

THE EMPLOYEE ISSUE

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BELA South Asia Founding Members

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Confederation of Indian Industry

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

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



This magazine is printed on recycled paper.

SPEAKING UP

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

Dear Readers,

We used to think we knew what the relationship between an ethical company and its employees looked like. So long as the company abided by a 40-hour workweek, kept its workers safe, paid a decent wage, had some sort of retirement plan, and offered appropriate medical benefits—dental even, if you were really lucky—then employees had nothing to complain about and would in return work diligently for the company until retirement.

From the middle of the last century until the last few decades, that consensus seemed eminently reasonable, at least in the developed world. But recently, for the first time in a long time, we're asking questions once again.

What exactly is the right relationship between an ethical company and its employees? What do employers owe to their employees, beyond their salary? And do all employees need the same things?

In 2019, those are surprisingly hard questions to answer, and there's no consensus yet. However, it's clear that the multi-generational workforce is changing things. Generation X and particularly Millennials (including this editor) are hardly content with the old consensus of rigid workplaces in exchange for defined benefits and lifelong employment.

The pager might have picked up the hammer decades ago, but the smartphone was the final nail in the coffin of the 9-to-5 office job with a consistent 40-hour workweek. Ten years of economic expansion and a tight labor market have put workers in a position to expect more from their employers, and to move if they don't get it.

In this issue, a variety of companies lay out the different ways that they're reconsidering their relationship with their employees. U.S. Bank's Ismat Aziz writes from the perspective of a single mother about the importance of meeting employees where they are. Our partners at Edelman break down recent data on trust in employers. Sun Life and Intel both contribute their perspectives on how they connect employee time and talent to the communities where they operate. We also explore how Booz Allen Hamilton worked alongside mental health experts to roll out a groundbreaking emotional wellness program that changed how employees spoke about mental health in the workplace.

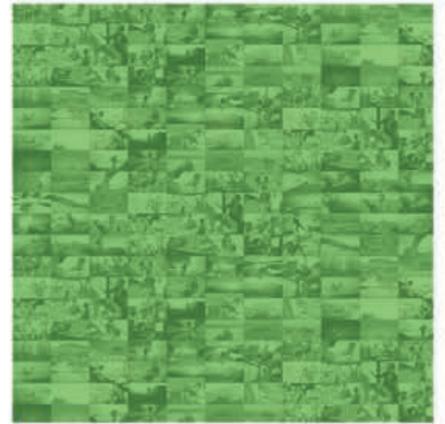
Elsewhere in this issue, we have insights from leading executives at JLL and Unilever working to advance diversity in the C-suite and the legal profession. Finally, our global section in the back features insights into the complexity of multinational compliance from KKR and Baker McKenzie, plus an exclusive interview with investor-turned-advocate Bill Browder on the scourge of government-sanctioned corruption and how some are striking back. Wherever you might be on your journey as an organization, thinking broadly about how you connect with, support, and inspire your employees will be time well spent—and we hope you get some good ideas from this edition.



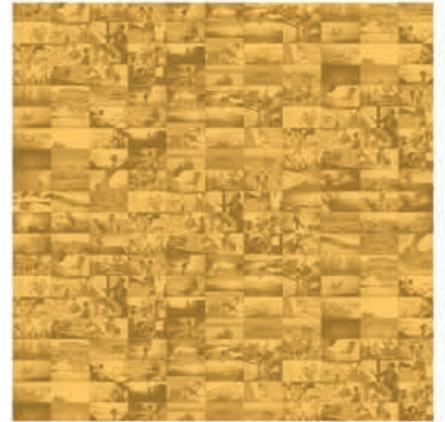
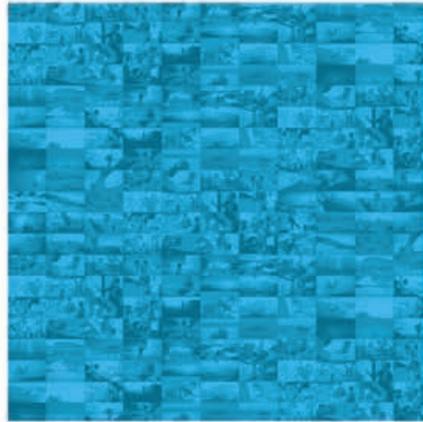
Tyler Lawrence
Executive Editor
Ethisphere Magazine



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MOUTHING OFF

» THIS QUARTER'S LETTERS TO THE EDITOR «

Have something to say? Write the editor at tyler.lawrence@ethisphere.com or at Ethisphere Magazine, 1412 Broadway, 21st Floor, New York, NY 10018.



★ RESPONSES TO *ETHISPHERE* MAGAZINE'S PURPOSE ISSUE

"The Next Step"

I love using *Ethisphere* content to engage members of our board of directors. The article from Tim Erlich about how companies need to evolve from being ethical to being purpose-driven sparked some great discussion at their last meeting. – **Judi G.**

Ethisphere Response: We're glad that you found our content so helpful for engaging your board members! *Ethisphere* is always happy to provide back issues or PDFs of articles whenever possible to use to spark conversation. Simply reach out to the Executive Editor at tyler.lawrence@ethisphere.com.

"Hiring Skills, Not Diplomas"

IBM's CEO Ginni Rometty was right on the money about the need for businesses to start prioritizing employee skill-building over hiring people with certain credentials, and I think the company's P-TECH program to give people the technical skills IBM needs is worth applauding. Thank you for that insightful article! – **Scott N.**

"Commit to Community"

It sounds like Peñoles is really on the leading edge of thinking about building whole communities and earning social license in Latin America. It's interesting to watch companies learn how to benefit all of their stakeholders, and not just the shareholders watching the stock price. – **Riley D.**

"#MeToo Is Here to Stay"

Kudos to Antonio Fernandez for being willing to write openly how his company is handling such a sensitive topic as harassment investigations transparently. We all know that every company is going through a similar reckoning on this topic, but more could stand to come forward like PSEG to show what they're doing. – **Amanda N.**



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[RIF.org/ReadForSuccess](https://www.rif.org/ReadForSuccess)



BY THE NUMBERS

»»»» MANY OPTIONS FOR WORKFORCE PROGRAMS ««««

SUPPORTS VARY, DEPENDING ON ORGANIZATION

The 128 organizations who made the list for the 2019 World's Most Ethical Companies® provide a wide array of programs to help support the development, engagement, and security of employees. Nearly every company on the list offered some services and benefits, while others were even more on the cutting edge.

98

Nearly every (98%) company on the list offers some sort of wellness program, including both physical and mental health resources.

77

Employee volunteers at three-fourths (77%) of organizations get paid time off to help cover their service.

34

Approximately a third (34%) of organizations have some sort of sabbatical program for employees to take an extended break from work.

50

Only half (50%) of companies on the list offer on-site childcare facilities for employees.



Source: The World's Most Ethical Companies 2019®, Ethisphere.

THE GOOD AND THE BAD

»» PAPER BAGS AND PROFIT PROPELLERS ««

HOW IT WORKS



Paper Bags are given to companies and organizations that are involved in, or have attempted to cover up, scandals, violations or other embarrassing events.



Profit Propellers are awarded to companies and organizations that have recently done something interesting, innovative or brave in the area of ethical leadership.



Global automakers **Ford, BMW, Honda, and Volkswagen** get a collective **profit propeller** for agreeing to uphold higher greenhouse gas emissions standards with the State of California, even if national standards are rolled back. These standards are at the heart of US efforts to reduce CO2 emissions.



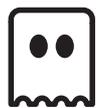
Maker of "smart doorbells" **Ring**, owned by **Amazon**, was revealed to have video-sharing agreements from homeowners' cameras with over 400 police departments nationwide, earning it a **paper bag** for a lack of transparency and potential privacy issues.



Social network **Pinterest** receives a **profit propeller** for its ongoing efforts to fight misinformation about vaccines and other health related topics on the platform.



CORRUPT



International financial giant **Deutsche Bank** gets a **paper bag** after settling with the SEC for a series of FCPA violations from 2006 to 2012 related to a practice of hiring the relatives of public official in China and Russia. Numerous other banks have been fined for similar conduct.



Online retailer **Overstock.com** receives a **paper bag** after controversial CEO Patrick Byrne resigns. Although Byrne had courted public scrutiny for years, the final straw came when he revealed romantic involvement with Russian spy Maria Butina.

International hotel chain **Marriott** announced that it is eliminating single-use bottles of toiletries in its properties by 2020, earning a **profit propeller**. A switch to larger, hand-pumped bottles is expected to save 1.7 million pounds of plastic.



Do you know of a recent news story you feel should be awarded a Paper Bag or Profit Propeller? Send your ideas to tyler.lawrence@ethisphere.com

AROUND THE CIRCUIT

MEXICO CITY ETHICS SUMMIT: FIGHTING CORRUPTION IN LATIN AMERICA



This spring, Ethisphere hosted the inaugural Mexico City Ethics Summit at the JW Marriott, in partnership with Parsons Corporation. The Summit brought together professionals from across the Mexican and Latin American ethics and compliance community, including those working for both companies based in the region and multinationals operating there.

Sessions covered a wide variety of topics, including the pace of anti-corruption change in Mexico and how it compares internationally; improving investigations through root cause analysis; using data to drive ethics and compliance advancements; working with third parties in Mexico; and the ways compliance can influence overall business strategy to spread socially responsible practices.

The highlight of the day was a keynote address from **Miguel Ángel Alejo Olivares** from the Ministry of Public Function.

Among the other panelists at the Summit were:

- Mike Kolloway, SVP, General Counsel and Secretary, **Parsons Corporation**
- Reyna Torrecillas, Chief Compliance Officer, Latin America, **GE**
- Jose Vela, President and Managing Director, **3M Mexico**
- Rebeca Serwin Lewis, Corporate, External and Legal Affairs Mexico, **Microsoft**
- Cristobal Mariscal, Compliance Director, **Peñoles**
- Jonathan Adams, Partner, **Baker McKenzie**
- Raphael V. Estrada, AVP, Compliance, Mexico, **AT&T**
- Jose Millet, Legal Regional Director, **Dell**
- Ruti Smithline, Partner, **Morrison & Foerster**
- Ernesto Mauleon, Director of Administration and Finance, **ManpowerGroup**
- Adriana Velazquez, VP, Chief Ethics & Compliance Officer - Mexico, **Walmart**



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BEYOND DISCUSSING DIVERSITY



We have moved past the era when mere declarations of diversity's importance to companies and their leaders are considered sufficient. Actions now speak far louder than words, and organizations receive frequent criticism for talking up diversity while continuing to hire and promote a certain kind of employee.

Fortunately, several decades of diversity promotion have finally given us best practices to disseminate. Ryndy Ditmars, General Counsel, Americas at JLL, describes an initiative called Move The Needle that seeks to lay out specific steps necessary to get more women into senior executive roles at companies. Then, we have an interview with Unilever's Chief Legal Officer, Ritva Sotamaa about the Diversity and Inclusion Statement of Support that made the rounds among European general counsel this spring, and that many of our readers may have seen circulating online. Sotamaa gets into the group's action plan to turn its commitments into tangible benefits for diversity across the legal ecosystem.



TOPICS COVERED

// *Inclusion & Outside Counsel*

Tyler Lawrence: Can you tell me a little bit about the Diversity and Inclusion Statement of Support that you coordinated? How did it come about?

Ritva Sotamaa: There were a number of European general counsel that were together at a meeting where D&I [diversity and inclusion] was on the agenda. We realized that we all are involved and are all champions of diversity and inclusion, but at the same time, to really create impact, it would be best if we could all work together in a collaborative fashion. There were five of us who formed a core team and started to think, "What could this actually look like?" We came up with a statement of support, went back to the broader group, and created good traction.

Originally, there were 65 companies that signed up—we're at about 80 companies now—and these are large European companies, so we have quite a bit of buying power. What was really important for us also was that we'd create a sort of a collaborative approach towards external counsel. All of us had internal processes whereby we try to ensure diverse hiring. However, working collaboratively with external counsel could actually create broader impact in the industry.

TL: What were you hoping that the statement, and the group that came out of it, would accomplish?

RS: Driving diversity and inclusion broadly in the legal industry was on our minds. We want to make an impact on the external counsel, law firm environment. As clients, we have a big role to play, and we can be part of the solution in driving diversity and inclusion in the external law firm environment. But we can also be part of the problem, and it also gives us an opportunity to come together and look at our in-house best practices and how we can learn from each other.

TL: One of the major problems you're solving is that you are trying to help organize in-house counsel in terms of how they can relate to, and put some pressure on, outside counsel and individual law firms.

RS: Yes, and there are a couple of ways we have done that. First of all, we have provided templates for the in-house teams to engage with external counsel to make sure it's understood these companies have signed on and are promoting diversity and inclusion, and that this is something that they consid-

MAKING A STATEMENT

Unilever on Collaboration to Advance Legal Diversity

Interview by Tyler Lawrence

Many of Ethisphere's readers have probably seen a post floating around LinkedIn announcing the Diversity and Inclusion Statement of Support, signed primarily by the general counsel of large European multinational firms. One of the animating forces behind this Statement is Ritva Sotamaa, the Chief Legal Officer of Unilever. Ethisphere's Tyler Lawrence chatted with her to find out a bit more about how the group came together, their goals, and what she envisions going forward.

GENERAL COUNSEL FOR DIVERSITY & INCLUSION

A Statement of Support

- WE COMMIT TO PROMOTING DIVERSITY IN THE WORKPLACE.**
We value the range of perspectives, ideas and experiences that diversity provides, whether grounded in gender, race, sexual orientation, disability, cultural background, religion or age.
- WE BELIEVE DIVERSITY AND INCLUSION CREATE A BROADER, RICHER ENVIRONMENT** that enhances creative thinking, innovation and problem solving, which adds value to our organisations. We believe that inclusive organisations attract and retain top talent.
- WE WILL THEREFORE ENCOURAGE GREATER DIVERSITY AND INCLUSION** in our own businesses and co-operate to foster these same values throughout the legal profession and the broader business community.
- WE UNDERTAKE TO PRACTICE AND ADVANCE DIVERSITY AND INCLUSION BY:**

 - Promoting diversity within our own teams;
 - Considering diversity in our hiring and purchasing practices;
 - Encouraging and partnering with our law firms to adopt best practices in diversity and inclusion; and
 - Promoting diversity initiatives at all levels in the legal and business community.
- WE, AS ADVOCATES FOR DIVERSITY AND INCLUSION,** will demonstrate our commitment through specific actions and initiatives.



er important from the law firms as well. Words are powerful, but if you want to create more sustainable, longer-term impact, then you actually need to do more than write and communicate a statement. We've actually put a number of work streams in place, we have sub-groups working on how we can engage with law firms, working on defining KPIs in particular. We also have a work stream looking at internal diversity and inclusion, defining the best practices, and how we can drive that more effectively in-house.

TT It's interesting to me that you mention KPIs. The statement's actual points are quite broad: it lays out general commitments to values of diversity and inclusion, but it doesn't get specific on the tactics that companies have to take. Was the idea to have a broad statement that everyone could sign on to?

RS The statement is quite broad, but it lays down a clear intent. It also maintains a positive spirit and a collaborative tone, because we believe that a partnership approach will let us make faster progress. But we were also very clear that this needed to be more than words. We initially gave talking points that our signatories could use to approach law firms and discuss the Statement of Support.

As I mentioned, we have subsequently created several workstreams around engagement, best practices, and KPIs. We wish to create collaboration and dialogue. Therefore, we did not publish initially a set of KPIs, for example—we do want to work in the legal industry to drive advancement together. Across the board, our law firms have been very positive about the Statement of Support and are welcoming our work with the in-house community. They have been active in engaging and discussing their own efforts and are keen to learn what proposals we have.

I understand there is a lot of interest in a subject like KPIs. However, whether KPIs or best practice sharing, it would simply be too early to give out any detail. We have regular update meetings to review our progress—in fact, we are meeting again tomorrow!

TT What kind of in-house collaboration do you hope this statement fosters? What kind of conversations are already happening?

RS I hope that we are creating something that has permanent value—a foundation for the legal industry to promote diversity and inclusion collectively. The comments coming from my team members who are involved in the work streams at the moment are really positive. It is great to work with colleagues from other companies who are passionate about making a difference. And as I mentioned earlier, there are a number of work streams in place at the moment, so quite an active dialogue going on—it is a

great start. But this is not a sprint, more like a marathon! It is important put the effort in to create long-term value, even if it takes some time.

TT What internal actions and initiatives have you led at Unilever since signing the statement?

RS Unilever has a pretty diverse legal function—over half of our managers are female and we are culturally very diverse, being present in about 55 countries. My leadership team has 10 nationalities represented, for example. However, it is important that we continue to promote diversity in all its dimensions. And in addition to diversity, inclusion is key because of our footprint of small standalone teams all around the world. To give you flavor of some recent initiatives, we have recently launched a flexible working platform, where anyone in the world can sign up and spend up to 20 percent of their time on global projects that are posted on the platform. It is important to give everyone the opportunity to develop and make an impact more widely, no matter where they come from. This is proving a big success. We are also in the process of launching an inclusion-related survey at the moment to ensure we hear the voices of our people around the world as we continue to develop the strategy for our function.

