

ETHISPHERE MAGAZINE | FALL 2024

Governance & Leadership

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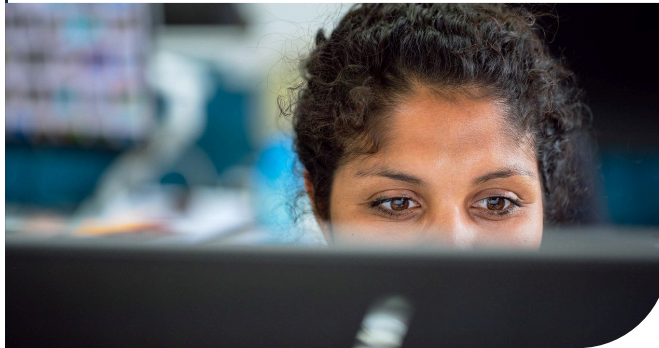
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UP FRONT

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Tom Bubeck & Erica Salmon Byrne

The Ethics Advantage

Dispatches From the Ethics Economy

THE ETHICS ADVANTAGE

Ends and Means

by Tom Bubeck, Ethisphere

FALL 2024 | UP FRONT

Ends and Means

Tom Bubeck | Chief Executive Officer, Ethisphere

I once worked at a company that had partnered with another company through a joint venture agreement. Through that agreement, on our side, we got exclusive content that was very valuable to our customers and provided meaningful growth to our business. So, there was a lot of incentive to keep that partnership going. But we also had to hit certain deliverables by certain dates, and at one point, it became clear that we were going to miss our deliverable. I received a lot of ideas from colleagues around massaging our numbers so it wouldn't look like we missed our mark. The term they used was "figure it out." But what they were suggesting was patently inappropriate and unethical, and I stood up to it. I said that no, we

weren't going to "figure it out," and that we were better than that.

The other side suspected that our numbers weren't where they needed to be. And at that point, they wanted out of the partnership, and our missed deliverable would have allowed that. But it wasn't worth our integrity to go down a road where we lied to our partners. The ends simply didn't justify the means.

That was hard. There were real consequences to our business because of our decision to do things the right way. But it is always to your benefit to build a reputation on integrity. It attracts others to you, builds trust, and it reduces friction.

In business, we have to balance the missionary and the mercenary—our desire to live by certain values while also making a profit. Often, those things are completely aligned.





But every business faces different kinds of pressure, and if there isn't a strong enough culture of integrity to resist that pressure, then relationships start to look like "kill or be killed" transactions only, which never ends well.

At a recent Ethisphere executive roundtable, I spoke with a head of sales for North America who described himself as a "process-oriented person," rather than as a "results-oriented person." Process with high integrity, he explained, is good both in the short-term and the long-term. The means don't justify an end. Rather, the means *lead* to an end. This is something we believe very much at Ethisphere, as well. In fact, you see it in our [Ethics Premium](#)—the percentage by which highly ethical companies outperform their peers. That piece of data proves that the way you do something matters. It also delivers higher results, reduces risk, attracts and

retains talent, and forges incredible relationships with all of your stakeholders.

We live by this truth. And we live by truth itself. There are always going to be people who have an emotional feeling over something and then hunt for facts to support their position or justify their feeling. But that usually leads to cherry picking details or filtering information, and the quest for truth dies when you start thinking like that. We live in a complex and interconnected world. While we would like things to be simple, they rarely are. There is no better world to live in than one where the truth matters as a concept. The ends should never determine the means. ■

DISPATCHES FROM THE ETHICS ECONOMY

The 'Why' of Board Involvement

by Erica Salmon Byrne, Ethisphere



FALL 2024 | DISPATCHES

The 'Why' of Board Involvement

Erica Salmon Byrne | Chief Strategy Office & Executive Chair, Ethisphere

At the end of September, the Department of Justice updated its [Evaluation of Corporate Compliance Programs](#) (ECCP) guidance, which included some impactful language on the role a board of directors has to play in maintaining, promoting, and advancing the health of an organization's ethics and compliance function.

Most notably, the ECCP update stresses the responsibility that the board (along with the C-Suite) has for establishing and practicing the ethical standards of the organization. It also notes that the board should have a certain degree of compliance expertise, as well as a direct line of contact with Ethics & Compliance.

Not all of this is new, but the degree to which the ECCP stresses its importance, is. Updates like this reflect some of the more important DOJ rulings in the months leading up to it. Over the course of the last quarter or so, there have been a lot of them. And they all help explain the why behind the DOJ's updated language.

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The ECCP update contained more extensive language revisions than a lot of people expected. But this is just a piece of a larger effort to raise the expectations for boards to act as both an originator of ethical culture, and a firewall against misconduct.

