



# Making the Case for Compliance in Uncertain Times

A BELA Membership Resource

April 2020



# Making the Case for Compliance in Uncertain Times

1. The Macro Environment: Steady in Spite of Crisis
2. Ethisphere's Values-Based Leadership in Practice
3. Where to Focus Now: E&C's Integral Role in Navigating a Crisis
4. Where to Focus Next: Recommended Actions for the Future
5. Additional Resources

# Filling a Leadership Void

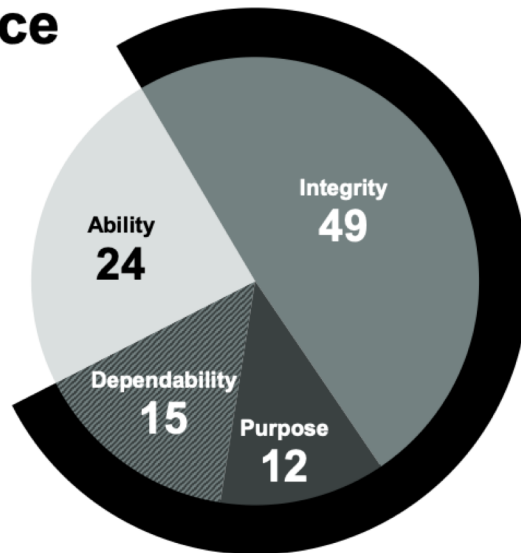
## Trust in Business Rising Providing Opportunity to Lead

### ETHICAL DRIVERS 3X MORE IMPORTANT TO COMPANY TRUST THAN COMPETENCE

Percent of predictable variance in trust explained by each dimension

#### Competence

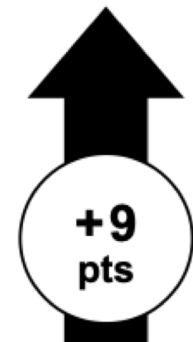
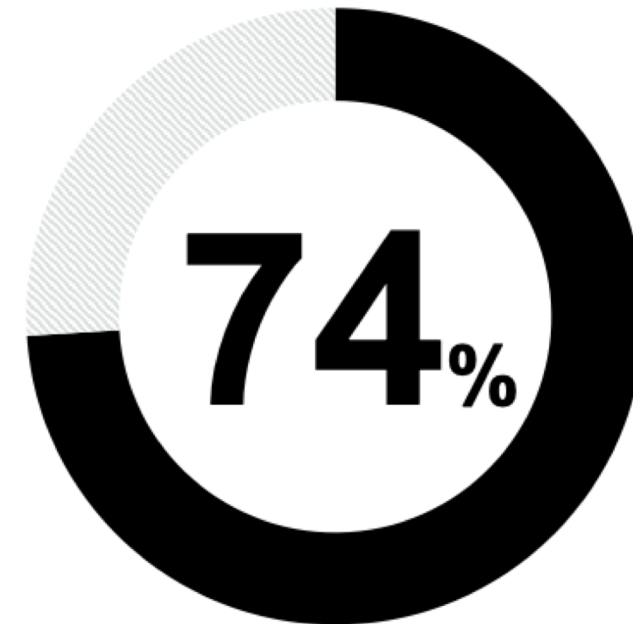
24%



