



Global Ethics SUMMIT®

MARCH 9-10, 2016 | GRAND HYATT, NEW YORK

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ETHISPHERE®
GOOD. SMART. BUSINESS. PROFIT.®

10
YEARS
2007-2016

BEST PRACTICES & KEY TAKEAWAYS FROM THE 2016 GLOBAL ETHICS SUMMIT



More than 450 global executives from nearly every corner of the C-Suite including General Counsel, Board Members, Chief Ethics & Compliance Officers, Chief Executive Officers, Chief Communications Officers, Chief Sustainability Officers and expert advisors gathered at the Grand Hyatt in New York City for Ethisphere's 8th Annual Global Ethics Summit on March 9-10 to share leading practices to help companies improve performance and build sustainable, long-term enterprises.

"The thing that's unique about the Global Ethics Summit is you get a mix of the nuts and bolts from the panels," said James Williams, Vice President, General Counsel, and Corporate Secretary of Liquidity Services. "You also get the big picture from CEOs, private equity leaders and business leaders telling us what they need from our legal departments. So I can take all of that, synthesize it and say, 'here's the big picture and here is how it translates into what I need to do on a daily basis'—and, I think that is unique amongst the conferences."

This year's Global Ethics Summit attracted top executives and thought leaders from a variety of industries including:

- Accident & Life Insurance
- Aerospace & Defense
- Conglomerate
- Consumer Products
- Diversified Utilities
- Engineering & Design Services
- Electric Utility
- Financial Services
- Food, Beverage & Agriculture
- Health Information Services
- Healthcare Products
- Healthcare Providers
- Industrial Manufacturing
- Leisure & Recreation
- Lodging & Hospitality
- Logistics & Transportation
- Payment Services
- Real Estate
- Staffing & Outsourcing Services
- Technology
- and many more.

"While the faculty at the Global Ethics Summit is always impressive, this year is the best I've seen," said Erica Salmon Byrne, EVP of Governance and Compliance at Ethisphere, and Executive Director of the Business Ethics Leadership Alliance (BELA), a membership community of companies who share leading practices across a global network. "The attendees, too, are some of the most senior compliance and ethics professionals in the industry, and the quality of the dialogue on and off the stage was tremendous."

Moreover, as Ethisphere celebrated its 10th anniversary in promoting best practices in business ethics, participants of the Global Ethics Summit had the opportunity to join conversations with leaders from other multinational companies around hot-button issues during sessions such as:

- View from the Board: How the Board Committees Support the Compliance Function
- CEOs, the Ethical Advantage, and Performance
- Beyond the Hotline: Creating an Open Reporting Culture at Your Company
- Beyond Legal Leadership: Today's Chief Legal Officer, Global Strategy and Brand Stewardship
- Renewable Energy: Harnessing Ethics to Power the Future of Company Performance

In the following pages of this booklet, we take a deeper dive into each of the key themes discussed throughout the Global Ethics Summit and provide important data points, best practices and emerging trends from industry leaders that came about from this year's event.

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COMPANIES FROM AROUND THE WORLD



SNAPSHOT: SOME HIGHLIGHTS FROM THE GLOBAL ETHICS SUMMIT



Third Party Due-Diligence: Managing Risk Across Global Relationships featuring Kenneth Kurtz , Chief Executive Officer, STEELE Compliance and Investigation Services (CIS); James Williams, Vice President, General Counsel, and Corporate Secretary, Liquidity Services; Christine Stickler, Vice President and Chief Compliance Officer, TE Connectivity; Stephen Donovan, Chief Ethics & Compliance Officer, International Paper



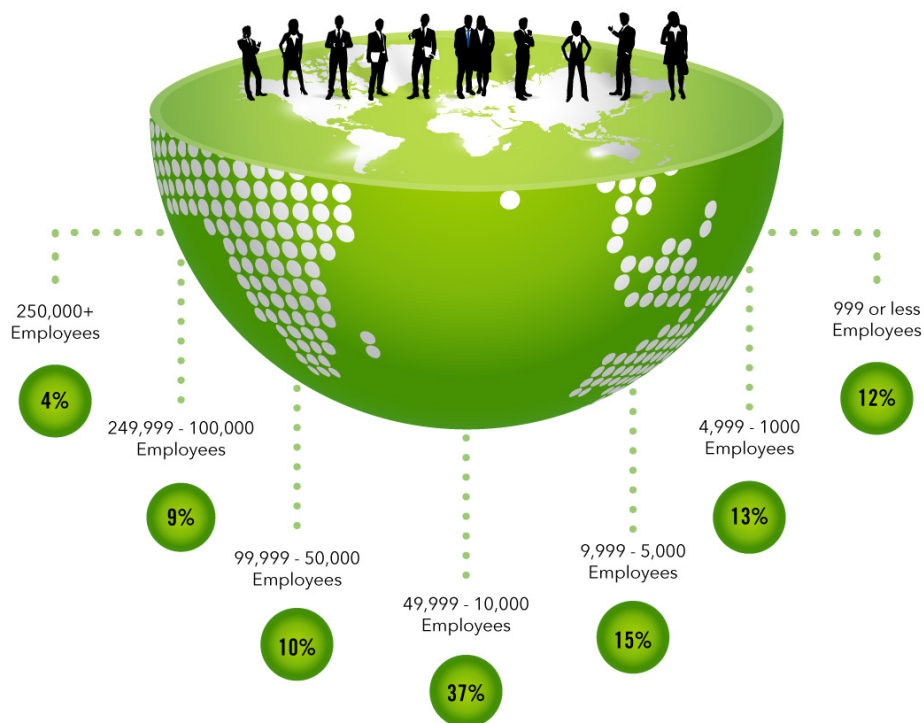
Beyond Legal Leadership: Today's Chief Legal Officer, Global Strategy and Brand Stewardship featuring Michele Wiener, Senior Managing Director, Compliance, Intelligence, Investigations and Technology, Control Risks; Norman M. Brothers, Jr., Senior Vice President, General Counsel and Corporate Secretary, United Parcel Service; Sharon Ryan, Senior Vice President, General Counsel & Corporate Secretary, International Paper Company; Ivan Fong, Senior Vice President, Legal Affairs and General Counsel, 3M; Suzanne Rich Folsom, General Counsel, Chief Compliance Officer & Senior Vice President - Government Affairs, United States Steel Corporation



The New Model for Investing: Linking Enhanced Corporate Value to Sustainability and Ethical Practices featuring Barbara Brown, Principal and Co-Founder, BrownFlynn; Catherine Blades, Senior Vice President, Corporate Communications, Aflac; Jerome Harper, Vice President, Corporate Social Responsibility, Northern Trust Corporation; Mark Ohringer, Executive Vice President, General Counsel and Corporate Secretary, Jones Lang LaSalle; Andrea Illy, Chairman and Chief Executive Officer, illycaffè SpA

AUDIENCE BREAKDOWN

Company Size by # of Employees



C-Suite Executives

53%
REPRESENTS

Including: Board Member
Chief Executive Officer
Chief Diversity Officer
Chief Audit Officer
Chief Privacy Officer
Chief Operating Officer
Chairman, Audit Committee
EVP, Chief Communications Officer

Senior Level Legal & Compliance Leaders

61%
REPRESENTS

Including: Corporate Counsel
Corporate Secretary
Chief Legal Officer & General Counsel
Chief Compliance Officer
Senior Vice President, Enterprise Risk Management
Partner

AUDIENCE REACH

EMAIL IMPRESSIONS

383,187



Digital Communications promoting the Global Ethics Summit totaled more than 383,000 emails.