TT Looking at the next year or two, what further steps are you hoping to take at Unilever to deepen your commitment to diversity and inclusion?

RS I think it is important to focus on the broader ecosystem around us and how our decisions impact others beyond just Unilever. Whether they are on our payroll or working for us in the broader legal industry, people must be able to come to work as their authentic selves to create value. We are privileged at Unilever to work in a company that has a strong focus on D&I and there is a lot we can share with others. But we are also keen to learn and improve. One area where we will look for more opportunities in the next couple of years is, for example, engaging more people with disabilities.

Expert Biography

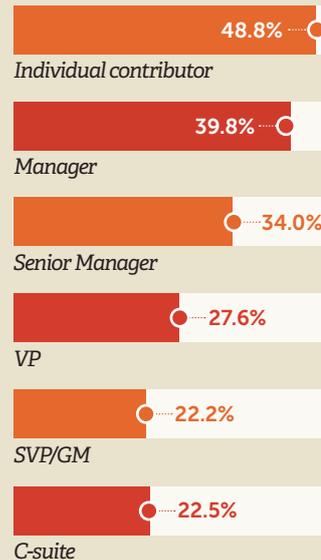
Ritva Sotamaa joined Unilever in 2013 as Chief Legal Officer. As a member of Unilever's Leadership Executive, she is responsible for Unilever's Legal, Intellectual Property, and Business Integrity functions. In 2018 she was appointed as Group Secretary, in addition to her Chief Legal Officer role. She has spent most of her career in the healthcare industry. She joined Unilever in 2013 from Siemens AG, where she was General Counsel for the global healthcare business, based in Germany.

Facts & Figures

POINTS IN THE PIPELINE

It's a well-documented fact that gender diversity tends to decrease within organizations the higher up the organizational chart you go. Nearly equal numbers of men and women enter the workforce, but over time, fewer and fewer women earn promotions. New research by The Conference Board and Korn Ferry gives us a clue about where along the line women are stalling in their advancement.

Percentage of women at every level of leadership



Conclusion: The data complicates the picture that women's parity decreases uniformly going up in the organization. Beyond the VP level, women's share of leadership roles stays roughly level. The two largest declines in representation seem to come at the initial promotion into management, and then again at the promotion from management into the VP level.

Source: "Effective Leadership Development Strategies for Women Leaders at Pivotal Points: Chief Human Resources Officers and Senior HR Leaders Speak." The Conference Board and Korn Ferry, 2019.

NEW YORK TIMES BESTSELLER

A Story of Redemption, Compassion, and a Mission
to Bring Clean Water to the World

THIRST

The new book from Scott Harrison, founder and CEO
of the innovative nonprofit charity: water



100% of the author's net proceeds from the sale of
Thirst fund charity: water projects around the world

THIRSTBOOK.COM



TOPICS COVERED

// *Mentorship & Development*

Move The Needle is intended to provide tactical and practical steps to empower women to secure senior executive roles and succeed in them, with the goal to increase representation of C-suite women from less than 25 percent to 33 percent by 2023. MTN is a cross-corporate initiative designed to engage the business leadership community directly in the advancement of women to senior executive roles. Changing corporate culture requires deliberate action. Undertaking these five things will start to Move the Needle:

1. End harassment in the workforce.
2. Pay women equally for comparable work and recognize women for the work they do.
3. Allow women opportunities to win stretch roles. If they need help, help them.
4. Identify paths to executive leadership and remove barriers along the way.
5. Pair high-value women with executive sponsors.

These are five concrete steps everyone can take to impact women's advancement in business. Without materially changing how we think and act, the gender gap will remain forever a topic for diversity and inclusion committees, the HR community and ultimately, the lawyers. We have advanced the discussion through increased visibility of the topic, aggressive training platforms, and direct media coverage. We need to *do* more.

So Where Are We?

The number of women who attend and graduate from elite colleges matches or surpasses men. Women enter the professional workforce in comparable numbers and are promoted to more senior roles—until they are not. They remain absent from the most senior executive positions in companies, with less than five percent of Fortune 500 CEOs in 2018 being women, a number that has actually fallen since 2017.

We hear many reasons for this lack of female representation. However, none fully explain the remarkable lack of progress by women to the most senior ranks. A popular explanation is that women leave the workforce to have babies and are still primarily expected to manage childcare. The demands and desires of having and raising a family are complicated and real.

MOVE THE NEEDLE

Actionable Steps to Diversify the Executive Leadership Pipeline

Written by Ryndy Ditmars

We've worked to address inequality in the workplace, but not enough is changing. We still see harassment, misconduct, unequal pay, a dearth of female role models in C-suite and board positions, and an unclear path to success. Despite more research and public discussion, the chasm remains. We need to Move The Needle (MTN).

Many families choose to have the woman leave the corporate world and work in the home. Barriers to re-entry can result in significant career setbacks or the desire to not return at all. Even if they remain in the corporate workplace, the responsibilities of caring for family members and running a home still fall more heavily on women.

Of course, not every woman falls into this oversimplification or has children at all. The choices and obligations of being a mother do not resolve the important question: Where are the women in power? Why is there such disparity in representation of women in the C-suite and board room? The undeniable biological difference that only women can potentially become pregnant is a feeble excuse for systemic exclusion of women from executive roles.

That leaves two compelling reasons why women may not be achieving the highest offices. One, women leave because corporations have failed to articulate a compelling value proposition for them to stay, or as a corollary, women do not remain or return because they have failed to articulate a compelling reason for corporations to engage them. Two, conscious or unconscious bias removes women from selection for the highest roles. MTN aims to address both.

Five Key Steps

To begin, there can be no sexual harassment in the workplace. Ever. Anywhere. Women need to work in a safe environment. Harassment is a barrier to full engagement by women. Laws require training, and ethical companies mandate awareness. A company needs to have the fortitude to address harassment by anyone, from entry-level workers to their top revenue producers. Discipline does not necessarily mean termination of employment. Given their influence, turning around senior business leaders' harmful attitudes or behaviors can create strong allies in support of their women colleagues. You can advance the cultural commitment to creating a safe environment and create role models for the mid-level leaders who are watching what their senior colleagues do. But there needs to be action; harassment cannot go unchecked.

Second, we need to recognize the work that women do. This means paying women equally for comparable work. It also means recognizing the work that women are doing, including "behind the scenes" work that they often pick up by default. It also means recognizing when women unofficially take on additional responsibilities that actually should be recognized as a new, elevated role. We need to ensure that titles and compensation reflect contributions. Don't wait to recognize a woman for performing services she has



Ryndy Ditmars onstage at the Mexico City Ethics Summit.

been doing for months or years. That's disengaging. It also creates the opportunity for someone else to claim the position for which women might not yet have raised their hands or went unnoticed when they did.

Third, encourage women to compete for and win stretch roles. Studies have shown that on average, women consider all the reasons why they are not yet qualified for a role, while a man will focus on how he will succeed despite not meeting all the role requirements. Interviewers also might confirm their own unconscious biases by focusing on what is missing in a woman's resume and highlighting a man's experience, rather than focusing on who will be most successful in the role. These twin psychological traps ensure women don't always put themselves forward the way men might. Push them to do so anyway.

Not only do women need to step forward themselves, but we need to propose women candidates for roles so they garner needed and relevant experience for even bigger roles. Companies should specifically identify promising female talent. Provide women support if they need it to learn new things to be successful in their current or potential future role. Invest in the developing executive, just as she has invested her time, energy, and resources in your company. The more women raise their hands or are identified to compete for roles, the more they will win out.

Fourth, show women the path to senior executive roles. Discuss the options and the skills required for success and how to work towards developing those skills and relationships. This plan may differ for women with family commitments, whose path may look different. Understanding and recognizing those differences will help to set expectations and goals.

Finally, one of the most important things we can do to increase female representation

in executive roles is to pair high-value women with executive sponsors of any gender. Achieving the highest offices requires not only education, skills, and experience, but arguably most importantly, relationships. An engaged sponsor can help identify skill or experience gaps and introduce new relationships to advance a woman's progression to senior executive roles.

Despite great strides to increase diversity, corporations still lag behind when promoting inclusion. Women's and men's needs are not the same, and the dynamics impacting their careers differ. Improving the workplace environment so every worker can thrive will attract and retain the most talented workers of all genders. Commit to implementing these five action items and work with us to pave the road to greater success for women in executive leadership roles.



Expert Biography

Kathryn "Ryndy" Ditmars is the General Counsel for JLL's Americas business and for one of JLL's global businesses, Corporate Solutions. She also helps guide global ethics policies. She co-founded MTN with her daughter, Ana Pranger, who is currently a sophomore at Princeton University. Ryndy started with JLL in 2000, after working as a litigator with McDermott, Will & Emery and Jackson Lewis Schnitzler & Krupman. She graduated from Princeton University (BA) and the University of Michigan (JD).



MTN 2023



THE EMPLOYEE ISSUE

More than cogs in the machine?

Illustration by RJ Matson

It's possible that no stakeholder is more vital to a company's success than its own employees, which may be why corporate leaders are reigniting conversations about what ethical companies owe to their employees beyond a paycheck. While we don't have definite answers, *Ethisphere Magazine* has brought together a diverse group of leaders and companies to provide some insight.

In this month's feature, we hear from U.S. Bank's Ismat Aziz, who talks about how the company is using keen analytics to meet its employees where they are. Then, Edelman's Stephen Kehoe gives us an overview of the intriguing data his organization has collected about how people's employers are often the most-trusted institution in their lives, and what that might mean for companies. Executives from both Intel and SunLife give us a peek into how those organizations have connected their employees to their community and charitable giving efforts. Finally, we get an in-depth look at the process of addressing mental health and emotional wellness at Booz Allen Hamilton, including interviews with several senior executives and advocate Barbara Van Dehlan, who provided her expertise to the company's program.



THE ART OF PERSONALIZATION, THE SCIENCE OF DATA

Preparing for the Workforce of the Future Takes New Approaches

Written by Ismat Aziz

U.S. Bank's Chief Human Resources Officer Ismat Aziz is on a mission to blend the art of personalization and the science of data to provide a best-in-class employee experience at U.S. Bank—both for current employees and for the workforce of the future. She knows well the importance of providing a customized experience for employees' unique needs: as a successful female senior executive and single mother of four, she's broken the mold.

A generation ago, our workplaces looked different. There were fewer women and fewer people of color, and most employees had grown up without computers or other emerging technology. Today, employees come to work seeking not just a paycheck, but also meaning. They want to feel good about what they do during their nine-to-five—if it's even nine-to-five in today's always-on, mobile-enabled workplace.

Amid all that change, the generational balance of our workplaces is also shifting. Last year, millennials grew to more than a third of the workforce, according to Pew Research. They, and some of their colleagues in the older generations, plan to postpone retirement until after age 65, meaning that our generational diversity will be increasing as time goes on.

We are at a pivotal point in time. To be at full strength as an organization and create the most value for all our stakeholders, we need to harness the power at the intersection of art (embracing cultural and generational diversity and empowering employees) and science (data and analytics).

Data Informs How We Support Employees

At U.S. Bank, we are exploring data analysis capabilities to meet employees where they are in their career journey, offering benefits and support for every stage of life.

Employees may start their career with us at any age or stage of their working life, so their needs and desires will naturally vary. We're beginning a journey to infuse data and analytics into our HR organization in order to help us pinpoint what employees need, in order to drive better, more informed decisions about what we're doing well, what we need to change, and how employees are feeling.

As a starting point, we plan to use unstructured data processing to identify common themes from reviews about working at U.S. Bank on public, third-party sites. By narrowing in on these most popular topics, we can then more strategically gather additional data via surveys and interviews to explore and address them.

Taking a longer-term view, we plan to use data points, including third-party data, and model that data in a way that allows us to identify employees' needs. With all this data, we'll be better equipped to anticipate future patterns and trends to benefit employees and our company. As our data analysis capabilities mature, we will use data to predict what skills and support employees need to remain competitive in the workplace. As the way we do business changes, we ensure that employees are connected to new opportunities and that their valuable knowledge isn't lost. We're thinking not just about how to fill roles today, but how to



U.S. Bank employees marching in the Twin Cities Pride parade in 2019, and volunteering at the Lyndale Gardens in Minneapolis. U.S. Bank offers 16 hours of PTO for employee volunteering.

use data to understand what those roles will look like as our industry evolves, and actively plugging employees into training that keeps their skills competitive for that future state of work.

Ultimately, we aim to move from reporting to predictive and prescriptive analytics via machine learning—allowing us to be proactive, not reactive, and anticipate employees' needs.

Personalization of the Employee Experience Is an Art

Today, we know that an individualized approach is crucial to employee engagement, especially in a multigenerational workforce. We personalize our employees' experiences by supporting their interests outside of work, giving them options to better integrate life with work and to be their full, authentic selves on the job and in the community.

One way we do that is by supporting employees' passions. Since all full-time employees receive two paid days off to volunteer annually, our team was able to supply more than 109,000 man-hours and donate more than \$14 million to nonprofits last year alone. To boost those contributions, we offer a matching program for both employee donations and time volunteered.

We also empower employees to share their unique perspectives through Business Resource Groups (BRGs), which are employee-driven groups connected by culture, age, gender, and/or geography. BRG members contribute powerfully to our company by advising leaders and project teams on policies and products and by carrying out amazing volunteer work in our communities. With more than 100 chapters in five countries, members of our 10 BRGs plan events that draw more than 35 percent of our workforce annually, and play key roles in initiatives including our annual Pride campaign and related debit card design and our military customer service center.

Empowering All Employees to Integrate Work and Life

In our constantly connected world, it's important to realize that work and life are integrated. There is no such thing as "balance" anymore, as texts chime in from the kids during an important meeting and cellphones buzz with new client messages during dinner. I'm intimately aware of the need to integrate work and home life and passionate about leading this conversation at U.S. Bank.

As a single, Asian mother of four, I live a life that's inconsistent with cultural and gender norms—norms that are becoming less relevant in the age of "you do you." At U.S. Bank, we embrace all employees' authentic selves so they can bring their whole selves to work. However employees choose to express culture and gender at work, we support them—and we ensure their teammates and managers understand how to support them, too, through educational resources and policies that focus on the individual first.

When I arrived at U.S. Bank in 2018, one of the first things that struck me was how committed the culture already was to workplace flexibility and inclusion—and how ingrained those ideals were in our policies. We keep employees engaged and help them prioritize what's important to them throughout their lives, by providing flexible arrangements whenever possible for employees who request transfers because of a partner's reassignment in the military or the need to care for a family member. Speaking of life changes, no matter how employees choose to build a family, they have our support and encouragement to take time off to bond with and care for their families. We provide paid time off to birth and non-birth parents and offer adoption and surrogacy assistance.

Preparing for the Workforce of the Future

The future is unfolding before our eyes. To be a successful organization going forward and continue helping employees build meaningful careers, it will be critical to have a strong relationship between HR and digital operations teams. Learn to speak the digital language, listen to what your employees are telling you, act on that information, and you'll be well positioned for whatever the future holds.

Author Biography

Ismat Aziz is the Chief Human Resources Officer at U.S. Bancorp. In this role, she is responsible for the human capital strategy of the organization including talent acquisition and development, performance management, compensation and benefits, employee relations, and diversity and inclusion. Ismat is a member of the U.S. Bancorp Managing Committee. Ismat has four children and lives in Minneapolis, MN.

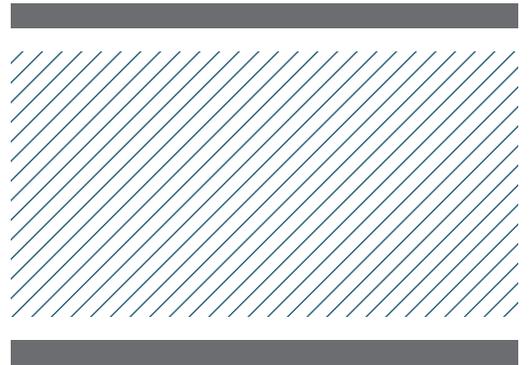


ENGAGED AROUND THE WORLD

Five Principles for Increasing Employee Volunteerism

Written by Pia Wilson-Body and Todd Brady

In this piece, two Intel leaders offer insights as to how the company achieved last year's significant volunteer milestone and share lessons learned about how other global companies and organizations can make a significant local impact by applying the time, passion, and skills of employees to drive positive change in their communities.



When Hurricane Maria struck Puerto Rico in 2017, five members of the Intel Employee Service Corps—our flagship skills-based volunteer program—ventured to the island's Mayagüez region, determined to help. They visited 161 schools in just nine days to assess the impact of the worst natural disaster in the US territory's recorded history. After developing an assistance plan and securing a donation of 2,000 Intel® NUC computers, the team returned in 2018 to equip 30 schools across the island with state-of-the-art computer labs. The equipment and labor donated as part of this project represents a \$2.5 million contribution to Puerto Rican schools.

