



### **THOMAS TOPOLSKI**

### THOMAS TOPOLSKI



## Executive Vice President, Turner & Townsend

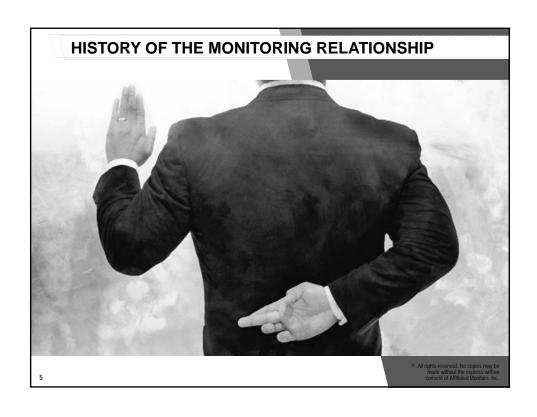
More than 34 years of experience in the professional services industry, including more some 21 years of international experience.

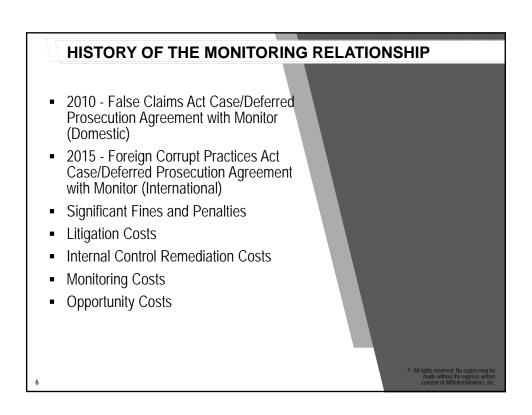
 Tom Topolski is currently Executive Vice President of Turner & Townsend. In this role he is responsible for the company's infrastructure business in the US, Canada and parts of Latin America..

 As the former President of Louis Berger International, Tom led the restructuring and strengthening of the business, most notably internal controls and compliance related policies and procedures. Most importantly, Tom developed a culture of compliance and ethical business throughout the international business.

3

# AGENDA History of the Monitoring Relationship Requirements of the Independent Third Party Assessment Key Elements of the Assessment Working Principles of the Relationship Lessons Learned ✓ The Company perspective ✓ The Monitor's perspective





### INDEPENDENT THIRD PARTY ASSESSMENT REQUIREMENTS

- Baseline Assessment
- Follow Up Reviews
- Treatment of Recommendations
- Certification of effectiveness of controls and E&C Program to prevent and detect corruption
- Role of the Department of Justice

All rights reserved. No copies may be made without the express written

7

### **KEY ELEMENTS OF THE ASSESSMENT**

- Anti-Corruption Controls
- Corporate Ethics and Compliance Program
  - ✓ High Level Commitment
  - ✓ Policies and Procedures
  - ✓ Periodic Risk-Based Review
  - ✓ Proper Oversight and Independence
  - ✓ Training and Guidance
- ✓ Internal Reporting and Investigations
- ✓ Enforcement and Discipline
- ✓ Third-Party Relationships
- ✓ Mergers and Acquisitions
- ✓ Monitoring and Testing

All rights reserved. No copies may be made without the express writter concert of Affiliated Manifest Inc.

### **ASSESSMENT METHODOLOGY**

- Employee Focus Groups
  - ✓ Culture
  - ✓ Training and Messaging
  - ✓ Reporting
  - ✓ Trust and Credibility
- Individual Interviews
- ✓ Process
- ✓ Controls
- ✓ Authority/Independence

- Surveys
- Culture
- Awareness
- Involve Board and other Stakeholders
- Secret Shopper

All rights reserved. No copies may be made without the express writter consent of Affiliated Monitors. Inc.

