# CULTURE & CONDUCT RISK ROUND TABLE

## AGENDA

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Time</th>
<th>Session Title</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 21, 2020</td>
<td>Hyatt Regency Cambridge (Boston)</td>
<td>8:00 – 8:30</td>
<td>Continental Breakfast</td>
<td>Welcome from RMA and Participant Introductions</td>
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<td>8:30 – 8:45 a.m.</td>
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<td>Key Individual Issues &amp; Challenges</td>
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<td>8:45 – 9:30 a.m.</td>
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<td>Current Regulatory &amp; Operating Environment</td>
<td>Regulatory feedback; interaction with the prudential regulators; areas of focus; lightening of regulatory touch?</td>
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<td>Impact of CFPB?</td>
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<td>Changes made in response to sales practices exams; e.g., processes utilized to obtain customer consent after account openings</td>
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<td>New York Fed’s Culture initiative</td>
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<td>9:30 – 10:15</td>
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<td>Diversity &amp; Inclusion</td>
<td>Who leads your D&amp;I effort?</td>
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<td>Is your D&amp;I effort leading to a more diverse workforce?</td>
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<td>What are the goals/objectives of your D&amp;I program? Metrics?</td>
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<td>Have you seen a decrease in instances of harassment &amp; bullying?</td>
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<td>Are senior leaders supportive of D&amp;I programs? How is support demonstrated?</td>
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<td>Challenges</td>
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<td>10:15 – 10:30 a.m.</td>
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<td>Break</td>
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<td>10:30 – 11:15 a.m.</td>
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<td>Culture, Conduct &amp; Ethics</td>
<td>Corporate Culture v. Risk Culture; Framework for Managing Culture</td>
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<td>Defining/Changing/Driving the culture of your institution; how do you inculcate new hires into your institution’s culture?</td>
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<td>Ethical culture v. Risk Culture</td>
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<td>Is your culture well communicated and understood throughout the institution?</td>
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<td>Role of incentive compensation plans in managing subcultures. Compensation adjustments – downward only, or upward for good risk management like resolving an MRA quickly?</td>
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How do you measure culture? Are operational risk tools RCSAs, KRIs and Loss Data sufficient?
Risk culture surveys vs. embed culture questions in larger surveys
  - Frequency
  - Who receives your survey
  - How do you manage the response rate
  - What actions do you take based on survey responses
Incorporation into incentive compensation plan processes

11:15 – 12:00 p.m.

“Conduct Risk” (Please bring your institution’s definition to discuss)
- Negligence v. gross negligence; willful misconduct?
- Inaction in the face of an issue?
- How are Conduct Risks factored into your Institution’s Business Strategy?
- Technological developments – do they outstrip your firm’s investment, consumer capabilities and regulatory response?
- State of your Institution’s Culture?
- How do you improve Culture in a dynamic environment?
- Do your Institution’s products/services deliver appropriate customer outcomes?
- Impact of economic factors?

12:00 – 1:00 p.m.

Lunch

1:00 – 1:45 p.m.

Conduct Risk Framework
- Conduct risk appetite
- Key drivers of conduct risk; e.g. biases; conflicts; economics
- Conduct risk metrics; i.e., KRIs, key control indicators, and key performance indicators for conduct risks
- Risk identification and assessment
- Controls and mitigants
- Senior management and board reporting
  - What do you report to the Board; e.g., Clawbacks?
  - Frequency

1:45 – 2:15

Break

2:15 – 3:00 p.m.

Specific Issues; Appointment of Chief Conduct Risk and/or Ethics Officer
- Internal fraud; harassment
- Has your institution appointed a Chief Ethics Officer? A Conduct Risk Officer
- Qualifications for Chief Ethics Officer
• Does the Chief Ethics Officer have sufficient stature?
• Reporting structure
• Key components of ethics policies; frequency of dissemination/attestation?
• Does your institution monitor employee emails for inappropriate language
• Whistleblower Hotlines
• Framework for discipline for conduct violations

3:00 – 3:30 p.m.  
**Oversight of Third Parties**
• Impact of third parties on product/service delivery?
• Measurement of Culture/Conduct
  o KRI, KPIs and controls
  o Policies, Standards, Procedures

3:30 – 4:15 p.m.  
**Reputation Risk**
• Definition of reputation risk; metrics
• Impact of misconduct on brand
• What is your institution’s strategy for managing its reputation? Who has ownership of the strategy?

4:15 – 4:30 p.m.  
**Summary: Recap, Action Items and Next Steps**