#### Ethics

76%

**CEOs should take the lead** on change rather than waiting for government to impose it



Change, 2018 to 2020

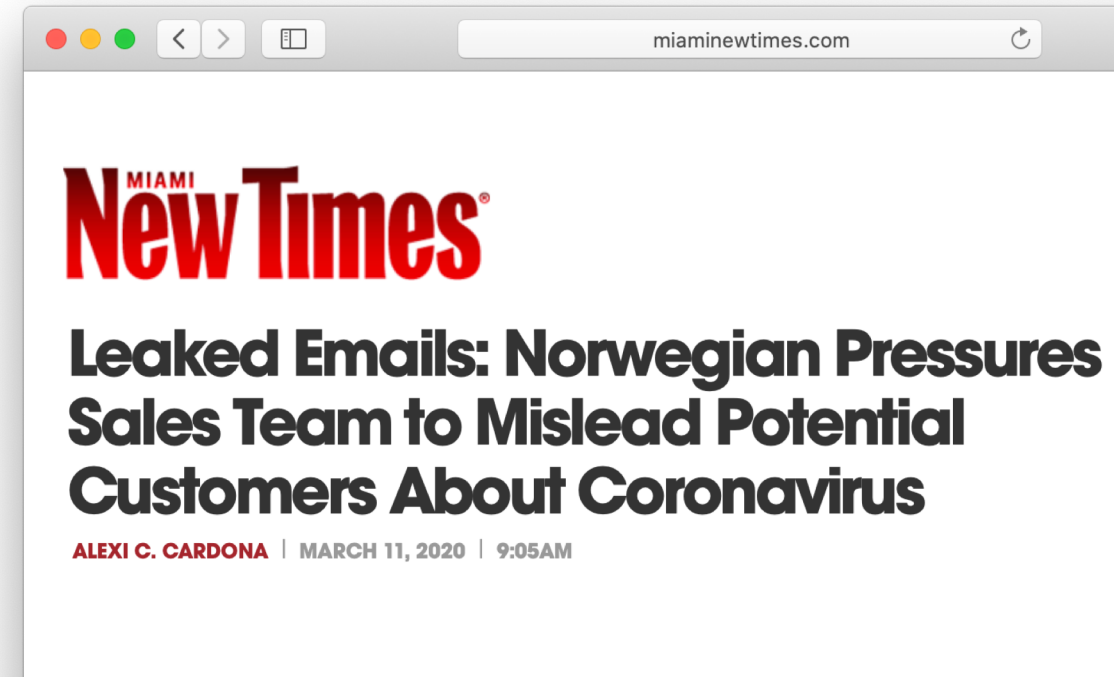
# A Crisis Induces Pressure to Perform

## *Culture is Impacted by Pressure in Many Ways*

“Employees at organizations with strong cultures feel less pressure to compromise company standards to achieve business goals.”

