

ETHISPHERE®

A SPECIAL REPORT:

DIVERSITY— AN INVESTMENT THAT PAYS

In Partnership with
Voya Financial, Inc.



ETHISPHERE®

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Our Mission Statement

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

Dear readers,

Study after study in recent years has shown that diversity at all levels of the company—at the board level, at the management level, across the employee base, and among the value chain—correlates to more effective governance and higher levels of company performance. Indeed, we see this in our own World's Most Ethical Companies (WMEC) honorees, who consistently outperform competitors both in terms of diversity and in stock performance. Our research shows that women hold 24.2 percent of all available board seats among 2018 WMEC honorees. The board or governing authority of the median 2018 WMEC honoree has 24 percent women members, a number exceeding most published studies. Further, two-thirds of the 2018 WMEC honoree class have a board or governing authority that is comprised of at least 20 percent women.

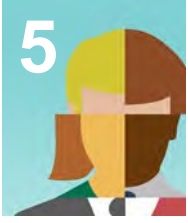
In spite of this research, many are still asking, how does one think about, and make the business case for, diversity? That is why we were delighted to partner with Voya Financial, Inc. to bring you this special report. In the following pages of this Ethisphere publication, we have focused on the practical, including very specific steps that you can take as you begin to think about diversity across your company. The report periodically cites interesting and insightful pieces of research that will provide additional information, should you wish to look further into a particular area, and each hyperlink is live. You will be encouraged to think differently about pay transparency as a critical window into gender equity and look at the linkage between transparency and equity and the financial benefit of a boosted economy that would result.

Moreover, you will hear from various leaders from Voya, CSAA Insurance Group, Pipeline, the NBA, Ingredion, and EVERFI, who share what they're focused on when it comes to diversity and inclusion and how they work with others across the company to create strong and effective programs. We hope this publication is helpful to you as you develop your own programs, and we look forward to hearing from you throughout the year to learn from your own experiences in this important area.

Best,



Erica Salmon Byrne
Executive Vice President, Ethisphere



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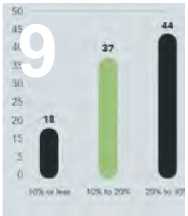
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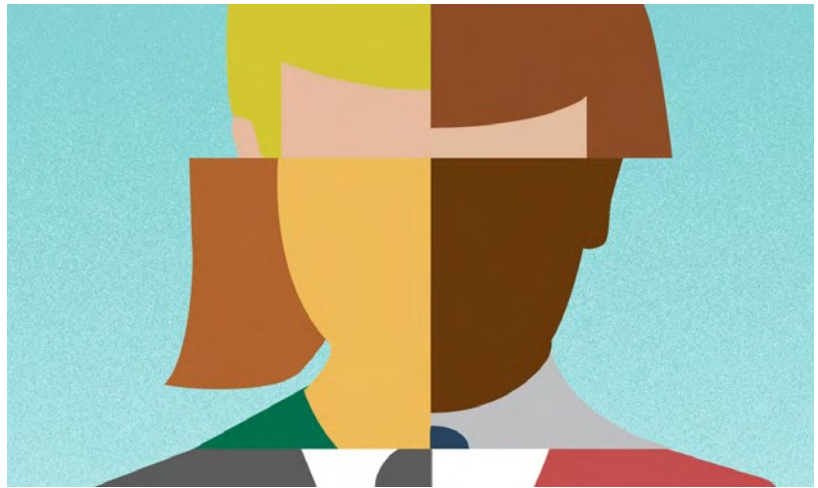
A Company Culture and Performance Initiative

A conversation between Voya, EVERFI, and the NBA

When Voya Says Diversify, They Mean More Than Just Your Portfolio

Proving How Responsible Behavior Drives Business Results

Written by
Aarti Maharaj



A quick glance at Ethisphere's 2018 World's Most Ethical Companies® list tells you a lot about the correlation between company culture and business success. When indexed, the World's Most Ethical Companies outperformed the U.S. Large Cap Index over five years by 10.72 percent, and over three years by 4.88 percent. A deeper dive into honorees like Voya Financial, Inc. exemplifies how a culture of diversity and inclusion is a key competitive advantage.

Voya's vision is to be America's Retirement Company® and the company is committed to achieving that by conducting business in a way that is ethically, economically, socially and environmentally responsible. I recently had the chance to pull back the curtain at Voya by meeting with members of its leadership team to better understand how a diverse and inclusive company culture has enabled Voya to deliver strong results and set the company on a trajectory for continued growth.

At Voya, diversity and inclusion is more than reaching quotas or checking boxes—it is a cultural imperative that's embraced by everyone from the CEO and Board of Directors to the entry-level analyst. And, why not? Research has repeatedly shown that companies with diverse talent perform better, and diversity initiatives are successful when there is an executive commitment setting a strong tone at the top.

According to the 2018 Edelman Trust Barometer, 72 percent of respondents trust their own employers to do the right thing. Importantly, 64 percent believe that companies can and should make profits while, at the same time, helping the communities where they operate. The study also found that 44 percent of the public believes that CEOs should lead the charge to effect change in society.

"A culture thriving in diversity and inclusion, along with strong human capital, is a solid barometer that can regulate the effectiveness of a company's operating framework," said **Rodney O. Martin, Jr.**, chairman and CEO of Voya Financial, Inc. "To be successful, you really need to ensure that your company has a culture that celebrates differences. This encourages employees to speak up and leverage their different backgrounds and experiences to look for new solutions and mitigate groupthink."

Diversity as a Business Imperative

When Voya (then ING U.S.) was planning to spin off from its parent company and go public in 2013, it had the opportunity to start over. The company researched and learned a lot as they set off on a journey to create a new and high-performing company. After a round of interviews with Voya's executives, it can be seen that diversity was not just a cultural imperative when the company was planning to go public; it was—and still is—a business imperative that's embraced by every Voya employee, which was a sentiment that they all expressed.

