

2023 WORLD'S MOST ETHICAL COMPANIES®

135 ORGANIZATIONS, 19 COUNTRIES, 46 INDUSTRIES

FEAT. CLARIOS, FEDEX, HASBRO, ILLYCAFFÈ, & MORE

ETHISPHERE

GOOD. SMART. BUSINESS. PROFIT.®

SPRING 2023

PLUS!

A LOOK AT THE DATA
THAT PROVES **GOOD
ETHICS IS STRONG
BUSINESS**



Baker McKenzie.

Calibrate Risk Globally

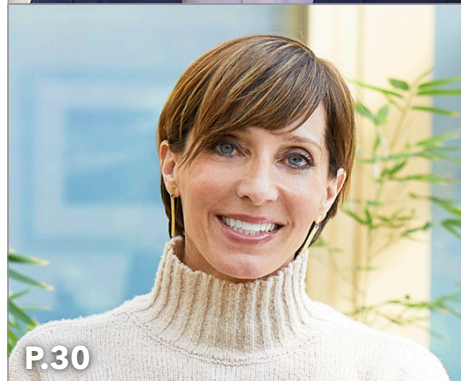
Whether dealing with high-stakes investigations, defending against government enforcement actions, or pursuing growth opportunities, success depends on calibrating risk.

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**INVESTIGATIONS,
COMPLIANCE & ETHICS**

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THE SPHERE

DATA. INSIGHTS. ACTION.

The Sphere is *the* source for ethics and compliance benchmark data and insights. It gives your team an on-demand, low-cost way to benchmark your practices against peers and the World's Most Ethical Companies®

- Citations directly to DOJ regulators to answer "why this matters" questions from shareholders
- Analysis of trends and best practices and links to improvement resources
- Benchmarks that can be changed and updated on the fly, and a platform available on-demand, 24-7

The Sphere

Custom benchmark selection and reporting

Choose your benchmark

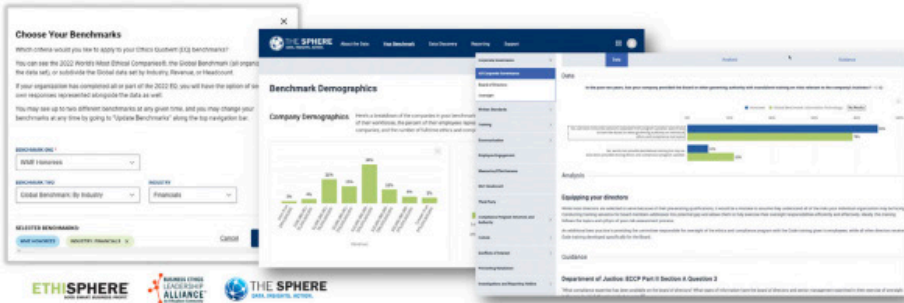
Select desired peer group or compare with World's Most Ethical Company Honorees. Benchmark can be changed at any time.

See how you stack up

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Why does this matter?

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EVP, Workflow
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VP, Marketing Operations
VP, Product
Director, Data & Services
Director, Culture Practices
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OUR MISSION STATEMENT

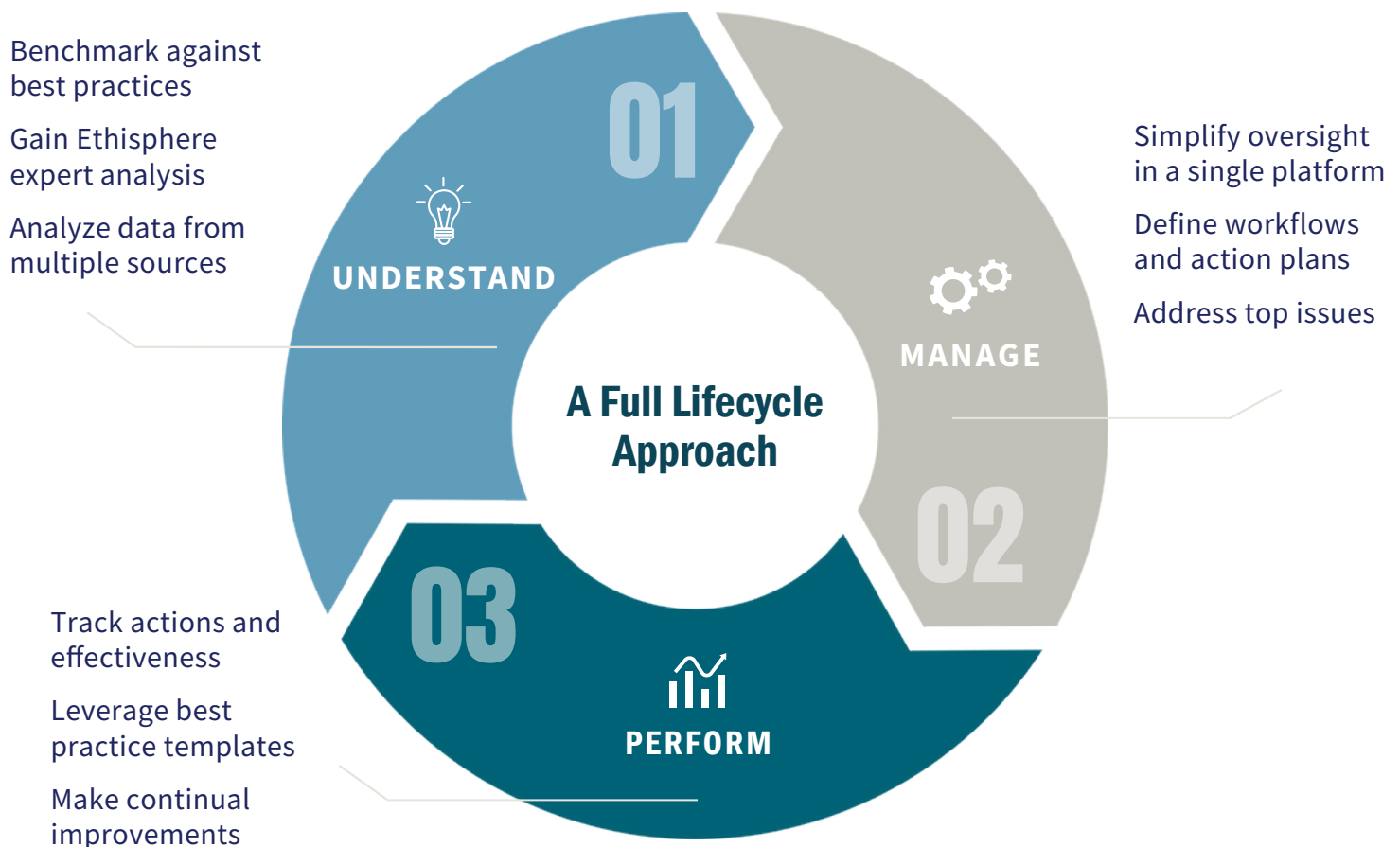
Ethisphere® is the global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust and business success. We have a deep expertise in measuring and defining core ethics standards using data-driven insights that help companies enhance 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.

**The opinions expressed in this magazine are those of the authors,
not the printer, sponsoring organizations, or Ethisphere.**

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Dispatches from the Ethics Economy

Culture is the Coin of the Realm



by Erica Salmon Byrne

In its most recent [quarterly Environmental, Social, and Governance \(ESG\) report](#), Nasdaq research shows that in earnings calls, stakeholders of all kinds—but especially investors—are increasingly expecting companies to discuss their ESG commitments and disclosures. As a result, companies are taking advantage of this to drive a robust discussion around everything that ESG entails.

When we talk about ESG, we see a lot of discussion on its Environmental and Governance aspects, but Social deserves as much focus. This is where culture comes in. Where business integrity is concerned, culture is the coin of the realm. We see it in how [World's Most Ethical Companies®](#) honorees outperform their peers, and we see it in data like what we profiled in our own

[2023 Ethical Culture Report](#), which underscores just how important a strong ethical culture is when times get tough.

Per the Nasdaq report, culture was the most commonly discussed non-financial metric among the Russell 3000, more than topics such as training and workforce. This investor interest in culture is not surprising when you consider that 70 percent of the average company's asset value is tied up in intangible assets (compared to the inverse in the 1970s). That's a mixture, of course, of company IP, confidential info, brand value and most importantly, your people.

Investors are understandably concerned with how you're safeguarding that category of assets. Are you making sure your systems are allowing the people you've hired to use the good brains you hired them for? Are you getting in front of issues that might impact your brands social license to operate?

Such questions come down to whether or not your organization has a safe and open speak-up culture that empowers people to use their voices to ask questions, get help, and raise concerns. That kind of culture doesn't just make risks easier to manage when something goes wrong. It helps to keep things from going wrong in the first place. And that builds immense value. Just consider these data points from this year's World's Most Ethical Companies honorees:

■ **Accountability.** 50% of Honorees link their Environmental, Social, and Governance (ESG) key performance indicators (KPIs) to their financial KPIs.

■ **Management.** 90% of Honorees train managers on their special responsibilities to lead outside of harassment training. 93% also equip managers with tools to keep the anti-harassment conversations going. 68% are building ethics metrics into performance evaluations even before the Department of Justice recommended it. And Honorees are 10% more likely than their peers to train managers on mental health issues.

■ **Inclusivity.** 93% of Honorees formally assess the impacts of their Diversity, Equity, and Inclusion (DEI) programs. 57% of the 2023 World's Most Ethical Companies honorees have Boards of Directors with at least 31% gender-diverse directors. And 79% of Honorees are training their key third parties on DEI.

ESG isn't a performative feel-good exercise. It's a strategic review of your organization's material non-financial risk factors. Culture is a huge part of that, and how you build, manage, and measure it are vital to your success. Just ask your investors. They'll tell you. ■

A handwritten signature in black ink, reading "Erica Salmon Byrne".

ERICA SALMON BYRNE
CEO, Ethisphere

In the News

Doing Good is Good Business

On March 13, Ethisphere announced the 2023 World's Most Ethical Companies® honorees. This is the 17th annual recognition of companies that have demonstrated a commitment to ethical business practices that positively impact employees, communities, and broader stakeholders, and contribute to sustainable and profitable long-term business performance. This year's honorees include 135 organizations representing 19 countries across 46 industries. You can view the full 2023 honoree list [here](#).

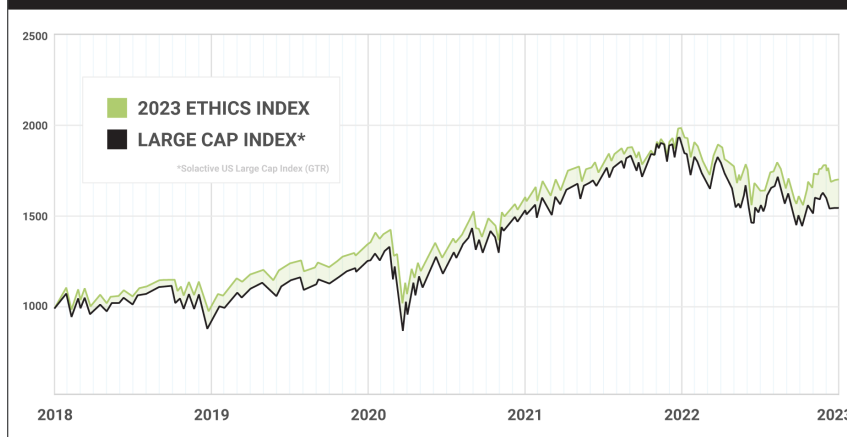
All of these companies have many things in common, such as their deep dedication to business integrity, and proven records of values-based leadership. Many of them also comprise the Ethisphere 2023 Ethics Index, the collection of publicly traded companies recognized as recipients of this year's World's Most Ethical Companies designation. This group of companies—which represent 79 percent of all of the World's Most Ethical Companies—has outperformed a comparable index of large-cap companies by [13.6 percentage points](#) from January 2018 to January 2023.

We have been tracking the connection between good ethical practices and financial performance for 17 years, and the degree to which we see ethical companies outperform their peers is what we call the **Ethics Premium™**. The Ethics Premium has remained consistent since Ethisphere began tracking the equity performance of

FIVE-YEAR ETHICS PREMIUM: 13.6%

According to Ethisphere's Ethics Index, the listed 2023 World's Most Ethical Companies honorees outperformed a comparable index of large cap companies by 13.6 percentage points from January 2018 to January 2023.

2023
WORLD'S MOST
ETHICAL
COMPANIES®
ETHISPHERE



its honoree companies. As World's Most Ethical Companies honorees historically outperform their peers and competitors financially, they demonstrate that there is a tangible return on investment for doing the right thing.

We believe that this outperformance is the result of the kinds of practices that lead a company to be on our list in the first place—namely, practices that demonstrate investment in their people, culture, and communities. These are companies that demonstrate superior ethics programs and governance practices, significant culture measurement efforts, conscious ESG impact programs and are viewed as leaders. We see in this data that those practices, over time, lead to stronger financial performance.

None of those practices take shape overnight, however. They are the result of long-term thinking, of a strategic consideration of how to best position an organization for sustainable success, and a genuine consideration for how to make the world a better place while seeking to build value within it. And, they reflect the immense amount of hard work that has been done to embody and advance business integrity.

