ETHISPHERE // 2020

Essential reading for Directors, CEOs, General Counsel and Ethics & Compliance Professionals who see opportunity in ethical leadership

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THE WORLD'S MOST ETHICAL COMPANIES
INTRODUCING THE COMPANIES WHO MADE THE LIST
FEATURING: INSIGHTS FROM ACROSS HONOREE COMPANIES

ETHISPHERE®

GOOD. SMART. BUSINESS. PROFIT.®

2020

PLUS!
INSIGHTS FROM CEOS OF FOUR HONOREE COMPANIES
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2020 **WORLD'S MOST ETHICAL COMPANIES**™®
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Call For Additional Investors to Join In
Investor Group Representing $2.1 Trillion Appeals to Companies to be Disability Inclusive

Investors representing more than $2.1 trillion in combined assets, led by New York State Comptroller Thomas P. DiNapoli and Oregon State Treasurer Tobias Read, are calling on companies they invest in to create inclusive workplaces that can benefit from employing the millions of talented people with disabilities who remain underrepresented in the workforce.

Learn more about becoming a signatory at DisabilityEqualityIndex.org or via email: **Info@DisabilityEqualityIndex.org.**

SIGNATORIES TO DATE:

1. **Bank of America**
2. **Rodney O. Martin, Jr.**, Chairman and Chief Executive Officer, Voya Financial, Inc.
3. **Christopher J. Ailman**, FSA Chief Investment Officer, California State Teachers' Retirement System (CalSTRS)
4. **Thomas P. DiNapoli**, New York State Comptroller
5. **Scott M. Stringer**, New York City Comptroller
6. **Tobias Read**, Oregon State Treasurer
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Disability Inclusive Companies See Rewards In Their Bottom Line...

28%
HIGHER REVENUE

30%
BETTER PERFORMANCE ON ECONOMIC PROFIT MARGINS

2x
HIGHER NET INCOME

Source: Accenture "Getting to Equal: The Disability Inclusion Advantage"

DisabilityEqualityIndex.org

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THE 2020 WORLD'S MOST ETHICAL COMPANIES

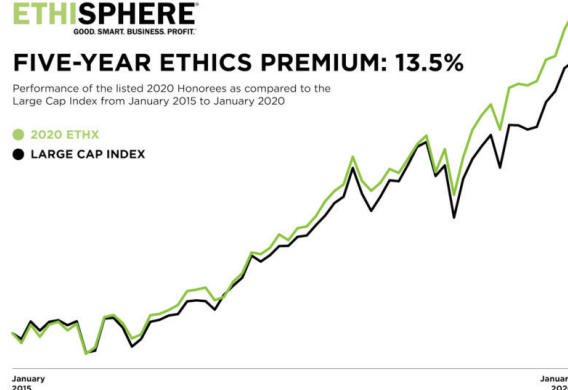AND THE HONOREES ARE...

WME PROFILES

BY THE NUMBERS ⑱

ETHISPHERE
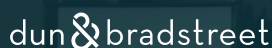GOOD. SMART. BUSINESS. PROFIT.

FIVE-YEAR ETHICS PREMIUM: 13.5%

Performance of the listed 2020 Honorees as compared to the Large Cap Index from January 2015 to January 2020

● **2020 ETHX**
● **LARGE CAP INDEX**

January 2015 — January 2020

BUSINESS ETHICS LEADERSHIP ALLIANCE SOUTH ASIA

Setting the Gold Standard for Business Ethics in South Asia. **Together.**

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The BELA South Asia Chapter includes a community of select multinational companies. Founding Members collaborate to shape the strategic and tactical direction of the chapter while playing a leadership role in inspiring best practices in ethics, integrity, and anti-corruption efforts across India and South Asia.

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JLL · Mahindra · SBI · TATA STEEL · Walmart

BELA South Asia Integrity Partners

Integrity Partners are a consortium of leading companies that have come together to collectively raise the standards and practices for ethical and compliant corporate behavior in the region. Integrity Partners are accepted on an invitation-only basis.

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Learn More:

bela.ethisphere.com/south-asia

Interested in joining the BELA South Asia Chapter?
Contact: jonathan.whitacre@ethisphere.com

CII
Confederation of Indian Industry

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21,118 water projects.

10 years.

100%

100% OF EVERY PUBLIC DONATION DIRECTLY FUNDS WATER PROJECTS.

When someone makes a donation to charity: water, we don't take a single penny for overhead. A small group of private donors pay our operating costs so 100% of public donations can directly fund water projects. We even pay back credit card fees that are inevitably incurred when donors support us online. When we say 100%, we mean 100%.

Want to learn more and get your company involved?
Visit: charitywater.org/partnerships

charitywater.org

ETHISPHERE

GOOD. SMART. BUSINESS. PROFIT.®

Our Mission Statement

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

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.

FROM OUR CEO

Dear Readers,

The selections for the World's Most Ethical Companies®, and the content from them for this issue of *Ethisphere Magazine*, came together months before the coronavirus pandemic reached its current scale. The achievements of these companies are significant, and we want to devote most of this issue to recognizing their good work. However, I would be remiss not to take a moment to address the events currently shaping our world.

The toll of the coronavirus, COVID-19, is unfolding before our eyes and the impact is being felt in so many ways. We are in uncharted waters and, for many of us, experiencing a moment that is unlike any other in our lifetimes.

My closest personal experience is when I worked in NYC and lived just outside it during September 11th. While that day was one of the saddest in my life, it was for me, also one of the most affirming for the goodness of humanity.

My grandparents lived through the depression and world wars. I've heard their stories of hardship, read the books and seen the films.

A common thread weaves through these times of unfathomable disruption: leaders lead.

Today, it is time for the Ethisphere community to lead as well. The moment is now.

The companies that have the most impact in the world—the largest, global and best performing companies—have to be out in front on addressing the impacts of the coronavirus. We know they can do it. We see it every day and every year when we recognize the World's Most Ethical Companies®, hear leading voices at the Global Ethics Summit and convene the hundreds of global member companies of our Business Ethics Leadership Alliance.

These companies are not afraid to address tough issues. They work hard to make their communities a better place through programs that touch those at greatest risk; help employees succeed through diversity, inclusion, wellness and mental health initiatives; collaborate with other organizations to protect the planet; and a wide range of other actions that make the world a better place. These are not small endeavors. It takes leadership, dedication, resources and a sense of purpose.

Every company can make a difference. Many are contemplating how. What does values-based leadership look like in practice? Here's our checklist:

- **Take the long view.** Short-term profits really don't matter right now. How you behave matters. No one will remember your quarterly results in five years, but as Maya Angelou has said "people will never forget how you made them feel." Making some sacrifices now will help people feel safe, informed, and supported.
- **Communicate frequently and with transparency.** At times like this, there is no such thing as too much.
- **Help those you touch:** employees, associates, stakeholders, the communities in which you operate. Step up and step up some more.
- **Provide unlimited sick leave for anyone affected.** Their families will also need help, most likely financial. Set up funds to do so.
- **Pay special attention to suppliers, vendors, and those third parties that are much smaller than you.** They will need support.
- **Provide unlimited leave time** for anyone in your organization interested in volunteering.
- **Place extra focus on the culture of your organization** and be particularly aware of pressure to compromise results. We can support you there – stay tuned as Ethisphere makes additional free resources and tools available. My colleague Erica Salmon Byrne will also be a frequent voice sharing insights. You can learn more at Ethisphere.com.
- **Take care of the non-profits and health care organizations in your communities**. They will need your support, and goodness we need them.
- **Be kind.** Radical kindness will go so far to make these demanding times more humane.

And finally, something that is at the core to what we do at Ethisphere, share what's working with other organizations. We are committed to doing the same. As we say often at Ethisphere—doing what's right and 'above and beyond' is good business. It's never been more true.

We'll get through this – with extraordinary leadership, commitment and dedication by companies and individuals alike. Our moment is now.

Tim Erblich
CEO
Ethisphere

Our mission is to empower every person and every organization on the planet to achieve more.

Microsoft is proud to be recognized by Ethisphere Magazine as one of the World's Most Ethical Companies.
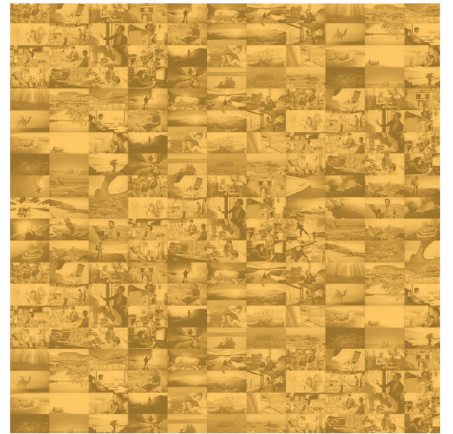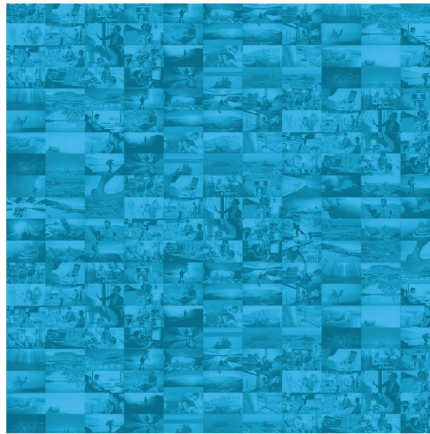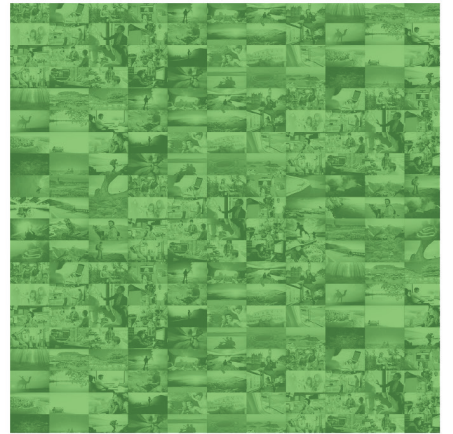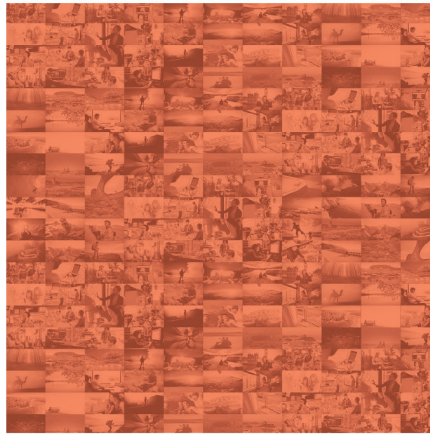
GLOBAL ETHICS SUMMIT 2020

Global Ethics SUMMIT®
Celebrating *12 Years*

For the first time in 12 years, the Global Ethics Summit will not be held in New York City this spring. With a tradition of incomparable leadership insights and peer connectivity, not to mention the largest assembly of the Business Ethics Leadership Alliance (BELA) community in any given year, it is something that cannot be replicated in any other format. However, it does present an opportunity to find new methods of sharing our unique knowledge sets with a broader group of leaders. In fact, Ethisphere considers it our responsibility to make sure the insights you rely upon are not lost during this period of distancing.

To bridge the gap of time and information, we will be developing a set of resources that will be accessible through our Global Ethics Summit site. Through a collection of webinars, articles, podcast interviews, and other sources we will continue to tap into an exceptional level of shared expertise on select areas of concentration right now, including:

- Culture and leadership during a period of overwhelming disruption
- Pivoting the business strategy with integrity still at the center
- Focusing your staffing and budget on accomplishing the goals of your program
- Ensure the investigations process is effective even in an increasingly remote work environment
- Communication planning as the 'when' and 'how' is more important than ever
- And more

Beginning mid-April, visit the Summit site at https://globalethicssummit.ethisphere.com/ with new postings each week.

Our ultimate goal is to reschedule the Global Ethics Summit, and working closely with our venue partners in New York to confirm what is possible, while also pursuing alternative markets that may better accommodate under these extraordinary circumstances.

THANK YOU TO ALL OF OUR PARTNERS FOR THEIR CONTINUED SUPPORT!

Ethisphere's Global Partners

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Ethisphere's Summit Partners

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Make-A-Wish.   Disability:IN Your business partner for disability inclusion.

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KIND KIDS IN NEED OF DEFENSE   The Second City WORKS   IMPROVISING RADICAL CANDOR

THE 2020 WORLD'S MOST ETHICAL COMPANIES

AND THE HONOREES ARE...

The World's Most Ethical Companies® outperform their peers when it comes to promoting ethical business standards and practices both internally and externally. These standards create a culture that enables their executives, managers and employees to make good choices for the companies and their communities in which they operate. The World's Most Ethical Companies are shaping future industry standards by introducing tomorrow's best practices today.

As in years past, applicants were asked to provide information across each category with supporting documentation which Ethisphere evaluated qualitatively.

The following pages list the 2020 World's Most Ethical Companies, outline Ethisphere's methodology and selection process, and highlight stories from some of this year's honorees.

This year, 132 organizations are recognized as World's Most Ethical Companies, spanning 51 unique industries across 21 countries. These organizations earned the distinction after a comprehensive application and review process.

The 2020 application year brought significant revisions to each assessment category. Changes focused on several key topics, including: (i) depth and breadth of available employee mental health wellness programs, (ii) a broad view into a company's involvement in industry-specific, local, national, or international initiatives related to governance, ethics and compliance, culture, sustainability, and citizenship, (iii) additional clarity on whether members of the Board or other governing authority have operational experience with ethics and compliance programs or sustainability and corporate social responsibility programs, (iv) whether managers are trained on leveraging resources to support their ethics and compliance communication efforts, (v) new detail on the types of resources provided to managers to help them promote ethics and compliance within the organization, (vi) if and how reports of misconduct received by managers are inputted into the company's tracking system, (vii) the breadth of evaluations done by companies who review the effectiveness of their ethics and compliance programs on a rotating, or periodic, basis, and (viii) further detail on how companies are conducting root cause analysis to assign cause(s) to incidences of misconduct.

The following is a breakdown of the assessment categories considered, and their weighted impact on an application's score, as part of Ethisphere's methodology to determine the World's Most Ethical Companies:

Ethics & Compliance Program (35%)
This category examines an organization's program put in place to ensure compliance with applicable regulations, as well as conduct that complies with the highest ethical standards. The criteria used for this category are fully aligned to incorporate best practices, relevant case law and the "hallmarks" of an effective compliance and ethics program, as outlined by the Federal Sentencing Guidelines, including:

1. Program structure, responsibility and resources;
2. Program oversight and tone at the top;
3. Written standards;
4. Training and communication;
5. Due care;
6. Detection, monitoring and auditing; and
7. Enforcement and discipline.

Leadership, Innovation & Reputation (10%)
This category measures an organization's legal compliance, litigation, environmental, and ethical track record, along with the strength of its reputation in the marketplace. While Ethisphere considers awards and accolades earned, the category also examines concrete examples of corporate leadership in local, national, industry and/or global initiatives that promote business ethics, responsible/sustainable business practices, environmental stewardship, good governance, transparency and social responsibility. The category seeks organizations that are out in front leading and creating positive change, not standing on the sidelines and joining in once others have paved the way.

Governance (15%)
This category examines the availability and quality of systems designed to ensure strong corporate governance (as defined by the US Sentencing Commission, Securities and Exchange Commission and other regulatory bodies), including oversight, governance principles, and risk management. Governance criteria are modified as needed and as is appropriate when reviewing publicly traded companies compared to private companies, partnerships, non-profits, etc.

Corporate Citizenship, Sustainability & Responsibility (20%)
This category reviews a wide range of an organization's performance indicators associated with sustainability, citizenship and social responsibility. It specifically includes such areas as: environmental stewardship, community involvement, corporate philanthropy, workplace impact and well-being, and supply chain engagement and oversight. The quality and efficacy of the initiatives are considered, in addition to stated and measurable goals, accountability and transparency.

Culture of Ethics (20%)
This category examines the extent to which an applicant promotes an organizational culture that encourages ethical conduct and a commitment to compliance with the law. Specifically, the category measures an organization's efforts and success at establishing an ethical tone at the top of the organization and then the steps taken to communicate, reinforce and monitor the effectiveness of that tone throughout every level of the organization. Ethisphere considers steps taken to establish an ethical culture as well as those to measure, evaluate and improve the culture.

Note that there is not a specific set of questions on this subject; rather, Ethisphere considers the organization's responses to questions from throughout the survey that relate to the organization's underlying culture.

Michitaka Sawada

President & Chief Executive Officer

Kao Corporation

Health & Beauty

Michitaka Sawada, President and Chief Executive Officer of Japan's Kao Corporation, has been at the company just long enough—39 years, to be exact—to have some sense of the changes that have overtaken the business world in that time. For him, one thing has remained constant: his company's commitment to the principles espoused by the Kao Way. "That spirit of integrity," he says, "has not changed and should not change."

Of course, even an unwavering commitment to a set of ideals like the Kao Way involves adapting to enormous changes. As a leader at a consumer brand, Sawada has had a front-row view of the way that certain ideas about ethical consumption have permeated the marketplace. "In the past, anything friendly to the environment or good for society was an additional bonus to your product," he says. "Now, it has to be integrated."

The rise of ideas about ethical consumption have made having an ethical reputation as a consumer brand more important than ever. "Continuing to engage in a sincere manner so that we can be a force for good for people, society, and the planet is absolutely critical for us," he insists. "It's also important that we communicate this to consumers, to keep our license to operate."

To satisfy these heightened demands, Kao has adapted, raising the bar in its processes while exemplifying a longstanding value that at Kao is called Yoki-Monozukuri, which roughly translates to "passionate, consumer-centric product development." Over a decade ago, Kao introduced an environmental checklist to ensure all new products are somehow more sustainable than existing offerings. Additionally, the company utilizes principles of universal design, which according to Sawada, "ensures all of our products are easy to use for as many people as possible." To give just one example of these principles in action, Sawada pointed to Kao's work developing new cleaning agents, particularly foams that lather easily and rinse with very little water. "When you want to clean using foaming products, you're using a lot of water, hot water. The less water you can use to rinse, you're able to save both water and the CO_2 emissions to heat it." With this research, Kao's key products reduce water use by 20 percent.

Looking to the future, Sawada says, "It's important to us that consumers who use our products can feel the difference in a tangible way. In order to have our consumers feel the benefits of our products, we have to communicate with them. We have to listen to their voices to understand their needs. This interactive engagement is critical going forward."