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Take, for example, TD Bank's historic [anti-money laundering failure](#), in which it intentionally failed to monitor \$18.3 trillion of transactions from 2018 to 2024, allowing drug cartels to move some \$670 million through the bank. TD Bank will pay some \$3 billion in fines and penalties, but its board has serious questions to answer around its outgoing CEO and his replacement, both of whom were at the bank when all of this happened. Who was setting the tone for ethical behavior? Apparently, no one.

Around the same time, the Federal Trade Commission—which shares certain jurisdictions with the DOJ—approved Chevron's \$53 billion acquisition of Hess but barred Hess [CEO John Hess](#) from joining the Chevron board. This follows a similar ruling in May, when the FTC okayed Exxon's \$64.5 billion acquisition of Pioneer Natural Resources but barred Pioneer [CEO Scott Sheffield](#) from joining Exxon's board. In both cases, the FTC cited a potential collusion risk between those CEOs and OPEC officials. This, too, informs the ECCP's expectation that boards lead by example when it comes to ethics.

And finally, In March, the DOJ announced that its ongoing enforcement of Section 8 of the Clayton Act—which prohibits directors from serving simultaneously on the boards of competing companies—led to 10 companies [unwinding interlocking directorships](#) from (or in one case, declining to appoint a director to) their boards.

Combined with its 2022 enforcement efforts, the DOJ has forced the unwinding of at least 13 directors from 10 boards. The ECCP update contained more extensive language revisions than

a lot of people expected. But this is just a piece of a larger effort to raise the expectations for boards to act as both an originator of ethical culture, and a firewall against misconduct.

The DOJ never does anything in a vacuum, and when we look at these historic actions from earlier in the year, we can better understand why the DOJ is using the language it is using. We all know that a strong, independent board that takes an active role in setting business integrity expectations and holding senior leadership accountable for it is a good idea. Thanks to the latest ECCP language, we have a clearer idea why. ■

Want to learn more?
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If you want good insight into what other people in your organization are thinking about as you interact with them, having Ethisphere step in and **do their magic** is a great opportunity for helpful feedback. Ethisphere is an organization that really **knows ethics, compliance, and integrity**, and could actually help us **improve our program** by bringing lots of industry knowledge.

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Hope Scott,
VP, Chief Risk & Compliance Officer,
Blue Shield of California

SPECIAL FOCUS

IN DEPTH

Governance & Leadership

FALL 2024

IN DEPTH

GOVERNANCE & LEADERSHIP

Best-in-class ethics & compliance and a strong culture of integrity both require close coordination with the organization's C-suite and board. But for many E&C professionals, getting access to this level of leadership is easier said than done. And once you do have access, how do you make the most of it to ensure that your program has the support it needs to achieve its strategic objectives?

In this special section, we will showcase articles from ethics & compliance leaders with a wide range of insight on how to best interface with an organization's top-most decision-makers, including some thoughts on how to become one, yourself.

[From CECO to Independent Director](#)

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The Journey from CECO to Independent Director

An interview with Tony Heredia, SVP and Chief Ethics
and Compliance Officer, Target and Independent
Director, Bremer Bank

The Journey from CECO to Independent Director

As SVP and Chief Ethics and Compliance Officer of Target, Tony Heredia has developed enterprise-wide experience into a business-first perspective that enables him to thrive as an independent director, as well as an ethics chief. Interview by Bill Coffin



Tony Heredia

T

aking the next step from CECO to Independent Director takes time, perspective, and most of all, adapting a business-leader mindset.

Can you describe your professional journey so far, and how your experience with Target prepared you for taking on a role as Independent Director at Bremer Bank?

I have been at Target for a little over 19 years. In that time, all of my roles have had something to do with risk, compliance, or corporate responsibility.

That has included things like sustainability, strategy, and operations. That put me at the intersection of everything going on across the company, and it allowed me to understand all of our corporate functions, operations, and strategy.

In my most recent role, which I've had since 2020, I've also staffed the Audit and Risk Committee of the Target Board of Directors. All of that combined really let me see the true detail of the business across the globe in a major retailer as it's evolved over the better part of 20 years.

At the same time, I was on my own board journey in parallel, where I've been on four different nonprofit boards over an 18 year span, which also gave me exposure to what it's like to be in a governance seat versus a management seat.

I was on the Hispanic Scholarship Fund Board for about four years, including their Audit Committee, and led a strategic planning committee that essentially resulted in deciding we should move the headquarters of that location from San Francisco to Los Angeles, which was just a tremendous experience.



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I made sure that we were very tightly aligned with what our business priorities were, and what our consumer segments were.

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I was on the board of a Minnesota local nonprofit called Meda, which invests in entrepreneurs of color. I was on that board for 10 years, including Chair of the Board for two years.