The Ethics Premium is one of the most important pieces of data around the business of ethics and compliance. It shows the benefits that come from values-based leadership and a strategic focus on serving all stakeholders, from employees to clients to the world at large. And it shows, once again, that doing good is, indeed, good business. ■

MEANWHILE...

The **2023 Edelman Trust Barometer** is out, and its findings are that in the face of economic anxiety, disinformation, class divide and failure of leadership, business is seen as the last competent and ethical institution, which obligates CEOs to improve economic optimism and hold divisive forces accountable. Download the report [here](#).

Transparency International has released its [2022 Corruption Perceptions Index](#), and Denmark once again tops the list as the world's least corrupt country. The United States, which improved by three spots to 24th place, is between Austria and Taiwan.

Larry Fink's Annual Chairman's Letter to Investors finally dropped in March, some two months after it was expected. The [9,100-word document](#) covers recent bank failures, the crypto collapse, and war in Ukraine, but says very little of substance about ESG. Disappointing.

HOT WATER

Silicon Valley Bank's Twitter-fueled collapse has prompted reactions against [U.S. regulators](#), Senator [Kyrsten Sinema](#), and SVB's own [conflicts of interest](#). Meanwhile, does the failure of **Signature Bank** presage a recession? [Probably](#).

The **SEC** is investigating the investment arm of the **Church of Jesus Christ of Latter-day Saints** (or LDS) following a [whistleblower complaint](#) that accused the church of committing tax fraud with its secretive [\\$100 billion investment portfolio](#).

Shell's board of directors are being [personally sued](#) for failing to properly manage its climate risk in accordance with the [Paris Agreement](#). This is the first case to hold company directors personally responsible for energy transition issues.

OF INTEREST

Deadly earthquakes in Turkey and Syria in February killed a total of more than 51,000 people and flattened more than 25,000 buildings. Turkish officials have [blamed contractors](#) for not building quake-proof structures, but engineers blame a Turkish building code [amnesty program](#).

Mira Murati, the chief technology officer at **OpenAI** (which powers **ChatGPT**) feels that this [revolutionary technology should be regulated](#). "It's very important for everyone to start getting involved, given the impact these technologies are going to have," Murati tells *TIME*.

Eli Lilly and Co will [reduce the price of its insulin](#) products Humalog and Humulin by 75% effective Q4 2023. The move is expected to be [copied by other drugmakers](#) and help millions of people gain access to these life-saving products.

The Environmental Protection Agency will require utilities to remove two toxic ["forever chemicals"](#) from drinking water that have been linked numerous health effects, including cancer, liver damage, and fertility problems.

Microsoft has [eliminated its AI Ethics team](#), while investing billions into the OpenAI chatbot ChatGPT as part of an "AI arms race" between itself, Google, and Meta. ChatGPT in particular has a track record of becoming unhinged and trying to [manipulate humans](#).



At this year's SXSW conference, Ethisphere CEO **Erica Salmon Byrne** joined **Art Markman**, Professor, Department of Psychology at the University of Texas at Austin and **Laurie Santos**, Professor and Host of The Happiness Lab at the **Fast Company Grill** for a great discussion about how to create happiness at work. (Spoiler: It's all about culture.)

Business Ethics Leadership Alliance

Events & Gatherings

Over the course of 2023, the BELA events calendar will regularly showcase a wide range of webinars, roundtables, and virtual and hybrid forums covering a host of topics aimed at improving your experience as an ethics and compliance professional. Below are some of our recent events that are on-demand. Be sure to check the Ethisphere [Events](#) page to reserve your spot for upcoming events!



*BELA Executive Director **Kevin McCormack** addresses the room at the inaugural CEO Forum, held on March 14th in New York. The CEO Forum brought together thought leaders from World's Most Ethical Companies honorees to discuss the forces driving business integrity today. For a photo album of the event, turn to pp. 44-45.*

From Bystander to Upstander: New Vids to Energize Your Bystander Intervention Training



The Second City knows the importance of their ensembles is having each others' backs. That's why they've developed a new, innovative video series, "Speak Up

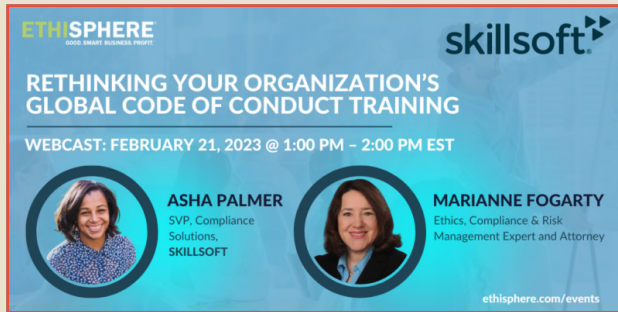
Energy Presents: Upstander MVPs of the Workplace."

In this webcast you will:

- Learn about the 4 Ds: Direct, Distract, Delegate, Delay
- Pick up expert tips from Jared Pope
- Watch our new series of Bystander Intervention shorts
- Hear from the creative team behind the series

Watch this webcast on demand from the [BELA Member Hub](#). Need access? Email bel@ethisphere.com

Rethinking Your Organization's Global Code of Conduct Training



You can write a flawless code of conduct, and you can ensure that everyone in your organization knows how to report misconduct. But, if you don't bring your code of conduct to life – through your leaders, your employees, and your culture – none of that matters. Join **Asha Palmer**, SVP Compliance, Skillsoft, and **Marianne Fogarty**, former VP, Chief

Compliance Officer at Twitter, to discuss how organizations can move beyond a well-written policy statement and actually bring their Global Code of Conduct to life.

The discussion covers how to:

- Build and deliver an effective Global Code of Conduct
- Rethink your annual Global Code of Conduct training to make an impact
- Assess the effectiveness of your Global Code of Conduct training

Watch this on-demand webcast on the [BELA Member Hub](#). Need access? Email bela@ethisphere.com

Business Ethics Leadership Alliance New Resources

BELA members receive enterprise-wide access to the [BELA Member Hub](#)—a premier repository of key resources featuring examples of work, presentations, and research provided by BELA companies, exclusive data from Ethisphere's unparalleled data set, program benchmarking, and expert reports, event sessions and other insights.

Be sure to check on the resource hub regularly to see the latest content that addresses some of the most important issues facing the ethics and compliance field today. And if you are interested in showcasing your organization and sharing a resource with the BELA Community, reach out to Ethisphere Content Manager, **Samantha Johnson** (samantha.johnson@ethisphere.com) to learn more.

Third Party Performance Evaluations: Reducing Risks & Reinforcing Relationships



Organizations should develop ways to stay current on the status of how

well their third parties are performing in terms of contract obligations, legal and regulatory requirements, ethical concerns, and overall fit for purpose. Risks abound with third parties – legal, financial, reputational, and business continuity are just a few. There are a number of opportunities to evaluate the performance of third parties and mitigate risks to your organization within the normal course of the business relationship. These opportunities exist

outside of any high-end analytics or monitoring platforms, or the expense of performing comprehensive audits.

In this resource, we discuss how organizations might approach keeping in closer connection with how their third parties are performing against business and compliance expectations.

Download this guide from the [BELA Member Hub](#). Need access? Email bela@ethisphere.com

NEW COMMUNITY RESOURCES CONTINUED...

Conducting Third-Party Due Diligence: Basic Process and Key Considerations



Due diligence is the process used to get to know your business partners. It entails gathering evidence to determine whether a partner is the right fit for you and whether they will operate ethically and in compliance with applicable laws and any policies you may require them to follow. The process should be reasonable, transparent, sustainable, and consistently followed.

In this resource, we will detail the steps that should be taken in the due diligence process as well as key considerations and risk factors.

Download this guide from the [BELA Member Hub](#). Need access? Email bela@ethisphere.com

Guidance for Drafting an Anti-Corruption Policy



Ethisphere created this guidance and model policy as an example for creating policies that are appropriate for your company. The commentary preceding the model provisions both explains why each section of the policy is important and notes some of the key considerations a company should evaluate before finalizing a policy that will reflect your company's unique needs.

Each company should create an anti-corruption policy which is appropriate to its size, organization, complexity, risk profile and business relationships, and which is compliant with local laws and laws with international reach.

Download this guide from the [BELA Member Hub](#). Need access? Email bela@ethisphere.com

Ethicast: TVA Compliance Leader Verification



In 2022, the **Tennessee Valley Authority**—a self-funding corporate

agency of the United States that provides electricity for nearly 10 million people across seven southeastern states—became the first federal agency to earn the Compliance Leader Verification recognition from Ethisphere, validating TVA's government-leading efforts to build a transparent organization with a best-in-class ethics and compliance program.

Join **David Fountain, TVA Executive Vice President and General Counsel**, and **Jan Brown, Director., Ethics and Compliance**, as they discuss how their program embodies TVA's mission as "the original ESG company."

Watch this Ethicast on the [BELA Member Hub](#). Need access? Email bela@ethisphere.com

DOJ Evaluation of Corporation Compliance Programs: June 2020 vs. March 2023 Comparison



In March 2023, the U.S. Dept. of Justice released an update to their guidance on evaluating corporate compliance programs. This document compares the 2023 update to the June 2020 update, marking the changes made and comparing the language and guidance.

For more on this, check out **The Final Word** column on p.48.

Download this report from the [BELA Member Hub](#). Need access? Email bela@ethisphere.com

Guidance on Investigator's Codes of Conduct



This guidance document shares insights from the BELA Working Group on Investigations Communications on the importance of Investigator Codes of Conduct, what one entails, sharing the resource with employees, and how to draft one.

Download this guidance document from the [BELA Member Hub](#). Need access? Email bel@ethisphere.com

BELA South Asia Virtual Roundtable – PoSH Compliance & Data Protection in 2023



The BELA South Asia Chapter community of companies took a closer look at topics and impending legislation impacting the South Asia region. This roundtable covered 2023 PoSH Compliance and answered questions such as how the new environment creates challenges around PoSH, training, communications, and lessons learned. The panel also reflected on 10 years of PoSH Compliance.

Topic two at this event spoke to India's Personal Data Protection Bill and how companies are preparing for the upcoming legislation. This session analyzed the bill's provisions and its impact on the business.

Featured Speakers:

- **Kanika Bhuni**, Head of Global Anti-Corruption Centre of Excellence, Nokia
- **Preet Kushalappa Kodira**, Senior Principal, Employee Relations, Infosys
- **Vasudha Sharma**, Legal Counsel, India, Accenture

- **Malini Gulati**, Senior Legal & Compliance Counsel, Boston Scientific
- **Arpinder Singh**, Global Markets & India Leader, Forensic & Integrity Services, EY
- **Sonal Basu**, Vice President & Global Legal Head – Commercial Transactions, Governance, and IPR, LTIMindtree
- **Dr. Vivek Mittal**, Global General Counsel, Dr. Reddy's

Download this recap from the [BELA Member Hub](#). Need access? Email bel@ethisphere.com

BELA APAC Roundtable: Compliance in Acquisition Due Diligence



Under the direction of the APAC community, this roundtable covered topics that remain top-of-mind for compliance and ethics leaders in 2023. A complete agenda from this event can be found below:

Session 1: Compliance in Acquisition Due Diligence (a high-level view):
This conversation will cover the role of compliance in acquisition due

diligence and the work required to address risks in 2023 as it relates to integrity, ABAC, anti-fraud, cyber compromise and more. This session will feature a conversation between **EY**, **Google**, and **Morrison Foerster**.

Responsible Sourcing: A brief update on responsible sources with Jon White, Managing Director, Omega Compliance.

Session 2: Culture and Leveraging Technology to Enhance Training:
This session will take a closer look at the standard elements of what is considered to be a good speak-up culture fueled by strong corporate integrity. In a time with

new expectations and behaviors, companies are pursuing best practices to help reach employees (Gen-Z) in a hybrid work environment through leveraging technology and innovative training. Featuring **Morrison Foerster**, **IBM**, and **Honeywell**.

New Resource Update:
Investigations Report featuring Christine Cuthbert, Special Counsel, **Baker McKenzie** (Hong Kong).

Download this recap from the [BELA Member Hub](#). Need access? Email bel@ethisphere.com



The 2023 World's Most Ethical Companies® Honoree List

This year, Ethisphere recognizes 135 organizations for their unwavering commitment to business integrity. These organizations have been honored by their place on this year's list of The World's Most Ethical Companies®.

This year's honorees represent a rich example of what world-class ethics and compliance programs look like. The honorees span 19 countries, drawing from almost every continent. They represent 46 industries, from agriculture to aerospace, and from insurance to industrial manufacturing.

Eight of this year's honorees are here for the first time, the culmination of a long-term commitment to elevating their

ethics and compliance programs to the highest standard. A half-dozen of this year's honorees have been recognized 17 times, every year since the inception of this award in 2007. We applaud this most uncommon dedication and consistency, even among fellow World's Most Ethical Companies honorees.

