



# Diversity, Transparency and Leading Written Standards: Insights into the Practices of the 2019 World's Most Ethical Companies<sup>®</sup>

April 17, 2019

# Before We Get Started

- Today's presentation and recording will be provided via email after the webcast
- Please submit questions via the chat function on the left-hand side of your screen

# Agenda

## 1. Background

- Who We Are
- Setting the Stage: Our Data and Why it Matters

## 2. Insights

- Detection & Monitoring With Transparency
- Evolution of Written Standards
- Diversity at the Highest Levels

## 3. Getting Involved

- Insights Report Series Schedule
- *World's Most Ethical Companies 2020*
- Introducing the Ethics & Compliance Program Index

# Who We Are



**Erica Salmon Byrne**  
Executive Vice President



**Greta Baranowski**  
Senior Writer and Editor



**Douglas Allen**  
Managing Director, Data & Services



# Ethisphere: Advancing Business Integrity for Competitive Advantage

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.

**Recognize Excellence**



**Measure Against Standards**

- Ethics and Compliance
- Corporate Ethical Culture
- Anti-Corruption in the Value Chain
- Cybersecurity
- Trade Secret & IP Protection

**Inspire Advancement**



# Setting the Stage: Our Data and Why it Matters

128 companies were designated as World's Most Ethical Companies in 2019. These companies represent 51 industries across 20 countries.

## Honorees by Top Sectors

Insurance	5%
Energy & Utilities	5%
Non-Profit Healthcare Providers	5%
Banking	4%
Financial Services	4%
Automotive	3%
Construction & Building Materials	3%
Health Insurance	3%
Industrial Manufacturing	3%
Real Estate	3%
Technology	3%
Telecommunications	3%
Business Services	2%

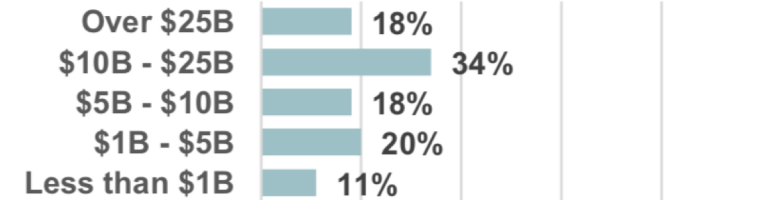
## Honorees by HQ Location

Australia	Japan
Brazil	Mexico
Canada	Poland
Finland	Portugal
France	Spain
Germany	Sweden
Guatemala	Switzerland
Hong Kong	Thailand
India	United Kingdom
Ireland	United States
Italy	

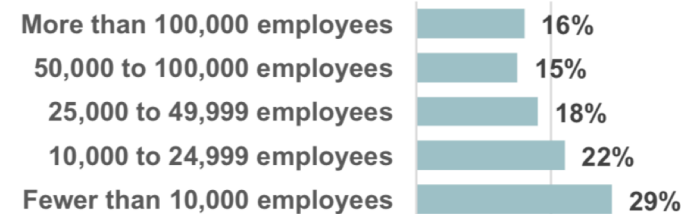
## Honorees by Ownership Structure



## Honorees by Annual Revenues (USD)



## Honorees by Workforce Size

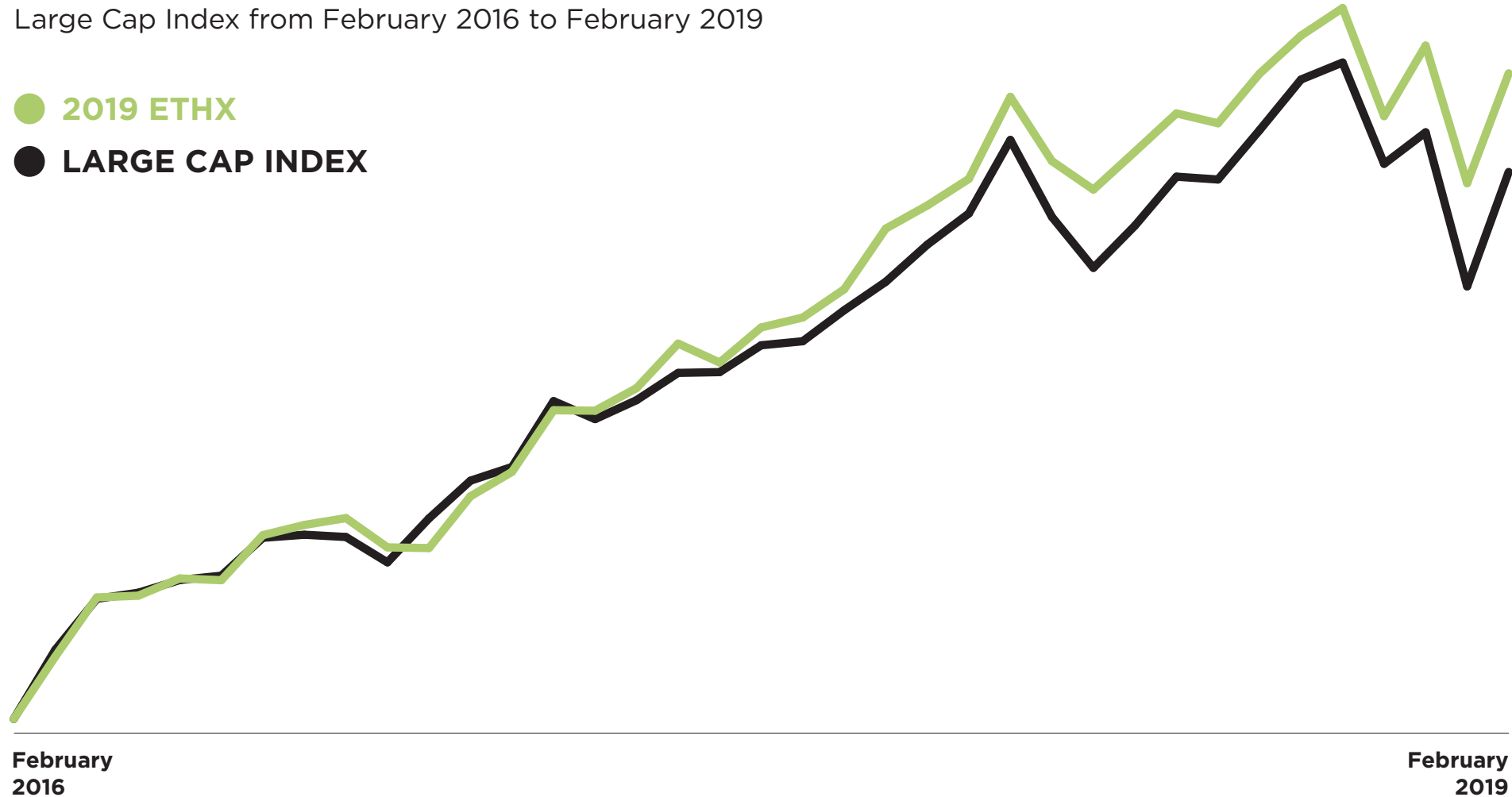


# Setting the Stage: Our Data and Why it Matters

## THREE-YEAR ETHICS PREMIUM: 10.5%

Performance of the listed 2019 Honorees as compared to the Large Cap Index from February 2016 to February 2019