Over the years, Voya has racked up many accolades. The company has been honored as one of the World's Most Ethical Companies for five consecutive years and as one of Fortune's Most Admired Companies, and it has established itself as a Fortune 500 leader in advancing diversity and inclusion. Forty-four percent of the company's independent directors are women, and seven of its 10 executive committee members are either women or minorities. Achieving this is no small feat—a study conducted by Deloitte found that among 6,000 of the largest global companies, only 12 percent of board members are women.



"Starting out, we had zero diversity on our board. As ING Group sold their interest down over a period of time, we had the chance to both influence and shape the experience and background of our board members," said **Martin**. "This gave us the opportunity to not only build the diversity of our board, but also grow a workforce of diverse talent throughout all levels of our company."

In recent years, multiple studies have shown that a diverse board of directors correlates to more effective governance and higher levels of company performance. There has been considerable debate about causality, with industry experts agreeing that including women members on the board provides the opportunity for a broader range of perspectives and differing approaches to risk management and other issues. Whatever the cause, there is ample evidence that gender diversity on boards corresponds with higher return on equity and return on invested capital. As **Daniel Amos**, chairman and CEO of 12-year World's Most Ethical Companies honoree Aflac, often says, "I already know what a 65-year-old white man thinks ... I need the diversity that women, men, and people of all backgrounds bring to the table in order to make the best decisions." This is an opinion shared by the leaders at Voya, not only in concept, but also in practice.

Unsurprisingly, there is also ample evidence that the hard work of building a diverse workforce and leadership pipeline pays strong dividends down the road. In its report "Delivering through Diversity," global management and consulting firm McKinsey strongly argues that an ethical commitment — to equality and diversity — is good for business. Looking at more than 1,000 companies, the study found that those that excelled in gender diversity among their executives were 21 percent more likely to outperform averages in their industry. Companies in the highest quartile of ethnic and cultural diversity among their executives outperformed industry averages by 33 percent.

"When we went public, we had one female representative on the executive committee," said Martin. "We started with a fresh piece of paper and have come a long way in a relatively short time. In just five years, half of our business leaders are women."

How Voya Made Diversity a "Cultural Movement"

The 10th Annual Global Ethics Summit this past March offered a satchel of courses and sessions targeting the latest innovations and topics in the ethics ecosystem, but nothing was more important than the session dedicated to diversity. While the discussion was spirited, a unified conclusion was reached: Attitudes across industries have embraced the notion that growth and opportunity are accelerated through a diverse culture.

When describing Voya's approach to building a diverse corporate culture, Martin explains that, "While diversity and inclusion have to be led at the top, it must be a cultural movement, rather than a mandate. As CEO, you have both the ability and a responsibility to effect change that will drive positive results for your company. But making those changes sustainable requires the shared values and passion of everyone, beginning with your board and leadership team and expanding to every employee."

Podcast



Voya CEO Rod Martin on Diversity as A Competitive Advantage

This episode of Ethicast, recorded May 9, 2018, features Voya Chairman and Chief Executive Officer Rodney O. Martin, Jr. Link: <http://bit.ly/2OIBzuo>

To accomplish this, Voya has emphasized that getting the numbers right is just the beginning. The true impact has been the creation of a culture that celebrates differences so that employees are encouraged to speak up and leverage their different backgrounds and experiences.



"A mistake that many organizations make is bringing in people with differences and hammering out the differences so that they fit within a certain framework, rather than embracing the value those different perspectives can bring to the company," said **Kevin Silva**, executive vice president and chief human resources officer at Voya. "Diversity works for us and adds to our success because our culture enables our diverse talent to thrive and prosper."

Achieving this requires a multi-faceted approach. At Voya, the company leads a rigorous talent recruitment and management agenda that addresses equality in leadership opportunities, parity of promotions, a process to internally promote and retain employees of diverse backgrounds, and strategic recruiting. Voya also provides extensive training for employees that includes topics such as unconscious bias, and engages diverse employees through employee resource groups.

The company's policies and procedures also enhance its diverse and inclusive culture. Policies include equality in all decisions related to employment, including recruiting, development, and compensation; reasonable accommodations to facilitate the employment of people with disabilities or who are pregnant; and an intolerance of discrimination and harassment. Additionally, Voya reviews and evolves its benefit offerings to ensure employees' unique needs are met.

Angela Harrell, senior vice president of Corporate Responsibility and Diversity and Inclusion at Voya, and president of the Voya Foundation, shares Martin and Silva's belief that culture drives successful diversity initiatives, and she makes it a priority in Voya's diversity and inclusion approach.



“Our leadership is not only committed, but most importantly, their commitment is visible to all employees. We have a responsibility to ensure that every Voya employee understands how their uniqueness, whether it is through experience or inherited, adds value,” said **Harrell**. “One of our core values at Voya encourages employees to remember that it is not only ‘me,’ but instead ‘we.’ We are the ones who create and maintain our culture.”

Like a cruise ship pulling into port, championing diversity is no easy feat, as it can take years for companies to overcome inertia for workforces that might include thousands of employees. Research shows that there are many challenges with workforce diversity, but Voya exemplifies that overcoming those challenges is well worth the payoff.

Pairing Diversity and Inclusion with Business Expertise Is a Recipe for Success

Voya has a noble mission to help Americans prepare for their financial future—and the company is uniquely positioned to help everyone, including those who may be under-served, when it comes to planning for retirement. Voya’s belief that diversity and inclusion is a business imperative extends beyond the walls of its offices, as it also includes the markets where it does business. This approach led to the launch of its Voya Cares® program last year. Through this program, Voya provides information and services that help people with special needs and disabilities, as well as their caregivers, plan for the financial future they envision.



Heather Lavallee, president of Tax-Exempt Markets at Voya and Voya Cares executive sponsor, joined Voya because of its commitment to women and saw that the company truly values diverse perspectives. After learning how many people were affected by a special need or disability, Lavallee reached out to Martin and raised her hand to launch and lead the Voya Cares program.