Every company on the 2023 Honor Roll has earned its place here as a result of incredibly hard work—the Ethics Quotient questionnaire at the heart of the World's Most Ethical Companies application process is an extensive affair that requires extensive documentation. It takes applicants no small amount of time and energy to complete their application, though many attest that the

application process is a valuable self-assessment experience in and of itself. It also provides for an opportunity to benchmark one's own program against other Honorees and peers in The Sphere, Ethisphere's data benchmarking service.

Congratulations to the 2023 World's Most Ethical Companies honorees! Your vision and mission, your values-based leadership, your dedication to integrity, and your commitment to operationalizing excellence all underscore what we at Ethisphere hold most dearly: the truth that strong ethics is good business. We hope to see you next year. ■

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Allianz

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4
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2
TIME



Cambia Health Solutions
HEALTH INSURANCE
United States

6
TIME



Capgemini
CONSULTING SERVICES
France

11
TIME



Capital Power
ENERGY & UTILITIES
Canada

5
TIME



CareFirst BlueCross BlueShield
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11
TIME



CBRE Group, Inc.
REAL ESTATE
United States

10
TIME



Cementos Progreso, S.A.
CONSTRUCTION & BUILDING MATERIALS
Guatemala

10
TIME



Charoen Pokphand Group Co., Ltd.
FOOD, BEVERAGE & AGRICULTURE
Thailand

3
TIME



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AUTOMOTIVE
United States

1
TIME



Cleveland Clinic
NON-PROFIT HEALTHCARE PROVIDERS
United States

13
TIME



Colgate-Palmolive Company
CONSUMER PRODUCTS
United States

13
TIME



Covenant Health
HEALTHCARE PROVIDERS
Canada

8
TIME



Cummins Inc.
AUTOMOTIVE
United States

16
TIME



CUNA Mutual Group
INSURANCE
United States

6
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Edwards
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Corporation**
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AEROSPACE & DEFENSE
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General Motors
AUTOMOTIVE
United States

4
TIME



Genpact Limited
CONSULTING SERVICES
United States

5
TIME



Grupo Bimbo
FOOD, BEVERAGE & AGRICULTURE
Mexico

7
TIME



Hasbro, Inc.
CONSUMER PRODUCTS
United States

12
TIME



HCA Healthcare
HEALTHCARE PROVIDERS
United States

13
TIME



Health Care Service Corporation
HEALTH INSURANCE
United States

8
TIME



GROUP OF COMPANIES
Hellenic Telecommunications Organization S.A.
TELECOMMUNICATIONS
Greece

3
TIME



Henry Schein, Inc.
HEALTHCARE PRODUCTS
United States

12
TIME



Hewlett Packard Enterprise
TECHNOLOGY
United States

5
TIME



HP
TECHNOLOGY
United States

4
TIME



Hubbell Incorporated
ELECTRONICS & COMPONENTS
United States

3
TIME



IBERDROLA
ENERGY & UTILITIES
Spain

10
TIME



IBM
INFORMATION TECHNOLOGY SERVICES
United States

5
TIME



illycaffè spa
FOOD, BEVERAGE & AGRICULTURE
Italy

11
TIME



Infosys Ltd.
SOFTWARE & SERVICES
India

3
TIME



9
TIME

Ingredion Incorporated
FOOD, BEVERAGE & AGRICULTURE
United States



13
TIME

Intel Corporation
SEMICONDUCTORS
United States



17
TIME

International Paper
FORESTRY, PAPER & PACKAGING
United States



16
TIME

JLL
REAL ESTATE
United States



16
TIME

JOHN DEERE
John Deere
INDUSTRIAL MANUFACTURING
United States



16
TIME

Johnson Controls
INDUSTRIAL MANUFACTURING
Ireland



5
TIME

Juniper Networks
TECHNOLOGY
United States



5
TIME

Kaiser Permanente
INTEGRATED HEALTHCARE SYSTEM
United States



17
TIME

Kao
HEALTH & BEAUTY
Japan



15
TIME

Kellogg Company
FOOD, BEVERAGE & AGRICULTURE
United States



8
TIME

Kimberly-Clark
CONSUMER PRODUCTS
United States



5
TIME

Kohl's
RETAIL
United States



14
TIME

L'ORÉAL
HEALTH & BEAUTY
France



1
TIME

Lam Research
SEMICONDUCTORS
United States



6
TIME

Leidos, Inc.
INFORMATION TECHNOLOGY SERVICES
United States

WORLD'S MOST ETHICAL COMPANIES®



Lincoln Financial Group
FINANCIAL SERVICES
United States

2
TIME



Linde
CHEMICALS
United Kingdom

5
TIME



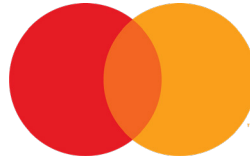
Magna International Inc.
AUTOMOTIVE
Canada

2
TIME



ManpowerGroup
ManpowerGroup Inc.
STAFFING & OUTSOURCING SERVICES
United States

14
TIME



Mastercard
PAYMENT SERVICES
United States

8
TIME



Medtronic, plc
HEALTHCARE PRODUCTS
Ireland

1
TIME



Milliken & Company
INDUSTRIAL MANUFACTURING
United States

17
TIME



Noblis, Inc.
ENGINEERING SERVICES
United States

11
TIME



Nokia
TELECOMMUNICATIONS
Finland

7
TIME



Northumbrian Water Group
ENERGY & UTILITIES
United Kingdom

12
TIME



Northwell Health
HEALTHCARE PROVIDERS
United States

8
TIME



Northwest Natural Holding Company
ENERGY & UTILITIES
United States

2
TIME



OSHKOSH
Oshkosh Corporation
INDUSTRIAL MANUFACTURING
United States

8
TIME



Owens Corning
CONSTRUCTION & BUILDING MATERIALS
United States

6
TIME



Pacific Life
INSURANCE
United States

6
TIME

WORLD'S MOST ETHICAL COMPANIES®

14
TIME



Parsons Corporation
ENGINEERING SERVICES
United States

15
TIME



Paychex, Inc.
STAFFING & OUTSOURCING SERVICES
United States

17
TIME



PepsiCo, Inc.
FOOD, BEVERAGE & AGRICULTURE
United States

2
TIME



Pfizer Inc
PHARMACEUTICALS
United States

1
TIME



Polaris Inc.
AUTOMOTIVE
United States

16
TIME



Premier, Inc.
BUSINESS SERVICES
United States

12
TIME



Principal Financial Group
FINANCIAL SERVICES
United States

9
TIME



Prudential Financial, Inc.
FINANCIAL SERVICES
United States

5
TIME



Sustainability in Action

Republic Services
ENVIRONMENTAL SERVICES
United States

15
TIME



Rockwell Automation
DIVERSIFIED MACHINERY
United States

8
TIME



Royal Caribbean Group

Royal Caribbean Group
LEISURE & RECREATION
United States

14
TIME



Salesforce
SOFTWARE & SERVICES
United States

12
TIME



Schneider Electric SE
DIVERSIFIED MACHINERY
France

9
TIME



Schnitzer Steel Industries, Inc.
METALS, MINERALS & MINING
United States

3
TIME



SERTECPET S.A.
OIL AND GAS, RENEWABLES
Ecuador

WORLD'S MOST ETHICAL COMPANIES®

SONY

Sony Group Corporation
CONGLOMERATE
Japan



Starbucks
RETAIL
United States



TE Connectivity
ELECTRONICS & COMPONENTS
Switzerland

**TEACHERS MUTUAL
BANK LIMITED**

Teachers Mutual Bank Limited
BANKS
Australia

TENNECO

Tenneco
AUTOMOTIVE
United States

teradata.

Teradata Corporation
SOFTWARE & SERVICES
United States



The Allstate Corporation
PROPERTY & CASUALTY INSURANCE
United States



The Hartford
PROPERTY & CASUALTY INSURANCE
United States



The Hershey Company
FOOD, BEVERAGE & AGRICULTURE
United States



The Lincoln Electric Company
INDUSTRIAL MANUFACTURING
United States

TIMKEN

The Timken Company
INDUSTRIAL MANUFACTURING
United States



TIAA
FINANCIAL SERVICES
United States

thrivent

Thrivent
FINANCIAL SERVICES
United States



United States Steel
United States Steel Corporation
METALS, MINERALS & MINING
United States



University Hospitals
HEALTHCARE PROVIDERS
United States



Unum Group
INSURANCE
United States



UPMC
INTEGRATED HEALTHCARE SYSTEM
United States



U.S. Bancorp
BANKS
United States



VF Corporation
APPAREL
United States



Visa Inc.
PAYMENT SERVICES
United States



Voya Financial, Inc.
FINANCIAL SERVICES
United States



Western Digital
TECHNOLOGY
United States



Western Union
FINANCIAL SERVICES
United States



Weyerhaeuser Company
FORESTRY, PAPER & PACKAGING
United States



William E. Connor & Associates Ltd.
SOURCING SERVICES
Hong Kong



WM
ENVIRONMENTAL SERVICES
United States



Workday
SOFTWARE & SERVICES
United States



Wyndham Hotels & Resorts
HOSPITALITY
United States



Xcel Energy
ENERGY & UTILITIES
United States



Zoetis Inc.
PHARMACEUTICALS
United States

Deep Dive: Clarios

A conversation with **Deborah Spanic**, Chief Ethics and Compliance Officer

Interview by Bill Coffin

Clarios is one of the world's leading providers of energy storage, manufacturing about one in every three car batteries on the road. It is also less than four years old, having recently separated from Johnson Controls. So how did it earn its first-ever World's Most Ethical Companies honor? Trust, local control, and an unwavering conviction to live by integrity.



Congratulations on being named a 2023 World's Most Ethical Companies honoree! Why did you decide to apply this year, what your application process was like, and what did you learn about your own program as you completed your application?

We always have valued the benchmarking that the World's Most Ethical Companies process provides. To me, that's one of the greatest benefits we get from it. A lot of the work that goes into submitting for the program allows us to understand what we need to improve and where ethics and compliance is evolving more broadly,

because the application process itself evolves. Every year, there are always new areas of focus that are good indicators of what we need to pay attention to.

Ours is a cross-functional team. We rely heavily on our ESG team for the sustainability portion. HR, Finance, and Procurement all contribute to getting our documentation ready and getting our application filed. When the application asks certain questions that I don't have answers for, I track down who in our organization would know. And I learn all kinds of really great things about our organization that way. So applying has been a very beneficial process for us.

Clarios separated from Johnson Controls a little over three years ago. There has been a lot of work to get our programs up and running, and a lot of things have evolved. So forcing ourselves to step back and take stock of what we're doing, and also seeing where we might have gaps, is extremely valuable, particularly when you are experiencing relatively rapid growth and change.

What are some of the most important things that your program has achieved in the last year or so? And how have they positioned you to achieve your strategic goals for the next year or so?

We were finally able to wrap up our three-year implementation plan. As a brand-new company, that means we've got to get our program in place. That has been a lot of work. It's been our primary focus for the last three years. Now that we have wrapped up the implementation of our program, I feel like we can as ourselves, where we can work on fine tuning. Where can we work on addressing gaps? And where do we have areas for improvement?

We are in a continual improvement mindset. We are always looking for opportunities to better operationalize our program, and to better embed our program within the business to streamline processes. We're going through a lot of that now, and that's really our focus for the next three-year cycle.

How would you characterize the support that your ethics and compliance program receives from the very top of your organization?

Integrity is in our DNA. We just launched our new set of values, and the first value is principles, and it's principles for a reason. In fact, when employees were surveyed to establish these new values, we ran focus groups at all levels of the organization. We asked employees, what do they feel? What are the words they would use to describe Clarios? And variations on the words integrity and principled were by far the most common answer people gave. And that is because our leadership, from the very top all the way down to every

manager on the line, believes that it is important for our company to believe in that value and to live that value.

So, I'm extremely lucky. We have a very engaged and very supportive leadership team when it comes to our program. I know many of my colleagues in the ethics and compliance space have to push the rock uphill a little bit in terms of getting leadership support in terms of getting that ownership of the business. I don't have that issue with our program at all.

You've mentioned that "integrity is in your DNA." How does your ethics and compliance program align with Clarios's business objectives and further empower it to achieve those objectives?

It's critical. Everyone in the ethics and compliance field has seen time and time again that there are no shortcuts to integrity. And we've also seen that by focusing on building our ethical culture, we've actually improved our business results. There is no doubt in my mind or in the mind of our leadership team that our approach to ethics and integrity is a competitive advantage. We do regular surveys of our customers, and the number one reason why our customers, year over year over year, say they want to do business with us is because of our reputation and our commitment to sustainability. This is an absolutely critical part of what we do.

I even have a concrete example. Shortly after we separated from Johnson Controls, we had a number of helpline issues come in from one of our regions. It

was almost like they were waiting for the separation, and then they filed a bunch of issues. That spawned something like twelve to fifteen investigations that took us about a year to address at the business level. They ended up letting go of a fairly high number of individuals and leadership roles in that region and embarked on a cultural turnaround. They had a very poor culture with a lot of fear of speaking up, a lot of fear of retaliation. But the leadership team there embarked on a cultural turnaround, and three years later, there are dramatic performance improvements that they directly attribute to the change in their culture. Our investigative leader who did the investigations three years ago recently went back down there last summer, and the one thing he told me was the atmosphere was 180 degrees different from what it had been before.