TOP TRENDS

Gaining C-Suite Buy-In

Moral Compass

Sustainable Business Advantage

HEADLINE IMPRESSIONS

1.2 Million



December 17, 2015 | Press Release
Ethisphere Announces Key Speakers and Steering Committee for the 8th Annual Global Ethics Summit, Taking Place in New York, March 9-10, 2016

655,603 **HEADLINE IMPRESSIONS**
737 **RELEASE READS**

April 4, 2016 | Press Release
Executives Recognize that Consumer Preference is Affected by the Perception of Corporate Behaviors, Ethisphere Survey Finds

366,836 **HEADLINE IMPRESSIONS**
913 **FULL RELEASE READS**

TWITTER IMPRESSIONS

1.8 Million*



FROM:
1/1/16 – 3/16/16

1,862,304
TWITTER IMPRESSIONS

*@GES_2017,
#GlobalEthicsSummit
& "Global Ethics Summit"

PARTICIPANTS

3M	CIPE Center for International Private Enterprise	Foley Hoag LLP
ABB Group	Cisco Systems, Inc.	Footprint Partners
Abercrombie & Fitch Co.	Citrin Cooperman & Company, LLP	Front-Line Anti-Bribery LLC
ABILITY Magazine	Cleveland Clinic	FTI Consulting
AECOM Technology Corporation	CMS Energy Corp	Gates Corporation
Aflac Incorporated	Colgate-Palmolive Company	GE
Allen Global Consulting LLC	Compliance Science, Inc.	GEC Risk Advisory
ALM Corporate Counsel Group LLP	Compliance Week	Granite Construction Incorporated
American Stock Transfer & Trust Company	ConAgra Foods, Inc.	H-E-B Grocery Company
Aramark	Concurrent Technologies Corporation	Hasbro, Inc.
Arthur J. Gallagher & Co.	Contour Global Management Inc	Health Care Service Corporation (HCSC)
Association of Certified Anti-Money Laundering Specialists (ACAMS)	Control Risks	Helios Digital Learning, Inc.
Association of Corporate Counsel (ACC)	Convercent	Henry Schein, Inc.
Assurant, Inc.	CooperKatz & Company, Inc.	HighPoint Global, LLC
Avaya	Corporate Risk Holdings	Hitachi Data Systems
Avnet, Inc.	Corporate Secretary	Hitec
Avon Products, Inc.	Cravath Swaine & Moore LLP	Holland America Line
Ballard Spahr LLP	CREATE.org	Hospital Corporation of America (HCA)
Baptist Health South Florida	CSG Systems International, Inc.	HSBC Holdings plc
BDO Seidman, LLP	Danone	Iberdrola, S.A.
Black & Veatch Holding Company	Dartmouth College	IEX
Blue Shield of California	Dell Inc.	illycaffè SpA
Blue Umbrella	Deloitte	Ingersoll-Rand Company
Booz Allen Hamilton Inc.	Delphi Automotive PLC	Ingredion Incorporated
British American Business	Delta Air Lines Inc	Intelligize, Inc.
Broadridge Financial Solutions	Diligent Board Member Services	Interactive Services
BrownFlynn	Donald L. Mellman, MD, Inc.	International Compliance Association - ICA
BSR	Dun & Bradstreet	International Paper Company
C.R. Bard, Inc.	E I Du Pont De Nemours and Co	Interproteccion
CA Technologies	Edo State House of Assembly	J.M. Huber Corporation
Caliber	Elektro Eletricidade e Serviços S.A	Jenner & Block LLP
Canon USA	Eli Lilly and Company	Johnson Controls, Inc.
CareFirst BlueCross BlueShield	Emory University	Jones Day
Catalent Pharma Solutions	Ethics & Compliance Initiative (ECI)	Jones Lang LaSalle Incorporated
Cementos Progreso, S.A.	Excellus BlueCross BlueShield	Kao Corporation
CH2M Hill	Federal Bureau of Investigation (FBI)	Kennametal Inc.
Chemtura	Ferring Pharmaceuticals	Kids in Need of Defense (KIND)
CHS Inc	Financial Times Group	Knights of Columbus
	Foley and Lardner LLP	KPMG

Kroll	PKN ORLEN S.A.	TE Connectivity
L'ORÉAL	Porsche Cars North America, Inc.	Teradata Corporation
LaSalle Investment Management	Precision Castparts Corp.	The AES Corporation
Leidos	Premier, Inc.	The Boeing Company
LinkedIn Corporation	Prometric Inc.	The Coca-Cola Company
Lipscomb University	Prosek Partners	The Conference Board
Liquidity Services, Inc	PwC Center for Board Governance	The Cybersecurity Law Report
Littler Mendelson P.C.	R. McConnell Group PLLC	The Fairfax Group, LLC
LRN	Realogy Holdings Corporation	The FCPA Report
ManpowerGroup	RepRisk	The J.M. Smucker Company
Marriott International, Inc.	RGA Reinsurance Group of America Inc	The Max Cure Foundation
Marsh & McLennan	Ricoh Company, Ltd.	The Nielsen Company
Massachusetts Mutual Life Insurance Company	Robert F. Kennedy Human Rights	The Tata Power Company Limited
MasterCard	Rockwell Automation, Inc.	Thrivent Financial
Maxim Healthcare Services Inc	Royal Caribbean Cruises Ltd.	TOTE, Inc.
McGraw Hill Financial, Inc	Ruby Tuesday, Inc.	TRACE International
Microsoft Corporation	SABIC Innovative Plastics	TSYS
Milliken & Company	SAI Global	U.S. Bancorp
Mitsubishi Motors Corporation	Society of Corporate Compliance and Ethics	UCB, Inc.
Morrison & Foerster	Schnitzer Steel Industries, Inc.	United Services Automobile Association (USAA)
Metropolitan Transportation Authority	Schulte Roth & Zabel LLP	United States Steel Corporation (U.S. Steel)
National Association of Corporate Directors	ScottishPower	United Technologies Corp UTC
National Grid	Second City Works	University Hospitals
Navex	Securimate	UPS
News Corp	Semler Brossy	Verztec Consulting
NextEra Energy, Inc.	Sharp HealthCare	Visa Inc.
Nielsen Merksamer Parrinello Gross & Leoni	Shriners Hospitals For Children	Vizient, Inc.
Northern Trust	SNC-Lavalin	Voya Financial, Inc.
Northwell Health	Solenis LLC	Wal-Mart Stores, Inc
NorthWestern Energy	Solution Road Inc.	Wall Street Journal
Old National Bancorp.	Spectra Energy	Welsh Government
Oliver Wyman Group	Starbucks Coffee Company	Western Digital Corp.
Omega Compliance Ltd.	Starwood Hotels & Resorts Worldwide, Inc.	Weyerhaeuser Company
ON Semiconductor	State Street Corporation	Wyndham Worldwide Corporation
Oshkosh Corporation	STEELE	Xerox Corporation
Panasonic Corporation of North America	Stroz Friedberg	
Parsons Corporation	Symantec Corporation	
PepsiCo, Inc.	T-Mobile US, Inc.	
Petco Animal Supplies, Inc.	Tata Steel Limited	

CREATING A STRONG GLOBAL CULTURE

- Companies need to develop strategies to support managers
- Middle management risks are falling into a “regulatory blind-spot”
- Ethics can serve as a differentiator, competitive advantage, and performance enhancer

Middle Management Can Lead a Healthy, “Speak Up” Culture

A common concern of compliance officers and General Counsel today is that employees do not report misconduct for fear of retaliation, despite an emphasis on a company’s non-retaliation policy coming from senior leadership at a regular frequency. The absence of this information reaching the appropriate channels can cause potentially significant troubles down the road for a company. What’s now become clear is that while tone at the top matters, middle managers have an increasingly important role as key players in shaping organizational culture by emphasizing the need for their direct reports to feel comfortable in identifying and reporting misconduct.

“Communicating to employees that it’s okay to speak up is critically important and it has to come from middle management,” said Tom Tropp, Corporate Vice President, Ethics and Sustainability, Arthur J. Gallagher & Co., during the panel discussion on creating an open reporting culture. “It has to be dictated from the top but executed from the middle.”