- 2019 ETHX
- LARGE CAP INDEX



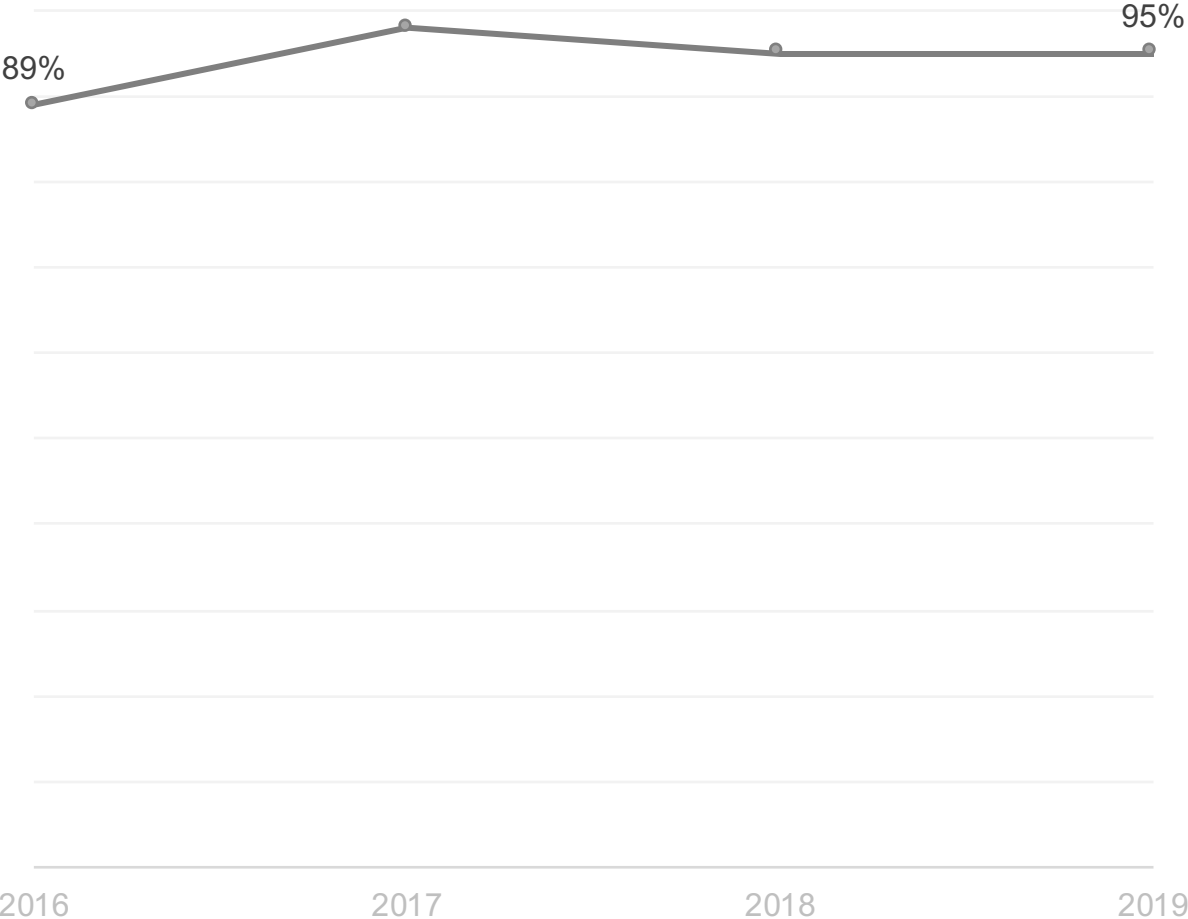


# Detection & Monitoring with Transparency



# Establishing Trust Through Transparent Reporting

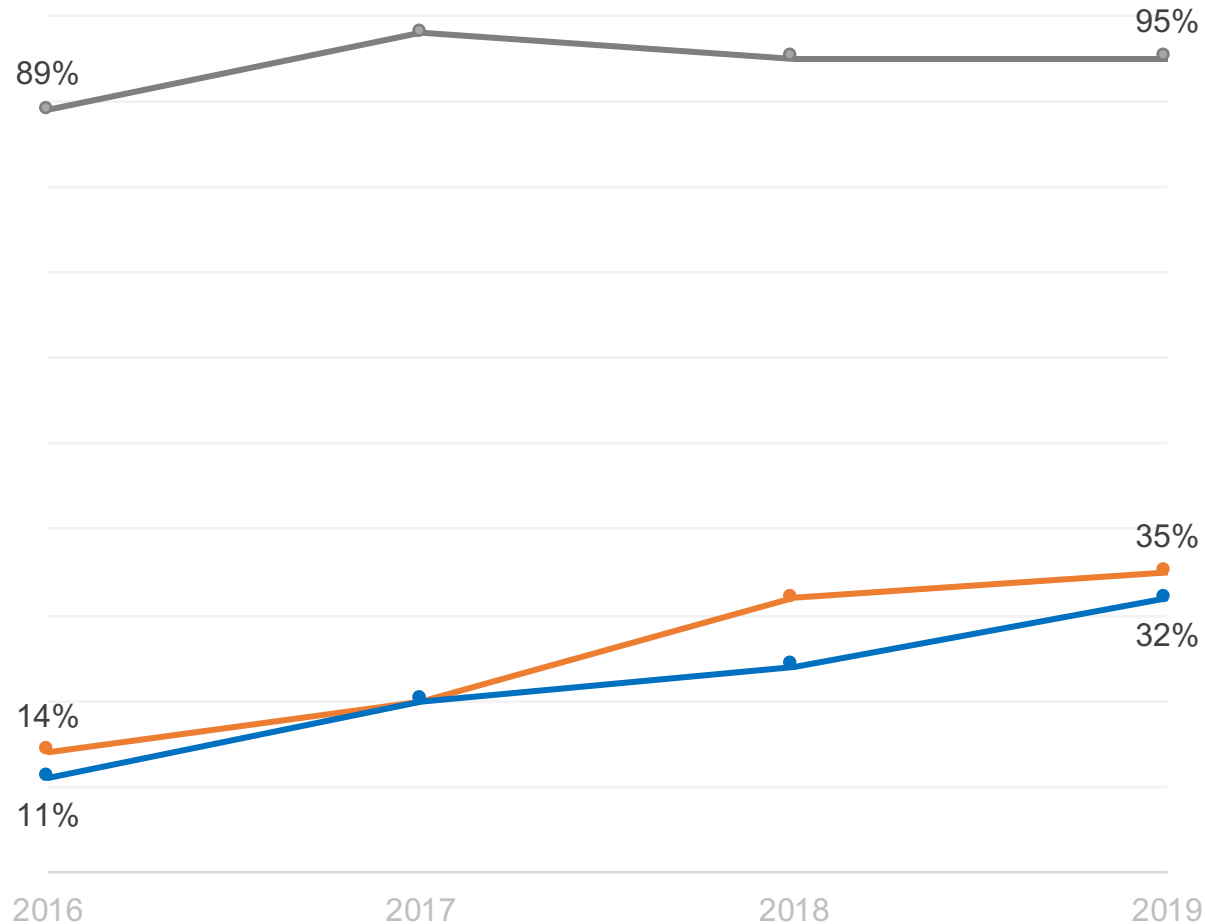
Honorees communicating the number, types, and outcomes of reported concerns and investigations



Honorees are in near universal agreement that sharing reporting and investigations data outside of board meetings is a best practice

# Establishing Trust Through Transparent Reporting

Honorees communicating the number, types, and outcomes of reported concerns and investigations



Honorees are in near universal agreement that sharing reporting and investigations data outside of board meetings is a best practice

The rate of honorees sharing this information with all employees has increased 2.5x

And those communicating about reporting and investigations publicly has jumped nearly 3x

# Establishing Trust Through Transparent Reporting

uct. The Guidelines  
nd illustrate how  
ed in the Code of  
usiness situations.  
ss Practices

found to be intentionally false or was not  
made in good faith.

