

Building a Culture of Compliance

Debunking the myths and mysteries



Compliance Culture: Separating the myths from the facts

Clearing up 3 myths about organizational culture

Myth

Culture is fluffy and can't be measured



Culture can be measured in hard data from many key aspects across the business (and we'll show you how!)

Fact

Myth

There is one 'right' culture for all organizations – a supportive, benevolent culture



A culture must be shaped to support specific business goals

Fact

Myth

People will behave the way you tell them to because you're their boss



Defining and building a culture that people feel connected to and that drives their decisions and behavior takes a lot of work

Fact

Compliance isn't optional...or is it?

We live in a world full of risks – climate change, cyber crime, financial malfeasance, public health threats, human rights abuses, workplace accidents and discriminatory practices, to name a few. Regulations and laws imposed on individuals and organizations mitigate these risks to the public.

Corporations also must manage risk, which they do through assessments, policies and procedures that strive to keep the company protected from external threats and in compliance with regulatory and legal requirements.

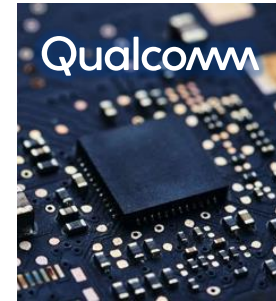
But that protection is only as strong as the level of compliance practiced within the organization...which is only as good as the **culture** of ethics leaders create. The consequences of non-compliance range from sizable fines to damaged reputations to being restricted in the marketplace.

Can you afford the risk?



Aenza

\$126 million in reparations to the Peruvian government for bribes paid to officials to secure public works contracts



Qualcomm

QUALCOMM

\$1.2 billion fine on charges of making payment worth billions to Apple asking it to not use chips made by Qualcomm competitors



Walmart Brasilia

\$137 million criminal penalty for violations of the U.S. FCPA due to failure to implement sufficient controls



VOLKSWAGEN

\$25 billion in EPA fines following vehicle emissions test scandal



BOEING

Halted production of the 737 MAX and more than \$9 billion in customer compensation costs due to two deadly plane crashes that could have been prevented



OPIOID PRODUCERS

Federal investigations, lawsuits and potential criminal charges for overpromoting addictive opioid painkillers

Are you addressing the human factor?





Debunking the mysteries of culture: How we assess and transform it

If you can't measure it,
you can't manage it.