My most recent board was the Bush Foundation, based in Saint Paul, Minnesota, which is a private nonprofit foundation that does a large amount of giving in the three-state region of Minnesota, North Dakota, and South Dakota. I was Chair of the Audit Committee on that board for 5 years, and also Chair of the Board for 6 years.

Added up, those things really gave me a good feel for what I liked about being on a board, why it gave me energy, and how I could play a role outside of my professional one to make a difference. I realized that getting a board role at a for-profit company could let me apply everything I've learned from a business perspective in a different industry, on behalf of a different company, for the benefit of their shareholders, their employees, and their customers without necessarily having to leave my current employer and job, which I love. All of those things culminated in this opportunity to be on the board at Bremer Bank.

What challenge or opportunity have you have faced in your role at Target that has helped your professional journey to becoming an independent director?

We had a public proxy contest in 2009 by an activist shareholder. In my role, I had the opportunity to essentially build and run the internal war room around that proxy contest. I got a front-row seat to what it's like to deal with an activist investor and how a proxy contest plays out. Of course, proxy contests are different in 2024 than they were in 2009, but it was good experience, nonetheless.

I was able to build several risk or compliance functions from scratch at Target, including our enterprise risk management program and our corporate compliance program. I've had a lot of international exposure. I've had the opportunity to build our sustainability and corporate responsibility strategies, and I made sure that we were very tightly aligned with what our business priorities were, and what our consumer segments were.

These things go beyond a traditional risk or compliance role, and I think they helped me gain insight into what it's like to be a business leader across all the different areas of a large company. So, when it came to thinking about board service, I could think about it as a business leader first, who happens to have a risk and compliance background. That really made the difference in the way that I developed my value proposition. Bremer Bank wanted me on their board because I am a consumer brand business leader, more than an ethics and compliance leader. I just happen to come with an ethics and compliance background, which in the highly regulated banking industry, is a great thing to have.

What are your thoughts on satisfying your mandate to create a serious line of communication with the Board?

Board members will always listen to you out of their governance and fiduciary responsibilities. But how you make those communications meaningful is the secret sauce. The signal has to be sent and received in the way that it was intended to for it to be effective communication.

I found in the boardroom, that exchange really comes from building trust, credibility, and true relationships, which only come over time. And it's not necessarily from getting them to listen to everything you want to talk about. It comes from being able to put yourself in their shoes, to determine what they need to know, to effectively execute their responsibilities as a fiduciary and a governing member of the board. Ask yourself, what are the trade-offs they are making to hearing you speak? Every time they decide to discuss one thing, they're not discussing another. Board members' time is always finite, so it pays to develop and demonstrate an understanding of that, which leads to effective Boardroom communication over time.

For the last four years at Target, I have been able to sit in the boardroom with the Audit Risk

Committee at every single committee meeting they have. That is a benefit not every leader gets.

The more you are able to use that insight to pick and choose when and how you are going to convey information, the more you can find the right opportunity to educate people and make them more effective board members.

Now, let's imagine an E&C leader is thrust into their position early in their relationship with their board. When there is a crisis, and you don't have time to build relationships or feel out the room, people will view you according to how well you coordinate with your peer group across the organization. Their job is to trust management with responsibilities and then oversee the execution of those responsibilities. As a member of management, you are being viewed in the context of the broad management team running the entire company, and how well you have integrated the messages they are hearing from other members of management. Those things are critical to the board, especially during times when you haven't had the chance to do that previously.



Over time, you get a sense for the personalities in the room—especially how they tend to receive and process information.



How has understanding the business at a business level helped prepare you for Board-level leadership?

If you deeply understand the company's business model, markets, customers, employees, and teams, then you can translate what needs to be prioritized across the ethics and compliance space.

Understanding the trade-offs and prioritization that business leaders are going through and where the company is headed don't just make you more effective at your job—they make you far more credible with the business leaders across the enterprise that you need to support all of your initiatives.

As an E&C leader, you have a view of the entire company, and it's up to you to take advantage of that. Not all leaders have direct responsibility for every area of compliance in their company. Sometimes those things are decentralized or sit in business units. But the E&C leader in a

company still has governance and oversight responsibilities for that compliance function. That's very much like a Board of Directors because the difference between what management has responsibility to do and what they do as governance board and overseers is substantial. E&C leaders who don't have direct responsibility for all of those things tend to understand that.

As an E&C leader, you know what it's like to want to do everything and know that you can't. You appreciate all of the trade-offs inherent in prioritizing things, especially when everything is considered a risk. Boards do that all the time. They are constantly making trade-offs with the management team about what we will pursue, what we won't pursue, what the opportunity costs are, what the risks are. That is something that E&C leaders inherently understand.

What advice do you have for E&C leaders who would like to become a director themselves?