“There are about 110 million Americans who will be impacted in some way, shape or form with a special need or disability in their lifetime,” said Lavallee. “We can all make a meaningful impact for our colleagues, markets and communities—and our culture encourages us to see the unique abilities that we can bring to the table to make a difference. Voya Cares is the perfect intersection between our business expertise and our culture.”

In a relatively short period of time, the Voya Cares program has proven that leveraging a company’s business expertise to meet the unique needs of an increasingly diverse customer base can be a driver of new opportunities and success. Voya’s efforts have earned it a coveted spot on the 2018 Disability Equality Index® (DEI), the nation’s most trusted comprehensive benchmarking tool for disability inclusion. The company has also garnered recognition as Disability:IN’s Employer of the Year for its “exemplary policies, strategies, and initiatives that have led to measurable results in the areas of disability inclusiveness in the workplace, marketplace, and supply chain.”

Voya is not alone in recognizing the significance that corporate values have in driving innovative solutions to meet customers’ wants and needs. Fellow World’s Most Ethical Companies

honoree Microsoft’s President and Chief Legal Officer **Brad Smith** is also an advocate of this. “Companies that are thinking about something bigger than themselves and are thinking about their broad societal mission and contribution are likely to create more value,” Smith said. “Employees today are asking their employers to take on issues that matter to them, to speak out, and especially to address these issues when they relate to their needs—and they have high expectations.”

Whether it is through diversity, governance, philanthropy or the quality of its products and services, Voya is on a mission to make a secure financial future possible—one person, one family, one institution at a time. By any reasonable analysis, they are more than on their way to accomplishing their goals in ways that will make every Voya employee proud to say, “I work for Voya!”

Expert’s Take: Diversity and Inclusion in the Legal Profession

Trish Walsh, executive vice president and chief legal officer at Voya, is an advocate of values-driven culture and believes that diversity is critical to success. Under Walsh’s leadership, Voya was one of the original 24 corporations that pledged to uphold ABA Resolution 113, which commits participating organizations to require outside counsel to complete a diversity survey; the results factor into decisions to retain external law firms. She also led Voya’s decision to partner with Diversity Lab to support the “Mansfield Rule,” an initiative that measures whether law firms are actively considering qualified women lawyers and attorneys of color for promotions, senior-level hiring, and significant leadership roles.

“Chief legal officers have the opportunity, and responsibility, to attract and develop diverse talent so that they can provide better oversight and insight for the company—and mitigate potential blind spots and ‘groupthink.’ If you have a legal team with similar backgrounds and experiences, no matter what the experience is, you’re likely to get a similar type of thinking. Diversity allows us to think a bit around the corner and edges in a way that perhaps we wouldn’t have otherwise.”



Trish Walsh, executive vice president and chief legal officer, Voya Financial, Inc.



Aarti Maharaj

Aarti Maharaj is Director of Communications at Ethisphere. Maharaj has previously covered ethics, compliance, and corporate governance for several industry magazines and publications.

Honorees Lead in Embracing Gender Diversity at the Board Level

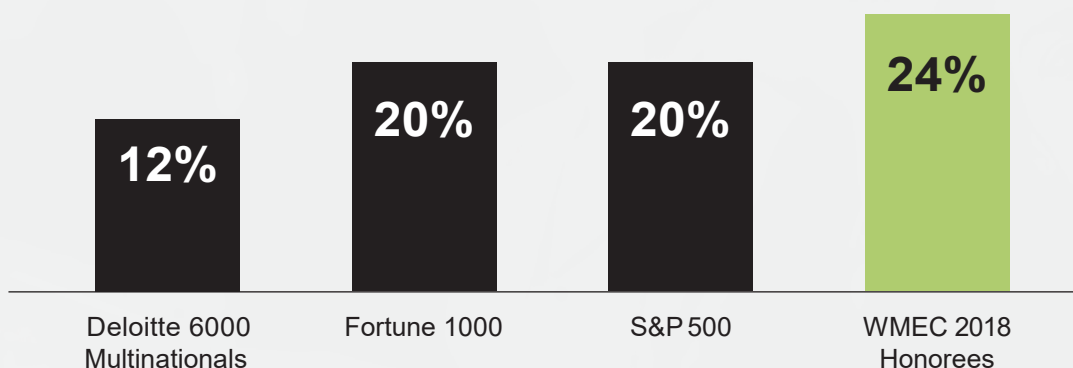
Study after study in recent years has shown that a diverse board of directors (or other governing authority) correlates to more effective governance and higher levels of company performance.¹ There has been considerable debate about the cause of this connection, with most commentators agreeing that including women members on the board provides the opportunity for a broader range of perspectives, potentially brings differing approaches to risk management, and prevents “group think.”

Whatever the cause, there is ample evidence that gender diversity on boards corresponds with higher returns on equity and returns to invested capital.²

In spite of these data points, among Fortune 1000 companies, during 2017 women held just 20 percent of board seats, an increase of one percentage point over the prior year.³ A study conducted by Deloitte found that among 6,000 of the largest global companies, only 12 percent of board members were women.⁴

However, board composition for those companies receiving the 2018 WMEC designation demonstrates these companies have a keen understanding of the importance of gender diversity. Women hold 24.2 percent of all available board seats among 2-18 WMEC honorees exceeding most published studies. Two-thirds of the 2018 WMEC honoree class have a board or governing authority that is comprised of at least 20 percent women.