Last year, when six global banks including Barclays and Royal Bank of Scotland [were fined](#) \$5.6 billion to settle foreign exchange market-rigging allegations, it brought to light the importance of middle management, who fell into a “regulatory blind-spot” according to the U.K.



U.S. Bancorp

“ Ten years ago, when I started as CEO, ethics in my mind was for and about customers and I realized along the way that it is for the employees who will then transfer that belief and remarkable relationship to the customers ”

Financial Conduct Authority (FCA). The misconduct occurred when traders manipulated foreign exchange rates at the expense of their clients through sharing confidential internal information in a chatroom to boost their profits. Investigations revealed the structural problems in the finance sector, such as a lack of oversight and a breakdown in culture on Wall Street, triggered the scandal, which led to a flurry of fines. In essence, the regulator released guidance that will now hold Senior Managers accountable for wrongdoing.

In order to prevent lapses in oversight from these middle managers, companies need to develop strategies to support managers getting the right messaging out to their teams.

“One thing we find is that a lot of managers want to do the right thing,” said Allan Tananbaum, Vice President, Compliance & Deputy General Counsel, Ingersoll Rand. “But they’re busy or their skill set doesn’t necessarily align with our messaging so we have designed strategies to spoon feed them content that they can use to deliver directly to their teams.”

CEOs and CLOs on Ethical Advantage

In another panel discussion featuring CEOs and Board members of top-performing companies, the central focus was around building authenticity and integrity, which the panel members emphasized are critical to long term business success. The leaders agreed that in order for



business to be done the right way, companies should shift their mindset and invest in two critical areas: engagement and alignment.

“Ten years ago, when I started as CEO, ethics in my mind was for and about customers,” said Richard Davis, Chairman, President & CEO, U.S. Bancorp. “And I realized along the way that it is for the employees who will then transfer that belief and remarkable relationship to the customers.”

Companies often hear that ethics can serve as a differentiator, competitive advantage, and performance enhancer, and V.

Ann Hailey, Independent Director and Chair of Audit Committee, Realogy, added that organizations need to effectively align and embed ethics into their daily operations. “If you don’t demonstrate ethics to employees you won’t be able to get the talent that you need to run your organization,” Hailey said. “Ethics is more than a program but a culture--a belief within the organization.”

This notion remains the same for technology companies like 3M where creating a sustainable competitive advantage means retaining a talented workforce. Ivan Fong, Senior Vice President, Legal Affairs and General Counsel, 3M, and a speaker in another plenary session featuring CLOs, said that strong leadership is very important and it will help businesses lead through turbulent times. “As a company on the forefront of innovation for more than 112 years, our leadership feels that they have the responsibility and the duty to make



Henry Schein, Inc.

“ We want deep team engagement but the secret sauce at Henry Schein and at most successful companies is society. If you engage your constituents and try to make a difference in the world, that in itself will drive value ”

sure that in another 100 years we are continuing to develop leaders of the future.”

Stanley M. Bergman, Chairman of the Board and CEO, Henry Schein, Inc., agreed with this sentiment. He added that while investors, customers and suppliers remain an important constituent of the business, the focus should always be on the community. “We want deep team engagement but the secret sauce at Henry Schein and at most successful companies is society,” said Bergman. “If you engage your constituents and try to make a difference in the world,

that in itself will drive value.”

Breaking Down Barriers

One of the most critical elements of creating a strong culture discussed throughout the Summit was the use of effective communication, and how that can cultivate relationships and foster a culture of compliance around a company. In fact, when Compliance, Investor Relations and other parts of the business work together and cut across silos, they can tap into new resources and become more efficient.

“Proactive communication; sharing examples of where the company does something very well; discussing challenges and eliciting conversation can make the case for why Compliance policies, procedures and practices are relevant,” said James Zappa, Executive Vice President and General Counsel, CHS Inc., during a panel discussion

KEY TAKEAWAYS

- While every company has a culture, not all elements may contribute to longevity and success
- Compliance is a comparative exercise
- Standards are deliberately written broadly such that organizations can adapt them to their own reality

on building internal relationships across an organization. He stressed that while every company has a culture, not all elements may contribute to longevity and success. “Whenever there’s an issue, you must investigate it. Period. There shouldn’t be a struggle. Both roles [the General Counsel and Chief Compliance Officer] have the same focus on driving the culture forward.”



Realogy

“ If you don’t demonstrate ethics to your shareholders, you won’t have shareholders and if you don’t demonstrate ethics to employees you won’t be able to get the talent that you need to run your organization ”

Defining and Measuring Corporate Culture

Many organizations represented at the Summit said they regularly survey employees to get a sense of their engagement within the company. While engagement surveys are a good tool, including a handful of questions on ethics and compliance issues does not provide a complete picture. During an interview, Erica Salmon Byrne, Executive Vice President at Ethisphere and the Executive Director of the Business Ethics Leadership Alliance (BELA), suggested the following best practices:

- **Triangulation of Data:** Companies can take into consideration their safety, audit incidents and anonymous reporting percentages then layer them by business unit and try to identify those places where things are happening that they need to address.
- **Compliance is a comparative exercise:** The question that executives need to ask is “Am I living by the government standards?” Because the standards are deliberately written broadly such that organizations can adapt them to their own reality. Companies need to understand what their peers are doing as well.
- **Identifying red flags:** Organizations are starting to mine the data they have internally, maintained outside of the ethics and compliance function, to spot potential risk.



“ The board has to understand the culture and they have to begin to influence the choice of the CEO and others

Samuel A. Di Piazza, Jr. Board Member of JLL and AT&T; Retired Global CEO of PwC ”



Jean-Marc Levy, President, LRN; Melissa Stapleton Barnes, Chief Ethics and Compliance Officer and Sr. Vice President, Enterprise Risk Management, Eli Lilly and Company; Amyn Thawer, Head of Compliance & Integrity, LinkedIn; Robert Bostrom, Senior Vice President, General Counsel and Corporate Secretary, Abercrombie & Fitch Co.; Brian Beeghly, Vice President, Compliance, Johnson Controls



Richard Buchband, Senior VP, General Counsel, Secretary and Chief Compliance Officer, ManpowerGroup; Daniel Trujillo, Senior Vice President, Chief Ethics & Compliance Officer, Walmart International

Alex Dimitrief, General Counsel and Senior Vice President, GE; Neal Hochberg, Senior Managing Director and Global Leader, Forensic & Litigation Consulting, FTI Consulting



Timothy Erblach, Chief Executive Officer, Ethisphere; Brad Katsuyama, CEO and Co-Founder, IEX Group; Focus of Michael Lewis' book "Flash Boys"

Patrick Quinlan, CEO, Convercent; Don Sinko, Chief Integrity Officer, Cleveland Clinic; Bonnie L. Yeomans, Vice President, Assistant General Counsel and Privacy Officer, CA Technologies; William M. Thomas, Senior Associate Counsel, and Lead - Privacy Oversight and Privacy Working Groups, Royal Caribbean Cruises Ltd.; James Vitrano, General Counsel and Vice President Franchise Development & Operations, Ruby Tuesday

CASE STUDY

GE'S GENERAL COUNSEL: COMPANIES NEED TO COOPERATE AND NOT COMPETE



When ethical lapses occur, they usually happen in dark and poorly policed corners of a company. Given that bribery and corruption

risks continue to increase, the focus, however, remains on employees and their responsibility to make the right decisions. For many major companies, building and sustaining a winning culture does not happen overnight, but it is seen as a process—one that must be consistently reinforced by leadership.