When you talk to our head of the region, he says he sees the difference when he walks the plant floor. Employees will come up to him and talk to him. They feel open, they feel comfortable, they recognize him, they will talk to him, they will raise issues. That has made a significant difference in their day-to-day results. They are performing tremendously, and they attribute that to improving their culture.

What's something special about your program that people outside of Clarios are not likely to know about?

It's not a very sexy story, but it's an amazing one. It's that the ownership of ethics and compliance runs through every corner of our business. We have a very lean, full time dedicated



CLARIOS



The EMEA Compliance Team gathers in the studio as part of its Compliance Day event.

compliance team, but we are supported by a very broad, regional, and functional part time network of compliance leaders in our organization.

A lot of companies call them compliance ambassadors or compliance champions or compliance liaisons. I would say our folks go way beyond that role. The ones who do this work in addition to their day job,

We have employees throughout the company who volunteer part of their time to take a leadership role for compliance in their region. This is viewed as a high profile, in-demand, and valued role. It's one that will typically be reserved for individuals that the business views as high-potential employees who they want to further develop as leaders, and who can truly own and drive compliance in their region.

This requires me and my team to relinquish some measure of control. The way we approach it is we provide them with oversight, guidance, and governance. But they're allowed to make the program their own. And they do! They are incredibly engaged and incredibly creative. There was a team in Europe that decided to do a compliance day in our region, so they planned it, implemented it, and did it completely on their own. I found out about it like after

they were almost done with the planning. They made a little logo, they did videos... all kinds of great stuff. It was amazing. The way took it and they owned it allows our business to truly incorporate ethics and compliance into what they do. It lets them view it as critical to their business and to own it in their region. To me, that's foundational to our success, and it's really the engine that powers our program. I am so inspired by their creativity, their engagement, and their commitment to the program.

What is the name of this particular role?

There are a variety of roles, but collectively we refer to them as the Regional Compliance team. There are Geographic Program Leaders, or GPLs, that are sort of the mini-compliance officer for the region. They head up the program in their region. And then in our five main risk areas that we focus on, we have regional leaders for each one of those. So every region has six individuals who have a direct role to play in ethics and compliance.

Then those five risk areas also have a global leader. The folks in the region meet regionally, but they also meet with their workstreams vertically with their colleagues in other regions of the world who are focused on the

same area that they are. There's a matrix of communication and regular engagement. It's a great way for us not only to support compliance within those regions, but to also leverage the best practices and the creativity that that they demonstrate.

Remember that example of our team in Europe doing the Compliance Day? That was so well received and got such great feedback that it inspired other regions to do it. Now, Asia is doing it, and so is the U.S. They've all seen what Europe did, and they're all putting their own spin on it. Latin America did it as a week. EMEA did it in a single day. They all kind of developed it based on how they manage it and implement it based on what works in their region, because every region is different.

You mentioned that these people are not paid for this particular kind of work, but they are often picked for it based their past performance as high value employees. Does the work they do for this factor into their annual review?

Not formally, but we encourage all of our employees to add that into their performance plans for every year. Employees get to develop what their goals are for the year. We encourage those who participate in the program to include that in their performance

plan, and that they get evaluated on it. The interesting thing is it's not overly structured. It's not like there's a two-year term and then you have to rotate out. It's a bit more organic than that. What we find is that people rotate out of those roles because they're getting promoted. And that's a great thing, because now we're seating those individuals in leadership roles who have a deeper understanding of ethics and compliance. The more of them who get out there, the deeper ethics and compliance gets into the modality and the culture of our organization on a very intrinsic level.

This has been so effective for us that now other functions within the organization are emulating it. ESG has emulated our structure. IT Security has emulated our structure. They want to do what ethics is doing, and they're all building these networks of employees within the organization who are helping to support their particular function or area of focus.

Why is earning the World's Most Ethical Companies distinction so important to Clarios?

Getting the World's Most Ethical Companies recognition this year is just a really important external recognition of what we already know about our company: that our values drive our results and that integrity is the first value we have. It goes through everything that we do. It's a direct result of the commitment of all of our employees across the globe, and all of our leaders who support this by talking about it with their employees every quarter.

I highly recommend that companies go through the World's Most Ethical Companies application process. Even if you don't achieve the honor, going through that benchmarking and seeing where your program stacks up against those that are considered to be at the top of their game is a fantastic way to gauge the things that you need to focus on, or that you might want to consider for your program.

For us it has spurred really substantive discussions with leadership on areas that we could improve on, and that we

could better align with best practices. So, it's a very valuable process.

This is a comprehensive evaluation, it's not just about the ethics and compliance program. Recognizing that and understanding that we need to engage with our other stakeholders in the business, early on in the process, has also been incredibly valuable to us. And I would definitely recommend that anyone who's applying does that, because it provides visibility into parts of the organization that we may not engage with regularly. When we connect with them, we get an understanding of what we're doing more holistically than just within our own sort of functional silos.

The other advice I would offer is to make sure to allow yourself enough time to ensure that you're able to provide the most fulsome answers possible. When we first applied it was like a scramble, and in retrospect, we realized we could have done it a lot better. You learn as you go that there's a cadence to this. Don't wait till the last minute, because there's all the documentation that is required. Make sure that you're giving yourself enough time to provide the best answers that are most representative of what your company does, which may not be what you immediately think it is. That's what I've learned.

I usually like to give us about two to two and a half months. As soon as the application window opens, I pull the team together and send the Ethics Quotient to everybody. I divvy it up right to the different teams and go, "Okay, this is your section. This is your section," and give them a certain amount of time to get it done. That gives me maybe three weeks on the back end to pull everything together, review, make sure we're not missing anything. It also gives me time to do some interviews with key folks like our chief sustainability officer, or a VP of Communications, on some of the things that they're doing in their respective spaces, and then pull together all of that documentation.

I will say, the process this year was significantly easier than it has been in previous years, with it being online, and with the documentation being in line with

the questions. That was very valuable and made things a lot easier. We were done about a week early because of that.

Why are you personally excited that Clarios has earned the World's Most Ethical Companies honor?

We're only four years old. Getting that external recognition is incredibly validating, and it not only helps validate what we've been saying internally to leadership and our Board of Directors, but it also gets our employees excited about it. Even beyond the corporate headquarters. Folks in the regions, I had to tell them to embargo the news that we had gotten the honor because they were so excited to share it with their own leadership team and employees.

We're not a company that you necessarily recognize by our branding because we're under the hood of your car, and often times, our products are privately labeled, especially in the U.S. So you don't even know it. But our employees are really proud to work here, and I think this honor gives people a sense that Clarios really delivers on the values, and that we are really striving to be the kind of company for our employees, customers, and stakeholders, that we aspire to be.

I am so excited and proud of what our what our teams have accomplished. Now, we've got to make sure we get it every year from this point on. The bar is raised, so we have to make sure that we keep continuing to improve the program, and not take our foot off the gas. ■

ABOUT THE EXPERT

Deborah Spanic is the Chief Ethics and Compliance Officer for Clarios, the world's largest automotive battery manufacturer. She is an expert in compliance program development and management, ethical leadership, process excellence and innovation, and regulatory and legal compliance.

Deep Dive: FedEx

A conversation with **Justin Ross**, Chief Compliance Officer

Interview by Bill Coffin

In the time it takes to read this interview, a **FedEx** delivery vehicle will probably drive past your home or office at least once. Such is the omnipresence of one of the world's foremost transportation, e-commerce, and business services. For Justin Ross, overseeing a compliance and ethics program that brings it all together takes vision, confidence, culture, and innovation.



JUSTIN ROSS

Why did FedEx apply this year?

FedEx has been around since 1973. But compared to the rest of the company, our Compliance team is still relatively young. Before 2015, our compliance function was very decentralized and resided in our various operating companies. From a legacy perspective, these companies operated independently, and each of them did their own thing on compliance. The operating companies did a good job on compliance and had their own initiatives and strategies, but there was no corporate oversight of compliance, which resulted in a lack of

consistency, not a lot of transparency among the compliance teams, and some duplication of resources.

In 2015, we created a compliance team at the corporate level to oversee compliance for the enterprise and began centralizing a lot of our compliance programs. Since that time, the compliance teams have worked really hard to create a truly enterprise compliance program that is consistent across the board and contains many leading practices. We've also done some really neat things around risk assessments, automation, and data analytics that got us thinking we were at the maturity level where we could

be considered for this honor. Two, three, five years ago, I wasn't sure we were ready for this. But our program has evolved to the point to where I thought we would be very competitive.

A lot of large organizations have operations that recognize the local realities of their field offices, but at some point, there needs to be a single source of truth. That's a lot easier said than done.

No doubt. A lot of times field offices or independent business units want to do their own thing or don't want the corporate office to tell them what to do on compliance. But they're not going to do something just because you tell them to. The key is to show that there is value to the organization and to any independent business units of a consistent, enterprise compliance program with consistent processes, controls, training, and tools. By sharing best practices, emerging risks, and compliance resources and tools, the entire organization can be more efficient and ultimately more compliant. We've gone through this journey at FedEx and the compliance teams have succeeded in main part because we have shown value to the business.

What was the World's Most Ethical Companies applications process like for you?

It is an arduous process. To anyone that wants to go into this, be prepared. It's not a weekend. You're looking at every aspect of your program to see how it shapes up against best practices, which Ethisphere really has a good handle on. To me, going through this process is the best self-evaluation of your program that you can do because you are looking at all the best practices, and that really helps you evaluate where are your gaps, where are you good, and where you need to do more.

What I like about it is that it's not static. Each year, Ethisphere adds something to it. Look, best practices aren't static. Regulators expect different things. You know fraudsters are doing new and different things to companies. So this gives us an



opportunity to look at an evolving data set of best practices and react accordingly by updating our program.

FedEx is extraordinarily present in our lives—there are FedEx trucks passing outside of my window right now, in fact. How does the highly visible nature of your work impact how you view and operationalize ethics and integrity?

Because we're such an integral part of everyone's supply chain, it's extremely important, I think, for us to set an example on ethics and integrity. First of all, our customers expect it. Our big, global customers come to us all the time and ask us to tell them about our ethics and compliance program. They want to know about the stability of our supply chain and our due diligence practices. And we have to show our big customers our ethics and compliance program, because it's important to them. We're part of their supply chain. That's why it's important we act as an example, such as being honored by World's Most Ethical Companies.

We're also setting an example for the people downstream in our own supply chain, as well for our vendors and business partners, on how important this is to us. We have over 550,000 team members and operate in over 220 countries around the globe, so our potential span of influence is huge. It's why ethics and compliance is so important to us and why we stress the importance of ethics and compliance to our business partners. By doing this, we can hopefully make a positive impact on the communities where we operate as well.

How would you say that your ethics compliance program aligns with or further empowers your organization's

strategic vision, especially from a supply chain standpoint?

I think it's really about trust here. Our overarching company strategy is Deliver Today and Innovate for Tomorrow. Deliver Today focuses on the immediate work at hand, which is to provide superior service to our customers. A big part of that customer relationship is centered around trust. Our ethics and compliance program and the FedEx culture help us to build and maintain that level of trust with our customers. And that is absolutely critical to our business's success.

The second part of our strategy is Innovate for Tomorrow. And our compliance team has really leaned into this strategy through our work around automation and analytics. With automation we are moving our processes away from manual processes and into automation. This will help us be more efficient and allow us to better allocate our people resources on higher risk issues. Our company leadership has also challenged all of us at FedEx to Innovate Digitally by finding ways to use data to be more efficient and better serve our customers, and the compliance teams are trying to further this organizational strategy through our work in automation and analytics. We are continuing to find ways to use data analytics to improve our compliance program, specifically around prevention and detection of wrongful conduct and identifying and managing compliance risk. We've made some great strides here with our hotline data and accounts payable transactions.

What projects in the last year have really helped you move the needle at FedEx?



PHOTO BY JANAM PARIKH ON PEXEL

One project that I think we've really improved and helped embed compliance within the business is our compliance risk assessment. When we first began doing our compliance risk assessments, they were very ad hoc, very manual, very surface level. We've really changed that to where we're doing compliance risk assessments in each business unit for the risks that we own, such as anti-corruption, antitrust, fraud,

interviews, we've really helped improve the visibility of compliance and ethics in those business units and embed compliance within them. We've helped stress the importance of compliance and ethics to those business unit leaders.

Those risk assessments have helped us embed compliance within the business because we're there learning about risks within that part of the business,

And we have gotten such great feedback from the business on these risk assessments, too. Every time, the business comes back to us and says, "Thanks for coming in here. We've got a better view on ethics and plans. We know where to go now, where we didn't necessarily before."

What is FedEx's culture of ethics like? And how has your team's work helped to advance that culture across the organization?

"Every time, the business comes back to us and says, 'Thanks for coming in here. We've got a better view on ethics and plans. We know where to go now, where we didn't necessarily before.'"

My job is way easier because of FedEx's great ethical culture that was at FedEx long before I got here. I've worked all over the world for FedEx. Everywhere I go, there is a sense of doing the right thing. And that makes the compliance teams' jobs so much easier.

