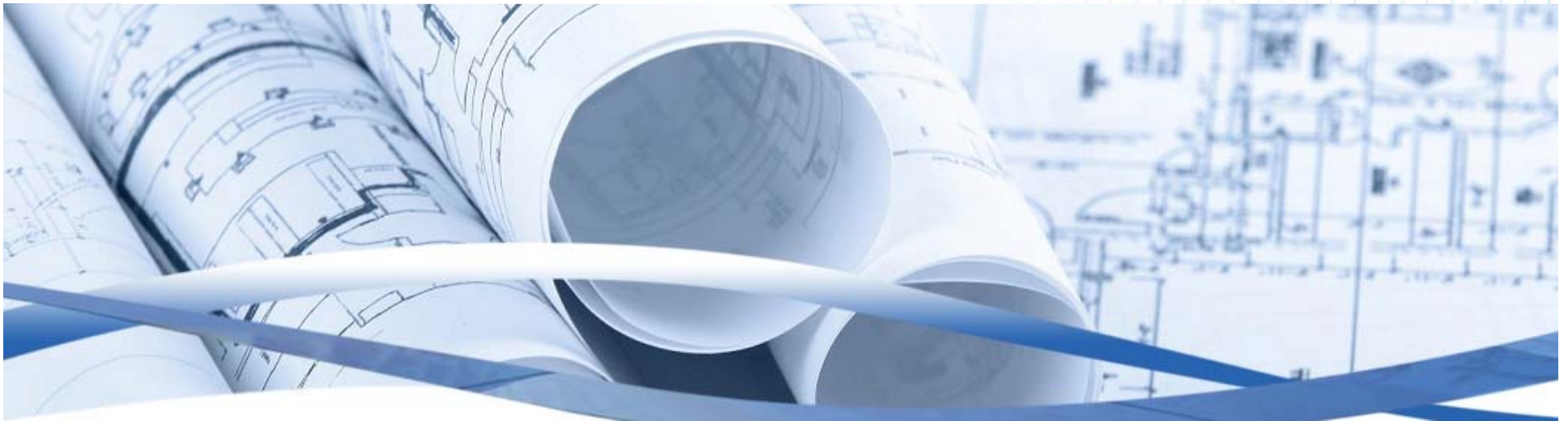


IN THE BEGINNING



BUILDING AN EFFECTIVE COMPLIANCE AND ETHICS PROGRAM



IN THE BEGINNING ...

Building an Effective Compliance and Ethics Program

1. Why have a compliance and ethics program?
2. What are the critical building blocks?
3. How does the work get done and who does it?

AGENDA

- Format of presentation
- Goals to achieve here today
- Introductions
- Definition of a Compliance and Ethics Program
- Reasons to have a Compliance and Ethics Program
- How should we structure the program to ensure we are covering all of those Reasons?
- Identify staffing requirements and staffing options
- How we manage the program day-to-day

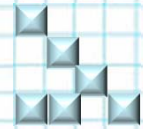
FORMAT OF PRESENTATION

- Presenter
- Identify topics and share about experiences in our program
- Solicit input from you, the audience

GOALS TO ACHIEVE HERE TODAY

- Identify various reasons to have a compliance and ethics program
- Identify different areas of compliance and ethics
- Share experiences in creating/building a compliance program
- Share information about program structure and staffing

INTRODUCTION



- Presenter
 - Who am I
 - Who I am not
- Audience – Our group here today - Who are you?
 - Your Company and the Type of Business
 - Role in compliance program
 - Function – attorney, paralegal, specialist, manager, officer
 - Experience building a compliance program from the beginning, scratch, blank page

KEY DEFINITIONS

- Definition per the U.S. Sentencing Guidelines:
***"Compliance and ethics program"** means a program designed to prevent and detect criminal conduct.*
- Recent FCPA Guidance states further:
*"An **effective compliance program** promotes an organizational culture that encourages ethical conduct and a commitment to compliance with the law."*
- For a compliance and ethics program to be **effective,** a corporation shall:
 1. *exercise due diligence to prevent and detect criminal conduct; and*
 2. *otherwise promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.*

PROGRAM TITLE

Our program at Transocean is titled:

Legal Compliance & Ethics

We have branded our program



WHY HAVE A COMPLIANCE & ETHICS PROGRAM?

- Foreign Corrupt Practices Act - and related Guidance document
- US Federal Sentencing Guidelines
- The Department of Justice
- Deferred Prosecution Agreement
- UK Bribery Act
- Other local or country laws
- Corporate governance
- Protection of investor value and confidence
- Good business practice
- Corporate policy
- Company brand
- Risk management
- Others

HOW SHOULD WE STRUCTURE OUR PROGRAM TO ENSURE WE COVER ALL THESE REASONS?

