

ETHICS AND COMPLIANCE PROGRAM STATUS REPORT

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A firm must “... promote an organizational culture that encourages ethical conduct...”

*United States Sentencing Guidelines
Section 8B2.1(a) of the revised guidelines
November 2004*

Code of Ethics

Accessible Ethics Officer

- 211 inquiries in 2018
- Ongoing ethics education
- AskEthics email box

Annual No Conflicts of Interest Attestation

- Required of every employee by July 1
- Interactive course with examples
- Direct link to Ethics Officer

Biennial Ethics Survey

- Anonymous
- Administered November 2018
- 75% response rate by employees
- Demonstrated strong ethical culture

SURVEY HIGHLIGHTS

Favorable responses (somewhat agree, agree, or strongly agree) to the statements:

I am confident I could properly respond to ethical issues that arise at Citizens. 94% (5% neutral)

I am equipped to identify situations involving potential ethical violations. 92% (7% neutral)

I believe my manager lives up to Citizens' ethical values. 92% (7% neutral)

Senior Leaders send a clear message about the importance of Citizens' ethical standards. 88% (11% neutral)

The Seven Infrastructure Elements of a Successful Ethics and Compliance Program

Compliance Officer/Committee Oversight

- The Director of Ethics and Compliance Officer (ECO) is a direct report to the General Counsel.
- ECO has unrestricted access to Citizens Senior Management and the Members of the Board of Governors.
- ECO regularly reports to the Executive Leadership Team, Risk Steering Committee and the Audit Committee of the Board of Governors.

Policies and Procedures, including Standards of Conduct

- 43 Corporate Policies including the Code of Ethics, which contains the Standards of Conduct.
- Clearly written, understandable documents that provide expectations and practical guidance.
- Structured executive level approval process which promotes consistency and accurate records, yet is flexible enough to encompass rapid changes when required.
- Treated as “living documents”, and during 2017-18 more than half were updated.

Education and Training

- Compliance education is conducted by using both “in person” and online courses.
- These mandatory courses are coordinated by the Learning and Development Unit within Human Resources.
- Compliance topics include information and physical security, appropriate workplace behavior, ethics, conflicts of interest, recognizing fraud, and privacy.
- Provided at initial employee onboarding and provided annually as online refresher courses.
- New managers and supervisors attend a structured classroom training which includes most of the mandated compliance topics.

Monitoring and Auditing

- Annual Compliance Certification process
- 16 Compliance Champions representing business units
- In 2018, 500 discrete elements of laws, rules and regulations (LRRs) were reviewed, updated and documented for compliance
- Office of the Internal Auditor, which includes the Internal Control Framework process
- Office of Inspector General

Reporting, Investigating and Conducting criminal background checks

- Anonymous reporting- “Tell Citizens”
- Independent Inspector General
- Criminal background checks on all new employees
- Require current employees to disclose arrest and convictions

Enforcement, Discipline and Incentives

- Clear expectations for employee conduct as set forth in the Code of Ethics and Employee Handbook.
- Corrective Action Policy which is administered by Human Resources.
- Employees are held to high standards and disciplinary action is taken when warranted.

Response and Prevention

- Triage composition
- Inspector General procedures
- Office of the Internal Auditor procedures
- ECO coordinates Corporate Policy process

ETHICS AND COMPLIANCE OFFICE:

- **Nancy Staff**, Director of Ethics and Compliance Officer, J.D., CCEP
- **Chuck Bowen**, Privacy Officer, J.D., CIPM, CIPP, and IAPP Privacy Law Specialist

ETHICS AND COMPLIANCE PROGRAM

Owned and implemented by many who work collaboratively and collegially to ensure an ethical and compliance driven culture at Citizens.