This is just one of countless examples of volunteers from corporations like Intel coming together for communities and a common cause.

One of Intel's core values is "Be an asset to our communities worldwide," as the collective wellbeing of local communities is critical for our shared success. In 1988, Intel's co-founder Gordon Moore cemented our commitment to philanthropy by establishing the Intel Foundation, which has funded science, technology, engineering, and math (STEM) programs and disaster relief efforts and amplified the philanthropy of Intel employees for the past 30 years. Since the Foundation's inception, Intel has invested a total of \$778 million through 2018 to improve lives around the world.

To encourage employees to volunteer in our communities, we launched our corporate volunteer program, Intel Involved, in 1995. The program was a resounding success. By 2008, the Intel Involved Matching Grant program, funded by the Intel Foundation, grew into a global effort that included a match of \$10 per hour volunteered to qualified schools and nonprofit community organizations.

In 2018, as a result of a corporate challenge to celebrate our 50th anniversary, we saw more volunteers in a single year than ever before—69,000 employees and US retirees. That's 64 percent of our total employee population and a 56 percent increase compared with 2017. Volunteers gave over one and a half million hours at a wide range of nonprofit organizations across 28 countries, including nearly 395,000 hours to schools and educational institutions, over 147,000 hours to human services organizations, and more than 78,000 hours to youth development programs.

It's been a colossal effort to grow our volunteer program. The following key principles enabled us to create an impactful program that helps communities across the globe:



Credit: Intel Corporation

1. Recognize and motivate employees. We empower employees to improve their communities by enabling them to volunteer at the organizations that are most meaningful to them. We recognize those hours through the Intel Involved Matching Grant program, which extends the impact of global volunteerism by donating funds to eligible nonprofits and schools where Intel employees and US retirees volunteer. In 2018, volunteer efforts resulted in nearly \$12 million in Intel Involved Matching Grants to more than 4,000 schools and charitable organizations around the world.

2. Support employees by allowing them to volunteer on company time. Knowing that volunteering builds goodwill and is good for business, we offer flexible work schedules to give employees time in their work day to go out and do good in their communities. Taking it a step further, we announced the Winners of Wonder program as part of our 50th anniversary. To better their communities, 50 employees across the globe were awarded an additional two weeks of paid time off to partner with eligible schools or nonprofit organizations, which were also awarded \$5,000 grants. Oliver Chen, a technical marketing engineer and one of the winners, partnered with the Sacramento Public Library to develop an AI curriculum for teaching coding skills to first-time learners.

3. Link volunteer programs to employees' personal growth. We've found that projects around technology and innovation allow employees to grow their own skillsets while helping others. The Intel Employee Service Corps (IESC) harnesses the passion of employees while giving them the opportunity to be more directly involved in improving lives through Intel technology and volunteer service. IESC volunteers engage with organizations to deliver repeatable, enriching experiences through acts of global service. IESC provides unique opportunities for our employees to share their gifts of talent and time to inspire, equip, and empower underserved communities.

4. Think globally in your efforts. We're a global company, and we empower employees everywhere to make a difference in their local communities. For example, employees in Israel assembled 1,800 Purim baskets for underprivileged families. In Oregon, for National Engineering Week, 175 volunteers led hands-on engineering activities that reached over 1,000 students in Hillsboro. In Malaysia, over 70 Intel volunteers participated in a two-day event at the Penang Botanical Gardens

to collect scientific data, including physical, chemical, and biological assessments. More than 700 employees in Ireland put together over 1,200 care packages to help those in need.

5. Engage employees at all levels in causes that underscore the company's purpose. From interns to senior management, everyone should feel empowered to get involved. Many of our business units host annual "give back" days as one of their team building events. Employees are encouraged to get out of the office with their colleagues for a few hours and volunteer together at a local school or nonprofit organization. Our executive leadership even gets in on the fun—last year, 21 senior leaders volunteered at the Second Harvest Food Bank in San Jose, California.

Using this approach, Intel has built a sustaining culture of giving back. The rewards of this culture extend beyond the organizations our employees support. Across the company, we see increased employee morale and a greater awareness of the needs of our communities, both local and global.

Author Biography

Pia Wilson-Body is president of the Intel Foundation, where she oversees the foundation's approach for achieving impact and realizing the organization's mission and goals. The Intel Foundation is active worldwide, awarding millions in grants focused on supporting the philanthropic efforts of Intel's employees in education and their communities. Learn more about the Intel Foundation and Intel's social impact at Intel.com/CSR.

Todd Brady is the Director of Global Public Affairs and Sustainability for Intel Corporation, where he leads state and local government affairs, media and community relations, corporate volunteerism, and sustainability at the company's major manufacturing and office locations around the globe.



TRUST AT WORK

A More Trusting World Begins with Employers

Written by: Stephen Kehoe

Fostering the trust of stakeholders has always been at the heart of ethical business leadership. Customers and consumers want not only a partner that will provide them with innovation, expertise, and value, but also one they can trust—a partner that behaves honestly, acts responsibly, and is guided by a set of solid values.

But in today's world of disinformation, disruption, and populist sentiment, this critical work of building trust has become more difficult. The 2019 Edelman Trust Barometer, our firm's 19th annual study of trust in societal institutions, can help us understand the growing challenges to trust—and what businesses striving for ethical leadership can do to best meet them.

The past two decades have seen a progressive destruction of trust in societal institutions, a consequence of the Great Recession, fears about immigration, and economic dislocation caused by globalization and automation. Today, people are unhappy and uncertain. Only one in five globally believe the system is working for them. In developed markets, there is a pronounced sense of pessimism that things will be better in five years' time. And fears of job loss remain high, with 55 percent of employees globally worried about the threat of automation and 59 percent worried that they lack the training and skills necessary to secure a good-paying job.

Who, if anyone, do people trust? The answer—the relationships that are closest to us—has important implications for companies looking to operate with integrity.

"My Employer" Is the Most Trusted Institution

People have low confidence that societal institutions will help them navigate a turbulent world, but they have remarkably high trust in one critical institution: their employer. Seventy-five percent of respondents trust "my employer" to do the right thing—19 points more than business in general and 27 points more than government. That number is even higher—80 percent—for US respondents.

This strong trust comes with conditions, however. Employees' expectation that prospective employers will join them in taking action on societal issues (67 percent) is nearly as high as their table-stakes expectations of personal empowerment at the workplace (74 percent) and job opportunity and career development (80 percent).

This remarkable shift in the expectation that employers will serve as social actors reflects a wider public view that business has a critical role to play in creating a better future. Seventy-three percent agree that a company can take specific actions that both increase profits and improve the economic and social conditions in the communities where it operates—a nine-point increase from 2018.

The Role of the CEO

The expectation also extends to leadership. In last year's Edelman Trust Barometer, we noted that the expectation on CEOs to speak up and lead change was up to a record high of 65 percent. Our advice then was to take advantage of the moment to project leadership and maximize the business benefits of doing so.

A few CEOs did seem to take up this call to action, from Paul Polman's push to organize the business response to climate change, to Satya Nadella's support for DREAMers and stance against family separations—but not enough.

This year, the call to action appears to be yet more urgent—a rise by 11 points in the public's expectation that CEOs will speak up and lead change. Today, some 76 percent of respondents believe CEOs need to step up. Indeed, people agree that CEOs can create positive change on issues ranging from pay equity (65 percent), to prejudice and discrimination (64 percent), to training for the jobs of tomorrow (64 percent).

And stepping up proactively is required. Importantly, our data shows that where as there is a trust "advantage" of some 19 points for "my employer" (75 percent) versus business in general (56 percent), the same trust advantage is only seven points when comparing the credibility of "my CEO" (54 percent) versus CEOs in general (47 percent). In other words, employee trust in employers should not be assumed to be an endorsement of the CEO.

Building Trust from the Inside Out

The employer-employee relationship is one of the strongest pieces of evidence that ethical leadership has a bottom-line impact. The public views a company's treatment of its employees as one of the best indicators of its overall level of trustworthiness (78 percent). That perception will have a direct impact on sales, since 67 percent agree that "a good reputation may get me to try a product, but unless I come to trust the company behind the product, I will soon stop buying it."

In this climate, then, how can a company's leaders boost stakeholders' trust in them to do the right thing? The data reveal a clear mandate to begin at home, by building Trust at Work:

- First, companies must fulfill the expectation of employees and the public to lead change: address societal, political, national, and industry-specific concerns; help to define the organization's core values; and demonstrate the organization's vision for the future, its mission, and its purpose. Companies must define and deploy their ethical man-

dates, communicate those mandates internally and externally, and then deliver on their promises.

- Second, empower employees by giving them a voice in corporate decision-making, create opportunities for shared action, and build meaningful channels to share credible information. The Edelman Trust Barometer shows that the top communication topics for increasing employees' trust are "societal impact"—what the company is doing to make a difference in the world—followed by "values," "the future," "purpose," and finally "operations," including decisions that affect employees' jobs.
- Third, start locally. Begin your efforts to solve problems at home; improve societal conditions in the local communities in which you operate.
- And fourth, lead from the front with the CEO. As the most visible face in the organization, a company's CEO must live the company's values, engage directly with employees and key stakeholders, and continue to be visible by showing a personal commitment inside and outside the organization.

Ultimately, this imperative—to focus on the local by building Trust at Work—provides ethical companies with a roadmap for making the most immediate impact on their closest stakeholders: their employees. It is also the marker of a fundamental shift from a world of top-down control to one that emphasizes employee empowerment. In a full-employment economy, an employee has more freedom to choose the kind of workplace they are now coming to expect, one where values and the power to make change are a given.

This is the path that business must follow to help restore trust in our societal institutions, the greatest moral challenge of our era. The critical work of building a better future for all begins in the workplace.

Author Biography

 **Stephen Kehoe** oversees Edelman's global practices, sectors and intellectual property. Stephen's experience spans 25 years at the forefront of international communications and reputation management. He joined Edelman from Visa Inc., where he was Senior Vice President of Global Financial Inclusion.

Facts & Figures

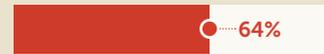
EMPLOYEES TRUST CEOs

For the last few years, the Edelman Trust Barometer has found a growing percentage of the population agreeing with the idea that CEOs should take the lead on change, rather than waiting for government or other institutions to act. In 2019, 76 percent of respondents agreed with the idea. However, the public does not necessarily think that CEOs can impact all issue areas equally.

In which of the following areas do you think CEOs can have significant impact or create the most positive change?



Equal pay



Training for the jobs of tomorrow



The environment



Sexual harassment



Fake news

Conclusion: While the public increasingly wants CEOs engaged, they have more confidence in business leaders' impact on issues such as job training or equal pay, which can be addressed within an individual company with systematic programs and attention. Other issues, such as combatting "fake news," may be seen more as a societal issue rather than one that individual leaders can greatly impact.

Source: 2019 Edelman Trust Barometer Global Report



SECURE FOR LIFE

How Sun Life Empowers Employees and Communities

Featuring Melissa Kennedy

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

Physical wellness:

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

Mental wellness:

- Our benefits team saw that mental health was one of the biggest areas for claims and benefits, so in 2016 we significantly increased our employees' mental health coverage

- Run workplace awareness campaigns during Canadian mental health week, focused on reducing stigma
- Offer our US employees a digital tool to build resilience and practice mindfulness and meditation (2,400 employees attended one session)
- In Asia, we organize talks to educate employees on mental health issues, meditation, and managing stress

Financial wellness:

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

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

MK We want to make it easier to be well, at work and at home. Happy, healthy employees lead to happy, healthy clients. Our wellness programs support mental, physical, and financial needs, empowering our employees to achieve their best.

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

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

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

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

Author Biography

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



CULTURE CHAMPIONS

The Emotional Wellness Revolution at Booz Allen Hamilton

Written by Tyler Lawrence

If you read a certain genre of business journalism, you might be forgiven for thinking that the most important factors governing your happiness as an employee revolve around amenities. Does this office have nap pods? How many different kinds of non-dairy milk options are the break rooms stocked with? Can I bring my corgi to work with me?

Booz Allen Hamilton, the multinational technology and consulting firm based in McLean, Virginia, exemplifies that shift. The company has gone all-in on transforming its culture around mental and emotional wellness, in part because a handful of leaders at the company made it a priority. In partnership with Van Dahlen's organization Give an Hour, the company has set about educating its workforce and slowly shifting its culture to encourage, rather than ignore, conversations about emotional wellness and how it impacts our professional lives. Their story provides a model for other leaders and companies seeking to transform their own culture.

A New Way of Thinking

Barbara Van Dahlen's advocacy work began nearly 18 years ago, in the aftermath of the September 11 terrorist attacks. As a child psychologist by training and profession, she knew that schools would need to take special care to help children process the events that had taken place. Her focus expanded to adults as the wars in Afghanistan and Iraq began. Van Dahlen's father and uncle were both veterans, so she had an innate sense of the immense psychological burdens that many deployed individuals would bring home. "I was so bothered by the fact that we were not going to be ready," she explains. "I didn't want to see another Vietnam."

"It has to be a community response," Van Dahlen thought, believing that returning veterans could not be helped by the government alone. She set about building that community, founding Give an Hour in 2004. At first, Give an Hour's mission was narrow: build an online network of mental health professionals willing to give an hour of their time every week to provide mental health care for members of the armed forces and their families.

Van Dahlen realized quickly that the potential need went far beyond her initial approach to serving those who serve and their families. She began to explore addressing mental health and

While these questions might well be worth asking—we at Ethisphere are, to be clear, pro-corgi—they aren't actually the questions that influence happiness at work. Many of the world's leading companies can give stunning answers about the ping pong tables in their headquarters, but they fall down on the fundamentals:

Do I feel comfortable here? Can I bring my whole self to work? If I need help, will I get it?

Until fairly recently, very few major companies could provide adequate responses to these questions. As psychologist and advocate Barbara Van Dahlen said, "Historically, you park your personal life at the door. You come to work, you do your work, you only share nice things." There's just one small problem, she notes: "Humans don't work that way." She's spent more than a decade working to change that culture in our workplaces.

Unfortunately, a massive cultural shift in the way we think about our emotional and mental wellness at work can't happen in a single wave. Change happens slowly, organization by organization, and individuals within a given company have to step up to champion that shift.



Andrea Inserra accepting Booz Allen Hamilton's first-ever Mental Health Corporate Excellence Award. Also pictured are Paul Gionfriddo, CEO of Mental Health America, and Garen Staglin, Chairman of One Mind.

wellbeing from a holistic perspective, culminating in work on a “community blueprint” to map how various existing mental health efforts could work together to provide care for service members, veterans, and their families. In 2007, she attended an event hosted by the Clinton Global Initiative where she met Andrea Inserra, an executive at Booz Allen Hamilton who was also passionate about mental and emotional wellness. Other leaders from Booz Allen then became involved with Give an Hour, including an engineering executive named Joe Sifer.

Their partnership would prove fruitful. In the aftermath of the Sandy Hook shooting in 2012, the office of Vice President Joe Biden asked Van Dahlen to examine what might be missing in efforts to support emotional wellness around the country, building on her community blueprint work to create a coordinated effort. Wanting to build a cross-sector steering committee, Van Dahlen asked Inserra to join as a representative from the private sector.

After several months, the committee announced its central conclusion: “To improve our nation’s overall mental health, we must change our culture so that mental health is seen as an important element of the human condition—something that we all have—something that we all should pay attention to.”

Working from this audacious goal, The Campaign to Change Direction launched with support from organizations such as the American Psychological Association, the Case Foundation, and Booz Allen Hamilton, and in partnership with the US Department of Health and Human Services. The Campaign created materials to educate the public on the basic signs of emotional pain in others. Rather than discussing mental health in more clinical terms of diagnoses and symptoms, the public health campaign centered on teaching everyone to identify “The Five Signs of Emotional Suffering.”

At the launch event for the initiative, First Lady Michelle Obama said, “Everyone should know all about these signs. That should be like knowing how to check for lumps in a breast or getting your cholesterol taken.” The next step toward making that happen, of course, was getting information about the Five Signs into the hands of people around the country—people like the workforce at Andrea Inserra’s employer.

Into the Corporate World

Booz Allen Hamilton had recently launched its own internal wellness program, called PowerUP, in 2014. Andrea Inserra has spent much of her career focused on healthcare and health system transformation and is a passionate advocate for treating the whole person. As such, she was a natural choice to serve on the steering committee for the program alongside other senior executives, including Joe Sifer.

However, Inserra had one bit of feedback for the program as it was initially conceived. “I told them I’d only participate if we incorporated mental wellness,” she recalls. As at many companies, Booz Allen’s wellness program focused at first on physical wellness, for the understandable reason that as Inserra acknowledged, “Emotional wellness was and is a more difficult conversation to have.” However, her career working in and around healthcare had convinced her of its vital importance.