And it starts at the top, with our senior leadership. In every communication that goes out from senior leadership, safety and integrity are always stressed. And senior leadership is always willing and able to support the compliance teams on our compliance initiatives, whether it is making a video for compliance week, communicating the importance of a compliance initiative, or providing input about our various compliance programs.

export controls, data privacy, gifts and entertainment, things like that. We do that on a rolling basis, working closely with the compliance teams in that business unit. We do extensive business partner interviews with those business units where we're trying to identify the risks that they're seeing. Through these

but we're also teaching them about compliance and ethics, and how to manage those risks. So that's something that the team's been really proud of. We touched every piece of the business over the last two years doing that.

I'll give you one example that really highlights the FedEx culture, specifically from our senior leadership. We have an annual compliance champion selection process where employees are asked to nominate a compliance champion. After the nominations come up, we have a steering committee that will select the champions. The first year we did this, I reported the winners and why they were chosen at the quarterly Audit Committee meeting. After the meeting, Our Audit Committee Chair asked me for the names and emails of those compliance champions. He sent them a personalized note, and you can't over-emphasize how much that means to those compliance champions. That really makes an impact. To me, that's tone at the top. And it's walking the walk.

But even with our great existing culture at FedEx, we have to continue to work on it to make sure we maintain that great culture. And the compliance teams play a big role in that, mainly around making sure employees understand the importance of an ethical culture, the importance of speaking up, and making sure that wrongful conduct is appropriately and consistently addressed across the company. We do this through a variety of measures, including embedding culture ambassadors in our various business functions, publishing compliance newsletters, publicizing lessons learned taken from real scenarios within FedEx, educating employees about the consequences of cultures gone bad, and recognizing compliance champions. We also periodically gauge our culture and the effectiveness of our compliance programs through culture surveys and follow up with real action plans from those surveys.

It's great to see how your leadership gets directly involved, whether it's when you reach out for support, or when they participate in communicating your team's objectives. Not all leaders do that, and there is real power when the tops of the organization take time out of their day to get on camera and lend their voice to your program.

When we see that, it motivates us. So. If you're a compliance team and you're not getting any support from senior leaders, it is absolutely demoralizing. But when you see senior leaders really

want to do business with ethical companies. And communities want to have ethical companies in their community. So this honor is good for all of those stakeholders. When

"When we get the World's Most Ethical Companies honor, our customers see that. And that makes them comfortable to do business with FedEx employees."

showing an interest in compliance, and answering the call whenever you ask, it really motivates and empowers our team, as well as the entire company. That's why Tone at the Top is so important to an ethical culture and effective compliance program.

Why is earning the World's Most Ethical Companies honor important to your organization?

Our compliance teams work very hard. And to see us recognized for something like this is absolutely key to making the teams feel appreciated, motivated, and like they're making an impact. It's been great for my team and to our other compliance teams within the business units.

The other thing is, it is really good for business. I'm telling you, our customers ask us about our compliance program all the time. They want us to tell them about our due diligence. How we manage risk. And these aren't one-off, easy conversations. These are in-depth presentations with our big customers around what we're doing on ethics and compliance. When we get the World's Most Ethical Companies honor, our customers see that. And that makes them comfortable to do business with FedEx.

Employees want to work with ethical companies. Investors want to invest in ethical companies. Customers

World's Most Ethical Companies was announced this year, that morning, I got so many calls of congratulations.

This award is not a singular award. It's not about one person. And it's really not even about the Compliance team. It's about the organization. There is no way FedEx could have achieved this honor without the support of all of our team members across the organization, from the top to bottom. It's something that we all should be proud of, not just the compliance teams. Every single person that works at FedEx that had a say and had input is a reason why we got this. I think that's important to say because this interview may be with me, the Chief Compliance Officer, but our front-line employees, drivers, operational workers, back office employees, they all have as much to do with this as I do, or my team does. ■

ABOUT THE EXPERT

Justin Ross is Chief Compliance Officer for FedEx Corporation, responsible for developing and overseeing enterprise-wide compliance programs for FedEx operating companies and international regions.

Deep Dive: Hasbro

An interview with **Kathrin Belliveau**, EVP & Chief Purpose Officer

Interview by Bill Coffin

For twelve years running, **Hasbro**, one of the world's most prominent makers of toys and games, has earned World's Most Ethical Companies honors. For its Chief Purpose Officer **Kathrin Belliveau**, earning that honor is all about the joy of play, the power of purpose and why it's okay that everybody cheats at Monopoly.



KATHRIN BELLIVEAU

Congratulations on being named to the 2023 World's Most Ethical Companies. This honor is the result of a lot of long-term work and organizational commitment to business integrity. With that in mind, why does Hasbro apply for this honor year after year, and what are your experiences like with the applications process?

As an organization, we are committed to benchmarking against best in class companies with respect to compliance, ethics and ESG. For us, it is a deep honor is not only going through the process and being named, but also learning through the process.

Every year, methodology changes in the application, highlighting new and emerging areas of ethics or compliance. As an organization across various aspects of ethics and integrity—whether it's ethical sourcing, human rights, or our internal compliance and ethics program – for us, it's a really incredible opportunity to benchmark against world class expectations and standards. So, the learning and measuring process is one of the key drivers for participation in this process.

A lot of companies say that the application process is a very valuable experience, because of the

benchmarking aspect of it, like you mentioned. Is the self-assessment aspect of the applications process something you would be interested in doing, even if there wasn't a potential honor attached to it?

Yes, absolutely. In fact, we do that across our entire Purpose organization and ESG practice, where we continuously score ourselves as part of our continuous improvement process. Whether that's in the areas of human rights and ethical sourcing, or social impact, climate, and sustainability, constantly looking at external stakeholder expectations, best in class standards, and comparing ourselves. We do that quite frequently, and I would say that World's Most Ethical Companies is probably the only benchmark exercise where there is potential recognition at the end.

Every World's Most Ethical Companies honoree has a unique set of challenges, opportunities, market realities, and avenues towards achieving excellence. Can you speak to Hasbro's unique perspective on ethics, compliance, and integrity, and how it informs your larger business strategy?

One of the challenges we have, like many Honorees, we are a global organization. And as a global organization, our ethics and responsibility program is our North Star. It's something that provides an equalizer across every office we have around the world, across more than 50 countries. For us, it's something that creates a norm for our values and the expectations that we have for our employees and our workforce, and what really binds us together.

One of the ways that we navigate our global business is by having a well understood set of compliance and ethics standards, together with our values, to really drive organizational consistency and be very clear with emphasis re: Hasbro expectations for operating globally around the world. Because we know there are many different cultural norms, many different regulations, many different global laws, that we are subject to. But we also feel very strongly that a successful organization

needs to have its own core set of behaviors and ethical requirements.

Our core values inform every opportunity that we have, whether it's commercial, marketing, or manufacturing.

As one of the world's most recognized makers of toys and games, Hasbro is a very public-facing enterprise. Everyone who reads this article either has played with their own Hasbro product at some point or bought one for friends and family. It's one of those omnipresent enterprises. Could you talk about how that heightened visibility factors into how you execute your ethics, compliance, and integrity work?

As a company that has the privilege of being in households around the world, and serving children and young adults, generally, there's an expectation around what we are producing, and what's going to be enjoyed by families and fans. There's an expectation that the company producing beloved toys and games is doing so in a manner that respects human rights, operates ethically with an eye towards sustainability, and

promotes safety across the board. Safety is paramount, particularly with toys and games intended for young children.

With privilege comes responsibility, and we aspire for the Hasbro logo, to serve as a quality mark.

One of my favorite quotes from the children's educator, Fred Rogers, was that "Play is often talked about as if it were a relief from serious learning. But for children, play is serious learning. Play is really the work of childhood."

On the flipside of that, I am, myself, a longtime player of Dungeons & Dragons, and one of the things I have noticed in recent years is that the cultural direction of the game has made it more accessible to more players than ever before. The level of representation we now see in the game, especially for marginalized people, is such that I have seen the game directly benefit the mental and emotional wellness of its players in a deep and meaningful fashion.





PHOTO BY NEBULAR GROUP ON UNSPLASH

I raise these things because Hasbro has a terrific purpose statement, which is, "Our purpose is to create joy and community for all people around the world. One game, one toy, one story at a time." That is the first purpose statement I've ever seen that has the word joy in it. And when you look at your core values, one of them is simply, PLAY.

Given that these things are not just idle amusement, and that in some places they meaningfully improve people's lives, as the Purpose Officer, how does the way in which you help to create safe products and a profitable company translate into making lives better in a way that maybe people don't often think of?

Thank you so much. That's such an important question. And it's actually something that is core to everything we do.

We believe, each and every one of us—and myself personally, and in my capacity as Chief Purpose Officer—that play is a fundamental human need. It is a human right, and at the end of the day, it is not just for amusement, although there's a lot of benefit to amusement and laughter. But it is also absolutely critical to our emotional, mental, and physical well-being.

Across our product lines, whether it's Magic: the Gathering tournaments,

Dungeons & Dragons-style storytelling, active play outside with NERF, or even our preschool board games that teach counting or winning and losing... we impart important life lessons.

We even saw this during the height of COVID, when manufacturing was shut down. We source in the U.S., including in Massachusetts, Texas, and other locations. And when manufacturing was shut down, we talked to the Governor of Massachusetts about how our products were being used not only for mental health and well-being, but also by teachers in online teaching across the country. The Governor agreed with us, and so our products ended up being deemed "essential products", and manufacturing was allowed to be reopened. That was so remarkable, and I am so proud of that, because that was fundamentally about the understanding and belief that games and toys actually serve a human need for play and for education. I think about social impact in everything we do to bring joy to children, especially in parts of the world like Ukraine or children that have been impacted by devastating natural disasters. Joy is a fundamental human right.

When my girls were little, and we would go to see the pediatrician, the pediatrician would say, "Are they eating? Are they sleeping?" And I would always think to myself, "Where's the question about whether they are

playing?" Because to me, play is part of the well-being of a child, and how healthy human beings are formed.

So, thank you for asking that question. I really appreciate that because for us, that's what it's all about. When we refreshed our purpose statement about a year ago, we considered the communities that are created through play, whether they are online or in-person, or it's just you with your family. That is a community memory and experience that ultimately leads to well-being. Even if you're fighting and cheating over Monopoly, at the end of the day, you're still building an experience and wonderful memories. And I think we need more of that in the world today, quite frankly.

I wholeheartedly agree. I will tell you that as the head of an ethics publication, I know of no one who has played Monopoly and has not, at some point, seen somebody cheat at the game or cheated themselves. One of the most powerful lessons in institutional honesty that you're ever going to get is by going around that Monopoly board.

It's funny... as a tongue-in-cheek gesture, we released a special edition Cheaters Monopoly a few years ago, and it was just a funny nod to the fact that many in this game cheat. We were trying to poke a little fun at the fact that it's a very long game, and people get very competitive about it. My husband is a real estate lawyer and of course loves Monopoly. He is very, very good at it and he will not give in until the very bitter end. Sometimes we need to cheat just to get it over with!

What is your favorite token on when you're playing Monopoly?

Oh, that's a great question. I love all of them, but my favorite is the thimble because my grandmother was a seamstress.

Mine is the top hat. I just love how it rocks on the board. That, and it prevented arguing with my brothers over the race car.

It's a classic. It's Mr. Monopoly's hat, you know.

What is one of the most inspiring things about your ethics and compliance program that people outside of Hasbro are not likely to know about?

One of the things that's very interesting about toy and other consumer product supply chains is that the workers on the factory floor are primarily women. In some countries, it's a matter of women workers simply being less skilled. In some, it's cultural and societal. Our hope is that one day they become the factory managers, and they're the ones who are the leaders on the line. But again, there's so many cultural and structural obstacles in those countries. In the U.S., it's a little bit different because here, we primarily manufacture games, which is mainly paper and cardboard. That's very easy to automate. But if you go to a toy factory, that's very much a lot of human energy.

As a company, we are dedicated to DEI. As a female leader myself, I have a lot of women who are senior leaders on my team. And at the end of the day, we're working across our entire workforce to ensure that women set goals for themselves, and are represented in leadership. And we do this for other lesser-represented groups, as well.

Looking at our toy supply chain, the workers on the factory floor are primarily women across the globe, and the managers are men. We don't own any factories, but we have very rigorous programs across the world, and we're on the factory floors when product is being produced. We are very engaged with the vendors to make sure they're upholding our business ethics principles, so we decided that we would implement a program to help elevate the lives of women on the factory floor.

We have a number of programs in India and China, and we're introducing them in Vietnam and around the world, where we provide programs that the factory owners support because we have demonstrated it's a win-win for everyone. Their workers get to go to classes, and we offer everything from

health and hygiene to financial literacy. What we've seen over the last several years, where we have been measuring the impact of these programs, is that the factories have become places where the workers actually want to work. Even though women working there are becoming upskilled and in some cases leaving, management are not upset because they're actually building a more engaged, happy workforce and desirable workplace.

So that's one of the programs where we're scratching the surface of what we can accomplish. But already what we're seeing from the results is inspiring. We know we're starting to make a difference, and everyone around the company is so moved by it because it's something you can see.