Average Proportion of Women Board Members Across Common Indices



Click [here](#) to request the Leading Practices and Trends from the 2018 World's Most Ethical Companies research report

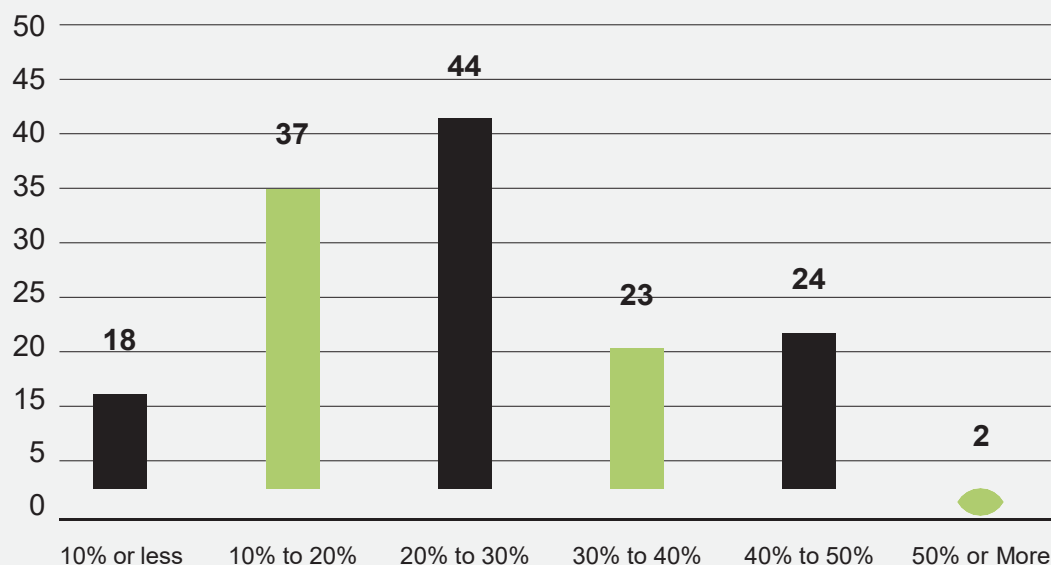
¹ <https://hbr.org/2012/06/why-boards-need-more-women>;

² <http://www.catalyst.org/media/companies-more-women-board-directors-experience-higher-financial-performance-according-latest>

³ 2020 Women on Boards Gender Diversity Index; https://www.2020wob.com/sites/default/files/2020WOB_GDI_Report_2017_FINAL.pdf

⁴ Women in the boardroom: A global perspective; Deloitte; <https://www2.deloitte.com/women-in-the-boardroom>

Proportion of Women Board Members among 2018 WMEC Honorees



An Informed Board Is an Efficient Board: Exposing Independent Directors to Operations and Risks

Regardless of who comprises the board, inadequate exposure to current company operations and risks can leave independent directors unable to govern effectively. To facilitate such exposure, the majority of 2018 WMEC honorees encourage independent directors to visit company locations other than headquarters and also vary the physical location of board meetings (72 percent and 73 percent, respectively).

Twenty-two percent of 2018 WMEC honorees encourage board interaction with the larger company by providing dedicated office space for independent directors' use at locations other than the primary headquarters. While the proportion of 2018 WMEC honorees providing such office space appears limited, it represents a growing minority, as evidenced by the six percentage point increase over last year's honoree class.

Compared to 2017, an increasing number of 2018 WMEC honorees now require independent directors to visit company locations other than headquarters on a periodic basis and outside the normal board meeting cadence, representing one of the fastest-growing practices to expose independent directors to company operations and risk.

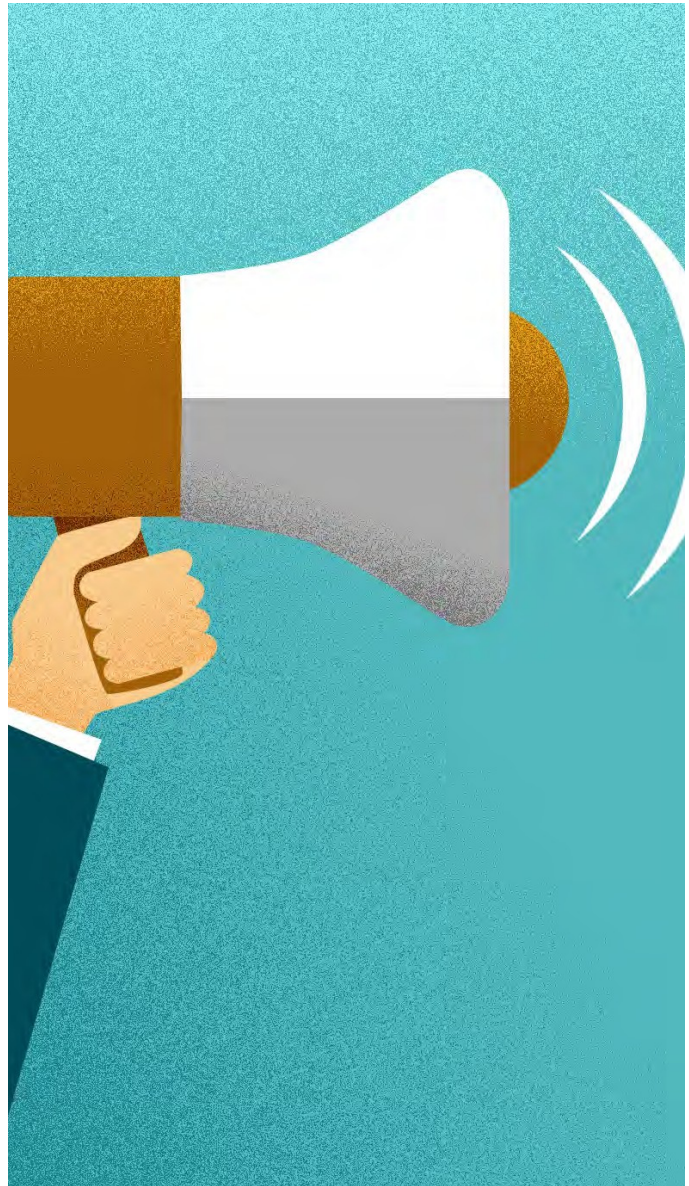
Click here to learn more about the 2019 Ethics Quotient® and World's Most Ethical Companies® application process in this exclusive webcast



Finding Your Voice

How Inclusion Can Make Compliance & Ethics More Effective

Written by
Junna Ro



As a native San Franciscan growing up in a traditional Korean-American household, I remember the importance of respecting Korean traditions handed down to me from my parents and grandparents. In the Korean culture, showing respect for your elders and those in authority are amongst the strongest traditional values. Listening to the teacher, following the rules at home and at school, and bowing respectfully when greeting older family members and other adults were all second nature to me.

