

# THE WORLD'S MOST ETHICAL COMPANIES

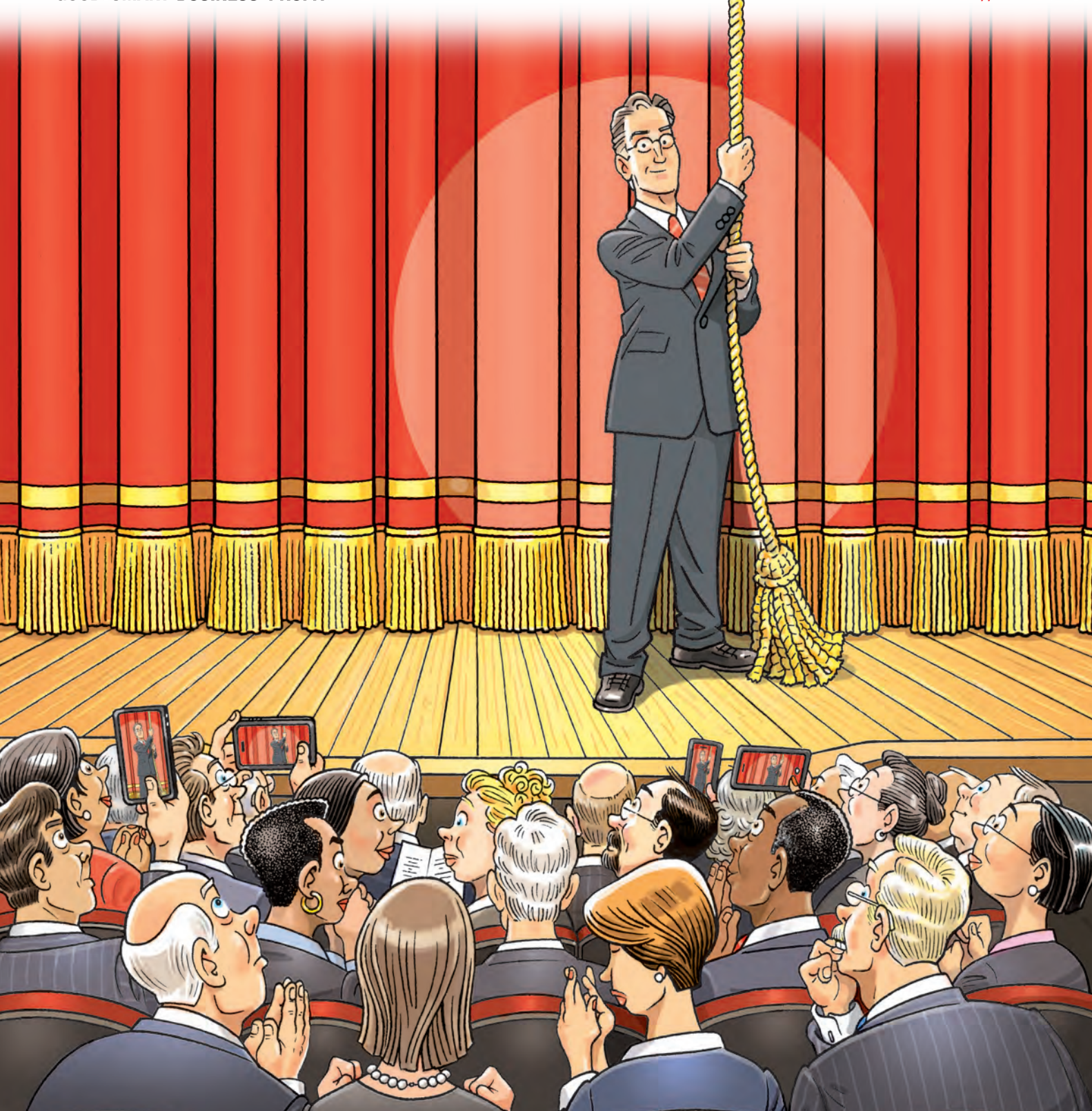
INTRODUCING THE COMPANIES WHO MADE THE LIST IN 2017

**FEATURING:** HIGHLIGHTS, INTERVIEWS AND BEST PRACTICES FROM THIS YEAR'S RECIPIENTS

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WME SPECIAL EDITION // 2017



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**Publication Design**

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**Contributing Editor**

Kathleen Switzer

**Illustrations & Art**

RJ Matson: Cover and Feature

**Contributors**

Adam Elman, Connie Lindsey,  
Ted Sugiyama, Jean-Pascal Tricoire

**ETHISPHERE LEADERSHIP**

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Alex F. Brigham

**EVP, Ethisphere Services**

Jonathan Whitacre

**Chief Executive Officer**

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**Director of Global Events**