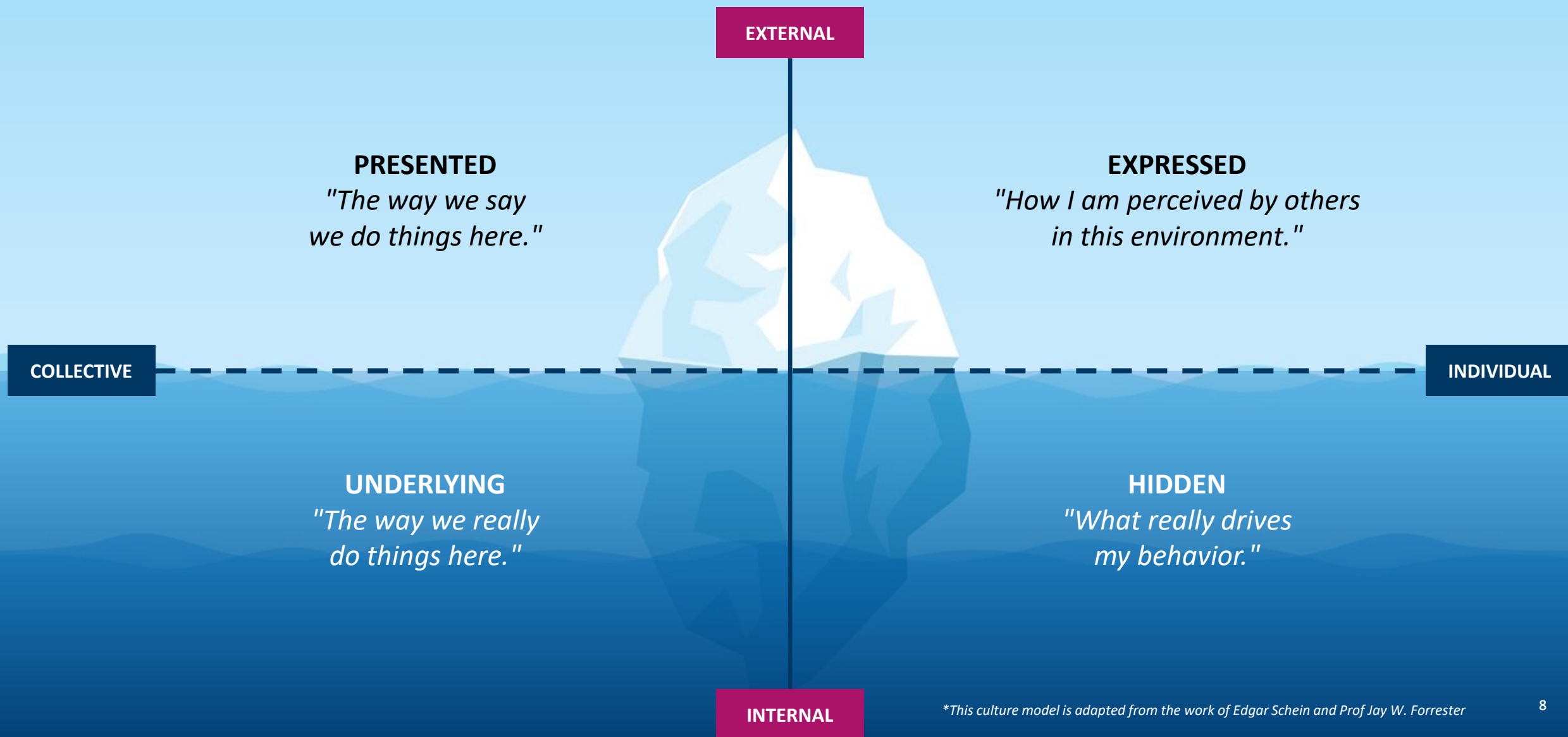


– Peter Drucker

Culture is... “the way we
do things around here”

Organizational Culture is the **manifestation of all the factors that influence the way people think, behave and make decisions** – individually and collectively – in a company.

How we look at compliance culture: iceberg model*



*This culture model is adapted from the work of Edgar Schein and Prof Jay W. Forrester

Culture by Design – not by Default!

FTI Consulting’s Compliance Culture Offer

1. Assessing compliance culture

Assess the drivers of compliance strengths and weaknesses in culture, set a performance benchmark and close the gaps



2. Enabling compliance culture

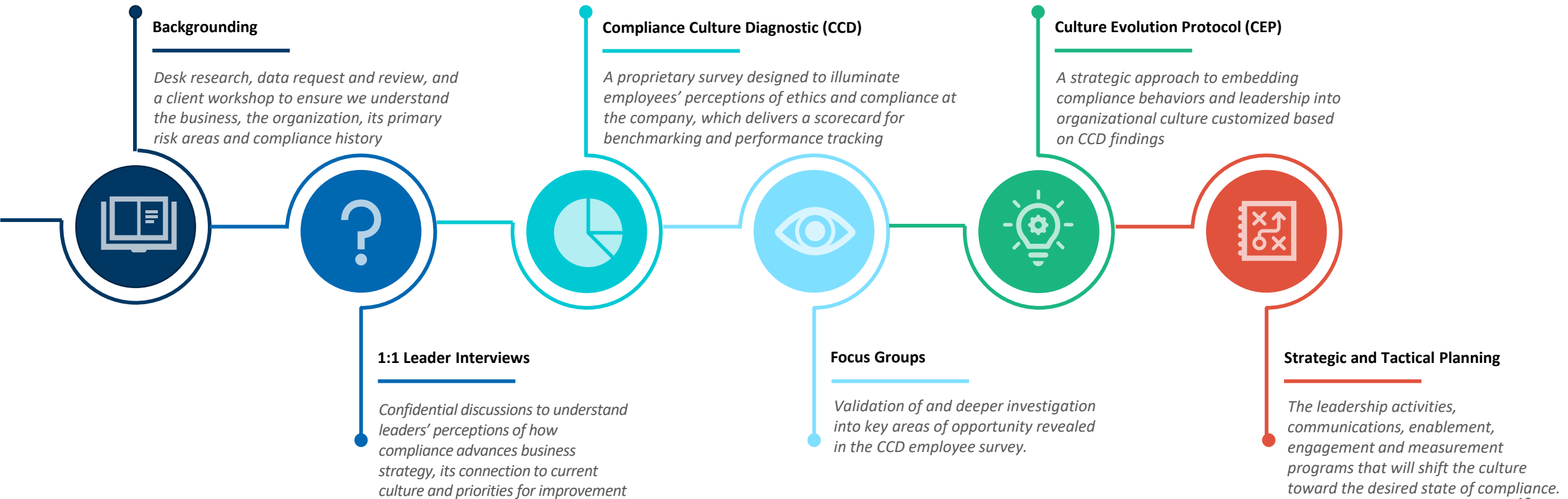
Enhance employees’ understanding, willingness and ability to adopt new policies, procedures and ways of working