Joanne Mullen

Chief Compliance Officer

Ecolab

Chemicals

As a multinational supplier of services providing hygiene, safe food and clean water in 171 countries, Ecolab's reputation for reliable, safe service has always been important, one reason the company is one of the very small number of 14-time World's Most Ethical Companies honorees. But as people around the world are attempting to combat and contain the novel coronavirus outbreak, their purpose— "to make the world cleaner, safer and healthier"—has taken on even more resonance. Joanne Mullen, the company's Chief Compliance Officer, plays a major role in advancing that purpose.

Fortunately for their customers around the world, Mullen says, "Safety and compliance are the two bookends that hold up our company. We have a very, very strong leadership team that takes compliance very seriously." Leadership at all levels is engaged to solidify this commitment: Mullen reports five times a year to the board's audit committee, and spends much of her time traveling among different regions to convene compliance and ethics committees of regional finance, human resources, and business leaders. "This is just part of doing our business," she says.

At moments like the current one, with global anxiety about the coronavirus spread, the company's steadfast commitments pay serious dividends. As Mullen asks, "Is there anything more important right now than the safety of water and food? Our global, multinational customers look to us to help them achieve their results. They demand that we are ethical, that we are transparent, and that we don't just talk the talk." Their steadfast commitment to ethics and safety means that even in uncertain times, Ecolab can remain a reliable resource for its 3 million commercial customers around the world, and for each of the individuals those customers touch in turn.

Ecolab has also stepped up to help educate the public, leveraging its 50000 employees worldwide. A quick look at the Ecolab website leads to informational videos about hygiene. "We're experts in public health and infection prevention, so now more than ever, our expertise is needed," Mullen declares. "We were on the ground with our China leaders giving them resources to be sure our employees and customers were healthy, safe, and had the supplies they needed."

Even amidst these seemingly-larger concerns, for Mullen, the company's work boils down to the basics. "We work hand in hand with our customers to make sure our people out in the world are safe and comfortable." It's hard to argue with that kind of mission.

ELECTRONIC COMPONENTS

AVNET // USA

ELECTRONICS & SEMICONDUCTORS

ARM LIMITED // United Kingdom
Intel Corporation // USA
ON Semiconductor // USA
TE CONNECTIVITY LTD // Switzerland

ENERGY & UTILITIES

Avangrid, Inc. // USA
Avista Utilities // USA
Capital Power // Canada
EDP - Energias de Portugal, S.A // Portugal
Iberdrola, S.A. // Spain
National Grid // United Kingdom
NextEra Energy, Inc. // USA
The AES Corporation // USA
Xcel Energy // USA

ENGINEERING & DESIGN SERVICES

Fluor Corporation // USA
Parsons Corporation // USA

ENVIRONMENTAL SERVICES

Republic Services, Inc. // USA
Waste Management // USA

FINANCIAL SERVICES

Principal Financial Group // USA
Prudential Financial, Inc. // USA
Thrivent // USA
TIAA // USA
Voya Financial // USA

FOOD, BEVERAGE, & AGRICULTURE

Archer-Daniels-Midland Company // USA
Grupo Bimbo // Mexico
illycaffè // Italy
Ingredion // USA
Kellogg Company // USA
PepsiCo Inc // USA

FORESTRY, PAPER & PACKAGING

International Paper Company // USA
Weyerhaeuser Company // USA

HEALTH & BEAUTY

Kao Corporation // Japan
L'ORÉAL // France
Natura // Brazil

Eduardo Lopez

Chairman & Chief Executive Officer

SERTECPET

Oil & Gas

The World's Most Ethical Companies is truly a global collection of exemplary organizations. While many of the honorees are multinationals based in the United States, there is a significant and growing portion of the list from other regions of the world. SERTECPET, an Ecuadorean energy company and first-time honoree, is characteristic of the global community the list represents. For Chairman and CEO Eduardo Lopez, "Being recognized as an ethical company at a global level is a great honor for each of the members of our organization."

The recognition means all the more for SERTECPET as a company operating in both an industry and a region that have particular challenges in regards to anti-bribery and corruption. For Lopez, the commitment to operating ethically comes, in part, out of an awareness of the steep social costs of corruption. "Corruption has political, economic, social, and environmental ramifications," he says. "It weakens democracy, it destroys national wealth, it undermines confidence in institutions, and it leads to irrational exploitation of natural resources."

SERTECPET has always had a strong commitment to operating ethically, and that commitment hasn't always been easy to maintain. "Not going along with corrupt practices has meant that we have had to abandon some countries where corruption was the biggest obstacle to our presence," Lopez says. According to him, for years the company has had to forego business because the environment made it impossible to work in an ethical way.

Of course, over the last few years, the public in Latin America has grown increasingly fed up with tolerating the myriad problems caused by corruption. "Society is reacting," says Lopez, "demanding, and requesting a change from political and business leaders. Corruption cases are being made public."

SERTECPET recently demonstrated its commitment to ethical practices in a significant way, by becoming the first Ecuadorian company to receive ISO 37001 certification for their anti-bribery management systems. For Lopez, the certification was a grueling process, but a necessary one that aligns with SERTECPET's broader goals. "Being certified is aligned with our broad strategy to strengthen our best practices within the company and its processes, with an approach geared towards continuous improvement," he says.

Ultimately, he believes SERTECPET has prospered in the long run because its standing brings business. "Our reputation for ethics bring value in the stock market, dealing with public or private clients, as well as for our suppliers, collaborators, and shareholders," he declares.

Emmanuel Lulin

Senior Vice President, Chief Ethics Officer

L'Oréal

Health & Beauty

While having a reputation for ethics and integrity benefits all companies, brands with a direct consumer relationship arguably have the most at stake. Few companies have a more intimate relationship with their customers' lives than L'Oréal, the world's largest cosmetics company. Millions rely on its products every day to look and feel their best. As L'Oréal's Chief Ethics Officer since 2007, Emmanuel Lulin has been responsible for maintaining that brand.

For Lulin, one major component of the company's long-lasting commitment to integrity—2020 marks L'Oréal's 11th consecutive year on the World's Most Ethical Companies list—is the fact that much of L'Oréal's work on ethics has been proactive. "We bring more value by being proactive, and not reactive," he says.

In 2020, that proactive approach has led L'Oréal to release its new Employee Human Rights Policy, an addition to the broader Global Human Rights Policy rolled out in 2017. "The next step in this human rights journey was to focus on the people who make up L'Oréal," he says. "We want to guarantee their rights, to walk the talk." The policy was rolled out in January after consultations with many outside experts, including the United Nations.

Being proactive about ethical matters such as employee human rights has the added benefit of ensuring that all stakeholders believe that L'Oréal is operating out of good faith to try and improve the company's operations and the lives of those it touches. According to Lulin, "Our employees understand that there is a sincere wish to do things better."

For Lulin, sincerity is key. "The differentiator between two organizations," he says, "is the sincerity with which they walk the talk. Sincerity is probably a key feature of a 21st century company." After all, companies everywhere have policies and rules in place to ensure compliant behavior, but only a select few manage to get all of their stakeholders—not just shareholders, but employees, customers, regulators and communities—to believe that they are operating out of a genuine desire to put ethics above other, more short-term, considerations.

By maintaining that sincerity, the company is able to get something intangible and invaluable. "When you behave ethically, you generate a specific currency: trust. Regular accounts and returns are not enough to evaluate an organization in the long term. We need the trust of our suppliers, our shareholders, our employees." L'Oréal's commitment to ethics is key to maintaining that trust for years to come.

LEISURE & RECREATION

Royal Caribbean Cruises Ltd. // USA

LIFE INSURANCE

Allianz Life // USA

LODGING & HOSPITALITY

Hilton // USA
Wyndham Hotels & Resorts, Inc. // USA

MACHINE TOOLS & ACCESSORIES

Lincoln Electric Holdings // USA

MEDICAL DEVICES

Edwards Lifesciences Corporation // USA
Elekta AB // Sweden

METALS, MINERALS & MINING

Fresnillo plc // Mexico
Schnitzer Steel Industries, Inc. // USA
Tata Steel Limited // India

NON-PROFIT BUSINESS SERVICES

AARP // USA

OIL & GAS, RENEWABLES

PKN ORLEN S.A. // Poland
SERTECPET // Ecuador

PAYMENT SERVICES

Mastercard // USA
Visa Inc. // USA

PHARMACEUTICALS

Eli Lilly and Company // USA

PROPERTY & CASUALTY INSURANCE

Allstate Corporation // USA

REAL ESTATE

CBRE, Inc. // USA
DTGO Corporation Limited // Thailand
JLL // USA
Realogy Holdings Corp. // USA

RETAIL

Best Buy Co., Inc. // USA
Kohl's Department Stores, Inc. // USA

More Information
The full list of the 2020 World's Most Ethical (WME) Companies, as well as the list of previous years' WME Companies honorees, can also be found online on Ethisphere's website at www.ethisphere.com.

Further details on the WME application process, including information on the Ethics Quotient™ score and answers to Frequently Asked Questions, are available online at http://worldsmostethicalcompanies.ethisphere.com. The application process is not open until Aug., 2020.

◆ Honoree Companies Have Focus at the Top

Companies that perform well across the entire Ethics Quotient benchmark and earn a place among the World's Most Ethical Companies® have a variety of ways to demonstrate their commitment to ethics broadly and the ethics and compliance function more specifically. There are certain institutional practices at the very top of the organization that can signal that leadership take ethical concerns seriously, and that the function is empowered. The presence of a board committee dedicated to ethics and compliance is one such consideration.

Does your company have a board steering committee dedicated to ethics and compliance?

Yes	89%
No	11%
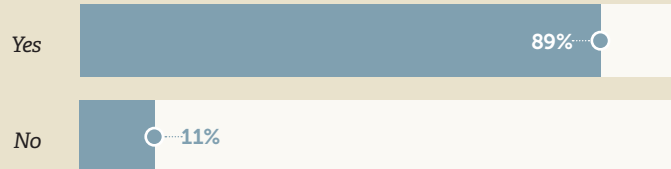
Another institutional signal that compliance is empowered lies specifically in the role of the Chief Ethics and Compliance Officer, and whether or not that person has other major responsibilities to juggle.

What percentage of his or her time does the person assigned overall responsibility for the ethics and compliance program dedicate to that role?

0-50%	22%
51-75%	17%
76-90%	5%
91-100%	56%
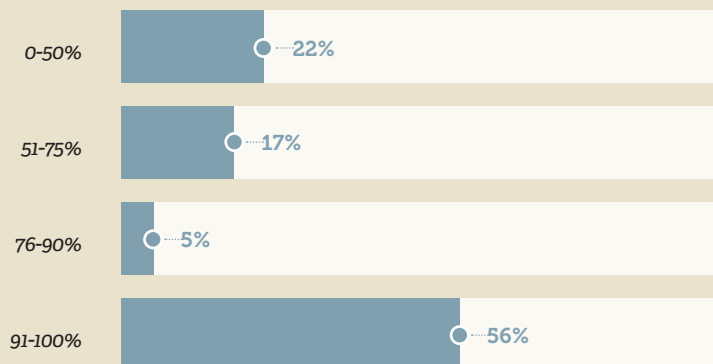
Conclusion: Not all institutional structures are appropriate or necessary for all organizations, and Ethisphere does not make one-size-fits-all recommendations. However, almost all of the WMEC organizations have board committees dedicated to ethics and compliance, ensuring that the function has oversight, and in turn that those committee members bring their perspective back to the board's larger discussions of strategy.

While there is more variation among whether or not an organization's chief ethics and compliance officer is a standalone role, that is the case at over half of honoree companies, and this number has been trending up for several years as more and more companies see this as an appropriate way to empower the ethics and compliance function.

Source: The 2020 World's Most Ethical Companies® Data Set.

ETHISPHERE®
GOOD. SMART. BUSINESS. PROFIT.

FIVE-YEAR ETHICS PREMIUM: 13.5%

Performance of the listed 2020 Honorees as compared to the
Large Cap Index from January 2015 to January 2020

● **2020 ETHX**
● **LARGE CAP INDEX**

January
2015

January
2020
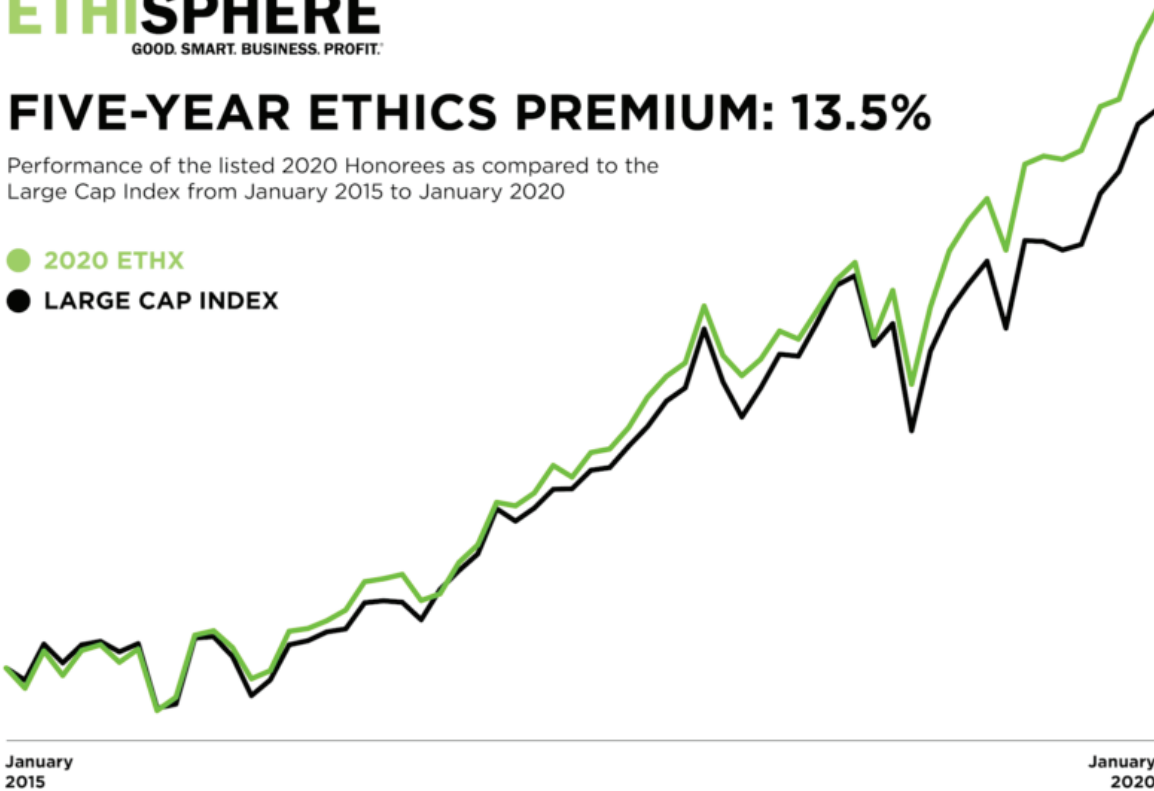
BY THE NUMBERS

The World's Most Ethical Companies Edition

Written by: Doug Allen

One of the advantages of the fact that the World's Most Ethical Companies® list has existed now for fourteen years is that we can track trends and changes over time. Slowly in our questionnaire results, we can see which experiments became leading practices, and subsequently became widespread or even necessary for any self-respecting company committed to operating in an ethical manner.

Unsurprisingly, the topline remains the same: the companies on the World's Most Ethical Companies list this year outperformed the U.S. Large Cap Index by 13.5% over a five-year period. Good ethics are good business. This year, the honorees have pointed the way on an interesting array of corporate best practices and behaviors. We will focus on what the data is telling us about a few key trends, some of which are still nascent and others which have now become absolutely indispensable for ethical companies.

Figure 1 - How are you measuring employee perceptions of ethical culture? (four most popular methods chosen)

Employee surveys — 99%
In-person visits by E&C personnel to non-HQ locations — 92%
Reviewing social media — 85%
Management interviews — 66%
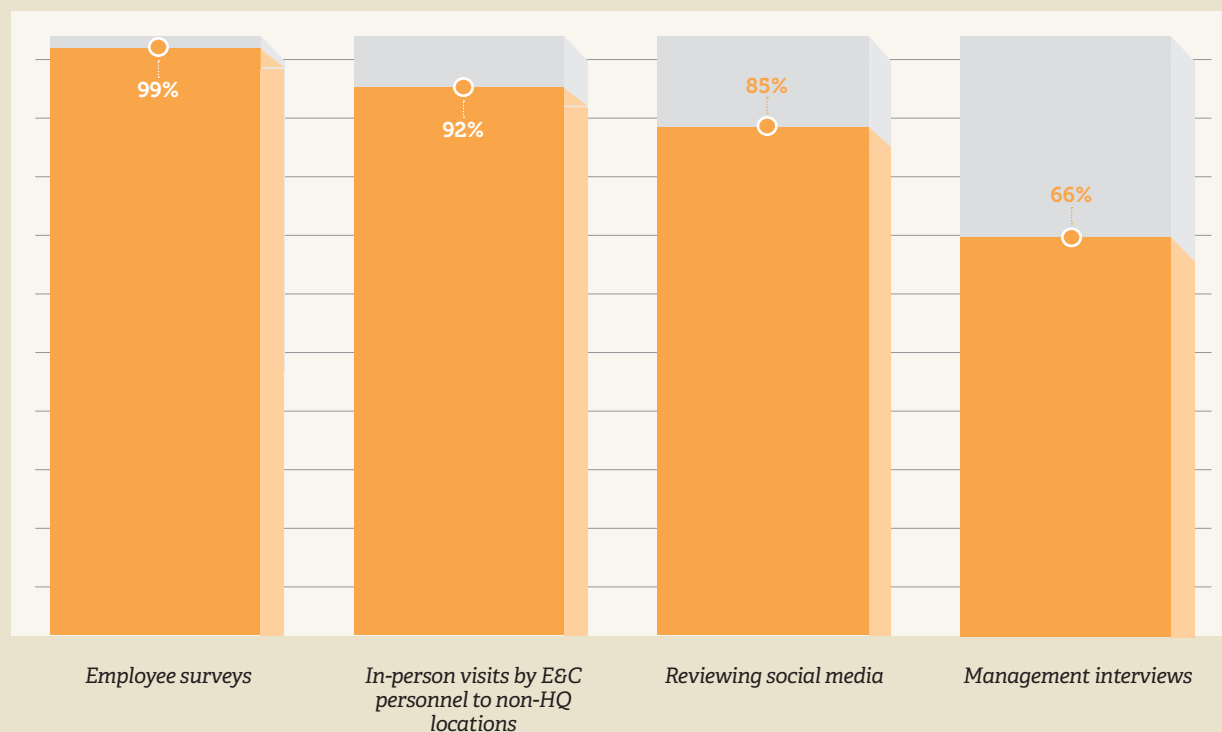
Measuring and managing your ethical culture is now table stakes

Every company recognized as part of the 2020 World's Most Ethical Companies community formally measures perceptions of the company's ethical culture among its own employees. This trend is being driven, at least in part, by growing interest from the investor community. State Street Global Advisors, one of the largest investment managers in the world, defined culture as an area of focus in its 2019 letter. As SSGA put it, "intangibles such as corporate culture are driving a greater share of corporate value precisely because the challenges of change and innovation are growing more acute."

