

SPECIAL EDITION CANADA PUBLICATION

SUN LIFE FINANCIAL, GEORGE WESTON, INTACT CORP.

DISCUSS INTEGRITY IN THE AGE OF REMOTE WORKSPACES, BIG DATA AND AI

ETHISPHERE®

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SPECIAL EDITION // 2020



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Our Mission Statement

The Ethisphere® Institute is the global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust and business success. We have a deep expertise in measuring and defining core ethics standards using data-driven insights that help companies enhance corporate character. Ethisphere believes integrity and transparency impact the public trust and the bottom line of any organization. Ethisphere honors superior achievements in these areas with its annual recognition of The World's Most Ethical Companies®, and facilitates the Business Ethics Leadership Alliance (BELA), an international community of industry professionals committed to influencing business leaders and advancing business ethics as an essential element of company performance. Ethisphere publishes *Ethisphere Magazine* and hosts ethics summits worldwide.

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SPEAKING UP

»» THIS ISSUE'S LETTER FROM THE GUEST EDITOR ««



Dear Readers,

The uncertainty of today's business environment has unlocked new risks, opportunities and complexities as the world navigates the balance between economic benefit and corporate social responsibility.

However, as companies like Parsons know well, those two factors are not in competition; they are aligned.

As businesses enter a new normal in a COVID-impacted world, the lesson we must all remember when weighing purpose versus social consciousness and ethical behavior is that one is not greater than the other. And if we approach them as competitors, everyone loses.

At Parsons, our Core Values of Safety, Quality, Integrity, Diversity, Innovation, and Sustainability have remained our guiding principles for well over a decade without change and many were a part of the company's values since establishment in 1944. Our commitment to these values and to our people is what drives our business success.

When Ralph Parsons founded our company in 1944, he noted that his ability to hire and retain good people would be key to the company's success. He was right. Today, we continue carrying that mindset, which is why we are proud of being named by Ethisphere as one of the World's Most Ethical Companies for 11 years in a row.

Ethisphere's research illustrates a positive correlation between companies who earn status as a World's Most Ethical Company and long-term performance against the large-cap index. As future, more socially conscious generations enter the workforce, I believe that correlation will only become stronger.

Corporate responsibility is no longer window dressing; it is the table stakes in a corporation's ability to recruit and retain talent and achieve business success.

Being a World's Most Ethical Company is a great accolade which we at Parsons cherish. Making a real difference in our communities and our world is something we hold dear, and for which we will never compromise.

When I was asked to pen this letter for the Canada Edition of Ethisphere Magazine and serve as guest editor, I was happy to do so because I believe in the message that World's Most Ethical Companies honorees, BELA members, and other ethics-minded organizations send to the global marketplace through our commitment to doing business with integrity.

This edition of Ethisphere Magazine is filled with interesting content from industry thought leaders, including Julianna Fox from WSP Global, who discuss the importance of a cascading leadership tone through open and honest dialogue.

Erin Legge from George Weston Ltd. talks about embedding compliance into day-to-day operations. There are other articles focusing on big data, building communities, artificial intelligence, and human rights from experts at Baker McKenzie, LLP; Sun Life Financial; and Intact Financial Corp.

On behalf of the entire Parsons family, thank you for your commitment to ethics in business. We hope you find the articles within this special publication of Ethisphere magazine insightful.

Chuck Harrington
Chairman and CEO
Parsons

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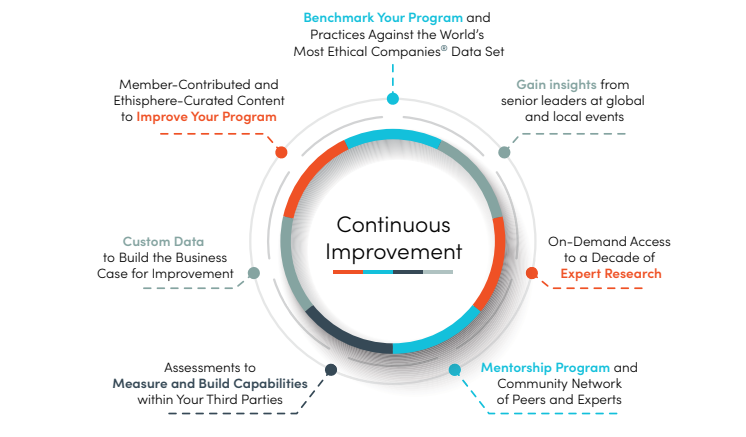
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Founded by the Ethisphere Institute, the Business Ethics Leadership Alliance (BELA) is a globally recognized organization of leading companies collaborating together to share best practices in governance, risk management, compliance, and ethics. Become an enterprise member of BELA and you and your team can **engage** with senior legal, ethics, and compliance leaders from 60+ industries in more than 290 companies worldwide. Be part of a community that shares **best practices** and **expertise**. Gain access to **exclusive data**, **benchmarking**, and opportunities to **showcase your program**.



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SECURE FOR LIFE

How Sun Life Empowers Employees and Communities

Interview with Melissa Kennedy, **Sun Life Financial**

The best employees are those who feel secure and balanced in their lives, and employers are finding more and more ways they can help employees attain that security. For Sun Life Financial, that has meant supporting employee financial literacy and wellness, as well as supporting the health of the communities where its employees live through its volunteering and philanthropy programs. Ethisphere's partners at the Association of Corporate Counsel connected us with Chief Legal Officer Melissa Kennedy to learn more.

Ethisphere Magazine: Sun Life's Purpose states, "At Sun Life, we are committed to helping our clients achieve lifetime financial security and live healthier lives." Has helping your clients to achieve those goals always meant helping your employees to do so? How has the company evolved in this respect?

