Ethisphere

Compliance Program Self-Assessment

Worksheet

ETHISPHERE®

The Compliance Program Self-Assessment Worksheet

Thank you for requesting the Compliance Program Self-Assessment Worksheet from Ethisphere. We understand that it can take time to collect and review program information before submitting to receive your results, so we built this worksheet to help you gather and verify everything offline before coming back to receive analysis, benchmarking, and additional resources to support your program's ongoing journey toward full effectiveness!

Don't forget that this self-assessment is built from our industry-leading Ethics Quotient® (EQ) questionnaire and benchmarking from this year's list of World's Most Ethical Companies® honorees. While the questions alone are valuable, the results, analysis, and additional resources shared once submitted are truly invaluable.

Be sure to come back to the Compliance Program Self-Assessment page to submit your responses once you've completed this worksheet and discover the full power of the Ethisphere experience!

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Self-Assessment Instructions & General Information

This self-assessment is made up of 16 questions, broken out into 8 dimensions related to your program. It will take approximately 15-20 minutes to complete and will require a working knowledge of the company's programs and initiatives in the areas of ethics and compliance and corporate governance.

Please read each dimension description, question text, and response sets carefully before responding. Unless specified otherwise, when considering possible responses, select the answer choice(s) that best reflect the general state of your company's program.

OF PARTICULAR NOTE ABOUT THIS DOCUMENT'S LAYOUT:

○ Responses using **round bullets** (such as this bullet item) indicate a question with a single-select response set. Only one of the available responses may be selected.

☐ Response sets using **square bullets** (such as this bullet item) indicate a question with multiple-select response set. More than one of the available responses may be selected, with the exception of the "None of the above" response, which can only be selected on its own.

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CORPORATE GOVERNANCE

This section examines the availability and quality of systems designed to ensure strong corporate governance including oversight, governance principles, and risk management. When evaluating an organization's corporate governance, organization-specific factors such as ownership structure are taken into consideration.

Please note that any reference to "other governing authority" throughout this questionnaire applies ONLY to organizations that do not have a Board. Also, for purposes of this questionnaire, the term "director(s)" refers to Board member(s) or to member(s) of your organization's governing authority, if different than a Board.

Within the full version of the Program Assessment, this section is organized into five parts (see below). Click here if you would like to learn more about a full Program Assessment.

- **Part 1:** Structure & Composition
- **Part 2:** Onboarding, Training & Stakeholder Exposure
- **Part 3:** Director Evaluation & Service Limits
- **Part 4:** Board Oversight
- **Part 5:** Leadership Diversity

1. In the past two years, what information has been provided to the Board or other governing authority regarding ethics and compliance risks relevant to your organization's business?

Select all that apply.

- ☐ Briefings provided by outside experts
- ☐ “Deep dive” briefings from internal subject matter experts focused on specific individual risk areas
- ☐ Sessions designed to be interactive and participatory for Board members (beyond asking questions or merely participating during a presentation) discussing ethics and compliance matters (e.g., case studies, tabletop exercises)
- ☐ Support for individual directors to attend education or training programs offered by third-party providers (e.g., corporate governance associations, industry, academia, etc.)
- ☐ Written materials, such as reports, articles, regulatory guidance or commentary, from independent sources other than organization management
- ☐ None of these options

2. Does your organization disclose your director composition in a skills matrix, and if so, what criteria does it include?

Select all that apply.

- ☐ No, our organization does not disclose or have director composition in a skills matrix
- ☐ Yes - Demographics (age, gender, country of origin, etc.)
- ☐ Yes - Director interlocks (boards in the same industry)
- ☐ Yes - Independence
- ☐ Yes - Number of other boards currently serving on
- ☐ Yes - Professional experience
- ☐ Yes - Relevant qualifications (skills, certifications, and degrees)
- ☐ Yes - Tenure on the board

PROGRAM STRUCTURE, OVERSIGHT, RESPONSIBILITY, AND RESOURCES

This section examines the ethics and compliance program's overall structure and how responsibility for oversight of that program is assigned to high-level personnel. Regulators have signaled, and we agree, that organizational charts send a message about an organization's priorities. Do those running the ethics and compliance program have a "seat at the table"? Examination is also conducted on how resources and authority have been allocated to those individuals. In short, is the program appropriately staffed for the size and complexity of the business?