Upon reflection, I realize that this was a common theme that permeated many aspects of my life, which I had never really confronted as an obstacle to my personal growth until joining the legal profession. From my time as a law student to my early years as an attorney, I often felt compelled to defer to the most senior person in the room and found it challenging to find my voice. If I was going

to speak up, I felt enormous pressure to be incontrovertibly correct to deflect any possibility of criticism, so that no one could question my contribution. After setting such unreasonable expectations for myself, I would often just stay quiet. As a young attorney, the instinct to defer to authority could only take me so far, and had the potential to undermine not only my credibility, but my professional development. It didn't help that I looked young and did not "fit the mold." Everyone has their own story about finding their voice, a challenge that many professionals continue to grapple with. I wanted to share my story to highlight the challenge of creating a culture where people of different backgrounds and experiences are comfortable speaking up when it matters, and to underscore how important this is to having an effective compliance & ethics program.

First, a bit of statistical context. Historically and still today, the legal profession lags behind other industries in diversity. According to the Bureau of Labor Statistics, 88 percent of lawyers are white, which makes the legal profession one of the least racially diverse professions in the US. Furthermore, the 2017 Vault/MCCA study on law firm diversity reveals that even though one in four law firm associates is a person of color, they comprise only 10 percent of equity partners. And while blacks, Latinos, Asian Americans, and Native Americans now constitute about a third of the population and a fifth of law school graduates, they make up fewer than 7 percent of law firm partners and 9 percent of general counsels of large corporations.

Compliance, a sister profession to the legal field, has likely suffered from the same issues, although statistics are more challenging to obtain. General Counsel and Chief Compliance Officers are recognizing that their teams, and more importantly, their leaders, need to be more representative of the populations they serve and the labor markets from which they come. Indeed, according to a 2018 McKinsey study on diversity, there is a strong correlation between diversity and business outcomes: companies in the top quartile for gender diversity on their executive teams were 21 percent more likely to experience above-average profitability than companies in the fourth quartile; and for those with ethnically and culturally diverse executive teams, they were 33 percent more likely to outperform their peers. This confirms that not only do diversity and inclusion (D&I) initiatives feel right, they can actually translate into business value. But what is it about D&I that creates business value? I believe it helps to create an environment where people will speak up—particularly when it matters most.

As the leader of the compliance & ethics function at CSAA Insurance Group, a AAA Insurer, I have reflected on how I found my voice over the course of my career. I look back at

As a young attorney, the instinct to defer to authority could only take me so far, and had the potential to undermine not only my credibility, but my professional development.

Six Strategies for Promoting Diversity

What practical steps can you take to operate with a D&I lens?

- **Encourage D&I in your day to day interactions with your teams, partners, and stakeholders.** Include more people in a conversation, instead of only listening to those most similar to you, or those with the loudest voices. Consider a variety of perspectives before implementing an initiative that will impact all of your employees—not everyone thinks like you, or comes to the table with the same assumptions.
- **Hiring decisions.** Consider requiring a diverse candidate slate for all of your open positions. Hearing from a broad range of candidates ensures that you have conducted an effective search, want to learn about the current market, and are committed to making the best hiring decisions. At CSAA IG we require diverse candidate slates for all management positions, including the CEO's executive leadership team.
- **Speaking engagements.** Ask the organizer to confirm the selection of a diverse set of panelists or help to identify others to include. In organizing events for the Bay Area Ethics & Compliance Association (BECA), a speaker asked for a diverse panel as a condition for participation. This impressed me as a progressive use of influence to promote D&I.
- **Third-party suppliers.** Have potential suppliers screened for their commitment to policies and practices that support a diverse and inclusive workplace. As a customer, asking questions on diversity and seeking out diverse suppliers is a step toward positive change.
- **Join an employee resource group.** Supporting efforts to build bridges and to address assumptions people may make about certain groups is a way to build awareness. Taking the first step to learn more about a group that may be different from you is a meaningful way to practice inclusion.
- **Mentor rising compliance professionals who could benefit from your perspective and internal network.** I learn so much from the mentoring relationships I have had, and it helps me to stay grounded and to appreciate the milestones I have achieved in my own career. Building the next generation of compliance leaders often involves opening them up to an internal support network that they might not otherwise have access to or know that they need.

Creating an environment where people feel more comfortable speaking up will have a profound, positive impact on a company's compliance and ethics program.

the experiences I had that were instrumental in my growth, and think about the people who had the most impact on me. There is a common theme of inclusion: acquaintances, colleagues, and leaders who looked very different from me, but who took the time to make me feel included through a few words of encouragement, or by going out on a limb to give me a chance, or expressing support for me in a very public way. It is a given that I worked hard to demonstrate technical skills and substantive expertise. But these experiences of inclusion helped to shape my confidence, to know that my opinion was valued, and to realize that my voice was part of a larger dialogue to get to the right answers. This is the reason why current D&I initiatives are so important to develop talent to their fullest potential, and for organizations that want to create an optimal environment for stimulating the best ideas and getting the best results—because our collective differences are our strength.

Some of the best meetings I have attended are the ones where people felt empowered to contribute meaningfully to the conversation. When you allow different perspectives to be heard and considered, you tend to have better solutions and better outcomes, and this is why D&I work is so important. How do we ensure that the best people are included in our work, the best ideas are being mined, and the people with those ideas are encouraged to raise them to begin with? Having those different voices heard and maintaining a culture where this is the norm can only make us that much more effective.

Isn't this the ultimate goal of a compliance & ethics function? We endeavor to ensure that our companies operate within the law, and look to controls, processes, and policies to accomplish that. But these operations are managed by people, and we often rely on their eyes and ears on the ground to identify a problem, or to speak up if they suspect that someone has engaged in misconduct. How can we create a workplace where people feel comfortable speaking up when they observe a potential ethics violation? For someone like my younger self, she might be fearful of speaking up because, culturally, she was raised to defer to authority. How might we consider younger me in our messages that encourage folks to do what's right? How about for someone who was raised to question authority who might not trust official reporting channels? Or for those who may be disengaged and assume someone else will report the issue? There are many more dimensions, but the real challenge for us, as compliance & ethics professionals, is creating an environment where people are passionately committed to doing the right thing and to speaking up when it matters most.