Pace yourself. These things tend to take long periods of time to develop. My own board journey has been 20 years in the making. Understand why it is important to you that you do this.

Also, understand what your value proposition is to the organization that might think about putting you on the board. I had to learn that what I thought was my value proposition was not really my value proposition. I probably started where most compliance professionals are. I read a lot of articles and attended industry group meetings that talk about how boards need more compliance leaders, which will lead to better compliance. On the surface, I think that's true. But when you realize how the boardroom really works, you realize how board roles are actually filled. It's through networks, referrals, existing trust and credibility, and relationships. And pretty quickly, you realize that in the boardroom, you are going to be a business-minded leader 99% of the time and a compliance person 1% of the time. You have to embrace that.

When I joined the Latino Corporate Directors Association, they put you through a two-day board readiness course, and part of that is getting real about what your value proposition is in comparison to what boards actually want. That was a year-long journey for me of iterations and feedback as I found a way to distill my value proposition into reality without shattering people's dreams or making them believe that when you go to a board, you don't care about compliance. I very much care about compliance. But I also know that the way you get there is by speaking the language of everybody else. And that means sprinkling the compliance in along the way, and not hitting them over the head with it all the time.

The other thing I would advise is to approach this in the spirit of it being a journey. Explore and learn about board roles in general. There are a lot of great education opportunities out there—the

National Association of Corporate Directors, as an example, is a really well known nationwide one that I'm sure most people reading this will be familiar with. I also joined the Latino Corporate Directors Association, because they're trying to improve representation of Latinos on corporate boards across the globe.

There are board prep opportunities out there that you can take on when you're ready. The one I participated in was the [NextGen Directors Program](#) at UC Berkeley. But as you dig into these, you'll find that when you're ready, you can go get advice from people. I probably talked to 30 or 40 different people who currently sit on boards at for-profit organizations who know me well and could tell me if they thought I was ready or not. By the way, building your board network is radically different from building your professional network. That takes time, as well. ■

Tony Heredia is Senior Vice President and Chief Ethics and Compliance Officer of Target and an Independent Director of Bremer Bank. Previously, he had held Board positions at the Hispanic Scholarship Fund Board, Meda, and the Bush Foundation.

How a CCO Can Successfully Partner with the Board

by Keith Meyer and Craig Donaldson

How a CCO Can Successfully Partner with the Board

by Keith Meyer and Craig Donaldson



CRAIG DONALDSON is a Managing Director on Major, Lindsey & Africa's Southeast In-House Counsel and Partner Practice team.



KEITH MEYER is the Global Practice Leader of Major, Lindsey & Africa's Board Services practice.

The Chief Compliance Officer (CCO) is a valued voice in the boardroom, working hand-in-hand with the Audit Committee and Risk Committee (if one exists). As oversight of the compliance function is typically part of the Audit Committee's responsibility, there needs to be close coordination between the committee chair and the CCO to ensure alignment of enterprise-level compliance function priorities and agreement on allocation of compliance resources, with transparent communications and appropriate board-level reporting in place. To make that happen, a strong relationship will need to be forged between the two.

Laying the Groundwork

Before a successful relationship can be developed, the CCO needs to understand (and appreciate) the board's oversight role. The Audit Committee is there to oversee the company's financial reporting, risk management, and internal controls and keep the company operating above board. The committee chair should set expectations for the CCO; those expectations should be in line with the company's strategy, goals, and compliance priorities set by the board and the CEO. Together, they should determine how the Audit Committee's oversight function fits into the overall corporate compliance process.

To meet those expectations, the CCO should be fully versed on the compliance requirements, policies, and guidelines of the regulators, NYSE/NASDAQ, etc. They should also be business-minded and pragmatic in terms of ethics and compliance, quickly addressing compliance gaps found by internal audit activities and providing a second set of eyes, in addition to the Chief Risk Officer, to help identify, report, and mitigate key risks. The board wants to see that the CCO can handle sensitive issues and is capable of focusing on the immediate operational compliance priorities and emerging issues, helping the board see what is coming next from the regulators and other governmental entities.

The CCO must have sufficient resources available to them—and the authority to secure them when necessary—to successfully carry out the duties of the function and meet the board’s expectations. A lack of resources will limit the CCO’s ability to get out of the weeds on day-to-day deliverables and focus on more strategic, proactive, and preventative measures that will lead to significant long-term results.

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The CCO should be confident enough to go to the board directly when needed, know which issues need the board’s attention, and when to take them to the board.

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Building a Strong Relationship

Effective CCOs will prioritize building professional relationships through high-quality leadership and communications with the board members. Ideally, the CCO will regularly brief the Audit Committee chair through one-on-one meetings and in-person catch-ups, especially when significant issues arise. This proactive approach ensures that the CCO can anticipate the needs of the board and provide valuable insights.