Second, we review if members of the organization's governing authority are actively engaged in the ethics and compliance program, whether they are knowledgeable about its content and operations, and whether they exercise reasonable oversight of that program.

Some organizations have separated the oversight and implementation of the "ethics and compliance program" from the function that focuses on interpreting and applying the laws relevant to an organization's business (the "regulatory compliance program").

If your organization has separated the ethics and compliance program from the regulatory compliance program, unless specified, please answer the following questions on behalf of your ethics and compliance program or function.

Within the full version of the Program Assessment, this section is organized into three parts (see below). Click here if you would like to learn more about a full Program Assessment.

- **Part 1:** Program Structure
- **Part 2:** Program Oversight
- **Part 3:** Resources & Responsibilities

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1. How often are in-person update presentations regarding the implementation and effectiveness of the ethics and compliance program given by the day-to-day operational person to the Board, committee of the Board, or other governing authority that oversees the ethics and compliance program?

- ○ Regularly scheduled, not less than quarterly
- ○ Regularly scheduled, three times per year
- ○ Regularly scheduled, twice per year
- ○ Regularly scheduled, annually
- ○ Ad hoc only, as needed
- ○ Never

2. Does your organization have a formal program in place where personnel who have primary job responsibilities that lie outside of the ethics and compliance function serve as extensions of the ethics and compliance program (in this questionnaire, these are referred to as "ambassadors" or "liaisons")?

Please note that for the purposes of this questionnaire, although some organizations use such language to describe them, Ethisphere does not consider an organization's executive leadership team, compliance steering committee, or entire managerial population/Human Resources population to be ambassadors/liaisons. Rather, a liaison program identifies individuals across the business who exemplify ethical behavior and leverages them to support the program in their business unit or region. Select all that apply.

- ☐ Yes, our organization's ambassador/liaison program is designed to cover all geographies and functions in the organization
- ☐ Yes, our organization's ambassador/liaison program is designed to cover all locations above a certain headcount
- ☐ Yes, our organization's ambassador/liaison program is designed to place ambassadors/liaisons in certain geographies where we do not otherwise have ethics and compliance personnel
- ☐ Yes, our organization's ambassador/liaison program is risk-based, placing ambassadors/liaisons in certain geographies or functions based upon risk exposure
- ☐ No, our organization does not have such a program

WRITTEN STANDARDS

This section evaluates the written standards created to provide guidance to employees on how to conduct business with integrity. Well-written, comprehensive, and well-communicated policies, procedures, and controls play a critical role in preventing and detecting misconduct. Written standards should be literally accessible, meaning that an employee can find the documents, as well as linguistically accessible, meaning the employee can understand the documents.

1. Which of the following topics or risks are addressed in your organization's Code of Conduct?

Select all that apply.

- ☐ Anti-bribery/Anti-corruption
- ☐ Anti-money laundering
- ☐ Artificial intelligence
- ☐ Communications/Media relations
- ☐ Company assets
- ☐ Confidential or "inside" information
- ☐ Conflicts of interest
- ☐ Corporate responsibility/ Sustainability
- ☐ Data privacy/Data management/ Information security
- ☐ Economic sanctions
- ☐ Free & fair competition
- ☐ Gifts & entertainment
- ☐ Harassment and discrimination/ Equal opportunity
- ☐ Health and safety
- ☐ Human rights
- ☐ Investigations
- ☐ Proper books/Records
- ☐ Respectful & inclusive workplace
- ☐ Social media
- ☐ Speak up/Reporting
- ☐ Vendor/Third-party relationships
- ☐ Workplace violence
- ☐ None of these options

2. What guidance does your enterprise-wide policy on policies provide to policy drafters?

Select all that apply.