Chelsie Dumenigo

**EVP, Governance & Compliance**

Erica Salmon Byrne

**Research & Data**

Douglas Allen, Jodie Fredericksen

**Director of Engagement - BELA**

Sarah Neumann

**Director of Marketing & Media Relations**

Clea Nabozny

**Strategic Advisor & Executive Director,  
World's Most Ethical Company Program**

Tia Smallwood

**GC & Senior VP of Thought Leadership**

Michael Byrne

**Printed By**

LSC Communications

**VP, Finance & Operations**

Scott Gray

**Reprints**

reprints@ethisphere.com

**VP, Global Thought Leadership & Programs**

Kevin McCormack



**Main Office Phone** 480-397-2655 **Write To Us** info@ethisphere.com

**Office Address** Ethisphere, 6991 E Camelback Road, Suite B-350  
Scottsdale, AZ 85251

**Subscriber Services/New Subscriptions**

Please email us at info@ethisphere.com. You can also call us at 480-397-2655 or  
write to *Ethisphere Magazine* at 6991 E Camelback Road, Suite B-350  
Scottsdale, AZ 85251

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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.

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



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on recycled paper.

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## BY THE NUMBERS

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## THE 2017 WORLD'S MOST ETHICAL COMPANIES

AND THE HONOREES ARE...

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# SPEAKING UP

## »»»» THIS QUARTER'S LETTER FROM THE EDITOR ««««



### Dear Readers,

Eleven years in, the Q1 issue of *Ethisphere Magazine* is always our most anticipated by our readers. And that's because it features the annual World's Most Ethical Companies recipients. While the range of companies in The World's Most Ethical Companies® list is diverse to be sure—the 124 honorees span 52 unique industries in 19 countries—in their submissions and in conversations with us at our events, some common themes emerge.

In the face of unprecedented change and pressure to adapt, what sets these organizations apart is their steadfast commitment to integrity and ethical behavior. This is as true for venerable brands like Ford, founded 1903, and Marks & Spencer, founded 1884, as it is for companies like LinkedIn, which while it may be considered as the establishment in Silicon Valley's memory has only been around since 2003.

What we've also noted among our honorees is that they set goals, measure progress and are accountable in their ethical efforts in much the same way as they do for their financials. They are as clear and deliberate about delivering practices of integrity to their stakeholders as they are about monetary returns.

And they believe strongly that being compliant does not necessarily equate with being ethical. These companies strive to go beyond what's expected of them by regulators, devoting significant resources to ensuring their articulated values are understood by the whole organization and everyone with whom they do business.

Finally, they have highly engaged leadership and boards. Again, it's about going beyond the basic fiduciary duties (though those remain very important) and asking challenging questions about culture. It also involves working closely with management to look around the corner at potential industry disruptions and ways to innovate—all while not losing sight of founding principles.

These companies continue striving for excellence throughout the year, and importantly also share their insight and lessons learned with others, including across Ethisphere's BELA community and at the annual Global Ethics Summit and other forums around the world.

We encourage all leaders to take a look at the organizations represented on this year's list and to spend some time getting to know what these companies are doing to have earned this recognition. Constant benchmarking and improvement is key in creating a culture of ethics and integrity, and there are no better examples in doing this than those recognized as the 2017 World's Most Ethical Companies.

A handwritten signature in black ink that reads "Stefan Linssen". The signature is fluid and cursive.

**Stefan Linssen**  
**Chief Content Officer**  
Ethisphere

# BY THE NUMBERS

## »»» BOARDS ARE GETTING CLOSER TO THE BUSINESS «««

### ACCESS IS KEY

Ethisphere's survey of 2017's *The World's Most Ethical Companies*® revealed a marked commitment to boards developing closer relationships in key ways with stakeholders and employees. By getting closer to the business and learning about day-to-day operations, boards can see what's around the corner in terms of challenges and opportunities, informing decisions about long term strategic direction.