Hasbro has earned World's Most Ethical Companies honors on a long-running basis. How have you maintained such a high level of consistent excellence, even as business, regulatory, and economic conditions change year after year?

It goes back to our North Star that every employee around the world understands how we operate. It's the lens through which we look at every opportunity. We don't take being honored lightly, and we certainly don't expect it on an annual basis. We've been honored to be recognized 12 times, because conditions change, expectations change, and what we try to do as a company is continuously improve and evolve.

New team members representing different generations are entering the workforce, and they have different expectations, so as a company we try to stay true to our North Star. But we're also flexible, and we're really committed to continuous improvement. I think that's probably the one thing that we really do: commit to continuous improvement. We also benchmark extensively. We're continuously looking not just within our industry, but to learn from the successes of our peers, especially when it comes to ethics and compliance. We never stay still. We're continuously evolving, assessing, reassessing, and self-critiquing to make

sure that our North Stars is constant. But how we achieve that North Star is continuously evolving, too.

Would you recommend that other companies seek World's Most Ethical Companies acknowledgement? And if so, what advice would you give them?

I think that for any company that is seriously committed to ethics, operating responsibly, and sustainability for their stakeholders, the process and the methodology of World's Most Ethical Companies is best in class. I would highly recommend it to companies that are looking to start an ethics and compliance program and for companies that have been at it for a long time and want to see how they can improve.

I think it's an incredibly valuable exercise. And if you're able to attain it for your employees, your shareholders, and your stakeholders at large, it really means a lot, because it's a very prestigious honor. It's a real testament to your company. But even if you don't achieve it, it is a great framework and set of standards to aspire to. And inform your program globally as well, so I highly recommend engaging in the process.

For us it's been a continuous learning experience. We are an organization committed to learning and innovation. This process is a way to measure how we're doing on an annual basis. ■

ABOUT THE EXPERT

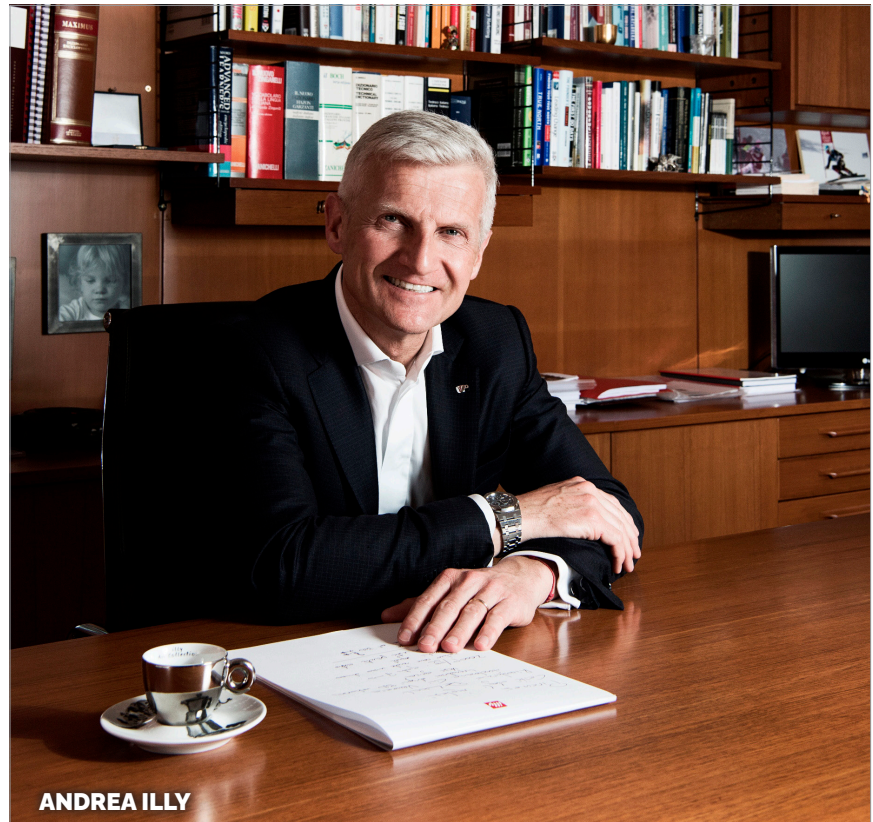
Kathrin Belliveau is is EVP & Chief Purpose Officer of Hasbro, Inc. As a member of the Executive Leadership Team she reports to the CEO and is responsible for ESG, Climate, Sustainability, Human Rights, Ethical Sourcing, Global Quality Assurance, Global Product Safety, Philanthropy and Social Impact, Global Corporate Communications, Global Consumer Affairs, Global Government, Regulatory and External Affairs, and Global Events at Hasbro.

Deep Dive: illycaffè

An interview with **Andrea Illy**, Chairman and former CEO of illycaffè and co-chair Regenerative Society Foundation

Interview by Bill Coffin

Founded in Trieste, Italy, **illycaffè, S.p.A.** has been the world's premium leader and standard-bearer of espresso coffee for nearly a century. Renowned for its ethical values, the company is an 11-time World's Most Ethical Companies honoree. Its Chairman, **Andrea Illy**, has long championed ethical business practices and sustainability as a way to build a virtuous cycle between the consumer and company that can help to make the world a better place, one cup at a time.



ANDREA ILLY

Congratulations on being named a 2023 World's Most Ethical Company's honoree. We all know this is the result of a lot of long-term work and commitment to business integrity. Can you give us a brief overview of why you decided to apply again this year and what your application process was like? What did you learn about your own program as you completed your application?

The reason why we applied for the 11th consecutive time is because we don't want to be self-referential. Ethics is one of our two fundamental values, which we describe as long-term value building

through transparency, sustainability, and people development. But is not to us to state how ethical we are. We need an external audit. And Ethisphere is the most authoritative and respected organization for that. And by the way, it's unique in its identity because to my knowledge there are no other organizations that assess business ethics. Most of the other organizations assess sustainability or some components of sustainability.

But as you heard with my description about our ethical value, sustainability is under the umbrella of ethics. That is to say, how can you be ethical if you are not sustainable, but you could

be sustainable and not necessarily fully ethical, you see? The reason why is because this is our spirit, our philosophy of doing business for improving people's quality of life. The quality of life for all the stakeholders who are directly or indirectly, impacted by our activity. The quality of life for our millions of consumers around the world, the many thousands of coffee growers we work with, and so on.

As far as the process is concerned, it is a thorough, thorough process. There is a complete set of questions. There is more focus on, and alignment with, ESG principles and particularly, governance. So historically there has been this shift. But other than that, it seems to be for us an annual effort. Of course, we are always a little bit more challenged because the process keeps evolving, but so far so good. Ethics is not a nice-to-have. It has to be really foundational. That is something we see in this application process.

Business ethics and integrity are essential to illy's identity as a company and its culture. Can you talk about how illy's business strategy is made more achievable because of the way that your organization operationalizes ethics, compliance, and business integrity?

For us, ethics is a business enabler and a fundamental builder of value. First, let me speak to a principle which is true for any company and then go specifically on Illy's ethics. Some, shall we say, detractors of so-called business purpose in corporations, they state that the only mission and responsibility of a business is to make a profit. I don't think is the correct statement because ultimately this economical goal would be not to generate profits, but to generate enterprise value.

The way you calculate enterprise value is with a so-called discounted cash flow formula. You have revenues and then you have costs and then you discount resulting cash flow to the cost of money. The three components are entirely dependent on your ethical profile. If you are not an ethical company, you typically have decreasing returns



because maybe some reactions in the market make some customers run away from your company or maybe you have to discount more in order to retain customers. For sure you don't benefit from the so-called reputational premium if you are not an ethical company.

As far as costs are concerned, if you are not ethical or sustainable, you might have liabilities no matter what else you do with regard to environmental, social, or governance. And so, you have decreasing returns from the cash flow, and then you have to discount with the cost of money, which is inversely proportionally to the risk of the business. Typically, if you are a company which is not recognized to be ethical in the market, and as a result of that you have a reputational disadvantage, then your cost of money will be higher.

This just to say that ethics and sustainability—and you can name these things in different ways—are the biggest value-builders for corporations. You could have two companies with the same cash flow, and if one is considered ethical and the other is not, the ethical one will have a higher overall business

value. As far as Illy's concerned, this effect is even higher. Why is that? Because we do coffee. Most of the coffee we source is produced in low-income countries, where we can encounter some significant issues. First of all, there can be an enormous problem of inclusivity. There can be an enormous problem of human rights—thankfully, that is no longer true in certain cases, but it can still happen now, and we have to control that. And there can be significant problems with environmental sustainability as well.

So, in 1991, we decided to pioneer direct sourcing, and we started working hand-in-hand with coffee growers, which has become the most significant aspect of our ethical engagement. Having this hand in hand work has built our relationship and community with coffee growers. We have even a kind of community which is called Circolo illy, in which coffee growers from all over the world participate in order to interact, exchange knowledge, and create a loyal relationship with Illy.

We pay them more. How could we ensure that the price premium you pay gets in the grower's pocket if

we wouldn't be in direct relationship with them? We enable the grower to sell coffee to us by elevating their

the marketplace. Illy has a significant premium price versus its competition. Our ethics makes that possible.

"Our partnerships are really doing well in Brazil. They recognize that working with Illy facilitates selling their coffee to the rest of the market. And the coffee that they don't sell to us sells to the rest of the market at a premium, because they have a reputational endorsement from selling the coffee to us."

sustainable quality practices through knowledge exchange. Our University of Coffee educational program trains thousands of growers every year on the concepts of sustainable harvesting and business practices.

Those are just a few examples. And then of course, if you are recognized as a sustainable and ethical company, then you can command a premium in

When Illy began partnering with its local coffee growers back in 1991 the notion of a premium coffee, especially in the United States, was still a somewhat foreign notion. As that market rapidly transformed and grew, the way in which illy pioneered how it sourced its coffee was so revolutionary and transformative. Did you ever face opposition to this methodology,

though? And if so, how did you overcome those obstacles? Clearly, it has worked out very well for illy.

In Brazil, where we started direct sourcing, our approach has been warmly welcomed at every level—institutional, regional, professional, and of course locally at the growers' level. And this facilitated the achievement of our sourcing goals. At the beginning, we weren't even dreaming about the possibility to source 100% of our coffee directly from the grower. But we eventually reached that as a result after 10 years.

We also reached a very ambitious goals in term of consistency. At the beginning, I remember we were accepting only 10 percent of the samples which were sent to us. Now it's over 70 percent. When I was in Brazil a few weeks ago, we inaugurated a new award for two Brazilian members of the Circolo illy, which recognized over 30 years of consistent partnership in selling coffee every single year. Can you imagine that? There are already two members over 30 years and there will be probably three more to come next year.

So, Brazil has been a model for us, and I'm so pleased, because we started targeting quality there, and then we started to target resilience and adaptation to climate change. Now we are targeting regenerative agriculture and I am very happy to say that 70 percent of the growers we use now grow coffee using reliable regenerative practices. So, our partnerships are really doing well in Brazil. It's kind of a symbiosis. They recognize that working with illy facilitates selling their coffee to the rest of the market. And the coffee that they don't sell to us sells to the rest of the market at a premium because they have a reputational endorsement from selling the coffee to us.

The responses there have been very, very, positive. I remember when the Brazilian parliament, at the federal level, in Brasilia, made an official public acknowledgement for my father as the man who triggered the change of the Brazilian coffee agriculture. Quite amazing.



PHOTO BY DAVID BARES ON PEXEL



PHOTO BY ALEKSANDAR ANDREEV ON UNSPLASH

But it has not been like this everywhere. In one country in Africa, we have had pushback from the intermediaries who were quite disturbed by our approach because we were paying more to the growers. The intermediaries were saying, "Hey, if illy pays more, then we will be forced to pay more as well." And this created something they really didn't want. There have even been some violent reactions against our approach. But still we have been able to manage and develop our model there in a positive way.

In another country, in Asia, we encountered some indifference, where the response to our approach was, "Who cares? Come on, this is just nice to have." But you know, we source from 20 countries. There have been 18 positive experiences and only two that have been a little bit more difficult. It very much depends on the specific country because each country is different.

When COVID-19 happened, a lot of companies suddenly became very aware of their supply chains and their need to manage third-party risk within them. This is something illy has managed masterfully for a long time. For companies that are just starting to work on this, where is a good place

for them to start when it comes to exporting ethical standards and corporate culture to third parties?

If you are talking about traceability, this is the very first step for creating true sustainability, whether we are talking about social or environmental sustainability. A lot of businesses that hide behind the difficulty of tracing and getting access to their entire supply chain as reasons not to do them. But in reality, I think everybody can do those things. This is why I kind of like to declare how being able to really document the information and relations within every single step of the value chain is of paramount importance for an ethical company.

For organizations that wish to apply to the World's Most Ethical Companies®, what advice would you give them based on your own organization's experience? And especially the fact that you have been doing this for a very long period of time and you've been successful at this for a very long period of time.

Don't fake it. Make it only if you are really intrinsically committed to sustainability. We hear a lot about this term, greenwashing. For me, greenwashing is not okay. For some, it is tolerable only if it is temporary and

in the spirit of "fake it until you make it." Because if you start greenwashing one day, you will really need to accomplish something serious environmentally. Otherwise, you are going to get attacked for it, because what you are doing is basically illegal. It's fraud.

