


MARCH 23, 2018

Are You Considering Offering a
Compliance Week? (Or . . .)
SCCE Boston Presentation
Michael G. Henry - Emera Energy


A large fish on the left is speaking to two smaller fish on the right. A speech bubble from the large fish contains the text: "Morning, boys! How's the water?"

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A large fish on the left is speaking to two smaller fish on the right. A speech bubble from the large fish contains the text: "What the Hell is water?"

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Introductions

- Michael G. Henry, Senior U.S. Counsel.
- Emera Energy - Roughly 220 employees, 100 of which work in HQ of our parent company, Emera Inc. in Halifax Nova Scotia.
- Merchant generation, marketing, asset management, trading.



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What will we cover?

1. Compliance Week (CW) Readiness.
2. Compliance Week Emera Energy (EE).
3. Execution.
4. Lessons Learned.



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The Gorilla in the Room

Do bigger challenges exist?

- Tackle those first.
- Don't wait for compliance week.
- Keep those issues from defining your compliance week.



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Readiness: Compliance Week Origin

- Compliance Committee:
 - Meets quarterly.
 - Composition.
 - Source of new ideas.
- CW Originated there.
- Ideal if idea arises from company culture.



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Readiness: CW and EE Culture

- Origin a sign of compliance maturity & organizational culture.
- U.S. DOJ and FERC:

“To have an effective compliance program, . . . an organization shall: . . . promote an **organizational culture** that encourages a commitment to compliance with the law.”
- What is culture and why is it important?



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Readiness: What is culture?

- Context is everything.

How's the water?

- What's the water your swimming in?
- That's the culture and the context.

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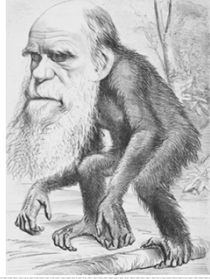
Readiness: Company Culture

- Company culture:

"Behavior of **humans** within an organization and the meaning that people attach to those behaviors."
(Wikipedia)

According to Bain & Co. winning cultures have a "unique **personality** and **soul**".

- Culture and evolution.
- Disclaimer.



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Readiness: Evolution & Company Culture

- Main component of culture: People (Homo Sapiens).



- Left to our own devices, we're ruled not by logic but by emotions or other motivations. Groups play a role.
- When dealing in compliance issues we have to consider social issues, emotional issues, other factors (e.g., fraud triangle), and also groups and group culture.

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Readiness: Evolution and Why it Matters

- How do we define our group(s)?

- Who is in it?
- Who do we follow?
- Who do we trust?
- To whom or to what are we loyal?
- What rules govern our behavior, and why?



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Readiness: Evolution and Why It Matters

- Willingness/ability to act contrary to our group. What can that mean for compliance?
- Psychological safety: Free from fear of speaking up with ideas questions, concerns or mistakes.
- Context is everything.



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Readiness: What is culture?

- Context is everything.

How's the water?

- What's the water your swimming in?
- That's the culture and the context.

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Readiness: Evolution and Corporations

- Corporations created by humans. Most have a singular purpose.
- Monthly, quarterly earnings. Analyst calls. Annual reports.



"I'm afraid I can't do that, Dave."

This is why values statements are so important.

- Work within that larger culture, within its gears.
- How is compliance viewed by the company and talked about by executives, managers, and employees?
- Make business case for integrity culture or compliance.

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Readiness: Back to Compliance Week

- Clear signals from inside the company are ideal.
- Suggestion from Committee in Dec. 2016 that we consider a compliance week in 2017.
- June 1 meeting reaffirmed interest.
- Once you get a clear signal, run with it.
- Trust yourself to know when the time is or isn't right, but respect the source of that signal.

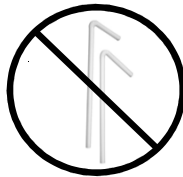


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CW@EE: Planning

- On June 1, targeted mid-September. So 16 weeks for planning.
- Important Suggestions from Committee:
 - Make it substantial enough to emphasize to staff that participation is not optional.
 - *And it shouldn't suck.*
- Assume that you will work with a very small team.
- Keep the scale reasonable. It will take more work than you think. Go for quality over quantity.



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CW@EE: Planning

Four Key Components of CW@EE:

- 1) Training – Main focus of the week, with challenge of making it different and interesting.
- 2) Communications – engaging and entertaining.
- 3) Merchandise – useful and memorable.
- 4) Closing Event – barbecue or breakfast?