• Companies have a variety of modalities for measuring culture. Nearly all (99 percent) use employee surveys for this purpose. Other nearly-universal tactics include visits by ethics and compliance teams outside of headquarters, and reviewing social media mentions of the company. In-terviews with managers about culture are now a leading practice as well. **(fig. 1)**

• Measuring ethical culture requires a multi-modal approach: the median number of methods to measure ethical culture chosen by 2020 honorees is six.

• The use of surveys is ubiquitous—yet how honorees choose to survey differs. Increasingly, companies are conducting standalone culture surveys in addition to employee engagement surveys. Two out of every three companies recognized deploy surveys purpose-built to measure the ethical culture.

• Increasingly, compliance professionals are turning to in-person interactions outside of headquarters to establish relationships and gauge the organization's overall ethical culture. An element Ethisphere commonly observes in administering ethical culture surveys for global organizations is how many unique, micro-cultures form within far flung manufacturing plants, remote sales offices, and other locales away from HQ. **(fig. 2)**

Mental Health Wellness Programs Broadly Adopted

Nearly 9 out of 10 honorees recognized in 2020 have an established employee mental health wellness program. This was a new point of focus for us in the 2020 application year, in part because of the efforts of several companies with which Ethisphere works closely. Specifics vary based on companies' profile and the maturity of their mental health wellness efforts. Programs range from onsite mental health professionals available to employees, company time set aside for mental health activities, and programs and resources given to employees and their extended families. However, these programs examined together demonstrate that the World's Most Ethical Companies continue to invest in their most important assets: their employees.

Figure 2 -Proportion of honorees conducting site visits in an effort measure culture:

2016: 53%
2018: 81%
2020: 92%
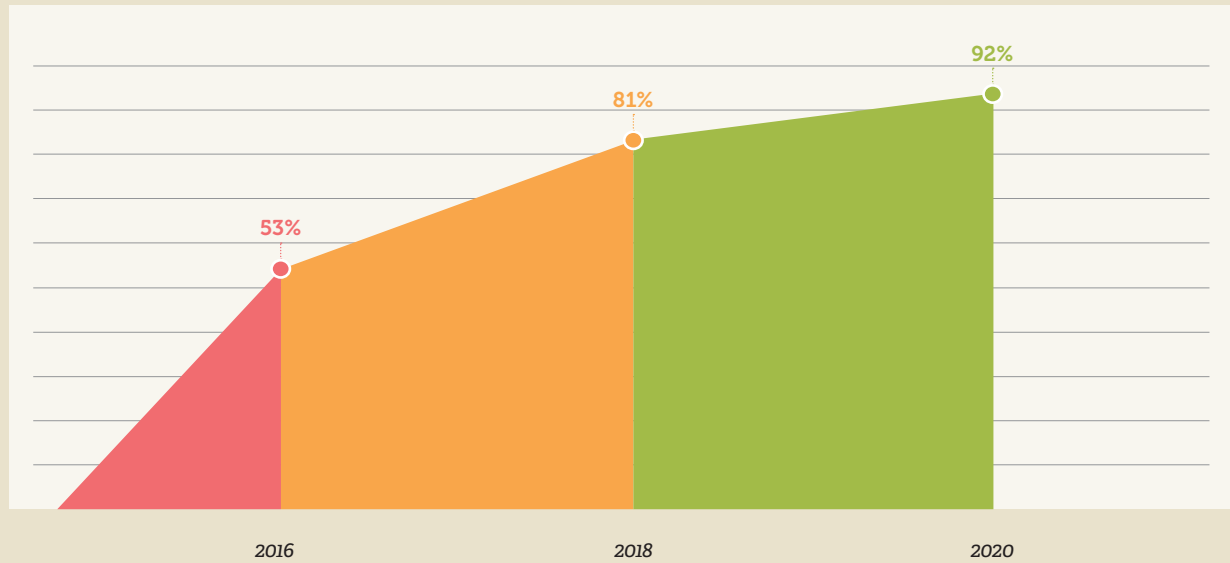
Figure 3 - Most common elements included in a formally documented ethics and compliance training curriculum or plan:

Training delivered during onboarding or orientation	Roll out schedule	Developed cross-functionally	Includes modality for each audience	Plan covers multiple years
98%	93%	92%	90%	78%

Figure 4 - *Does your company provide targeted training to managers with direct reports on their E&C-related special responsibilities?*

78%

Yes, to all managers

20%

Yes, but only to some

2%

No, we do not

Honorees put real resources into building capabilities in their value chain

Increasingly, leading companies among our honorees are also working with their third parties to make sure they're capable of fulfilling their commitments on ethics, anti-bribery, supply chain control, human rights, and other issues.

- Nearly all honorees provide third parties access to their hotlines and reporting mechanisms (91%), and over half provide ethics-related training assistance and resources (61%).

- Most (57%) go beyond simply having a third-party code of conduct and also provide training, communications, and other resources to help third parties comply with their third party code.

- Increasingly, honoree companies are putting into place policies that require third parties to maintain sustainability and/or social responsibility programs as a condition of doing business.

- Most honorees (61%) provide assistance (e.g., by sharing company practices, paying for external assistance, etc.) to third parties to support them in developing or maintaining a formal sustainability or social responsibility program

Ethisphere sees leading companies provide support and resources to their third parties and partners, not just laying out requirements and rules. This sort of support not only helps companies to guard their own reputations in their far-flung operations—it also helps to elevate the practices and standards of entire ecosystems of companies

where they do business. This investment, combined with new anti-bribery and corruption laws in regions such as Latin America and the Asia-Pacific markets, should over the medium- and long-term significantly reduce a variety of risks for companies.

Diversity at the highest level improving

Even at the World's Most Ethical Companies, diversity at the board and leadership level is an ongoing challenge, since it has few quick fixes. However, our honorees still trend well ahead of the market as a whole.

- Women hold only 20.4% of board seats in Russell 3000 companies as of June 30, 2019 (according to 2020 Women on Boards). Additionally, among the companies with the largest IPOs, 11% of board seats are held by women, up from 10% in 2014-2018.

- And yet 30% of directors sitting on the boards of 2020 honoree companies are women. Ethisphere is incredibly proud of this fact, but we also believe we still have plenty of room to improve.

As more research underscores the importance of leadership and board diversity for decision-making, as well as growing pressure from the public in favor of diversity, we predict continued improvement in the future. Institutional pressure is also growing: for example, Goldman Sachs announced at Davos that it will require companies it takes public to have at least one non-white, male board member. We remain optimistic.
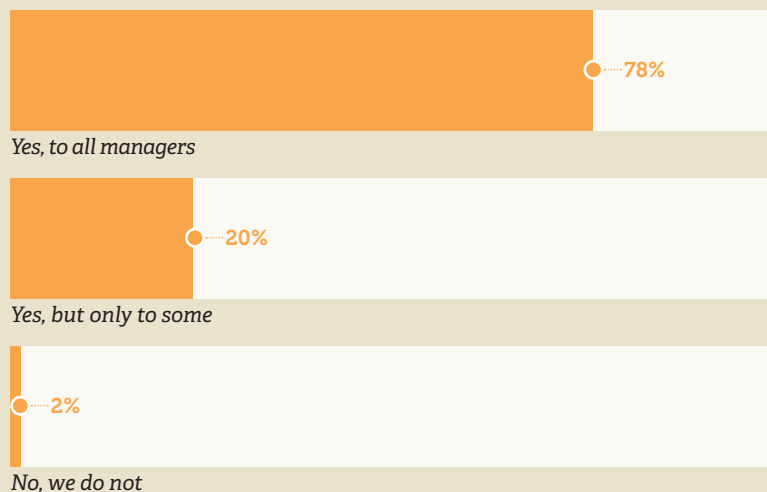
Expert Biography

Douglas Allen *is Managing Director of the Ethisphere Institute, where he leads benchmarking, certification, and partnership efforts. Previously, Douglas spent six years with providing compliance- and ethics-related advisory services, including developing compliance and ethics risk assessments, codes of conduct, corporate policies and procedures, and communication and training curriculum plans.*

STRAIGHT FROM THE TOP

THE GREENEST SHOW ON GRASS

Sustainability at the Waste Management Phoenix Open

Written by Jim Fish

With its sun-drenched galleries, the raucous 16th hole and the famous Birds Nest afterparty, many see the PGA TOUR's Waste Management Phoenix Open as a bucket-list sporting event. As the title sponsor, we at Waste Management on the other hand see golf's most-attended event as an opportunity to push the envelope by demonstrating that zero waste and recycling initiatives can and do work.

TOPICS COVERED
// Consumer Education

Since 2012, Waste Management has taken a zero-waste approach at the Waste Management Phoenix Open, diverting tournament waste through recycling, composting, donation, reuse, or energy creation. In fact, since 2013 more than 4,045 tons of material has been diverted away from landfills (not including the 2020 tournament).

Plenty of planning goes into transforming the massive golf tournament into the most sustainable sporting event in the world. Prior to the event, The Thunderbirds (the tournament's hosts), along with all tournament sponsors and vendors, commit to using only recyclable, compostable, or reusable materials at the event. During the tournament, Waste Management makes it simple for attendees to do their part by providing only two options to discard materials: recycling or compost bins. There are no trash cans at the Waste Management Phoenix Open. To ensure 100 percent diversion, Waste Management team members sort through tournament materials and put systems in place so materials are recycled, composted, donated, reused or used to create energy. Diversion of materials that cannot be recycled or composted takes planning, research, commitment, and creativity to finding next-best-uses.

At the 2020 Waste Management Phoenix Open, which took place January 27 through February 2, Waste Management's number one goal was to educate fans on how to "Recycle Right." Recycling Right means recycling only bottles, cans, paper and cardboard, while keeping food, liquid, and plastic bags out of recycling bins. Waste Management simplified our messaging at the tournament to match our very important year-round messaging to "Recycle Right," conveying the importance that only the right items, free of contamination, make their way into recycling bins. Recycling is something each of

As title sponsor of the Waste Management Phoenix Open, also known as "The Greenest Show on Grass," through 2030, Waste Management will continue to evolve our sustainability goals while showcasing zero waste environmental solutions and educating fans on how to make a positive difference for the planet. Beyond the Waste Management Phoenix Open, our WM Sustainability Services team has applied many of our best practices from our 11 years as title sponsor to bring solutions that meet the needs of companies, venues, and events across North America. Our team works closely with sustainability advisors who enable venues to streamline operations and eliminate uncertainties. Stadiums, events, and conferences need comprehensive management strategies to optimize resource consumption, stakeholder management, and community engagement, and with all of us working together we're making big strides for the environment.

We leverage our experience with sustainable event management to help balance environmental impacts, while also prioritizing budgetary concerns, because sustainability must be both economically and environmentally focused. We customize programs to help organizations like GreenBiz Group, IRONMAN, MetLife Stadium, and New York Road Runners achieve their sustainability goals. These comprehensive initiatives include managing waste, water, and greenhouse gas emissions, and developing creative approaches to fan education, employee training, sponsorship development, sustainability reporting and third-party certifications. We're proud of our sustainability leadership exhibited at the Waste Management Phoenix Open, while helping other sustainable sports and entertainment programs achieve their sustainability goals.

us can do every day, and recycling conserves natural resources while making a big difference for the environment.

To help deliver our "Recycle Right" message, Waste Management engaged attendees at the tournament through the WM Green Scene, an interactive, educational area to learn about recycling, zero waste initiatives, and water and energy conservation. Attendees shot, flipped, and dunked recyclables into bins. In addition, for those not attending, we continued our "Recycle Right" mantra through television segments aired during the tournament, and through a #BinThereDoneThat social media contest in which fans created videos tossing empty bottles or cans into recycling bins in entertaining ways or over long distances, for a chance to win a 2021 VIP tournament package.

As our Vice President of Recycling, Brent Bell, said, "At Waste Management, we believe with change comes opportunity and we remain wholly committed to the future of recycling. It's important that we all 'Recycle Right' to help keep recycling programs, and our shared planet, sustainable. Every time 'we' choose to recycle an item, we are giving that item a second life to serve a new purpose and save natural resources. Always remember to buy products made from recycled content—it may seem like a small thing, but it makes a big impact."

As part of the "why you should recycle right" education process, Waste Management promoted second-life products made from post-consumer-recycled materials through earned media opportunities, paid media, and signage on the course and in the merchandise tent. "By working with manufacturers who take recycled content and create new products, we conserve our finite natural resources and create more market demand for post-consumer content," stated Bell. "It's a win for our planet and for recycling programs."

Beyond zero waste, the tournament and Waste Management power many environmental conservation initiatives. To reduce food waste, on-site workers and vendors helped recover unused food and deliver it to facilities that feed the hungry in the local community. In 2020, more than 22,000 lbs. of leftover tournament food was donated to Waste Not. This year, Waste Management also continued our water conservation and restoration efforts, including reusing water from cooking and cleaning (grey water) in port-o-lets and utilizing hand sanitizer instead of water at most handwashing stations. Since 2017, the Waste Management Phoenix Open is a carbon neutral event, as Waste Management offsets all greenhouse gas emissions from tournament operations, as well as player, vendor, and volunteer travel. Finally, the tournament purchases 100 percent renewable electricity from Arizona Public Service, while solar-powered and smart energy compactors were used around the course.

Expanding outside of the tournament's footprint, in coordination with Bonneville Environmental Foundation's Change the Course initiative, Waste Management teamed together with Coca-Cola, M Culinary, Swire-Coca-Cola, The Thunderbirds, Coors Light, Hunter Industries and Microsoft to restore water to the Verde River Valley in Arizona. Thanks to this collaborative group of sponsors, water restoration projects are funded to support local farmers, brewers, and habitats across Arizona. While water is restored to rivers and groundwater that keep Arizona thriving, people are inspired to conserve water through awareness and education.

Waste Management also hosts a Sustainability Forum during tournament week, which convenes leading minds from the business and civic sectors to discuss the state of sustainability today. Nearly 800 people attended the 10th annual Sustainability Forum, representing more than 350 companies and municipalities.

👤 Author Biography

Jim Fish is president and CEO for Waste Management. Prior to becoming CFO in 2012 and his promotion to president in July 2016, he held several key positions with the Company, including senior vice president for the Company's Eastern Group, area vice president for Pennsylvania and West Virginia, market area general manager for Massachusetts and Rhode Island, vice president of price management, and director of financial planning and analysis. He joined Waste Management in 2001. Fish earned a Bachelor of Science in accounting from Arizona State University and an MBA in finance from the University of Chicago.
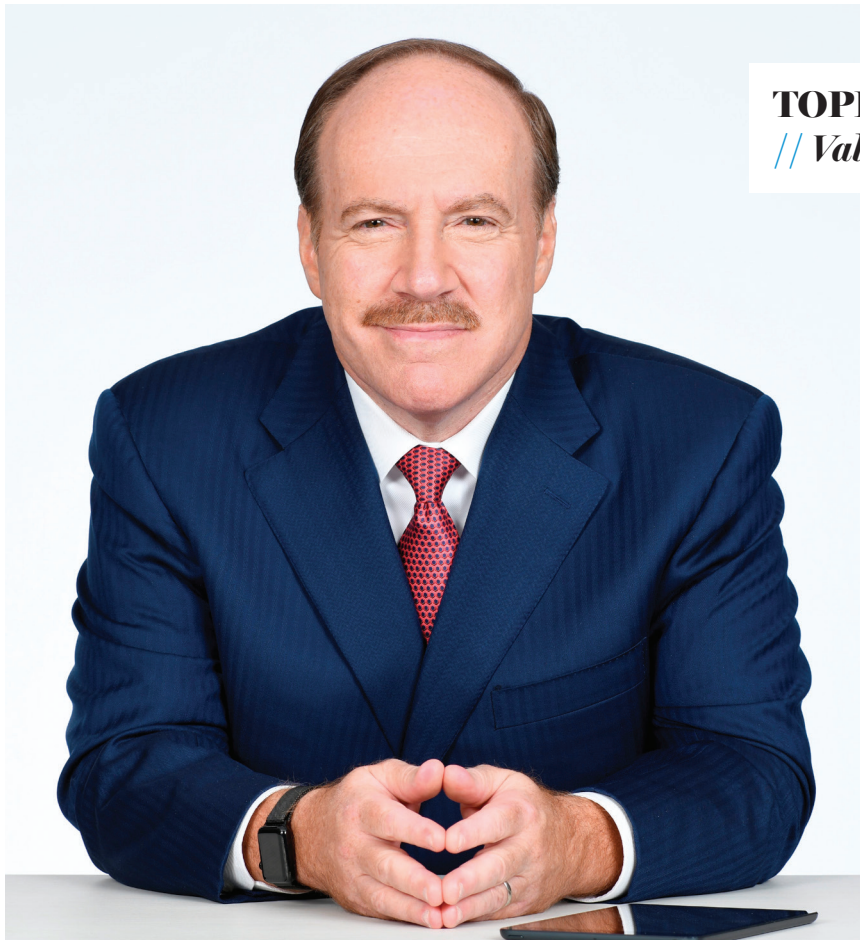
When I became CEO of Paychex more than nine years ago, one of my priorities was making our culture even stronger than it was. While our company and employees have always operated on a foundation of ethics and integrity, we didn't have a companywide set of values in place with clear guiding behaviors to help our employees understand what it means to live those values.

We do now. And, I am very proud of how I see our nearly 16,000 employees exemplify our values in all they do.

In 2012, we launched a culture-shaping initiative beginning with our senior executives, who came together with a common purpose: to create a set of six core values for our company. The energy and commitment in the conference room that day set the course for the culture we have today, and the values created are just as fundamental to Paychex's success now as they were eight years ago.

Paychex Values

- We act with uncompromising **integrity**.
- We provide outstanding **service** and build trusted relationships.
- We drive **innovation** in our products and services and continually improve our processes.
- We work in **partnership** and support each other.
- We are personally **accountable** and deliver on our commitments
- We treat each other with **respect** and dignity.

It's important to understand that while these values make great content for posters, they are much more than just words on the posters that today hang on walls of every Paychex location. They are reflective of how our employees were already doing things and beliefs they already held.