I encourage you to embrace a diversity of perspectives and experiences, and find ways to incorporate the best and broadest

thinking into your programs by practicing inclusion. Creating an environment where people feel more comfortable speaking up will have a profound, positive impact on a company's compliance & ethics program, and can serve as a performance differentiator. Not only will your program benefit, but you will be using your voice to lift up other voices, many of whom might not have done so without your act of inclusion.

Diversity and Inclusion Resources



There is definitely work to be done to ensure we are making our compliance and ethics functions the best they can be. For my part, I was moved to take action by what I observed to be the lack of diversity-oriented resources for the compliance profession. I was not alone. In 2015, I joined several compliance leaders at leading companies (Nationwide, JP Morgan Chase, New York Life, and Prudential, amongst others) with a common goal—to find ways to amplify our voices in support of greater diversity and inclusion in our field. To that end, we established the National Association for Diversity in Compliance (NADC), which seeks out opportunities for compliance professionals of diverse backgrounds to engage in a larger professional network and to support their career development. To find out more about NADC, contact nadc.diversity@gmail.com.



Junna Ro

Junna Ro is Vice President and Associate General Counsel for CSAA Insurance Group, a AAA Insurer, one of the top 20 personal lines property and casualty insurance groups in the US with \$3.8 billion in direct written premium, based in Walnut Creek, California. In this capacity, she leads the corporate compliance and ethics function, overseeing the company's compliance with laws and regulations, and managing its efforts to maintain a culture of integrity and commitment to ethical business operations. She also oversees the employment law team. Junna can be reached at junna.ro@csaa.com, or follow her on LinkedIn.

Want Gender Equity?

Pay Transparency Is Step One

Written by
Katica Roy



Pay transparency isn't only an issue of gender—it's about labor economics and an expanded economic pie.

A key tenet of a free market economy, one based on supply and demand, is price transparency. Pay transparency works much the same way. In a free market economy, prices are transparent—you're not keeping secrets about the cost of apples and oranges. Labor—in terms of salaries—is similar. This is because pay transparency is also about supporting a free market.

The concept of pay transparency isn't new. John Mackey, CEO of Whole Foods, has encouraged employees at all levels of the grocery company, from cashiers to the C-Suite, to access one another's wage information dating back to 1986. Mackey, early in his career as an executive at Whole Foods, realized the benefits of fostering an equitable and transparent working environment.

While only a fraction of American companies have followed the lead of Whole Foods by choosing to emphasize pay transparency, the practice is gaining momentum. Local governments and

private corporations, in the United States and globally, are beginning to acknowledge the benefits of transparent pay practices. Studies have shown pay transparency leads to better collaboration between employees and increased productivity and engagement.

Eliminating the wage gap is only part of the solution—achieving gender equity is the goal.

Pay transparency offers a significant economic advantage. If workers are able to view and analyze pay information upfront, it creates a system where employees can better utilize their professional skills to be more efficient, and craft their career paths accordingly.

Pay transparency is vital if we wish to close the gender wage gap. That said, closing the gender wage gap is merely the tip of an iceberg. Why? Because “equal pay for equal work” is table stakes; the far larger issue is the gender opportunity gap, which is ultimately about the supply of labor.

Here is the current state of the gender equity gap:

- If there's only one woman in your candidate pool, there's statistically no chance she'll get the job
- Men are promoted at 30 percent higher rates than women during their early career stages
- 90 percent of women leave the workforce because of other workplace problems (rather than having a child)
- Women are paid 79 cents on the dollar of their male colleagues
- Statistically women are better sales professionals than men, yet are paid less and are a lower percentage of senior sales staff
- Women are fast becoming the most educated cohort in the US (that trajectory is projected to continue)

This is happening at a time when our supply of skilled labor is decreasing. Not only are women leaving the workforce (and

75 percent of CEOs put gender equality in their top 10 priorities

are slated to continue to leave until 2026), we are facing a 5 million person workforce shortage in the US by 2020, and a shortage of 40 million globally. And women are the primary or sole breadwinners in 40% of households in the US with children under the age of 18.

While over 75 percent of CEOs put gender equality in their top 10 priorities, the projected timeline to reach gender equity is getting worse. Globally, it will take 217 years at the current rate of change, and 168 years in North America. Plus, we've added 47 years to the time to global gender equality and 10 years in

Moving backward on gender equity is not a trend we can afford.

North America—in the last year. North America is the worst performing region out of seven global regions.

Moving backward on gender equity is not a trend we can afford, especially not when we face a looming global human capital crisis where the demand for skilled labor is outstripping supply.

Gender equity is not only a social issue—it's fundamentally a massive economic opportunity. Unfortunately, companies unwittingly restrict their economic footprint and do not maximize shareholder value when they fail to embrace gender equity.

Fostering pay transparency and closing the gender equity gap gives companies a competitive advantage.

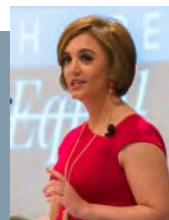
Companies benefit from closing the gender equity gap. In an era when employees actively seek out equitable businesses (80 percent of women will leave a company for one that offers better gender equity), fostering an environment of transparency around pay and closing the gender equity gap provides a competitive advantage.

It's time for equity for all.

By actively working toward transparency and equity for all, employers and employees alike enjoy the added financial benefit of a boosted economy. In fact, the US could increase its GDP by \$2 trillion if it closed its gender equity gap. Achieving gender equity opens the door to additional economic growth.

Pay transparency is an important first step companies should embrace toward achieving gender equity. By pulling back the curtain on compensation, we all stand to benefit economically.

At Pipeline, we enable companies to close the gender equity gap, providing software that eliminates the gender equity gap and opening the door for unparalleled positive economic growth. Join us—together, we can achieve gender equity in our lifetime.