**Erica Salmon Byrne**

**Executive Vice President, BELA**



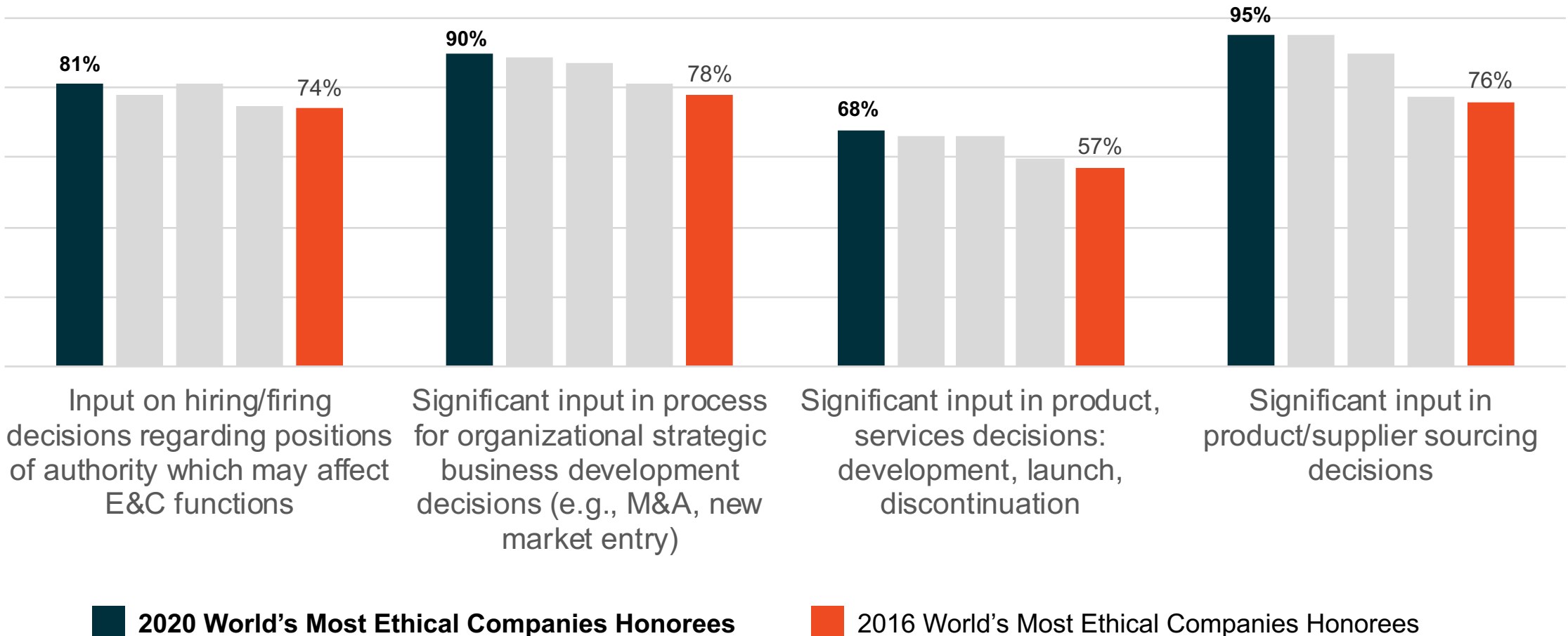
# Values-Based Leadership in Practice

- 1 Take the long view.** No one will remember your quarterly results in five years, but people will never forget how you made them feel. Make the sacrifice now so people feel safe, informed and supported. How you behave matters.
- 2 Communicate frequently and with transparency.** At times like this, there is no such thing as too much.
- 3 Help those you touch:** employees, associates, stakeholders, the communities in which you operate. Step up and step up some more.
- 4 Provide unlimited sick leave for anyone affected.** Their families will also need help, most likely financial. Set up funds to do so.
- 5 Pay special attention to suppliers, vendors, and those third parties that are much smaller than you.** They will need support.
- 6 Provide unlimited leave time** for anyone in your organization interested in volunteering.
- 7 Place extra focus on the culture of your organization** and be particularly aware of pressure to compromise results. We can support you there.
- 8 Take care of the non-profits and health care organizations in your communities.** They will need your support, and goodness we need them.
- 9 Be kind.** Radical kindness will go so far to make these demanding times more humane.

# In Times of Unrest, E&C Is Integral to Success

## *E&C Gaining Influence Despite Constrained Budgets*

### Authorities Granted to the Ethics & Compliance Function



# Where to Focus Now

## *Prepare Those Your Employees Trust the Most: Managers*

*According to Ethisphere's 2020 class of the World's Most Ethical Companies...*

1

### **Prepare Managers to Handle Questions in Difficult Times**

98% of honorees train managers on their special responsibilities on encouraging and supporting compliant and ethical conduct

2

### **Empower Managers to Communicate Proactively**

79% of honoree companies educate managers on how to communicate ethics to subordinates, including frequency

3

### **An Empathetic Working Environment is Even More Critical**

Nearly every (95%) honoree trains managers on creating and maintaining an open-door environment

***BELA Resources to Help You Get There (links provided)***

[Ethisphere Insights Report on Maximizing the Effectiveness of Managers](#)

[Example Manager's Ethics Toolkit from Allianz Life Insurance Company of NA](#)

[Infographic: Manager Training by the World's Most Ethical Companies](#)

# Where to Focus Now

## *Use Scalable Communications to Manage a Newly-Distributed Workforce*

*According to Ethisphere's 2020 class of the World's Most Ethical Companies...*

1

### **Use Templates to Help Guide Manager Communications**

83% of honorees use E&C communication toolkits, (sample language to include in an email, links to newsletters), available on demand

2

### **Help Facilitate Web-Based Meetings Across Your Teams**

Over half (59%) of honorees use meetings-in-a-box that include suggestions of topics to discuss, speaking guides, presentation materials

3

### **Share Stories to Resonate with Remote Employees**

Senior executive leaders use examples of ethical decisions they have faced in their career in communications to employees at 80% of honorees

***BELA Resources to Help You Get There (links provided)***

[Example Manager's Tool Kit Training Scenarios from SABIC](#)

[Training Module Example – Providing Managers With E&C Conversation Tools](#)

[Communication Example – The Risks of Using Texting for Business Communications](#)



# Where to Focus Now

## *Adapt E&C Workflows to a Digital-Only Environment*

*According to Ethisphere's 2020 class of the World's Most Ethical Companies...*

1

### **Remind Employees of Available Resources to Remotely Report**

Including web-based reporting tools (used by 96% of honorees), third-party hotlines (90%), and any available mobile app (25%)

2

### **Enhance the Sense of Organizational Justice**

Share both what happens during the investigation process, the stats on internal reports and sample cases.