But then you also have this new word, which is greenwashing, which is aspirational. If you are aspirational in being one of the World's Most Ethical Companies, you can use the application process as a path for improvement. But don't do it just for the recognition because your efforts might feel diluted if you don't succeed in receiving the honor. Or it may be even more diluted if you put it on your packaging, and then one day you don't get the recognition because you have not been consistent. This creates a problem.

And then finally, ethics really needs to be embedded in the business culture. At illy, this is an aspect where we do not score as highly as we would like. I think everybody in the company is fully invested in an ethical culture, so I will check the questionnaire and understand why we did not score more highly there. Because ethics very much needs to be completely embedded and embodied by every single individual in the company. ■

ABOUT THE EXPERT

Andrea Illy is Chairman and former CEO of illycaffè, the premium leader and standard-bearer of espresso coffee. Founded in 1933 in Trieste, illycaffè has taken its place as a symbol of Italian excellence. Under Andrea's stewardship, illycaffè has become a brand recognized around the globe, not just for its coffee but for its ethical values and for the close relationships it has forged with growers, merchants and the contemporary art world. Mr. Illy is also the author of the books *Espresso Coffee: The Science of Quality and Coffee: The Dream*.

Deep Dive: Wyndham Hotels & Resorts

An interview with **Paul Cash**, Executive Vice President, General Counsel, and Chief Compliance Officer

Interview by Bill Coffin

At **Wyndham Hotels & Resorts**, a relentless drive for continuous improvement and a culture where trust is a top priority, have taken long-standing strengths—and even times of crisis—to keep its ethics and compliance program moving from strength to strength.



PAUL CASH

Congratulations on being named a 2023 World's Most Ethical Companies honoree! What does this recognition mean for your organization?

It's great to be recognized, as that really tells us that we're on the right path, but it doesn't define our why. And our why is that we are absolutely, authentically committed to making the world a better place. And we do believe that ethical business practices drive results, and you can do well by doing good, and we think Wyndham Hotels & Resorts is a great example of that.

Our mission is to make hotel travel possible for all. We seek to do that by fostering a global community of hotel

owners, guests, and team members. All of that has its foundation in a culture of ethics and values. We talk a lot about our values here every day with our teams; our integrity, accountability, inclusivity, caring, and even fun...those drive all of our business decisions. We believe that they help us to make a bigger impact not only on the business, but on our communities.

Inclusivity is near and dear to my heart. I'm extremely proud of the company, and our focus on making hospitality a more inclusive industry. We do that in a number of ways. One is by working with great organizations like United Negro College Fund (UNCF) to ensure that our recruiting is as diverse as

it can be. And in the past couple of years focusing on driving diversity in hotel ownership through programs like Women Own the Room and BOLD, which I'll talk about in a second.

Women Own the Room is a fantastic program that was launched just over a year ago, and it came out of the realization that less than 10% of all hotel developers are women, which is unacceptable. So we set out as the first hotel company to build an intentional program designed to advance women hotel ownership. And it's off to a great start; we've already signed deals for 30 hotels, 10 of which are open. And that also, in part, gave us the courage

to launch our second program, BOLD by Wyndham, which stands for Black Owners and Lodging Developers.

I love the BOLD story for many reasons. It showcases a great part of our culture, which is that we listen to our team members and really seek to harness the power of their talents—in particular, our affinity business groups, our ABGs. I am privileged to be the executive sponsor of Spectrum, which is our ABG for African-American and Black team members. It was less than a year ago that we sat around a table and talked about how around 20% of hotel staff in the industry are Black, but less than 2% of all hotels in America are Black-owned. Less than 1% for Black women. That is completely unacceptable, so how can we change that? Well, what do we do really well? We help get people into hotel ownership. So we set out to listen, and had a held a focus group of aspiring, and existing Black hoteliers and asked what were the challenges they faced every single day. Was it access to capital? Access to deals? How can we build an intentional program to help you overcome those challenges? That became BOLD, launched about 9 months ago. We already have nearly a 20 hotel deals signed up with entrepreneurs, so that is also off to a great start. But it all began with our ABGs listening and lighting that fire. I love those stories because it showcases our culture and that we are making a difference.

I always like to talk about integrity. Not only are we proud of our robust compliance and training programs from anticorruption all the way to human trafficking prevention—and we are making progress on all of those fronts—but it was back in December that we partnered with the HLA Foundation's No Room for Trafficking Survivor Fund, and committed to donate \$500,000 to that fund, which is focused on empowering survivors on their road to recovery. That is another great start, and I was really proud to see the company active in that way.

Many honorees speak to how the applications process is a very involved process, but that ultimately, it helps

to build value for their program. What was your application process like, and how valuable was it for you?

It's a great process. We found a lot of value in it. It gives you an opportunity to reflect on your program, celebrate its strengths, and shine a light on potential improvement opportunities.

We are big believers in a dynamic program. Our ethics and compliance program has to continually evolve in order to remain effective, and the application questionnaire and the engagement with Ethisphere helps us to stay in line with what are the best practices out there.

As the world's largest hotel franchise, across 95 countries, we really do believe that we have a special opportunity to make an impact on a wide scale and a responsibility to do so. We're also very competitive, so this process gets our competitive juices flowing. And that just helps us to push the program to new heights.

Your industry was hit hard during the pandemic. In what ways did that crucible help to forge a stronger, better ethics and compliance program?

It really was a crucible. The pandemic forced every business, every department, including ethics and compliance programs, to innovate. For us, it changed how we communicate, how we train, how we, how we build and sustain a culture in a remote world, how we manage, and how we lead. I think importantly, it casts a spotlight on what was important to us, and which really solidified our "owner-first" philosophy and our "Count on Me" culture, which is our service ethos to be responsive, respectful, and deliver a great experience to franchisees, guests, partners, team members, and to each other.

I remember sitting in the executive board room just up the hall on March 13, 2020. It was a Friday. We had been hearing all week about the stories of guests and groups cancelling their travel reservations around the world. We were hyper-focused on

the safety of our team members in the office and on our properties. And, on what this meant for our small business, Mom-and-Pop franchisees. Their success is our success.

We were sitting there late in the night on that Friday, with our entire executive team and we would not leave the building until we decided what we were going to do to keep team members safe and how we were going to help our franchisees get through this crisis. We were going to communicate to them that night, and we came up with a plan to eliminate some fees for a short term, provide payment relief, and defer nonessential brand standards.

And some of those are still deferred today. For example, during the pandemic, we really focused on things like the breakfast brand standard in economy hotels. There was a realization that this is going to be difficult to maintain during the pandemic where you're trying to be lean and really focus on safety. So we relaxed that requirement significantly, and we still have a streamlined breakfast requirement. Why? Because it's what the guests want. It's better for owners, and it's safe. So that was a one of the many great learnings that came out of it.

Ultimately, it also reminded us of the importance of transparency and communication, particularly in a time of crisis. It's all about maintaining trust with all of your stakeholders. So we sought to be transparent and to over-communicate, and that's a practice that we have continued post-pandemic.

Trust plays a large part in one's decision around where they lay their head at night. Can you talk about how your program helps to inform, advance, or empower a culture of trust at Wyndham, and how that trust ultimately is felt by your clients?

Hospitality is all about trust. And it's such an important part of any functioning and healthy workplace. We really try to foster that through inclusivity, transparency, integrity, and

respect. When team members trust their colleagues and their leaders, they're going to be more engaged.

And we also help them by providing things like robust training programs and a trusted anonymous hotline. All of that engenders trust and encourages them to do the right thing. All relationships here that are key to productivity, including on the ethics and compliance front, require trusted relationships. So fostering those is incredibly important to have in a great program.

On the client side, we like to say that people do business with us because they know us, they like us, and they trust us. Ultimately, that boils down to communication, telling them what we're going to do, execution and doing what we promise. And accountability, admitting when we've made a mistake. If we do all of those things, we will have trusted relationships. And I'm happy to say that we have a 95% retention rate across our franchisees globally, which is fantastic evidence that they trust us and that we're providing value every day.

Within our organization, I find it's all in the communication. We remind people that this is not just compliance for compliance sake. I love to quote the Ethisphere Ethics Premium—which I even shared with our Board recently—to remind folks that ethical business practices drive results, and there is a reason why. As we sell the program internally, I think it's important to make that connection.

This is not a paper program where you roll out a bunch of policies and then just say, "Do it." It's really about explaining the why. Why do we have these programs? Why do we have anticorruption policies? How do they benefit the company? How do they help us protect the brand equity that we're all working so hard to build and help us to do business with trusted partners?

When you put it in those terms and get the buy-in, then you're going to have a more successful program.

What is something terrific about your ethics and compliance program that isn't common knowledge?

Our culture and our people are really our secret sauce. And I'm not talking about the compliance and ethics team. Ethics and compliance are baked fully into the DNA of the entire organization like I've never seen before. We have an incredible tone from the top, from our board of directors to the audit committee that oversees the program, to our CEO and the entire executive team. There is an appreciation and recognition that our values and our culture drive our success. I find that to be pretty special.

The other thing is that we're manic about continual process improvement. Compliance programs are only effective if they're dynamic, and we're constantly asking how we can get better to match tomorrow's needs. Every year there's got to be something new. Nothing is on pause. This past year, we introduced compliance, ethics, and DEI questions into our most recent engagement survey. We doubled down on the importance of engaging our compliance champions in the regions who are helping to set the tone on the ground. And we are reducing what I call "reporting friction" by rolling out QR codes where you can just scan the QR code and it'll take you right to web reporting. Reducing that reporting friction encourages people to report and makes the program better.

How do you determine what to improve about your program?

We're always comparing ourselves to our competition and looking to see what the latest advances are. But in all honesty, the World's Most Ethical process really shows us what the best of the best are doing. Seeing the state of the art practices allows us to benchmark our program and to innovate and evolve.

For organizations that wish to apply to the World's Most Ethical Companies, what advice would you give them, based on your own organization's experience?

It takes a commitment to develop and maintain an effective ethics and compliance program. You've got to be ready, going in, to make that commitment. It is a lot of work, but it is very rewarding.

And it has to be authentic to your culture and to your company. It's not a simple cut and paste from some other program. You need to ask what is authentic to you, to your culture, and to your value set. How do you see ethics and compliance?

I would say to a first-time company, use the World's Most Ethical Companies application process to reflect on the work you may need to do, where your opportunities are, and hold yourself accountable.

Even if you are not honored, applying is such a rewarding process. It will help to make your program better, which will allow you to make a bigger impact on your communities and the world. And that is what it's all about. ■

ABOUT THE EXPERT

Paul Cash serves as general counsel at Wyndham Hotels & Resorts, the world's largest hotel franchising company with approximately 9,100 hotels spanning more than 95 countries. In this role, he leads the Company's Legal, Compliance and Government Affairs functions and sits on Wyndham's executive committee. Paul is a member of the AHLA Foundation's No Room for Trafficking Advisory Council, U.S. Travel Executive Board and Autism New Jersey Board of Trustees.

Most recently, Paul played an integral role in creating BOLD by Wyndham, a groundbreaking initiative designed to engage and advance Black entrepreneurs on the path to hotel ownership.

Paul has been with Wyndham Hotels & Resorts and its predecessor companies for 18 years, including nearly five years as executive vice president and general counsel for the Company. Earlier in his career, he was a partner in the Mergers and Acquisitions practice group of Alston + Bird and prior to that, an associate at Pünder, Volhard, Weber & Axster in Germany.

Inside the Application Process

Interview by Bill Coffin

Being recognized as a World's Most Ethical Companies honoree is no small achievement. But it doesn't just happen, either. **Neal Thurston**, Director, Data and Services, explains what happens to an application once it arrives at Ethisphere, how much work goes into each and every evaluation, and why companies can't be told ahead of time whether they will be recognized.

What is the timeline for a World's Most Ethical Companies application?

The World's Most Ethical Companies process generally begins each year with the release of the latest version of the EQ questionnaire and the Documentation Guidelines in mid-August. Applications for 2023 are now closed; Applications for 2024 will most likely begin in late Summer 2023. Once applications are open, companies can start the application process by visiting www.worldsmostethicalcompanies.com.

Applicants will review and fill out that year's Ethics Quotient® (EQ) questionnaire and submit

supporting documentation about their company and its practices. The EQ process examines in great detail a company's practices around governance, ethics and compliance, culture of ethics, environmental and social impact, and demonstration of leadership and reputation.

The deadline to submit the completed assessment and supporting documentation is typically in mid-November.

Shortly after the window closes, Ethisphere coordinates all received documentation internally and assigns reviewers who will holistically evaluate each application. This includes a review of applicants' EQ questionnaire and supporting materials, as well as analysis of publicly available information such as regulatory filings, legal actions, media reputation, and overall demonstration of leadership.

Who conducts the application review process?

Ethisphere conducts the entire review process internally, with a team of Ethisphere employees specifically dedicated to managing World's Most Ethical Companies applications. Ethisphere's review team is composed of professional, knowledgeable reviewers who have subject matter expertise across the measured dimensions of the EQ process.