Melissa Kennedy: With 37,000 employees across the globe, attracting, retaining, and developing top talent is central to our success. As we help our clients achieve lifetime financial security and live healthier lives, we want the same for our employees. We believe the more engaged our employees are, the more productive and passionate they will be in delivering on our Purpose.

We are committed to supporting the well-being of our employees and fostering an inclusive and respectful workplace where everyone can contribute to their full potential. We do this through investing in a wide variety of programs and services that promote employee physical, mental, and financial wellness. These offerings include competitive benefits packages, retirement and savings plans, flexible work options, and rewards for participating in local wellness activities.

Employee wellness underpins our ability to deliver exceptional service to clients, attract and retain top talent, and continually enhance our high-performance culture.

EM: On your website's community wellness page, you talk about how you empower your employees to volunteer in the communities where they live. Can you talk a bit more about what that looks like?

MK: As a company in many communities around the world, we believe we play a role in their development and well-being. Our goal is to build more sustainable, healthier communities where we all live and work, helping to improve the lives of individuals and families. Each year, our employees donate money and volunteer hours to charities. We support them by matching their contributions, providing donations to charities they volunteer at, and covering registration fees for events. We also work with our employees to identify local volunteer opportunities, either from an individual or team perspective.

EM: Since 2012, Sun Life has focused much of its philanthropic effort on its Team Up Against Diabetes program internationally. How did you all choose to focus on diabetes? What avenues do your employees across the organization have to support the program?

MK: Diabetes has been called the epidemic of the 21st century. The disease now affects 425 million people—that's one person in 11—and those numbers are expected to double in the next 20 years. Diabetes is a serious condition that can lead to even worse health problems, but type 2 diabetes can be prevented and managed through a healthy lifestyle.

We have made a commitment to combating this rapidly growing global health concern through our Team Up Against Diabetes platform—a targeted strategy with an emphasis on diabetes awareness, prevention, care, and research—and since 2012, we have pledged over \$25 million to this effort.

Our efforts include education campaigns, online health checks, and a diabetes grant program for grassroots diabetes charities. We empower our employees to get active in the fight against diabetes, and support them through different initiatives, depending on local needs. For example:

- You may have seen our logo on the jerseys of the Toronto Raptors, this year's NBA Champions. Through our partnership with NBA Canada and the Toronto Raptors, we run our Sun Life Dunk for Diabetes Program.
- We're also the title sponsor of both the Sun Life Walk to Cure Diabetes for JDRF and the Sun Life Ride to Defeat Diabetes for JDRF, the largest diabetes fundraising events in Canada, and over 1800 of our employees and their families participate each year.
- In the US, we have an ongoing partnership with the Boston Celtics basketball team for the annual Fit to Win, a four-week program engaging children in fitness and healthy eating.
- In Asia, we've established annual Sun Life Resolution Run events to help more people across Asia live healthier lives. In 2018, 16,000 participants raised over CAD \$250,000 for the research and prevention of diabetes.

EM: Sun Life's Global Wellness Strategy for your employees is centered on three main pillars: Mental, Physical, and Financial Wellness. Can you talk a bit about what the company provides under each of those three pillars?

MK: Two years ago, we unveiled a Global Wellness Strategy to drive a unified culture of health and well-being for employees worldwide. Aligned with Sun Life's Purpose, the strategy centers on

three pillars of employee health: physical, mental, and financial wellness.

This approach helps frame our benefits programs, set priorities, and embed a wellness mindset into our everyday activities. We invest in a wide variety of programs and services to promote these three areas of wellness and help our employees identify health risks, prevent serious diseases, and lead healthier lifestyles. Some examples include:

Physical wellness:

- Through our employee benefits platforms, we annually facilitate a Wellness Challenge, when we encourage, educate, and challenge employees to make positive lifestyle changes
- Leverage digital platforms to provide personalized health assessments and content to support healthy eating, physical activity, and more
- Host blood sugar screenings for diabetes in Hong Kong, Vietnam, the Philippines, and Malaysia

Mental wellness:

- Our benefits team saw that mental health was one of the biggest areas for claims and benefits, so in 2016 we significantly increased our employees' mental health coverage
- Run workplace awareness campaigns during Canadian mental health week, focused on reducing stigma
- Offer our US employees a digital tool to build resilience and practice mindfulness and meditation (2,400 employees attended one session)
- In Asia, we organize talks to educate employees on mental health issues, meditation, and managing stress

Financial wellness:

- Deliver digital nudges to encourage employees to take advantage of the Company match in our retirement plan through Ella, our digital benefits assistant
- Deliver retirement and financial planning sessions for employees in Hong Kong, Indonesia, and Vietnam
- Conduct retirement evaluation campaigns in the US

EM: Compared to physical or even mental wellness, financial wellness may not be an area where many organizations are actively supporting their employee populations. What advice would you, as a financial services company, have for firms looking to start supporting their employees' financial wellness?

MK: We want to make it easier to be well, at work and at home. Happy, healthy employees lead to happy, healthy clients.

Our wellness programs support mental, physical, and financial needs, empowering our employees to achieve their best.

Financial security pays off mentally, physically, and financially. Personal finance problems, like handling unexpected expenses or not maintaining a budget, are a top driver of excess mental stress. This stress can lead to chronic physical illnesses like high blood pressure, obesity, and diabetes, ultimately impacting the ability to live a healthier life.

We provide our employees with training to develop good financial habits and give them the tools to set and achieve goals and check-up on progress. Apart from education, we offer pension, stock, and savings programs, together with a company matching program, designed to build our employees' savings and enhance their future financial security.