At General Electric (GE), the common perception is that employees count on each other to do the right thing as opposed to taking an easy way out of an ethical dilemma. “When you talk about doing business the right way, it is not that complicated, you don’t need a 125-page Code of Conduct, and it’s not only about the rules, but do people understand and believe in them?” said Alex Dimitrief, General Counsel and Senior Vice President, GE, during his opening keynote at Ethisphere’s recent Global Ethics Summit. “In my opinion, 10 minutes from a company’s CEO, 10 minutes from the CFO and 10 minutes from the General Counsel at a staff meeting or town hall discussing why integrity is important to a company is worth thousands of hours of training.”

Long-term Commitment to Integrity

For many leading companies, doing business in emerging markets does present a myriad of challenges. In some countries, where corruption is rampant, companies are tasked with doing business in the right way to build credibility and increase profits. In cases as such, Dimitrief stressed that keeping the focus on integrity as companies enter into emerging markets is one of the many factors that can make a business sustainable over the long term.

“Being one of the companies that government officials know that they can trust to do business in the right way and won’t betray their trust, and the trust of their people, is a huge advantage for us,” added Dimitrief. “In the business we are in, we are thinking about our shareholders and being in business for the next 100 years.”

Another important issue that Dimitrief highlighted is fostering a speak-up culture. At a company as large as GE, with thousands of employees scattered around the globe, the question becomes: How does GE create a culture where employees feel safe to raise their hand? Dimitrief said that fewer, but enhanced, training sessions are more effective, while shorter and concise principle-based policies can help drive

KEY TAKEAWAYS

- Keeping the focus on integrity as companies enter into emerging markets is one of the many factors that can make a business sustainable over the long term
- Sustaining a winning culture does not happen overnight
- Shareholders want integrity and transparency

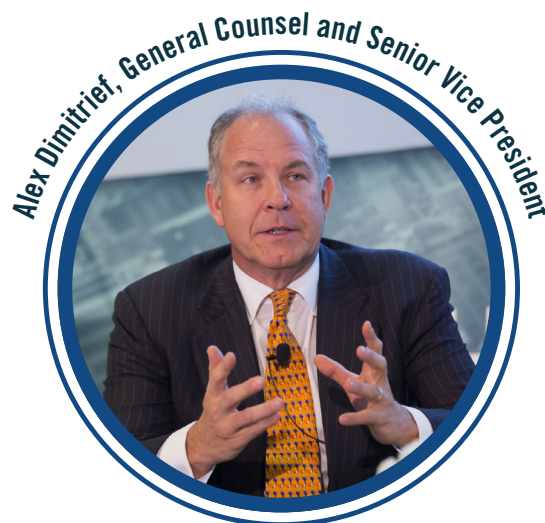
greater transparency across the organization.

In effect, workflow and processes can directly impact a company's ethical climate as well. Adding on more processes to an already complex structure can have an adverse effect on business operations. "It is a mistake to treat an ethical failure as a failure in process," added Dimitrief. "When someone strays from the principles of integrity it would be unfortunate if the reaction—as it sometimes is—would be if we can only add one more approval requirement."

Communication, More Transparency and Interaction

When it comes to best practices, Dimitrief said that company leaders should continue to focus on building their programs by working together, interacting and collaborating with their peers in the industry.

"As I said at the recent Business Ethics Leadership Alliance (BELA) meeting, the best insurance policy that you have is a commitment from the top to the bottom of your company to integrity," said Dimitrief. "Roundtables like BELA where we had 15 leading companies that are committed to integrity just get together as the General Counsel and the Chief Compliance Officer and share best practices is an area where we can learn from each other... and we all can benefit from a system of integrity."



GE

" In my opinion, 10 minutes from a company's CEO, 10 minutes from the CFO and 10 minutes from the General Counsel at a staff meeting or town hall discussing why integrity is important to a company is worth thousands of hours of training "

OUTBEHAVING TO OUTPERFORM

At values-based, purpose-driven organizations, falling rates of misconduct go hand-in-hand with rising business outcomes

Written by:
Michael Eichenwald
Susan Frank Divers
LRN

Among the greatest challenges facing the ethics community is the widespread belief that the process of building organizations that do the right things

is inherently at odds with increasing productivity and profitability. And not without cause: The typically trod paths to compliant behavior – increasing layers of control and bureaucracy, opaque policies and procedures, risk aversion that paralyzes decision making – too often can stifle business operations, innovation and growth.

But this should not be the case. Properly conceived and thoughtfully executed, ethics and compliance initiatives cannot only help to ensure that companies do the right thing, they can be a key driver of business success.

That's the unavoidable conclusion of the latest edition of LRN's HOW Report, one of the most ambitious, long-term research projects in the field of ethics. You can download a copy [here](#). The 2016 edition of the HOW Report – based on comprehensive data gathered from more than 16,000 employees at for-profit, not-for-profit and governmental institutions in 17 countries – proves that to outbehave is to outperform as values-based, purpose-driven organizations produce the strongest business results.

Indeed, the HOW Report found that 94% of employees at organizations that have a clear mission, are values-based and led with moral authority – we call these Self-Governing Organizations – report recent increases in market share, versus 74% and 32% of employees in other types of organizations. The HOW Report compares organizations governed by purpose and values (Self-Governing) to two other archetypes – those where systems are primarily organized around rules and interest, and those primarily organized around tasks and formal authority. This trend holds across financial performance, competitive positioning, innovation levels, customer satisfaction and brand reputation, among other critical performance outcomes. Tellingly, this significantly better performance applies to misconduct, as well. For example, a mere 2% of employees at Self-Governing Organizations report having

observed misconduct in the workplace, versus 8% and 34% for the other types of organizations.

As much as anything, then, LRN's data contradicts the perception that there is a costly trade-off between a compliance program and an organization's business performance. In reality, the two are mutually re-enforcing. And while achieving such harmony is by no means a simple task, the 2016 HOW Report – combined with LRN's two decades of work with hundreds of clients across the globe – provides a road map for getting there. To do so, however, ethics and compliance officers must embrace four crucial ideas.

1. CECOs cannot do it alone. LRN's work finds that three systems animate individual and organizational behavior: Governance, Culture, and Leadership. Governance refers to formal structures, rules, and policies. Culture refers to how things really work around an organization – norms, traditions, habits, and mindsets. Leadership refers to how power works within an organization – how leaders behave, the source of authority and how it is exercised. Governance is the usual tool through which CECOs attempt to minimize misconduct and maximize doing the right thing, but the culture and leadership are far more important.

Ultimately, building a values-based organization requires a management team that understands the need for organizational buy-in to principled behavior. Employees at Self-Governing Organizations experience their leaders as demonstrating particular qualities, for example, a deeper commitment to values and a heightened sense of connectedness among employees, to a greater extent than would those in rules-based or power-based organizations. And that's exactly what the HOW Report found. Across four broad areas of inspirational leadership, 96% or more of employees at Self-Governing Organizations described their leaders as exhibiting such qualities, versus 28% to 42% of employees in the other organizational types.

2. It's the culture, stupid. Of course, even the best leaders cannot be everywhere all the time, which



is why the culture of an organization matters so much. The 2016 HOW Report demonstrates that the elements of a strong and moral organizational character have a cascading effect on employee behavior and performance. Specifically, character is part of an organizational “core” that has an impact on business performance that is 3.9 times greater than the impact of behaviors alone. Too often the traditional instruments of compliance—policies, controls, education—are primarily focused on getting employees to do the next thing right. Strong character, on the other hand, inspires employees to do the next right thing.

The 2016 HOW Report found that 92% of employees in Self-Governing Organizations report a willingness to report misconduct, versus 66% and 28% of employees at rules and task based organizations. Similarly, in Self-Governing Organizations only 23% of employees report having observed retaliation for speaking out versus 68% and 92% for employees of the other types of organizations. In a hyper-connected world – where a single employee can irreparably damage an organization’s reputation or balance sheet with one key stroke – strong organizational character is the best bulwark against forces that can bring a business to its knees.

