BUSINESS ETHICS LEADERSHIP ALLIANCE

Workshop RECAP:
November 1, 2019 Hosted by Pacific Life Insurance

Participating Companies

Pacific Life Insurance

Allianz Life Insurance Company of North America

Farmers Insurance

Early Warning Services

Intuit

Mutual of Omaha Insurance

Penn Mutual Life Insurance

Topic 1: **The Use of Design Thinking in Fostering Ethical Culture**
Discussion Lead: Sarah Jarvis, Assistant Vice President, Pacific Life Insurance

Sarah began with a discussion on how innovation is defined at Pacific Life. The company defines ***innovation*** as the ability of the organization to anticipate, adapt to and respond to change. They view this as a combination of mindsets and methods.

The six mindsets that guide their innovation work include:

1. Challenge the status quo
2. Problem solving optimism
3. Talk less, do more
4. Empathy
   o This mindset was discussed by the participants in the room. They discussed engaging in the "why behind the have-to" with employees and engaging in empathy interviews to hear from employees
5. Enthusiastic collaboration
6. Experimentation

Design thinking is a human centered approach to solving challenges. Sarah discussed the five main stages of design thinking and the different objectives at each stage.

1. **Research** goal is to build empathy and find inspiration to help solve your design challenge
   o It is critical at this stage to understand the problem you're trying to solve
2. **Synthesis** the goal is to identify needs and opportunities based on your research
   o Solutions should be captured in this stage
3. **Ideate** the goal to generate many ideas and possible solutions for the opportunity areas found during Synthesis
   o Generate many ideas here and eventually trim down to 7-10 that proceed
4. **Prototype** goal is bring your ideas to life in a format that is shareable with customers
   o Create something usable
5. **Test** goal is to share with users and learn and improve (iterate to satisfaction)
   o Refine until a solution is complete

Sarah then went on to discuss specific examples of this design thinking in practice at Pacific Life.

Compliance Review Team

- "How Might We Help" our business partners leverage compliance expertise

- Empathy Interviews to capture what compliance means to employees and views on transparency

- Gather insights to try to see common themes and then develop a prototype around that

Related BELA Resources:
Global Ethics Summit Session https://bela.ethisphere.com/2019-ges-engaging-key-stakeholders/
BELA Executive Leadership Guide: https://bela.ethisphere.com/executive-leadership-guide/
Case Management Overview (references empathy gaps): https://bela.ethisphere.com/wp-content/uploads/Case-Management-Investigations-Overview-Boeing-May-2018.pdf

Topic 2: Risk Assessment Exercise, *Discussion Lead:* Anne Kelley, Senior Consultant, Ethisphere

Anne Kelley opened with an overview of risk management and prioritizing and managing compliance risk. After a brief discussion of the broad range of compliance risks today, the participants broke out into small groups to discuss and identify the most challenging or damaging compliance risk they face.

Key Themes and Challenges Observed

- Risk of the Unknown

- Third Party

- Cyber

- Uncertainty of Regulatory Activism

The second half of the risk exercise involved an informal conversation among the participants on addressing some of the unknown risks that were identified in the first portion. Specifically, the group discussed the unknown implications of the risks posed by artificial intelligence and regulatory activism. The questions and discussions centered on how to prepare for risks that can not be anticipated through regulations and are constantly evolving. The overarching theme is that new ways of doing things always require acceptance of a certain level of risk. Continuing the dialogue and sharing of insights on the risk of the unknowns around technology and regulatory activism is helpful for the compliance community.

Related BELA Resources

CCPA Webcast**:** https://bela.ethisphere.com/webcast-the-ccpa-journey/
Third Party Risk Management**:** https://bela.ethisphere.com/centers-of-excellence/third-party-risk-management/
Global Ethics Summit session https://bela.ethisphere.com/continuous-improvement-from-risk-assessments-to-action-plans-and-everything-in-between/
AI Trust & Transparency: https://bela.ethisphere.com/centers-of-excellence/ai-trust-transparency/
Digital Innovations Report: https://bela.ethisphere.com/bela-special-report-digital-innovations/

Ethisphere and Kroll ABC Report: https://bela.ethisphere.com/ethisphere-kroll-2018-abc-report/

Topic 3: "Speak up and Listen" Culture
Discussion Lead: **Steve Koslow, Chief Compliance Officer,** Allianz Life Insurance Company of North America

Steve opened the presentation with a discussion on the many sources of information that are gathered and used to determine the strength of an organization's culture. After extensive analysis of this information they determined one of the gaps was the lack of confidence in employee willingness to speak up. He then moved on to discuss the elements of an effective speak up, listen up culture and the factors that drive the culture. The 6 elements identified:

1. Knowing what to report
2. Knowing how to report it
3. Understanding expectations of reporting
4. Knowing voice matters
   - Strong social change happens when people think their voices are being heard.
   - Partnership with HR and Communications to achieve results
5. Knowing incidents are handled in a fair and consistent manner
   - Emphasis on process and transparency
6. Not fearing retaliation

The next step in the process was an action plan to address:

- Knowing what to report
  - Blogposts, games, website articles, department presentations
- Knowing incidents are handled in a fair and consistent manner
  - Blog posts, 1st person experience, internal TV spots, targeted communications, incident follow-up
- Not fearing retaliation
  - Blogposts, exit interviews, performance monitoring, targeted communication

Steve then spoke about reassessment- looking at survey results, questions and reports over time, to monitor changes.

Related BELA Resources:

Speak Up Culture and Effective Investigations: https://bela.ethisphere.com/centers-of-excellence/speak-up-culture-and-effective-investigations/
Building an Ethical Culture: https://bela.ethisphere.com/centers-of-excellence/building-an-ethical-culture/
Understanding Your Corporate Culture: https://bela.ethisphere.com/webcast-understanding-your-corporate-culture-what-our-data-tells-us-about-how-to-focus-your-efforts-for-maximum-impact-2/
Living Your Company's Values in a Challenging World: https://bela.ethisphere.com/living-your-companys-values-in-a-challenging-world/