EM: Sun Life has received numerous designations, such as appearing on the 100 Most Sustainable Companies or 50 Best Corporate Citizens lists. What do you think drives this sustained commitment to being an exemplary company?

MK: Our dedication to sustainable practices is fueled by our commitment to our clients. In order for us to deliver on our Purpose, we need to cultivate an organization that is competitive, forward thinking, and sustainable for the long term. Advancing in these rankings gives us momentum to deepen our commitments, strengthen our practices, and advance our sustainability journey for the future.

Expert Biography

 **Melissa Kennedy** is Executive Vice-President, Chief Legal Officer & Public Affairs, Sun Life Financial. She is responsible for the company's worldwide legal, compliance, corporate secretarial, and public affairs functions and is the executive sponsor of sustainability at Sun Life. Through proactive legal consultation and sound compliance and governance frameworks, Melissa and her teams are responsible for guiding the organization to deliver on its Purpose to help clients achieve lifetime financial security and live healthier lives.



GUARDRAILS FOR AI?

Collaborating to Set New Principles

Interview with Maryann Besharat, **Intact Financial Corporation**

With advances in machine learning and other forms of big data and artificial intelligence, more and more corporations are using massive data lakes to better target and serve their customers. However, the standards for ethical data use are still being written, one company at a time. Intact Financial's Maryann Besharat gives us a look at her company's process and journey.

Tyler Lawrence: Can you please share a little bit with me about your role at Intact, and some of your current focus areas?

Maryann Besharat: I am vice president of legal affairs and compliance at Intact Financial. I'm responsible for the compliance and privacy aspect of the company, as well as insurance, regulatory work, product development work, the ombudsman's office, and marketing. I've spent the last 10 years here, and before that, I was in private practice. The last few years, we've really tried to mature our compliance program.

I would say integration has been one focus area. Currently we have quite an established compliance program, but we're always trying to take it to the next level while also integrating any company that we acquire, because Intact is in constant acquisition mode. That means doing that deep dive, looking at what the acquired company's compliance practices are and asking ourselves "Okay, what is best for this structure? Should we adopt something they have that we haven't implemented, or is the Intact way the better way?" We always keep an open mind and really examine what the other side is doing, and then we make a decision. That process has helped us enrich our program as well, because you get to see what other companies are doing, post-acquisition.

Another major focus area has been data and model governance, and making sure that we've got an ethical framework in place that is suitable to our traditional data modeling practices as well as new cutting edge advanced modelling techniques. And finally, we, via our acquisitions, have gone into different lines of business that are new to Intact. So, a focus has been ensuring that the legal department has the requisite skills to be able to assist in this regard.

TL: Could you give me an example of a practice that you all found at a company that you had acquired that you decided to then integrate into everything that Intact was doing?

MB: One of the things that we saw from other companies, especially if they were smaller, is that the compliance lawyer was closer with the business. Historically, the business was reticent to have compliance at the table because we're supposed to be this independent, objective third party, but I don't think they're mutually exclusive. You can still remain objective, while getting a better,

enterprise-wide, understanding of how the business works when you sit at an operational business table. It can certainly be a bit more challenging in a very large organization but so far, it has really yielded some excellent results for us.

TL: The ethics and compliance team is leading the creation and adoption of ethics in AI practices within Intact. Can you talk through the process and thinking?

MB: It became apparent to us a while ago that there were a lot of new and exciting things that were being done at the Intact data lab – Intact's team of data scientists. The projects coming out of the lab were quite novel and Compliance become more involved the design, and review process. For some of the projects, we needed to have a goal. We had to sit down and say, "Okay this is not prohibited, but how do we feel about this, and what should the company do in similar situations moving forward?"

These debates could be quite philosophical, but we agreed that with all of the investment in the data lab at Intact and considering how rapidly the lab was growing, we needed to have a framework in place. And it was important to us that the framework was one that was responsible and help set some guard rails, but also that it serve as an inspiration for the data lab: "this is what our ethos is", "this is why we're here", and "this is why we do what we do." So, we started the process of looking at some of the top data and tech companies, some of whom were more advanced in their thinking on data principles than financial institutions are.

A lot of buzz words are bouncing around in the data world. I saw a lot of the same themes popping up over and over again. So, we came up with a laundry list of the top data principles most frequently used by data and tech companies and we narrowed it down to the top five that feel right for Intact. We are commencing a discussion with our top executives at the company to debate them. We had senior leadership go through the exercise of taking each principle beyond an abstract feel-good principle to consider, "What does this mean in real life? What could it mean to the projects that we're working on?"

In some cases, truly adopting data principles will mean that some projects will die. In other cases, it will mean that some projects will be born again or revamped to comply with principles. We did this to help the executives understand these principles and the impacts of adopting them.

TL: How did you work with other

functions outside of legal? How much were they consulted on the discussions you've had so far to get the organization thinking about and supporting the policies?

MB: We had a very collaborative approach. When it comes to ethical principles, the legal and compliance department is the suitable party to hold the pen, author the principles, and do the research. We have a skillset that lends itself to conducting all the research and analysis. But to think that we should be the sole author would be a critical mistake. It's extremely important that you have other stakeholders at the table. The first wave was to consult with what in the financial world we call "the second and third lines of defense," risk management and audit.

Then, wave two was to consult with leadership at the data lab and IT, because they're the ones who are working with this issue the most. That was a very rich conversation. Audit and risk are quite aligned with legal and compliance in their approach, but when you sit with lab scientists and IT, they can help you understand certain things that you would never have thought of. Certain trade-offs that will be made if the proposed principle is adopted, and the impact on the organization.

