

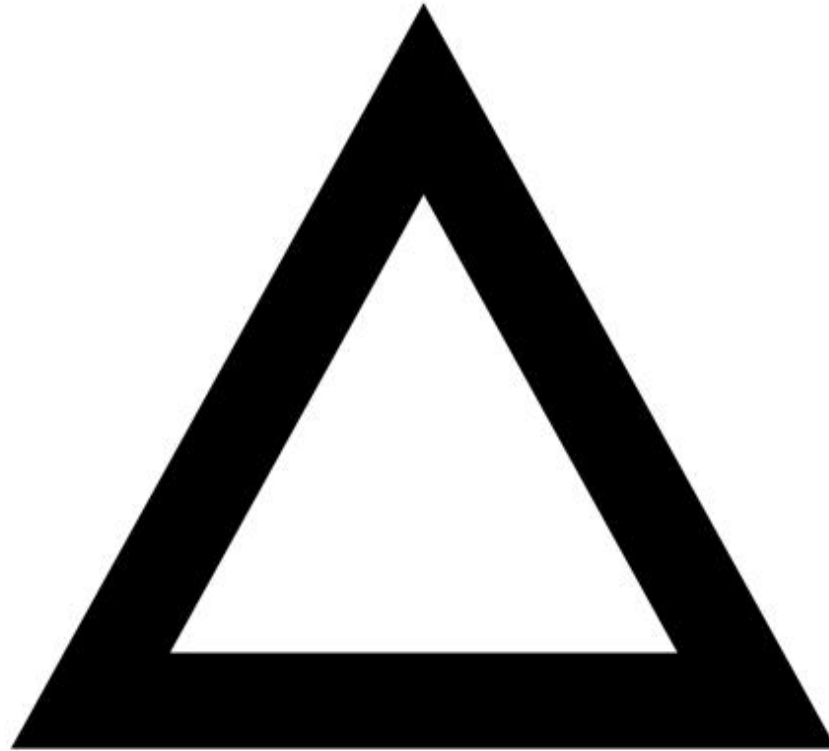


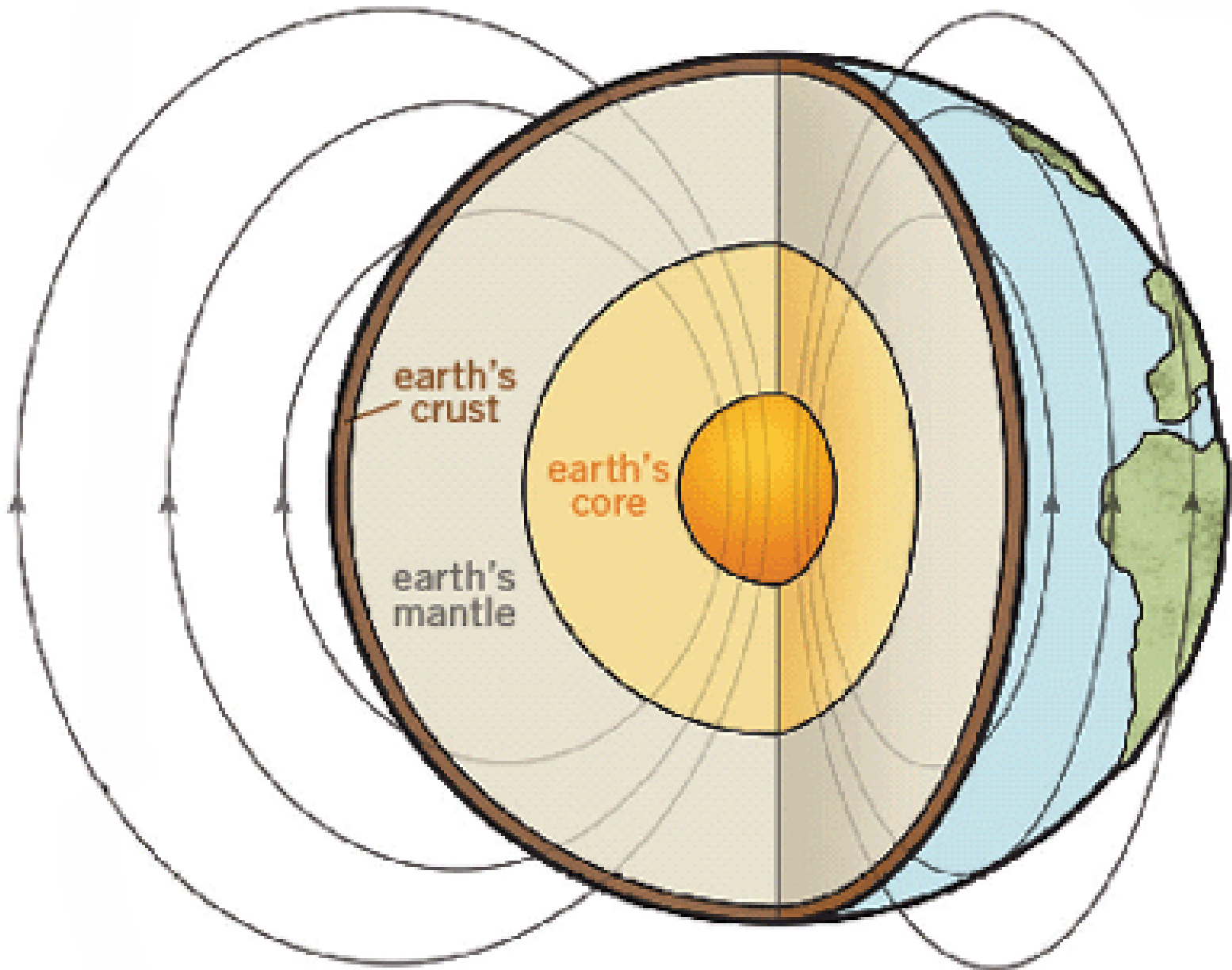
Cultivating

g
Corporate

Scott Hansen
Managing Director
KPMG LLP

e
Culture





Culture as the Root of Misconduct

“It does not matter how comprehensive a company’s compliance program is if the senior management does not make it a foundation of the company’s corporate culture.”

Brent Snyder – Deputy Assistant Attorney General, US Department of Justice



“I believe that the most common reason why compliance programs fail or are not fully effective is that they don't operate within a larger Culture of Compliance within the firm.”

Lori Richards – Director, Office of Compliance Inspections & Examinations, US Securities and Exchange Commission

“...Regardless of what supervisors want to do, a good culture cannot be mandated by regulation or imposed by supervision”

William C. Dudley, President and CEO of the Federal Reserve Bank New York





“I want the public to think of us as ‘The Company With A Heart’. But I want you to think of us as the company that will chew you up, spit you out and smear you into the carpet if you screw up.”

Indicators of good culture include:



Tone from the Top



Enabling Challenge



Incentives



Accountability



"I don't know how it started, either. All I know is that it's part of our corporate culture."