Once we established our core values, we developed and executed an organized process to take everyone in the company through culture-shaping workshops and training programs. Every Paychex employee—from San Diego to Charlotte,

MAKING CULTURE PERSONAL

Paychex CEO on Intentional Steps to Cultivate Values

Written by Martin Mucci

Culture is a way of life, the way we do things. At Paychex, our culture is rooted in six core values that shape who we are, how we work, and why more than 670,000 businesses trust us to handle their HR, payroll, benefits, and insurance needs. We believe our culture is truly a competitive advantage, but, too often, companies let culture happen; they don't intentionally work on their culture.

to Denmark and India—participates in training around our values and the behaviors that support them. We embed our values in training, leadership development, performance management, and employee engagement initiatives. And, while it's essential that the senior leadership team model our values-based culture, building a culture that's embraced by all isn't, and can't be, a "top-down" process. Certainly, leaders need to authentically live our values, but without adoption of our values across the organization, at all levels, our culture can't thrive.

Today, we have more than 1,100 "culture champions" across the company who volunteer their time to be ambassadors of our culture in their offices and business units. They are the feet-on-the-ground believers who help ensure that our culture is carried into all we do, for co-workers and for clients. Champions come from all parts of the organization. They are managers, frontline service representatives, and administrative assistants. And, the role they play in the success of our business extends beyond the job they were hired to do.

"Additionally, all new managers and supervisors attend a culture-shaping workshop as part of their new leader training."

We also count on their insight. For example, we are developing a new leaders-only culture session as part of our continually evolving training around values. So, we asked our champions what messages shouldn't be missed in this session.

I want to share some of what we learned. You'll see that every single message ties back to the business.

"I believe any leader who does not embrace culture is doomed to failure or at best mediocrity. It doesn't make them

soft; it makes everything they are trying to accomplish easier. Mutual **respect** equals optimum efficiency," said one of our culture champions who is a leader in our IT organization.

"**Accountability** is using our power each day to make a positive difference for those in our world and taking responsibility for our actions. It means asking, 'What more can I do to get results in spite of obstacles and barriers?'… to look inside ourselves and make the decision to take action—to go beyond personal job descriptions and do whatever it takes to honor our commitments." This is from an administrative assistant and champion in one of our sales divisions.

This message is from a leader and culture champion in our Paychex Insurance Agency: "Can I tell you that promoting and living the culture concepts has increased revenue by 30 percent? No, not specifically. But I can undeniably say if we didn't have the culture concepts, our revenue wouldn't have increased by 30 percent. We wouldn't have **partnerships** across teams, and best practices wouldn't be shared. Our Agency [Paychex Insurance Agency] is in the top 25 insurance agencies* (nationwide) because we live these values and have a solid foundation built on them."

It's also critical, once a company culture is established and takes root, to continue reinforcing the values, with current employees as well as those who are hired to join the company. Our onboarding program for new employees at Paychex includes a training module on New Employee Culture Orientation. Additionally, all new managers and supervisors attend a culture-shaping workshop as part of their new leader training.

Our values message reaches employees across the company on a regular basis through our employee communications channels. Each month, we send an all-employee email highlighting one of our six core values. We incorporate videos, some created by our corporate training team, and others that have a more grassroots feel to them because the ideas, produc-

tion, and values message come straight from employees at one of our office locations. We also take advantage of our Inside Paychex podcast to do monthly episodes that feature conversations with senior leaders talking about our values, with companion blog posts.

We make all these resources and more easily accessible for Paychex employees on our culture-shaping intranet site. We provide quick links to our values and guiding behaviors, best practices on living the Paychex values, and even an order form to get culture materials for a team meeting. Copies of one of those items—a small tri-fold values brochure—are distributed to every new employee, in addition to being available to order from our culture site. The brochure has "I" statements for each of our six values (such as "I accept personal accountability for results and live up to my commitments." And, "I treat others with respect, dignity, and common courtesy."), and is intended to reinforce the personal accountability that comes with our values.

I have heard it said that integrity and respect are table stakes. Without them, none of the other values matter. I believe they all matter, but I operate personally and professionally from a perspective that uncompromising integrity and unfailing ethics are the guideposts for all we do. I have a small crystal sculpture on my office conference table engraved with a quote from Roy E. Disney, a longtime senior executive for The Walt Disney Company: "It's not hard to make decisions when you know what your values are."

At Paychex, our strong culture has helped us achieve tremendous growth, and keeps us poised for greater growth in the future. Our nearly 16,000 employees who live our values each day give us every reason to be "Paychex Proud."

Paychex Insurance Agency, Inc., a wholly owned subsidiary of Paychex, Inc., ranked number 21 on Business Insurance magazine's 2019 list of the Top 100 Brokers of U.S. Business.

👤 Author Biography

Martin Mucci assumed the role of president and chief executive officer on September 30, 2010. Under his leadership, Paychex has significantly expanded upon its foundation as a payroll services company to become a leading provider of integrated human capital management solutions for small and mid-sized businesses, growing to $3.8 billion in annual revenue.

A HIGH BAR ACROSS BRANDS

Hasbro's CEO Talks Values & Family Relationships

Interview by Tyler Lawrence

As CEO of global play and entertainment company Hasbro, Inc. since 2008 and chairman since 2015, Brian Goldner has weathered the changing global retail environment and shepherded Hasbro's stable of beloved brands, all while maintaining the company's spot as a nine-time World's Most Ethical Companies® honoree. *Ethisphere Magazine* editor Tyler Lawrence got a chance to talk with Goldner about how the company's commitment to ethics helps to keep its intimate relationship with families.

Tyler Lawrence: Hasbro has been on the World's Most Ethical Companies list for nine years now. What has enabled you all to maintain that sustained commitment to ethical excellence?

Brian Goldner: First of all, thank you very much for the acknowledgement. It's an entire company effort. Everyone at our company is very focused on our mission, which is to make the world a better place for children and their families. It really begins with a personal commitment that we each make: we believe we can do incredible business globally while also improving the lives of our constituents, families, fans, kids, audiences, and consumers around the world, and I think that personal commitment leads to the commitments of great teams around the world. And the overall corporate goals and objectives of the company make us an incredible place to work, but also a company that's having incredible impact as we go out around the world, and we're obviously grateful for the acknowledgement and the relationship with Ethisphere.

TL: And we are grateful to have you all working with us. You all are committed to "Creating the world's best play and entertainment experiences." Why do you think your ethical commitments matter so much to fulfilling that purpose?

BG: At every age group and across every dimension of our business, we all know we want to be great stewards of the environment, we want to contribute to protecting the planet, and to conserving our natural resources for future generations, and we know our consumers share these values. We at the company are all committed to this through what we do in our business lives and in our personal lives. We recognize the impact that our business can have on the environment, and we really are constantly working and thinking about how we can reduce our footprint as a company.

And so, there are very tangible examples of the kinds of steps we've taken. Given that we are producing millions of products each year, we continue to be focused on reducing the environmental impact of the products and packaging. That includes making our packaging as sustainable as possible, and helping consumers recycle their well-loved toys and games. Of course, a big part of our business is directly to people that are older than kids, our fan business and gaming business,

and they too of course care. So, it's really a shared set of values between individuals at the company, the management and leadership of the company and our audiences and consumers around the world. I think we're in lock step about what it means to be a great corporate citizen.

TL: Well, that unity is certainly helpful. And how does your products' place specifically in the lives of children impact your obligations as a company? Does it raise the bar for you in some ways?

BG: Well of course it does. And it's been a high bar for us for nearly 100 years. We were one of the first companies in the world to create children's entertainment and animation, to create brands that have had great resonance with consumers for many decades. And I think the testament to our high bar is that these are brands that have now been enjoyed by generations of parents and children. So no matter how we modernize our approach to brand-building, which has of course been modernized and digitized, the fact is by holding to those high values we're able to continue to follow our north star in making the world's best play and entertainment experiences.

TL: You have these high values that you're trying to instill across your brands, so what's your approach as a leader to socializing an ethical culture, and this high-minded commitment throughout the company from the executive level on down to new hires on the front lines?

BG: Well we really run the business as a team, and so for each of the areas of our business—whether it be environmental sustainability, ethical sourcing and human rights, diversity and inclusion or our global philanthropy in our social impact—for each one of those are areas that the senior-most team is focused on, we are having meetings cross-functionally in Hasbro. We are focused on how we can have impact there, what are the tangible goals that we can set, what can we communicate out to our constituents, and then how can we accomplish each of those goals. We set ourselves very tangible sets of objectives and targets.

In terms of sustainability, our packaging will be virtually plastic-free by the end of 2022. Nearly 10 years ago, we eliminated all wire ties from toys and games globally. And so, we continue to set objectives, and then to accomplish those objectives, and then set new sets of objectives.

Our toy recycling program is first in the industry, and it's rolling out in new markets around the world because of how successful it's been. The fact that we're

now able to make becoming carbon negative within Hasbro-owned and operated facilities an objective is significant. We don't own factories, a decision we made years ago, and yet in regard to human rights we take responsibility for the factories that make our products, and we're putting people in those factories and auditing those factories on an annual basis. We audit 100% of our third-party vendors and major subcontractors. So, in each area the teams set objectives and goals that are accomplishable in the short-, medium-, and long-term

TL: The roadmap does sound key. You've been CEO since 2008 and chairman since 2015. In these leadership roles you've overseen this remarkable shift in consumer buying habits from physical retail to increasingly online. How do you think your reputation as an ethical brand, a brand that is environmentally responsible in these ways, that is looking out for consumers in other ways, has helped you to weather that shift?

BG: First and foremost, it's the continuity of our commitment that really helps to inform and inspire each generation who have touched our products or have even been involved with our brands. It's the fact that our fan business is flourishing and focused on adults who then want to have similar experiences and share those experiences and introduce their kids, or nieces, or nephews, or grandkids to our brands and products, because they know them to be so wholly wonderful. They are brands that are loved, and from a company that has high ethical standards that are consistent with their own high ethical standards for what brands should be doing and how they should be contributing.

As we go to a more digital world there are multiple choices for how you buy products. When you know a product is from Hasbro, and you know when it's one of our brands, you also know the care that we've taken to create that product, to bring that product to market, to create a story and character around that product, and to enable fans of those brands to travel across multiple dimensions with that brand thinking about the value of each of those touch points. And I think that's what's really critical in this environment. There are so many choices for consumers. There's unlimited shelf space online. We have to be able to delineate that there are brands of higher quality, brands of higher value, brands that are safer and are made in a thoughtful process, versus products that may be made in a manner that's where less care and attention is placed on those elements.

TL: There's growing discourse around the importance of broadening conver-

sations about company purpose and serving all stakeholders rather than just shareholders. You've touched a bit on this throughout the interview, but what's your point of view on this whole conversation?

BG: The "why" for business is incredibly important and essential to the motivation of individuals in our company, teams in our company, and our board of directors, as well as our stakeholders. The why, create the world's best play and entertainment experiences, to improve the lives of children and their families, to make the world a better place for children and their families, is essential to what we do. We often find that the reason people not only come to work for us, but want to continue to work for us, the reason that almost 100% of our workforce is engaged in community giving, is because we are so focused on and so clear about why we do what we do. People really believe in that, as all of us do in management. It just pervades the organization. I think that to me that's what all companies can focus on and certainly what we focus on at Hasbro.

TL: Anything else you'd like to add, Brian?

BG: I really appreciate the opportunity to speak on behalf of 6,000 people around the world as we continue to expand our business, as we continue to see the challenges that exist in the global marketplace. We're a company that's continued to evolve and to try to reflect the desires of our global stakeholders, and our teams do an amazing job in understanding our audience and consumer better than anyone, and providing them the world's best play and entertainment experiences.

👤 About the Expert

Brian Goldner, Chairman and CEO of Hasbro, Inc., is responsible for bringing the company's iconic brands to life across its strategic Brand Blueprint, through toy and game innovation, immersive entertainment experiences, digital gaming, consumer products, esports, publishing, and many more categories. Since joining Hasbro in 2000 and taking on the role of CEO in 2008, Mr. Goldner has been instrumental in transforming Hasbro from a traditional toy and game company to a global play and entertainment leader. Mr. Goldner pioneered Hasbro's entry into entertainment and oversees the Company's omni-channel storytelling. In 2019, he led the company in the acquisition of entertainment studio eOne, building on Hasbro's brand portfolio globally extending great storytelling and content across all screens.

EMPHASIS ON LEADERSHIP

Prioritizing Ethics with the CEO of Noblis

Interview by Tyler Lawrence

Noblis, a government contractor specializing in providing support for civil, defense, and intelligence missions from its headquarters in Reston, Virginia, is a nine-time honoree among the World's Most Ethical Companies®. To celebrate the distinction, the organization's CEO Amr ElSawy took time to talk with *Ethisphere Magazine* about how he thinks about maintaining the rigorous ethical standards necessary among government contractors.

Ethisphere Magazine: Noblis is a government contractor, but what makes Noblis unique?

Amr ElSawy: Our work on complex scientific and technical problems saves lives and protects our citizens. What makes Noblis special is the strength of our culture and our unwavering commitment to focus on what is best for our employees, our clients and our country. We are proud of our track record as one of the World's Most Ethical Companies®. Our selection for nine years puts Noblis in very good company.

EM: Why is it important that you as president & CEO are involved in ethics and compliance at Noblis?

AE: As leaders, we set the tone and the expectations, and we also set the priorities and allocate resources. I prioritize investments in ethics and compliance to strengthen our position of trust with our employees and our clients. We work on high-consequence missions. Our employees must live our ethical values in order to deliver exceptional results to our clients. Our clients rely on our work to make critical decisions and they need to have confidence that we are unbiased and objective in the analysis, recommendations and solutions we provide.

EM: Government work obviously comes with a particularly large potential for conflicts of interest. How does Noblis handle them, on both a personal and organizational level?

AE: Our leaders are well trained, our processes are rigorous, and our expectations and code of conduct are clear. Most importantly our decisions and actions reflect our commitment to properly analyze difficult situations and business propositions. We train our employees to recognize potential conflicts at a personal and enterprise level, and our managers and leaders use modern workflow and accountable processes to assure transparency and efficient decision making. When in doubt, we elect the path that results in enhanced transparency, disclosure, mitigation, or avoidance.

EM: How do you and other leaders cultivate a culture of ethics throughout the company? How do you reach employees where they are?

Beginning in November, Noblis runs its Season of Giving campaign which provides multiple ways for employees to give back to their local communities. As part of this campaign, employees volunteered alongside their colleagues, family and friends at the Washington, D.C. area - Capital Area Food Bank's Community Market.

AE: In addition to training and rigorous processes, we share stories and we highlight successes and failures. We use scenarios and share best practices to reinforce learning and assure accountability. Our Chief Ethics and Compliance Officer Lauren McGinley reports directly to the CEO and the Board. She participates in professional organizations and contributes internally and externally to improve compliance programs. As a member of the Noblis Executive Council, Lauren regularly interacts with our executive team and provides early feedback and guidance on key issues or challenges. As an executive team, we pride ourselves on being accessible to our employees and using a multitude of channels to engage and communicate. In the end, nothing beats direct one-to-one conversations about the issues that matter and the expectations to strengthen our culture. We do a lot of listening, and we provide clear expectations. This starts during the hiring process and is reinforced during onboarding processes and throughout our employees' tenure with the company.

EM: How do you measure the effectiveness of your ethics and compliance efforts?

AE: Our employees and our clients are vocal when they see something they do not like. We conduct surveys and we seek feedback and input from our key stakeholders. We also benchmark our performance, processes, and practices against industry leaders. Therefore, we participate and invest in the Ethisphere evaluation and training programs. We take the results and recommendations seriously, and we focus on continuously improving

our training, processes, systems, tools, behaviors, and communications.

EM: How does Noblis see its role in the community? How do you choose which initiatives to support?

AE: We are a company that is focused on serving the public interest—our behavioral guide and motto is "for the best of reasons." It is our responsibility to set the right example, to lead, and to contribute where we can to saving lives, protecting our citizens, and enhancing our community. Over the years we have supported a variety of initiatives that are focused on eliminating hunger, homelessness, strengthening science, technology, engineering, arts and math education, and supporting our veterans and their families. We choose initiatives that align with our values and the interests of our employees and the communities where they live—for the best of reasons.

EM: You've been the CEO at Noblis for over a decade now. What changes have you noticed in how the company, and government contractors more broadly, approach ethics?

AE: Over the last 13 years, Noblis has significantly strengthened its ethics and compliance program. We made investments in our teams, our training, our technology, and our communications. We increased the visibility of the ethics and compliance function and we clearly positioned it to have the right leadership and resources needed to be successful. We go well beyond just checking the box: we live our ethics and compliance expectations every day. When we make mistakes,

we are quick to investigate root causes and to fix issues. The government has significantly increased compliance and disclosure requirements. Companies like Noblis, who have been keeping and staying ahead of the pace of regulation, see the business value. Other companies who have lagged in their focus have a steep hill to climb. The regulatory and compliance expectations are increasing. Society is demanding it.

About the Expert

Amr ElSawy has been the chief executive of Noblis since October 2007 and serves as the president responsible for the general management and strategic direction of Noblis' overall scientific, technical, financial and administrative activities. He was elected to the Noblis Board of Directors in 2007.

Mr. ElSawy has extensive experience leading scientific and technology driven organizations and developing innovative solutions to some of the most complex challenges facing public sector enterprises. His experience includes research and development, engineering of complex information and telecommunications systems, cyber security, and modeling and simulation of complex operational domains. He has earned an international reputation as a leader in aviation; informing domestic and international aviation policy.

ACROSS THE ORGANIZATION

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ENGAGEMENT BUILDS TRUST

Brad Smith on Microsoft's Leadership and Collaboration

Interview by Tyler Lawrence

Microsoft's president Brad Smith has been called "a de facto ambassador for the tech industry at large" by *The New York Times*, a designation he's earned over the last several decades shaping Microsoft's public response to a wide array of social and policy challenges. In this interview, he expands on why he believes Microsoft commands trust from consumers and what other companies might learn from their approach.

Tyler Lawrence: In your last conversation with our CEO, Tim Erblich, you talked about how it's important that tech companies be seen as trustworthy, particularly given the massive amount of consumer data you all deal with. The Verge's recently published "2020 Tech Survey" actually found that Microsoft was the most trusted of any of the largest technology companies. To what do you attribute that trust?

Brad Smith: Well, I think to an extent, any of us sustains trust in such a challenging time. To me it always starts with a sense of humility. Don't take anything for granted. Don't assume that others appreciate everything that you might appreciate in yourself. Get up every day with a premise that you have to earn trust from your customers and all your stakeholders yet again. So I think that is a useful first principle.