3. Ethical organizations are innovative organizations. It’s not an accident that values-based organizations outperform across all conventional indicators. LRN has found that strong-character organizations are also high-trust organizations. That is to say, organizations in which the overwhelming majority of people believe that employees at all levels are aligned in a common pursuit of significance and integrity are more likely to extend trust to each other. And while these may sound like warm-and-fuzzy “soft” benefits, they actually produce bottom-line “hard” results. Specifically, the 2016 HOW Report shows a measurable connection between trust and innovation, the life blood of organizational progress.

High trust allows for risk-taking, fostering innovation, which is the key driver of performance. We call this

dynamic: T.R.I.P.[®], and our research shows that employees who work in high-trust environments are 32 times more likely to take risks that might benefit the company, 11 times more likely to see higher levels of innovation relative to their competition, and 6 times more likely to achieve higher levels of performance compared with others in their industry.

4. Building values-based, purpose-driven companies at scale requires systems. In our study, people at organizations with fewer than 2,000 employees were on average 70% more likely than those at organizations with 10,000 or more workers to describe their leaders as possessing the qualities necessary to shape character and build trust. This makes sense. Most CEOs are reasonably successful at creating Self-Governance within their team, e.g., people they’ve hired, meet with regularly and with whom they work closely. But they generally fail to scale these same dynamics across their organizations, with the challenge intensifying as employees work further away from the C-Suite. On average, in fact, senior managers and executives experience 20 percentage points greater degrees of trust, transparency and collaboration compared to employees at other levels of an organization, and the gap widens with hierarchical distance.

These challenges highlight the need for leaders to go beyond “modeling” ideal behaviors through tone at the top or middle, and to think broader than the hiring of the right direct reports or key lieutenants. Too many organizations believe that they can change behavior without taking on the deeper challenges of fostering trust. The imperative and opportunity for today’s CEO is to inspire and to help management embark on the journey to principled performance – re-designing governance, shaping culture, and elevating leadership so that they are suited to outbehave in a reshaped world.

Michael Eichenwald and Susan Frank Divers are leaders in the Advisory practice at [LRN](#).

CYBER ATTACKS, COMPANY IMAGE, AND COMPLIANCE

- One in five employees polled would sell their work credentials to hackers, says report
- Innocent mistakes by employees can provide an opportunity for intruders to strike
- The Board is concerned about strategies relating to privacy and cybersecurity

Global businesses have extraordinary risk landscapes, from fragmented supply chains to dynamic business models, mobilized workforces and digitized information—all of which create opportunities for integrated efficiencies and also cyber threats.

Cyber threats expose the most sensitive asset to any company: its information. When this happens, the company's reputation is not only on the line but it exposes the company to costly procedures and possible litigation.

“The reality is that a vast majority of the intelligence and evidence related to cyber threats lies on private networks, which the government does not have access to,” said John Riggi, Section Chief, Cyber Crimes Division, Federal Bureau of Investigation. “Most companies in the United States face different types of adversaries including criminal organizations, who are mainly financially motivated”, added Riggi. “This information is openly sold and traded on the dark web, we see it all the time, but some of the more advanced companies have threat intelligence units which monitor the dark web to see if their information is out there or if their company is mentioned on some of the criminal forums.”

Dealing with Insider Threats

In some cases, the biggest cyber threats may exist within the organization such as employees, contractors or even law firms. On a deeper level, employees remain the weakest link. Sometimes disgruntled employees may sell confidential information and data to criminals and hackers.



Federal Bureau of Investigation

“ The reality is that a vast majority of the intelligence and evidence related to cyber threats lies on private networks, which the government does not have access to ”

In March, [a report by SailPoint](#), an Austin, Texas-based identity and security management company, revealed that one in five employees polled would sell their work credentials to hackers—an uptick from last year where 1 in 7 would do the same. Meanwhile, 44 percent claimed they would do it for less than \$1,000. To make matters worse, some were willing to sell company information for less than \$100.

Rachel Reid, Chief Counsel and Chief Privacy Officer, Voya Financial, told the audience at the Global Ethics Summit that there are two categories of insider threats: bad

actors hired by the company or rogue employees; and then there are innocent mistakes or human errors made by employees such as leaving files exposed, or not securely protecting company data, which can allow intruders and hackers to penetrate a system.

To combat this, Reid suggested the following practices that can help address both categories of insider threats:

- **Collaborate with IT:** Counsel should work with IT staff and make sure that a company's security profile is addressing both external and internal threats—companies that are less matured in their IT programs are focused on perimeter defenses, such as “locking the front door,” added Reid. “But you need to think about if you have the right system monitoring and access controls to address the issues that arise once the front door is ‘unlocked.’”

- **Training and awareness:** This approach should be two-fold. Employees need to be security conscious and aware of data security issues and be extremely careful in their daily path. It is essential to “build a culture of compliance and a culture of awareness and sensitivity when it comes to privacy issues,” Reid said.



International Paper Company

“ Cybersecurity has gotten so much publicity that the board has asked for it to be the boardroom’s responsibility ”

companies are looking to divide these risks into specific areas or turn to a Chief Information Officer for support.

At International Paper, cybersecurity fell under the purview of Audit and Finance, but over the years this topic has received so much attention that now it is a top priority on the boardroom agenda. For companies operating in volatile and challenging markets, identifying and addressing cybersecurity risks is one way to make a business sustainable over the long term. “Cybersecurity

has gotten so much publicity that the board has asked for it to be the boardroom’s responsibility,” added Sharon Ryan, Senior Vice President, General Counsel & Corporate Secretary, International Paper Company. “It’s something that an Information Technology professional from the company comes and presents directly to the board.”

CLOs on Cybersecurity

Navigating risks in challenging jurisdictions has always been a major issue for many large companies. It seems that almost everything a company does—whether it’s financial transactions, third party engagement or implementing new IT systems—exposes it to some type of risks. Traditionally, risk management is something that the Audit function would be responsible for overseeing but in order to better manage diverse risks, it seems that separation is key.

“What we were seeing is that Audit was the place where all the various risk areas were falling,” said Norman M. Brothers, Jr., Senior Vice President, General Counsel and Corporate Secretary, United Parcel Service (UPS) during a plenary session. Technology has introduced a myriad of new risks and it is one of the many reasons why

While privacy and cybersecurity are a few of the many risks keeping board members up at night, in total, according to Ryan, the Board is primarily concerned about what needs to be done differently and how the company can get there.



“

You should not have really static, firm, technical language, in your privacy and cybersecurity section. You should be talking about best practices and good principles around confidentiality

Megan Belcher, Vice President and Chief Counsel – Employment and Compliance, Legal & Government Affairs, ConAgra Foods

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HOW DIVERSITY CAN PAY DIVIDENDS

- Diversity starts with strong leadership and setting the right tone
- A 2015 report estimated that over 200,000 victims have been identified in human trafficking cases
- When it comes to human rights, the issue should be defined as a social responsibility

Good CSR means breaking down barriers within an organization and realigning efforts to advance a society. Against this backdrop, a common trend among some top-performing companies involves initiatives that address human rights and gender diversity.

“At a diversity focused stage, you tend to see organizations bringing in diverse groups of people often at the more entry to mid-level ranks,” said Veta Richardson, President and CEO of the the Association of Corporate Counsel (ACC) during a panel discussion on diversity and inclusion, which was moderated by Ty Francis, Executive Vice President and Group Publisher, Ethisphere; and featured Samyra Hicks, Assistant General Counsel, Compliance Matters, Porsche Cars North America, Inc.; and Nancy Dowling, Vice President and General Counsel of Danone – US.