Finally, in wave three, we went to the heads of the business units that don't necessarily have the IT tech or data analysis background, but are the recipients of much of the great work coming out of the data lab and are using it to benefit their customers. The BU's understand the impact on the customers, and this is a critical feedback loop that is needed when adopting policies with potential for broad impact.

TL: How are you thinking about success with this project? What does success look like?

MB: T. Success would be enterprise wide adoption of the framework with an effective plan to operationalize it.

TL: Do you have any advice from the experience you've had so far pulling all of these stakeholders together?

MB: Ensure that you have executive support and leadership behind this type of project - this gives you a better chance of success. First, obtain buy-in or instructions from the CEO, then let people know what you're working on, because in large organization, many projects are happening in silos. You don't want to duplicate work.

Next is a technical framework that is a bit more IT-reliant. Determine if your organization has the right infrastructure

that protects the information, that retains it, that destroys it. Do you have the right consents? Is the organization using high quality data? Some of that is legal, but much of it is quite IT-reliant.

In conclusion, get the mandate, communicate the mandate, obtain feedback and implement with the appropriate stakeholders.

TL: Getting down a little bit more into the nitty-gritty, in terms of benchmarking these principles once they're rolled out, what kind of KPIs will you be looking for, in terms of measuring success?


MB: This is an evolving area, and many papers have been written about Data Ethics. I would recommend using these papers and other publications to benchmark the principles.

With respect to KPIs, over time, organisations may be in a position to discuss certain projects, and whether or not they can link the projects' trajectory to the adoption of the ethical principles. Consider whether projects were reviewed through the lense of the principles, and whether they were adopted, amended or abandoned due to the principle review exercise.

TL: Do you have any closing thoughts, words of wisdom for us before we wrap up?

MB: It's a great exercise. It's probably one of the most fun things I've done in a long time. It's such an unsettled area and there can be so much debate around it. There are a lot of ethical conundrums

Expert Biography

 **Maryann Besharat** is Vice President, Legal Affairs & Compliance Services at Intact Financial Corporation. She is responsible for providing legal services and solutions-oriented advice relating to a broad range of legal issues including: insurance-regulatory, compliance, privacy, ombudsman, corporate litigation, internal investigations and employment matters. Maryann provides pragmatic advice regarding strategic initiatives and she oversees interactions with several regulatory bodies and is responsible for managing all aspects of Intact's privacy and whistleblower programs. Previous to her role at Intact, Maryann was in private practice at Borden Ladner Gervais LLP, where she practised Corporate Commercial Law and focused on Mergers and Acquisitions, Marketing and Advertising Law, Consumer Protection and Privacy Law.

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CANADA ROUNDTABLES

The Business Ethics Leadership Alliance (BELA) roundtables consists of selected topics ranging from ethical culture to third party risk to predictive data. These forums connect diverse organizations and offers an environment for trusted conversations on best practices. Here are some images from our previous roundtables in Canada hosted by BMO Financial and Baker McKenzie

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TONE THROUGH DIALOGUE

Cascading Leadership Tone Using a Dialogue-Based Approach

Written by Julianna Fox, WSP

Ethics and compliance professionals know that tone from the top is a quintessential component of a successful ethics and compliance program. As a first step, an organization's leaders must set a tone that is aligned with organizational values. Examples of tactics that support setting a positive tone include reflecting ethics and integrity as part of the organization's values, having a code of conduct signed by the CEO, and having leaders participate in the launch of ethics training initiatives.

However, a positive tone does not automatically trickle down throughout an organization's operations. For this reason, setting the tone is only part of the formula for ensuring that an organization carries out ethical business practices.

Ethics and compliance professionals apply different initiatives to nudge the trickle-down effect of positive leadership tone. Such initiatives can include implementing an ambassador program and crafting emails with ethics-related messages for leaders to circulate to their teams. These initiatives are carefully crafted to propagate the tone from the top through middle management and down to frontline employees.

An additional strategy for effectively circulating positive tone from the top throughout an organization is to ensure that executives and senior managers create an environment where employees feel safe talking about situations they may face in daily operations. This will increase dialogue on ethics-related issues by allowing employees to know that leadership is plugged into their operational reality and available to offer support. Practically speaking, the following five tactics can assist in creating safety zones that promote dialogue between managers and those who report to them:

Educate executives and senior managers about healthy business conduct reporting statistics: There is a common misconception that it is ideal to have zero reports received through the organization's internal reporting mechanism (usually the hotline). However, a healthy internal reporting mechanism should yield approximately 3 to 14 reports per 1000 employees annually, depending on which industry benchmark is used. At WSP we found that, by educating leaders that a higher number of reports can signify a healthy internal reporting mechanism, the fear of receiving reports with allegations of misconduct is replaced with targets to ensure enough reports are received. Including reporting statistics as a key metric for which executives and senior managers are responsible further increases their accountability towards having a healthy internal reporting mechanism within the group of employees they oversee.

Get executives and senior managers to experience the benefits of information flow: It is not just about topline numbers and statistics! It is additionally important that executives and senior managers

Executives and senior managers should share and discuss their experiences dealing with ethics-related issues.

know the types of allegations and reports that come from employees in their business line, region, or function. To do this, involving executives and senior managers in the investigative process and encouraging their participation (where appropriate) is key. Their participation can include being notified of opening or closing an investigation and deciding upon follow-up actions. An increased involvement in ethics-related issues will provide executives and senior managers with better insight into the different issues that employees may face. It will further allow them to see the benefits of knowing and managing matters up front instead of waiting for situations to unravel.