All reporting activity provided when Colgate People “Speak Up” is reviewed and, if deemed to be a potential violation of the Code of Conduct or Business Practices Guidelines, the matter is promptly and thoroughly investigated by Global Ethics & Compliance and/or the Global Legal Organization.

In 2017, Ethics and Compliance received 436 contacts through a variety of channels including the EthicsLine, Ethics web tool and [ethics@colpal.com](mailto:ethics@colpal.com), which covered a wide variety of reporting activities including 44 consultations. Allegations reported to Ethics and Compliance are grouped into the following categories: Accounting related, Conflict of Interest, Discrimination; Financial-related; Harassment; Regulatory and Legal Retaliation; Work Environment; Miscellaneous Issues (“Other”); and non-Ethics and Compliance matters. After a thorough investigation has been completed, if the allegations are substantiated, appropriate remedial action is taken.

## Building a Future to Smile About

COLGATE CORPORATE  
SOCIAL RESPONSIBILITY  
AND SUSTAINABILITY  
REPORT 2017



# Establishing Trust Through Transparent Reporting



*Ethics Everywhere*  
Annual Report  
Calendar Year 2017

## Benchmarking

We show below how our global Helpline statistics compared to the benchmarks we receive from our helpline provider, Navex Global. Navex publishes an annual benchmarking report\* with data generated from the many companies for which it provides helpline services.

Detail	Navex Global Survey	JLL
Cases per 100 Employees	Median 1.4	1.02
Anonymous Reports	56%	19%
% of calls that are inquiries only	20%	3.4%
Civility and other HR matters as a % of all reports	72%	58%
Open door (in-person) v. hotline reporting	39% of cases are open door	74% of cases are open door
Substantiation Rate	44%	58%
Geographic Reporting	Americas 86.2% APAC 9.3% EMEA 4.5%	Americas 42% APAC 49% EMEA 9%

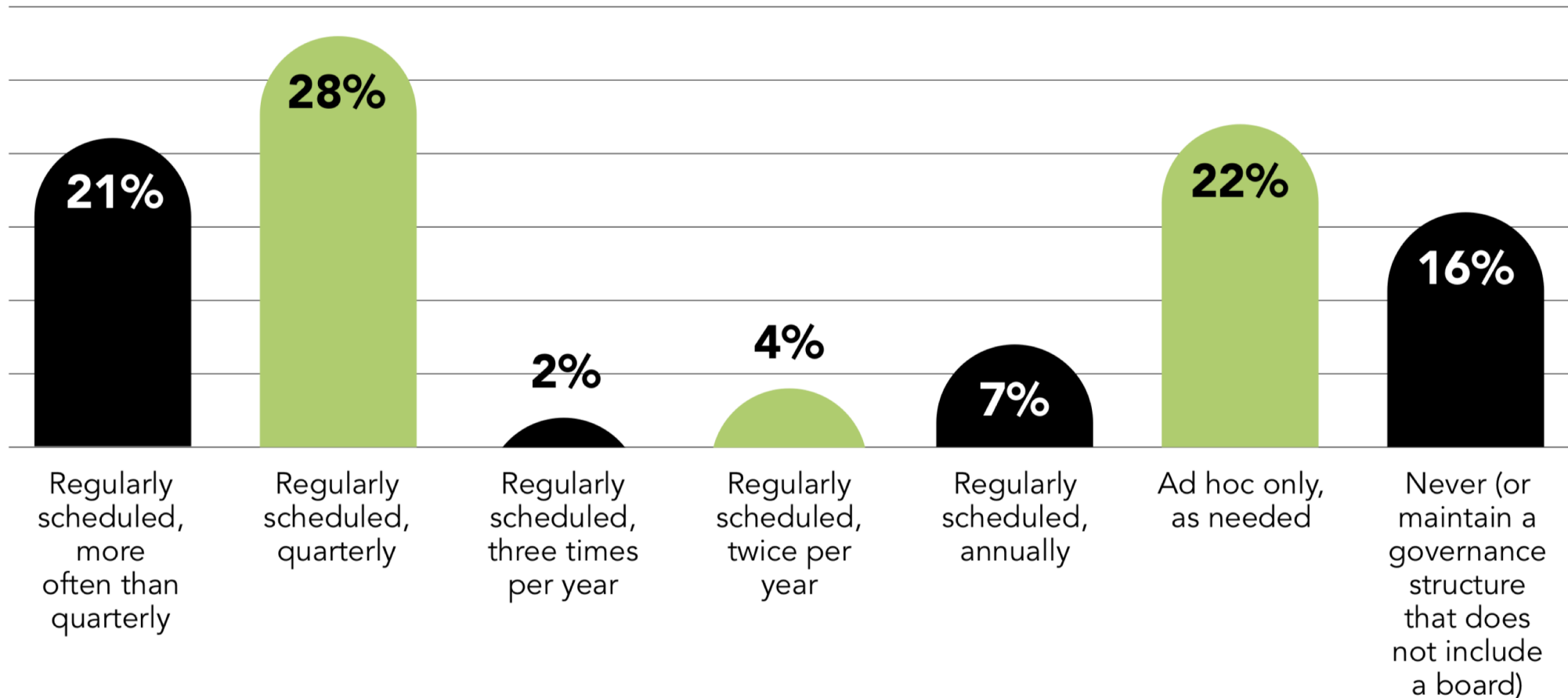
directly to one of our people internally, indicating a justified confidence that claims will be handled appropriately through means that are not necessarily anonymous.