- In keeping with our obligations to have an effective compliance program, we/Transocean chose the following structure:
 - Policies / Standards / Guidelines
 - Training / Certifications / Communications
 - Auditing / Monitoring / Due Diligence / Investigations
 - Response and Follow Up
- All of our efforts fall into one of these categories – and perhaps from time to time in several at the same time
- Recent FCPA Guidance from the DOJ notes a compliance program should not be “check the box” – there is no “one size fits all”
- What structure have you followed?

STAFFING REQUIREMENTS TO ACCOMMODATE OUR STRUCTURE

What needs to be accomplished in the categories of our program structure?

- Creation and enforcement of policy
- Updating policies and guidelines
- Communication of policies and compliance program initiatives
- Training
- Legal opinions and legal advice
- Self-audits and risk assessments
- Intranet maintenance
- HelpLine management, reporting, testing and continual update of access
- Agent Due Diligence and Agent Training
- Investigations and follow up

STAFFING REQUIREMENTS TO ACCOMMODATE OUR STRUCTURE

Who can accomplish that work? Attorney, non-attorney?

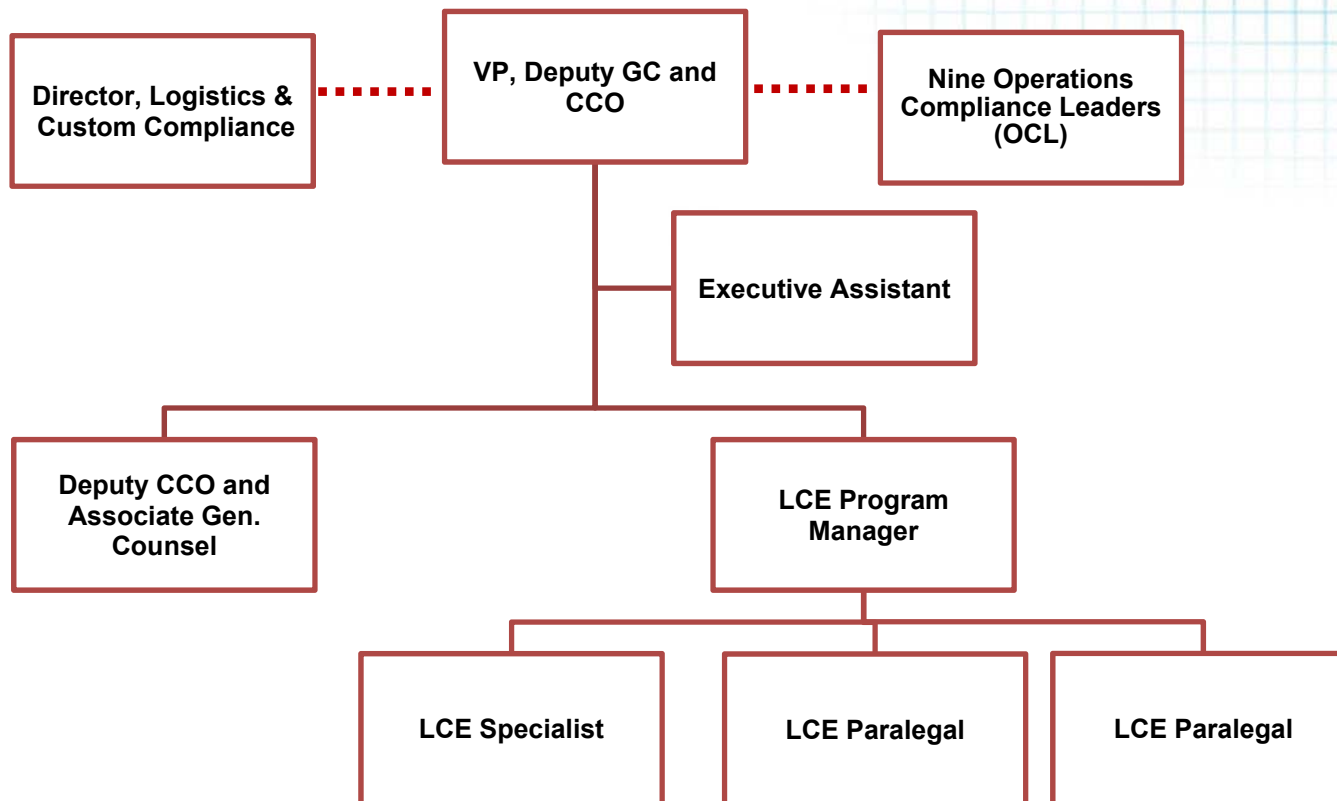
- Most programs include an attorney or attorneys
- Who better supports an attorney than a paralegal?
- An auditor, an accountant
- Perhaps we need to use outside assistance –
such as training vendors, due diligence investigators,
outside counsel

STAFFING REQUIREMENTS TO ACCOMMODATE OUR STRUCTURE

What skills are required to accomplish the work?