I think the second thing that we try to focus on is what I call "leading by doing." I think in the world today, people scrutinize everything that you say, and they value and evaluate everything that you do. So we're always trying to take new steps, whether it's to strengthen privacy or security protection, or ensure that we're being responsible with new technology like artificial intelligence. And then we have to communicate about what we're doing. But I think if we can keep things in that order, start by being humble, focus on what we do and not just what we say, and then communicate about what we're doing—it tends to be a pretty powerful combination.

TL: Related to that three-part approach, the last few decades, you personally and Microsoft as a company have been notably more open to government regulation of technologies than many of your tech peers or indeed much of the American private sector. You've written that your ideal is "a mixture of self-regulation and

government action." How can companies know when a problem is thorny enough that they should be willing to invite regulation or to reach out to their competitors or potentially to do both?

BS: I think there's a couple of things that are important to think about. If we have a product that has a fundamental impact on people's rights or their safety or their lives more broadly, we should probably recognize that the public is going to expect the government to play some type of role. This isn't necessarily true in each and every country, but it tends to be the case in much of the world. So we have to step back and recognize when we're participating in that kind of product market.

We also need to take a look at whether we believe that a particular problem that's bothering people is a problem that an industry is capable of solving entirely by itself. If it is something that we can solve by ourselves, then it tells us that we might act without government help, but even then we'll act effectively only if we do so with a high degree of ambition. Usually that requires that companies push themselves a bit outside their comfort zone.

But what I think is most important is to recognize that a lot of the big problems in the world cannot be solved by the private sector alone, and they cannot be solved by the government alone. More and more, we live in the kind of complicated world that requires multi-stakeholder efforts. That, by definition, leads to a mix of both self-regulation by an industry and more government action.

TL: You all have been on the front lines pushing great international cooperation on a wide variety of issues that intersect with technological development—most recently the Paris Call protected civilians from cyber attacks, the Christchurch Call permitting companies to combat online extremism, and just last month the Rome Call for AI Ethics, which is essentially a papal endorsement of the AI principles Microsoft already follows. What are the benefits of that kind of proactive multilateral and multinational engagement for you all? What could companies in other industries learn from that strategy?

BS: Well, I think the kind of multi-stakeholder initiatives that we've participated in speak, at least to me, to the kinds of global efforts that the world needs to solve the big problems we confront. In part, it goes back to the fact that these problems cannot be solved by either the private sector or government acting alone. But in this context it's probably even more important to recognize that these problems are global. Because they're global, they cannot be solved one country at a time or by one nation act-

ing by itself. Once you recognize that you need global solutions, you really have to think about how to bring together an international effort as quickly as possible.

If you rely on traditional inter-governmental efforts, like a treaty for example, you're really moving down a path that's likely to take many years, and in some areas that is what we need as an ultimate destination. But as a fast, often effective, and at least interim step, you have things like the Paris Call and Christchurch Call or even the Rome Call, which I think demonstrate how quickly we can move. When we start to act more informally, it shows what can be done when we bring together a coalition of the willing to endorse the principles that are broadly shared. It shows what we can do when we solve the problems for which there's an agreement and equally important, it shows the importance of focusing on where we agree and perhaps setting aside some tough issues where we disagree. I think in the world today, sometimes the reason we make no progress is because people make the perfect, the enemy of the good. In contrast to that, we tend to be big believers in solving a half a problem today, if it will enable us to solve the other half of the problem a year from now.

TL: Do you think that that maybe the perfect being the enemy of the good is what is behind the reluctance of some of your tech peers to sign on to some of these same multilateral engagements?

BS: There's a lot of reasons that groups across a society are sometimes reluctant to move forward. And this is not just a question for companies, but it's an issue for advocacy organizations, nonprofit groups, political parties, and governments themselves. I think sometimes it is allowing the perfect to be the enemy of the good. Sometimes it is fear about slippery slopes. Sometimes it is a fear of the unknown and unintended consequences that might result. Most of the time, this is not about concerns that completely lack foundation.

When you listen to people, you realize that the concerns they have are grounded in reality. But, ultimately, our view is the only way to solve some of these problems is to start to summon some courage, be prepared to experiment at least a bit, and then focus on learning. I just think it's the proverbial nature of life. You don't get anywhere if you don't cross the street. You don't get anywhere if you don't embrace a little bit of the risks of the unknown. It doesn't mean you throw caution to the wind, but I often worry that people can be frozen into inaction, and the larger the institution, the easier that can come to be.

TL: That's certainly a problem. Microsoft as a very large institution seems to

have found a way to maintain some momentum, which is interesting.

BS: Yes, but we have our own challenges as well. We have plenty of internal debates within Microsoft. I do think we have the challenges that are created when you have a diversified set of products and services, which we definitely do. I think we sometimes break through some of these challenges in a way that's different from other companies for a few reasons. First we, like everybody are the product of our experience, and we saw what happened when we moved too slowly to address our antitrust challenges in the 1990s and 2000s.

I think we benefit from having an integrated leadership team across the company and certainly within the parts of the company that involve risk management and compliance and ethics and law and government affairs and philanthropy and the like. We have the benefits of having processes that do enable us, in some instances, to move decisions to where they need to be made and a willingness to make them more quickly. None of that immunizes us from any of these other challenges, that's for sure. And we definitely are far from perfect. But we do try to keep moving forward by making decisions and doing new things. I think that's a strength more than a weakness.

Author Biography

Brad Smith is the president of Microsoft. He serves as the company's chief legal officer and leads work on a wide range of issues involving the intersection between technology and society, including cybersecurity, privacy, ethics and artificial intelligence, human rights, immigration, philanthropy and environmental sustainability. Smith has testified numerous times before the U.S. Congress and other governments on key policy issues.

Smith joined Microsoft in 1993, first spending three years in Paris leading the legal and corporate affairs team in Europe. In 2002, he was named Microsoft's general counsel and spent the following decade leading work to resolve the company's antitrust controversies with governments around the world and companies across the tech sector. This past decade, Smith has spearheaded the company's work to advance privacy protection for Microsoft customers and the rights of DREAMers and other immigrants, including bringing five lawsuits against the U.S. government on these issues.

TRANSFORMATION WITH INTEGRITY

GM's Ann Cathcart Chaplin on Managers, Third Parties, and COVID-19

Interview by Aarti Maharaj

Even as the global auto industry has been rocked by the rise of hybrids and electric vehicles, and the tantalizing promise of autonomous cars just around the corner, GM has doubled down on ethics to earn a spot on the World's Most Ethical Companies® list this year for the first time. The company's chief compliance officer told us a bit more about their approach.

Aarti Maharaj: What does being a World's Most Ethical Companies® honoree mean to GM?

Ann Cathcart Chaplin: This honor is a testament to everyone at General Motors. Winning with integrity is one of GM's core behaviors. In a time of incredible disruption in our industry and the world, our vision of "Zero Crashes, Zero Emissions and Zero Congestion" is guided by our commitment to do the right thing and put the customer at the center of everything we do. As our CEO & Chairman, Mary Barra, says: "We have a rare opportunity to transform our world and our company, but if we win without integrity, then we do not win." I am so proud of our company and our team, which lives and strengthens GM's ethical culture. The honor is a recognition of the journey we've been on at GM to transform our company and our industry. It shows that people at General Motors are doing the right thing, even when it's hard to do. And it tells our customers, shareholders, business partners and other stakeholders that GM is a company they can trust.

AM: Managers are on the front lines of any ethics and compliance program, and our data shows that most employee concerns end up with their direct manager first. How does GM train managers to deal with ethics issues?

ACC: We regularly survey our employees around ethics and compliance topics, and this matches GM's internal ethical culture survey data. GM employees consistently indicate that they first report issues to their direct people leader and our policies encourage them to do so, while also making available methods for anonymous reports or reports to other functions within the company, like our ethics and compliance group.

"Being bold" is another of GM's core behaviors and it means respectfully speaking up, exchanging feedback and boldly sharing ideas without fear of retaliation. Promptly raising issues is important to quickly and appropriately addressing them. Speaking up and non-retaliation are core tenants of GM's Code of Conduct and ethics and compliance training program. It's critical that we provide the right training and messaging to our people leaders, so that they have tools to

create a 'speak-up' environment and are prepared to address employee concerns.

Our Code of Conduct has a dedicated section on supervisors' responsibilities and contains examples and decision trees. In addition to the general Code of Conduct training all employees receive, GM provides a "What Would You Do" classroom course that presents leaders with various scenarios and examines how they could and should react. GM created an internal portal for people leaders that provides messaging, toolkits, and other information to help them carry out their responsibilities. We also developed a non-retaliation toolkit for people leaders to supplement GM's Non-Retaliation Policy and provide helpful guidance regarding how to respond when an employee raises concerns or fears retaliation. GM requires many in-depth, multi-day training sessions for executives and senior leaders that include ethical leadership components. Last year, GM rolled out a mandatory "People Leader Basics" program that provides leaders with training on their responsibilities, including encouraging and supporting ethical and compliant conduct.

Our efforts are making a difference. For example, in our Speak Up for Safety program, which allows for anonymous reporting, over 90% of reporters choose to identify themselves. This demonstrates that our employees do not fear retaliation and want to be associated with raising potential safety issues.

AM: These CSR commitments necessarily involve third party suppliers in your supply chain as well. What's GM's approach to making sure that third parties can meet your high standards?

ACC: Tone at the top is key, and our leadership team is aligned on creating a culture of integrity that extends to our suppliers. GM is a founding member of the Automotive Compliance Roundtable, a group of Chief Compliance Officers at automakers and certain Tier 1 suppliers who work to promote ethics and compliance in our industry and companies. We created a Supplier Code of Conduct to promote ethics and compliance in our supply chain and make GM's expectations clear. Our employees are directed to hold suppliers accountable and monitor their activities. GM utilizes a robust due diligence process for vetting new suppliers and business partners and expects our business partners to meet our standards and behave consistently with GM's values throughout the supply chain.

Our Supplier Code of Conduct details our expectations across broad areas including human rights, health and safety, the environment, and business integrity. Among other things, we maintain a supplier portal website to promote communication between GM and suppliers and expect our suppliers to promptly report integrity concerns to GM. We provide specific methods and tools for suppliers to report concerns. We work cross-functionally to audit suppliers and seek compliance certifications. GM responds when we become aware of violations, up to and including termination of contract. For example, we worked with suppliers to examine their practices around labor issues, a supplier was not meeting our expectations so we initiated a new sourcing hold until the supplier could develop a remediation plan to bring it into compliance.

AM: Safety is obviously of enormous importance for a major manufacturer such as GM. How does compliance integrate with and complement your safety efforts? Where can you learn from each other?

ACC: At GM, safety is a foundational commitment – never compromised. We are committed to safety in everything we do. And safety is fundamental to our compliance program. Our Code of Conduct leads with a message from our CEO that reiterates the importance of safety, followed by a specific safety message and it is interwoven throughout the remainder of the Code.

At GM, integrity and safety are two sides of the same coin – you cannot have one without the other. Every meeting at GM begins with a "safety moment" to ensure safety is always top of mind – whether at the office, driving one of our vehicles, working at a plant, or living safe practices at home. These safety moments create an opportunity to pause and reflect on our core values and behaviors. My experience is that this makes a direct impact on other areas important to our compliance program, like ethics and integrity.

Our safety and compliance teams meet regularly to share information, best practices, and identify and address potential issues. We work cross-functionally, bringing different expertise and skills to the organization and thinking about issues from a different perspective. The importance of cross-functional coordination and breaking down silos was a key lesson that we learned from the ignition switch crisis. We took those lessons very seriously and fundamentally transformed our company. We created new, senior positions focused on safety, and revamped our policies, procedures, and protocols. Perhaps more importantly, our CEO and leadership team, and every function across our company, drove real, sustainable cultural change focused on making the customer the center of everything we do with safety as our foundational commitment.

AM: How has your sense of purpose as an organization helped to guide you all as you navigate the challenges presented by the COVID-19 pandemic?

ACC: As the world deals with the global COVID-19 pandemic, GM and our employees have stepped up to help. GM is collaborating to increase production of respiratory care products, including critically important ventilators. And we're working with business partners and suppliers to locate and donate personal protective equipment. We are using our purchasing and manufacturing expertise towards a greater common good. Our employees have volunteered to make and deliver masks, donate and deliver supplies to hospitals, organize and implement food drives, and help in many other ways across our global locations.

People are GM's most important asset, so GM's dedication to the health and safety of its employees is foundational to our decision making. And given the current drop in the use of public transportation and extensive flight cancellations, our customers are looking to us to ensure they have the vehicles, parts, and services they need. As the danger of COVID-19 became apparent and threatened the safety of our employees and communities, GM's leadership team took swift actions, including: directing certain employees to work remotely; taking aggressive measures to ensure healthy and safe workplaces, directing employees to practice social distancing and other WHO and CDC recommended practices; temporarily suspending certain manufacturing facilities; and establishing an internal website dedicated to COVID-19 that contains frequently updated resources.

👤 Author Biography

Ann Cathcart Chaplin is the Deputy General Counsel and Chief Compliance Officer of General Motors. Ann's team manages legal affairs for GM covering North America, Transformation, & Compliance. Ann was previously GM's Deputy General Counsel with responsibility for Autonomous & Transportation Services, Customer Experience, Global Product Development, Global Purchasing & Supply Chain, Ignition Switch, Labor & Employment, Product Litigation, Sales, Marketing & Complex Litigation, Strategic Transactions, and Vehicle Emissions & Regulatory. Ann joined GM in 2015 as Deputy General Counsel of Litigation. Previously, Ann was an equity principal at the law firm of Fish & Richardson specializing in intellectual property litigation.

THE NEXT STEPS

Living our Purpose for the Next Generation

Written by Ray Day

Corporate purpose today is the buzz of the business community. From board rooms and C-suites to Davos and magazine covers, it's clear something fundamental and profound has changed in the way business leaders now approach their jobs.

CEOs at leading companies have realized the mounting societal pressures their organizations face no longer are only about issues management. They are existential threats. Consumer and employee triggers — especially with younger generations — have shifted to the point where some of the most admired companies and their products are barely in the consideration set. Today, the top reason Gen Z believes a company is out of touch is a lack of diversity and inclusion, versus the more traditional reason of not providing jobs with adequate pay.

With this in mind, many companies have responded swiftly with solutions to address wider expectations of corporate responsibility. Financial leaders BlackRock and Charles Schwab have introduced specific funds and portfolios that bundle socially or environmentally responsible investment opportunities for customers. Dozens of companies have announced divestments from gun manufacturers and the fossil fuel industry. Tech leaders in Silicon Valley are churning out hefty capital on community building and social justice initiatives. In fact, some estimate that ESG-mandated assets could comprise half the total managed assets in the U.S. by 2025.

This growing interest in developing purpose is why, last August, nearly 200 chief executives from the Business Roundtable committed their companies to a greater corporate purpose. They pledged to move from a focus solely on shareholders to an equal emphasis on five stakeholders: customers, employees, suppliers, communities and shareholders. The statement garnered widespread attention, yet many questions remain – evident by one headline proclaiming "The Business Roundtable needs actions to match its words."

Purpose at an Inflection Point

Companies of all sizes, from a range of sectors, have long been aware of their purpose — their "why" and their acknowledgement of the impact they have on the community and society at large. Today, however, social awareness of corporate purpose is no longer confined to the boardroom. Rather, it is ubiquitous and powerful among the general public. Indeed, purpose is at an inflection point for defining the role of business in society.

This enhanced corporate emphasis on purpose has resulted in the convergence

of brand and reputation. This is especially evident among younger generations. For instance, research of millennials indicates 63 percent buy more from brands vocal on the social issues that they care about. Moreover, 72 percent claim they would take less money to work at a company if they believed in its culture and values.

Today, 87 percent of the public believe companies should be responsible to more than just shareholders. Moreover, 75 percent of professionals contend purpose supports recruitment, 80 percent feel purpose protects their company's reputation, and 64 percent believe purpose is critical to everything they do.

Beware of the New "Greenwashing"

Yet, despite good intentions, some corporate efforts to show purpose are raising the alarm. Cynicism of purpose is on the rise. Consumers remain hesitant to trust the intentions of executive leadership and are quick to identify hollow corporate citizenship, or "greenwashing."

In fact, despite all the buzz about purpose today, only 43 percent of the public believe companies are becoming more committed to operating their businesses in a socially responsible manner. That compares with 65 percent of corporate leaders. Many consumers say purpose feels more like a PR exercise than an authentic commitment, with three-quarters of consumers believing leadership at large companies to be self-serving.

So, what should business leaders do? One clear-cut answer is to turn to employees. Consumers are increasingly aware of how leadership treats employees, with 39 percent saying they would switch brands they routinely use if they "aren't treating their employees well."

When considering purpose, companies must think well beyond employee communications and engagement. They must consider employee activism. This is where purpose cuts both ways – and where hollow words haunt.

Employees today expect more when it comes to purpose – for themselves and from their CEOs. Forty percent of millennials say they chose a job because of a company's sustainability performance. That compares with 17 percent of baby boomers. They expect their company to take stands on issues relating to purpose and to demonstrate real progress. And, if not, these same employees become activists themselves. Last September, more than 1,800 Amazon employees pledged to walk out of work in support of the Global Climate March – and in protest of their company's perceived inaction on climate change.

Importantly, employees can serve as the catalyst to move a company's purpose from a "soft" social contract and messaging strategy to a firm business asset. Harris Poll research shows employees now see purpose as a fully embedded north star – truly driving innovation and strategy. And these same employees will continue to hold their organizations accountable for purpose in action, not window dressing.

Leading with and Measuring Purpose for Business 4.0

The importance of purpose is well documented and recognized. Still, too many companies fail to properly prioritize it. Companies overwhelmingly say purpose is key to business, but a mere 24 percent have embedded it in their organizations.

Reputation managers, in particular, need to heed the call and lead the way in their companies. During the past decade, drivers of corporate reputation have increasingly centered on shared values and purpose. While other elements – leadership strength, vision and product quality – still matter, a company's character and the role it plays in broader society today are today the dominant drivers of reputation. In fact, it is increasingly difficult for a company to have a strong reputation without a clear and activated purpose.

So, where do corporate leaders start? Like all things in business, it all starts with a plan. In our view, the best purpose plan has three key elements:

- **Define, redefine or recommit to your purpose.** Go back to your company's mission, values or "why." Purpose cannot be a sign on the wall. Stakeholders – all stakeholders – needs to see you live your purpose each day, inside the company and out.
- **Communicate, communicate, communicate.** Similar to building reputation – where growth is the sum of Performance + Behavior + Communication – purpose progress only can be achieved by constant communications with all stakeholders. They need to understand your compelling and concise purpose vision. They need to see relentless execution of it. And they need to feel empowered and encouraged to participate in two-way engagement on it.
- **Measure what you do, not what you say.** For purpose to matter, we have to start measuring it. One of the criticisms of the Business Roundtable's Purpose Statement is its lack of metrics to hold companies accountable. Today, 28 percent of companies say they do not have

a way to measure the impact of purpose, and half of leaders indicate their biggest challenge is "knowing what we should measure."