73

A majority of boards (73%) vary the physical locations of board meetings to expose boards to other operations and staff

68

Similarly, more than two thirds (68%) encourage or facilitate visits for independent directors to company locations other than the primary headquarters

74

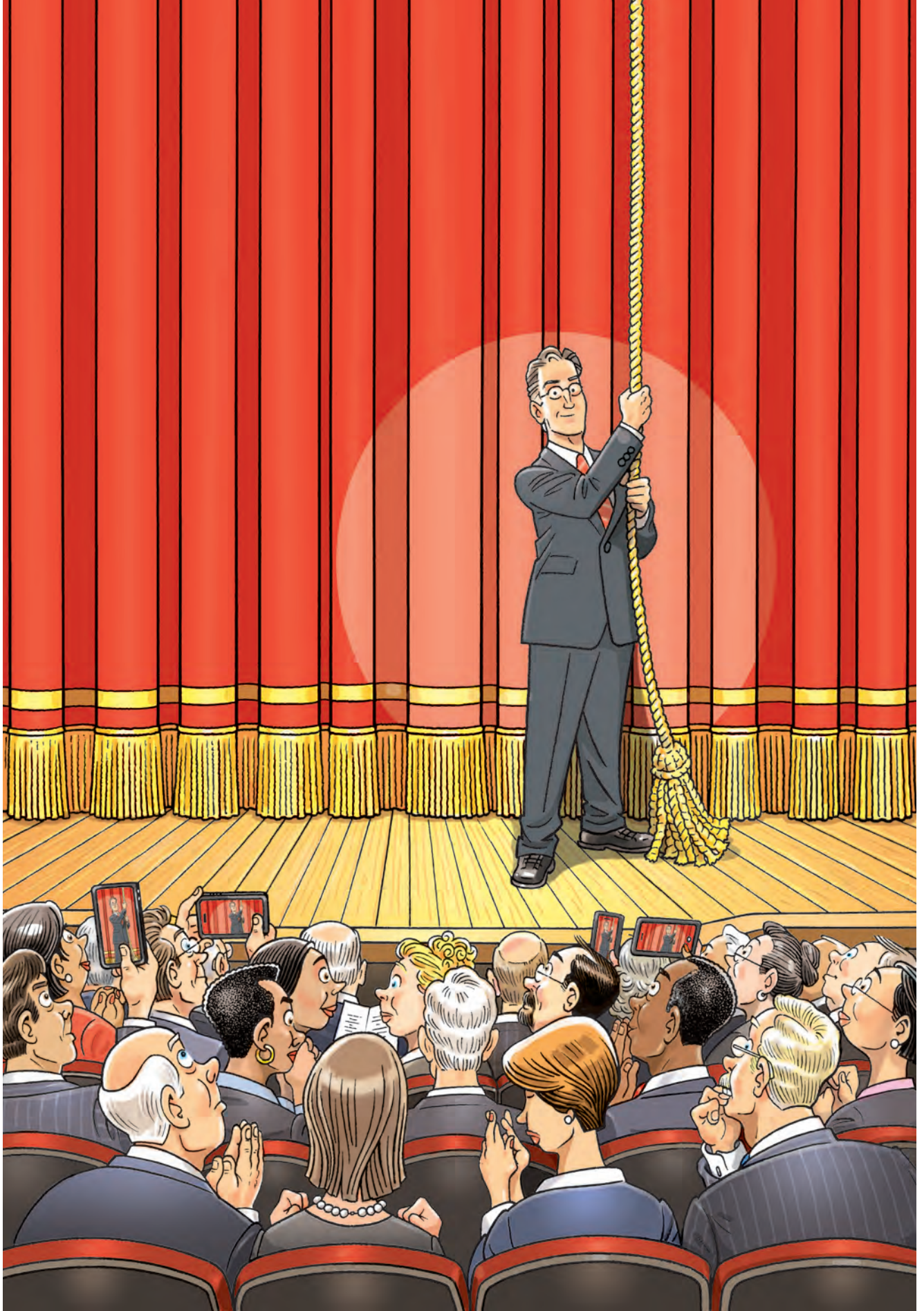
Nearly three quarters of honorees (74%) provide board access for employee concerns or reports

76

Most (76%) formally train board members on the company's code of conduct



Source: Statistics source: Ethics Quotient™ 2017, Ethisphere



# THE 2017 WORLD'S MOST ETHICAL COMPANIES

AND THE HONOREES ARE...

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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 as well as the communities in which they operate. The World's Most Ethical Companies are shaping future industry standards by introducing tomorrow's best practices today.

The following pages list the 2017 World's Most Ethical Companies, outline Ethisphere's methodology and selection process and highlight stories from some of this year's honorees.



This year, 124 organizations were recognized as World's Most Ethical Companies®, spanning 52 unique industries across 19 countries. These organizations earned the distinction after a comprehensive application and review process.