	2017	2016	2015	2014	2013	2012	2011	2010
Total number of concerns raised via calls to global helpline or emails to website	233	179	104	56	65	52	49	30



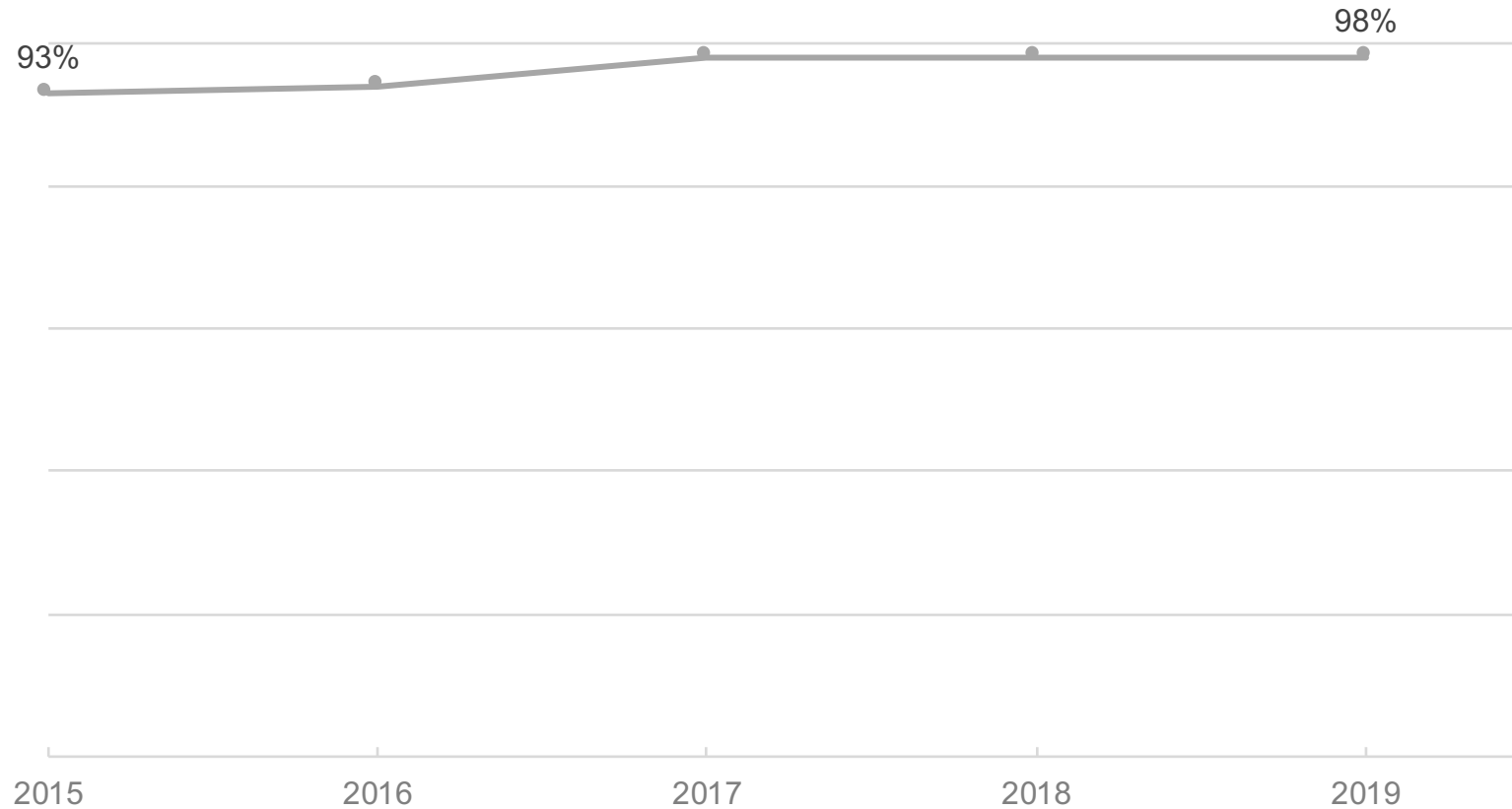
# Transparency Up and Down the Organization

**How often does the person with overall responsibility for the ethics and compliance program normally meet in closed or executive session to discuss the ethics and compliance program with the Board without management present?**



# Communication Through Real-World Stories

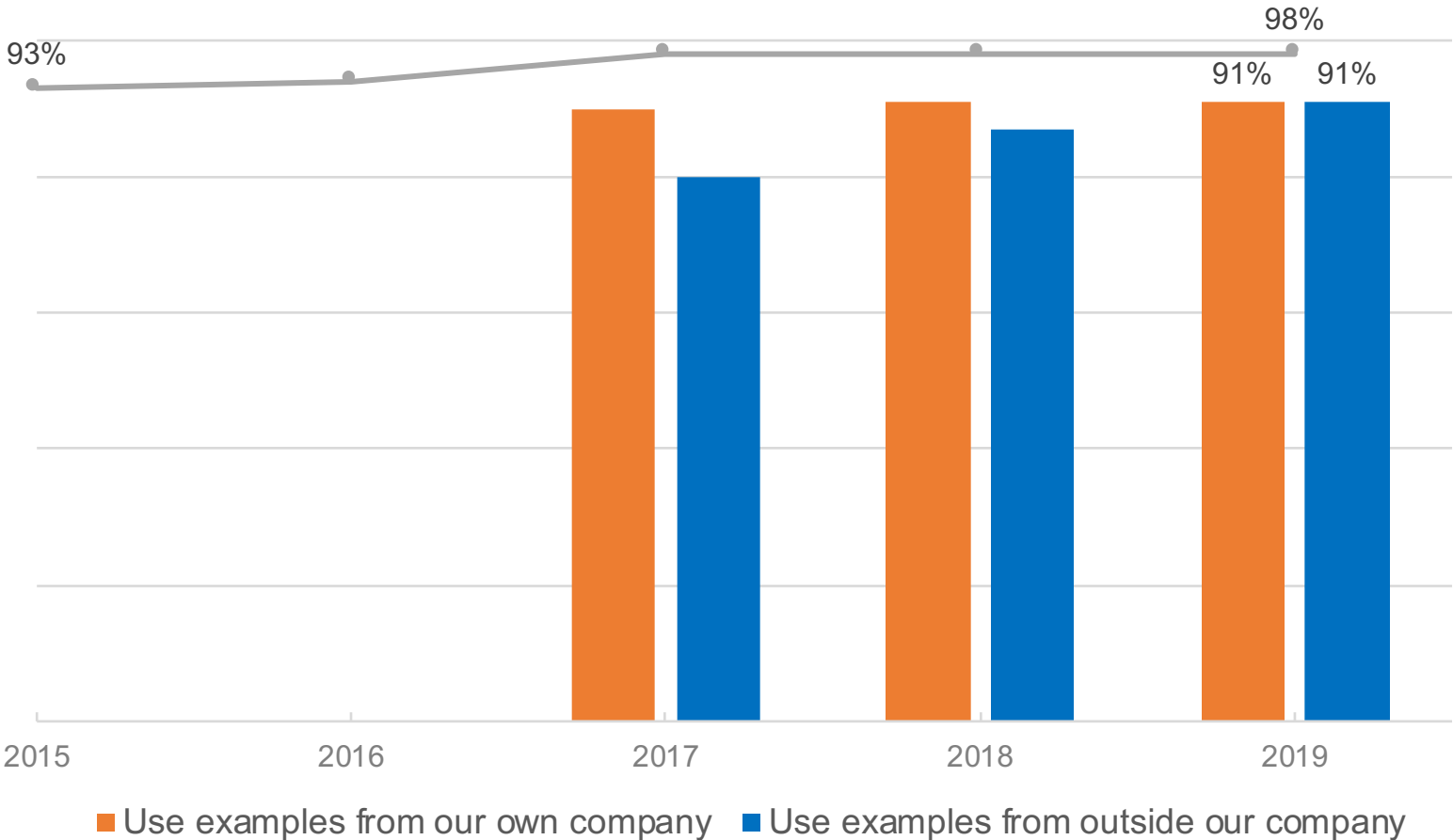
Honorees that use examples of real-world ethical or compliance dilemmas or issues in E&C communications