CW@EE: Planning – The Trainings

- Don't be boring. Being boring is an "ineffective practice."
"[S]imply re-producing the same training with minor changes each year may be ineffective as employees may become disengaged by the repetitive nature of the training." FERC Staff White Paper on Effective Energy Trading Compliance Practices. November 2016
- Carefully consider the examples you use:
Build compliance culture by using positive examples from your company's own experiences.
- Please don't be boring.



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CW@EE: Training Excerpt



The following slides were used to introduce the EE annual mandatory compliance training in 2017.



NY, NY: It's a helluva town.



Began operation: October 27, 1904
840 mi. (1350k), 60% underground
Tokens used from 1953 until 2003
Current fare: approx. US\$ 3.00
5.7 million each weekday and 5.8M weekends. 1.757 billion annually.

The rules: Fines for obstructing seats, smoking, movement between cars, graffiti, gambling, and carrying weapons. Arrest possible for putting your feet up.

What about pets on the subway?

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Rules Regarding Pets on the NYC Subway

•Metropolitan Transit Authority rules:

"[N]o person may bring any animal on or into any conveyance or facility unless enclosed in a container and carried in a manner which would not annoy other passengers."



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Rule meets Reality on NYC Subway



RULE: "[N]o person may bring any animal on or into any conveyance or facility unless enclosed in a container and carried in a manner which would not annoy other passengers."



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Let's Get Serious



Employee

Responsibilities
and risk

Compliance approach

Compliance issue?

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CW@EE: Planning - Communication

- Signage and daily emails.
Use humor or a contest as a reward or incentive for reading.

Then repeat the agenda for the day and the rest of the week.

- In person statements M-W-F.
Distributed merchandise mid-week.
Friday barbecue lunch, picture, prize drawing, and closing thank you.



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CW@EE: Planning - Merchandise

- If you have the budget and the time, find something that fits the company culture.
- Settled on: Socks.



- Distributed merchandise mid-week so employees could wear them during Friday closing barbecue.

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CW@EE: Planning Takeaways

- 1) Keep it simple . . . *but don't let it suck!*
- 2) Plan for a lot of communication:
Assume limited attention spans.
Make communications worthwhile.
- 3) Go for high impact merchandise.
- 4) Offer optional trainings or sessions covering non-essential topics that address company risks.



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CW Execution – Final Schedule

Day	Morning	Afternoon	Other
Mon. Sept. 25	-Daily Email -Morning pit session announcement of week's events -10:30 FERC Compliance Tr'g	12:00 (with lunch) : Natural Gas compliance for logistics/schedulers	- Online Manual training rollout
Tues. Sept. 26	-Daily Email -11:00 FERC Compliance	-1:30: Communications compliance (Mike) 3:00 Compliance Committee	-Timbits in a.m.
Wed. Sept. 27	-Daily Email - Business update with Merch distribution. Socks.	-1:30 FERC Compliance Training. 3:30 Culture of Compliance Panel	-Merch. Distribution
Thurs. Sept. 28	-Daily Email	12:00 Trader lunch 1:30 FERC Compliance Training 3:00 Alan Ross on Canadian Compliance	-Timbits in a.m.
Fri. Sept. 29	-Daily Email - Business update regarding BIKQ.	-Barbecue Lunch (Andy Fraser and Sean Neely)	-Awards/Prizes/Closer during Barbecue

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CW@EE: Execution Takeaways

Execution takeaways:

- Communications – Assume low readership.
- Training – Assume low attention.
- Optional training sessions – Cover lower-profile risk, or other topics of interest to the company.
- If offering an online optional training, consider a drawing for those who complete it.



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CW@EE: Lessons Learned

- Cultural Readiness is key.
- Daily email and signage.
- Take advantage of existing resources and plans for programming the week.
- Reflect company values in programming and merchandise.
- Reach out across the business to increase your compliance program's profile and effectiveness.



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What if you conclude the culture isn't ready?

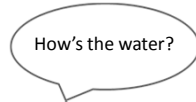
- Test the waters – if you have a compliance committee.



- Consider CW-lite, even if it is not “full blown”.
 - Identify efficiencies and execute.
 - Use CW-lite to argue (or lead others to conclude) that company is ready for a full CW.



- Know your context.



- What's the water your swimming in?
- Use this understanding to make you, your company, and your compliance program look great.



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