Several months later, under the leadership of Booz Allen’s Chief Personnel Officer Betty Thompson, the steering committee began to explore adding a mental and emotional wellness component to the PowerUP program. Andrea’s involvement with The Campaign to Change Direction meant that Booz Allen had a partner with expertise and resources in Give an Hour. Even given that relationship and full support for the idea of bringing these conversations to the workplace, Van Dahlen remembers there still being some apprehension about the process, especially when the group needed to present the idea to a large gathering of senior leaders. “To give full credit to the leadership at Booz Allen, including the CEO, they really wanted to do this. But it took many, many conversations, and people were still worried—how would the top executives at the company react?” Van Dahlen recalls. However, her experience with such groups gave her confidence their work would be well-received, because issues of mental and emotional wellness have impacted so many individuals. She was right, and the group received the go-ahead to make Booz Allen one of the first companies to partner with Van Dahlen’s efforts.

The company was breaking new ground, so challenges remained. Although Give an Hour had extensive experience working with government agencies and healthcare providers, that work had to be adapted to a corporate environment. Conversations needed

to be had with stakeholders across the organization to ensure reporting lines were respected and resources were in place to handle employees who now felt enabled to come forward.

Andrea Inserra was particularly focused on what sort of impact the program would have. "How do we measure if we're making a difference?" she recalls asking. "My fear was that we would set up systems for helping people, train first responders, and then we wouldn't be able to make accommodations." Fortunately, the company hasn't seen any such issues after the rollout. Employees haven't needed anything yet that the company could not provide—all they needed was to know they could ask.

Changing the Culture

Building a compelling program was only half the battle for Booz Allen, though. They also had to change their own culture so people knew they could speak up and ask for help. The company hosted a mental health symposium to launch the new resources and programming in 2016, attended or streamed by 600 employees around the world and featuring the company's CEO, Horacio Rozanski. Inserra noted how this public statement from the CEO helped cement that this initiative had support from the very top of the organization.



Joe Sifer.

Steering committee member and senior executive Joe Sifer had a major role to play in fostering this change, using his own personal journey to illustrate and advocate for the importance of a culture shift around mental health at the company. When Sifer first joined Booz Allen Hamilton in the mid 1990s, already ten years into a career as an engineer, he was a high performer who was quickly promoted to a management role with significant responsibility.

However, that responsibility came with unexpected hurdles for Sifer, and his lack of coping skills became an impediment to his success.

Fortunately for him, a mentor within the firm recognized his struggles for what they were: post-traumatic stress induced by an exceedingly difficult upbringing. That mentor advocated on Sifer's behalf so that, quite unusually for the time, he got help through the company. Booz Allen arranged for him to connect with a coach—"really my therapist," as Sifer put it. "I learned that I had an emotional illness, just like a physical injury, and to be the happiest and most well-adjusted person I was going to have to manage it."

After this ad hoc intervention facilitated by his mentor and Booz Allen, Sifer moved quickly up in the ranks, eventually becoming

an executive vice president. Given the vital role that frankly addressing his mental wellbeing and getting help for it had played in Joe's success, he has always been very open about telling his own story in smaller professional settings such as the leadership development program. Once Booz Allen rolled out the new mental health components to the PowerUP program, Sifer found himself eager to speak publicly about its importance, both in person and in videos for Booz Allen employees.

Having a highly successful executive who had spent most of his career at the firm come forward to speak frankly about his journey with mental health and emotional fitness put a face on the program, and helped to spark conversations. As James Fisher, a communications specialist at the firm, said, "By telling his story, I think Joe made it safe for other people to begin telling theirs."

The Program Today

Now, Booz Allen Hamilton's mental and emotional wellness program is fully integrated into the PowerUP initiative, which has also expanded to include components focused on community and financial wellness. The company has made educating all employees on the Five Signs a requirement, and cards with information about them, as well as healthy mental health habits, can be found in any break room "right next to the employee discounts," according to Joe Sifer. Two more mental health symposia have also been held after the first one's success.

The company has also trained hundreds of "first responders" around the world whose focus is helping those who step forward with mental health concerns. These first responders are equipped to direct individuals to the full array of the company's mental health resources and employee assistance program. As the program rolled out, its relevance to all corners of the company became clear.

"There was a pivotal point," Sifer recalls, "when our Chief Ethics and Compliance Officer came to me and Andrea and said, 'Too many of the cases that come to compliance are from people who ultimately were struggling emotionally, sometimes acutely.'" After that conversation, the training for first responders became mandatory as a component of the ethics and compliance program. Members of the legal and human resources teams also receive the training to inform the work that they do.

The compliance benefits of a wellness program didn't surprise Barbara Van Dahlen, either, who emphasized that anybody at a company can champion the sorts of changes she advocates. In fact, she says that when she connects with companies via business leaders, rather than through more traditional channels like human resources, she sees more serious engagement.

She emphasizes that any company can take the steps that Booz Allen has, and that they won't necessarily be costly. "This is not expensive, which is the good news," she emphasized to me. "But it requires leadership and engagement all the way down. If you do that, the return on investment is massive."

Featured Expert

Tyler Lawrence is the Executive Editor of *Ethisphere Magazine*. He oversees the content of the magazine, *Ethisphere's* special reports, and other publications. He holds a bachelor's degree from Princeton University and is based in New York City. He may be reached at [tyler.lawrence@ethisphere.com](mailto:lawrence@ethisphere.com).



Change Direction is partnering with business leaders and corporations to educate employees so that they can better care for themselves, care for one another and learn how to access and utilize resources within their companies and communities.

By teaching emotional life skills to our workforce we are taking the next step in preventing emotional suffering and identifying challenges early so those in need can receive the care they deserve.

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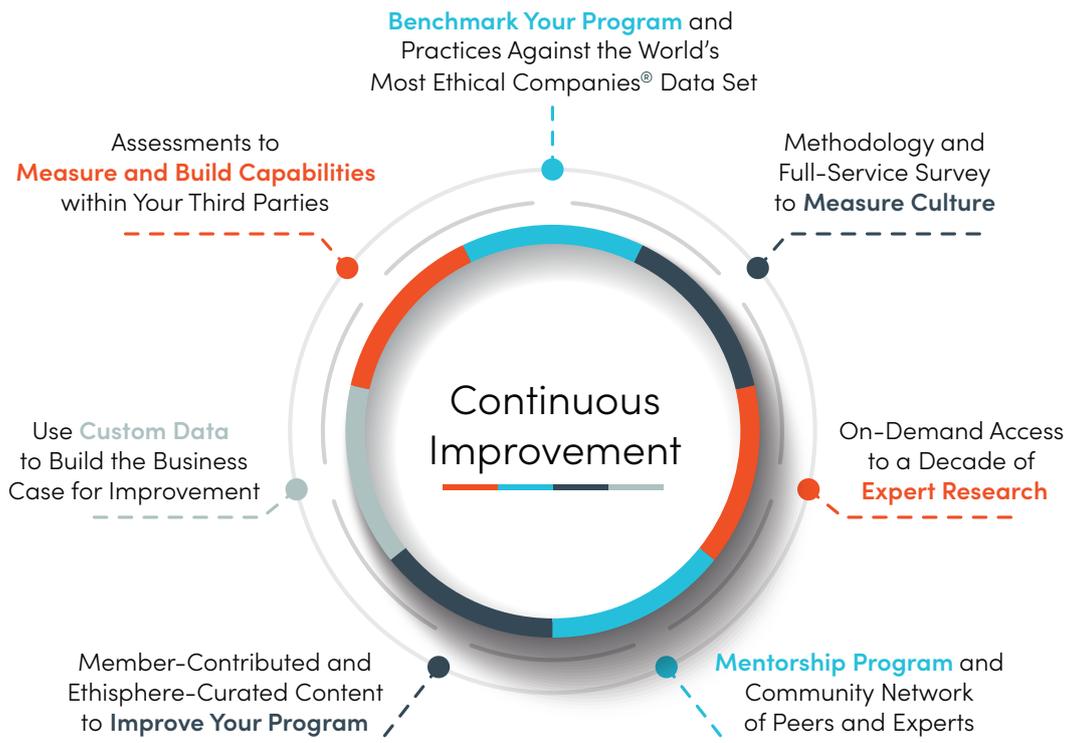
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TOPICS COVERED

// *Internal Communications*

KEEP IT SIMPLE

Reaching Our Audience with an Ethics Blog

Written by: Steve Koslow

Almost universally, organizations have initiatives and associated taglines to encourage employees, clients, customers, or other actors to report concerns. “See Something/Say Something,” “Do the Right Thing,” “Make it Right,” and “Listen Up/Speak Up” are just a few clever ways companies encourage the reporting of something illegal, unethical, or contrary to their mission and values. But regardless of how catchy the line is, employees struggle with a consistent dilemma: “Am I speaking up, or am I being a snitch?”

“Wait, what? Did you just call me a snitch?”

This line is an excerpt from one of our recent ethics blogs. In 2018, Allianz Life started a blog about ethics and ethical dilemmas, written by our CECO and available to all employees. It had to be engaging, entertaining, thought provoking, and most importantly, it had to elevate the conversation about ethics.

Every company that is serious about ethics and compliance struggles to come up with the latest and greatest vehicle to generate a conversation around ethical behavior and “doing the right thing.” Often, we look to elaborate initiatives and expensive solutions, when instead we should first consider low-cost, personal ways to enhance our communication.

At Allianz Life, we found ourselves facing a dilemma shared by many of our peers: what tools could we use to foster a conversation with our employees about ethics and building an ethical culture? We wanted to explore new methods and modalities rather than employ traditional articles that repeated textbook definitions of ethics. Our communication needed to be conversational and tackle topics that capture our employees’ attention and make them want to engage in a conversation about ethics.

The idea of a blog came from our CEO, who already writes his own blog that is the most-read item on our internal company website. His posts are personal, relevant, and to the point on company-related happenings, as well as his thoughts on items in the news and their relationship to our

Facts & Figures

60-70

Flesch-Kincaid Reading Ease Score recommended by experts for most content, a 9th grade reading level.

business. Most importantly, he personally writes each post, so the ideas, words, and phrases clearly come from the same man who speaks at all-employee meetings. They come across as a genuine conversation and an insight into his thinking. His suggestion and support were critical to launching a successful ethics blog.

Getting off the ground

To launch our blog, we conducted research and read similar blogs from a wide range of industries. Many were focused on technical legal and compliance issues. Others tended to only focus on issues found in one particular industry. What jumped out at us were those articles that tied current events to company perspectives and employee behaviors, regardless of industry. This benchmarking helped us to formulate our approach.

Reading these blogs and our CEO's submissions, we determined the tone we wanted to set and established some guidelines:

- We didn't want to use the blog to substitute for training modules or as a teaching vehicle
- We didn't want our posts to be preachy
- We didn't want to regurgitate information that was already available on our website
- We wanted to write on subjects that were topical to both our work and personal lives
- We wanted to challenge our readers to think about a subject or a dilemma in a new way or from a new perspective
- We wanted to start a conversation about ethics, ethical decision-making, and our ethical culture at Allianz Life

Setting up and administering an endeavor like a blog usually requires buy-in from key stakeholders. However, we were amazed how quickly the operational aspects came together with our CEO's strong support and endorsement. He wrote an introductory article that helped springboard the blog.

Ironing out the Details

Working with our Corporate Communications department, we found the right frequency (a little more than one post per month, for a total of 17 the first year), gained a coveted spot on the corporate main page for multiple days, established a process to archive previous blogs, and released monthly metrics reports on the number of readers and the length of time they stayed on the blog.

We kept the posts to 500-600 words so that we could hold the ever-shrinking attention spans of our readers. We also clearly defined our drafting and review process, as we wanted the tone across the blogs to be consistent, and we didn't want to have so many reviewers that the posts were completely sanitized.

We put together a rough schedule of topics to help guide our messages towards a specific end goal but agreed that the topics could be changed if needed as current events and trends emerged. We wanted to be intentional, but we didn't want to be so stuck to a schedule that we missed opportunities to talk about timely issues. Over our first year, our topics ranged from a discussion of how performance reviews were not an Olympic event to the ethics of Phil Mickelson's intentional penalty at the US Open. We also included a handful of interviews with senior leaders in which they discussed how they handled ethical dilemmas that arose in their careers. We ended each of these blogs with a question asking the reader how they would have reacted if placed in a similar situation. These questions prompted both reflection and a response we could incorporate into future blogs.

We closely tracked our readership metrics and reported those results up through our leadership. After a year of posting, we are one of the most-read items on our internal website (following our CEO's blog), and we've learned a few key lessons:

- An eye-catching title is critical to getting people to open and read the blog.
- A conversational tone is key to relating to your audience. The tone cannot be preachy!
- Our readers enjoy the fact that we close each blog with a practical question to encourage comments and opinions.
- Topics that are relevant to the everyday lives of our employees keep them coming back. The Phil Mickelson blog, which was not on our original plan but was a hot topic in the sports world, had our second-highest readership of the year.

Writing about ethics and ethical culture

isn't as hard as it might seem. One post tended to bring up other topics we could write about. Events in the news could be used as future subjects or spur an idea, and of course our readers often suggested issues to explore. When putting together the outline for 2019, we had an abundance of topics from which to choose to fill up our schedule.

A Success with Available Resources

The ethics blog has been an all-around win for our program. We have raised the visibility of the Ethics Program and the Ethics Office, we've introduced examples of ethical decision-making and problem-solving that are relatable for our employees, and most importantly, we're hearing more employees talk about ethics and ethical decision-making. It's a testament to the blog's success that we are stopped in the cafeteria or hallways with comments about a blog post or questions about the next installment.

Like any new initiative, launching the blog and gaining reader attention hasn't been all sunshine and rainbows. Some of the biggest challenges have been clearly capturing the nuances of the topics, the logistics of hitting our posting deadlines, and getting drafts through the right reviewers. As much as we love our blog as a vehicle of communication, we don't advocate that a company scrap strategic communication plans in place of blog posts or cancel comprehensive training modules in favor of a 500-word biweekly posting. Instead, our experience is that an effective and cost-conscious way of promoting your ethical culture can be as simple as using an available resource (our internal website), relevant topics, eye-catching titles, and a focus on holding a conversation with employees rather than lecturing at employees.

Author Biography

Steve Koslow is the Chief Compliance Officer for Allianz Life Insurance Company of North America. Prior to joining Allianz Life, Koslow was the Chief Ethics and Compliance Officer with CUNA Mutual Group in Madison, Wisconsin. Building compliance experience, he also held director roles with PricewaterhouseCoopers in Madison and Chicago, where he helped lead the strategy and execution of compliance projects for national life and health insurance companies. Prior to that, he held various attorney roles with MetLife and the law firms of Schiff Hardin & Waite and Holland & Hart.



TOPICS COVERED

// *Third Parties & Due Diligence*

In emerging markets, where the business sector may be less developed from a compliance perspective, the difficulty can be exponentially greater. Given that most bribery resolutions involve some third party misbehavior, this is a major issue for companies.

The most visible business impacts of corruption include reputational harm, financial losses, legal proceedings, and disruption of business operations. The long-term effects can also be damaging—corruption can expose a company to continued extortion; charges and enforcement actions can increase insurance premiums; and companies can also be excluded from bidding on government and international financial institutions contracts.

Meanwhile, enforcement continues. The latest report from OECD Working Group on Bribery published in 2018, states that as of December 2017, members to the OECD Anti-Bribery Convention had criminally sanctioned approximately 560 individuals and 184 entities. Laws also continue to be strengthened. According to the same report, in 2017 alone, three countries enacted significant anti-bribery reforms. The momentum has not stagnated. In recent months, the Mexico Government has been making moves in line with its “zero tolerance for corruption” policy—charging the former head of the state-owned oil company with bribery and tax fraud.

Every company today works with third parties: from agents, consultants, distributors, and resellers to government service providers, transportation companies, professional services firms, and joint venture partners. Given this vast range, it is a complex task for a company to fully manage and monitor corruption risks. However, there are some processes that can be put in place to minimize exposure.

Understand Your Risk

Risk-ranking third parties into categories such as high, medium, and low risk will help companies tailor due diligence and use resources wisely, an expectation of enforcement authorities and just good practice. Factors to consider when per-

BETTER SAFE THAN SORRY

Top Five Steps to Reduce Corruption with Third Parties

Written by: Leslie Benton

To do business today, companies rely on far-flung, interconnected networks of third-parties. Local partners offer market knowledge and in some cases, these partnerships are legally required. But ensuring anti-corruption compliance by third parties over whom a company may have little control can be a complex task.

forming risk assessments include where the third party is located; how business-critical it will be; whether it will have touch points with government officials; and how it will be paid. When you have risk-ranked your third parties, you can determine the amount and type of due diligence that you should undertake.

It's also important to know why you are using specific third parties in the first place. If your company is under the spotlight by enforcement officials, you will need to be able to explain the business rationale for hiring that third party. The 2019 U.S. Department of Justice Criminal Division Evaluation of Corporate Compliance Programs Guidance emphasized this point as well. As part of the process of hiring or considering a third party, consider these questions: How did we learn about this third party? Were they recommended by the government or others? Do we have expertise in-house already? Many companies today are looking to reduce risk by minimizing the number of external partners.