The following is a breakdown of the methodology used 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 corporate 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 takes into account 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 private companies, partnerships, educational institutions and non-profits.

#### **Corporate Citizenship, Sustainability & Responsibility (20%)**

This category reviews a wide range of an organization's performance indicators associated with sustainability, citizenship and social responsibility, specifically including 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 measureable 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.

Ethisphere would like to thank its partner RepRisk, a leading business intelligence provider specializing in environmental, social and governance (ESG) risk analytics and metrics. Harnessing a proprietary, systematic framework that leverages cutting-edge technology and hands-on human intelligence in 15 languages, RepRisk curates and delivers dynamic risk information for an unlimited universe of companies. For more information, please visit [www.reprisk.com](http://www.reprisk.com).





## ■ ACCIDENT & HEALTH INSURANCE

Wisconsin Physicians Service Insurance Corporation // USA

## ■ ACCIDENT & LIFE INSURANCE

Aflac Incorporated // USA

## ■ AEROSPACE & DEFENSE

Rockwell Collins // USA

## ■ APPAREL

H & M Hennes & Mauritz AB // Sweden  
Levi Strauss & Co. // USA  
VF Corporation // USA

## ■ AUTOMOTIVE

Cummins Inc. // USA  
Delphi Automotive PLC // UK  
Ford Motor Company // USA  
Volvo Car Group // Sweden

## ■ BANKING

Old National Bancorp. // USA  
Teachers Mutual Bank // Australia  
U.S. Bank // USA

## ■ BUSINESS SERVICES

Dun & Bradstreet // USA  
Vizient, Inc. // USA

## ■ CHEMICALS

Eastman // USA  
Ecolab Inc // USA  
Praxair, Inc. // USA

## ■ CONGLOMERATE

DCC // Ireland  
GE // USA

## ■ CONSTRUCTION & BUILDING MATERIALS

Cementos Progreso, S.A. // Guatemala  
Granite Construction Incorporated // USA

## ■ CONSULTING SERVICES

Accenture // Ireland  
Capgemini // France

## ■ CONSUMER PRODUCTS

Colgate-Palmolive Company // USA  
HASBRO, INC // USA

## ■ DIVERSIFIED MACHINERY

Rockwell Automation // USA  
Schneider Electric // France

## ■ ELECTRONICS & SEMICONDUCTORS

Applied Materials, Inc. // USA  
Avnet, Inc. // USA  
Intel Corporation // USA  
ON Semiconductor // USA



## Adam Elman

### Global Head of Delivery for Plan A

Marks & Spencer PLC

#### Retail

Marks & Spencer PLC (M&S) began in 1884 as a single market stall and has evolved into an international, multichannel retailer to 32 million customers, and its leadership is committed to sustainable change that is constantly being tested and questioned. "Our customers care about sustainability issues and expect M&S to take action," says Adam Elman, Global Head of Delivery for Plan A, the company's ambitious effort that began in 2007.

Elman cites a few key trends that are driving M&S to meet modern challenges. First and foremost is that of human rights, an area where the company has adopted an ambitious strategy. It is a signatory of the United Nations Global Compact and was one of the first companies to publish a Modern Day Slavery statement. It has also issued a separate Human Rights Report alongside its regular communication regarding Plan A.

Measurement is also critical. Plan A goes beyond a sustainability program, says Elman. "It's a business transformation process. Without robust, reliable data, we can't know how well we're doing." So the dedication to reporting internally and externally on sustainability is subjected to a rigor similar to that on financial data, detailing progress on stated goals in short and long term reports. M&S also communicates to its customers in innovative ways: last year it published its first interactive supply chain map for its clothing and food businesses showing the locations around the world from which it sources.

As the business has evolved in recent decades, the company has developed strategies for operating successfully and ethically within large, complex supply chains. In addition to its dedicated sustainability team, there are thousands of employees whose functions involve considering best practices in ethics on a daily basis. This culture has led organically to moving into sectors beyond retail. In addition to his responsibilities for the retailer portion of the company, Elman is also involved in M&S's foray into the energy delivery area. "A natural extension of our business, given what we've heard from customers, is to help people live more sustainably overall. All of the electricity we provide is from renewable resources."

Finally, even a sprawling enterprise must focus on a demand for local solutions to the issues people face. M&S operates not just on an e-commerce platform but also in 914 stores across the UK. The company's Spark Something Good campaign has galvanized action in major markets in community efforts. M&S food stores are connected with local charities through the Neighbourly Social Network which also enables them to distribute surplus food. And all customers are able to select a charity for a donation every time they use their Sparks Card.