Promote dialogue among executives and senior managers: Executives and senior managers should share and discuss their experiences dealing with ethics-related issues. To do this, it is important to facilitate practical dialogues among executives and senior managers on the issues and challenges they face. For instance, during leadership meetings, WSP carves out time for a brief discussion on a recent ethics incident, and the executive or senior manager from the business line, region, or function involved in the incident leads the dialogue. This allows the organization's leaders to see the different issues that surface throughout the organization and, most importantly, to realize that no one is immune from unethical business practices.

Create an environment where employees feel safe discussing the pressures they face: Those in leadership positions must encourage their teams to talk about the pressures they face. Team meetings should become a safe zone where employees can discuss situations where they felt uncomfortable and have their managers provide support and assistance in how to navigate them.

Leaders can enable dialogue by talking about issues they themselves may have faced. Whether managers enable this type of dialogue with their employees can be measured by recording the number of "incidents" that are disclosed directly to them.

Bring the anti-retaliation policy to life: Anti-retaliation policies are nowadays a tag-along component to internal reporting mechanisms. However, anti-retaliation policies should not be a check-the-box component of an ethics and compliance program. In fact, for employees to feel safe discussing matters with senior management, raising an issue to an ethics and compliance officer, or even filing a report through the internal reporting mechanism, it is critical that they feel protected from reprisals when they are acting in good faith. Employees should therefore be aware of the organization's anti-retaliation policy, and reporters should be specifically reminded that, should they fear retaliation, they can contact the ethics and compliance office for assistance.

Tone from the top cannot be limited to words alone. By incorporating sound leadership practices that create a safe zone for employees to discuss business conduct issues they face in daily operations, tone from the top can come to life. This will not only allow employees to see their leaders as people who care about the situations they face, but also promote the disclosure of situations in a timely manner. In turn, this allows an organization to manage disclosed issues up front. Overall, by creating an environment that promotes dialogue and disclosure, the risk that an ethics issue unravels into a reputational impact is mitigated—which is, in and of itself, a key purpose of an ethics and compliance program.

Overall, by creating an environment that promotes dialogue and disclosure, the risk that an ethics issue unravels into a reputational impact is mitigated

Highlights from WSP's Code of Conduct

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COMPLIANCE WITH THE CODE All Employees have a responsibility to understand and comply with the Code. Employees must act in accordance with WSP's guiding principles and perform their duties with honesty and integrity in all areas, including those not specifically addressed by the Code.

EACH EMPLOYEE HAS AN ESSENTIAL CONTRIBUTION TO MAKE... The Corporation is in the professional services industry and each Employee must act accordingly. Each Employee is an ambassador of the Corporation's guiding principles and must play a key role in complying with the Code and its underlying policies. Furthermore, because of their leadership role, management and senior executives of the Corporation are expected to set an example by conducting themselves in an exemplary manner at all times and in all situations.

ACTING WITH HONESTY AND INTEGRITY IS... The Corporation expects that its Employees will never get involved in theft, fraud, bribery, bid rigging or any sort of breach of trust situation in the performance of their duties.

Source: <https://www.wsp.com/en-US/who-we-are/corporate-responsibility/ethics-integrity>

Expert Biography



Julianna Fox has been Chief Ethics and Compliance Officer for WSP since March 2018. She is responsible for overseeing the global compliance and ethics program and provides strategic advice on matters of business ethics. Julianna previously served as the Global Director of Compliance and Ethics from May 2015 to March 2018. Julianna began her career in legal and regulatory compliance as a litigator in the Montreal-based law firm Fasken, following which she was in-house counsel specializing in matters of regulatory compliance for a large international airline.



ETHICAL LEADERSHIP COUNTS FOR MORE WHEN OPERATING IN A CRISIS

Companies won't get a pass on ethically questionable practices because of the pandemic

Written by Emily Miner, Senior Advisor at **LRN Corporation**

As countries and businesses work to adapt and transform on the heels of COVID-19 lockdowns, corporate conduct and culture will, as much as ever, define our future – and serve as a stress test for leaders.

Numerous corporate scandals over the past few years – like SNC-Lavalin scandal in Canada, the collapse of the Vale SA dam in Brazil, and the failures of the Boeing 737 MAX in the United States – have laid bare a significant gulf between the ethical principles corporations present in their ethics and compliance (E&C) program and what really happens on the ground when it comes to company conduct and culture.

When the pandemic was first taking hold, LRN Corporation published a report, [Confronting the Root Causes of Misconduct](#), based on a global survey of 500 ethics, compliance, and legal professionals. We found mixed results when it comes to companies' cultures of accountability:

- While 75% of E&C professionals say their organization requires employees' ethical conduct to be evaluated when deciding promotions, only 56% require it be evaluated for bonus allocations.
- Only 44% seek employee feedback on ethical culture via surveys, focus groups, or diagnostics focused on trust, respect, and transparency.
- Just 46% say their leaders support effective sanctions or penalties on senior executives and high performers who are involved in misconduct. And only 37% say their organization takes ethics into account when setting sales targets or goals.

An encouraging point amidst the current environment: 83% say they believe the E&C function has the ability to raise issues directly with the c-suite or board.

According to our report, companies with strong ethical cultures tend to have commonalities: affirmative values play a part in business decisions; employees can speak out without fear of retaliation; and governance is driven by values and transparency. These pillars of ethical culture determine whether the rules will be followed, ignored, or circumvented.

We know that companies won't get a pass on ethically questionable practices because of the pandemic, and regulators know that the tone is set from the top. So, how can leaders ensure these pillars of ethical culture are sustained?