- ☐ We do not have a policy on policies
- ☐ A standard template (layout) that policies must follow
- ☐ Appropriately cross-referencing/linking other relevant policies, procedures, or controls
- ☐ Consulting with affected business units during the drafting and approval process
- ☐ Consulting with subject matter experts during the drafting and approval process
- ☐ Guidelines about when policies must be reviewed and updated
- ☐ Ownership of policy (Minimum: title and department of policy owner)
- ☐ Revision history
- ☐ Target passive or active voice percentage
- ☐ Targeted reading level
- ☐ We have a policy on policies but it does not include any of these guidance options

ETHICS AND COMPLANCE TRAINING, AWARENESS, AND COMMUNICATION

This category assesses the extent to which an organization takes steps to periodically educate and communicate with its employees and people managers on its standards, procedures, and other aspects of its ethics and compliance program.

Within the full version of the Program Assessment, this section is organized into three parts (see below). Click here if you would like to learn more about a full Program Assessment.

- **Part 1:** Employee Training
- **Part 2:** Training People Managers
- **Part 3:** Communications

1. Which of the following ethics and compliance-related training practices does your organization utilize?

Select all that apply.

☐ Allowing employees to select or self-direct the topics covered for a certain amount of their required training

☐ Assessing understanding during the training to assign progressively more sophisticated content

☐ Incorporating gaming elements or delivering training using augmented reality components

☐ Pretests to assess baseline knowledge and assign individual curriculum or course(s) accordingly

☐ Pretests to provide employees an opportunity to "test out" of training (this does not include training assigned based on responses to phishing emails)

☐ Progressive course difficulty based on employee tenure

☐ None of these options

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2. Which of the following methods does your organization use to measure the effectiveness of its ethics and compliance communications?

Select all that apply.

☐ Conduct single-topic employee surveys obtaining feedback on specific E&C communication efforts
☐ Include E&C communication topics on company-wide engagement surveys
☐ Solicit documented feedback from employees in some other manner
☐ Tracking open rates on electronic communications
☐ Tracking views on videos or clicks on links, articles, or other online resources
☐ Documented employee or manager feedback
☐ Tracking misconduct trends
☐ Tracking reporting frequency against communication roll-out timing
☐ Tracking frequency of policy/code/resource downloads from the organization intranet site or portal in the context of when communications are launched
☐ None of these options

RISK ASSESSMENT, AUDITING, PROGRAM EVALUATION, AND DETECTION

This category focuses on how an organization identifies its key risks and determines how to allocate resources. It also includes whether the organization conducts periodic evaluations of the effectiveness of its ethics and compliance program through auditing and program evaluation. Finally, it asks how the organization detects potential violations through monitoring disclosures related to conflicts of interest and the provision and receipt of gifts and entertainment.

Within the full version of the Program Assessment, this section is organized into four parts (see below). Click here if you would like to learn more about a full Program Assessment.

- **Part 1:** Ethics and Compliance Risk Assessment
- **Part 2:** Auditing and Program Evaluation
- **Part 3:** Conflicts of Interest
- **Part 4:** Gifts and Entertainment

1. In the last 24 months, which aspects of the ethics and compliance program were reviewed in a stand-alone audit?

Select all that apply.

☐ Charitable contributions and political donations
☐ Conflicts of interest process
☐ Data privacy
☐ Gifts, entertainment, and travel process
☐ Investigations process
☐ Monitoring process
☐ Policy governance and management process
☐ Reporting/alert line
☐ Responsible use of AI
☐ Risk assessment process
☐ Third-party risk management process
☐ Training program
☐ My organization does not perform ethics and compliance stand-alone audits

2. If your organization engages consultants/third parties to perform periodic evaluations of the effectiveness of the ethics and compliance program, how often does your organization do so?

Note that for the purposes of this question, an external evaluation is a formal process—separate and distinct from a risk assessment and an audit — conducted by a third party, following a documented structure, with the primary purpose of assessing the efficacy of the ethics and compliance program. This process must result in some form of documentation, such as a report. Please exclude any SOX Section 404-related evaluations or participation in any EQ benchmarking processes when selecting an answer.