### SOME KEY METRICS OF EFFECTIVENESS

- Focus on corporate culture
- Alignment of performance management with Integrity Objectives
- Tone at the top, "mood in the middle", "buzz at the bottom"
- Comfort level in raising concerns
- Employee concerns over retaliation

- Beyond ERM: Fraud Risk Assessment
- Consistency/fairness of disciplinary actions
- Effectiveness of training approaches
- Hiring and on boarding
- Independence, authority and reporting
- Board engagement

 All rights reserved. No copies may to made without the express writted consent of Affiliated Monitors, In

### **WORKING PRINCIPLES OF THE RELATIONSHIP**

- Joint definition of "success"
- Transparency; no hidden agendas
- Company cooperation: "open kimono"
- Quick resolution of any "bumps in the road"
- Help both sides maintain credibility with the government
- Early review of draft reports
  - ✓ Accuracy
  - ✓ Perception
- Practicality of Recommendations

11

All rights reserved. No copies may be made without the express written

### LESSONS LEARNED: THE MONITOR'S PERSPECTIVE

- Collaboration and independence are NOT mutually exclusive
- Avoid investigating or re-litigating old issues
- Avoid political issues and conclusions
- Benchmark best practices
- Give credit where credit is due
- Assess Board involvement
- Early sharing of observations/recommendations: No "gotcha"
- Appear jointly before the government whenever possible
- Ethical Culture is a foundational internal control without which all other controls are bound to fail

12

All rights reserved. No copies may be made without the express written consent of Affiliated Monitors, Inc.

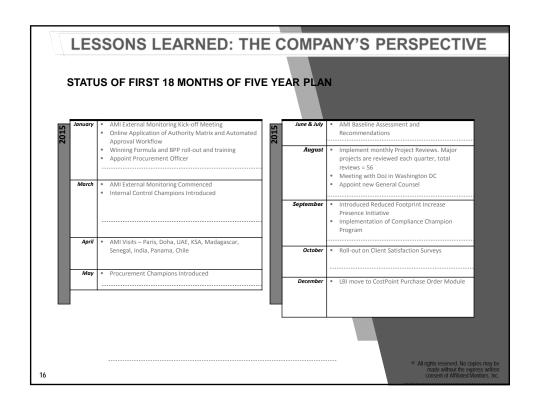


### LESSONS LEARNED: THE COMPANY'S PERSPECTIVE

- A rapidly increasing number of countries are implementing and enforcing strong compliance laws and regulations
- Ethical behavior is GOOD business
- The vast majority of people take pride in their work and are focused on winning and delivering work on merit
- The vast majority of clients desire to work in an ethical manner
- Reputational damage is exceedingly difficult to overcome
- The monitorship is making Louis Berger a better company
- Ethical Culture is a foundational internal control without which all other controls are bound to fail

made without the express writt

STA	TUS OF FIRST 18 MONTHS OF FIVE	E YEAR PL	AN
July	Introduced New and Consolidated Authority Matrix     Enhanced focus on Ethics and Compliance Culture     Code of Business Conduct Training – focus on 700 LBI     employees with an "incomplete" status     Performance and culture based compensation, structured     PNIP and MIP     Introduced International Report and Enhanced Nexus page     Commence review and update existing LBI Policies &     Procedures	October 2002	Roll-out and Implementation of PCR (tool to measure and inform project profitability)     Eastern Europe employee contract tax compliance review and harmonization for clean bill of health on a go forward basis     Bank Account / Cash Compliance in Africa     52 Key Internal Controls Implemented     IBI Internal Satisfactory Survey     Completed Review and made LBI Policies & Procedures fit for purpose
August	Ensure culture of tax compliance     Commenced process to address staff contracts	November	Expenditure Approvals Forms Introduced in Africa – Dramatic reduction of Field Cash     Roll-out and Implementation of Formula Series     Governance Formula – International Authority Matrix, Legal, Contracts, Internal Controls     Winning Formula – Proposals and Marketing     Delivery Formula – Project Management     Quality Formula – Quality Assurance     Target Zero Formula – Health, Safety and
September	Roll-out and Implementation of:     Revenue Recognition Calls     Weekly Cash Calls     Management Letter for LBI and all Geographies		Environment  People Formula – Human Resources  Technology Formula – Information Technology  Success Formula – Finance  Launch of LBI Connects