- Legal degree – and often expertise in certain areas of law
- Audit or accounting background
- Information management skills – experience with databases
- Communications expertise
- IT expertise
- Effective interpersonal communications/engaging customer service skills
- Though not a skill, flexibility and adaptability are important
- Home-grown or off-the shelf solutions
- EXCELLENT proof-reading skills

Transocean LCE Structure



HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

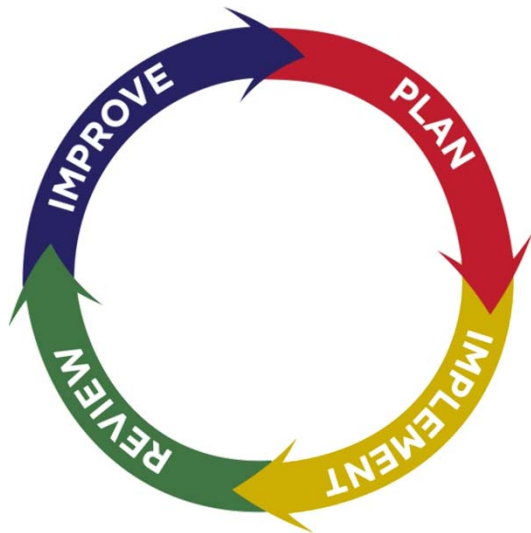
PROGRAM STRUCTURE:

Policies / Standards / Guidelines

Training / Certifications / Communications

Auditing / Monitoring / Due Diligence / Investigations

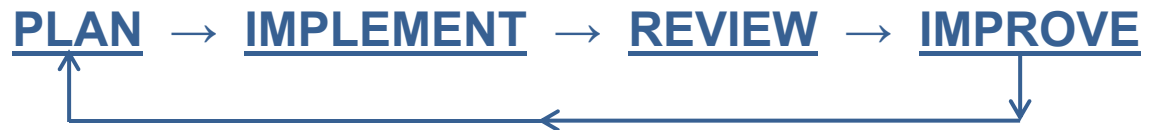
Response and Follow Up



BUILDING PROCESS:

How did we build our program around this structure?

We followed these simple steps:



HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Policies / Standards / Guidelines

- Why have policies, standards and guidelines?
- Our role
- Policy maintenance checklist
 - ✓ Policies scattered across the organization
 - ✓ Policies available in “hard copy” only
 - ✓ Policies, standards and guidelines outdated
 - ✓ Policy lifecycle
 - ✓ Consistent style
 - ✓ Effective and consistent communication of policies

HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Policies / Standards / Guidelines

Code of Conduct – or at Transocean the “Code of Integrity”

- Foundation upon which a compliance program is built
- Emphasis on:
 - People Integrity
 - Financial Integrity
 - Transactional Integrity
 - Operational Integrity
- Easy to read and understand
- Delivered in onboarding packet for new employees
- Easily accessible to all employees globally – onshore and offshore
- Translated into local languages

HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Auditing / Monitoring / Due Diligence / Investigations

- Audit and monitor compliance program
- Third-party due diligence; other due diligence
- Investigation process

HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Auditing / Monitoring

- Operate under a Management of Change process
- Audit processes; audit databases
- Analyze internal reviews and investigations
- Analyze relevant government actions or settlements
- Review program information gathered through training and investigations
- Identify areas for improvement

HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Due Diligence

- Clearly defined process
- Communicated throughout company; training given on process
- Know who you are doing business with
- Understand the qualifications of third parties
- Risk based
- Rationale to use a third party
- Clear contract terms
- Training – in-person and online
- Audit plans
- Ongoing monitoring – updated due diligence

HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Training / Certifications / Communications

The Federal Sentencing Guidelines state that, to have an effective compliance and ethics program, the company must:

- Take reasonable steps to **communicate** periodically and in a practical manner its standards and procedures to its officers, employees, and, as appropriate, its agents, conducting effective **training programs** and otherwise disseminate information.

HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Communications



- Branding the compliance program
- Tone at the Top – manager driven cascading emails
- Corporate communications
- Other resources – intranet, corporate website, HelpLine print material
- Tracking
- Reporting



HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Training

“Effective Training Programs”

- In-Person
- Electronic (online, CBT)

HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Training

In-Person Training

- Training Presentations
- Who gets trained
- Tracking and reporting

HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Training

Electronic Training

- Who participates, what courses are required
- Administration
- Reporting and tracking
- Interface with training vendors

HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Certifications

- Annual
- Board of Directors, employees and Agents
- Follow up, investigation, tracking and reporting

HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Investigations

- Confidential reporting by employees, third parties and others
- HelpLine
- Who to lead investigation?
- When to enlist outside counsel?
- Clear communication of policies – know when policy violations occur
- Tracking and reporting

HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Response / Follow Up

- As issues are identified, respond timely and appropriately
- Develop and ensure implementation of remedial steps relating to any anti-corruption law or policy violation

HOW DO WE MANAGE THE PROGRAM DAY TO DAY?

Now my presentation is complete.

We at Transocean are not truly running in circles day-to-day!
Our day-to-day tasks require us to constantly view our program in cycles:

WE PLAN → WE IMPLEMENT → WE REVIEW and → WE IMPROVE