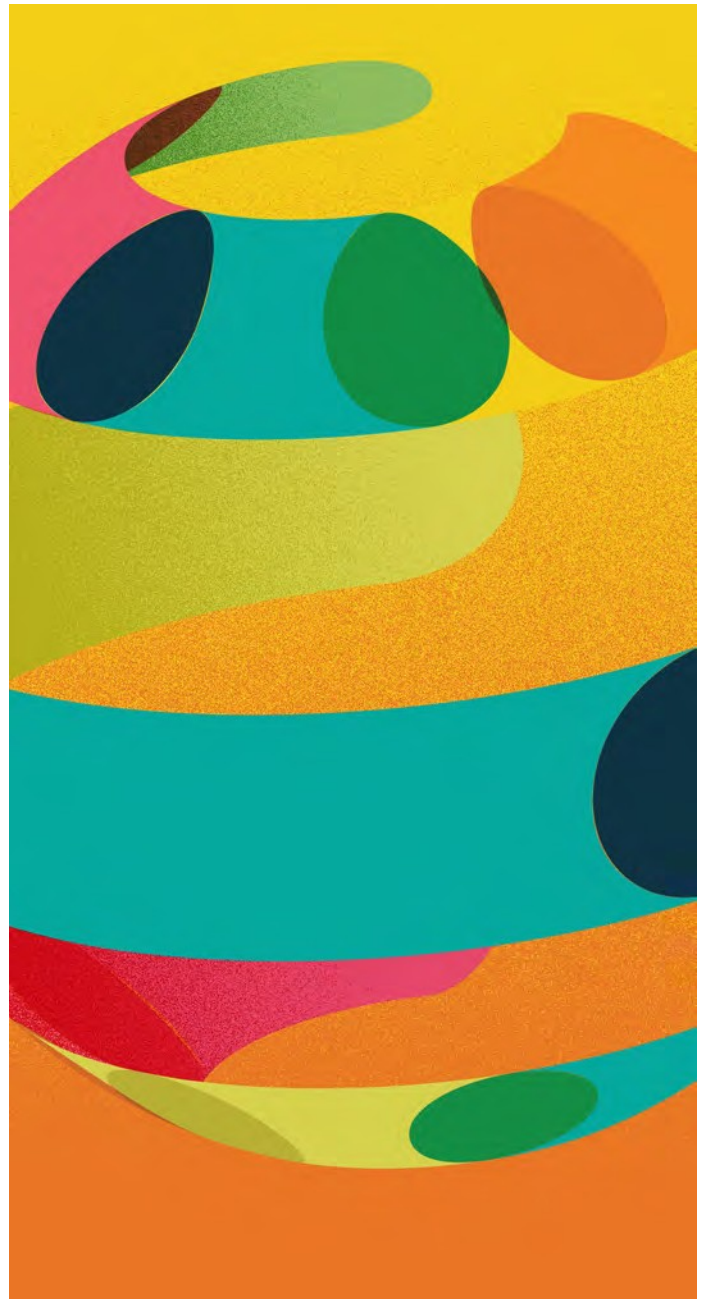
Katica Roy

Katica Roy is a gender economist and CEO and founder of Pipeline. Pipeline, an award-winning software platform engineered with artificial intelligence that increases the financial performance of companies through closing the gender equity gap. As a vocal proponent for closing the gender gap in the workplace, Roy brings a data-driven perspective to gender equity. With more than two decades of experience in technology, healthcare and financial services, Roy has a rare combination of expertise and passion for gender equity, people analytics, and sales operations.

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A Company Culture and Performance Initiative

Industry experts from Voya, EVERFI, Ingredion, and the NBA discuss best practices and trends in diversity



The 2018 Global Ethics Summit featured many vital conversations on issues of concern to the ethics and compliance community, including a panel on diversity and inclusion. Moderated by Preston Clark, Former President of Corporate Compliance at EVERFI, the panel also included Oris Stuart, SVP, Chief Diversity & Inclusion Officer at the National Basketball Association; Deborah C. Wright, who serves on the board of directors at Voya Financial, Citigroup, and Time Warner; and Ilene S. Gordon, Executive Chairman of Ingredion. Below, find some highlights from the panel.

Preston: What diversity and inclusion means in an organization is complex. One of the first questions that often comes up is, how are we going to measure success? How do you think about efficacy, impact, and measurement of success?

Ilene: What you measure is what you manage. It's very important to have metrics. You can measure your Diversity and Inclusion numbers in different parts of the world, different layers of the organization, but what I think has made the biggest difference is that as a CEO I set a goal that every new job had to have a diverse slate of candidates.

We started measuring what percentage of jobs being filled had a diverse slate of candidates, both internal and external, and that measurement has led towards real progress. You have to pick the right measurements, not just numbers.

Oris: If I can build on your point, as I think about metrics, I like to think about metrics as a continuum. Diversity is a process. Having a diverse slate is something we can measure, whether we're sticking with it. There are also behavioral metrics. Are people acting differently? There are outcome metrics—representation, counting heads, things like that within an organization.

Ultimately, I think what matters most are perception metrics. For employees, perception is reality—what are they thinking about the culture of the organization? The perception of customers is also feedback you can use. Building a scorecard that has metrics across those dimensions is useful.

Preston: Where are we seeing more outside pressure than we did in the past? From the top down from the board? What types of outside influences have we seen?

Deborah: The most powerful are the shareholder communities, and of course hitting people where it really counts, customers and revenue. When customer base and shareholder base get connected, that's maximum pressure.

Ilene: Companies today see that to be successful, you have to have great talent and there's a lot of competition. It just makes good business sense to "open up the envelope" to great talent at every level of the organization.

Oris: I've got more and more people reaching out to me to ask about our culture, particularly people of the highest talent who have options. They're asking lots of penetrating questions about what the work environment is like. Candidates are going to be putting a lot of pressure on us as business leaders to make sure the environment is attractive.