"Everyone who shops in M&S stores arrives with the expectation of high quality and excellent value in our products as well as top shelf customer service," says Elman.

"But they are also looking for us to take the lead in sustainable business practices. We are dedicated to the belief that the combination is what will support our brand for years to come."



## Connie Lindsey

### Head of Corporate Social Responsibility and Global Diversity & Inclusion

Northern Trust

Financial Services

“Integrity, expertise and outstanding service are our company’s enduring principles,” says Connie Lindsey of Northern Trust. “These values date back to our founding in 1889 and they are woven every day into our innovative, ethical business practices in all of the communities where we live and work.” The Chicago based bank serves a sophisticated roster of clients including sovereign wealth funds and high net worth individuals as well as established hedge funds and corporate brands.

Effective communication is at the heart of all Corporate Social Responsibility (CSR) programs at Northern Trust. With more than 20 international locations in 92 markets globally and 16,500 employees and clients located around the world, the company focuses on efficient ways to talk about best practices and to demonstrate commitment through leadership. The way to do this right, asserts Lindsey, is with “clarity, discipline and focus.”

Last year, Northern Trust created a CSR committee that communicates specific initiatives to the board and solicits feedback. Additionally, the Executive CSR Council—chaired by Lindsey—is tasked with the execution and communication of agreed upon strategy. It also produces the publicly available CSR Report, which was recently published for the sixth consecutive year.

Senior management regularly speaks about emerging CSR issues before full staff meetings in business units across the company, and the compliance team distributes a weekly online newsletter, *Our Take*, covering recent regulatory developments in banking and finance. The publication provides context about what a particular change means for the company and how it impacts the way they approach their work each day.

Other well-received programs include Northern Trustworthy, a series of short videos of Northern Trust employees across all levels of the company discussing ethical complexities they have faced and the ways in which they leveraged the resources and culture of the company to surmount these challenges. These interviews with real life examples have enhanced the comfort level employees have with reporting concerns. And the development of a single, online repository of CSR and compliance materials has streamlined internal searches so anyone in the company can quickly get an answer to a compliance question.

Finally, Northern Trust is continually listening to its clients and one result has been a focus on ESG (environmental, social and governance) investing strategies that now amount to nearly \$60 billion in assets under management. “There is a tremendous commercial advantage to doing business in a sustainable way,” says Lindsey. “Our clients want to invest according to their values. We believe capital deployment can generate investment returns while also improving our communities.”

TE Connectivity // Switzerland  
Texas Instruments // USA

#### ENERGY & UTILITIES

EDP - Energias de Portugal, SA // Portugal  
IBERDROLA // Spain  
National Grid // UK  
NextEra Energy, Inc. // USA  
NiSource Inc. // USA  
The AES Corporation // USA

#### ENGINEERING & DESIGN SERVICES

CH2M // USA  
Fluor Corporation // USA  
Parsons // USA

#### ENVIRONMENTAL SERVICES

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

#### FINANCIAL SERVICES

CUNA Mutual Group // USA  
Northern Trust // USA  
Principal Financial Group // USA  
Prudential Financial, Inc. // USA  
Thrivent Financial // USA  
TIAA // USA  
Voya Financial, Inc. // USA

#### FOOD, BEVERAGE & AGRICULTURE

GRUPO BIMBO // Mexico  
illycaffè spa // Italy  
Ingredion Incorporated // USA  
Kellogg Company // USA  
PepsiCo // USA

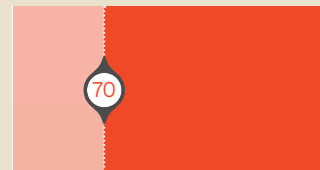
#### FORESTRY, PAPER & PACKAGING

International Paper Company // USA  
Weyerhaeuser Company // USA

#### HEALTH & BEAUTY

Kao Corporation // Japan  
LORÉAL // France

### WME by the Numbers



#### Public vs. Private

**70 percent** of the 2017 World’s Most Ethical Companies which are publicly listed

**Source:** The 2017 World’s Most Ethical Companies Data Set

## HEALTH INFORMATION SERVICES

Premier Inc // USA

## HEALTH INSURANCE

Blue Shield of California // USA  
CareFirst BlueCross BlueShield // USA  
Health Care Service Corporation (HCSC) // USA

