Program
Not only designed to help measure program effectiveness, but also:
- Increase E&C department visibility, and compliance program awareness and engagement
- Reinforces E&C team as a resource to employees
- Deploys in-person training: discuss the helpline, investigation process & no retaliation policy during discussions
- Assess the health of the organizational culture - both through the in-person interactions at the roundtable, and through an ethical culture questionnaire
- Spot trends
- Results valuable to Board, Leaders & Employees

BUILDING A ROUNDTABLE PROGRAM
A Step-By-Step Approach

STEP 1: Get support from the top (it’s okay to start small!)
STEP 2: Pull the research. Segment participants/choose locations and topics based on hotline/helpline call volume as well as organizational goals (partnering with HR and other teams to determine “hot spots” or initiatives to incorporate)
STEP 3: Build your roundtable agenda and post-roundtable survey based on your research.
STEP 4: Choose roundtable participants randomly (and make sure you’ve got enough folks in a location to make it truly random)
STEP 6: Hold roundtables
STEP 7: Report results and put them to work in your program
Ways to Test Program Effectiveness Through Roundtables

- Are E&C messages getting through?
  - How many have read the Ethics and Compliance Code?
- 1st Question in Roundtable Discussions – What are the company’s Core Values?
- Give me an example of how you use each value in your daily jobs
- Discuss new initiatives
  - Ethics in Action – Video Contest
  - Changing traditional approach to mandatory training – Offering 6 Burst Videos or employees can take one hour on line training at end of year

Examples

Examples Data in presentation is confidential

Partnering Across the Organization

- Collaboration with Audit, HR, Security, IT, Communications. HR to align on focus for roundtables (diversity for example) and use that to build scenarios.
- Collaborate with Enterprise Risk Management - Incorporating E&C risks with Corporate and Business Unit risks. Alleviates duplication of resources.
Board Reporting

- Audit Committee Chairperson determined E&C is first on the agenda rather than at the end of the day
- Positioning was instrumental and provided high program visibility with time to dive into questions
- Outside consultant to evaluate E&C program

Key Takeaways

- Tone from the top is essential
- An effective and measurable program requires multiple touch points for data collection and exposure, face-to-face meetings with leadership and employees in roundtable meetings
- Roundtable programs can have major benefits for measuring effectiveness while increasing E&C visibility and strengthening organizational culture
- Cross-departmental collaboration is the only way to paint a true picture of your organizations overall risk profile

Questions?
Thank You!

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