

Lucky or Good?

Importance of Engagement & Culture in Business Conduct/Ethics

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**FORMER CEO, 6 OTHERS
INDICTED IN 'PAY-TO-PLAY'
SCANDAL**

**Admits Criminal
Conduct ... Agrees to
Cooperate in Ongoing
Investigation and Pay
\$18.5 Million to Resolve
Civil and Criminal
Allegations**

MANAGERS INDICTED FOR TIMECARD FRAUD

FIRM Will Repay EPA Linked to Employee Fraud Scheme

**FIRM to Pay \$3.8M Fine for
Alleged Overcharges**

2 Approaches

- Don't break the rules....
- We are all in this together.



Lucky or Good?

- Which are you – lucky or good?
- Success ultimately depends on culture and engagement.
- Without strong culture and engagement, results are only by accident & luck.



Can You Spot the Villain?

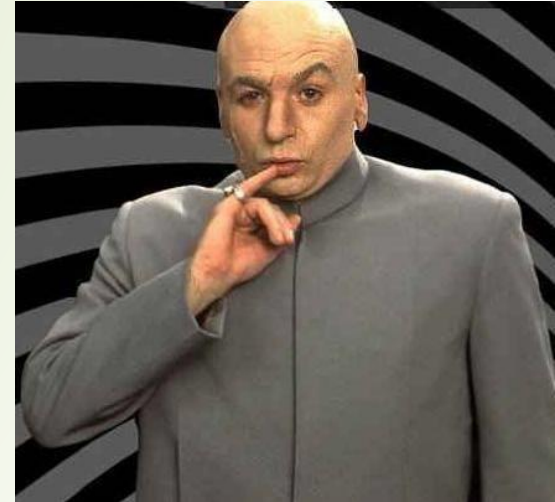
- Usually decent people who make terrible decisions.
- They know what they should do but choose to do otherwise.

WHY????



Why Do People Stray?

1. They believe it's the best/only choice:
 - Pressures for performance
 - Conflict avoidance
 - Problems at home
2. They can get away with it.
3. They rationalize outcome.



Effective Culture

1. No matter how bad things get – bad decision is NEVER the right option.
2. Empowers & expects employees to take ownership of firm's conduct.
3. Employees take responsibility of ownership. (Individual Responsibility)

1st Key to Culture – Honest Reputation Above All

- Would you sacrifice honest reputation for profit?
Is that what co-workers see/hear every day?
- Tone at the top BUT....
- Culture is created by daily interactions. Reinforce at every opportunity & practice what you preach!



BEWARE OF BLESSING “MINOR” NONCOMPLIANCE OF RULES AND LAWS/REGS



“This policy isn’t that important...”

*“This client is worth looking the other
way...”*

KILLS CULTURE

2nd Key to Culture – EVERY Employee Plays a Role

- Engagement is key at EVERY LEVEL.
- Most vulnerable may be getting least attention (field/admin).
- Do THEY know how important they are in this effort?



3rd Key to Culture – Employees Must Have Help

- DECISIONS DIFFICULT TO NAVIGATE!
- Do they know where to go with questions or concerns?
 - Helplines, dedicated senior employees, etc.
 - Do they feel safe in doing so?
 - Must be consequence free.



Culture – Employees Have Help

How Do I Get Help?

Questions or issues regarding appropriate business conduct and ethics can be tricky. Knowing the right answer can be difficult. The following resources are available to help employees get the answers they need.

- Your supervisor, if not directly involved in the issue.
- An experienced technical professional, if not directly involved in the issue.
- Your office, division, or operating group manager, if not directly involved in the issue.
- The Business Conduct and Ethics Helpline (“Helpline”) at 913-599-5701 or at ethics@terracon.com.
- Any member of Terracon’s [Human Resources](#) (HR) or [Legal Department](#).

The Business Conduct and Ethics Helpline (“Helpline”) is our confidential hotline for seeking guidance, asking questions, raising concerns, or reporting potential violations of our Principles of Business Conduct and Ethics, Terracon policies or laws.

We also have a duty to Terracon and our fellow employees-shareholders to report known or suspicious violations of our Principles of Business Conduct and Ethics, Terracon policies, or law. If you are aware of misconduct, or even suspect it, you should also contact any of the above resources as appropriate.

Role of the Individual

Success or failure depends on owning your responsibilities in maintaining good business ethics

- Promote ethical decision-making day to day (especially for supervisors)
- Seek guidance when you are unsure
- Re-direct, mentor, or even report others who you suspect or observe making questionable decisions



The Integrity Playing Field...

- Data
- Timesheets
- Invoicing
- Gifts/entertainment

TRUST BUT VERIFY!

- Don't ignore your instincts. If it's too good to be true, it probably is.
- New tools & technology make this easier (GPS, internal controls, etc).
- Check in on field work/drilling.
- But be mindful about “big brother” culture.



Know the Rules!

SERIOUS RAMIFICATIONS:

- Potential criminal liability
- Potential civil (uncovered) liability
- Professional licensing issues
- Debarment
- Get to learn about fun things like the False Claims Act....



End on a Happy Note

When culture works --
exponential impact within firm...

Thank You For Your Time.

Any Questions?

***Feel free to contact me at
mjyost@terracon.com with any other questions.***