One emerging trend identified during this session is the idea of diversity moving into the board level without much support from Human Resources. In fact, companies are starting to take advantage of this opportunity by ensuring that it is part of their organizational culture. “Long-term strategies should include diversity policies that are consistently supported by leadership and middle management,” said Ty Francis, Executive Vice President and Group Publisher, Ethisphere.

Further Thoughts on Global Diversity and Inclusion

- **Establishing a framework:** Dowling believes that not everyone begins with the same cultural framework as the company's headquarters. “I think that is the



Delta Air Lines

“ Getting in the fight against human trafficking is the morally right thing to do to get involved as a company...it is our social responsibility, and not just a box to check ”

beginning of understanding what diversity really means,” she said.

- **Representation:** Hicks added that in the US, Porsche has created a workforce which represents the local area. She said, “Porsche is in Atlanta, we recently moved near the airport, we built a \$100 million experience center, which we’re very proud of and we required all of our contractors, all of our onsite vendors to recruit in the local community.”

- **Leadership’s role:** Based on Richardson’s experience, she learned that diversity truly starts with strong leadership and setting the right tone. “Our board won’t turn back in terms of the diversity results,” she said. “Our challenge right now is how do we get our Board of Directors together because of diverse time zones.”

The Link between CSR and Human Rights Protection

The U.S. Department of State’s 2015 Trafficking in Persons Report estimated over 200,000 identified victims of trafficking since 2010 based on global law enforcement data. At its core, human trafficking is a people issue, more than a company issue. Companies, however, are in a position to take a leading global stance, working with local governments and better serving and committing resources to communities in need through robust CSR initiatives. This was one of the many critical points highlighted at a panel discussion on human rights and what companies can do to help this crisis.

“The United Nations estimates that 1.8 million children are

used every year for commercial sex— so this is not so minor of an issue that people don't need to think about it,” said Ernie Allen, Co-Founder, President & CEO (Retired), The National Center for Missing & Exploited Children (NCMEC). “I would argue that these are particularly relevant for corporations and businesses in the world of globalization-- the reality is most of us have supply chains that are far beyond our reach in control and we have to take steps to address that.”

The following are some key takeaways discussed during the panel:

- When it comes to human rights, the issue should be defined as a social responsibility and is something that's not just a thing to do or a box to check, but something that should truly get all levels of employees engaged in the fight.
- Marriott has been involved in training and raising awareness over ten years and the company recognizes that addressing human trafficking is ethical and the right thing to do, Kimberly Shur, Vice President and Assistant General Counsel, Global Compliance, Marriott International, told the audience. “Our motto is how we do business in the right way and sometimes we are on the frontlines because hotels are often the place where this type of activity occurs,” Shur said.



Marriott International

“ Our motto is how we do business in the right way and sometimes we are on the frontlines because hotels are often the place where this type of activity occurs ”

- At major engineering companies such as CH2M, support from the government remains important and over the years, there has been a lot of progress. “Our approach to it is to have a multi-disciplinary taskforce such as getting the legal department involved, procurement, our human resources and operations so that each department build in our new best practice into the work that they do everyday,” Theresa Loar, Senior Vice President Global Corporate Affairs, CH2M, said.
- Supply chains need to be carefully monitored and companies should work actively and consult with them about human rights issues.

Last November, Geneva-based Nestlé disclosed that slavery and forced labor were present in its seafood supply chain. After a global audit, the food giant found that seafood workers in Thailand were forced to catch fish under inhumane conditions, which ended up in its supply chains. While the global food company publicly acknowledged slavery in its supply chains, it promised to publish a detailed one-year strategy that addresses human trafficking among its Thai suppliers, raise awareness and incentivize boat owners and managers on human rights standards.



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Long-term strategies should include diversity policies that are consistently supported by leadership and middle management

Ty Francis, Executive Vice President and Group Publisher, Ethisphere

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Wired Differently: The Ethical Challenges of a Multi-Generational Workforce



Written by:
Sean Freidlin
SAI Global

As we develop our ethics and compliance programs, increased focus is being turned to Millennial workers and how to engage them. We seek to use their generation's technology- mobile access, byte sized modules, and gamification - to 'instill' an ethics and compliance culture that's been molded by the Boomers and Traditionalists before them. But does this established ethical framework actually correspond with the core values, and perception of ethics, at the heart of the new workforce? Do different generations view ethics through a different lens?

For example, is a 40-year industry veteran or a new, fresh out of college employee more likely to leak confidential company information if it doesn't correspond with their personal values? Which of those two employees do you think is more likely to report misconduct in the workplace if they witness it?

According to data from the U.S. Census Bureau, Millennials have surpassed Baby Boomers as the largest segment of our current population. In 2016, 25% of the modern American workforce is between 21-34 years old, and by 2020, as Boomers retire and college graduates continue to enter the job market, 50% of the American workforce will be Millennials.

So why does this matter to CCOs, CECOs, HR departments and regulatory bodies? Simply put, many Millennials deem certain unethical business behaviors to be ethical.

The 2013 National Business Ethics Survey (NBES) polled over 6,000 Millennial (born 1981-2000), Generation X (born 1965-1980), and Baby Boomer (born 1946-1964) employees in the United States on a variety of ethical issues. One of the most revealing data points from the NBES emphasizes that Millennials, more than any other generation, have a very high risk for noncompliance. 48% of Millennials surveyed observed misconduct (41% of Gen X and 37% of Boomers), but 26% of them (16% of Gen X and 12% of Boomers) would turn a blind eye to that very same misconduct and not report it.

Those unreported acts of misconduct included inappropriate expenses, conducting personal business on company time, lying to colleagues, abusive behavior, and discrimination.

Reading that, you might think a fear of retaliation for speaking up could play a role in the lack of reporting, but only 31% of Millennials report a fear of retaliation from senior leadership (35% of Boomers and 39% of Gen X) and only 26% of Millennials fear retaliation from their direct supervisor (31% of Boomers and 34% of Gen X).

But this isn't just about the risk of what Millennials don't do. 37% of Millennials believe using social media to do research on the competition is ethical. Other behaviors considered "ethical" through the lens of a Millennial include "friending" clients and customers, uploading personal photos at work, keeping copies of confidential documents, buying personal items on the company card, and tweeting or blogging negatively about an employer.



So, maybe Millennials just don't care about ethics and values?

But they do. Deeply. The 2016 Deloitte Millennial Survey represents 7,500 college educated, fulltime employees from 29 countries. When asked what factors influence their decision-making at work, the most influential factor was their personal values and morals. 70% of Millennials believe their personal values are shared by the organization they work for, and they rank a solid ethical foundation built on trust, integrity, and honesty as one of the three most important values to the long-term success of a business. Finally, organizations that “do the right thing” are more likely to have Millennial employees stick around and be loyal compared to those that don't. If ethics and values are so important to Millennials and the jobs they chose, why doesn't their behavior always reflect those sentiments once put to the test?

The NBES survey reveals that Millennials feel as though they have the lowest levels of influence (56%) when compared to Baby Boomers (59%) and Gen X (84%). It's easy to understand why a younger employee won't speak up to report misconduct if they don't think anyone is listening. Paula Davis, VP Learning Product Strategy at SAI Global, provides 3 key pieces of advice to organizations seeking to adapt their E&C programs to the youth movement entering their workforce:

1. Make sure training and education is easily accessible in any situation. Data from the NBES shows that Millennials are the most likely generation to utilize company resources when facing an ethical dilemma, but also feel the least prepared of anyone in the office. When you consider their “always on” relationship with social media and technology, and its effect on their attention, it makes sense that younger employees expect more exposure and variety in ethics and compliance education. Reach them with the tools and channels they prefer by complementing annual training with shorter, more frequent exercises like collaborative group workshops, as well as Gamification, experiential learning, social tools, quick videos, infographics, and mobile apps.
2. Bring Millennials into the design process of your compliance program. Aside from building your program around input from compliance, SMEs, and management, consider looping in Millennial colleagues for feedback, new ideas, and a fresh, tech-forward perspective. Not only can you improve your program, but you'll also help foster a collaborative culture and champion adoption among their peers.
3. Don't try to solve the problem alone.