That is why it is so encouraging to see the leadership role Ethisphere is taking by proposing a Purpose Index to measure real progress versus simply commitment. Best would be a standardized, cross-company measure of:

- **Purpose Performance** – how a company performs in relation to each of the five key stakeholders: customers, employees, suppliers, communities and shareholders
- **Purpose Impact** – how a company serves society and makes a positive difference, including on the environment
- **Purpose Momentum** – how a company is changing for the better with the right leadership in place
- **Purpose Support** – how a company is viewed as a good place to work, a good neighbor and a good partner

"(We affirm) the essential role corporations can play in improving our society when CEOs are truly committed to meeting the needs of all stakeholders," states the Business Roundtable pledge signed by nearly 200 chief executives last August. "CEOs work to generate profits and return value to shareholders, but the best-run companies do more," added one of the signatories. "By taking a broader, more complete view of corporate purpose, (we) can focus on creating long-term value, better serving everyone – investors, employees, communities, suppliers and customers," explained another.

All are outstanding thoughts and words. Yet, now, if we are to make purpose enduring and transformative, we need to go far beyond thoughts and words: "Carefully watch your thoughts, for they become your words. Manage and watch your words, for they will become your actions. Consider and judge your actions, for they have become your habits. Acknowledge and watch your habits, for they shall become your values. Understand and embrace your values, for they become your destiny." – Mahatma Gandhi

Wise words. When it comes to purpose, now it's time for action.

👤 Author Biography

Ray Day is vice chair of Stagwell's marketing and communications agencies and the former chief communications officer at IBM and Ford. He is well-known for expertise in reputation building, content creation, data and analytics, crisis readiness and recovery, and communications team development.

COMPLIANCE & ETHICS

THE CASE FOR INTEGRITY

An Agenda for Business Success

Written by Andrew Gordon

EY views the presence of integrity as the foundation for trust. Given this, integrity is by now a widely recognized attribute of a successful, sustainable company and the foundation for embedding trust among employees, customers, and other stakeholders. The potential investment gains that could be achieved by eradicating fraud and corruption are sizeable.

Forward-looking companies operate with integrity, not just to avoid fines or penalties, but to maintain their good reputation and successful growth. The link between integrity and successful business performance is supported by research by Ethisphere, which found that the World's Most Ethical Companies® outperformed the US large cap sector by 14.4% over a five-year period. The *EY 15th Global Fraud Survey* found that customer and public perception, business performance and talent—both recruitment and retention—were all higher-ranked benefits of integrity, and not merely means for avoiding regulator's scrutiny. Companies today are increasingly viewed as social actors impacted by, and potentially influencing, social norms and wider issues—from immigration policy and climate change to lesbian, gay, bisexual and transgender (LGBT) rights. We are, the business media proclaims, in the era of "CEO activism," with chief executives taking public stances on wider social and political issues. Moreover, companies' innovative ventures into domains such as artificial intelligence (AI) and big data are setting off debates about digital ethics and technological social responsibility.

The importance of integrity will only grow as a corporate priority in the future. Investors want companies to articulate their longer-term vision and purpose, such as reporting on how the business aligns with climate goals. Studies show that younger workers put more priority on social purpose and positive impact in their career decisions than their elders did. Purpose- and value-driven organizations will fare better in the war for talent.

Social media and digital platforms add a new level of information that can affect perceptions, and reputational risk. Cus-

"Risk can never be entirely eliminated, but it can be reduced if a company measures its progress and tracks how risk dynamics change over time."

tomers also have greater insight into the conduct and management of brands in today's media-saturated age. Ted Acosta, EY Regional Managing Partner, Latam South (formerly Americas Vice Chair, Risk Management) says, "Employees can blog or post about what their company does or does not do. A lot of this material is read by other people (including prosecutors, investigators, and journalists). You should be mindful there is an additional level of information about you out there now."

But while the business case for integrity is well established, there is an inherent challenge in moving hundreds, thousands, or even hundreds of thousands of employees, agents, and suppliers from principles and ideals to practice. The media is continually covering new scandals, ethical lapses and compliance failures—from trader misconduct to money laundering, and large-scale bribery and corruption. Long and complex supply chains, from fashion and food to smartphones, can increase the risk of a firm's entanglement with modern slavery, child labour, environmentally harmful production methods or worker exploitation.

Bad practices are not confined to marginal firms in unregulated environments. Infamously, some of the biggest brands in the world have been involved in these practices. Worse still, unethical practices can exist for weeks, months or years before being discovered, and leave a "breadcrumb trail," suggesting wider awareness and acceptance of their existence in the company.

Acosta continues, "Your company's performance on culture, ethics and compliance matters not just for external constituents, such as journalists, prosecutors or politi-

cians, but it also affects how your own people think of the company." Companies may explain away instances of misconduct as the result of a rogue staff member acting in a consciously unethical way. But if companies take integrity seriously, they might also find broader patterns of unethical or illegal behavior, and gaps in governance, controls and information. These gaps include business units with corrupt business cultures into which senior management has an inadequate line of sight; compensation systems that coerce employees into making unethical decisions; fear of speaking up; controls that do not extend to agents, representatives, and suppliers that create legal and ethical risks. "Risk can never be entirely eliminated, but it can be reduced if a company measures its progress and tracks how risk dynamics change over time," says Jon Feig, Partner, Ernst & Young LLP United States, Forensic & Integrity Services. "This entails asking far-reaching questions: are investments that companies are making—such as those for "tone at the top" training, controls, reporting systems and cultural reforms—protecting the organization and its employees from legal and ethical risks? Are those investments strengthening the organization's ability to build stakeholder trust, innovate and expand into new markets?"

👤 Author Biography

Andrew Gordon is EY Global Forensic & Integrity Services Leader, with over 30 years of experience in complex, cross-border financial fraud investigations with a wide range of clients and sectors. He has worked alongside international law firms, reporting to regulators and law enforcement agencies on a range of issues pertaining to fraud and corruption. Andrew has direct access to a wealth of talent and knowledge across the global EY network, including 4,500 Forensic & Integrity Services professionals in more than 75 countries. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

TRUST – CRITICAL TO SOCIETY AND BUSINESS

Data Paints a Clear Picture

Written by Veta T. Richardson

Trust: It's a value we're all familiar with in our relationships with family and friends, but is easy to overlook in the impersonal world of business. And yet trust in an organization, consciously or unconsciously, underlies every aspect of business. Trust is a social glue.

It's no hyperbole to say that trust makes society possible—trust that our neighbors won't steal from us, trust that the firefighters will arrive when called, trust that the bank will have money when we want to withdraw, trust that an hour in Uruguay or a meter in China are the same as the measurements here.

Trust is woven into a company's relationships with investors, shareholders, employees, and clients alike. When an employee decides to join a company, when a customer buys a product, or when an institutional investor considers buying stocks in in a company, at some level they are all expressing their trust in that organization

Business strategy cannot get around the question, then: how do we build trust?

A business builds trust by acknowledging all of its stakeholders, and by honoring its commitment to them. Stakeholders may not have a formal relationship to a company. In fact, they frequently don't. Take a company that wants to reduce its carbon footprint. This strategy acknowledges a network of stakeholders far beyond the sphere of formal business relationships (ultimately, the seven billion people on Earth), and offers a good faith accommodation to their needs (in this case, their need for climate stability). This commitment builds trust. If well-executed, this can translate to higher revenues, more generous investment, greater returns on stock, and employee and customer loyalty.

The Association of Corporate Counsel (ACC), which will focus on trust as the main theme of its upcoming 2020 Global GC Summit, and Edelman, curators of the annual Trust Barometer Survey, have studied trust for decades. Together, we've mapped trust across a variety of metrics, including board diversity (for gender, ethnicity, and experience); environmental, social and governance (ESG) policy; company culture; and employee activism.

Some of the findings are surprising. The 2020 ACC CLO Survey, for instance, found that a majority of CLOs worldwide thought that a priority for their organization over the next five years would be

Please rank the following items you foresee your organization prioritizing over the next five years:

96.9% DELIVERING VALUE TO CUSTOMERS
49.7% — 37.6% — 9.6%

78.4% MAXIMIZING PROFITS
35.1% — 25.3% — 18.0%

83.8% INVESTING IN EMPLOYEES
10.4% — 29.0% — 44.4%

15.1% SUPPORTING OUTSIDE COMMUNITIES
2.7% 4.1% 8.3%

25.8% DEALING ETHICALLY WITH SUPPLIERS
2.1% 3.9% 19.8%

RANKED #1
RANKED #2
RANKED #3

TOTAL RANKED IN TOP 3

THE 2020 ACC CHIEF LEGAL OFFICERS SURVEY

"Trust should be a board or c-suite priority."

delivering value to customers, not necessarily maximizing profits. Similarly, the Edelman Trust Barometer Special Report: Institutional Investors found that 84 percent of investors agreed that commitments to all stakeholders should come before shareholder returns. These findings are further indicators of the ongoing evolution to what is driving business strategy.

Meanwhile, over 50 percent of institutional investors find that ESG measures build trust across a number of metrics, according to Edelman's Trust Barometer. This is not surprising, given the recent pace of climate change. More remarkable is the investors' interest: ESG is traditionally a function of the law department. (The 2019 ACC CLO Survey found that 55.5 percent of respondents had or planned to enact a corporate sustainability plan. Of those plans, 73.9 percent focused on the environment; 65.7 percent addressed corporate governance, and 64.6 percent community involvement.)

Both ACC and Edelman's data also point to diversity as a critical component to building trust among stakeholders. More female board members, and more ethnic minority members, increase trust, but so does diversity in background. The less homogenous the career paths of a board's members, the better. Age, too, makes a difference in trust: multigenerational boards rank more trustworthy than their homogenous counterparts.

This interest in diversity and stakeholder trust makes sense, in an era when diversity has become a household word and the #MeToo movement has shaken up the world of business, politics, and entertainment. CLOs, too, have activist watchwords like diversity and ESG on their radar – an important consideration, given their proximity to the employees themselves.

On the topic of employees, communication between leadership and employees is another important factor: the more, the better. This fits into a broader interest of corporate culture influencing trust, through such metrics as monitoring employee turnover, diversity rates, and anonymous rankings on social media sites like Glassdoor.com.

So, who is responsible for these commitments? Edelman's research indicates that trust should be a board or c-suite priority.

Only 23 percent of their respondents saw the general counsel as the main steward of trust.

From an outside perspective, that might make sense as CEOs and board members can often be high-visibility positions. But modern business operations and strategy are shifting in ways that outside investors may not immediately be able to see. All business decisions today are necessarily legal decisions. The responsibility for navigating complex regulations, for setting company culture, and for guiding the c-suite through a volatile business landscape are the everyday work of the modern CLO. CLOs are also the most versatile officers when it comes to managing stakeholders, since their repertoire and experience are so diverse. And of course, the consequences of low trust, like litigation for example, are also the responsibility of legal.

Edelman's data point shows that there is still considerable room for improvement when it comes to CLOs' role and visibility. It means that a c-suite that's serious about trust needs a CLO with a seat at the executive table. According to ACC's latest count, over 80 percent of CLOs worldwide now report to their CEO, positioned with a "seat at the table" that allows them to deal effectively and proactively with these key issues. A company looking to improve trust would be wise to start there, with their most trustworthy officer helping chart the course.

Author Biography

Veta T. Richardson is president and CEO of the Association of Corporate Counsel (ACC), a global legal association that promotes the common professional and business interests of in-house counsel who work for corporations, associations and other organisations through information, education, networking, and advocacy. With more than 45,000 members in 85 countries employed by over 10,000 organisations, ACC connects its members to the people and resources necessary for both personal and professional growth. By in-house counsel, for in-house counsel.® For more information, visit www.acc.com and follow ACC on Twitter: @ACCinhouse.

While litigation may be the only option when negotiations come to a standstill, more often than not it can be bad for business. Litigation is costly, time-consuming, disruptive, may cause stress and frustration for line employees and management, and may lead to bad publicity. Thus, it is typically a prudent strategy to avoid litigation and settle disputes promptly whenever possible. On the other hand, litigation may be a useful tool to establish favorable precedent on recurring issues, enforce IP rights, or take a stand on a particular issue. This article addresses the more frequent disputes that companies can and should avoid, such as routine contractual disputes or HR-related issues.

How to Avoid Litigation: Basic Principles

Below are some basic principles that companies and their employees should follow to minimize the risk of litigation. Employees with responsibility for dispute resolution, or a role in managing disputes or investigations within the company, should be coached to:

- React promptly to prevent issues from getting out of control.
- Treat counter-parties fairly and discuss concerns in good faith; foster positive relationships with counter-parties based on respect, candor and trust.
- Be solution-oriented and not focused on mistakes.
- Not mislead, deceive, coerce, harass or use other scare tactics, including the threat of litigation.
- Not escalate the situation, even if the other party seems unreasonable.
- Actively listen and communicate effectively through clear and timely reporting.
- Be mindful of the shortcomings of email. An email's tone may not be clear, and its meaning can be misinterpreted. An email can be a powerful weapon when used as an exhibit in legal proceedings.
- Avoid oral agreements; use written, well-drafted contracts and be familiar with key terms.
- Seek guidance from managers, experts and company lawyers as needed.

These principles do not imply that an employee cannot advocate a position or stand firm when necessary. Strong advocacy can be performed while simultaneously implementing the litigation avoidance strategies above.

UNNECESSARY RISK

Focus on Litigation Avoidance and Handling Disputes

Written by Mark D. Taylor, Jennifer Semko, and Maria McMahon

Avoiding litigation is a key risk management strategy. Although disputes inevitably arise in the course of business, companies and their employees must be aware of the risks that can lead to disputes and understand common strategies to avoid them. When disputes do arise, a number of alternatives to litigation exist to resolve disputes effectively.

How to Avoid Litigation: Business Risk Assessment and Tailored Training

Companies should identify those areas of inherent risk for their business and industry that are most likely to trigger disputes. Training should be provided to employees tailored to the specific risk areas inherent in your business. For example, healthcare companies should train on data privacy, tech companies on intellectual property, manufacturing companies on supply chain management, banks and financial institutions on cybersecurity, and so on. HR and sensitivity training should be provided to employees of any sector. For those in the procurement department, effective contract management training will be essential.

How to Avoid Litigation: The Art of Communication

Communication is key to avoiding litigation. Whether interacting with contract counter-parties, competitors, or even employees, communication channels should be kept open, and concerns should be raised before they escalate into disputes. Additionally, to avoid the types of uncertainty or misunderstandings that can lead to full-blown litigation, it is important to keep accurate documentation relating to any issues, including efforts to resolve the situation. The language of communications is also very important; the rule of thumb is to not put anything in an email that one might subsequently regret, e.g., no foul or histrionic language, offensive comments, or ad hominem attacks. Such strategies often serve only to inflame the individuals involved and unnecessarily amplify disputed issues. All employees should be familiar with and follow internal email and communications policies. Any disputes that appear to be heading toward litigation should be escalated to management, legal, or compliance.

Importance of Document Retention in the Context of Litigation Avoidance

Having effective record management policies and procedures in place will help to avoid litigation. Documents should be kept organized, particularly those that may be relevant to disputed issues, such as contracts and contractual notices, related correspondence (letters and email), government filings and HR records. A thorough, written record can be used to persuade or negotiate with the counter-party to reduce the chances of potential litigation.

Documents can and should be destroyed after the prescribed retention term expires, unless of course there is an outstanding document retention notice (also known as legal hold notice), in which case all document destruction should be suspended and all relevant documents preserved until further notice.

Other Ways to Minimize Litigation Risk

Early Case Evaluations: If efforts to settle a dispute fail, and the company receives a demand letter, it should be a top priority to evaluate the case quickly and develop a defense plan. An early case evaluation involves the review of allegations, the amount of money in controversy, and the strengths and weaknesses of the company's position. Surveys of attorneys and corporate counsel over the years have shown a reduction in disputes when companies use early case evaluation promptly after receipt of a demand letter.

Post-Litigation Assessment: Companies can implement this process to identify "lessons learned" from the dispute, including its root cause, outcome-determinative facts, overall cost (including reputational), and remediation methods.

Special Considerations: Avoiding Litigation in Specific Areas

To avoid cybersecurity-related litigation, companies should understand contractual provisions regarding risk allocation and company insurance provisions and notification requirements. They should have an incident response plan in place and conduct training on incident response.

For most companies, litigation and legal claims commonly center around the employment relationship. To reduce the potential for these claims, companies should first and foremost treat employees with fairness and consistency, document areas for improvement, and provide timely feedback and assessments.

To avoid supply chain-related litigation, companies should conduct thorough due diligence on supply chain partners and tailor contracts, terms, and agreements to each partner relationship. Giving care and attention to dispute-focused contractual terms (e.g., forum selection and choice-of-law provisions; cure provisions; mandatory negotiation periods) is also important—such provisions, if used effectively, can deter litigation and foster early negotiation and resolution.

Resolving Disputes: Alternatives to Litigation

In some cases, despite diligent efforts, disputes cannot be settled without formal processes typically provided for in a contractual dispute resolution clause. Alternative dispute resolution (ADR) procedures are formal ways to resolve disputes without litigation. ADR is usually less intrusive and less expensive than litigation. ADR includes:

- Neutral evaluation
- Mandatory negotiation
- Mediation
- Conciliation (a form of mediation)
- Arbitration

Company employees should have some understanding of the available dispute resolution options. Additionally, company counsel should stay on top of developments in the law with respect to the enforceability of consumer, employment, or other contracts that mandate ADR.