3. Increasing the impact of the Compliance function

Enable the Compliance function to move from subject matter expert to trusted advisor to help the business achieve its objectives

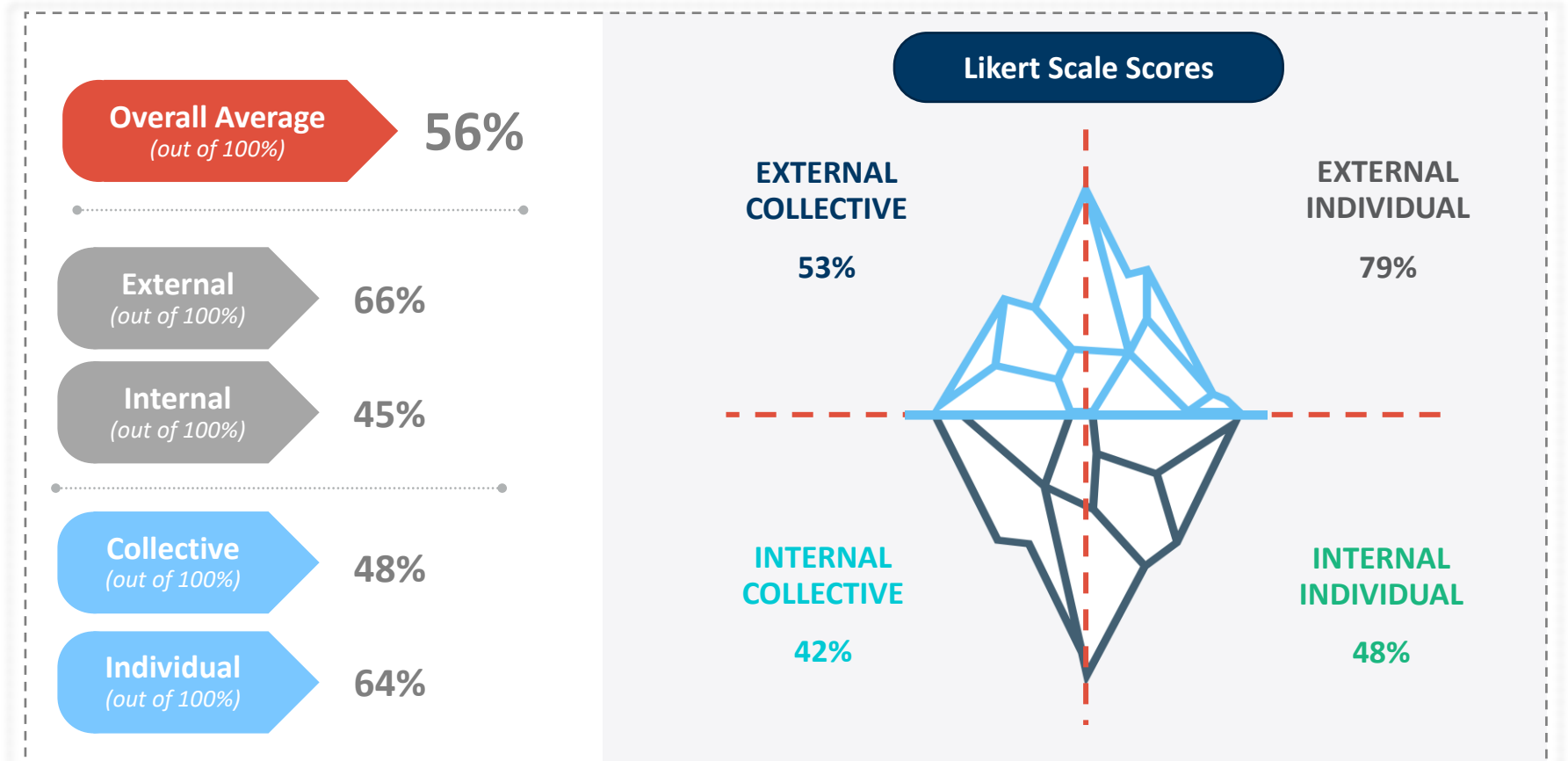
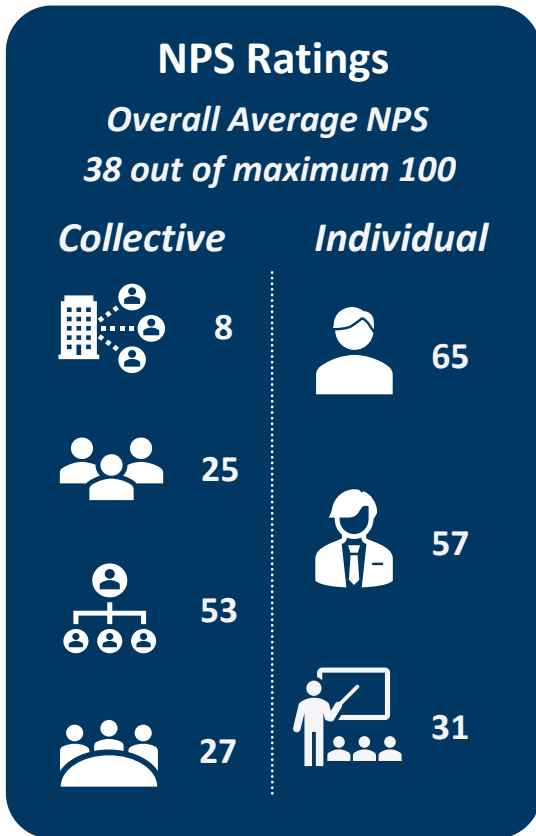
1. Assessing compliance culture: our approach