3

### **Refine Root Cause Analysis for Anticipated Increase in Failures**

9 out of 10 honorees are currently conducting root cause analysis to assign root causes to instances of misconduct

***BELA Resources to Help You Get There (links provided)***

[GES 2019 Panel: Getting Tactical about Treatment – Preparing Investigators](#)

[Ethics Helpline Process Flowchart by VF Corporation](#)

[BELA Special Research Report on Root Cause](#)

# Doing More With Less: Liaison Networks

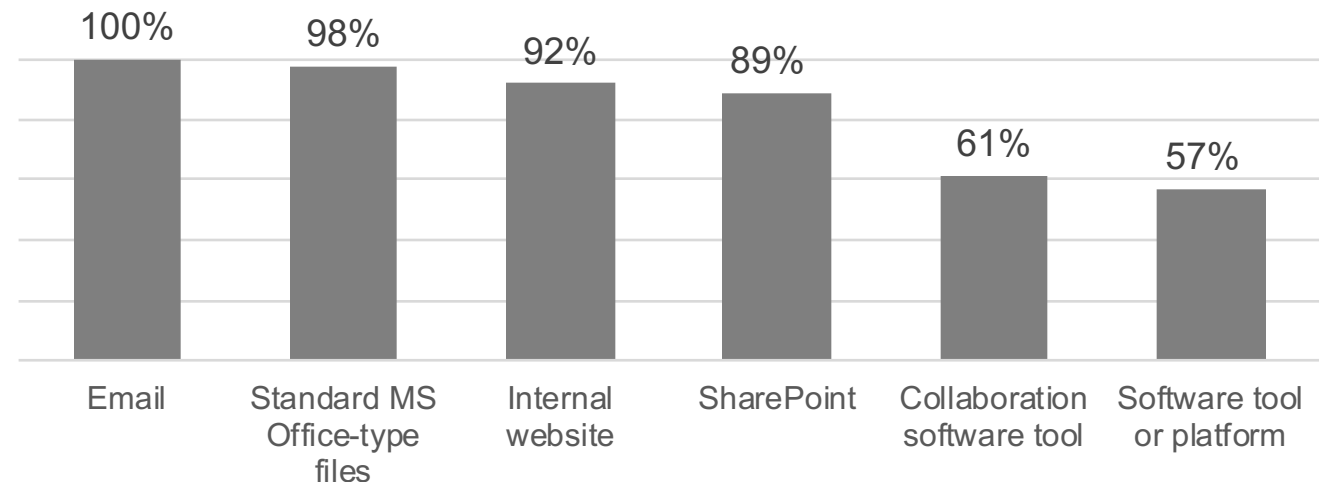
## *Leverage Your In-Country Resources*

# 93%

Of the 2020 World's Most Ethical Companies have employees across regions or units who formally serve as E&C points of contact for compliance related needs.

**BELA Resource: Presentation on Ethics Liaison Program**  
**Presented by Jones Lang LaSalle**

**Tools are used to communicate and/or collaborate with liaison network**



**Most commonly used software tools or platforms for communicating with liaisons include:**

- RSA Archer
- Convercent
- EthicsPoint
- Navex
- Compliance 360

# What's Next

## *Additional Actions and Resources*

### What You Can Do Now

- 1 Pulse-test your ethical culture** using lightweight surveys
- 2 Operationalize compliance virtually** through remote investigations, embracing social (TikTok, memes)
- 3 Focus on the geographic-specific risks of the moment:** remote working concerns, cyber security, shadow IT systems, careful communications, price gouging, privacy rights of those infected, health-related phishing scams

### Resources to Get You There

- 1 Ethisphere's Webcast on the How and What of Measuring Ethical Culture** ([view](#))
- 2 Making the Business Case for a Standalone Ethical Culture Survey** ([download](#))
- 3 COVID-19: An Evolving Crisis Webinar** with Control Risks and Ethisphere ([download](#))
- 4 GES Session: Risk Assessments:** How to Identify and Prioritize Key Risks ([view](#))