The CCO should be confident enough to go to the board directly when needed, know which issues need the board’s attention, and when to take them to the board. Developing an escalation policy and

following that protocol will show the board that the CCO has the company’s best interests in mind. They also must be comfortable presenting to the board, explaining complex compliance issues clearly, and providing context for the data. Determining the appropriate level of detail provided to the committee and in full board meeting discussions will show proper discernment—providing not overly detailed presentations but also not leaving out difficult topics or any “bad news” that needs to be discussed. Give the straight story so there are never any surprises for the board later.



By effectively communicating and partnering with the Audit Committee, the CCO will build trust and accountability with the board.

The CCO must build trust outside the boardroom, too, showing that they support the company's goals and are not isolated from the business. The board wants to see that the internal teams are talking with one another, sharing information, and aligning priorities and culture. The CCO should also be promoting the company's compliance culture with their external stakeholders and customers.

Keys to Success

The keys to being a successful CCO in the boardroom lie in a blend of strategic thinking, robust communication skills, and a deep understanding of the business's operational priorities. A successful CCO must foster openness

and transparency, ensuring that the board is kept well-informed and that no surprises arise. Moreover, the CCO should exhibit flexibility and strong leadership qualities, demonstrating an ability to anticipate the board's needs and respond accordingly. By aligning compliance efforts with the company's broader goals, and demonstrating a commitment to the overall organizational success, the CCO becomes an invaluable asset, strengthening the trust and accountability within the boardroom.

The role of the Chief Compliance Officer builds indispensable value within an organization by fostering a culture of integrity and transparency. Building robust relationships with board members, particularly through effective communication and regular interactions, is paramount. The CCO's ability to present complex compliance issues concisely and transparently ensures that the board remains well-informed and confident in the

company's compliance program.

Moreover, by aligning with internal teams and promoting compliance culture externally, the CCO demonstrates a commitment to the company's broader goals. The keys to success lie in openness, strategic thinking, and a deep understanding of the business's operational priorities. Ultimately, when the CCO is seen as a strategic asset, the relationship between the CCO and the board will thrive, paving the way for enhanced trust, accountability, and organizational success. ■



Leading From the Top

Why Board Members Must Walk the Talk on Integrity

by Jim McCurry

Insights from the EY Global Integrity Report 2024



FALL 2024 | IN DEPTH

Leading from the Top: Why Board Members Must Walk the Talk on Integrity

by Jim McCurry, EY Global Forensic & Integrity Services Deputy Leader
Insights from the EY Global Integrity Report 2024



Jim McCurry, EY

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n today's world, integrity isn't just a virtue. It's the foundation that helps businesses build trust with their employees, customers, suppliers, and investors, making it essential for any business looking to compete on the global stage.

The current volatile economic climate has made it increasingly challenging for even the most established and successful businesses to maintain standards of integrity. This reality is laid bare in the [EY Global Integrity Report 2024](#) in which half of the respondents admit their organizations struggle to uphold integrity in difficult market conditions.

The report surveyed employees and board members across 53 countries and territories, and it looked at how they view integrity. It underlines why leading by example is critical and why an 'integrity first' culture is the only way forward.

If integrity standards are to hold steady across the business world, let alone rise, business leaders need to step up to the plate. That means not only communicating the importance of integrity, but also putting it into practice through action.

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Challenges are increasing but standards have improved

The businesses surveyed highlighted several external threats to integrity, including cybercrime (26%), health-related crises (22%), financial performance expectations (22%), supply chain disruptions (21%) and geopolitical issues (15%).

They also identified a host of internal factors, including high employee turnover (26%), a lack of resources (25%), pressure from management (24%), and failure of financial processes or controls (20%).

Drivers of success

Despite these persistent internal and external pressures, the key findings of the study are positive: almost half of respondents (49%) say their organizations' integrity standards have improved over the past two years. That's an increase of 7% since the previous report published in 2022.

It's also clear that respondents report a more positive view of their own personal integrity, compared to standards within their own organizations. The majority (90%) are confident that they and their colleagues abide by relevant laws, codes of conduct, and industry regulations, but only a third (32%) are very confident that their

organization has the processes in place to prevent, detect, and respond to significant integrity issues.

Respondents say that the improvements are the result, at least in part, of increased direction from management – a sign that communications from the top are working to some extent. However, stricter regulation and demand from customers also play a clear role.

For organizations around the world, building a culture of integrity through effective communication from management, policies, and programs is even more crucial as external challenges become more pronounced and complex.

However, there is undoubtedly a long way to go. Meaningful progress will require business leaders to take a much more proactive approach. Alarmingly, only a fifth (22%) of respondents to our survey say that their management speaks to them frequently about the importance of integrity – a decline from 32% in our last report.