Our 6-step methodology, which includes a **proprietary survey** to benchmark culture and track progress over time, provides clients with a rich understanding of the behavioral decisions employees make about ethics and compliance and clear direction about where to focus efforts to strengthen the compliance culture.



What we deliver to the client: compliance culture report (1)

Overall scorecard provides a benchmark against which to measure progress, along with specific scores on a variety of dimensions that make up the aggregate rating. In a perfect world, a company would receive a 100 rating for each category to show a fully realized culture of ethics & compliance.



*Please note: in order to protect the confidentiality of our clients, the results have been altered.

What we deliver to the client: compliance culture report (2)

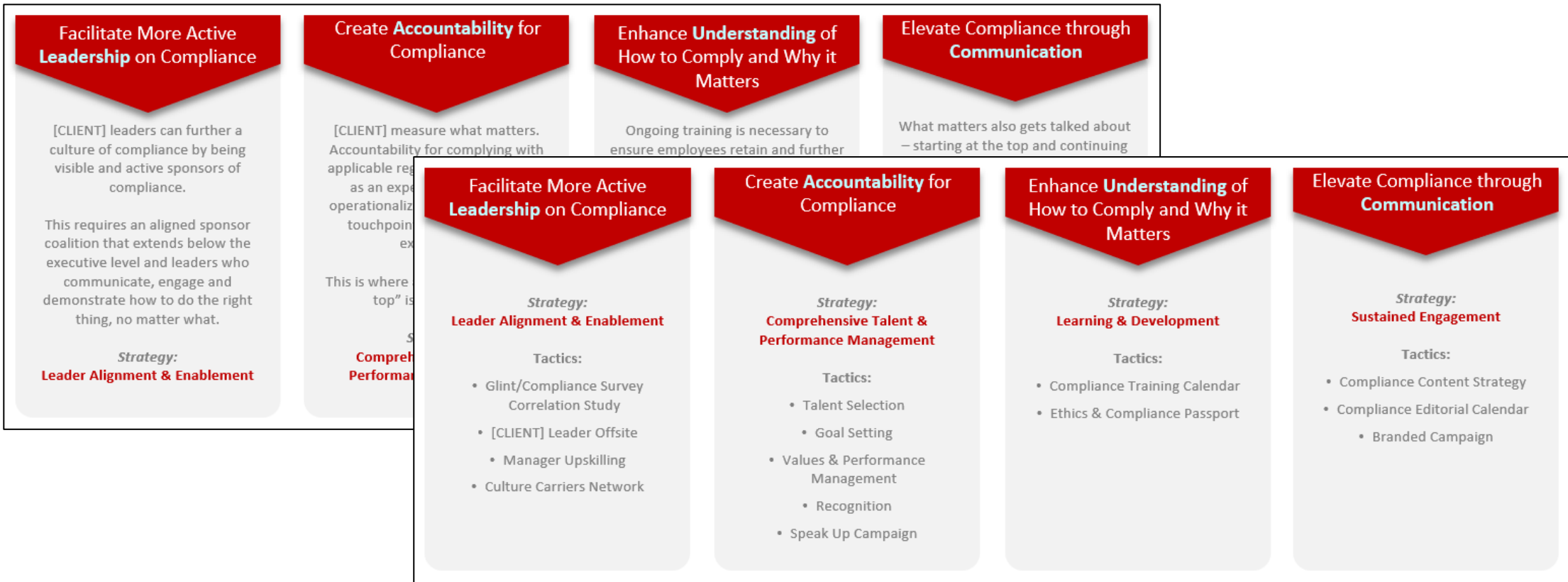
Detailed insights for each of the four iceberg quadrants – below examples for the ‘collective presented’ quadrant