The use of real-world dilemmas in E&C communications is ubiquitous among honorees

# Communication Through Real-World Stories

Honorees that use examples of real-world ethical or compliance dilemmas or issues in E&C communications



The use of real-world dilemmas in E&C communications is ubiquitous among honorees

Honorees are split evenly between using **internal** and **external** examples

# Infrastructure to Support an Ethical Culture

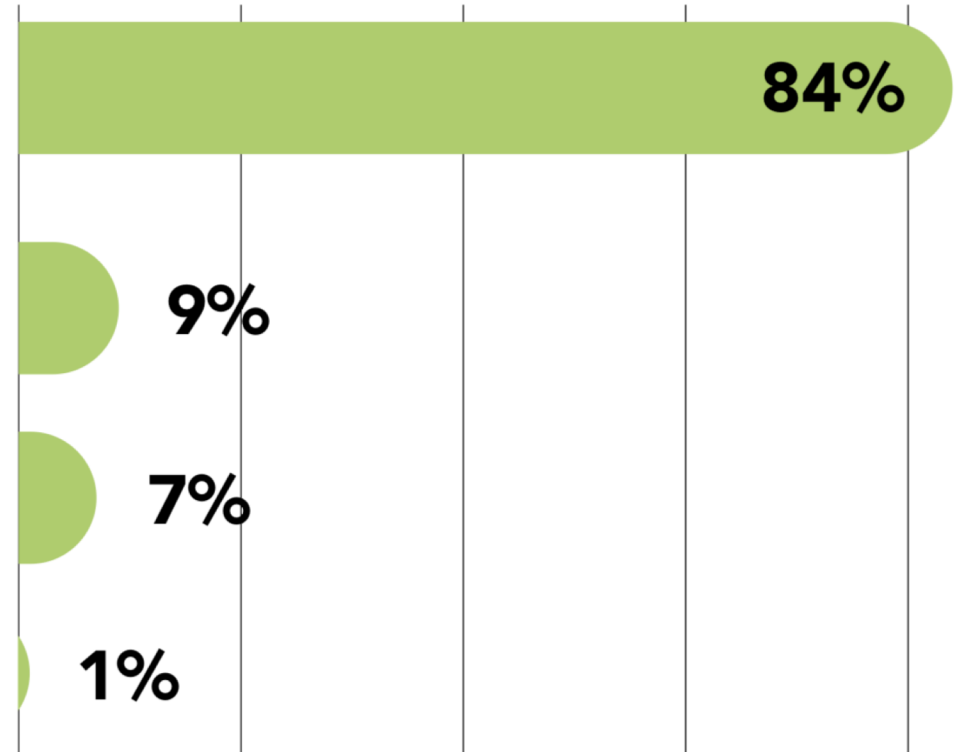
## Does your company have a system or tool to manage reports and subsequent investigations?

We use a tracking tool or case management system that tracks reports and related investigations regardless of how the report was originally made

We use a tracking tool or case management system with the ability to log and track reports and related investigations, but only for reports made or originated through the misconduct reporting system

Other

No, our company does not have such a system or tool in place







# The Evolution of Written Standards

# Leveraging Technology to Enhance Reach, Engagement

know and understand our  
ples. This includes:  
, subsidiary, affiliate and  
entatives and interns.

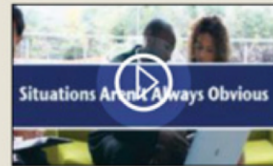
fficers.  
es that

vide our behavior at  
thical situation. In those  
like the right decision or

act:  
rivent's brand promise

iew my behavior?  
ived if it appeared  
ws or in tomorrow's

**What happens in an investigation?  
Watch these videos that highlight real  
Thrivent stories.**



**Situations Aren't  
Always Obvious**



**Pulled Into  
an Investigation**



**A Disconcerting  
Situation**



**Things Are Not Always  
as They Appear**

Codes are including interactive elements  
to engage readers

Some Codes also include videos to  
provide more guidance about risk areas

# Beyond a Letter to Set the Tone from the Top

**Making Ethical Decisions**

When Old National associates are faced with uncertainties

Do you think...

By Old National to living values...

**Bob Jones**  
CHAIRMAN AND CEO

BOB

violation or concern.

ethics

Leading Codes are including videos messages from executives

Tone from the top messaging is also appearing throughout the Code

# Thin Is In: Codes Increasingly Put on a Diet

CODE OF CONDUCT

## MANAGING CONFLICT OF INTEREST

### PUTTING K-C'S INTERESTS FIRST

Nothing we do interferes, or appears to interfere, with our responsibility for objective and unbiased decision-making. A conflict of interest can arise when our personal or professional relationships overlap with our job responsibilities. If we do not manage potential conflicts of interest carefully, these situations can impact the decisions we make, erode trust within our teams, and harm K-C's reputation.

### OUR ESSENTIAL COMMITMENTS

- We avoid actions and decisions that create, or even appear to create, a conflict of interest with K-C
- We never use our position at K-C for improper personal gain
- We do not improperly use K-C resources or influence because even the perception of a conflict of interest may have negative consequences
- We understand that conflicts of interest may arise, including:
  - » working with a relative at K-C
  - » having a relative work for a K-C vendor or customer
  - » working or consulting outside K-C
  - » owning a financial interest in a K-C vendor or customer
- We consult our Conflict of Interest Policy for additional guidance and examples
- When potential conflicts of interest arise, we disclose them promptly to our Team Leader and complete the Conflict of Interest Disclosure Form