The 'say-do' gap is growing

A concerning finding from our research is that even where leaders are speaking about integrity, employees tend to see it as paying 'lip service.' Almost half of the people we surveyed (49%) said that managers don't back up their words with action. This erodes trust both internally and externally, putting organizations at greater risk.

There's also a sense among employees that some levels of an organization can get away with misconduct more easily than others. Almost a third of respondents say that unethical behavior is likely to be tolerated when those involved are senior employees or high performers.

Reported misconduct:

(in the last two years)

16%

of employees

52%

of board members

There are also concerns when it comes to reporting misconduct – 16% of employees and 52% of board members have reported misconduct in the last two years. However, of those who reported, 50% of employees and 65% of board members felt pressure not to do so.

It's hard to understate the importance of having a healthy culture where people feel free to speak up, but for that to happen, people at all levels need to know that their concerns will be listened to and acted upon and that they can air their concerns without any fears of repercussions.



Board members need to walk the talk

We know that in more challenging times, operating with integrity can become more of a struggle for some organizations - but it is precisely in these times that leaders need an acute focus on communicating the value of integrity and putting it into action.

The survey shows that one in five organizations have experienced an integrity incident – ranging from fraud and data privacy violations to regulatory compliance breaches – and this underscores the importance of leadership by example. Nearly half of the respondents (45%) attributed these incidents to a lack of appropriate tone from senior management or pressure not to report violations. Business leaders must take a strong stance on integrity and make it a central pillar of their communications strategy.

The key to achieving your integrity agenda

People are an organization's greatest asset, and any organization aiming to prioritize integrity needs to put people at the center of its compliance programs.

In practice, this can involve creating an effective 'speak-up' culture or improving communications and feedback from the top-down, but what matters is that organizations create multiple touchpoints with employees and senior leaders. Here are some principles that can act as a starting point:

Lead from the top

Integrity can't be built by words alone. Senior leaders must show they mean what they say if they are to prevent and address misconduct.

Establishing successful mechanisms for reporting and investigating incidents will only work if leaders are seen to support and follow them.

The more employees see leaders standing up for them and taking concrete action following reports of misconduct, the more comfortable they will feel about reporting wrongdoing when they see it.

Design and implement a structure to execute strategy

To build a successful strategy, organizations must establish sound governance structures that:

- Align with the organization's defined roles and responsibilities
- Establish clear accountability through key performance and behavioral indicators
- Breakdown silos to allow for the free flow of information to those who need it
- Build trust through transparency
- Identify the root cause of wrongdoing by addressing systemic challenges

Strengthen a culture of integrity across the organization

Organizations need to recognize that integrity is a team effort. Compliance is not a standalone support function, and operating with integrity should be built into every team across the organization.

It's important that employees view their peers as holding high standards of integrity; however, they must also see these standards reflected in leadership. To create an effective 'speak-up' culture, leaders must set an example while rewarding employees for acting with integrity rather than focusing solely on punishing others for misconduct.

Boost awareness, training and communication

Better awareness, training and communication, stronger compliance-related procedures, and improvements to governance and leadership need to be at the top of the agenda to address integrity risks. Integrity standards and policies are more likely to be followed when employees understand why they are important.



In challenging times, leaders must drive the integrity agenda

In an era of rapid change and persistent macroeconomic and geopolitical uncertainty, integrity standards can suffer. What's clear is that the biggest hurdle to improving standards is often organizational culture. While it might be more convenient to blame external factors, and while they do of course play a role, the key to boosting integrity standards starts from within. ■

To learn more, [click here](#) to read the full version of EY's 2024 Global Integrity Report.

Jim McCurry is EY Global Forensic & Integrity Services Deputy Leader. Jim joined EY in 1996, and currently serves as the Deputy Global Leader for the Forensics practice. Prior to this, Jim was the Global Sector Leader of the Forensics practice and has also served as the EMEA leader. He has over 26 years of experience performing forensic investigations and related assignments.

Antitrust Enforcers Take a Seat in the Boardroom

by Wendy Arends and Blake Heyer

Antitrust Enforcers Take a Seat in the Boardroom

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The Biden Administration's antitrust enforcers have set their sights on yet another target – interlocking boards of directors that may be illegal under Section 8 of the Clayton Act. In 2021, President Biden issued the [Executive Order on Promoting Competition in the American Economy](#) to address perceived consolidation in various industries. The U.S. Department of Justice (DOJ) and Federal Trade Commission (FTC) have a mandate to use all tools at their disposal to carry out a “whole of government” approach to antitrust enforcement. One underutilized tool—until recently—is Section 8 of the Clayton Act (15 U.S.C. § 19) (Section 8). DOJ and the FTC have reinvigorated enforcement under Section 8 of potentially anticompetitive and often overlooked board interlocks. Given the antitrust agencies' renewed focus on interlocking boards, companies should consider internal compliance programs, ongoing monitoring, and antitrust counsel's guidance to ensure seated directors and future board appointments comply with Section 8.