Put values and ethics at the center. As

While 75% of E&C professionals say their organization requires employees' ethical conduct to be evaluated when deciding promotions, only 56% require it be evaluated for bonus allocations.

restrictions lift and businesses reopen, many will focus on recouping as much revenue, share, or output as possible in an attempt to bounce back from the downturn. While understandable, it is a major concern for compliance professionals as this pressure foments the risk of misconduct.

Leaders must always – and especially now – be aware of explicit and implicit signals sent by their words, actions, and strategies. Reopening plans and business goals should be connected back to corporate values and ethical principles, both in how plans and goals are communicated and in the practice employees see on the ground. Our survey suggests that such an approach will pay dividends. For example, when leaders weigh ethics and compliance criteria as they pursue business and revenue opportunities, their employees are 4.3 times more likely to question decisions that seem to conflict with organizational values and 3.8 times more likely to do the “right thing,” even if it’s not in their personal best interest.

Ensure channels of communication are open – and two-way.

Fostering an environment where people are free to speak up – to report misconduct or unethical behaviour, to contribute their ideas, to share feedback, and to question why things are done – has never been more important. In fact, employees’ willingness to “speak out” is the top indicator of a culture of compliance, according to a behavioural

ethics study that examined 45 potential predictors of misconduct. Yet our survey shows that only 67% of employees speak up during team meetings if their manager is there, and only two-thirds are comfortable skipping levels to raise ethical concerns. We collected our data at the end of 2019, just before the rise of the pandemic, and it’s possible these numbers would be even lower today, given some employees’ fears of “rocking the boat” and jeopardising their employment.

Leaders, across all levels, must encourage people to speak up clearly and often, and assure that retaliation will not be tolerated. When people bring forward their concerns, leaders must demonstrate that they will “listen up.” Establishing recurring forums to solicit employee feedback outside of traditional reporting channels, such as short anonymous surveys on employees’ experience returning to work, is one method we recommend. And leaders must also set the tone themselves by communicating openly and regularly the organisation’s plans, rationale, and the good as well as the bad. Regardless of format, all communications should be accompanied by resources for how employees can seek help or to whom they can go with questions.

Demonstrate accountability.

The extent to which employees speak up depends on whether they perceive the organization to be fair and accountable. How companies deal with top performers who engage in unethical practices in this moment will send a strong signal to

As restrictions lift and businesses reopen, many will focus on recouping as much revenue, share, or output as possible in an attempt to bounce back from the downturn.

employees about what the company really values. It is critical that functions such as Compliance and HR remain resourced and able to fulfill their mandates. Our survey found that organizations with active, high-impact E&C programs were 57% more likely than other firms to hold senior executives accountable for misconduct.

Navigate and push adaptive business practices.

COVID-19 has changed the risk profile for almost every organization, such as increasing populations working remotely and disrupted or new supply chains. As a result, leaders must actively seek to understand how their risks have evolved in a dynamic and ongoing fashion, using real-time data from multiple sources, rather than relying on a snapshot in time. These insights must be quickly incorporated, and business practices adapted accordingly.

The corporate scandals that have transpired over the past several years point to “poisoned trees” as opposed to “just a few bad apples.” Accordingly, they also underline the importance of ethical leadership and culture. And with the past several months being a true test of leadership, we have seen remarkable examples of companies and individuals coming together, often at great sacrifice, to respond to the crisis. But the future holds a different type of test, as both companies’ employees and the world watch how organizations reopen, and not just what they achieve.

About LRN



LRN's mission is to inspire principled performance. Since 1994, LRN has helped over 25 million people at more than 700 companies worldwide simultaneously navigate complex legal and regulatory environments and make ethical decisions, and has also helped hundreds of companies foster ethical, responsible, and inclusive cultures. LRN's combination of practical tools, education, and strategic advice helps companies translate their values into concrete corporate practices and leadership behaviors that create sustainable competitive advantage. In partnership with LRN, companies need not choose between living principles and maximizing profits, or between enhancing reputation and growing revenue: all are a product of principled performance. As a global company, LRN works with organizations in more than 100 countries. For additional information on LRN, visit www.LRN.com



GEORGE WESTON LIMITED: STAYING TOP OF MIND

An Interview with George Weston Limited's Erin Legge

Interview by Tyler Lawrence, **Ethisphere**

As the compliance lead for George Weston Limited, the owner of Weston Foods and majority shareholder of Loblaw Companies Limited and Choice Properties REIT, Erin Legge must tackle the challenge of communicating and fostering awareness of compliance across a large and complex organization. *Ethisphere Magazine* Executive Editor Tyler Lawrence got a chance to chat with her about creating partnerships with business leaders, identifying risk areas, and ensuring compliance is seen as a value-add for the whole company.

Tyler Lawrence: Can you please provide an overview of your role and current focus area at George Weston?

Erin Legge: I've been with the Weston Group of Companies for 17 years. I'm a Chartered Professional Accountant, and I've worked in various finance, compliance, and operations roles. My current role is Vice President, Compliance for George Weston Limited. My team is responsible for ensuring that we keep compliance top of mind and ensuring that we have effective compliance programs at the company.

TL: How can compliance professionals support their business leaders, and vice versa? Do you have any advice or thoughts around how to create consistent two-way communication and working relationships?

EL: It is essential that you have regular touch points with each of the business leaders. This helps you, as a compliance professional, stay abreast of what is happening in the business, and it also helps you build credibility with the business leaders. It is important to be seen as a business partner, while recognizing the independent nature of the compliance function.

TL: How do you go about building those regular touch points? Is that something that you have systematically implemented with each business leader or does it depend on your relationship with the business?