Conduct Appropriate Due Diligence and Follow Up

Depending on the risk, your due diligence process can range from an ownership review, financial health check and a sanctions or black list review for low risk partners, to interviews, site visits, and hiring an outside investigative firm to look into the potential partner for those you consider high risk. If you find red flags, take appropriate follow-up measures and document the process.

Get It in Writing

If you proceed with a third party relationship, ensure that you use the contracting process to secure compliance commitments. You have the greatest leverage with a potential business partner before the contract is signed. At a minimum, contracts should include:

- A scope of work and compensation structure
- Compliance representations and warranties
- Compliance training requirement
- Audit rights (consistent with local law) and an agreement to cooperate in any investigation
- Remedies

The DOJ Guidance also stressed that prosecutors expect to see contract terms that specifically describe the services to be performed by the third party, with the compensation described as well. This is good practice—once the terms are defined clearly, it is harder for a third party to argue that they are acting on behalf of a company.

Set the Tone

Once the deal is signed with a third party, there are several steps that will help to offset risks and guide appropriate behavior.

Communication and training are vital elements of an anti-corruption program. First, you should train your own employees on how to manage the third party relationship and ensure that training is specific to their role and the risks they may face. Whoever owns the business relationship should be trained on how to follow-up with third parties and how to do checks on whether they have the systems in place to avoid corrupt behavior. Additionally, it is important to regularly communicate with your third parties to ensure they understand your code of conduct and anti-corruption policies and requirements, provide compliance reminders, and answer questions that may arise. If you have been able to secure a compliance training requirement in your third party contract, check to ensure it is actually being carried out. Many companies today also provide targeted training for third parties, or at the very least, a training requirement.

In high-risk scenarios, it often isn't enough to tell your business partners what you expect by giving them your code of conduct or having them certify compliance—although those things are obviously important. You may need to go deeper in terms of engagement through training, capacity building and technical assistance.

Manage the Relationship

Monitoring your program is another essential element of an effective anti-corruption program. Conducting annual "health checks" can be valuable for ensuring that the program is running smoothly and policies and contract terms are being followed. Monitoring should also include periodic unannounced site visits, formal audits and transaction testing.

What should you do if something goes wrong? First, you act quickly to fix any problems that arise using the remedies you have negotiated in the contract. You should also use information from your monitoring to improve your processes and keep problems from recurring.

The spotlight is on anti-corruption today—from new laws to increases in enforcement activity. Companies putting systems in place to prevent bribery now will reap the rewards in the years to come.

Facts & Figures

THIRD PARTY CRITERIA

Although all companies serious about doing business with ethical partners screen their third parties, different companies prioritize different criteria and inputs in their due diligence. Ethisphere's World's Most Ethical Companies® show some slight variation in which questions they ask.

What information, if any, do you consider in your ethics and compliance due diligence of third parties?



Conclusion: Although the specific type of information that companies examine in due diligence varies widely among industries and types of third parties, all leading companies look at a range of practices when vetting partners.

Source: "2019 Ethics Quotient Survey," Ethisphere.

Author Biography

Leslie Benton is a Vice President at Ethisphere, where she engages with global companies on assessing and benchmarking anti-corruption programs and building capabilities across organizations and with third parties. Additionally, she leads the anti-corruption initiatives at the Center for Responsible Enterprise And Trade (CREATE.org); and is one of the ISO 37001 Anti-Bribery Management Systems Standard drafters as a member of the U.S. Technical Advisory Group to the ISO committee developing ISO 37001.



James Koukios speaking at the 2019 Mexico City Ethics Summit

TOPICS COVERED

// *Enforcement & Expectations*

The Original Guidance

In February 2017, the Fraud Section of the DOJ's Criminal Division released the original "Evaluation of Corporate Compliance Programs" Guidance (the "original Guidance"). Although released quietly on the Fraud Section's website and technically applicable only to the Fraud Section, the stated purpose of the original Guidance was to provide a list of important topics and sample questions that the Fraud Section had frequently found relevant in evaluating a corporate compliance program. Many of the areas mentioned in the original Guidance had been discussed in other sources, including A Resource Guide to the U.S. Foreign Corrupt Practices Act (published jointly by the DOJ and the U.S. Securities and Exchange Commission in late 2012) and the Justice Manual's "Principles of Federal Prosecution of Business Organizations." But because of its user-friendly format and increased transparency into the DOJ's thought process, the original Guidance received a generally positive reception from the legal and business communities.

The Revised Guidance

The revised Guidance builds on the original document by making it applicable to the entire Criminal Division and integrating the original set of topics and questions into a broader discussion of Justice Manual policies. Indeed, the revised Guidance uses as its organizational framework the three key questions that the Justice Manual instructs prosecutors to consider when evaluating a compliance program for effectiveness: (1) Is the program well designed? (2) Is the program being implemented effectively? And (3) does the program actually work in practice?

Some key aspects of the revised Guidance include:

Risk-Based Approach to Compliance. The revised Guidance makes clear that prosecutors must consider how well a company has evaluated its risk profile and used that evaluation to create a risk-based program. Referencing principles outlined in the Justice Manual, the revised Guidance explains how prosecutors

UNDERSTANDING THE LATEST

DOJ Revises Guidance on Evaluation of Corporate Compliance Programs

Written by Charles E. Duross, James M. Koukios, and Lauren A. Navarro

What does the U.S. Department of Justice (DOJ) expect of a corporate compliance program? How does the DOJ evaluate whether a compliance program meets those expectations? And how can a company proactively shape its compliance program to meet those expectations? In late April 2019, the DOJ's Criminal Division released an updated version of its "Evaluation of Corporate Compliance Programs" (the "revised Guidance"), which helps prosecutors and companies alike answer those questions. This article will briefly explore the history of the revised Guidance and highlight some of its most important aspects.

- (1) *Is the program well designed?*
- (2) *Is the program being implemented effectively?*
- (3) *Does the program actually work in practice?*

may credit the quality and effectiveness of a risk-based compliance program that devotes appropriate attention and resources to high-risk transactions, even if it fails to prevent an infraction in a low-risk area. The revised Guidance also instructs prosecutors to consider, as an indicator of risk tailoring, revisions to corporate compliance programs in light of “lessons learned.”

Risk-Based Third Party Management. Third parties are the number-one risk area for violations of laws such as the Foreign Corrupt Practices Act (FCPA), and the revised Guidance emphasizes that a well-designed program should apply risk-based due diligence to third-party relationships. It instructs prosecutors to consider how a company (i) ensures that there are appropriate business rationales for the use of a particular third party, (ii) tracks third parties that do not pass due diligence and/or are terminated, and (iii) ensures these entities are not hired in the future. For any third party implicated in potential misconduct, prosecutors will ask for the business rationale for hiring the third party, whether there were red flags identified during the due diligence, and what the company did to gain comfort before engaging the third party.

Tailored Training and Communication. The revised Guidance emphasizes that prosecutors should assess whether the company has relayed compliance information, including the company’s policies and procedures, in a manner “tailored to the audience’s size, sophistication, or subject matter expertise.” It offers examples

for how to achieve this, including by providing case studies that address real-life scenarios. Moreover, the revised Guidance underscores the need for a company to incorporate learnings from prior misconduct—it directs prosecutors to consider whether a company’s training program incorporates lessons learned from prior compliance incidents.

Strong Example from Leaders and an “Empowered” Compliance Function. The revised Guidance emphasizes the importance of creating and fostering a culture of ethics and compliance, which comes from both senior and middle management. “Tone at the top” and “mood at the middle” have long been part of the rubric for an effective compliance program; however, the revised Guidance’s emphasis on these elements—and the reformulated “conduct at the top” rather than simply “tone at the top”—underscores their importance. Tone from leadership (at all levels) is central to the assessment of whether a program is effective in practice and not merely a “paper program,” because leaders are responsible not only for establishing a culture of zero tolerance for corruption but also for leading by example. Compliance personnel must also be empowered by the company. In particular, compliance personnel must have sufficient seniority, autonomy, and resources to execute their tasks effectively.

Monitoring, Investigations, and Root Cause Analysis. Under the revised Guidance, prosecutors should analyze whether a company has proactively tested its compliance system through such means as internal audits and control testing. Prosecutors should also ask whether a company has “a well-functioning and appropriately funded mechanism for the timely and thorough investigations of any allegations or suspicions of misconduct.” Among other things, this will include ensuring that an investigation was properly scoped, independent, and objective. The revised Guidance emphasizes that a company must identify and remediate the causes of any compliance failure. Among other things, prosecutors should look at prior indications of misconduct that a company may have missed; potential weaknesses in a company’s controls, policies and procedures, payment systems, and vendor management; and how remedial efforts, including employment actions, have addressed the issues identified in the root cause and missed opportunity analysis.

Conclusion

The revised Guidance exemplifies the

DOJ’s continued efforts to be more transparent in its compliance expectations. The updated Guidance demonstrates the DOJ’s willingness to help provide companies with the tools they need to prevent and detect misconduct, ensure their compliance programs meet expectations, and put the business community and prosecutors on the same page when it comes to corporate compliance programs. And while the DOJ has emphasized that the revised Guidance should not be used merely as a checklist—underscoring its refrain that there is no “one-size-fits-all” approach to compliance—a company looking to benchmark its compliance program against the DOJ’s expectations should review the revised Guidance closely.

Author Biography

Charles (Chuck) Duross serves as co-chair of the firm’s Investigations and White Collar Defense Practice Group and is a co-leader of the FCPA and Global Anti-Corruption practice. With more than 22 years of experience principally focused on white-collar cases, Mr. Duross’s practice has an emphasis on complex white-collar criminal matters, including internal corporate investigations, representing special committees, compliance counseling, due diligence regarding third parties and business transactions, and defense of clients before government enforcement agencies and multilateral investment banks.

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TOPICS COVERED

// *Assessment & Focus*

It's an understatement to say that the ethics and compliance field has evolved over the past 10 years. Companies' focus has shifted radically, from simply avoiding misconduct to actively doing the right thing and creating a culture of ethics that employees are proud to uphold. At the same time, compliance and ethics teams are getting involved in a wide range of business areas—from weighing-in on cybersecurity risks to considering corporate involvement in social issues. Ethics and compliance as a function has grown up, has a seat at the table, and more often than not, now reports to the CEO as well as directly to the relevant committee of the board.

This widened scope brings greater accountability for a broad spectrum of responsibilities, from regulatory compliance to addressing ethics issues that could impact corporate reputation. Today companies are held accountable for their own programs as well as those of their subsidiaries, business partners, and global divisions. Across such a wide area of accountability, the question becomes: how do you know what is really going on, and whether the ethics and compliance program is embedded into business practices everywhere?

While comprehensive program assessments—which are recommended by the DOJ every three years—provide insight into the state of every aspect of the compliance and ethics program, they are certainly not the only way to determine how a program is progressing. In some cases, companies may wish to shine a spotlight on a particular part of the business, such as during times of transition like an acquisition or before entering into a joint venture, or to have a closer look at a high-risk region or business unit.

Getting a Handle on Maturity

The U.S. Department of Justice's recently updated guidance about evaluating corporate compliance programs reflects this shift toward focusing on how to make the right choice instead of just avoiding misconduct. It lists thought-provoking questions that provide insight into what

GROWING FAST, BUT HOW MATURE?

Putting Your Ethics and Compliance Program to the Test

Written by: Erica Salmon Byrne

Ethics and compliance has shifted rapidly from simple concerns about regulatory compliance to wide-ranging conversations about company culture, reputation, and risk. The tools that ethics and compliance teams use—program assessments, culture surveys, and the like—have largely remained either high-level or very intensive, making it difficult to pinpoint problem areas or identify solutions, or requiring such a level of resources they're not practical. Ethisphere's Erica Salmon Byrne lays out a framework for a new, targeted “maturity check” to help ethics teams bridge that gap.

prosecutors are looking for in a good compliance and ethics program, but it is not an answer guide. It provides little to no information about the absolute “right” way to run a corporate compliance and ethics program, instead leaving each organization to decide for themselves what their program should look like.

In light of this trend, conducting a program assessment every three years may not be enough to ensure that the compliance and ethics program is keeping up with an organization’s needs. After all, think about how much your organization changes in three years. Between these robust assessments, a more targeted “temperature check” of key program components, which we call a maturity check, can shed light on problem areas and help track the impact of program changes.

In addition to internal uses, these types of maturity checks can also be a great tool for evaluating potential joint venture partners or acquisition targets. Before partnering with a new organization, companies can ask them to undertake a brief assessment of their compliance and ethics program. This gives the acquiring company a clear picture of the state of the other company’s program, and helps to clarify the risk-ranking process. This sort of due diligence is becoming best practice for proactive companies seeking to avoid a nasty surprise after “buying a problem.”

In addition, maturity checks can help an organization monitor operations in high-risk business units or locations where the compliance and ethics program may not be uniformly implemented. These smaller parts of a company can complete a targeted questionnaire for their individual practices to understand how they measure up against the larger organization, leading companies, and applicable standards or guidance.

What to Address

We believe there are three key areas that provide the clearest indications of program maturity: program structure and resources; training and communications; and risk assessment, monitoring, and auditing.

• **Program Resources: Setting Up the Right Structure**

One of the most fundamental parts of any compliance and ethics program is its structure and resourcing. Does the function have appropriate seniority? It is sufficiently staffed? The answers to these questions can provide a roadmap to creating a program that meets the needs of the organization.

• **Training and Communications: Spreading the Message**

Simply having a strong, well-resourced program isn’t enough. For a program to be mature, it needs to have a presence in employees’ workdays. This is where training and communications come in. Is the message about doing the right thing reaching employees in a way they can understand and apply in their work? Spot-check evaluations between major program assessments can not only help you determine this, but also suggest best practices to implement.

• **Risk Assessment: Knowing and Handling Risks**

A compliance and ethics program should always be looking ahead to see how the organization’s risks are changing, evolving, and developing internally. This requires strong risk assessment and monitoring practices that account for the program’s most significant risk areas and track changes in an organization’s risk profile.

Benchmarking Program Maturity

Because program maturity may not look the same for every organization, it can be difficult to know how to measure it. One of the most common ways is by benchmarking, whether against applicable standards or the practices of leading companies.

Standards such as the ISO 37001 Anti-Bribery Management Systems Requirements and the NIST Cybersecurity Framework provide a way for companies to benchmark their programs against industry-leading best practices. By evaluating your program against the requirements of these standards, you can understand how your company measures up to established guidance.

It is also worthwhile to benchmark maturity against the practices of leading companies. Ethisphere’s World’s Most Ethical Companies® data set, for example, can provide objective, actionable insights into how leading companies are innovating in the compliance and ethics field and can offer suggestions for improvement.

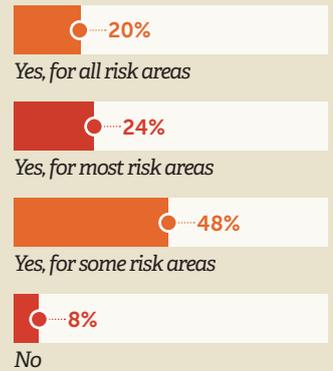
Program maturity may not be a finite, concrete goal, but there are concrete steps companies can take to build their programs toward maturity. To accomplish this, it’s important to have a clear idea of where your program stands and how it stacks up to written guidance and other companies. Through brief maturity spot checks, companies can gain insight into where their program stands—and how it can move forward.

Stats & Data

KEY PARTNER CHECKS

Ethisphere asks a wide array of questions to the companies who ultimately comprise the World’s Most Ethical Companies® list every year. Many relate to what sorts of screening companies do with their closest business partners.

Do you conduct an assessment to determine if a third party has the capabilities and controls to meet your ethics and compliance requirements?



The vast majority of leading companies are assessing third parties to determine if they have the capabilities and controls to meet E&C requirements. While internal benchmarks and definitions can be used for such purposes, having an external, independent standard for such indexing provides extra credibility.

Source: “2019 Ethics Quotient Survey,” Ethisphere.

Author Biography

Erica Salmon Byrne is the Executive Vice President for Ethisphere, where she has responsibility for the organization’s data and services business and works with Ethisphere’s community of clients to assess ethics and compliance programs and promote best practices across industries. Ms. Salmon Byrne also serves as the Chair of the Business Ethics Leadership Alliance; she works with the BELA community to advance the dialogue around ethics and governance, and deliver practical guidance to ethics and compliance practitioners around the globe.