Tone at the top and tone from the middle are important, but must be sincere and meaningful, not “dialed-in” and halfhearted. Millennials don't just have high expectations of managers to assist and mentor them, but have also been trained by their digital relationships and social media to detect when a message is genuine (or not). This demands real engagement from managers to achieve compliance goals and develop ethical leadership. Mentorship programs can connect colleagues that may not normally interact with each other and, in doing so, help support their personal and ethical development as well.

We're all exposed to the same risks and repercussions at work, but we don't all see them through the same ethical lens. No matter how people from different generations see the world around them, everyone is held to the same standards, rules, and regulations.

ANTI-CORRUPTION AND TRANSPARENCY

- A recent survey highlighted that there is more engagement from the board and CEOs as bribery and corruption issues continue to rise
- The US has been aggressively pursuing American and foreign companies on bribery charges
- Companies should consistently promote a speak-up culture

Corruption risks continue to confound many companies, and as company leaders struggle to keep up with regulatory changes, one thing is certain: this year, companies believe they will face an increased risk of corruption due to global expansion.

The United States, for example, has made fighting corruption around the world a priority. The size of the cases brought by the Department of Justice (DoJ) and Securities and Exchange Commission (SEC) and the number of fines collected has greatly decreased from the previous years. Simply put, in 2014, the DoJ and SEC collected over \$1.5 billion in fines and in 2015, that number decreased to roughly \$142 million, which points to the question: Is FCPA enforcement dead?

“Reduced fines is not going to convince people that this is over,” said Joseph Azam, Senior Vice President, Legal & Group Chief Compliance Officer, News Corp, during a panel discussion on anti-corruption. “If anything, this demonstrates the fact that there is some unpredictability here and you need to keep a sustained commitment.”

The US has been aggressively pursuing American and foreign companies on bribery charges around the globe – most notably France. In fact, one report revealed that in the last four years, the DoJ raked in more than \$1.3 billion in negotiated fines from four large French companies. This is a clear indicator that the US will only continue to step up its anti-corruption enforcement game in the coming years.

“In the face of crisis, suddenly everyone wants a strong



Symantec

“ We want the company to think larger; we want them to rely on us to be a place of trust for the company ”

compliance program,” said David Fontaine, Chief Executive Officer, Corporate Risk Holdings. “Suddenly everybody wants to do it right and it’s the sustained, low-level approach to this—the consistency to it— is where I think that people are moving.”

Report: bribery & corruption risk on the rise

Another key feature at this year’s Global Ethics Summit was the release of Ethisphere and Kroll’s 2016 Anti-Bribery and Corruption Benchmarking Report. The report, titled “The Year of Global

Expansion and Enforcement”, polled more than 250 compliance and governance officers, where 54 percent believe that an uptick in third party relationships may increase their company’s exposure to risk. The report shows that companies are still flummoxed by aggressive global regulations, a lack of comprehensive due diligence and oversight of third parties.

The brighter part of the picture, however, is that survey respondents are seeing more engagement from the board and CEOs as bribery and corruption issues have crept up to the boardroom agenda. Forty-seven percent of respondents noted that their company leadership is “highly engaged” in anti-bribery and corruption efforts. But many still cannot say whether their board (33 percent) or own CEO (26 percent) is involved—leaving considerable room for improvement in this area.

The survey also asked respondents about their confidence in catching different kinds of misconduct, and employee misconduct was clearly the area companies feel the best

about. Confidence in detecting books-and-records violations fared only slightly better than confidence in catching third parties. Thirty-six percent of participants reported high confidence in their ability to detect books-and-records violations, and 52 percent reported slight confidence. This was a significant increase over last year, when approximately half of the survey's participants reported feeling less than confident.

Other major findings include:

- **Third parties represent a persistent risk, but some pitfalls are preventable:** Forty-seven percent of respondents deal with more than 1,000 third parties, while 17 percent deal with more than 25,000 in a given year. Much of the data suggests that companies might be growing overwhelmed by managing such volumes of third party relationships, with almost half of the respondents reporting that they do not have enough resources to support their organization's anti-corruption efforts.
- **Organizations are "buying" risks along with their M&A transactions:** Last year was a major year for M&A activity. While M&A represents key growth opportunities for the business, compliance officers



News Corp.

“Reduced fines is not going to convince people that this [FCPA] is over”

rarely—if ever—participated in the transaction early enough to be able to exert an influence in the due diligence process. Only 72 percent of respondents indicated that they had anti-corruption measures or programs in place for M&A transaction targets.

- **Concerns over personal liability are growing:** Almost one-third of respondents (29 percent) indicated that they are more concerned about personal liability than they were in prior years. According to the report, compliance professionals, and company boards, are expected to grapple with this issue of personal liability throughout 2016.

From a compliance perspective, executives believe that if more employees speak up it will help the US in its fight to stamp out corruption around the globe. “We want the company to think larger; we want them to rely on us to be a place of trust for the company,” said Carolyn Herzog, Chief Compliance Officer, Vice President, Legal and Public Affairs, Symantec. “A place that people will come to if they have a concern. Whether it’s harassment or whether or not it’s somebody bribing a government official in another country.”



The only way you’re going to get the buy in is to get that leadership more engaged

David Fontaine, Chief Executive Officer, Corporate Risk Holdings

LEADERSHIP: HOT TOPICS IN THE BOARDROOM

- Ensure that ethics, integrity and character is embodied in everyone who is responsible for hiring or firing
- The challenge for many Board members is understanding a company's culture
- There is a clear division of labor between the Board and Management

“Ensuring the right ‘tone at the top’ for a company is a critical responsibility for each director and the board collectively. Setting the standard in the boardroom that good corporate governance and rigorous compliance are essential goes a long way in engendering a strong corporate culture throughout an organization. How directors can most effectively instill a strong corporate culture and how challenging it is to do so will vary from company to company”

—Mary Jo White, Chair of the SEC

New regulations, enhanced disclosures and an emphasis on accountability have once again placed the board of directors under the spotlight, and in an evolving regulatory era, more than ever, the concept of “tone at the top” remains a hotly-debated topic.

“I’ve seen great companies with great cultures, great tone at the top, and I’ve also seen companies that had all the right words but when you watch them behave—everything was at a 75 percent achievement,” said Samuel A. Di Piazza, Jr. Board Member of JLL and AT&T; Retired Global CEO of PwC.

The challenge for many Board members is understanding a company's culture which is difficult since directors meet a few times per year. “Tone at the top is extremely critical but it is really important to ensure that the culture at the top is set and it goes all the way down to middle management,”

Patricia Diaz Dennis, Board Member



United States Steel Corporation

“Tone at the top is extremely critical but it is really important to ensure that the culture at the top is set and it goes all the way down to middle management”

added Patricia Diaz Dennis, Board Member, United States Steel Corporation, during a plenary session at the Global Ethics Summit on board leadership. “That is a tough nut to crack.”

Diaz Dennis, who has been serving on Boards for over 15 years and has also held various executive positions, including the roles of General Counsel and Corporate Secretary at major companies, said that along the way she learned a few lessons:

- **Hire a top Chief Compliance Officer:** Someone that you can trust and you know will address all the issues. Ensure that ethics, integrity, character, etc. is embodied in everyone who is responsible for hiring or firing—you cannot make decisions based on only past experience or education. “You have to get involved in making sure that ethics and integrity are on the table because it matters and it’s one of the criteria you use to judge,” she said.
- **Succession planning:** This should occur throughout an organization and not only apply to executive management.
- **The Board’s response to crisis:** When a matter of integrity surfaces, how did the board respond to the issue? Did they take it seriously or turn a blind eye? The employees will know whether it mattered to the Board and if they find out that you didn’t address a problem then “you are going to have a credibility issue if you are dealing with tone at the top and you don’t treat it as seriously as you should,” she added.
- **Get to know employees:** This is vital for building trust. Diaz Dennis had the opportunity to meet and get to know various employee groups such as the Latino/ Hispanic/ LGBT groups across the organization.