## HEALTHCARE PRODUCTS

Henry Schein, Inc. // USA

## HEALTHCARE PROVIDERS

Baptist Health South Florida // USA  
Cleveland Clinic // USA  
Covenant Health // Canada  
Hospital Corporation of America (HCA) // USA  
Northwell Health // USA  
Sharp HealthCare // USA  
University Hospitals, Cleveland, Ohio // USA

## INDUSTRIAL MANUFACTURING

3M Company // USA  
Deere & Company // USA  
Milliken & Company // USA  
The Timken Company // USA

## INFORMATION TECHNOLOGY SERVICES

Wipro Limited // India  
Xerox Corporation // USA

## INSURANCE

USAA // USA

## INSURANCE BROKERS

Arthur J. Gallagher & Co. // USA

## LEISURE & RECREATION

Royal Caribbean Cruises Ltd. // USA

## LIFE INSURANCE

Knights of Columbus // USA  
Massachusetts Mutual Life Insurance Company // USA

## LODGING & HOSPITALITY

Marriott International, Inc. // USA  
The Rezidor Hotel Group // Belgium  
Wyndham Worldwide // USA

## LOGISTICS & TRANSPORTATION

BDP International, Inc. // USA  
UPS // USA

## MACHINE TOOLS & ACCESSORIES

Kennametal Inc. // USA

## MEDICAL DEVICES

Edwards Lifesciences // USA



## Jean-Pascal Tricoire

### CEO and Chairman

Schneider Electric

Diversified Machinery

“We are convinced that access to energy is a basic human right,” says Jean-Pascal Tricoire. CEO and Chairman of Schneider Electric, which is based in Rueil-Malmaison, France. “And our business partners expect us to provide transparency to our customers while benefiting the planet and society.” The company’s bold stance extends to the aptly named *Planet & Society Barometer*, published every quarter at the same time as the company’s financial results.

Tricoire emphasizes this is a collective effort. “Our executive committee has identified ethics and integrity as one of five sustainability megatrends that drive our corporate strategy,” he says, “and this means all employees must feel involved.” Four key departments are fully engaged in the compliance and ethics program: sustainability, legal, internal audit and control and security.

Two distinctive training methods have been particularly effective. The first is a straightforward e-learning module with videos of executive committee members discussing integrity, human rights and ethical management. This is a powerful way, Tricoire asserts, for leadership to communicate its dedication to these principles.

The second involves what are known internally as Educational Kits. They draw upon employees recounting significant ethical dilemmas within their professional experience. These accounts provide depth and realism to the discussions managers hold with their teams and help ensure that other employees feel comfortable in raising potentially uncomfortable issues.

A key driver of the company’s current ethics and compliance program is the commitment to comply and promote with the guiding principles—particularly in the areas of anti-corruption and human rights—of the United Nations (UN) Global Compact, to which Schneider Electric became a signatory in 2002.

Since 2013, Tricoire has served as the Chair of the Global Compact in France, and the company has participated actively in a broad range of working groups within the organization and has encouraged as many suppliers and other partners as possible to join the Compact. With a purchasing power of more than \$12.7B USD in 2015, this effort has a wide-ranging impact.

And the company is addressing a paradox at the core of its business model: balancing a reduction in its carbon footprint with what the organization sees as an indisputable right of everyone to access quality energy. During the COP 21 in Paris, the company made ten strong commitments to become a carbon neutral company within 15 years, and last year at the COP 22 in Marrakech joined the Science-Based Target initiative. They plan to meet this goal within the bounds of their research and development, industrial operations and products and solutions.

“We take the long term view on sustainability,” asserts Tricoire, “and all of these efforts represent a key asset to attract and retain talent, increase job satisfaction and cultivate strong loyalty from our employees.”



## Matthew Swaya

### Senior Vice President, Deputy General Counsel and Chief Ethics & Compliance Officer

Starbucks

Specialty Eateries

Starbucks Mission & Values are the starting point of most every conversation within the company and serves as the foundation of its culture. “These values inform how we treat our customers and each other, as well as the way in which we conduct business,” says Swaya, “and ethical behavior is a critical component of this approach.” They also set the tone for how everyone at the company truly shows up for customers and communities and allows Starbucks to develop and nurture those relationships.

“We’re fortunate to have partners (what the company calls employees) around the world who share these values and use them to guide their work every day,” Swaya emphasizes.