“

The DOJ and FTC are taking a much closer look at interlocking boards, and now, you should too.

”

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A Renewed Focus on Interlocking Directorates

Section 8 prohibits illegal interlocking directorates which may occur when a person simultaneously serves as an officer or director of two competing companies. An illegal interlocking directorate is a per se violation—which ignores the degree of, if any, anticompetitive effects. Three de minimis safe harbors provide exceptions to a Section 8 violation:

- Competitive sales of either corporation are less than \$1,000,000 (presently adjusted on annual basis to \$4,855,900).
- Competitive sales of either corporation are less than 2% of that corporation's total sales.
- Competitive sales of each corporation are less than 4% of sales of that corporation's total sales.

Additionally, Section 8 includes jurisdictional thresholds that require both corporations to have a net worth over \$10,000,000 (presently adjusted on annual basis to \$48,559,000).

Resignations Follow Increased DOJ Actions Under Section 8

Largely ignored outside of merger investigations until the issuance of the Executive Order, [Section 8 challenges have surged by DOJ, the FTC, and private plaintiffs](#). In a [2022 statement](#), Assistant Attorney General Jonathan Kanter of the DOJ's Antitrust Division said that the DOJ's "Section 8 enforcement has essentially been limited to our merger review process," but that the DOJ "will not hesitate to bring Section 8 cases to break up interlocking directorates."

Sticking to President Biden's enforcement agenda, [Mr. Kanter reiterated nearly a year later](#) that "[e]nforcement of Section 8 will continue to be a focus for the division, just as Congress intended," to address interlocking boards.

Recent DOJ enforcement actions have resulted in unwound interlocks or blocked board members:

- *Brookfield Asset Management Inc. (Brookfield) and American Equity Investment Life Holding Company (AEL)* – AEL and a wholly-owned Brookfield subsidiary are both insurance companies. Brookfield could appoint officers or directors to its subsidiary, while the subsidiary had a contractual right to appoint a director to the AEL board. After the Brookfield subsidiary exercised its contractual right, the DOJ intervened, and the subsidiary withdrew its AEL director nomination.
- *N-able, Inc. (N-able), Dynatrace, Inc., and SolarWinds Corp. (SolarWinds)* – Representatives of a private equity (PE) firm sat on the board of all three software companies. Following the DOJ's concern about an alleged interlock, the PE firm's representatives resigned from the boards of SolarWinds and N-able.
- *Pinterest Inc. (Pinterest) and Nextdoor Holdings Inc. (Nextdoor)* – Pinterest and Nextdoor are both social network companies headquartered in San Francisco. Following the DOJ's enforcement efforts, two directors who served on the boards of both companies resigned from Nextdoor's board.
- *Qualys, Inc. (Qualys), SumoLogic, Inc., and F5, Inc. (F5)* – Three cloud security service providers had a director serve on the boards of all three companies. After the DOJ's enforcement involvement, the interlocking director resigned from Qualys' board and declined reelection to F5's board.
- *Sun Country Airlines Holdings, Inc. (Sun Country) and Atlas Air Worldwide Holdings, Inc. (Atlas Air)* – Both Sun County and Atlas Air provide services to domestic freight routes. The DOJ intervened after an investment group proposed acquiring Atlas Air's outstanding shares while

The remedy sought by DOJ in each case was to either unwind the interlock or decline certain board rights—actions touted by the [DOJ in press releases](#) as the number of director resignations proliferates.