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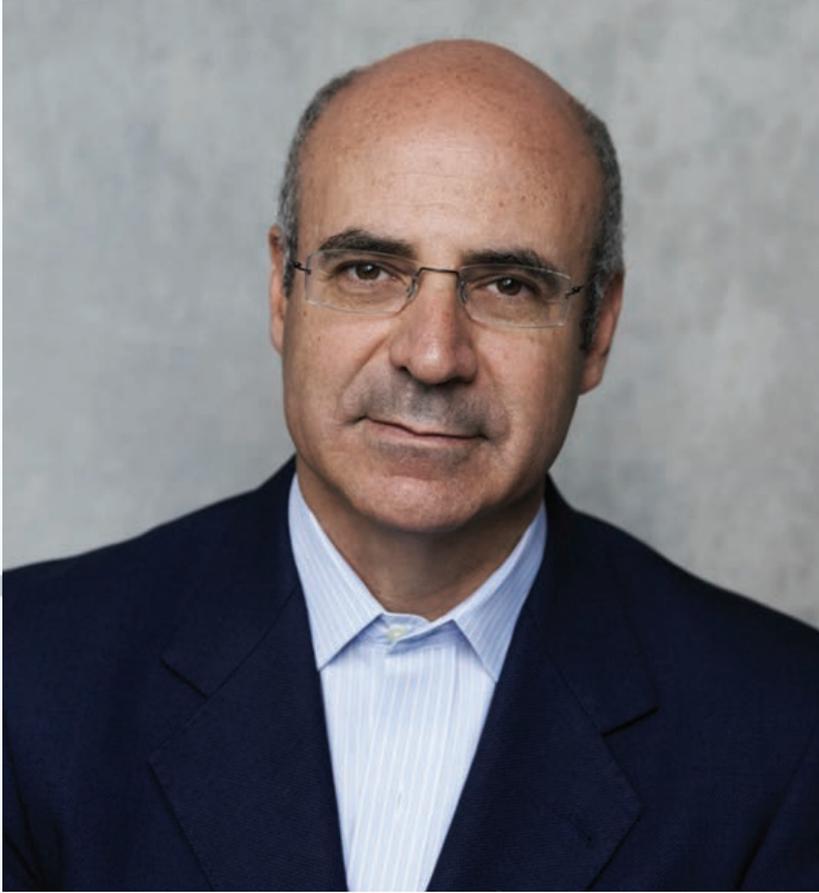
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ETHICS AROUND THE WORLD



The jobs of ethics and compliance professionals at multinational corporations only get trickier by the day, with a growing list of countries passing new anti-corruption laws, or updating existing ones, nearly monthly. Given this hectic pace of change, Ethisphere increasingly seeks to offer our readers and customers information tailored to the global economy.

In this section, we kick off with a lengthy interview with international financier and anti-corruption crusader Bill Browder, who has spent the last decade fighting to strengthen the global legal regime against money laundering and other illicit activities. Then, we hear from Bruce Karpati, Global Chief Compliance Officer of international investment firm KKR, about how technological innovation and strategic partnerships help the firm remain best-in-class. Finally, experts from Baker McKenzie give us a rundown of the Indian compliance environment.

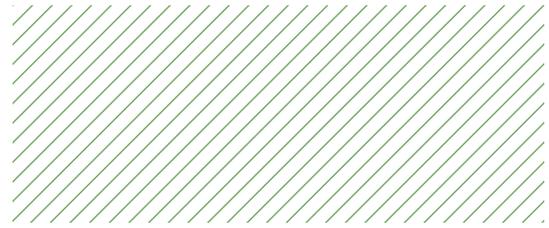


BROWDER'S BATTLES

An Interview with the Anti-Corruption Crusader

Interview by Tyler Lawrence

Bill Browder's life story is about as unlikely as they come: grandson of a prominent American Communist, he entered the world of high finance and became the single largest foreign investor in post-Soviet Russia, until his whistleblowing on corrupt oligarchs caused him to be thrown out of the country and one of his lawyers, Sergei Magnitsky, to be brutally murdered. Since then, Browder has circled the globe convincing Western governments to take stands against corruption and human rights violations.



Tyler Lawrence: First of all, thank you for talking with us. For those who may not be familiar with your work, could you give us a brief outline of who you are and your advocacy against corruption around the globe?

Bill Browder: I was once an investment fund manager. I ran something called the Hermitage Fund, and we became the largest foreign investment fund in Russia. The Hermitage Fund invested in Russian public equity, so we discovered that a number of the companies that we had invested in were being robbed in a very brazen way by the oligarch majority shareholders. We decided to try to fight the corruption by researching how it was done and then exposing it through the international media, and for a period of time we had a lot of success. In the process, we ended up becoming a very serious irritant to a number of the most highly placed people in the country. In 2005, I was expelled from Russia and declared a threat to national security.

In 2007, my offices were raided by members of the Moscow Interior Ministry. They seized all of our documents, and then those documents were used to commit a \$230 million tax rebate fraud of taxes that we had paid in the previous year.

I had a young lawyer named Sergei Magnitsky who I assigned to investigate the fraud. He investigated it, he discovered who was involved, he testified against these officials who were involved, and he was subsequently arrested, tortured, and killed on November 16, 2009.

Since then I've been on a mission to get justice for Sergei Magnitsky, which has pretty much consumed my life. I'm now no longer a financier, but a full-time human rights activist. The most notable accomplishment in our campaign for justice is the passage of the Magnitsky Act, which is a piece of legislation put together by the US Congress, passed in 2012, which imposes visa sanctions and asset freezes on corrupt Russian officials committing human rights abuses, including those who were responsible for Sergei Magnitsky's murder.

TL: But then in 2016 the US expanded the Magnitsky Act in the Global Magnitsky Act, which targets human rights violators from any country in the world. What are your thoughts on how the Global Magnitsky Act has been implemented so far by the United States and the other versions of it passed in other countries?

FAO: The big fear when we were advocating for the Global Magnitsky Act was one word in the legislation that had been changed from the Russian Magnitsky Act of 2012, which was the president "may" sanction people who are guilty of human rights abuses, as opposed to the president "shall." May versus shall. Because the White House had fought so hard to make it less of a requirement and more of an option, we thought it would never be used. I'm quite pleased and surprised at how broadly the Global Magnitsky Act has been implemented since it was passed, and there's now more than 100 people and entities under Global Magnitsky Sanctions from many countries, including countries that are long-term allies of the United States like Israel and Saudi Arabia. I think it's

really a great tool that's been used properly. My only hope is that it continues to be used and implemented in a wide manner against people who do bad things.

In terms of other countries, unfortunately, the US is well ahead of everybody else in terms of the use of this tool. The Magnitsky Act exists in six countries so far: the United States, Canada, the UK, Estonia, Latvia, and Lithuania. However, the US is way ahead of other countries in terms of adding people to the list. There's only about 50 people on the Canadian list, and about the same amount on the Estonian, Latvian, and Lithuanian lists. The UK has not even started implementing it yet.

TL What would your response be to critics of the legislation who say that it is inevitably going to be tied up in foreign policy, or that Magnitsky sanctions are going to be used against countries that the United States wants to pressure?

FAO That's the obvious concern. It was my concern that the US and other countries wouldn't sanction the "good" human rights violators and only sanction the "bad" human rights violators. That actually hasn't turned out to be true, in the sense that the US has sanctioned 17 Saudis and one Israeli, who were from countries that were considered to be friends of the United States. I think that because the tool is so targeted and it goes after individuals, you can sanction people from states that are normally considered to be friendly to the United States. Equally, you can even sanction people from countries like China. The US would never sanction the country of China, but you can sanction Chinese officials, and they have.

TL Moving back in your history a bit, during your time operating in Russia, one of your main anti-corruption tactics as an investigator was essentially to name and shame corrupt actors. How effective do you think that was as an anti-corruption tactic for you as a foreign individual and company operating in Russia? Are there ways that multinational companies and investors today could employ similar tactics that might be more successful?

FAO The big problem with investing in most emerging markets is that there is no rule of law, and there are no property rights. Your ability to enjoy the fruits of your success is very arbitrary and dependent on whether somebody comes and tries to take it away from you. In those countries, if someone does try to take things away from you, you have very limited recourse. Generally, you can't go to court because the courts are effectively captive to oligarchs and corrupt government officials, and you can't go to regulators because they're all on the payroll. You're really left with either doing nothing, or doing things where you do have some leverage.

Our leverage, at least in Russia, was to research how the corruption worked, and then expose it through the international media. Although that wasn't by any means a foolproof solution, it was the only solution that was available. Naming and shaming had a relatively disproportionate effect because many of these



Our leverage...was to research how the corruption worked, and then expose it through the international media. Although it wasn't by any means a foolproof solution, it was the only solution available.



people wanted to commit their crimes in Russia and still be admitted to polite society in the West. If they were being labeled as criminals for what they're doing in Russia, that made their access to the West that much more difficult.

TL Do you see companies still doing that today?

FAO I think it has been very rare. It's very hard, if you're part of a big international corporation, because it's not considered to be very civilized to do that kind of stuff. Of course, you end up with very strong enemies. It's very rare.

If you're an employee, you don't really have much of an incentive to do this even if there's a lot of money being stolen, because it's not going to affect your salary one way or another, but naming people could negatively impact you in all sorts of terrible ways. The only time it really makes sense is if you're a principal, if it's *your money* being stolen. In my case, we had a 20 percent profit share, so 20 percent of our money was being stolen when they did this type of stuff. It's very rare to see corporate executives doing this type of activism, because the upside was relatively limited for them because of their compensation. The downside was relatively unlimited because they could be arrested or other terrible things and end up in jail.

TL Of course, rather than taking such public steps, multinational companies have really stepped up their private, quieter ability to screen companies. There are anti-money laundering tactics and ways of doing due diligence on the people they do business with that have gotten much more sophisticated in recent years. But of course, there's work to be done. What do you say is the next wave of innovation for companies who want to fight corruption, fight money laundering, even as they continue to operate in these fraught developing markets? What role might new technologies play, for example?

FAO Well I think we're probably 10 years away from total transparency of everything. As they say, "Sunlight is the best disinfectant." The more transparent things are, the more likely it is that people don't do bad things, and the easier it is to make a responsible business decision in emerging markets.

Having said that, there seems to be a terrible naivete among many Western business executives about the conduct of people in emerging markets. People have this strange sense that they take their own values and they project it onto people who may look like them but come from a completely different moral landscape.

Facts & Figures

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Number of individuals and entities sanctioned under the Global Magnitsky Act by the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) since 2016.

TL You say we're 10 years away from total transparency. What do you mean by that?

FAO Well, I believe that eventually all ownership of offshore companies will no longer be hidden, and there will be public registers that all law enforcement will have immediate access to, as well as bank data shared among many, many different countries. It will just be much harder to do a lot of the dirty business. It used to be that you could show up with a bag of \$100 bills at one bank and deposit it, and then withdraw it from another bank. Now you can't take out more than \$10,000. Now, what the money launderers do is that instead of moving cash around, they just create so many different steps along the money laundering trail that no reasonable person can track it down, with so many steps in so many different countries. In the future, it will just be one stroke of the keyboard and you'll be able to see the full picture. Therefore, that method of money laundering will evaporate.

TL Of course, in theory, what you're hoping will emerge solves one of the major challenges to companies trying to operate ethically and do due diligence on any potential business partner, which is determining ultimate beneficial ownership of any company that they may open up a relationship with.

FAO Yep. The more information everybody has, the more responsible they can be, and the more responsible they can be, the more likely it is that they'll avoid these pitfalls.

TL Is there anything else that you want to say to our audience?

FAO In addition to the bad guys doing bad business, there is a huge population of what I call "Western enablers." Dictators and kleptocrats can only steal money from their countries if they have the assistance of Western lawyers, PR firms, and other types of enablers. In a certain way, these Western enablers are the worst of all.

When it comes to Western bankers, lawyers, and others, they all grew up in polite society and their mothers took good care of them when they were babies, they went to nice schools, and worshipped at good churches. All of a sudden, they made conscious decisions to work with these extremely bad guys. They're doing it with much more consciousness of evil. Those are the people who deserve the most disdain for their actions.

Expert Biography

Bill Browder is the founder and CEO of Hermitage Capital Management, which was the investment adviser to the largest foreign investment fund in Russia until 2005, when Bill was denied entry to the country and declared a "threat to national security" as a result of his battle against corporate corruption. Following his expulsion, the Russian authorities raided his offices, seized Hermitage Fund's investment companies, and used them to steal \$230 million of taxes that the companies had previously paid. When Browder's lawyer, Sergei Magnitsky, investigated the crime, he was arrested by the same officers he implicated, tortured for 358 days, and killed in custody at the age of 37 in November 2009.

Since then, Browder has been fighting for justice for Mr. Magnitsky. Browder's campaigning led to the US Congress adopting the Sergei Magnitsky Rule of Law Accountability Act in 2012, which imposed visa sanctions and asset freezes on those involved in the detention, ill treatment, and death of Sergei Magnitsky, as well as other human rights abuses. Browder is currently working to have similar legislation passed in Magnitsky's name across the European Union.

A Primer on the Global Magnitsky Human Rights Accountability Act



Sergei Magnitsky, Russian citizen and whistleblower, taken before his death.

What does the Global Magnitsky Act allow the President to do?

The President of the United States, in conjunction with the U.S. Department of State, may issue an executive order levying sanctions against any individual determined to be "responsible for or complicit in, or to have directly or indirectly engaged in, certain human rights abuses or corrupt acts anywhere in the world," according to the United States Department of the Treasury Office of Foreign Assets Control (OFAC), which maintains a list of sanctioned individuals. OFAC may also designate individuals complicit in the actions of the sanctions' target, whose dealings may also be sanctioned.

How does the Global Magnitsky Act passed in 2016 differ from the original Magnitsky Act passed in 2012?

The original Magnitsky Act passed in 2012 specifically targeted individuals in Russia related to the case of lawyer Sergei Magnitsky, who was arrested and tortured in custody by officials in the Russian Ministry of the Interior. The Global Magnitsky Act expanded the ability of the President to sanction individuals involved in corruption or human rights violations anywhere in the world.

What do the sanctions prohibit?

"All property and interests in property" within the U.S. by sanctioned individuals are blocked. For the purposes of the sanctions, an individual has an interest in any entity which they own a 50 percent or greater stake. U.S. persons are forbidden from engaging in any business or transactions with sanctioned individuals or entities in which they have an interest. Sanctioned individuals are also forbidden from entering the United States.

What is the U.S. Congress' role in the Magnitsky sanctions regime?

The chairperson and ranking member of several committees of either the U.S. House of Representatives or the U.S. Senate may submit a request to determine if an individual has engaged in behavior that may trigger Magnitsky sanctions. Upon receiving such a request, the President and Department of State have 120 days to submit a report detailing whether or not the President will sanction that individual.

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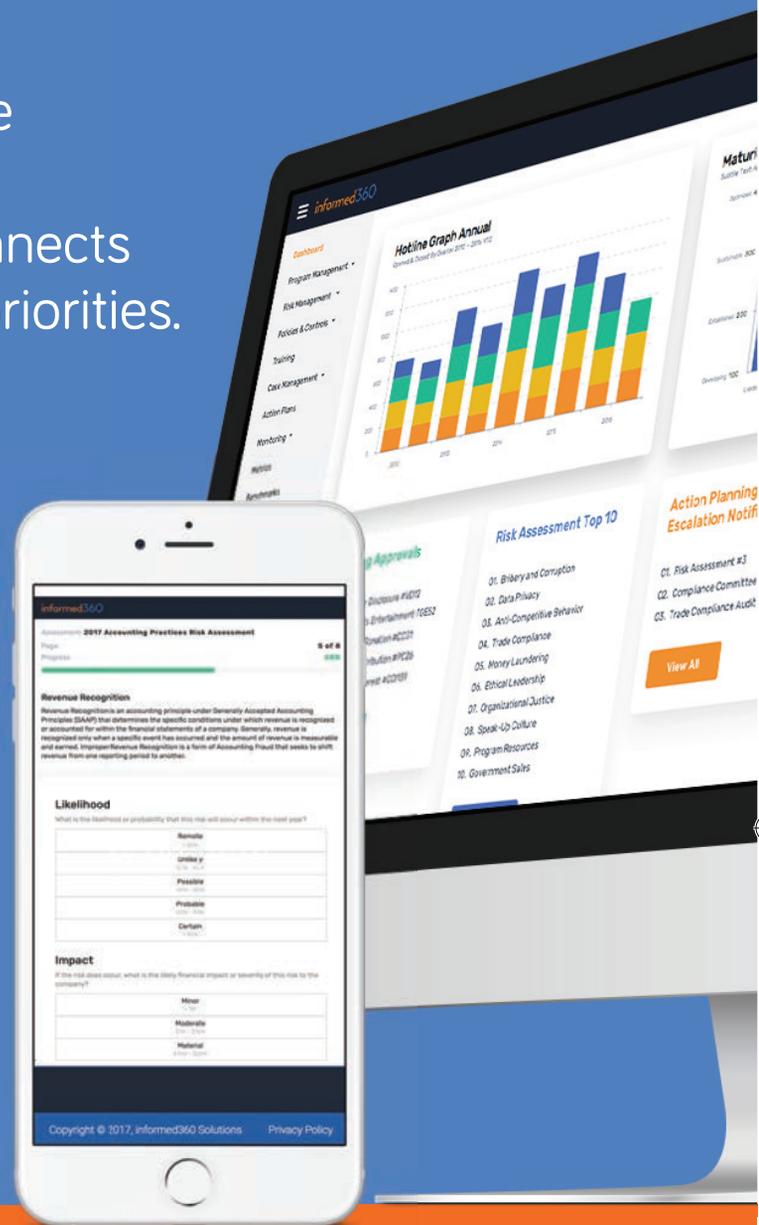
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A SOUTH ASIA PRIMER

Challenges and Risks of Doing Business in India

Written by Alina Arora, Richard Dean, and Jerome Tomas

Global companies doing business in India should be aware of the heightened risk of corruption, particularly if they use third parties to promote their business, obtain licenses, permits, and authorizations, or otherwise represent companies before government authorities (sometimes referred to as “liaisoning”). In addition, organizations should know about the increased enforcement risks, both in the United States and in India.