Factors identified as contributing



**Lack of clear corporate values
and priorities**



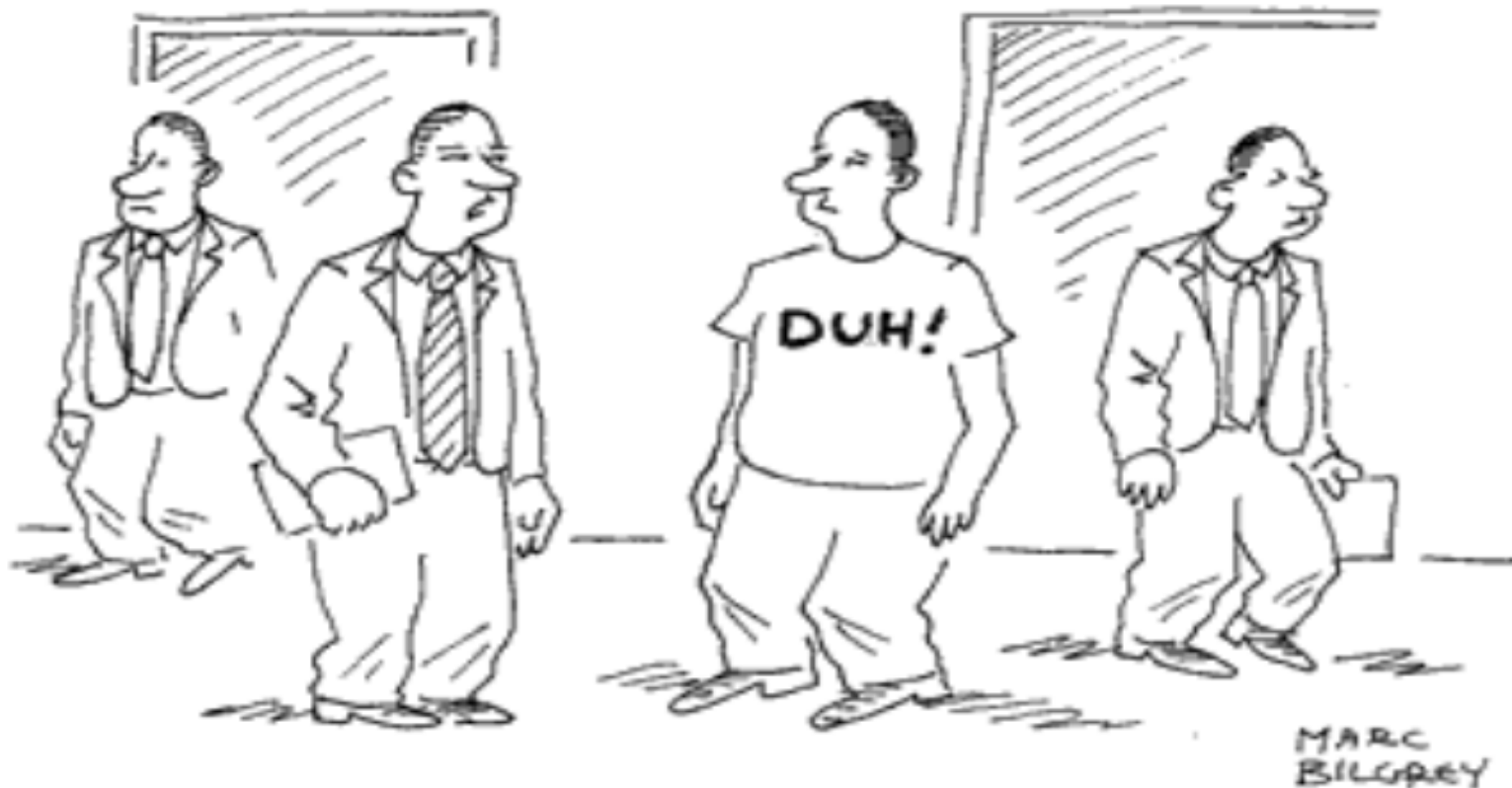
Employee Mobility



Governance Gaps

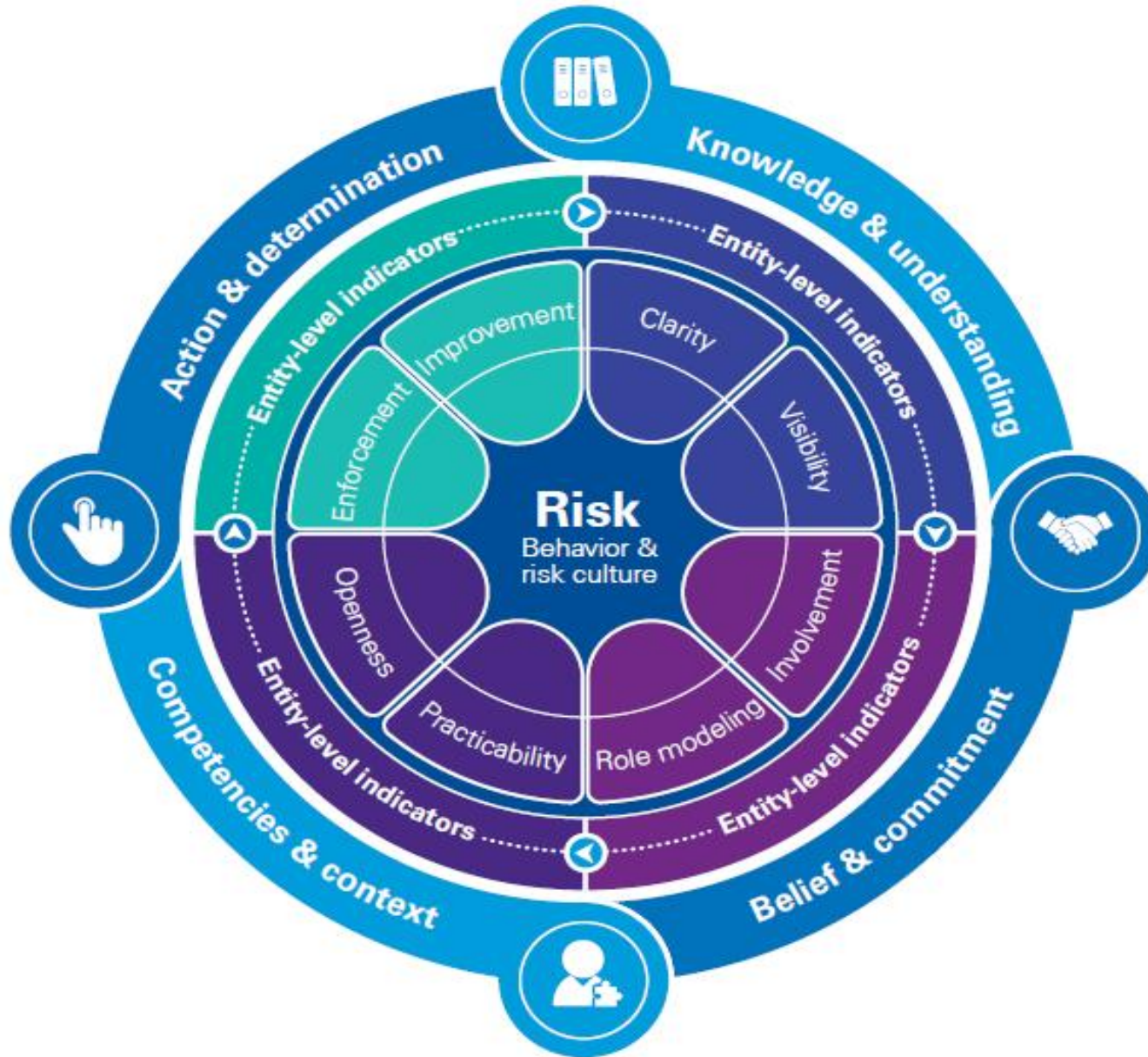


Competing Objectives



“Perkins, we need to talk about your understanding of company culture.”

Framework to Influence



OUR ASSIGNMENT IS TO MAKE OUR ACCOUNTING SYSTEM LESS TRANSPARENT.

WHAT?

WE DON'T WANT INVESTORS TO KNOW WHAT WE'RE DOING.

ARE WE BAD PEOPLE?