EL: I recommend scheduling touch points throughout the year on a regular cadence that works for you and the business leader. The regular meeting cadence helps to ensure that you're staying abreast of what's going on in the business as well.

TL: How do you recommend that compliance professionals work with the business leaders to prompt or support them in ensuring compliance stays front of mind with their employees?

EL: An ongoing communications and awareness plan is essential to keep compliance top of mind with employees. For example, on an annual basis, a compliance professional could work with their business leaders to identify the key compliance topics for their business in the coming year. After that framework is established, it is important to engage the stakeholders about the cadence set out in the communications plan and the mediums used for employee engagement. I also think tailoring the message and the vehicle of communication to the various audiences within your business is fundamental to ensuring that you are providing a message that resonates with and impacts the employees. Ultimately, it is about ensuring everyone is aware of their role and responsibilities for compliance. Everyone has a role to play.

TL: Do you have your own communications professionals as part of your compliance team or are you working with the internal communications group at the company?

EL: We primarily handle those types of communications internally.

TL: Do you have any advice, lessons, or experiences around how you communicate compliance as a value-add to support the business, and how not to be seen only as a cost center or burden?

EL: Good question. Compliance should not be seen as a "policing" role. While one aspect of compliance is definitely a challenge function, another aspect is working with the business to ensure the various regulatory compliance risks are being mitigated to an acceptable level determined by the business.

"For me, embedding compliance into the day-to-day of a business is the most important thing to do, from a compliance perspective."

Each risk area has a different impact on the business, and therefore, what you do to mitigate that risk area should be based on the risks posed to the business.

And when you look at each regulatory compliance risk area, it should not be with a one-size-fits-all approach. Each risk area has a different impact on the business, and therefore, what you do to mitigate that risk area should be based on the risks posed to the business. This is where you add value and help to embed compliance into the day-to-day.

TL: In terms of the identification of those risk areas, who else are you talking to as you're making those assessments? Is that a conversation that you're having just between you and the CEO? Who's part of that conversation?

EL: It will vary based on the business, but my recommendation is to have discussions with a broad group of business leaders. It's not just one individual, because you need to have the perspective of all areas of the business. So you would be engaging the whole management team to understand what risks are posed to their business.

TL: When you put a new control or policy in place, how do you ensure it's rolled out as efficiently as possible?

EL: Here, it is important to work with your business when determining the right control or policy and its implementation. The business ultimately owns the control and thus has to be involved to ensure it fits within the business's process, otherwise the control will never operate effectively.

TL: How do you think compliance professionals and their respective business leaders should measure success in this area?

EL: Measuring the performance of compliance is very important. One way to do this is through an employee survey that has specific compliance-related questions. Embedding this within the company's existing engagement survey or employee survey helps to emphasize that

compliance isn't a standalone concept. It is part of the culture of the business.

TL: Any final thoughts that you'd like to share?


EL: For me, embedding compliance into the day-to-day of a business is the most important thing to do, from a compliance perspective. Since compliance is about how employees in the business act to comply with laws and company policies, it is a choice. Employees choose to act one way over another. The simpler we can make it to be compliant, ensuring controls are embedded into existing processes, compliance then becomes a well-used muscle. The better off the organization will be.

TL: Well, thank you so much for your time.

EL: Thank you, Tyler.

Interview from October 2019.
This article can also be found on [Ethisphere Magazine's website](#).

Expert Biography

 **Erin Legge** is Vice President, Compliance at George Weston Limited. She's been part of the Weston group of companies for more than 16 years, serving in a variety of increasingly more senior roles across its businesses. Throughout her career, whether in Finance, Operations, or Compliance, Erin has demonstrated her passion for continuous improvement by refining processes, enhancing policies and controls, streamlining operations, and managing and mitigating risk. She implemented the Internal Control Compliance program at GWL and the Business Continuity Management initiative and the Crisis Management protocol for Weston Foods, and most recently, she spearheaded the effort to secure third-party assurance that one of the company's compliance programs met ISO 19600 guidelines.

Before becoming a Chartered Professional Accountant, Erin spent eight years enjoying the slopes in Whistler, B.C., eventually moving into the finance department with Whistler Blackcomb Mountain Resorts. Erin has a Bachelor of Physical Education from McMaster University and received her Chartered Accountant designation from the Institute of Chartered Accountants of British Columbia.

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CAN A PARTY BE EXCUSED FROM CONTRACT OBLIGATIONS BY CITING THE COVID-19 PANDEMIC?

The COVID-19 pandemic has changed the way businesses operate and some companies have reported that the outbreak constitutes a force majeure event. This article provides insights and answers key questions on how these clauses are treated in Canada.

Written by Matthew J. Latella, Partner, John J. Pirie, Partner, Glenn Gibson, Associate, Baker McKenzie

Earlier this year, the World Health Organization (WHO) assessed COVID-19 as a pandemic. The rapid spread of COVID-19, combined with the impact of various government responses, have caused unprecedented disruptions to business on a global scale, including commercial travel, supply chains, and other commercial operations and relationships. As a result, some companies have asserted that the outbreak constitutes a force majeure event, or gives rise to other legal bases excusing contractual performance.

For companies that are considering issuing a force majeure notice, or those anticipating that their contractual counterparties may do so, we provide answers to key questions on how these types of clauses are treated by Canadian courts (excluding Quebec).

1. What is a force majeure clause?

The inclusion of a force majeure clause is common in Canada, particularly in long-term commercial supply contracts. Force majeure clauses define circumstances beyond the parties' control that can render contractual performance too difficult or even impossible. Where an event, or series of events, triggers a force majeure clause, the party invoking the clause may suspend, defer, or be released from its duties to perform without liability.