- ○ Annually
- ○ Every two years
- ○ Every three years
- ○ Less often than every three years
- ○ We do not engage consultants/third parties to conduct external evaluations of the entire ethics and compliance program

ENFORCEMENT, DISCIPLINE, AND INCENTIVES

This topic assesses how organizations incentivize ethical behavior, handle reports of misconduct, track investigations, support investigators, and protect those who report misconduct. Among other things, Ethisphere looks at whether the organization operates a whistleblower system, providing employees mechanisms by which they can anonymously report misconduct and seek guidance on issues or questions. In addition, organizations have made tremendous progress over the last decade in consolidating their case management systems into an integrated tracking platform, and we review the extent to which efforts are being made to utilize such an approach.

Within the full version of the Program Assessment, this section is organized into two parts (see below). Click here if you would like to learn more about a full Program Assessment.

- **Part 1:** Investigations
- **Part 2:** Retaliation, Incentives & Exit Interviews

1. Separate from reports to the Board or other governing authority, does your organization communicate how many ethics concerns were reported, the types of concerns reported, and the results of reports and investigations?

Select all that apply.

☐ Yes, we make this information available to the public as a standalone report
☐ Yes, we make this information available to the public in our ESG/Sustainability report and/or in our annual report, or equivalent
☐ Yes, we make this information available to all employees
☐ Yes, we circulate this information to C-suite-level leaders beyond those involved in Board reporting
☐ Yes, we circulate this information to other levels of management
☐ No, we do not communicate this information

2. Is your organization currently conducting root cause analysis to assign root cause(s) to incidences of misconduct?

- ○ For investigations handled by some functions, but not all functions who conduct investigations (e.g., audit and ethics and compliance, but not human resources)
- ○ On all investigations, regardless of how the issue was raised or the investigator
- ○ On investigations of a certain significance (e.g., only substantiated matters)
- ○ Only on those investigations handled by the ethics and compliance function
- ○ We are not conducting root cause analysis after investigations

MEASUREMENT OF ETHICAL CULTURE

This topic examines methods and outcomes associated with measuring the organization's culture of ethics, along with who monitors that information.

Ethisphere defines the ethical culture of an organization as how employees at all levels view the ethical standards, practices, norms and behaviors within the organization. This includes the organization's commitment to ethical conduct, fairness, integrity, and adherence to moral and legal standards. This is separate from, but complementary to, traditional measurements of employee engagement, such as emotional commitment, involvement, and enthusiasm towards their work and organization.

1. Which of the following types of surveys are used to measure ethical culture within your organization?

Select all that apply. An employee engagement survey is defined as a survey that is typically conducted by HR to measure how motivated and satisfied employees are with their work, their company, and the overall work environment.

- ☐ A survey wholly dedicated to measuring ethical culture and/or perceptions of compliance
- ☐ Employee engagement survey
- ☐ Employee exit questionnaires
- ☐ Questionnaires or assessments given during the onboarding or new hire process
- ☐ Short "pulse"-type surveys distributed multiple times in a given calendar year
- ☐ We do not use surveys to measure employee perceptions of ethical culture or the compliance program

2. How have your efforts to measure ethical culture and the perception of the compliance program been utilized within your organization in the last two years?

Select all that apply.

- ☐ Factored into risk assessments of functions, geographies, and/or business units
- ☐ Inform roadmap of ethics and compliance program investment and improvement
- ☐ Paired with data from other control functions to help identify patterns or “hotspots”
- ☐ Prompted creation of new communications, trainings, or other initiatives for the entire organization
- ☐ Prompted creation of new communications, trainings, or other initiatives specifically targeted at low-performing functions, geographies, and/or business units
- ☐ Some other way not listed here
- ☐ None of these options

THIRD PARTY MANAGEMENT

This topic focuses on evaluating the selection and performance of third-party partners throughout the full lifecycle of the relationship.

"Third Party" means any party with whom an organization has some form of business relationship. Third parties may include, but are not limited to, joint venture partners, consortium partners, contractors, consultants, suppliers, vendors, service providers, agents, intermediaries, distributors, resellers, and customers.