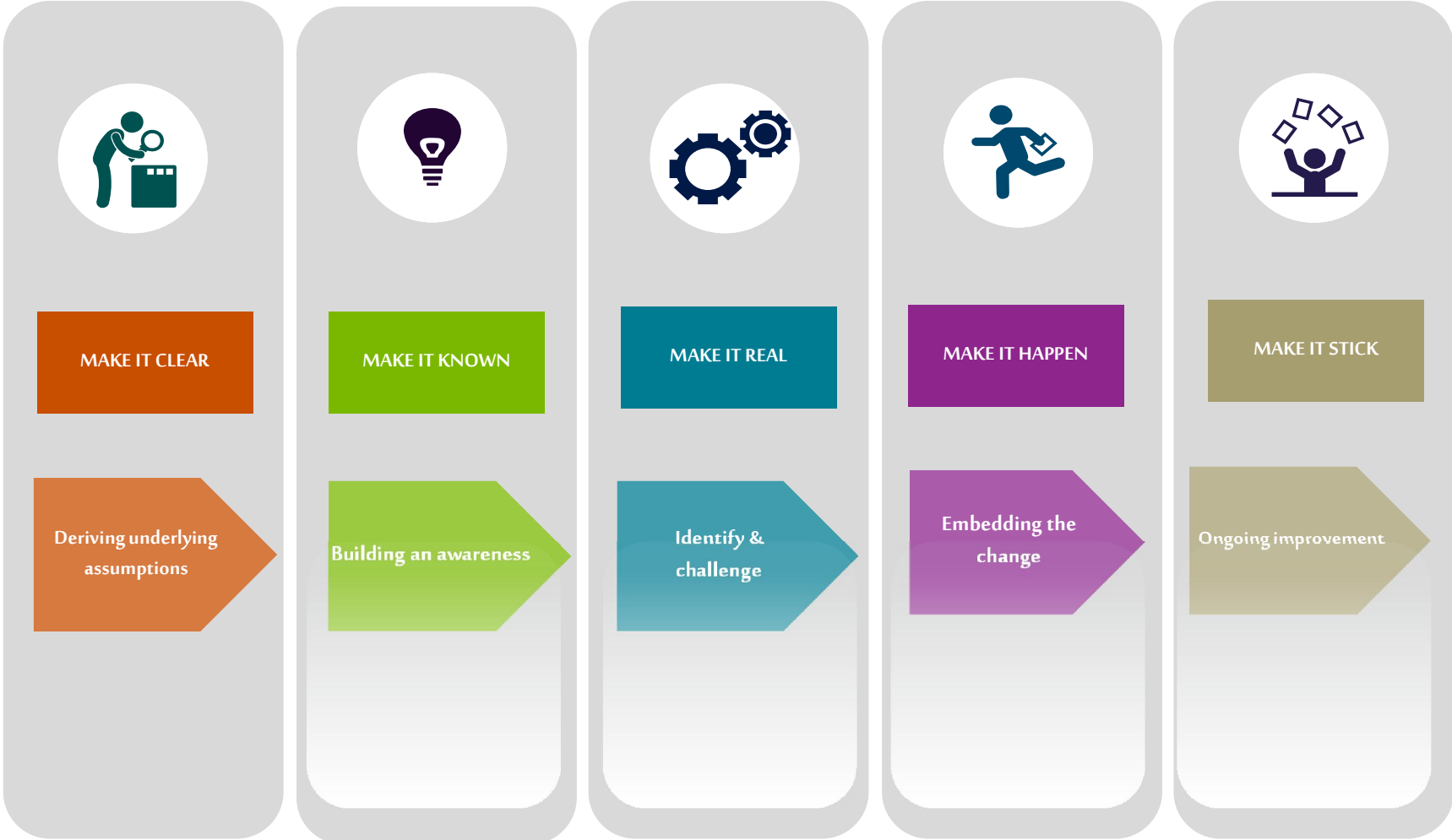
WE'RE GOOD PEOPLE WHO HAVE BEEN INFLUENCED BY A CORRUPT CORPORATE CULTURE.

OH, OKAY. CARRY ON.

www.dilbert.com scottadams@aol.com

© 2002 United Feature Syndicate, Inc.

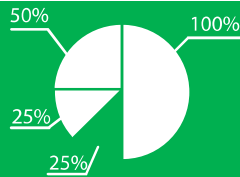
Implementing Behavioral Change



Metrics that Can Support a Compliance Culture



Performance / Incentives



Issues / Complaints



Policies / Procedures



Cultivating Corporate Culture

Scott Hilsen
Managing Director
KPMG LLP