Mitigating Ethics and Compliance Risks Across a Global Organization

Justin Ross, Staff Vice President and Chief Compliance Officer, FedEx Corporation

The FedEx E&C Team

- 18 attorneys and compliance specialists
- Local compliance teams in 7 business units and 4 international regions

Areas of Responsibility

- Code of conduct
- Anti-corruption
- Anti-trust
- Data privacy
- Export controls
- Conflicts of interest
- Risk assessments
- FedEx Alert hotline
- Investigations

FedEx Compliance Guiding Principles

1. Provide superior service to the business on ethics and compliance issues
2. Continuously monitor, test, improve and innovate the program
3. Promote a culture of integrity

It's hard to imagine a business challenge more complicated than delivering transportation, e-commerce, and business solutions in more than 220 countries and territories, involving approximately 560,000 team members and tens of thousands of third parties. It's FedEx's job to make it seem easy.

How do you manage ethics, compliance, and governance for an organization of this magnitude? This Spotlight goes behind the scenes with **FedEx CCO Justin Ross** to learn how he and his team embed ethics and compliance across the business.

Ethisphere recently recognized FedEx with Compliance Leader Verification, a distinction for companies with programs that meet or exceed best practices across an array of ethics and compliance benchmarks.

A Centralized Approach with Dedicated International Teams

Historically, each of FedEx's subsidiaries handled compliance at the local level. In 2015, FedEx centralized its corporate compliance program to "*provide more structure and transparency, and better align on priorities, risks, and resource allocation.*"

The central corporate compliance team, referred to as Corporate Integrity & Compliance (CIC), reports up through the General Counsel. As Chief Compliance Officer, Ross also updates the board of directors on a regular basis. In turn, the local compliance teams at the FedEx business units and international regions have strong partnerships with CIC. Ross and his team have been intentional about creating a strong governance framework across the enterprise, providing training, aligning on enterprise compliance initiatives, and sharing best practices to empower these local compliance teams.

> "*Structurally, our business units have made real progress over the last five years. We provide subject matter expertise on compliance areas within their responsibility, and they've become more independent.*"

Reaching Across Roles and Borders: The Compliance Council
Another way that CIC engages across the organization is through the Compliance Council. This enterprise-wide group meets every quarter and includes members from the corporate team, business units, international regions, and a diverse range of functions including HR, communications, security, and internal audit. The Council discussions cover emerging risks, investigations results, and new initiatives and serves as an important venue to spread best practices.

> *"It's been a great forum for us to educate our international compliance teams, and also learn about successful initiatives that we share around the enterprise."*

Improving Engagement with Business-Side Partners
The FedEx team has a comprehensive and engaging compliance risk assessment process that involves business partners in its business units and international regions.

> *"We will do a specific compliance risk assessment for a region that involves extensive interviews with business partners in HR, Operations, Customs, and Finance, and have in-depth interviews about the risks that they're seeing...and they help us determine remediation or mitigation efforts. Engaging our business partners in this process has really helped us embed compliance in the business."*

Gaining Recognition for Leading Practices
Continuous improvement is integral to every leading ethics and compliance program. One way to identify areas for improvement is to have an external party conduct a program assessment. FedEx engaged Ethisphere to do just that. The process involved a rigorous examination of the FedEx ethics and compliance program and culture; benchmarking practices against the World's Most Ethical Companies® dataset; extensive document and policy review; and interviews with key executives. At the end of the process, FedEx received Compliance Leader Verification, a recognition for exceptional programs.

> *"FedEx is a large and very complex organization. Ethisphere was able to come in and really understand our business and challenges – and that was crucial. They validated that we were focusing on the right risks, identified areas of improvement, and offered recommendations that we have since implemented."*

> *"The Compliance Leader Verification award recognizes the hard work put in by the team to build and maintain the FedEx compliance program. It's also a testament to our executive leadership's role in promoting integrity and compliance, and the approximately 560,000 team members around the world who act in accordance with our values to make FedEx a great company. It's definitely something to share with stakeholders – from employees to customers and investors."*

Compliance Leader Verification

The Compliance Leader Verification recognition is awarded to companies that have demonstrated a commitment to, and investment in, a leading ethics and compliance program. The process involves a rigorous review of the ethics and compliance program and corporate culture:

- Taking the Ethics Quotient® (EQ), a questionnaire covering the elements of an effective program
- Benchmarking results to the data from the World's Most Ethical Companies®
- Extensive document review and interviews with executives and stakeholders

Learn more at **www.ethisphere.com/clv** and **www.ethisphere.com**

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