2. How do Canadian courts interpret force majeure provisions?

The interpretation of the effect of COVID-19 and the application any force majeure clause is a question of contractual interpretation. It will be up to a court to decide the parties' rights and obligations in the event an impacted party elects to invoke a force majeure clause.

Force majeure litigation is relatively rare and Canadian case law surrounding force majeure provisions in the context of global health concerns is limited. In general, force majeure provisions tend

to be narrowly construed in Canada to exclude circumstances that do not clearly fall within the clause, and to exclude events that are not truly beyond the party's control.

The first step a court will take will be to identify if the outbreak of COVID-19, objectively interpreted, falls into a specified force majeure event. Force majeure clauses typically provide an enumerated list of specific events outside of the contracting parties' control. Events that are frequently identified in contracts include:

- "Public health emergency"
- "Communicable disease outbreak"
- "Pandemic" or "epidemic"
- "Quarantine"
- "Government administrative action"
- "Failure of upstream suppliers"
- A catch-all such as "Other events beyond the reasonable control of the party"

If the force majeure clause, objectively interpreted, covers the COVID-19 outbreak, the second step will be to consider the following issues:

- **Notice periods.** Force majeure clauses typically contain written notice provisions. Failure by the impacted party to provide notice within this time period will void the party's force majeure rights. When proper notice is given within the relevant time frame, the force majeure rights will be deemed to have commenced retroactively from the start of the force majeure event.
- **Causation.** A force majeure clause generally requires that the impacted party establish that the event has affected its performance to the extent required by the language of the contract, which usually requires that the impacted party's performance be either prevented or hindered or delayed.
- **Mitigation.** Force majeure clauses also typically include an express duty to mitigate on the part of the impacted party, so far as possible, and remedy the situation in good faith, with due diligence or with all reasonable dispatch.

3. What are the consequences of a force majeure clause on contractual performance?

Generally, the initial effect of invoking a force majeure clause is only to delay

performance by the impacted party for the duration of the force majeure event. Often, the contract will set out a much longer period before either party has the right to terminate the contract entirely.

4. What if a contract does not contain a force majeure clause?

The contract law doctrine of frustration allows for relief from performance in circumstances outside a supplier's control where a contract does not contain a force majeure clause.

Frustration arises where an event occurs, without the fault of either party, which radically transforms the circumstances governing performance under the contract, and which significantly changes the nature of the parties' rights or obligations from what they could have reasonably contemplated at the time of contract execution. The doctrine of frustration is flexible and is not restricted to any specific formula.

However, courts have held that frustration may not be invoked simply where performance under a contract has become onerous, expensive, less remunerative or less beneficial.

5. What Can Companies do to Address Force Majeure Rights (or Risks) in the face of COVID-19?


- **Be proactive and organized.** The identification and assessment of any key agreements and your company's ability to meet its contractual obligations is essential. Review commercial contracts to assess what force majeure rights, remedies and requirements may apply if a party's operations are disrupted.
- **Obtain as much information as possible** about any force majeure claim, documenting the timing, the number of impacted people/parts/facilities, and when the event is expected to conclude, as well as any mitigation efforts or efforts to comply with contract terms or to find other means by which to comply.
- **Understand local regulatory actions and restrictions** regarding public policy and public health and monitor new regulatory actions taken in response to COVID-19 to determine if the company must act in a way that affects contractual commitments.
- **Manage communications** with counterparties, bearing in mind the

importance of global coordination of what may be local relationships to ensure a company-wide, consistent approach.

- **Consider the effect of a force majeure declaration in one commercial contract across other agreements and legal obligations.** For instance, some financial agreements include representations regarding, or covenants to provide notice of, material events that could lead to litigation or anticipated loss outside of the ordinary course of business. Such events may also constitute an event of default in related agreements.

A proper assessment of the impact of the COVID-19 outbreak requires a fact-specific analysis of a company's business and contractual relationships. Management should proactively review with their in-house and outside counsel the rights and obligations provided in the company's commercial contracts, and under applicable law.

Expert Biography

 **Matthew J. Latella** is Partner at Baker McKenzie, he has over 20 years of experience as a trial lawyer and a track record of success in high-stakes matters, both acting for plaintiffs and defendants. He was seconded to the Firm's London office, where he focused on multijurisdictional fraud litigation, including ground-breaking asset recovery and enforcement matters

John Pirie leads Baker McKenzie's Litigation and Government Enforcement Group in Canada. He is a Chambers ranked trial lawyer who acts for clients in complex business disputes, with significant experience in cross-border litigation and arbitration.

Glenn Gibson is a member of Baker McKenzie's Litigation & Government Enforcement Practice Group in Toronto. She joined the Firm in 2015 as a summer student and completed her articles of clerkship in 2017.



The 2020 Virtual Canada Ethics Summit is a live, virtual program designed to bring together and foster connections among ethics and compliance leaders across Canada. The Summit, which will take place over three consecutive Tuesday mornings in July, will feature leaders who will address how they are driving ethics, compliance and integrity across their global operations and within the confines of today's virtual working environment.

Topics that will be addressed at the Summit will include best practices in virtual training; reinforcing the value of integrity across an organization in a time of disruption; and perennial ethics and integrity challenges including ESG trends; anti-corruption best practices; data integrity, ethics and compliance communications; assessing and managing third party risks; and more.

This program will be designed to both share best practices and also provide the opportunity for companies to cultivate new connections and dialogue across the Canadian ethics and compliance community. We look forward to seeing you at this virtual event.

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