Preston: Obviously, the three of you are committed to D&I in your positions, understanding that one person can't effectuate change. How have you thought about bringing in other stakeholders?

Ilene: As a board member you've got to be careful. The role is to support the management team, not to lead. I'm very careful in the board roles to ensure that the CEO is moving in the right direction, but to let them lead and set the strategy. You can model the behavior.

Oris: I would add a few things from my perspective that are central to getting more senior leaders involved. One is defining

Many companies in the Fortune 500 have one woman on the board, and they think they're done. Is that the definition of gender parity? There have to be multiple minority candidates.

the topic in the broadest sense. When you say "diverse," what are you really saying? Generally, it's a euphemism for non-white male, in that context. You can't have a conversation about diversity that's excluding folks, though. I like to talk about both inherent diversity and acquired diversity, in a way that lets everybody be part of that conversation, so your executives can be part of that conversation.

Ilene: Can you explain that?

Oris: Inherent diversity is diversity that I'm born with. These are generally demographic characteristics I can't change. Acquired diversity is by virtue of your experience, of the choices you've made in your life. They inform each other, certainly. But that's a way to think about diversity that's inclusive. One of the areas of resistance, I've found, from executives is that they need to be included in the conversation, because people worry that when you're talking about diversity you're just talking about people not like them, and they don't know how to participate in that conversation.

Deborah: It would be wonderful if the whole world had your perspective, which I know we share. But I think it's important that shareholders elevate this discussion as well, because at the end of the day they own our companies. Everyone is laser-focused on return, as they should be. But if you look ahead at the dramatic changes that are happening in all of our customer bases, and the drama in the public arena around whether people feel there's a future for them, we may need external nudges.

Preston: How do you go about designing strategies into your recruiting that foster a more diverse organization?

Oris: Looking at competencies and mapping out roles that are based more on true requirements rather than preferences is important. We have tended to hire people who fit a certain profile. When you start asking why people fit that profile, you discover that some background requirements are true requirements, but some are just preferences. What are the real competencies for success?

This is a bit more technical. We recently invested in artificial intelligence software that we run our job descriptions through, and it gives us feedback on whether our language is turning off groups of candidates. For example, there's some data about women's evaluation of opportunities. Women feel like they have to be able to check every box, and men will check far fewer before they feel qualified. We have to make sure our job descriptions are articulated in an attractive way.

I'm encouraged by the pipeline of dynamic women that I see on the boards that I'm sitting on, who are now popping up to the most senior roles where they can be considered for the CEO slot.

Preston: Focusing on gender equality, you've been the only woman on a lot of boards. What's your perspective on your role in that seat, in terms of creating a more diverse board and helping lead initiatives?

Ilene: Many companies in the Fortune 500 have one woman on the board, and they think they're done. Is that the definition of parity? There have to be multiple minority candidates. You've got to push. If your team thinks they're doing well enough—they're not doing well enough. You're never done. It's great to have a pioneer, but unless you get the second, third, and fourth candidates on the board, then you'll start to feel parity.

Preston: In many of our organizations, the future leaders are already within the organization. As you think about cultivation of a more diverse workforce, what do you think we can do as business leaders to help cultivate the talent that's within, to both grow and retain the best people?

Deborah: I'm encouraged by the pipeline of dynamic women that I see on the boards that I'm sitting on, who are now popping up to the most senior roles where they can be considered for the CEO slot. Now, we need to get them support, beyond the technical aspects of the job, to understand what it means to transition to that very top rung, the politics and governance issues at stake—it's a complementary set of skills. We ought to be engaged in making sure they have that covered, as well.

Oris: The way I illustrate this in conversation is to use a metaphor of two airplane pilots, one who is flying from JFK going to LAX, and the other going the opposite way. Who's going to arrive first? They leave at the same time, travelling the same distance—but the pilot flying east has tailwinds, and will arrive first. Which pilot is better?

That's the question I ask executives, to help them see these kinds of forces, headwinds and tailwinds, that are helping or hindering certain kinds of individuals in a company. Some "fit the profile" and have tailwinds accelerating their performance, acceptance, and advancement. Others, often women and people of color, are facing invisible headwinds. You have to understand what those headwinds are to develop trainings and programs to mitigate them.

Deborah: And sponsorship! You have to make sure they get a heads-up when they hit those bumps. Having very visible

support is helpful for all of us in our careers, somebody who has tapped us on the shoulder and given us informal support and guidance to help us get to the next rung.

Preston: Oris, you're the first Chief Diversity Officer at the NBA. I'm curious what the impetus for creating the role was, and what your goals were when you came in?

Oris: I've been a fan of the NBA all my life, and certainly viewed them as a progressive organization. When I showed up, I found an organization for whom D&I were core values. But they didn't have a formal strategy or infrastructure to support that commitment.

I think we might've had a diversity reflex when I joined. Our objective is to build an inclusion instinct—to go from being reactive to proactive, and think about inclusion in everything we do. How we evaluate and select talent, how we approach our fans, how we build teams to innovate. Success for us means that diversity and inclusion isn't an extra thing that we've got to think about—it's instinct, it's just how we do what we do.

Preston: This audience is high-ranking folks in large global organizations. Any sage advice as they go back to their organizations thinking about addressing diversity and inclusion?

Ilene: In the end I'm optimistic. We've made progress—I'm a frustrated person, it's never enough—but if you go back to your organizations and say, here are the three things that I think we could do better, thinking about actions that could make a difference, that's how you drive change.

Deborah: I have a very good relationship with the general counsels and corporate secretaries. They're a wonderful conduit for the view of the board. Cultivate those relationships, because that conduit of information can go both ways. Use your power, both formally and informally, to push your organizations further.

Oris: For those organizations whose diversity journey is immature, consider focusing on inclusion. Diversity is such a loaded term with lots of complexity. Everybody gets inclusion, and that may be a way to get momentum and traction, and let diversity arise from that.

Diversity: A Company Culture and Performance Imperative



This panel has been edited for length and clarity. A video of the full panel can be found at: <https://www.youtube.com/watch?v=kTOVY-r3fm8>



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