Applications are assigned to the various review team members by industry and by application component (e.g., ESG, culture, compliance, governance).

How are applications reviewed?

From the close of the application window, the review team evaluates applicant EQ responses and supporting



NEAL THURSTON

documentation to understand how the organization approaches its risks and opportunities.

None of these reviews are conducted in a vacuum. Applications are compared to other applications within the same industry group, size range, geographic location, as well as across these criteria. The review team also considers how companies are accounting for and reacting to industry trends, regulatory updates, and best-practices as identified by the ethics and compliance community.

Are applications evaluated against a fixed standard? What is the basis for comparison for each application?

The practices that applicants describe within their EQ responses and supporting documentation are evaluated by our professional reviewers in the context of current best practices and established guidance from regulators.

Applicants are compared only to other applicants for that year. They are not compared to applicants from prior years, nor are they compared to non-applicants.

There is no minimum score an applicant needs to exceed to be recognized as one of the World's Most Ethical Companies.

If a company was recognized the year before, will that impact its present likelihood to be recognized again?

Each company is evaluated afresh every year. Some companies have been recognized for multiple years; these are companies who often have long-standing commitments to ethical and responsible business practices and consistently demonstrate leadership across the evaluation dimensions. Application by multiple-year Honorees does not ensure they will be recognized again or necessarily make it more difficult for other companies to earn recognition.

How long will it take to review any given application?

Each year, Ethisphere receives hundreds of World's Most Ethical Companies applications. Each application takes a minimum of several weeks to conduct; some take the entirety of the review cycle. It depends entirely on the details of each application.

Upon the closure of the applications window in mid-November, all applications are entered into a database and assigned to Ethisphere employees who will see each application through the process from start to finish. Each application has an "owner" reviewer who has several responsibilities with their assigned applications: 1) to review core elements of the E&C topic areas; 2) to coordinate with Ethisphere's subject matter experts who review specialty areas, such as Ethical Culture, ESG, and

Leadership & Reputation; 3) to facilitate the comparative review discussions around their assigned applications.

Reviewers can have as many as fifty open reviews before them at any given time during the evaluation cycle. During that time, reviewers read through an applicant's EQ answers, review supporting documentation, seek additional analysis from relevant subject matter experts, and compare against other applicants both within and outside of the applicant's industry.

The entire review team will gather, usually in late January or February depending on workload, to discuss all applications and to compare the holistic overview of applications against a company's industry, size, region, and other demographic-based peers and across the entire applicant group. The reviewers will also discuss which applicant companies they felt clearly demonstrated leadership across the evaluation dimensions, strength in addressing risks and opportunities, and any other factors that made their application stand out.

It is during this series of conversations when the final decisions to recognize an applicant as one of the World's Most Ethical Companies is made.

Final evaluation decisions typically are not made until the last day of the evaluation cycle. Once the list of companies who will be recognized has been determined, Ethisphere begins the process of contacting all applicants to notify them whether they will be recognized for that year's process.

Are you able to tell share with an applicant, before the review period ends, if their company will be recognized?

No. Applications are reviewed simultaneously, and final decisions are not made on any applications until the end of the entire review cycle. The evaluation cycle is a comparative process entailing review discussions on each and every application.

Ethisphere does not review applications in the order in which they are received. For example, an application submitted on the day the application window opens is given the exact same priority and attention as an application submitted the last day of the application window. This is because all applications are reviewed and compared against each other as well as against best practices and existing regulatory guidance.

What role does Ethisphere's Advisory Board play in the evaluation process?

The Advisory Board is composed of established professionals in the ethics & compliance space. These professionals bring a wide range of expertise to our process, such as providing input on our review methodology and informing our staff of emerging trends and best practices. Most significantly, they help Ethisphere keep the EQ up to date with regulatory expectations, observed best practices, and industry trends. They weigh in on how EQ questions should be added or adjusted, and they act as a sounding board for newly proposed questions.

Is the evaluation process an audit?

It is not an audit. We provide a concise guide to supporting documentation and topic areas we expect to see and evaluate. Applicants sometimes provide exhaustive levels of support documentation above and beyond what is requested for the World's Most Ethical Companies process. We want applicants to keep in mind that summaries and documentation requested should not be used as a way to "prove-up" an application. Our review team makes targeted thematic requests to better understand a company's approach to risks, opportunities, and demonstrating leadership.

Every year we ask applicants to keep narrative and documentary explanations brief and to-the-point. Our reviewers are not expecting or requiring a narrative behind every response or section. Excellent examples our team has encountered involve narrative used sparingly, and ideally to help explain context which may not be apparent from

a document on its own, or a situation behind an EQ answer which may not be easily understood from what's submitted.

By way of example, we do not need backgrounds about your Board members or detailed company history since inception. We might appreciate, for example, a short paragraph explaining how your stakeholder engagement process parts work, a quick rundown of any new manager training practices, or why and how your employee-facing compliance communications have changed in ways unique to your industry or risk profile.

Is the application review of the whole company or just the ethics and compliance function?

The World's Most Ethical Companies process is a review of the whole company's demonstrable efforts at leadership across many thematic areas. A successful application showcases how strong ethics, compliance, and a culture of integrity are present throughout a company's actions, communications, and relationships with its many stakeholders. As such, applicants need to tap the insight and expertise of many different functions throughout their company when building their application. We encourage applicants to discuss an application, EQ questions and responses, and the Supplemental Documentation Guidance with key function leaders throughout the company, so they are familiar with the thematic areas being assessed, and so they can locate and prepare appropriate responses to the EQ questionnaire and documentation.

There is an application fee involved. Does that make this process "pay to play?"

No. The application fee covers the considerable costs involved with managing a recognition program of this size and scope. Payment of the application fee does not in any way guarantee World's Most Ethical Companies recognition. Companies that have been recognized in the past are not more likely to be recognized in the future, and indeed the list of Honorees will change every year. Every application

requires extensive documentation that takes many, many hours for the applicants to assemble themselves. Ethisphere's reviewers collectively spend hundreds of hours evaluating each year's pool of applications.

Are there any disqualifying factors that can immediately stop your review process?

Ethisphere welcomes a wide variety of organizations into the World's Most Ethical Companies process. There are some organizations whose ownership structure or governance setup are not well-suited to our process for evaluating companies. We have additionally found it difficult to compare and give constructive feedback to certain organizations. For these reasons, government entities, majority-government owned or controlled entities, non-governmental organization, self-regulatory organizations, and educational institutions are not eligible to participate in the World's Most Ethical Companies process.

The reputation element of each review looks at publicly available information on applicant companies, which includes legal and regulatory events such as deferred prosecution agreements, court proceedings, and regulatory actions.

Given the highly individual and situational nature of potential serious media and legal/regulatory issues, and the many potential variables which would cause our team to make a determination that an issue precludes recognition, Ethisphere cannot provide a list of issues or hypothetical situations which would definitively preclude a company from recognition.

Ethisphere's review team looks at each company's media and legal/regulatory situation on a case-by-case basis. The team would reach out should a media or legal incident cause concern, as the review team would want to better understand any situation from the company's perspective.

The review team encourages applicant companies to self-evaluate their participation in WMEC if they are

involved in extensive negative media attention and/or serious legal or regulatory issues with high publicity reach or great impact on their industry or communities where they operate.

Please also note that not all serious situations may be preclusive. There are situations which may significantly negatively impact a company's Reputation score, but would not automatically disqualify that company from potentially receiving recognition as an Honoree. The team would note that a serious deficiency in a Reputation score may bring a review into a situation where comparison of that company's performance against peer companies would not result in recognition for that company that year.

Are the names of applicants that are not recognized as Honorees made publicly available?

No. We don't publicly disclose the identity of applicants, unless an applicant has been recognized as an Honoree for that year, or the total number of applicants each year. We established this policy so that organizations have the freedom to apply and be measured against others in total confidence and so that those who are recognized can know that their programs are being measured both competitively and on their own merits. ■

ABOUT THE EXPERT

Neal Thurston is Director, Data and Services for Ethisphere. Neal is a senior compliance professional with expertise coordinating worldwide compliance programs for multinational corporations. His specialty areas include: compliance policy drafting and improvement, FCPA, UKBA, anti-corruption and bribery training, background screening, third-party vetting, survey, service agents/sponsorship, fraud risk review, compliance program review, international whistleblower hotline setup and maintenance, human resources (HR), and compliance issue investigations.



Photo Gallery

CEO Forum & World's Most Ethical Companies® Gala

On March 14, Ethisphere held the inaugural CEO Forum in New York, to showcase the thought leadership of some of this year's World's Most Ethical Companies® honorees. **Heather Lavalley**, Chief Executive Officer, Voya Financial and **Tamara Lundgren**, Chairman, President and Chief Executive Officer, Schnitzer Steel shared their insights on setting ESG strategy internally, while **Mile Corrigan**, President and Chief Executive Officer, Noblis and **Roger Krone**, Chairman and Chief Executive Officer, Leidos discussed how to lead on ESG within complex networks of stakeholders.

That evening, the World's Most Ethical Companies Gala got underway for the first time in-person since 2019. The room buzzed with excitement as honorees from near and far gathered to celebrate the hard work that earned their distinctions. Ethisphere CEO **Erica Salmon Byrne** had an insightful fireside chat with Beyond Happyness author **Jenn Lim**. And at night's end, the guests left looking forward to next year, and the chance to test their program against a never-ending pursuit of excellence that drives us all.



WORLD'S MOST ETHICAL COMPANIES®



By the Numbers

THIRD-PARTY RISKS AND INTERACTIONS AROUND FORCED LABOR

Business risk from supply chain and third-party business partners involving forced labor and child labor is becoming a much more visible area, both in recent news reports and in the U.S. regulatory environment. As we look at the data trends that this year's **World's Most Ethical Companies®** honorees have in common, these top-performing companies are employing communications, training, and ESG engagement best practices with third-party stakeholders to help reduce this risk.

79%

provide E&C training or resources to third-party business partners to explain the "why" behind company requests for compliance procedures.

52%

routinely monitor their "high-risk" third-party business partners to screen for regulatory/legal actions which may indicate a need to address that relationship.

77%

maintain a communications program promoting a zero-tolerance policy prohibiting modern slavery and trafficking-related activities – up from 68% in 2022.

79%

communicate at least annually with their third-party business partners around their Impact-related (ESG) performance, programs, or initiatives.



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The Final Word

What You Need to Know about the DOJ's 2023 Corporate Compliance Guidance Update



by **Bill Coffin**

In March 2023, the U.S. Dept. of Justice released an update to its Evaluation of Corporate Compliance Programs guidance document, its first since 2020. The Business Ethics Leadership Alliance (BELA) has produced a handy guide that provides a word-by-word comparison of the two different guidance documents. We encourage everyone in the ethics and compliance space to give that resource a look, as these changes are by no means cosmetic.

While there is updated and expanded language throughout the new guidance document, there are two areas of particular focus that demand our attention.

Compensation Structures and Consequence Management. Ethisphere talks about the important role data plays in a strong compliance and ethics program. Now, the DOJ is expecting to see it, asking if companies are measuring

their disciplinary policies and programs in action, especially in light of alleged or suspected misconduct. It is one thing to have compliance infrastructure in place. But whether or not it's actually working is something that only a robust practice of data gathering and measurement can tell for sure. Justice is looking for more quantitative and less subjective approaches to determining a compliance program's effectiveness, and that is a good thing for everyone.

This section also offers some new text on how companies are incentivizing their compliance function, and by extension, the entirety of its culture. The new guidance wants to know if companies have clawback or salary reduction provisions for employees who break the law in pursuit of their professional objectives, and it also wants to know if there is a transparent application of these policies—are they communicated so everyone knows their compensation is at risk if they break the law?

And finally, the DOJ is now also asking, to put it bluntly: does it pay to be in compliance? Is compliance getting the resources it needs, and does it have a seat at the table when it comes to setting and implementing financial (dis) incentive policies? If the answer is no, it will do your organization no favors when and if the DOJ pays a visit.

Investigation of Misconduct. Within the context of whether or not your corporate compliance program actually works in practice, are some interesting notes around misconduct investigation. First, there is the question of whether the compliance team's compensation structure is sufficiently independent to

fully empower the team. Most notably: who actually handles how compliance gets paid? To quote Upton Sinclair, it is difficult to get somebody to understand something when their salary depends on them not understanding it.

Perhaps the biggest piece of new text in this entire guidance update, however, centers on the use of ephemeral messaging apps, such as WhatsApp, Telegram, and Signal, which are, of course, go-to solutions for those who do not want to leave a communications trail. To that end, the DOJ has drilled down on encouraging companies to clarify and enforce their policies around communications retention—namely, making sure these apps, if and when used, are always switched to preserve all communications. The DOJ expects such policies to apply to replaced technology and in Bring Your Own Device (BYOD) environments as well.

Not surprisingly, the DOJ wants to know how these policies are being enforced, and how are organizations viewing this particular aspect of their compliance program through a risk management lens. That last bit is especially interesting. When it comes to compliance expectations around business communications, everyone is keeping receipts. And those who don't will inevitably wish that they did.



BILL COFFIN
Editor in Chief



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