- **CEOs:** According to Diaz Dennis, companies will encounter an issue if there is a CEO that does not allow members of the company such as the executive leadership team to talk to board members offline.
- **Meritocracy:** A CEO that believes in merit to advance employees can deter unethical activities. “This can be difficult to achieve because, [for instance] the older the company, the less likely it is to exist,” said Diaz Dennis.

Daniel Trujillo, Senior Vice President, Chief Ethics & Compliance Officer, Walmart International, said that compliance is part of the Board’s agenda at Walmart and it remains critical to their business. “We explain to the board that they want compliance by design and from compliance, we want the commitment—we want to be sure there is a commitment that goes beyond our own organization of compliance,” he said. While it remains an impossible task to expect all employees to understand ethics and compliance, Trujillo added that,



ManpowerGroup

“ One thing the board can do is make sure that expectations are visible, transparent and there are no surprises ”

“we still have to go beyond and reach all of them. We need to be sure that everyone is doing the right thing.”

The Board vs. management

There is a common perception that there’s no separation between the roles of management and the Board. Recent cases and changes in regulations suggest that there is, indeed, a fine line. “One thing the board can do is make sure that expectations are visible, transparent and there are no surprises,” said Richard Buchband, Senior

VP, General Counsel, Secretary and Chief Compliance Officer, ManpowerGroup. While management and the Board should work in tandem, Buchband explained that directors have a fiduciary duty to understand and fulfill under state law, and similar for overseas jurisdictions. “The management team executes as directed by the board but that doesn’t mean everything must wait for guidance or direction from the board, there is a division of labor and there should be a boundary between the two,” he said.



“

Getting the opportunity to either help or encourage the executives to put compliance on the agenda, on the topic list for big meetings, so they have an opportunity to speak to the masses about that topic is really a great way to see it actually go into action

Paula Loop, Leader for PwC’s Governance Insights Center

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On March 8, 2016 Ethisphere held it's inspiring 10th anniversary Gala Dinner celebrating the 2016 World's Most Ethical Companies® with hundreds of corporate leaders from around the globe, held at Cipriani 42nd Street® in New York. Keynote speakers for the gala included: Cameron Munter, CEO and President, EastWest Institute and Raul Midón, Singer-songwriter and guitarist







EXCLUSIVE INVITE: On March 9, 2016, Ethisphere hosted its 2nd Annual Business Ethics Leadership Alliance (BELA) Dinner. The private event was held at the prestigious Harvard Club of New York and provided a unique platform for executives of the member-only BELA community to network and leverage the collective expertise from CEOs, CCOs, GCs, and more, who shared their insights on ethics, compliance, culture and performance at this one of a kind event. More on BELA [here](http://web.ethisphere.com/bela).



Business Ethics Leadership Alliance

Members include:

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C.R. Bard, Inc.	Ingredion Incorporated	Prudential	UPS
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CH2M Hill	Kimberly-Clark Corp	Royal Caribbean Cruises Ltd.	Wal-Mart Stores, Inc
CHS Inc	Knights of Columbus	RPM International Inc.	Western Digital Corp.
Cisco Systems, Inc.	Liquidity Services, Inc	SABIC Innovative Plastics	Weyerhaeuser Company
Cleveland Clinic	ManpowerGroup	Saltchuk Resources, Inc.	William E. Connor & Associates Ltd.
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Beyond Legal Leadership: Today's Chief Legal Officer, Global Strategy and Brand Stewardship



Senior Managing Director, Compliance, Intelligence, Investigations and Technology, *Control Risks*

Senior Vice President, General Counsel and Corporate Secretary, *United Parcel Service*

Senior Vice President, General Counsel & Corporate Secretary, *International Paper Company*

Senior Vice President, Legal Affairs and General Counsel, *3M*

General Counsel, Chief Compliance Officer & Senior Vice President - Government Affairs, *United States Steel Corporation*

CEOs, the Ethical Advantage, and Performance



CEO, *Convercent*

Chairman, President & CEO, *U.S. Bancorp*

Independent Director and Chair of the Audit Committee, *Realty*

Chairman of the Board and CEO, *Henry Schein*

Company Culture: The Ethical DNA and Values That Inspire



President, Ethics & Compliance Solutions, *LRN*

Chief Ethics and Compliance Officer and Sr. Vice President, Enterprise Risk Management, *Eli Lilly and Company*

Head of Global Compliance & Integrity, *LinkedIn*

Senior Vice President, General Counsel and Corporate Secretary, *Abercrombie & Fitch Co.*

Vice President, Compliance, *Johnson Controls*

Cyber Attacks, Company Image, and Compliance



Partner and Chair of Jenner & Block's Privacy and Information Governance Practice, *Jenner & Block*

Section Chief, Cyber Crimes Division, *Federal Bureau of Investigation*

Senior Counsel and Chief Privacy Officer, *Voya Financial*

Global Compliance Counsel and Data Privacy Officer, *Reinsurance Group of America*

Diversity and Inclusion: A Company Issue, Not Just a Board Issue



Executive Vice President and Group Publisher, *Ethisphere*

Vice President and General Counsel, *Danone - United States*

Assistant General Counsel, Compliance Matters, *Porsche Cars North America*

President & CEO, *Association of Corporate Counsel (ACC)*

View from the Board: How the Board Committees Support the Compliance Function



Leader, *PwC's Governance Insights Center*

Board Member of JLL and AT&T; Retired Global CEO, *PwC*

Board Member, *United States Steel Corporation*

Senior Vice President, General Counsel, Secretary and Chief Compliance Officer, *ManpowerGroup*

Senior Vice President, Chief Ethics & Compliance Officer, *Walmart International*

Shifting the Focus on Global Anti-corruption: The Case for More Compliance Investment



Partner, *Morrison & Foerster*

Senior Vice President, Legal & Group Chief Compliance Officer, *News Corp*

Chief Compliance Officer, Vice President, Legal and Public Affairs, *Symantec*

Chief Executive Officer, *Corporate Risk Holdings*

The New Model for Investing: Linking Enhanced Corporate Value to Sustainability & Ethical Practices



Principal and Co-Founder, *BrownFlynn*

Senior Vice President, Corporate Communications, *Aflac*

Vice President, Corporate Social Responsibility, *Northern Trust Corporation*

Executive Vice President, General Counsel and Corporate Secretary, *Jones Lang LaSalle*

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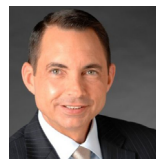
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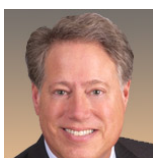
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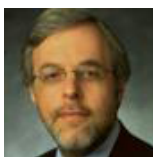
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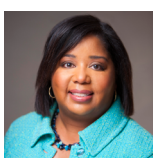
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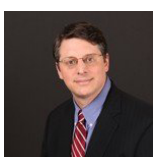
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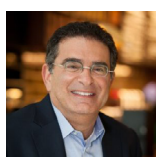
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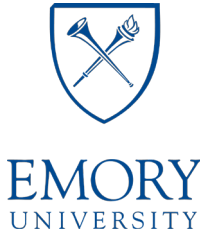


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The Ethisphere® Institute is the global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust, and business success. We have a deep expertise in measuring and defining core ethics standards using data-driven insights that help companies enhance corporate character and believe integrity and transparency impact the public trust and the bottom line of any organization. More information about Ethisphere can be found at: <http://ethisphere.com>.

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