These values are communicated with brevity and clarity throughout the organization—including over 25,000 retail outlets in 75 countries—which puts itself forth to be performance driven through the lens of humanity. Management is committed to everyone at Starbucks delivering the best in all they do, holding themselves accountable for results, as well as to creating a culture of warmth and belonging where everyone is welcome. The culture of connection also means being mindful of transparency, dignity and respect. There is boldness as well. Starbucks stakes a public claim to acting with courage, challenging the status quo and finding new ways to grow the company and each other.

One of only thirteen companies named to The World’s Most Ethical Companies list for all eleven years the honor has been conferred, Starbucks remains passionate about using its scale for good. Committed to offering ethically sourced and responsibly produced coffee, it has opened several Farmer Support Centers in origin countries across Africa, Asia and Latin America.

“I was fortunate enough to recently visit Hacienda Alsacia, our first company owned farm, in Costa Rica,” says Swaya. “Not only is it a fully operational coffee farm, it is also an agronomy research and development center that will help us continue to develop sustainable practices we can share with farming communities around the world. It was transformative to meet farmers and their families and hear their stories.”

Starbucks continues to make good on its promise to challenge the status quo. In response to President Trump’s January executive order to bar entry of refugees from seven countries, Howard Shultz pledged the company would look to hire 10,000 refugees in its stores worldwide, making the initial focus of hiring efforts on individuals who have served with US troops as interpreters and support in countries where the US military has requested assistance. This recent pledge builds upon one the company made back in 2013 to hire 10,000 veterans and active duty spouses by 2018, and has already hired 8,800.

#### METALS, MINERALS & MINING

Schnitzer Steel Industries, Inc. // USA  
Tata Steel Limited // India

#### OIL & GAS, RENEWABLES

Alyeska Pipeline Service Company // USA  
PKN ORLEN S.A. // Poland

#### PAYMENT SERVICES

Mastercard // USA  
TSYS // USA  
Visa Inc. // USA

#### PHARMACEUTICALS

Eli Lilly and Company // USA

#### PROPERTY & CASUALTY INSURANCE

Allstate Insurance Company // USA  
The Hartford // USA

#### REAL ESTATE

CBRE Group, Inc. // USA  
Jones Lang LaSalle Incorporated // USA  
Realty Holdings Corp. // USA

#### RETAIL

Marks & Spencer Plc // UK  
Petco // USA  
Target Corporation // USA

#### SCIENTIFIC & TECHNICAL SERVICES

RTI International // USA

#### SECURITY & PROTECTION SERVICES

MSA - The Safety Company // USA

#### SOFTWARE & SERVICES

CA Technologies // USA  
Symantec Corporation // USA  
Teradata Corporation // USA

### WME by the Numbers

30

#### Annual Revenue

The most common revenue category among recipients was in the \$10 million - \$25 million range, with just over **30 percent** of recognized companies fitting into that category.

**Source:** The 2017 World’s Most Ethical Companies Data Set

■ **SOURCING SERVICES**

William E. Connor & Associates Ltd.  
// Hong Kong

■ **SPECIALTY EATERIES**

Starbucks // USA

■ **STAFFING & OUTSOURCING SERVICES**

ManpowerGroup // USA  
Paychex, Inc. // USA

■ **TECHNOLOGY**

Dell Inc. // USA  
LinkedIn // USA  
Microsoft // USA

■ **TELECOMMUNICATIONS**

Brightstar Corp. // USA  
Singtel // Singapore  
T-Mobile US, Inc. // USA

■ **TRUCKS & OTHER VEHICLES**

Oshkosh Corporation // USA

■ **WATER & SEWERAGE UTILITY**

Northumbrian Water Group // UK

**More Information**

*The full list of the 2017 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](http://www.ethisphere.com).*

*Further details on the WME nomination and selection process, including information on the Ethics Quotient™ score and answers to Frequently Asked Questions, are available online at [worldsmoethicalcompanies.ethisphere.com](http://worldsmoethicalcompanies.ethisphere.com). The nomination process is open throughout the year.*



Be sure to follow @ethisphere on Twitter and tweet your thoughts and congratulations to this year's World's Most Ethical Companies with hashtag #WorldsMostEthicalCompanies



**Ted Sugiyama**

**Executive Officer, Senior Vice President, Legal and Compliance**

*Kao Corporation*

**Health & Beauty**



The foundation of all corporate activity at Tokyo based Kao Corporation is the Kao Way, with a mission to enrich the lives of people globally and contribute to the sustainability of the world. As the leading company in Japan with its household and personal care, cosmetics and chemicals businesses, the company has been engaging in business for 130 years with integrity, a core value spelled out in the Kao Way.