*Please note: in order to protect the confidentiality of our clients, the results have been altered.

What we deliver to the client: a strategic and tactical plan for improving compliance culture

Our survey questions are designed to determine areas of strength and opportunity for growth in ethics and compliance. In-depth analysis will illuminate what actions are needed with which specific employee segments to improve the compliance culture rating. Based on the findings of the Compliance Culture Diagnostic, FTI will develop a strategic approach to embedding compliance in the culture – our Culture Evolution Protocol – and a tactical plan recommendation to shift the culture toward the desired state of compliance.

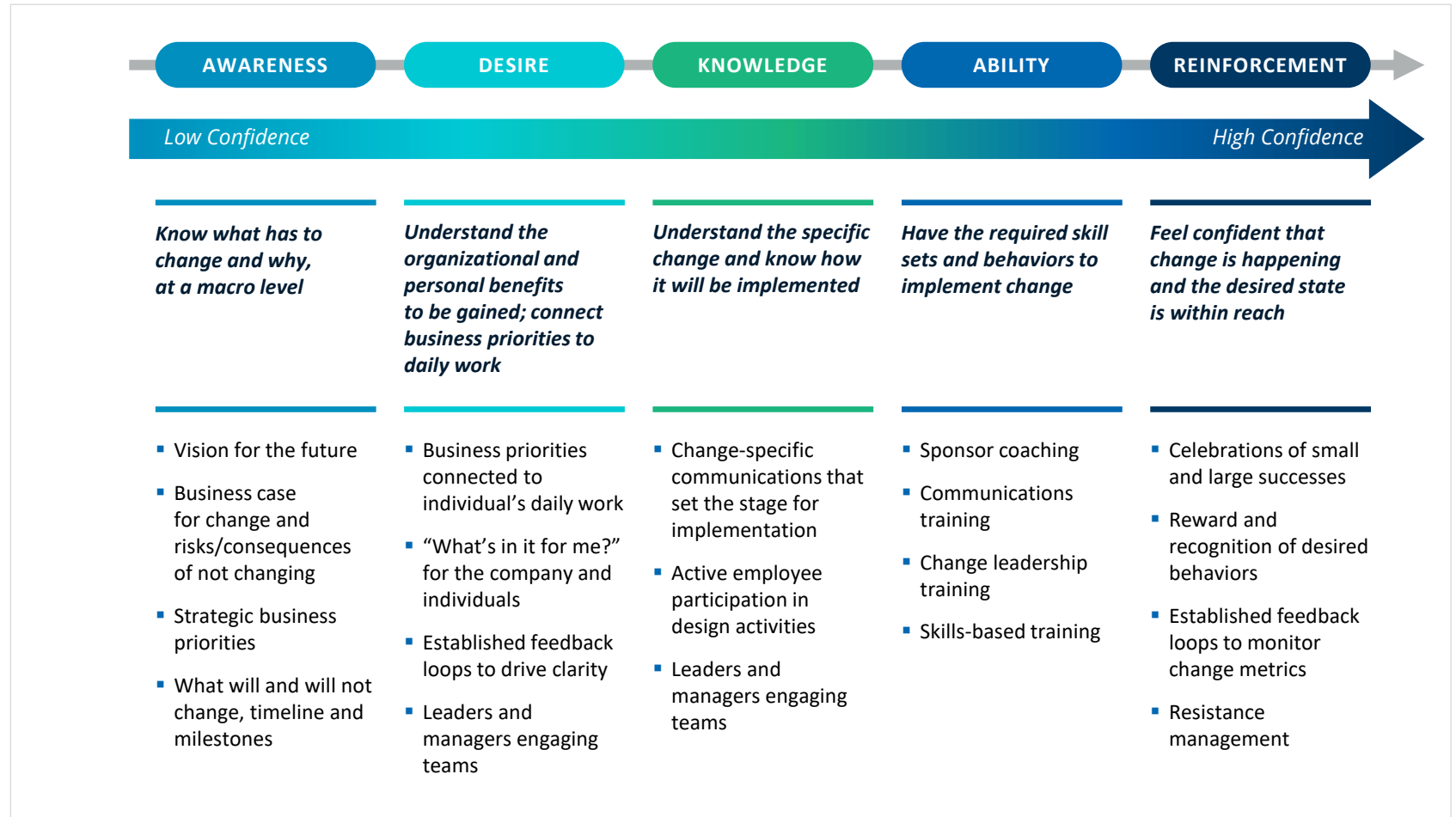




2. Change management, communication, engagement

Our clients can't afford the risk of a poor compliance culture.

Excellent change management leads to **6x greater success** in meeting project objectives. Even doing just a fair job of change management makes companies 46% more likely to meet project objectives.*





3. Enabling the compliance function as business partner



Driving change and enhancing compliance culture for a Latin America-based manufacturer



SITUATION

Advised a global manufacturing company on building and implementing a platinum compliance program and a stronger culture of compliance following a plea agreement with the U.S. Department of Justice (DOJ) Antitrust Division.

The client needed to understand and address the current state of compliance in the organization with regard to both operations and culture.

STRATEGY

The FTI team supported the Company across all aspects of compliance program development and implementation, calling on FTI experts in antitrust, technology, compliance operations, communications and change management.

Our work included:

- A comprehensive risk assessment and development of strengthened antitrust compliance policies and processes
- Design and delivery of live trainings on antitrust laws, new policies/procedures to the Board, leadership, all salaried employees and new hires
- An in-depth compliance culture assessment featuring FTI's proprietary survey tool which provided a benchmark score