In this article, we will discuss ongoing US Foreign Corrupt Practices Act enforcement involving India, new Indian anti-corruption legislation, and the greater role of the Central Bureau of Investigation (CBI) in anti-corruption investigations. We will also touch on the increased cooperation between US and Indian authorities. We will then discuss best practices for doing business in India: what companies should do to reduce those risks and instill compliant behaviors within their companies and extended network of third parties.

Recent US FCPA Enforcement

FCPA and general corruption risks are greater in India than elsewhere due to the multitude of government interaction touchpoints, cultural practices allowing for facilitation payments and providing gifts to government officials, and the widespread use of third-party intermediaries hired to assist with bureaucratic processes.

While early FCPA cases focused on India involved smaller bribes, like those associated with customs clearance, now the Securities and Exchange Commission and the Department of Justice—the main US government agencies in charge of enforcing the FCPA—have tackled a broad range of corruption risks that companies encounter in India. Most recently, the SEC and DOJ have focused on improper payments made in connection with sales-related activities. Specifically, these agencies have concentrated on payments to officials or representatives of Indian government customers to obtain orders or favorable treatment connected to the sale of products. US government authorities also developed deep institutional knowledge of how business works in certain industries in India, notably in consumer goods (as in the Beam, Mondelez, and Anheuser-Bush InBev cases), life sciences devices (the Stryker and

Alere Inc. cases), and defense (Embraer). These companies were investigated and then entered into FCPA resolutions with the SEC and/or DOJ.

Since bribery is often difficult to prove, the lack of supporting documents to substantiate payments and poor record-keeping led the SEC to charge accounting violations (books and records and internal controls violations), with the DOJ generally conducting the investigation alongside with the SEC. In some cases, the DOJ led the charge, such as in the case of CDM Smith. CDM Smith received a declination from the DOJ after it voluntarily disclosed that its Indian subsidiary paid bribes to Indian government officials in exchange for highway construction supervision and design contracts and a water project contract. CDM Smith fully cooperated with the authorities, remediated improper conduct, and disgorged USD 4 million in ill-gotten gains.

India is a democracy with a market economy and an active media, important characteristics for exposing corruption. Indeed, these factors have contributed to the significant attention public corruption is receiving. Coupled with the increased whistleblower activity and growing regulatory scrutiny, this trend will likely continue. Global companies should carefully assess their risk profiles in India and take steps to address the risks effectively.

Indian Law and Enforcement Trends

Not only does FCPA enforcement remain strong, the Indian government has also become more aggressive in investigating and prosecuting corruption under the main Indian anti-corruption law, the Prevention of Corruption Act, 1988 (PoCA). The CBI registered approximately 2,000 corruption cases against public servants in the last three years, and this number is growing. Major corruption cases involving various industries are in the headlines—for example, the Rafale case in the defense sector, the Punjab National Bank and Nirav Modi cases in the financial sector, and the VK Sasikala disproportionate assets case in politics. The successful prosecution of a growing number of companies is due in part to increasing cooperation between Indian and US authorities through a Mutual Legal Assistance Treaty and other mechanisms, such as issuing letters rogatory. In a related trend, the Indian authorities have opened investigations into matters that have been resolved in the United States, such as the CDM Smith and Embraer cases.

In addition to the already increasing enforcement, PoCA was amended in July 2018 to make future enforcement easier. The amended PoCA now explicitly provides for the offense of bribegiving. It introduces a corporate bribery offense that applies to non-Indian commercial organizations doing business in India in any capacity—such as through a joint venture, consortium, distribution network, etc.—in addition to domestic companies, and makes the commercial organization liable if any person associated with it (including an employee, agent, or subsidiary) promises a bribe to a public official to obtain business or any business advantage. It also imposes liability on officers of the commercial organization separately in cases where it is proved that bribery was committed with the consent or connivance of such officers. Commercial organizations may assert the defense that they had put “adequate procedures” in place to prevent such corrupt conduct.

What Companies Should Do

In order to manage corruption risks in India, companies should begin with a thorough risk assessment that focuses on their personnel, business structure, government interactions, and in particular, their use of third parties. Of particular concern is the quality of their internal compliance controls, such as policies and protocols for conducting due diligence on third parties, training personnel and third parties, and overseeing compliance by such parties with applicable laws and company policies. Companies should scrutinize how payments for services, especially those involving government interactions, are substanti-

ated, documented, and recorded on companies' books. Petty cash accounts should be subject to rigorous controls.

Companies should also take time to understand the regulatory landscape. While bureaucracy in India can be quite time consuming and frustrating, with multiple central, state, and local regulations interposed, companies should not succumb to local practices but rather reserve sufficient time to make sure that all documentation has been prepared, all processes completed properly, and all regulatory requirements complied with. Companies should instruct their employees and third parties to resist bribe demands and let officials know that company policies do not permit facilitation or liaisoning payments of any kind.

With most FCPA cases involving misconduct by third parties, tiered due diligence based on the risk level of third parties is essential, along with conducting ongoing monitoring and addressing red flags as they are identified. The company should also have gift-giving policies setting the limits on the value of gifts to government and private customers, which should be enforced through reimbursement procedures and audited periodically.

Since local third parties often demonstrate a lack of familiarity or commitment to compliance, company requirements should be communicated to third parties, reinforced through regular training, and controlled through periodic exercise of audit rights. Provisions should be included in third-party contracts to provide for termination rights in cases of noncompliance with company policies or applicable anti-corruption laws.

Accounting controls are critical. Facilitation payments to local officials are often made out of petty cash, so petty cash should be strictly controlled, and payments should be made by other means whenever possible, with all supporting documentation retained. Several recent corruption cases originated with a whistleblower complaint to government authorities. Thus, it is critical to set up a functioning reporting hotline to promote awareness and help the company learn of possible violations. This hotline should be available to both employees and third parties.

Despite all the challenges, with vigilance and clear goals to proceed in a compliant manner, reinforced with training and appropriate controls, companies can conduct business in India successfully and not run afoul of the FCPA or local anti-corruption laws.

Expert Biographies

Alina Arora is a Partner with L&L Partners. She has over 20 years of experience in the areas of anti-corruption and white-collar crimes, having assisted clients in Indian and multi-jurisdictional advisory and investigations (involving the US, the UK, and other countries). She has been consistently recommended by Chambers & Partners Asia-Pacific for white collar crimes from 2016 to 2019.

Richard Dean is a partner in Baker McKenzie's Compliance & Investigations practice group in Washington, DC, specializing in the US Foreign Corrupt Practices Act and related legislation. In the last several years, Mr. Dean has conducted several investigations into alleged corrupt practices at Indian subsidiaries of global companies. He has led the defense of those companies before the US authorities and worked closely with Indian counsel in addressing the consequences of those cases in India.

Jerome Tomas is Chair of Baker McKenzie's SEC and Financial Institutions Enforcement Group, and co-chair of the North America Government Enforcement practice group. He represents multinational companies faced with government investigations and conducts internal investigations to assess and remediate legal and compliance concerns in domestic and global operations.



GLOBAL PORTFOLIO OF INNOVATION

KKR Advances Compliance Across Worldwide Portfolio

Interview by: Craig Moss

As the Global Chief Compliance Officer for investment firm KKR, Bruce Karpati faces an interesting challenge: making sure KKR's own practices remain best-in-class in a highly regulated industry, while simultaneously keeping the companies in which KKR invests up to snuff. Karpati spoke with *Ethisphere Magazine* about how innovation, and his work with Ethisphere, helps him keep up.

Craig Moss: Can you just tell me a little bit about KKR's business, what you all do, and what your role is as the global chief compliance officer for the firm?

Bruce Karpati: KKR is a multi-strategy investment firm. Today we are involved in multiple investment strategies, which includes private markets—private equity, infrastructure, energy, real estate, and growth equity. We also have a public markets business focused on corporate credits and debt, and a capital markets business, which provides underwriting and financing capabilities.

In terms of my job, I'm the Global Chief Compliance Officer. My job is focused on compliance and oversight as it relates to KKR as a regulated entity. We're also looking after our portfolio companies and making sure they understand the importance of strong compliance programs. We educate them on best practices and how to apply them to their companies.

CM Your portfolio companies are all over the globe. So, can you tell me a little bit more about what your geographic spread is like and what markets you're operating in?

BK Our investment strategies are quite broad, and we invest in all types of companies, whether technology, retail, healthcare, or industrials, as examples, and the geographic scope also covers the globe. We're heavily focused on three main regions: the Americas, Europe, and Asia. We have investment funds and teams encompassing most of the strategies that I discussed in each of those regions.

We also have different teams at KKR who support our investment professionals. For example, we have the KKR Global Institute that analyzes many political and regional issues across the globe, and the Public Affairs Group, which supports KKR on stakeholder, media, public policy, and environmental, social, and governance (ESG) issues. The legal and compliance team is one of those teams that not only makes sure investments are commercially and legally appropriate, but that they're doing well in other fundamental areas, whether it be compliance or ESG or other important stakeholder issues.

CM You clearly take an approach that goes beyond just wanting portfolio companies to "be compliant." You really do focus on helping them to try to embed compliance activities into how they operate.

BK KKR's co-founders and co-CEOs Henry Kravis and George Roberts really want to make sure that both our investors and our portfolio companies are able to trust us. That has a lot to do with the values that we're incorporating not only at KKR but at our portfolio companies. When we're thinking about our investments, we're not only thinking commercially. We're thinking about how those companies operate across the globe. And a significant part of that is their compliance, the ethics and integrity component of how those companies are doing business.

CM Can you take me through the lifespan of a company in your portfolio?

BK One early point of interaction that we need to get right is pre-acquisition due diligence work. The critical aim there is to do anti-corruption checks, to interview key players, and to make sure that from an anti-corruption perspective, we know the companies that we're acquiring. Second, we have a monitoring process that includes portfolio company check-ins based on the risks that we perceive in that company. Working with our outside advisors, we

will periodically check in with the company and make sure that policies are being developed, that there is the right tone, and that companies are responding satisfactorily to the extent that regulation has changed.

Ethisphere has been really helpful in two areas of our overall program. One is that we host a program for our compliance and legal colleagues at our portfolio companies, on an annual basis, where we'll focus in on a particular issue to build awareness. We chose anti-corruption as a first phase, and now we're focused on cybersecurity and the protection of confidential information. That's one area we've been working on with Ethisphere.

The second area where Ethisphere has been involved is helping individual portfolio companies measure their current program maturity and drive improvements. Ethisphere conducts assessments and workshops around making sure that we're measuring, for example, the anti-corruption risks at a company, and then working on a particular project improvement plan with those companies. We've gone through that with a variety of different companies, and now we've expanded not only to go deeper on anti-corruption, but to start looking at cyber-related issues at portfolio companies.

CM How do you try to integrate the work of compliance into the rest of the business in your portfolio companies?

BK I think one of the key attributes of this program with Ethisphere is making sure that compliance is not sitting there siloed apart from the business. The program brings together the disparate parts of the company, whether it's senior leadership, sales people, or people in compliance, and makes this effort cross-functional.

Beyond compliance, the program is very much focused on creating efficiencies in those companies. What I've seen impress some of our portfolio companies is that this goes beyond just how to comply with the law. It's about creating a level of efficiency and transparency related to a number of potential issues. For example, one focal point has been procurement. Historically we know corruption can occur in procurement processes. Ethisphere's team is able to come in, assess different parts of procurement, and then create enhancements to the procurement process to make it more efficient and more productive.

CM That leads into my next question: in what ways have your processes, either internally at KKR or in the work that you are doing to build up capacity at your portfolio companies, changed or been augmented by new technologies in the last few years?

BK Technology is a fundamental component of our compliance program. As you can imagine, we're dealing with a variety of different complex issues, whether it's trading issues, investment allocations, sanctions, or cyber issues—technology and innovation are only going to help us do our job better. When regulators come in and look at a program, they now expect a level of automation and technology.

One example is how we've created a proprietary workflow tool that tracks all of our investment deals and makes sure that we're connecting the dots in every transaction, including anti-corruption, AML, and sanctions checks. That creates a good audit trail to demonstrate to regulators that we're doing what we need to do. Another part of our compliance program is incorporating artificial intelligence into the way we monitor our activities, which we're incorporating into our electronic communications surveillance.

CM In a prior life, you spent over a dozen years working as a regulator at the SEC. How does that experience inform your work today?

Ethisphere conducts assessments and workshops around making sure that we're measuring, for example, the anti-corruption risks at a company, and then working on a particular project improvement plan with those companies.

BK Some people may not think that there are natural parallels, but when I was at the SEC, I ran the asset management unit, which investigated investment advisors of all stripes. With that experience, some things were clear to me when I entered the world of compliance. Ultimately, when people look from the outside, they're going to expect that you have set up a process-oriented compliance program. And when I think about the attributes of our program, it's really about identifying issues, being proactive around those issues, and having the right processes that still let us do our business.

Similarly, we have also been focused on bringing in specialized expertise and making sure we have the ability to really understand what the business is doing, as well as understanding different regulatory areas, whether it's anti-corruption, conflicts of interest, or trading issues, among others.

CM So looking forward to the next year or two, what innovations or evolutions in your program are you most excited about?

BK One is assisting our portfolio companies on cyber-related issues. That's an area that we get to engage with Ethisphere, in terms of doing cyber workshops with our portfolio companies. It's an area, as we all know, that is fraught with daily issues across many different companies. Although it keeps me up at night, I'm excited about the prospects there. I'm also excited about using new technology and being in a position where we can not only help compliance, but also help our portfolio companies to be more innovative around compliance issues.

And then, of course, I'm excited about the growth of our business. We've built one of the largest franchises in Asia, where many of our investment strategies are being built out. So we're going to be able to provide value in different markets across the globe.

Expert Biographies

Bruce Karpati joined KKR in 2014, is a Member of the Firm, and serves as Global Chief Compliance Officer and Counsel. Prior to joining KKR, he was the Chief Compliance Officer of Prudential Investments, the mutual fund and distribution business of Prudential Financial. Mr. Karpati was previously the National Chief of the SEC's Asset Management Unit, which he co-founded. In this role, he supervised a staff of 75 attorneys, industry experts, and other professionals. In 2007, he founded the SEC's Hedge Fund Working Group, a cross-office initiative to combat securities fraud in the hedge fund industry. Mr. Karpati is the incoming Chair of the National Society of Compliance Professionals, which serves and advocates for compliance professionals in financial services, and he serves as an Adjunct Professor at Fordham Law School. He began his career in private practice at Dechert LLP.

BELA OF THE BALL

»»»» NEW RESOURCES, RESEARCH, CONVERSATIONS, AND MORE ««««



Summer has been a busy time here at Ethisphere, as the members of our Business Ethics Leadership Alliance (BELA) community continue to contribute fabulous resources to our BELA Member Hub. The list of available templates, presentations, training materials, codes of conduct, and much more grows weekly.

One of our focuses at BELA over the last several months has been greatly expanding the variety and number of resources available to members. And members are using it: on any given month this year, the page has been accessed between 500 and 1200 times, and those numbers are only trending up. A partial list of our most recent resources can be seen on the opposite page.

Because BELA is a member-led organization, we have continued to build new Centers of Excellence around topics requested by member companies. This year alone, we have launched new Centers of Excellence in three key areas: (1) Program Structure, Metrics, and Best Practices, (2) AI, Trust, and Transparency, and (3) Trade Secret and IP Protection.

We have continued to supplement company-provided resources with our own research and special reports, the topics for which are also chosen based on member feedback. Our latest research report, *Digital Innovation: A Deep Dive Into Compliance Program Technology*, sets the stage for the initiative launching later this year on AI, Trust, and Transparency.

We are always looking to grow and improve the library of content resources available exclusively to BELA members and to that end, I have two requests for any BELA members reading these pages. First, I invite anyone who has utilized materials from our BELA Member Hub, data from concierge requests, or other aspects of the community to tell us how they've benefitted from the service, or what else we could offer that could improve it. Second, any members who would like to share resources or examples from their own programs on the BELA Member Hub are welcome to reach out to me at emily.rickaby@ethisphere.com.

Emily Rickaby
*Global Resources Manager,
Business Ethics Leadership Alliance*

Focused Facts: When members request **custom data slices** on best practices at leading companies, results are shared with the membership to provide support for your initiatives as you make the case for ethics and compliance.