For the following questions, "Monitoring" is defined as: an on-going process usually directed by management and conducted by the Ethics and Compliance function or the business to ensure processes are working as intended. Monitoring is used as an effective detection control within a process.

Within the full version of the Program Assessment, this section is organized into two parts (see below). Click here if you would like to learn more about a full Program Assessment.

- **Part 1:** Third Party Written Standards
- **Part 2:** Third Party Onboarding
- **Part 3:** Post-Contract Engagement
- **Part 4:** Third Party Impact

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1. For which of the following Third Party oversight activities does the Ethics and Compliance function have responsibility?

Select all that apply.

- ☐ Development and execution of ethics and compliance monitoring plan
- ☐ Documented audit activity
- ☐ Documented due diligence report/recommendation
- ☐ Due diligence assessment
- ☐ Ethics and compliance elements included in performance evaluation
- ☐ Onboarding/Training/Communication functions of new third parties
- ☐ Ongoing risk assessment of third parties
- ☐ Preliminary risk ranking/assessment
- ☐ Regular/Scheduled engagement with third parties
- ☐ “Veto” of prospective third parties
- ☐ None of these options

2. Which of the following monitoring activities has your organization performed in the last two years?

Select all that apply.

- ☐ Requiring third parties to self-assess policies, procedures, and controls annually
- ☐ Review of documentation/transaction monitoring (e.g., invoices against contractual requirements)
- ☐ Site visits
- ☐ Tracking incidents and remediation
- ☐ Tracking unusual and/or excessive expenses
- ☐ Use of online screening tool to track changes in risk profile (e.g., ownership changes, changes to financial health, screening alerts, etc.)
- ☐ We do not monitor third-party compliance with ethical and compliance requirements

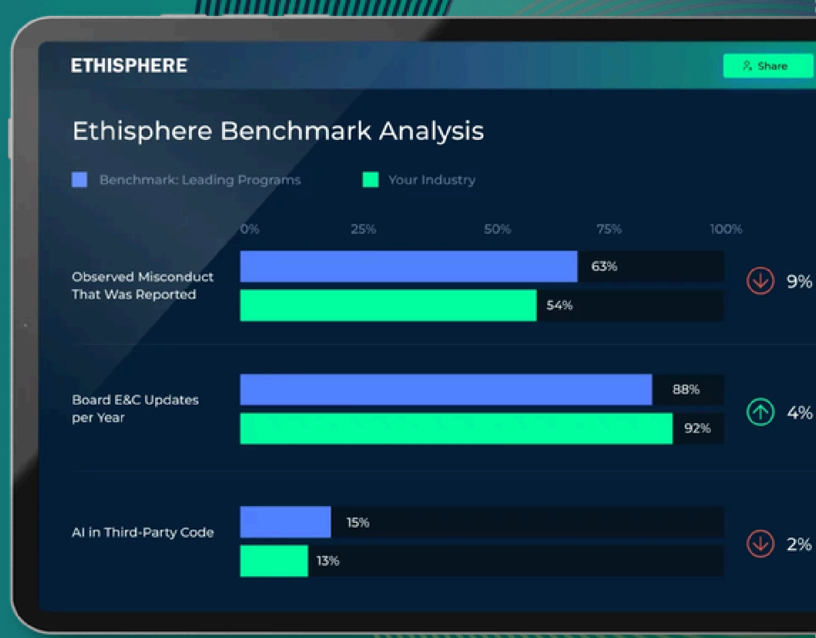
Self-Assessment Next Steps

Congratulations, you've completed the Compliance Program Self-Assessment Worksheet! As a final step, return to the Compliance Program Self-Assessment page to submit your responses and receive your overall program score and individual question results and analysis.

If you thought this exercise was valuable on its own, just wait until you see the benchmarking and analysis pulled from this year's list of World's Most Ethical Companies® honorees!

See where you stand.
Know where to go next.

Request a custom benchmark report built around the ethics and compliance program signals that matter most for your industry and priorities. Benchmark your E&C program against peers and Fortune 500 leaders. See where you stand, what's missing, and how to strengthen every part of your program from compliance consulting experts.



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