- A comprehensive communications and engagement program to improve compliance culture

IMPACT

FTI's work helped the Company bring its compliance program up to the standards specified by the DOJ and made ethics and compliance part of the daily discourse.

FTI continues to support the Company with implementation of the communications and engagement program and will repeat the compliance culture survey in 2023 to measure progress against the benchmark set in 2021.

Remediating Compliance program weaknesses for a global medical device company



SITUATION

Assisted a global medical device manufacturer with building and implementing an enhanced compliance program and a stronger culture of compliance following a subpoena from the U.S. Department of Justice (DOJ).

The client needed to identify and remediate gaps and weaknesses within its compliance program in order to position the Company for the best possible outcome at the conclusion of the government investigation.

STRATEGY

The FTI team supported the Company across all aspects of compliance program development and implementation, calling on FTI experts in healthcare & life sciences, the U.S. antikickback statute, technology, compliance operations, communications and change management.

FTI's Strategic Communications work included:

- **CEO communications** to set the right “tone from the top”
- **Training** on applicable laws
- **Change management** support for new policies and procedures (communications and training)
- **Counsel** to senior leaders to ensure executive sponsorship
- **Positioning the Compliance function** within the organization
- **Ongoing communications** to embed a culture of compliance

IMPACT

FTI's work helped the Company implement numerous enhanced policies and procedures on a short timeline while also improving leadership support for compliance and better positioning the Compliance function itself within the organization.

FTI continues to support the Company with communications, change management and culture enhancement work as it navigates the ongoing government investigation process.



Thank you!

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