Author Biography

Mark D. Taylor *is a partner in Baker McKenzie's Dallas office. His commercial litigation practice focuses on the defense of class actions, collective actions and multi-district litigation (MDL) cases. In the last decade alone, he has appeared as lead trial counsel or co-counsel in over 40 class action, collective action and MDL cases, primarily defending consumer, privacy, overtime, contract and discrimination claims. Mark's practice is national in scope, having appeared before state and federal courts in more than 25 states. He also serves on the Dean's Development Board at Texas A&M University's Mays Business School.*

Jennifer Ancona Semko *currently serves as Chair of Baker McKenzie's Washington, DC Office Litigation and Government Enforcement practice, and Co-Chair of the North American Commercial Litigation subgroup. Jennifer focuses her practice on complex commercial litigation and internal investigations, with more than 20 years of experience litigating in state and federal courts across the United States. Jennifer represents clients in domestic and international disputes, and has expertise in cross-border judicial processes. She also has guided clients through investigations by the US Department of Justice, SEC, EPA, NYSE, Senate Finance Committee, United Nations and other government agencies.*

Maria McMahon *is the Knowledge Lawyer at the North America Litigation and Government Enforcement practice group. Maria has extensive experience in corporate transactions - including mergers & acquisitions, foreign direct investment, joint ventures, corporate governance, hostile takeover defense - and complex disputes. She also focuses on emerging markets, particularly Russia and the former Soviet Union. Ms. McMahon has represented oil and gas, freight forwarding, and defense companies.*

COVID-19 CRISIS RESPONSE

How Companies Can Learn from Past Events and Adapt

Interview by: Erica Salmon Byrne

In this Q&A, Ethisphere EVP and BELA Chair Erica Salmon Byrne talks with David Newman, who is a partner in the Washington D.C. office of Morrison & Foerster. Prior to joining the firm, David held several key posts at the White House, including serving as special assistant and associate counsel to President Obama. He now advises clients on crisis management. David is joined by Miriam Wugmeister, who is a partner in the New York office of the firm. She's the Co-Chair of the Global Privacy and Data Security Group.

TOPICS COVERED
// Planning & Adaptation

Erica Salmon Byrne: David, COVID-19 is dominating the news at the moment, but if we take a step back, there are also a lot of elements where we can learn from prior crises. Can you talk a little bit about what pieces of an existing crisis management plan might a company be executing on now?

David Newman: I think you're absolutely right—no one was expecting to be responding to this virus in this way. Obviously, we're in unprecedented times. Some crisis 101 that companies have used in other fire drills is very relevant here. It starts with just some basics, like having a decision maker. One of the things that Miriam and I both see in our practice, responding to cyber incidents and other short-fuse issues, is that if companies don't have a clear quarterback and a clear decision-making structure, they aren't nimble enough to handle these kinds of fast-moving events.

Another is just communication. A key part of any crisis is trying to get out a consistent message in the right order to all the different audiences. That is just so hard when, as we all see from the news, facts are changing so quickly.

ESB: Who from a company should be communicating?

DN: If it affects our employees, we want them to hear it from the CEO or the leadership before they read about it. Those

situations seem pretty intuitive. Something that we worked on when I was in the White House, in particular on the Ebola task force under President Obama in 2014, was collapsing the hierarchy. You need to have the decision maker in the room, but you also need the experts.

ESB: Miriam, so much of your practice has been focused on data breaches and cyber-attacks. How are you thinking about lessons that companies have learned coming out of some of the data governance structures, and how they might apply to the ways that companies are responding now?

Miriam Wugmeister: I think so many of the issues are the same. Do you have a process? Who is actually authorized to make decisions, who needs to be informed, and whose opinions do you need to gather? Do you have a cadence for regular meetings? Do you have the right cross-functional and interdisciplinary group in order to inform a decision? Because so many of the decisions we're seeing now with COVID-19 cover employment, privacy, public health, or consumer issues. You can't just have people working in silos. All of those are key factors.

ESB: Miriam, both you and David have referenced the fast-moving and changing aspect of the situation companies find themselves in. What are the big mistakes you're seeing companies make at this point?

MW: I think one of the things I would encourage companies to do sooner rather than later is remind people about the importance of smart communication. Don't put stuff in writing that you wouldn't want to have on the front page of the paper, that kind of basic smart communication.

The other big thing I think companies could be doing to enhance their response, is to pay attention to the human side. This is the time to show humanity and warmth. An example of that is the message that the CEO of Marriott sent to all the employees, which has gone viral. I thought was such a good example of giving clear, honest information, but in a completely authentic way that I thought really resonated.

ESB: I agree 100%. One of the things I particularly liked about that is it was consistent with the way Marriott talks about their business as a whole. He was talking to Marriott Associates, but he was also talking to the community as a whole.

Now that we're all settling in to this new reality a little bit, what should I be thinking about as a business to try and navigate these waters for the marathon?

MW: I think that one of the big issues is the privacy and data security challenges that are going to come. We're already seeing a huge spike in phishing attempts. Fundamentally, horrible as it is, the bad guys know that everybody right now is distracted. They know that we're all working in new environments. They know that the IT security people are not looking at the logs and looking at all the alerts that they normally get to with the same level of scrutiny. All the normal processes are stressed to the maximum.

We're going to see more ransomware. We're going to see more cyberattacks. We're going to see more and more data breaches. What are regulators going to do in response? One hopes that the regulators are going to understand that companies are going to do the very best that they can.

ESB: You're very quickly converting a massive percentage of your workforce, to work in an environment that they're not accustomed to working in, and they're going to create workarounds.

MW: People are going to try and find workarounds, not because they're devious, but because they're just trying to do their jobs. Communicating really clearly about, for example, which are the file sharing programs we're supposed to be using and which ones were not supposed to be using, is key for companies, but so is being flexible.

Also, I think employees can encourage employers to look at new technologies. I think it's a two-way street. It's using the ones that the company has designated as appropriate and as blessed, but also, this is an opportunity to raise your hand when you have new ideas, bring them forward. I think most companies are open to it, because everybody is trying to figure out how to do this.

DN: One area that we've seen come up, for example, is printing. A lot of companies historically, for good reason, don't let people print from their work device at home. Now that we're all going to be home for weeks and possibly months. If you have a very strict rule, then what you're going to find is people will just find some way to create documents that aren't secure. I think part of it is just about creating a culture where, when employees encounter roadblocks and have ideas for workaround, they feel like their voices can be heard and they can raise those issues, and having a management culture that's really listening.

ESB: In this particular environment where the information is just coming at us so fast, and some of it is good information and some of it is bad information and all of it creating this emotional response, what are some risks that companies may be overlooking?

DN: One that we've talked about with some companies is insider trading rules. I think you have a situation right now where you potentially have lots of people that know inside information that might be material to their company who aren't used to holding that kind of information, who aren't as familiar with the rules as your CFO and your CEO and some of your other senior executives. You also have, frankly, a very volatile falling market where understandably, people are fearful and selling. That to me is a recipe for a lot of problems down the road.

MW: I do think that many regulators are going to take into account the fact that this is an extraordinary time and companies are doing the best they can. They might give companies a bit of a break, but the regulators aren't going to go away. Even in the middle of working so hard and trying to do the right thing, I don't think companies can just say, well, this is a pandemic, so I can just ignore the regulations. You just have to keep reminding people. Yes, we're going to maybe take a little bit more of a risk-based approach, but we aren't just throwing all of our rules and requirements out the window.

DN: Another thing that Miriam and I have talked about is that at times like these when you have falling markets and people who aren't coming to work in their normal functions, you're also just going to surface some other problems that were unrelated to coronavirus. You saw that

in the financial downturn in 2008. That's when the Bernie Madoffs of the world and their scams become exposed. With everything else that's happening, people still have to be on alert for those kinds of red flags, whether it's at their own company or with others. If people turned a blind eye to significant fraud, or embezzlement, or accounting problems, I don't think that they're going to get a pass in the end from regulators.

MW: I totally agree. I think the really important word that David said was *significant*. I do think that a mistake that some risk and compliance people make is they try and say, "We have to stick with the absolute perfect letter of the law." There's a point at which you just have to be realistic. I totally agree, we have to look for those significant issues, but also understand that these are extraordinary times and we can't be perfect. That's just not possible.

ESB: You both think that litigation is certain to be coming. Obviously, we're going to see force majeure litigation. Anything that companies should be thinking about now as they try to navigate all of this?

DN: One thing which maybe seems intuitive, but it's just challenging to do in real-time is to really look at your contract. What does your clause actually say? Because the truth is the clauses are worded very differently, and depending on what they say can have a significant effect on what our assessment is.

The second question is, what law governs your agreement? Because even within the United States, different states have different approaches to interpreting force majeure. This is taking on a whole new set of meanings for different companies as they are shutting down, because they are concluding that they're not essential, and there's a huge question about what comes next financially.

Down the road, in terms of litigation, I do think there's going to be more restructuring, more issues over credit and refinancing. I think those issues are going to become unfortunately more significant as you just see so many companies that are under so much stress at the moment. Then, we also have been very focused on thinking about ways to make sure our clients are aware of all the different government programs that can assist them.

I imagine you're going to see a lot of litigation, or at least processes around who qualifies for all of this relief.

ESB: If I asked you to put on your prognosticator hats, what do you predict are going to be some of the changes that will come from this pandemic?

MW: It seems to me that one of the core issues is going to be whether or not internet and WiFi connectivity are considered essential service, like heat and water. For example, think about all the kids who are getting sent home to do distance learning. Well, you have a lot of them who don't have computers or access to WIFI. What are these kids supposed to be doing? Or you have people who are being sent home in rural areas where the broadband and the internet is just not up to do basic functions. I really think that one outcome of this is going to be the realization that every single person in the U.S. needs to have access to good internet connectivity.

DN: Another issue that I think this experience highlights is the extent to which public health authorities are principally a state and local system. We are now seeing businesses struggle with how to handle 50 states, hundreds of counties in which they might operate, all putting out advice. It's essentially impossible to comply with all of them.

I do think that patchwork nature of the way the United States in particular regulates these issues is going to be reexamined after this is all done. Of course, the response needs to be very keyed into local condition. You need to think about the local population and resources. That's different than saying we should be having hundreds of counties with different guidance on who should stay open.

ESB: Absolutely. I think the other thing that we're going to wind up seeing is a lot of people looking at the remote work environment in a way that that was different than they were looking at it in December, both in terms of the availability of people to work remotely, and the infrastructure, and systems that you need to be able to support that kind of work environment.

MW: I don't think we're ever going to go back to a situation where the assumption is everybody comes to the office. I think that that's finished. David, you agree?

DN: I do agree that I think companies are going to have a different understanding of what kinds of things they can achieve without people come into the office. I would also say the flipside is, it's challenging to manage people remotely. My hope is that all of us are going to get a little more thoughtful about how we manage people who aren't physically present. I think all of us now are learning, hopefully, how to become better, more compassionate, more sensitive managers to people who were not able to ever be physically in contact with.

This piece is adapted from a much longer conversation. To listen to a podcast of the full exchange, please go to https://magazine.ethisphere.com.

Author Biography

David Newman *has significant experience advising clients on crisis management. Prior to joining Morrison & Foerster, David held several key posts at the White House, including serving as Special Assistant and Associate Counsel to President Obama and in multiple positions on the staff of the National Security Council. Throughout his tenure at the White House, he played a central role in coordinating the Administration's response to domestic and international crises and advised on a broad range of legal and policy matters affecting the federal government. This included serving as Chief of Staff to the Office of the Ebola Response Coordinator during the Ebola outbreak in 2014.*

Miriam Wugmeister *is Co-chair of Morrison & Foerster's preeminent Global Privacy and Data Security Group. She works with companies to develop comprehensive customized incident response plans, training staff, conducting extensive table top exercises, and addressing key issues with Boards of Directors and executive management. She regularly advises on the global collection, use, and sharing of employee, customer, vendor, and consumer personal information and ediscovery and employee monitoring issues, as well as on developing data security policies and procedures and cybersecurity preparedness and response plans.*

ENDLESS POSSIBILITIES.
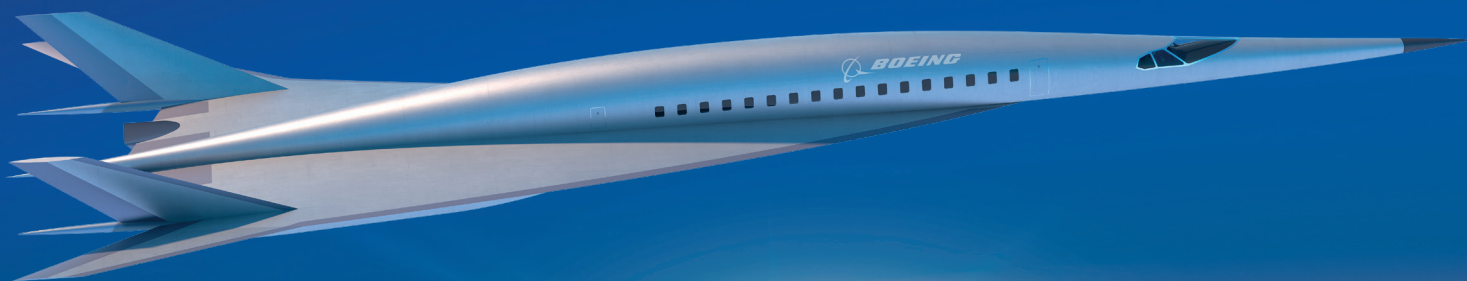
At Boeing, we know there's no limit to the future we can build when we lead with our values. An open workplace culture and commitment to ethical business practices help us build our future at hypersonic speeds.

DIVING INTO CULTURE DATA

A Chat with an Ethisphere Culture Expert

As the primary survey administrator and data analyst behind Ethisphere's Ethical Culture and Perceptions Assessment, Scott Stevenson has now spent years with his finger on the cultural pulse of companies of nearly every imaginable size, industry, geography, and maturity. Now that the survey data set has passed 630,000 respondents representing the view of more than five million employees around the world, *Ethisphere Magazine* decided to sit down with Stevenson to glean some of what he's learned.

Ethisphere Magazine: First, can you explain just a bit about the thinking and methodology behind Ethisphere's Ethical Culture and Perceptions Assessment?

Scott Stevenson: Absolutely. As companies have begun to realize that culture is an incredibly valuable, if intangible, asset to performance, executives and boards have begun looking for ways to measure it. Although companies can get some culture data from normal employee engagement surveys, best practice has companies performing standalone ethical culture surveys to do a deep dive on the topic at least once every two years.

Ethisphere's Ethical Culture and Perceptions Assessment is structured around Ethisphere's Eight Pillars of Ethical Culture, with sets of questions designed to determine how a company is performing among such factors as awareness of resources, how much pressure employees feel, or their perceptions of organizational justice.

EM: So companies run a survey with you, and then the results come to you for analysis. What does that process look like?

SS: Depending on the company, we may have surveyed all or some portion of their workforce spread around the world. We strongly encourage companies to maintain our same basic survey structure, which allows me then to benchmark an individual company against our entire data set of responses, which at this point is over 630,000 employees worldwide who have taken the survey. That gives us an extremely robust benchmark. I then begin diving into the data to see where companies may have performed particularly well or particularly poorly.

EM: How granular can your analysis go?

SS: Assuming the company has chosen to survey a large enough percentage of their workforce for us to have significant sample sizes, we can go quite deep. One of

the most valuable things that I can do for companies is to segment the culture data in two ways: by location, and by business unit.

Location segmentation is especially valuable because it gives insight into how, for example, regional cultural variation might be impacting employee perceptions, or delaying implementation of an organization's practices in a certain market. For example, certain countries in the Asia Pacific region have more hierarchical cultures, which then show up in the data on organizational culture—employees might feel less able to "speak up" to contradict or question a superior there without explicit training to do so. This problem could also manifest as employees reporting above-average pressure in certain countries or regions, simply because their managers may not be discussing ethical conduct as often as hitting goals. Business unit segmentation can also be valuable, and oftentimes it's actually useful for highlighting areas of good ethical performance. If certain units score particularly well against our benchmarks, their managers might have attitudes or practices that can, via peer-to-peer exchange, be shared throughout the entire organization.

EM: So companies get their results back, and you walk them through how they've assessed against your benchmarks, and any observations you have when you segment the data. How do they then use those results? What are the next steps?

SS: On some level, next steps depend on what areas for improvement we identified in the data, and we can work with different Ethisphere experts to develop action plans. For most companies, the data points to some kind of gap that can be addressed via a communication and education plan. Companies may need to target certain markets, or all employees, with new or better information about policies, procedures, or resources. However, the segmentation we discussed earlier also gives companies the tools to build communication plans targeted to specific regions, or that leverage certain business leaders—for example, if your sales function is having issues, it's prudent to enlist your sales executives to help address them.

Assessment results can also help companies to identify areas of opportunity to work into their audit plans. If perceptions of organizational justice are particularly low in certain markets, it's probably worthwhile to go back and revisit some disciplinary and investigative outcomes from those markets, or to look at the way investigators communicate with reporters after a matter is closed.

EM: Aside from the analysis you do with the raw data on its own, do companies use the data in other ways?

SS: Absolutely. For companies with the right capabilities, culture survey data can be even more valuable when paired with other data lakes at the organization. Maybe the most obvious application is as a risk monitoring tool. Poor culture scores, especially those around observed

misconduct and willingness to speak up, are a blinking red light for fraud, corruption, and reputational risk. Areas of the business where a speak up culture has eroded should be top priorities for risk mitigation.

One of the most common use cases is to overlay culture data with case management data. Companies can then see if, for example, there are regions or functions where employees report higher levels of observed misconduct in culture results, but those matters do not "reach" the case management system. In that case, it's likely that either misconduct is being ignored, or managers are electing to handle issues themselves without escalating them appropriately. It may also be that employees simply don't report because they fear retaliation. In either case, companies can then take proper steps to address the problem.

Another useful data pairing is to look at culture data in conjunction with human resources performance appraisals. Generally speaking, I don't recommend that companies use poor culture data as a stick, or reason to punish managers whose units don't perform as well. However, culture metrics make great "carrots" to identify and reward top-performing managers for how well they demonstrate and uphold the organization's principles or purpose. Best practices from those individuals can then be disseminated to the rest of the organization.

EM: Well Scott, thanks so much for your time.