- Policy management and topic development
- Investigations training and reporting
- Steering committee structure
- Measuring ethical culture including social media reputation and diagnostic results
- Program authority and chief compliance officer reporting lines

Whitepapers, Articles, and Presentations: Created in collaboration with exceptional partners, these resources provide context and insights on issues core to ethics and compliance.

- The Business Case for Compliance – 2019 Presentation Deck
- Addressing Corruption Risk through Enterprise Risk Management
- Trade Secret Theft in Supply Chains
- How to Build a Cybersecurity Culture Using People, Processes, and Technology
- Anti-Corruption Compliance Guideline Reference
- Why Anti-Corruption Programs Fail: Turning Policies into Practices

Special Reports: Created for, by, and at the request of the community to take a deeper look at important topics.

- Leading Practices and Trends from the 2019 World's Most Ethical Companies®
- Volume 1: Focus on Reporting Transparency, Governance, Written Standards
- Volume 2: Structuring and Resourcing Your Ethics and Compliance Program Effectively
- Volume 3: Maximizing the Effectiveness of Managers
- #MeToo: A Year Into A Movement
- Crisis Management Benchmarking Survey, in partnership with Morrison Foerster

BELA Member Spotlights: Opportunities for BELA members to hear from each other on their experiences using various BELA member benefits.

- Arthur J. Gallagher – profile on roundtables
- ON Semiconductor – profile on benchmarking

Webcasts: Opportunities to hear directly from experts and participate in live Q&A. The recordings of these webcasts are available on the BELA member hub.

- Diversity, Transparency and Leading Written Standard Practices from the 2019 WMEC
- Maximizing the Effectiveness of Managers from the 2019 WMEC
- Reducing Cybersecurity Risk: Cross-Functional Responsibility at the GC, CCO, and CISO Level
- Benchmarking Ethics & Compliance Programs Across an Enterprise
- Insights and Updates: The ISO 37001 Anti-Bribery Standard

BELA Member Contributions: Perhaps nothing is as valuable as the materials developed by our own BELA members. BELA member companies strengthen the community by sharing insights, examples, and ideas. The list below only covers the most recent contributions. These resources and many more like them are found in on the BELA member hub, Centers of Excellence.

- **Bayer:** Video showcase on training innovations
- **Boeing:** Presentation on case management and investigations overview
- **Cummins:** Supplier Code of Conduct
- **Deutsche Telekom:** AI guidelines
- **Duke Energy:** Communications Plan
- **Eli Lilly:** Sample video promoting speak-up culture
- **GE:** Introduction to their code of conduct and their policy on sexual harassment
- **Hilton:** Code of conduct guide for managers, conflicts of interest toolkit
- **Holland America Group:** Presentation on dashboard templates
- **Intel:** Artificial intelligence and public policy whitepaper
- **JLL:** Ethics Liaison program presentation
- **Johnson Controls:** Videos on cyber crime, sample sexual harassment training
- **Leidos:** Sample presentation for the board ethics committee
- **Nokia:** Materials and slides from their investigator's training program
- **Northwell Health:** Risk assessment methodology
- **TATA Steel:** Presentation on sustainability efforts
- **The Coca-Cola Company:** Supplier code of conduct and director code of conduct
- **The Hartford:** Employee mailer to improve engagement with "speak up"
- **Thrivent:** Interactive code of conduct and policy infographics
- **U.S. Bank:** Sample case study on harassment, article on building ethics training
- **VF Corporation:** Three policies on non-harassment and non-retaliation
- **Wyndham:** Data inventory template tool for GDPR and data privacy
- **Xcel Energy:** Leader's guide to company values

BELA STRATEGIC INITIATIVE

AI, TECHNOLOGY, AND INNOVATION: IMPACT ON ETHICS AND INTEGRITY



Over the past few years, a consistent refrain we have heard in conversations with BELA members reflects the broader trends within the global business community as a whole—namely, that the rapid development of technology is beginning to outpace traditional processes and functions that help an organization operate.

AI, machine learning, and other technology driving today's digital transformation within companies have all worked their way into the thinking and discussion about global companies' ethics and integrity strategies.

As a result, Ethisphere has frequently been asked by its member companies not only how these new technologies will influence the ethics, integrity, and compliance functions within global organizations, but also who ultimately is responsible for overseeing the ethics and impact of these tools across both the organization and its many internal and external stakeholders.

To help answer these questions, Ethisphere is partnering with a select number of global companies—all current leaders within this space—to create a 12-month BELA strategic initiative designed to convene a community of companies and give executives the expertise and tools they need to stay ahead of today's rapid digital transformation.

On November 12, 2019, Ethisphere will partner with **LinkedIn** to host the AI, Technology, and Innovation Forum. This one-day program will convene leaders across multiple industries to

share how their companies are using AI and other tools to further integrity and support key business objectives.

The conversations at the Forum will build on work that Ethisphere has already done through BELA, including the publication earlier this year of our special report *Digital Innovation: A Deep Dive into Compliance Program Technology*, available on the BELA Member Hub. The report contains key insights from seven companies on the cutting edge of innovation about how their technology-enabled compliance programs incorporate natural language processing, bots, prediction markets, blockchain, and other tools to help stay ahead.

The conversations from the Forum will continue at the 2020 Global Ethics Summit, in another special publication, and at various worldwide BELA roundtables. Those interested in getting involved with the initiative should contact Stefan Linsen, Ethisphere's Executive Vice President, Global Partnerships, at stefan.linsen@ethisphere.com.

BELA GLOBAL

»»»»» MORE TAILORED CONTENT AND EVENTS WORLDWIDE «««««



Above: Panelists at the Mexico City Ethics Summit.

Ethisphere's Business Ethics Leadership Alliance (BELA) community continues to expand its offerings around the world. After the success of BELA in South Asia, Ethisphere has created BELA chapters in several other regions in response to requests from our members for more locally-tailored conversations and content coupled with opportunities to engage with the broader global community of leading companies and gain access to exclusive data, benchmarking, company-contributed resources, and more.

The Mexico City Ethics Summit, held in May, was a partnership between Ethisphere and **Parsons Corporation**, and featured panelists from across Mexico and Latin America, conducting conversations in both English and Spanish. Speakers included representatives from multinational firms such as **3M** and **AT&T**, as well as major Mexican companies such as **Peñoles** and **Fresnillo**.

The next Ethisphere roundtable in Mexico City will be hosted by **Dell** on September 18.

In July, Ethisphere also announced a new initiative with **William E. Connor & Associates Ltd.** and **Omega Compliance Ltd.**, which will foster sharing of research, tools, and other best practices among companies operating in the Asia-Pacific region. As part of this program, a series of closed-door, in-depth roundtable discussions and workshops on topical issues are currently scheduled to take place in Hong Kong and Singapore over the next 12 months. Ethisphere and Connor will jointly produce a publication capturing key trends and best practices in ethics and compliance from leading companies operating across the Asia-Pacific region.

Companies interested in getting involved in BELA's regional chapters around the world should contact Jonathan Whitacre at jonathan.whitacre@ethisphere.com.

EVENTS

»»»» SOMEWHERE ELSE YOU HAVE TO BE? ««««

The following list highlights a few of the many roundtables that Ethisphere and its partners hosted around the globe in the last few months. Some were in-person forums, while others were virtual, but all provided unparalleled insight into the leading ethics, compliance and governance issues of today. For more: events.ethisphere.com

Over the last few months, the Business Ethics Leadership Alliance hosted roundtables around the world, most at the offices of one of our members or partners. Each roundtable features an intimate, off-the-record discussion of topics selected by the attendees themselves, allowing them to share insights and learn from one another about strategies and best practices. This list features only a sample of our roundtable locations, host companies, and the topics we have covered.

Mumbai, India / Diageo India

- Integrity and Ethical Leadership
- Diageo's Compliance Journey
- Training Managers to Serve as Ethical Leaders
- Building and Sustaining Reputation



The attendees at the Diageo roundtable in Mumbai.

Foster City, CA / Visa

- Benchmarking on Compliance Risk Assessments
- Collaboration with Human Resources against Discrimination and Harassment
- Efforts to Increase Transparency

Plainsboro, NJ / Novo Nordisk

- Compliance Business Partners
- Key Takeaways from the Updated DOJ Guidance
- Doing Business with High Risk Business Partners in High Risk Jurisdictions

Kolkata, India / TATA Steel

- Third-Party Risk Management
- The Prevention of Sexual Harassment Act
- Sustainability in India

Atlanta, GA / Georgia Institute of Technology (Georgia Tech)

- Adapting to Compliance in a New Industry
- Implications of the New DOJ Guidance for E&C Programs
- Supporting a Speak Up Culture with Streamlined Procedures

Dallas, TX / Tenet Healthcare

- Measuring Program Effectiveness
- Engaging Leaders and Driving Data Analytics
- Anti-Trust and Competition Policies



The Toronto Roundtable was hosted in the offices of Baker McKenzie.

Toronto, Canada / Baker McKenzie

- Modern Slavery, Human Trafficking and Case Law
- Anti-Corruption Updates and DPAs in Canada

Minneapolis, MN / Xcel Energy

- Refreshing Company Values
- Just-in-Time Communication and Trainings
- Updates and Best Practices from the WME Data

Radnor, PA / Lincoln Financial

- Protecting Data and Critical Assets in an Evolving Landscape
- Ethical Culture Initiatives

Arlington, VA / Accenture

- Non-Solicitation/No-Poaching Agreements
- WME Insights
- Accenture's Interactive Code of Business Ethics
- Anti-Corruption Risk Assessment Process

ONLINE

RESEARCH, DATA & MORE ON OUR WEBSITES

Conversations from the 2019 Global Ethics Summit



Ethical Leadership at illycaffè S.p.A.



BakerMcKenzie Explains "Connected Compliance"

For more one-on-one conversations with leaders in the industry visit Ethisphere's YouTube channel:

<http://youtube.com/ethisphere>



Leadership Development, University of St. Thomas on Embedding Ethics and Compliance



Mike Kolloway, Chief Legal Advisor, Parsons on Global Collaboration



Brian Loughman, EY Americas Forensic & Integrity Services Leader, on EY's Integrity Agenda and Buying into the Concept of Ethics and Integrity.

Now On YouTube: Conversations from the 2019 Global Ethics Summit

Ethisphere is proud to make many vital conversations from the Global Ethics Summit available to watch on our YouTube channel. Executives from **illycaffè**, **AT&T**, and **Best Buy**, alongside experts from leading firms such as **Baker McKenzie**, give their thoughts on an array of important hot-button issues for ethics and compliance teams. Plus, hear Ethisphere's own **Erica Salmon Byrne** interview leaders from **FIFA**, **Milliken & Company**, and **Boeing**.

Ethisphere's YouTube channel also contains a full catalogue of our webinars on topics such as #MeToo, third party risk, culture measurement and survey tools, and more. Browse through our extensive library at <http://youtube.com/Ethisphere>. Videos of full sessions from the Summit are available exclusively on the BELA Member Hub.



FIFA on Sports Integrity



U.S. Bank's Global Chief Ethics Officer on Embedding an Ethical Culture



Featured Expert this Month

Ginni Rometty, CEO of IBM, writes about the importance of preparing the workforce of the 21st century by focusing on developing employee skills and placing less emphasis on traditional credentials such as diplomas. She also discusses IBM's P-TECH education program to train the "new collar" workforce.

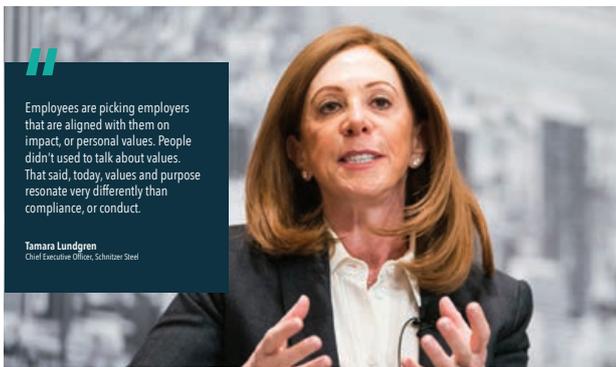
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Subscribe to the Ethisphere podcast on iTunes and never miss an episode.

GLOBAL ETHICS SUMMIT 2019 RECAP

»»»»»»»»»» SUMMARIZING KEY TRENDS AND HIGHLIGHTS ««««««««««



Ethisphere has release a publication showcasing the leading sessions, insights, trends and more from the 11th Annual Global Ethics Summit that took place in March of this year. Nearly 300 unique organizations, representing 60 different industries, contributed to the richness of information shared at this year's Summit. At the core of the Summit was participation from Ethisphere's Business Ethics Leadership Alliance (BELA) community, which led a faculty of CEOs, Chief Legal Officers, Chief Ethics & Compliance Officers, and other business partners to shape the interactive discussions and guide colleagues on the latest achievements and obstacles in the current business landscape.

Dozens of companies such as **Dell, Lincoln Financial Group, GE, Allstate, Mahindra, Nokia, Starbucks, VF Corp, U.S. Bank, Hilton, Allianz Life, Cummins**, and more have shared multi-modal examples of how they are taking specific aspects of their programs to the next level and the practical steps they're taking to improve.

Themes included in the sessions, data, and linked research from the publication include:

- Transparent Cultures Require Support and Infrastructure
- Business Improvement: Innovation and Partnerships Fuel Needed Change
- Influencing Global Stakeholders through Unwavering Commitment to Ethical Values

BELA Members can download the recap in full on the BELA Member Hub. Others may request a download at globoethicssummit.ethisphere.com, where registration is also now open for the 2020 Global Ethics Summit in New York City.

THEME #1

Transparent Cultures Require Support and Infrastructure

A company's ability to attract, manage, and subsequently communicate transparent reports requires an appropriate level of internal communication and technological infrastructure. The majority of companies in 2019 use a tracking tool or case management system that tracks or reports and related investigations, regardless of how the report was originally made. Such a system must, for example, provide the ability to track reports made to a manager outside of a formal hotline system. Given that an individual is responsible for the most common, least visible but not any other questions, but also reporting internal concerns of misconduct, suggesting middle management with tools to ease the report intake process is fundamental to understanding where potential issues may lie and subsequently communicating reporting trends broadly.

Does your company have a system or tool to manage reports and subsequent investigations?

We use a tracking tool or case management system that tracks reports and related investigations regardless of how the report was originally made	84%
We use a tracking tool or case management system and the ability to log and track reports and related investigations but only for reports made or organized through the traditional reporting system	9%
Other	7%
No, our company does not have such a system in place	1%

Data Series: Programs and Practices of Leading Companies

Download Volumes 1, 2 & 3

THE FINAL WORD

THE BUSINESS OF BUSINESS IS BROAD – AS IT SHOULD BE



In August, the Business Roundtable, speaking for the chief executives of over 200 of our best-respected companies, released a statement that dethroned shareholder value from the place it's long held as the "principal" purpose of corporations. Now, these CEOs committed instead to pursue good for a variety of stakeholders, including their employees, vowing to foster "inclusion, dignity, and respect."

The Business Roundtable's shift in stance was met with a range of reactions—from millennials applauding the move, to others suggesting it is all talk. Although I understand why there would be skepticism, I believe that companies are ahead of the game and already working away to serve all stakeholders. There were multiple examples of that mindset in this edition of the magazine, each showing different ways that corporate leaders think today about how their company can work to serve a broader societal purpose, support communities, take care of customers, and empower employees.

This approach simply makes sense when you consider how companies will attract the employee base of the future. Those employees want to bring their whole selves to work, and to labor for an employer they feel is aligned with their values. Whether it is through innovative benefits programs for new parents and other caregivers, a significant focus on diversity and inclusion, or efforts to make sure employees can share differing ideas and opinions comfortably, companies are working to find ways to support their most valuable asset: their people. In his commencement address to Morehouse College this year, venture capitalist Robert Smith told the graduates, "We all have the responsibility to liberate others so that they can become their best selves—in human rights, the arts, business, and in life." The same can, and should, be said of our best companies.

Investment in employees is paying off. In the 2019 Edelman Trust Barometer, the majority of respondents indicated that they trust their employer over other societal institutions. Seventy-six percent of the respondents say CEOs should take the lead on change rather waiting for the government to impose it, and 71 percent are looking for leadership from their employer on societal issues.

That focus is also delivering financial results. According to McKinsey & Company's 2018 report "Delivering through Diversity," organizations in the top 25 percent for gender diversity among executive leadership were more likely to outperform on profitability (21 percent) and value creation (27 percent). Accenture has also reported that disability champions achieved—on average—28 percent higher revenue, double the net income, and 30 percent higher economic profit margin over a four-year period.

Every day at Ethisphere we see the hard work done by leading companies to take on some of society's most pressing issues. These efforts enrich the lives of those within their reach, while also meeting expectations of shareholders.

I'm not going to say that every employee needs to do yoga. A company can foster respect without putting a spa in every office. But companies who can communicate to employees that they want them to take care of themselves, to share their ideas and prioritize their own well-being, will succeed in the long term.

A handwritten signature in black ink that reads "Tim Erblich".

Tim Erblich
Chief Executive Officer, Ethisphere

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Addison, 8
Wilms tumor

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