# Digital Transformation

## *Factors For Success and Other Considerations*



- **KNOW WHO YOU ARE AS AN ORGANIZATION.** There is no one-size-fits-all solution or standard place to start.
- **TAKE SMALLER STEPS AND FOCUS ON BUILDING SUCCESSES AND GAINING MOMENTUM.** No one is going from zero to artificial intelligence as a first initiative. Identify a place where you have high-quality data. Use historical transaction sets as a proving ground for concept development.
- **FORM STRONG PARTNERSHIPS WITH SISTER FUNCTIONS OR KEY STAKEHOLDER GROUPS,** especially when they are the owners of the data. Finance, Audit, and HR are likely trying to do many of the same things you do or own a good portion of the data you need, so aligning with them and helping each other can save time and money.
- **FULLY VET AND UNDERSTAND THE IMPLICATIONS OF YOUR EXPERIMENTATION AND DEVELOPMENT.** Partner closely with your privacy and security team as well as HR to ensure that you don't inadvertently overstep.
- **THIRD PARTIES CAN HELP** you in thinking through or incubating the right use cases, as well as in mapping out the steps in the process. That being said, many of the working group organizations either built solutions themselves or migrated to that approach quickly.
- **HIRE OR PARTNER WITH DATA SCIENTISTS WHO SPEAK THE "LANGUAGE OF DATA,"** as they are needed in the development process and to help ensure the proper communication of the data output. Adopting a common language for key data sets is necessary—the way the Compliance and Ethics office would interpret something may be quite different than Finance or Audit. Data sets must be quality controlled and tested for consistency, accuracy, and completeness.
- **CREATE WORKS COUNCILS AS NECESSARY.** All organizations expressed challenges in this area, and most have tackled early projects that avoid the need to engage them—but more complex projects may require it.
- **PRIVACY REGULATIONS ARE EVOLVING.** As two examples, new California and Washington rules may change what you can do (or are already doing) in the US. Expect more of this to continue in the US and globally.
- **CONTINUOUSLY INCUBATE IDEAS.** Use trial and error with data to uncover situations that can lead to case studies, which can be turned into solutions. Draw on exponentially more ideas than what you can ultimately develop and launch.
- **DATA GOVERNANCE AGREEMENTS ENSURE DATA QUALITY.** Virtually all working group members either sat on a data governance council or mentioned a data governance process for their companies. This ensures that data feeds are provided by the right owners, data quality is managed, and there is a consistent approach to asking for, receiving, and using data.

*Factors taken from Ethisphere's [Digital Innovation: A Deep Dive into Compliance Program Technology](#)*

# Your BELA Success Team



A team dedicated to your success – we are available to help at any time

Concierge service to ensure you are getting maximum value from your membership



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# Continue the Conversation

For more resources and support visit the BELA Membership Hub at [BELA.ethisphere.com](https://BELA.ethisphere.com)

To continue the conversation, contact us at [BELA@ethisphere.com](mailto:BELA@ethisphere.com)



# Optional Slides

Extra slides created but not included in the initial flow

“One month in, sustainable funds show they can handle a bear market. At the one-month mark since the market peak on February 20, **sustainable equity funds continue to hold their own...[and] have outperformed conventional funds on a relative basis.**”

**Jon Hale**

**Morning Star**

Global Head, Sustainable Investing Research

Medium, March 20, 2020



“Less than a year ago...many leaders signed the Business Roundtable Statement on the Purpose of a Corporation. Today, that commitment is being put to the test. Right now, purpose matters most. **Will the leaders take actions to show their words from last summer are real?**”

## Hubert Joly

**Best Buy**

Executive Chairman and former CEO  
Harvard Business Review, March 24, 2020

# Top Companies Invest in Ethics & Compliance

## *Making the Case for Additional Resources*

*Approximate Annual Spend (USD) by E&C-Related Activities  
Among 2020 World's Most Ethical Companies*



# ESG-Centric Leadership Outperforms

## *Stakeholders' Demand For a Values-Based Approach Perseveres Through Crises*

“ESG: No Longer an Option for Long-Term Strategy ...addressing material ESG issues is **good business practice and essential to a company's long-term financial performance** – a matter of value, not values.”

**STATE STREET** GLOBAL ADVISORS  
2020 Letter to Board Members

“We believe **this [crisis] is the acid test** for all this talk about purpose and stakeholder capitalism.”



Martin Whittaker  
CEO

“A strong sense of purpose and a commitment to stakeholders helps a company connect more deeply to its customers and adjust to the changing demands of society.

Ultimately, **purpose is the engine of long-term profitability.**”

**BlackRock**®  
Larry Fink's 2020 Letter to CEOs

# A Crisis is an Opportunity to Show Your Values

## *How the BELA Community is Responding*



All employees will continue to get paid while retail stores remain closed



Waiving cancellation fees to their hotels for people in coronavirus infected countries



Opened up learning library with courses on remote productivity, working challenges, and virtual events



Continuing to pay hourly workers that support campus regardless of work conducted and pledged to support a fund to help those impacted in Seattle



Established \$1.5M fund for affected citizens in local communities



CEO is forgoing his salary for the year to try and diminish layoffs