Author Biography

Scott Stevenson *is a senior analyst as part of the Data & Services group at Ethisphere. In his role with Data & Services, Scott supports the various efforts that help organizations assess their ethics and compliance programs and their corporate culture. He previously helped multi-national organizations develop and maintain their corporate compliance training programs as a Client Service Lead at NYSE Governance Services.*
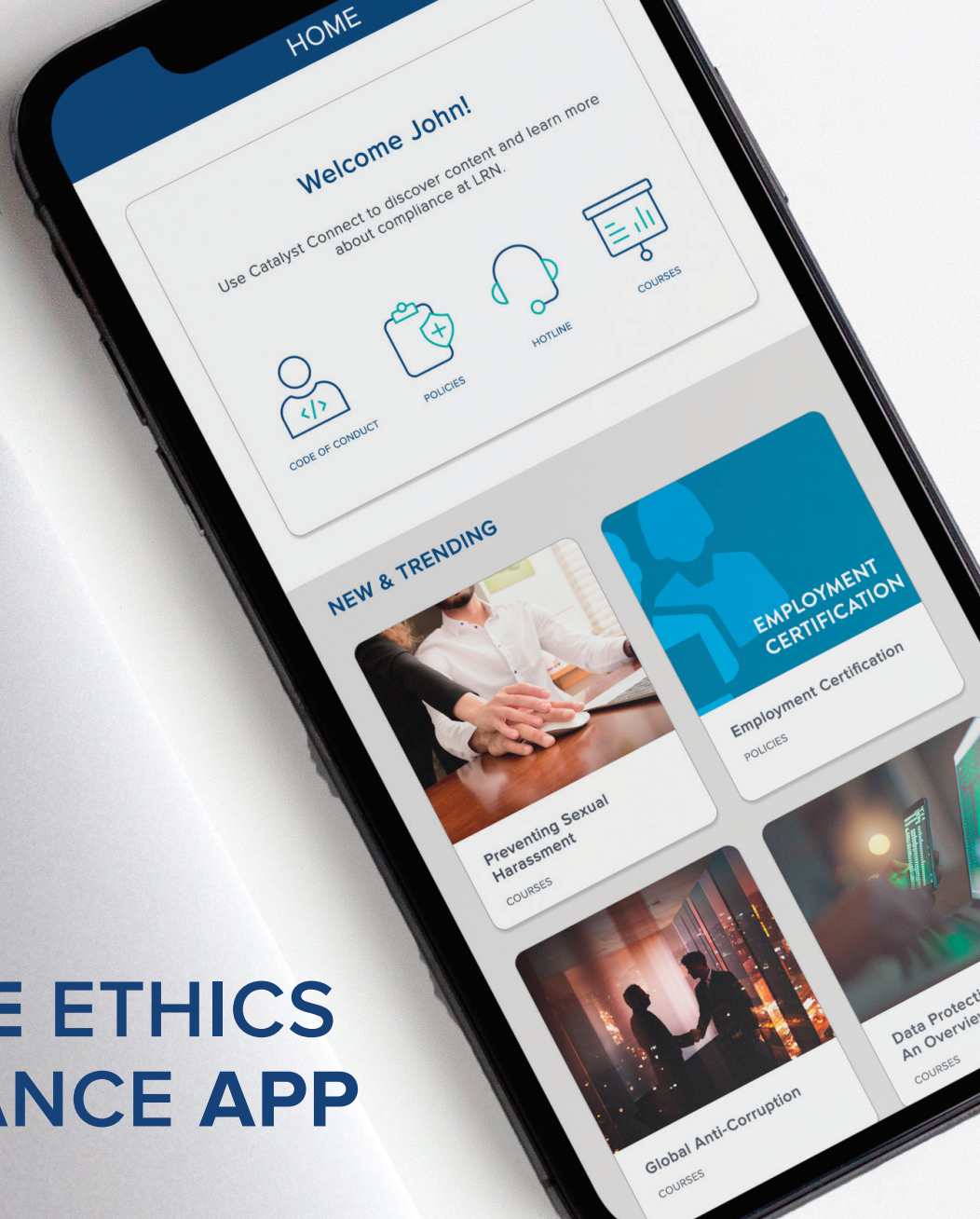
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BELA OF THE BALL

At this time of year, we typically bring together many from the Business Ethics Leadership Alliance (BELA) community to honor those who have made distinguished contributions to the community, review what we've accomplished over the prior year, chart out initiatives for the year ahead, and share insights and innovations. It's why I call the annual BELA dinner the "beginning of the next BELA year."

The world is certainly in a different place today. Unfortunately, we won't all gather together on April 1st to have that conversation. However, we are finding new ways to connect our community and collaborate on ways to ensure that ethics and compliance continues to have its needed central role during these times of disruption.

Honors and Milestones

BELA Announces Impact Award Honorees: On April 1st, we were delighted to announce the honorees of the 2020 BELA Impact Awards (our second annual). Drumroll please....

- **BELA Community Champion**

Given for outstanding contributions to the member community by way of content resources, event participation, publications, and mentorship or peer-to-peer support.
  - o **The honorees are:** Allianz and ON-Semi
  - o **And for our growing BELA South Asia community:** Infosys

- **BELA Global Vanguard**

Given for exemplary leadership in expanding the reach of BELA and advancing our mission to meet the needs of a global compliance and ethics community.
  - o **The honorees are:** Accenture and 3M

- **BELA Beacon**

Given to individual leaders who have fostered the growth of the BELA community through their personal efforts and generosity in sharing their time and expertise.
  - o **The honorees are:** Ritu Jain, GE and Samantha Vaughan, Wyndham

BELA Reaches 300 Members: Our BELA community continues to expand, with new members joining and others renewing their membership. We have heard from so many how valuable it has been to be part of a global community of senior leaders collaborating to improve programs, and we are so honored to have reached this milestone.

Insights and Resources

At Ethisphere, we are sharing a broad range of resources with our community so that everyone can benefit from leading practices in these disrupted times. You can find these resources in the BELA Member Hub, on the Ethisphere Magazine website and at Ethisphere.com.

- **Presentation: Making the Case for Compliance in Uncertain Times**

Our data and services experts have put together this presentation to serve as guidance for those considering how to have the greatest impact when resources are stretched.

- **Webcast: Creating an Effective Remote Investigations Process**

Best practices in creating or modifying investigations protocols and systems for a more virtual world that meet legal and policy requirements, ensure quality outcomes, and impart employee confidence in the process. Featuring experts from EY, Baker McKenzie, Mastercard and Lonza

- **BELA Working Groups: Risk, Third Party Engagement and More**

We continue to bring together industry leaders to address specific challenges. We invite BELA members to get involved; and will share findings in eBooks, reports and webcasts.

- **COVID-19: How Companies are Responding**

On the BELA Hub you'll find a dedicated page with links to resources and examples of what companies are doing to advance integrity during this time of unrest.

If you have ideas for additional ways we can support your efforts, please get in touch. All the best, and may you all stay well,

Erica Salmon Byrne
Executive Vice President, Data & Services
Chair of the Business Ethics Leadership Alliance (BELA

BELA OF THE BALL

BELA continues to expand the opportunities for ethics and compliance leaders to share what they know, and learn and grow together. In-person roundtable meetings at BELA member companies are an extremely popular outlet for the exchange of ideas as are our one-to-one connections facilitated through our BELA Engagement Directors. Perhaps you have had the experience of leaving a roundtable discussion or one of Ethisphere's summits or forums, and you're thinking, "I wish we could keep this conversation going" or "It would be great if we could get a small group together to figure out [fill in the blank]". We hear you. In 2020, we've started the concept of BELA Working Groups as yet another venue to provide BELA members with meaningful ways to engage and connect with one another.

BELA Working Groups are where organizations come together to explore trends and share best practices on selected topics over a period of time. These groups meet regularly, two or three times a month, to pool their knowledge on a particular ethics and compliance related topic. Each working group defines the scope of discussions and the outcomes of the group. Outcomes could be whitepapers, podcasts, articles, guidelines, checklists, new assessment tools, or other ways to document best practices, all to be published on the BELA Member Hub.

Beginning in early April, updates on the Working Groups will also be published on the BELA Member Hub so you can follow the progress of these groups. On each of the individual group pages on the Hub, you can also send an email to any of the Working Groups with a question, comment, or item for consideration. Here is a snapshot of the Working Groups currently underway.

Collaborating using this working group model is one of the many ways the BELA community continues to pull together to move ethics and compliance practices forward. We encourage you to visit the BELA Member Hub to keep up on all Working Group activities. We welcome your outreach and invite you to share your thoughts, ask questions, and pose new ideas for future Working Groups.

Emily Rickaby
Global Resources Manager,
Business Ethics Leadership Alliance

PHARMA INDUSTRY THIRD PARTY ABAC ASSESSMENT

Organizations from the pharmaceutical industry sharing assessment data, outcomes and lessons learned from putting 15 of their third parties through Ethisphere's Anti-Bribery Program Assessment.

Activities: Members have each selected 15 of their third parties to take the assessment. All selected companies will take the assessment and receive guidance on improving their programs. Five partners in each group of 15 will be selected to participate in the full Ethisphere program verification process, which includes additional document review and interviews.

Members and meeting schedule: Novo Nordisk, Amgen and Eli Lilly meet every two weeks during the assessment process.

Anticipated outcomes: Podcasts with member leaders on third party risk management and a whitepaper to be published at the conclusion of the group's work that will capture take-aways from the process, lessons learned, and recommendations.

CONSTRUCTION/ENGINEERING INDUSTRY THIRD PARTY ABAC ASSESSMENTS

Organizations from the Construction & Engineering industry sharing assessment data, outcomes and lessons learned from putting 15 of their third parties through Ethisphere's anti-bribery program assessment.

Activities: Members are in the process of selecting 15 of their third parties to take the assessment. All selected companies will take the assessment and receive guidance on improving their programs. Five partners in each group of 15 will be selected to participate in the full Ethisphere program verification process, which includes additional document review and interviews.

Members and meeting schedule: SNC Lavalin, TechnipFMC, and ABB meet every two weeks during the assessment process.

Anticipated outcomes: Podcasts with member leaders on third party risk management and a whitepaper to be published at the conclusion of the group's work that will capture take-aways from the process, lessons learned, and recommendations.

THE CROSSROADS OF COMPLIANCE AND PRIVACY FUNCTION

With the convergence of privacy and compliance responsibility becoming more common, this group examines best practices for handling governance, structure, and workflow.

Activities: Introductory conversations have delved into team structure in both centralized and de-centralized organization and the specific attributes of data governance, while further discussions will look more closely at emerging law and regulation and ongoing questions and challenges for companies that continue to address GDPR and CCPA adjustments.

Members and meeting schedule: Bayer, Eaton, FedEx Corporation, Nokia, Panasonic Corporation of North America, Royal Caribbean Cruises, Teradata, Wyndham Hotels & Resorts meet every two weeks.

Outcomes: Proposed outputs include best practices on creating and piloting a privacy 'champions program' that runs across business units and geographies.

ETHICS & COMPLIANCE ASSESSMENT FRAMEWORK FOR HIGHER EDUCATION

Leaders from ethics & compliance offices at universities working together to develop a framework for an assessment for the higher education community.

Activities: Members have been completing a version of Ethisphere's ethics and compliance program assessment built for corporate entities and are then interviewed on how the assessment might be tailored for those in higher education environments. After reviewing Higher Ed assessment benchmarks versus the WME Honoree Group, the group will continue to meet and work on creating questions and editing the assessment framework.

Members and meeting schedule: Members represent a range of college and university systems from private, single campus entities to larger, multi-campus systems and are meeting every two to three weeks.

Outcomes: Anticipated outcome will be a design for a higher education ethics and compliance program assessment tool.

UNDERSTANDING ESG & THE ROLE OF ETHICS & COMPLIANCE

Defining the role of ethics & compliance in ESG goal setting, measurement, and reporting, building a relationship with IR, understanding the frameworks that drive goal setting, and gaining additional knowledge about the impact on and input from stakeholders.

Activities: Members share the infrastructure of the ESG function in their organizations, discuss the various internal and external frameworks that influence ESG, and consider guidance that could assist the ethics and compliance professional in their work with ESG activities.

Members and meeting schedule: Dell, Bayer, Newmont Mining, Eaton, Western Union, Marvell, and Eli Lilly meet every two weeks.

Outcomes: Outcomes are in the process of being defined, but could include articles, guidelines, and other smaller publications on the topics underlying ESG.

ACCESSIBILITY WORKING GROUP

In partnership with Disability:IN, connect with diversity & inclusion leaders and Chief Accessibility Officers to establish a framework around leading practices and business support in these areas to better equip those with ultimate responsibility as well as inform executive leadership teams on both compliance-based and values-based inclusions.

Anticipated Activities: Two company accessibility officers will co-chair an Accessibility Working Group that will examine such areas as digital accessibility, the role of accessibility in the ethical culture, compliance-focused approaches, and ethical design.

Members and meeting schedule: Members to be announced after kickoff meeting. This group was to have its kickoff meeting at Ethisphere's Global Ethics Summit, which like all other in-person gatherings was postponed due to the COVID-19 crisis. The group is currently seeking a new date to assemble this virtually.

Outcomes: Anticipated outcomes include checklist(s) of best practices that can help D&I and Accessibility officers present strong business cases for internal support and measuring success.

BELA SOUTH ASIA

The recent threat of COVID-19 has jolted financial markets and impacted business operations around the world. India, the second most populated nation on the planet, is no exception.

What started as a 14-hour limitation, called the "Janata curfew," quickly turned into a 21-day lockdown period, where individuals and companies have been forced to halt regular commerce and business operations as the epidemic continues to threaten workers, families, and transport across the region. The government of India has urged states to adhere to the Epidemic Disease Act of 1897—a 123-year-old piece of legislation that was originally created to combat bubonic plague—to make their COVID-19 advisories more stringent.

While the coronavirus has created uncertainty in the marketplace, and its negative impact is undeniable, the fact is that it has also created opportunity for the business community to shine, and many have. CEOs and business leaders in the BELA South Asia community can now place purpose-driven leadership to the test. For example, TATA Trusts Chairman Ratan N Tata committed Rs 500 crore [USD $66.3M] towards the manufacture of personal protective equipment, respiratory systems, testing kits, set up for modular treatment facilities, and training of health workers. His Tweet announcing the donations quickly went viral.

"The COVID 19 crisis is one of the toughest challenges we will face as a race... At this moment, the need of the hour is greater than any other time," the businessman tweeted while attaching a statement from Tata Trusts. He added that during these tumultuous times, "urgent emergency resources need to be deployed to cope with the needs of fighting the COVID 19 crisis".

Along similar lines, the Mahindra Group offered up resorts owned by the company to be utilized as temporary care facilities. In fact, Chairman of the Mahindra Group Anand Mahindra shared on social media his fears that India is already in "Stage 3" of the transmission of the coronavirus, which is community transmission, and said that this could cause an exponential rise in the number of cases, "putting a huge strain on medical infrastructure," creating the need for temporary hospitals and ventilators.

He also said his projects team is fully prepared to assist the government or the Army in building temporary care facilities. Moreover, demonstrating exceptional leadership, Anand Mahindra donated 100% of his salary to a fund to combat the impact of the coronavirus.

Diageo India, the country's leading beverage alcohol company with 50 manufacturing facilities across states and union territories in India, announced that it will support the government and hospitality sector during this pandemic by manufacturing of hand sanitizers from its 15 manufacturing units across India. The company also mentioned that they will donate 500,000 liters of Extra Neutral Alcohol to the sanitizer industry.

Infosys, another BELA South Asia Founding Member, has pledged through its foundation to give Rs 100 crore [USD $13.2M] to help the country contain the COVID-19 virus outbreak.

In the spirit of collaboration, Prime Minister Narendra Modi also setup a "PM Cares Fund," which was created after the Prime Minister's office received numerous requests from people for donations to support the government in its fight against the impact of Covid-19. Companies can fulfil their corporate social responsibility obligations by donating to this fund.

These are times that require action, and India's business community, led by BELA members, is serving as the tip of the leadership spear—a shining example of why we do what we do. Today is about community and purpose to preserve tomorrow, and when tomorrow comes, we will have a story to tell about how and why we matter—above and beyond the products and services we produce.

Aarti Maharaj
Managing Director, BELA South Asia
aarti.maharaj@ethisphere.com

BELA LATIN AMERICA

The Latin America chapter of the Business Ethics Leadership Alliance (BELA) has continued to bring together leaders from around the region despite the ongoing necessity of social distancing.

The Mexico City BELA roundtable, originally scheduled to take place on March 23rd at **3M**'s offices there, was moved online, and featured lively discussion about operationalizing compliance and combatting workplace harassment. There was a special presentation by **Baker McKenzie**'s Jonathan Adams on recent trends in government procurement, safeguards, and avoiding improper influences. BELA members interested in listening to the conversation may find it on the BELA Hub.

The Latin America Special Issue of Ethisphere Magazine will also be released in April. The issue features articles from both locally-based companies as well as multinationals, including **AT&T, Grupo Bimbo, Constellation Brands**, and more. Ethisphere's own Leslie Benton also describes trends in enforcement across the region. Go to https://magazine.ethisphere.com or the BELA Hub to read more.

More digital events, webinars, online content and more will be coming throughout the year targeted towards our members working in Latin American markets. Companies interested in becoming involved with BELA in Latin America should reach out to Managing Director Daniele Fernandes Hickey at Daniele.Hickey@ethisphere.com.

THE FINAL WORD

The world has changed drastically in the few brief months since the honorees for the World's Most Ethical Companies® were chosen and we began work on this edition of Ethisphere Magazine. As our CEO Tim Erblich outlined in his letter at the beginning of this issue, we fully expect and predict that the World's Most Ethical Companies, alongside those we work with in the Business Ethics Leadership Alliance, will be on the front lines providing support to their communities, stakeholders, and especially their own employees.

For our part, even with our live events such as the BELA roundtables and the Global Ethics Summit on pause, Ethisphere is continuing what we do best: bringing our communities together to continue the conversation and connect. Stressful times such as these will make the work of ethics and compliance professionals all the more important to keep your organizations focused on what matters most, and our online and digital spaces will be available to assist.

For the World's Most Ethical Companies honorees, we will be sharing a series of insights into the data and practices of our 2020 class. You can find those reports on Ethisphere.com and on the World's Most Ethical Companies website.

As for the BELA community, we have launched an array of resources on the BELA Hub online, with more to come. There is now a COVID-19 page devoted to showcasing how member companies are responding. Additionally, companies can as always continue to contribute materials for the benefit of others. As the new BELA Working Groups (page 50) get underway, their reports will be made available. The Hub also has an array of new resources that may be useful in the current moment, including our "Policy on Policies" and a presentation titled "Making the Case for Compliance in Uncertain Times." We will also be pulling together resources on how investigations are changed by the remote environment, charity and anti-corruption concerns, and preparing for the safe return to an office environment.

Of course, our team is here to support you. BELA members should also reach out to your Engagement Directors, who can put you in touch with peers, request data to support your work, or help find specific resources. Any other requests or questions are also welcome.

Even though the event itself has been postponed, the Global Ethics Summit website will also feature a series of insights, CEO conversations, Q&As, videos, and podcasts to keep conversations alive and knowledge circulating.

Finally, *Ethisphere Magazine* will continue to publish new content and conversations at https://magazine.ethisphere.com. Those who wish to contribute can reach out to me at tyler.lawrence@ethisphere.com.

Stay safe, and be well,

Tyler Lawrence

Tyler Lawrence
Executive Editor, Ethisphere Magazine
Ethisphere

THE INDEX

>>> THIS ISSUE'S COMPANIES AND PEOPLE <<<

ETHISPHERE

would like to thank all of the outstanding contributors who helped make this issue possible. See you next quarter!

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