### WHY PROACTIVE THIRD PARTY ASSESSMENT MAKES SENSE

- Required by US Federal Sentencing Guidelines, Spanish Criminal Code, and encouraged by OECD and other guidance
- Demonstrate and document company's commitment to ethics and compliance
  - ✓ Government regulators
  - ✓ Employees
  - ✓ Stakeholders
- Prevent FRAUD and mitigate compliance RISK
- Competitive advantage with third parties in regulated industries

All rights reserved. No copies may made without the express writt concept of Affiliated Marriage. It

17

# QUESTIONS TO ASK WHEN EVALUATING THE EFFECTIVENESS OF YOUR PROGRAM

- 1. What is the relationship between ethics and other performance metrics in the company?
  - The leading factor in unethical behavior is pressure from management or the board to meet unrealistic business objectives.
  - Alignment of ethics and performance objectives is critical in compensation, bonus, and promotion decisions.
- 2. Is our required ethics training more than a check-the-box exercise?
  - Cascading training.
  - Scenario-based.

 All rights reserved. No copies may be made without the express writter consent of Affiliated Monitors, Inc

# QUESTIONS TO ASK WHEN TRYING TO STRENGTHEN A CORPORATE ETHICAL CULTURE

- 3. Have we exercised due diligence in our hiring, promotions, and mergers/acquisitions?
  - Due diligence in hiring
  - Promotion screening
  - Performance assessment elements, are we rewarding ethical behavior?
- 4. Have we conducted a risk assessment to identify weaknesses? What is our potential Enron, Wells Fargo or VW?
  - Perverse incentives
  - Unintended consequences of goals and expectations
  - Do WE have a "paper program"?

 All rights reserved. No copies may be made without the express writter consent of Affiliated Manitors. Inc.

19

# QUESTIONS TO ASK WHEN EVALUATING THE EFFECTIVENESS OF YOUR PROGRAM

- 5. What is the tone at the top?
  - Communicating the ethics message.
  - Proactive engagement.
  - CECO independence, authority, resources.
  - Taking visible and decisive actions against violations of the code of conduct.
- 6. What is the mood in the middle and the buzz at the bottom?
  - Immediate supervisors have greatest impact.
  - Leadership skill represents a key asset/vulnerability.
  - Leadership accountability or "executive protection program"?

All rights reserved. No copies may be made without the express written

# QUESTIONS TO ASK WHEN EVALUATING THE EFFECTIVENESS OF YOUR PROGRAM

- 7. Who is responsible for paying attention to the ethical culture?
- Senior leadership intentions don't always reflect reality.
- How are ethics incorporated into day-to-day business decisions?
- Active ethics messaging is a must.
- 8. Is our Code of Conduct more than shelfware?
- Is it referenced beyond new-employee orientation?
- Is it customized to our business?
- Has it been updated?

All rights reserved. No copies may made without the express videous or consent of Affiliated Monitors.

# QUESTIONS TO ASK WHEN EVALUATING THE EFFECTIVENESS OF YOUR PROGRAM

- 9. Are our employees familiar with and comfortable using reporting mechanisms?
  - Is there a fear of retaliation?
  - Is the Hotline or Helpline used regularly?
  - Are reporting trends analyzed and used to strengthen the program?
- 10. Are we paying adequate attention to the ethical posture of third-parties?
  - Third-party risks are high; due diligence is necessary.
  - This is often the weakest area in ethics assessments.

All rights reserved. No copies may be made without the express writter

### **OTHER ASSESSMENT ISSUES**

How often is "periodic" assessment?

Who should conduct the assessment?

- In-house versus outside consultant
- Experience and credibility with government regulators
- Value of benchmarking and industry best practices

Privacy and confidentiality issues

- Attorney-client privilege
- Reporting and dissemination of results

22

 All rights reserved. No copies may be made without the express writter consent of Affiliated Monitors. Inc.