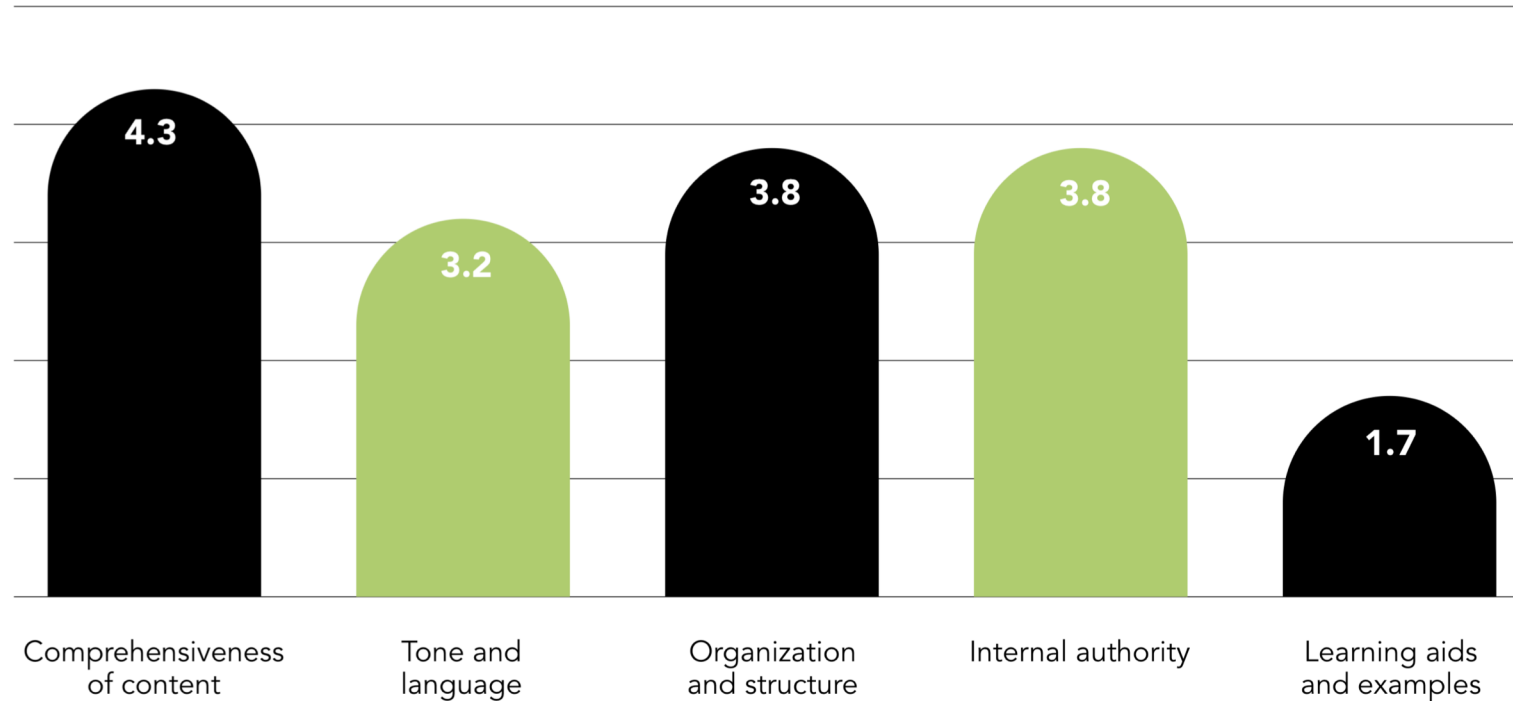
Codes are becoming shorter and more streamlined

To compensate, leading companies are including more guidance in policies



# Opportunities Remain to Bolster Policies

**Average Honoree Score Across Each Policy Assessment Category**



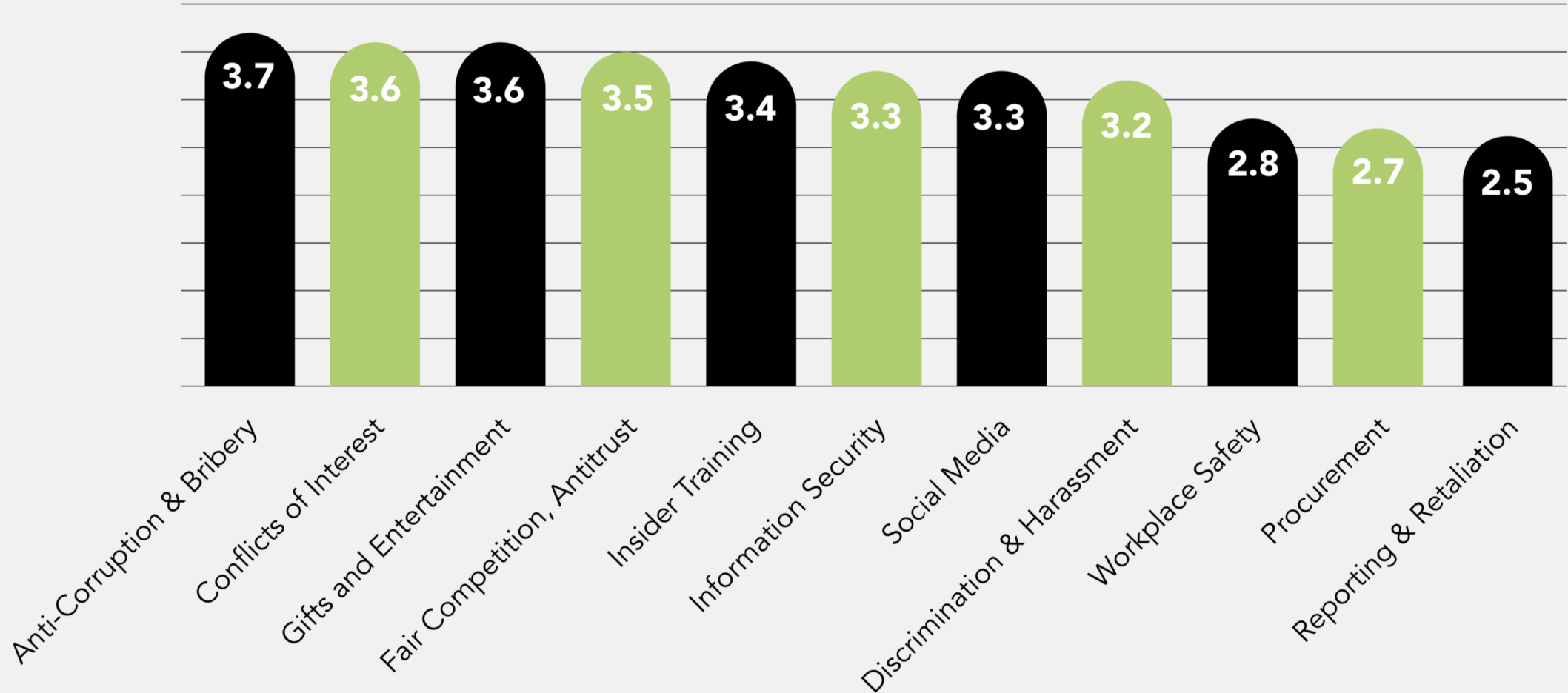
Policies generally have a high reading level and lack real-world examples