Kao Corporation has been the only Japanese company to be honored every year since 2007 on the World's Most Ethical Companies list. "Integrity has been passed down from our founder and is embraced by all employees across the Kao Group" Sugiyama says. To make sure that it's lived, the Kao Business Conduct Guidelines have been adopted since 2003. This drive for excellence with Integrity extends to close cooperation with diverse stakeholders ranging from consumers, customers, business partners, shareholders to local communities.

Another core value that drives the company to excel is Yoki-Monozukuri – Yoki in Japanese means good or excellent and Monozukuri manufacturing of products. Yoki-Monozukuri is about creating new value through innovation to provide products and brands of excellent value for consumer satisfaction.

In 2009, it unveiled a new corporate message—enriching lives in harmony with nature—together with the Kao Environmental Statement. More recently in 2013, it declared the Kao Sustainability Statement to communicate its commitment to building a sustainable society with its focus on conservation, community and culture.

Sustainability is a part of the business at Kao. This is reflected in all aspects, including how it designs products. Kao adopts universal design—which facilitates the enrichment of the lives of consumers—for a wide range of its products. There are three pillars to its universal design program: products are user friendly and developed with a focus on accessibility, safety and ease; they bring joy in the daily lives of consumers; they contribute to the promotion of social inclusion through the consideration of diverse lifestyles. "We've introduced Universal Design products at our two Kao museums and have received extremely positive feedback from visitors as well as from consumers through our Consumer Communication Center," Sugiyama says.

Conservation is one of the key focus areas in sustainability and one way of engaging with stakeholders is by nurturing the next generation. The Kao International Painting Contest for Children, for example, is an annual painting contest for school children, hosted with the aim of encouraging the younger generation around the world to think and share messages about the earth's future through their paintings. Now in its seventh year, the contest received 12,456 entries in 2016 from 37 countries and regions, providing a valuable opportunity to engage with the younger generation to help pass down a sustainable community.

# THE FINAL WORD

»»» A VOICE NOT SPOKEN GETS LOUDER BY THE MOMENT «««



*Being present.* We have all heard it but what does it mean? Yet another buzzword that infiltrates and permeates and ends up in a commercial?

At Ethisphere's 2015 Global Ethics Summit, Robert Smith, founder of private equity firm Vista, shared their performance secret was training employees for the long term and allowing each employee to bring their best selves to work.

Today, the sounds of change grow louder and the discourse more intense. It's true with families, communities and with business. The best companies are able to acknowledge this and not hide from the moment. They are *present*.

So why is this important? Eighty-eight percent of the companies recognized by Ethisphere as 2017 World's Most Ethical Companies® formally link, measure and communicate community involvement with the overall corporate strategy. It's no coincidence that last year these same companies outperformed financial benchmarks by over three percent. They represent the leaders with awareness of what is happening in their ecosystem.

Recognizing challenges in low-income communities, U.S. Bank developed products for 35 million Americans who are un-banked or under-banked. This won't increase profits, but it will improve quality of life in communities. And for years, U.S. Bank's performance has led their sector.

Starbucks has just announced a plan to hire refugees around the world. It isn't giving up on the global market, no matter what the rhetoric. It's also smart business: an investment of \$1,000 in Starbucks stock at IPO in 1992 is now worth nearly \$300,000.

Microsoft President Brad Smith and CEO Satya Nadella have spoken out on the recent executive order regarding US immigration. Their priority is employees, partners and customers around the world. They aren't pulling back on their commitments. Microsoft's market cap is in the top five of all companies.

A recently released McKinsey & Company study showed those companies determined to be long-term generated on average 12,000 more jobs and grew their market capitalization by \$7 billion and generated forty-seven percent more revenue compared to their short-term counterparts. I'm certain these companies are present in their thinking and in their jurisdictions around the world.

In a January article in *Fortune*, Alan Fleishmann wrote we've entered the age of CEO as statesman. These tumultuous times will require CEOs to deploy perseverance, perceptiveness and clarity—skills traditionally associated with diplomats. Successful statesmen, Fleishmann contends, draw upon a moral compass to act in the best interests of their charge. Decisiveness lends credibility to their actions.

This isn't politics. There's never a wrong way to do or say the right thing. As with our families and communities a voice not spoken gets louder by the moment. One must be present. The best companies are today and will be so tomorrow.

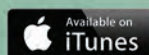
A handwritten signature in black ink that reads "Tim Erblich".

**Tim Erblich**  
**Chief Executive Officer**  
Ethisphere

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