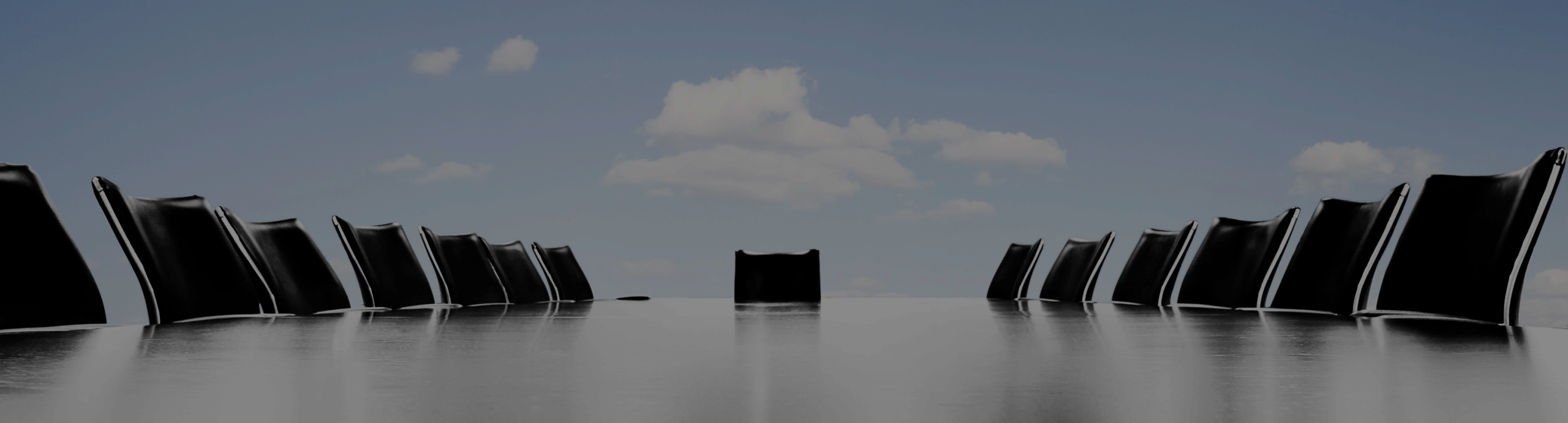
Structure is not always consistent

Leading policies are utilizing technology, such as roll-over definitions

# Wide Variation of Policy Quality Among Risk Areas

## Overall Honoree Policy Average Score by Risk Topic

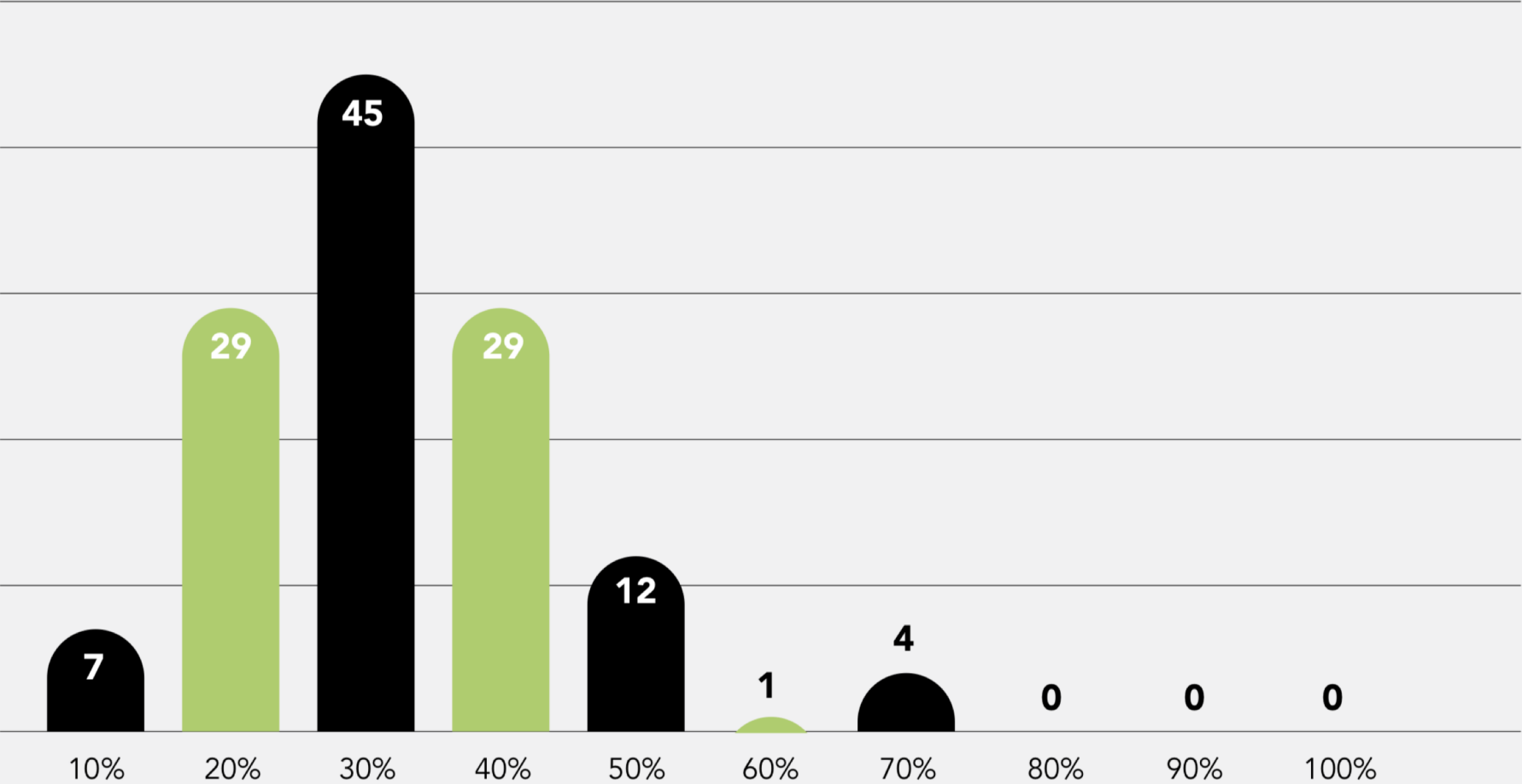




# Leading Diversity and On-Boarding Governance Practices

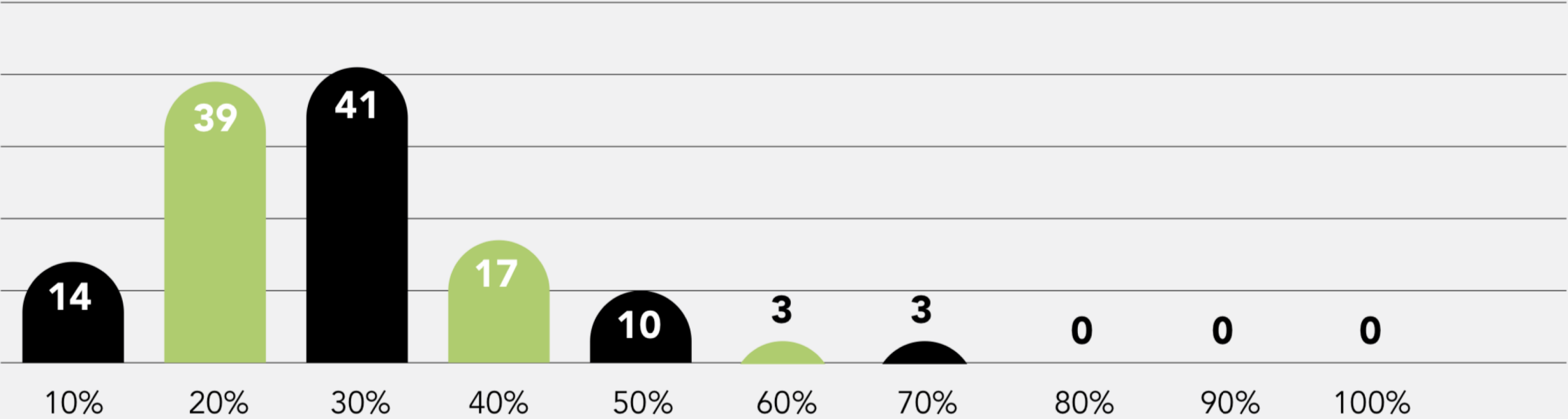
# Diversity at the Highest Levels

Distribution of Honorees According to the Proportion of Women on Their Boards



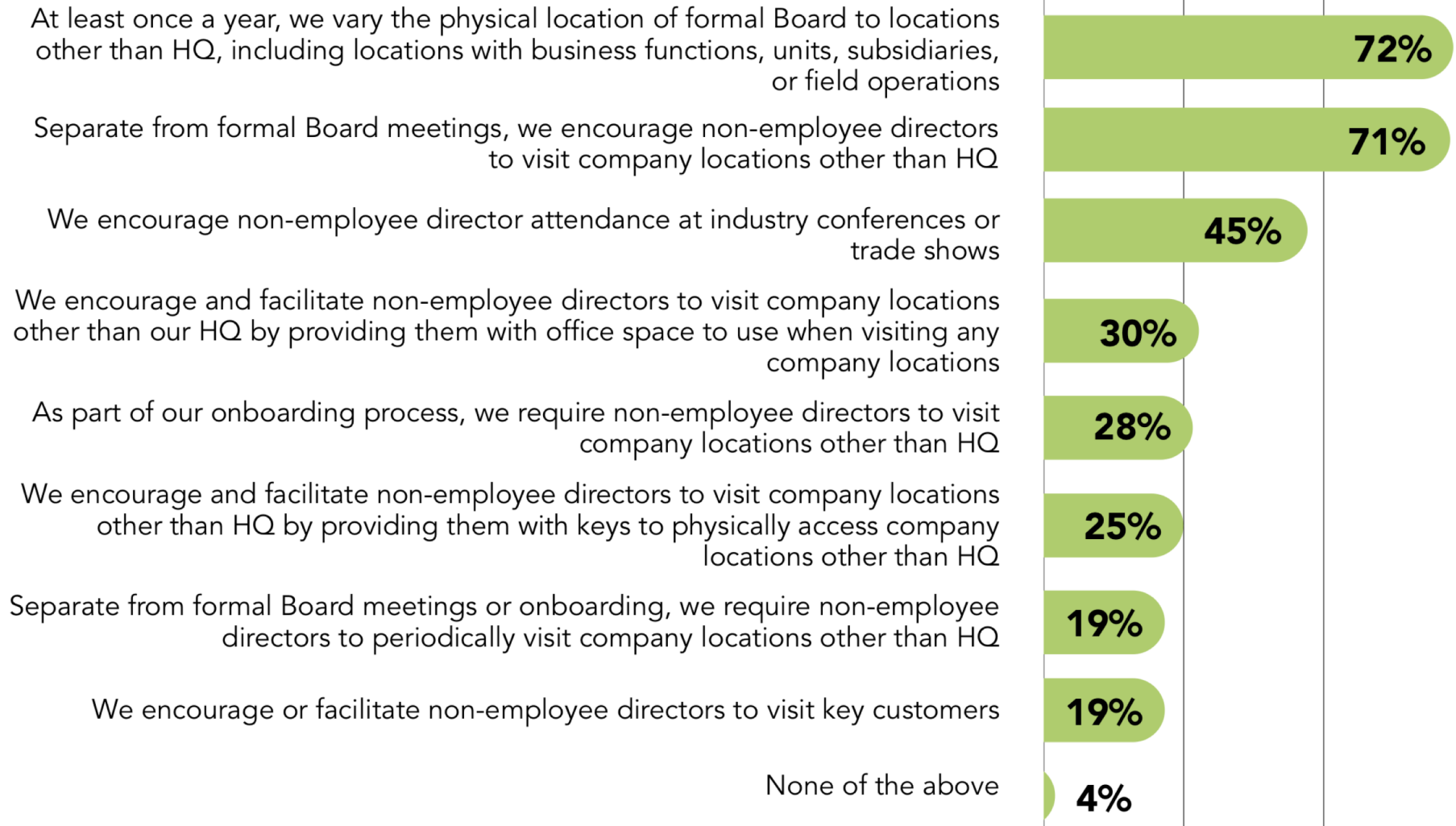
# Diversity at the Highest Levels

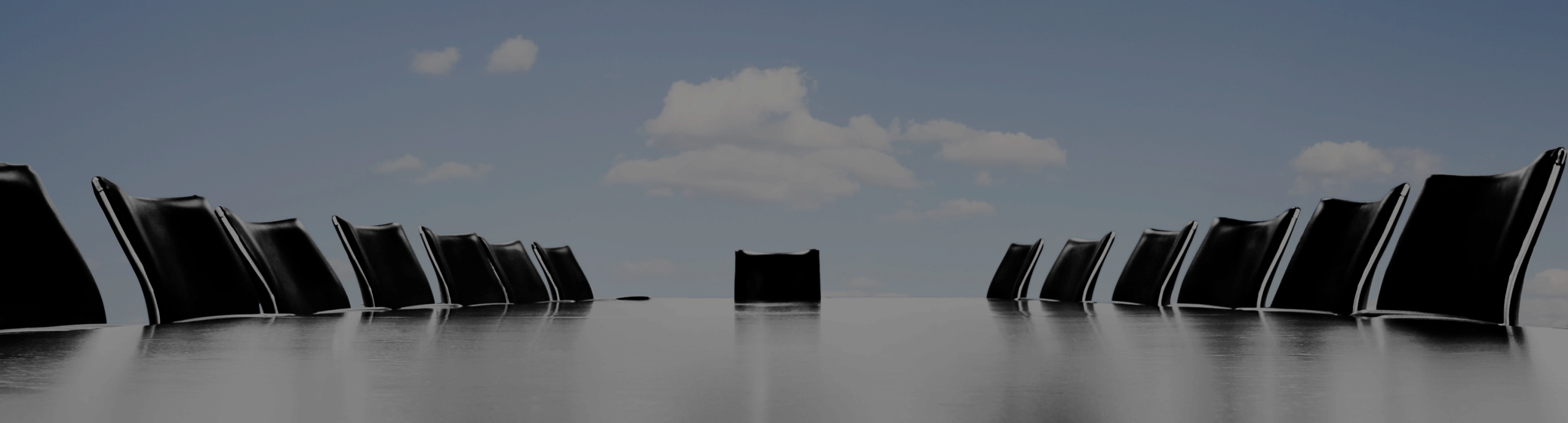
## Distribution of Honorees According to the Proportion of C-Suite Roles Held by Women



# Increasing Directors' Familiarity with Business Operations

**Which of the following practices, if any, does your company use to expose non-employee directors to the company's operations and risks? Please select all that apply.**





# Ways to Access the Data



# Ways to Access the EQ Data Set



For more information, contact Jonathan Whitacre at  
+1 (615) 210-2876 or [jonathan.whitacre@ethisphere.com](mailto:jonathan.whitacre@ethisphere.com)

A photograph of a conference room with several black chairs arranged around a long table. One chair is missing from the center of the table. The background is a blue sky with white clouds.

**Thank you.**

# Who We Are

Ethisphere is the Global Leader in Advancing the Standards of Ethical Business Practices

## MEASURE AGAINST STANDARDS

Our corporate ethics standards, vetted by leading experts and used for 10 years, provide an independent, objective measurement tool critical to drive business decisions and stakeholder interaction.

## RECOGNIZE EXCELLENCE

We recognize programs and companies who've proven that their programs and practices are extraordinary and provide mechanisms to help communicate those recognitions.

## INSPIRE ADVANCEMENT

Ethisphere's global summits, roundtables, and publications capture the leading voices in the field. And our corporate membership group provides unparalleled networking opportunities.