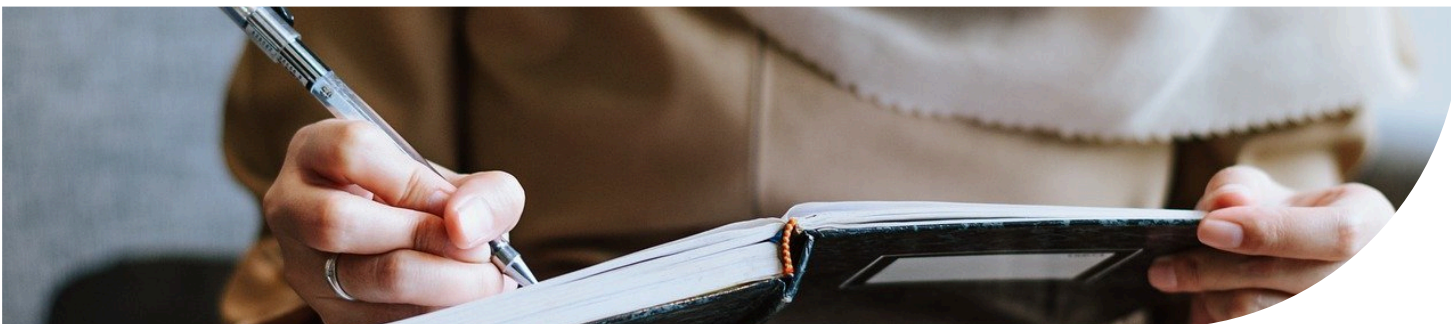
The FTC Amps Up Its Section 8 Scrutiny

Consistent with DOJ's revitalization of Section 8, the FTC is also using Section 8 as a tool to seek additional remedies in its investigations of mergers and acquisitions. FTC Chair Lina Khan noted [in a statement regarding the FTC's action against EQT Corporation \(EQT\)](#) that Section 8 "has rarely been enforced in the over 100 years since its passage[.]" In its first formal Section 8 enforcement action in nearly 40 years, the FTC challenged natural gas producer EQT's proposal to acquire certain natural gas assets from Quantum Energy Partners, LP (Quantum), a PE firm. Along with \$2.6 billion in cash and 55 million shares, EQT offered Quantum a seat on its board of directors.

The FTC expressed concern under Section 8 that the offer would result in an illegal interlocking directorate and lead to the potential for the exchange of competitive and confidential information. In what Chair Khan noted as an expansion of Section 8's reach, the [Consent Order](#) the FTC challenged a future interlocking board and applied Section 8 to LLCs. Although the text of Section 8 only prohibits interlocking directorates "in any two corporations," Chair Khan said that the FTC's challenge against Quantum, an LP with LLC affiliates, "puts industry actors on notice that they must follow Section 8 no matter what specific corporate form their business takes."

In addition, the FTC sought expansive remedies, requiring Quantum to forego electing a director to EQT's board to prevent the formation of an interlocked board, and prohibiting Quantum from serving on the board of "any of the top seven natural gas producers in the Appalachian Basin," absent approval by the FTC for ten years. On May 2, 2024, the FTC issued a [Consent Order](#) conditionally approving ExxonMobil Corporation's (Exxon's) \$64.5 billion acquisition of oil producer Pioneer Natural Resources (Pioneer). The Order prohibited Exxon from appointing former Pioneer CEO Scott Sheffield to Exxon's Board of Directors or serving on Exxon's Board of Directors or management in any advisory capacity.





Excluding certain identified Pioneer representatives, the FTC's order also barred all other Pioneer employees and directors from serving on Exxon's board. Both bans are effective for five years. For ten years, Exxon must fulfill certain attestation and reporting obligations under Section 8.

In support of the FTC's 3 to 2 vote, [Chair Khan wrote](#) that Mr. Sheffield believed he could persuade competitors "to join him in colluding to restrict output and raise prices," after noting numerous "troubling" statements made by Mr. Sheffield. Among other allegations, the FTC raised that Mr. Sheffield's appointment, who also serves the board of directors of The Williams Companies, Inc., a competitor in the oil and gas industry and specifically with Exxon, would result in a board interlock.

Again, the FTC's board ban remedy in exchange for merger clearance demonstrates enforcement agencies' various antitrust regulatory tools available and unconventional enforcement techniques that antitrust enforcers can use as part of their investigations and actions.

Finally, on September 27, 2024, [it was reported](#) that the [FTC is going to bar John Hess](#) (of Hess Corporation) from joining the board of Chevron Corporation, relating to the proposed \$53 billion merger.

Private Equity Firms Are Scrutinized

Private equity (PE) and venture capital (VC) firms remain subject to intense scrutiny from antitrust enforcers, including under Section 8's enforcement resurgence. These firms invest heavily across various industries in their

portfolios, and vertically along industry segments. The investments in competing portfolio companies could result, as shown in the Sun Country action, in multiple board appointments that may result in an allegedly illegal interlocking directorate.

DOJ and FTC also support the "deputization" theory of enforcement that considers an appointing firm as the violating "person" under Section 8, even if different individuals from the firm are serving on the boards. [Chair Khan said](#) that "[t]he Commission has long held that Section 8 applies to corporations as well as to individual directors," in the FTC's action against EQT and Quantum. Although firms are not specified in the text of Section 8, [DOJ also compelled resignations](#) in the Brookfield and SolarWinds actions indicating its alignment with the deputization theory.

How You Can Mitigate the Risk of Heightened Enforcement

With the expanded arsenal of enforcement remedies available to the DOJ and FTC, companies should consider implementing a way to monitor current board and officer composition and proposed changes to ensure compliance with Section 8's prohibitions, safe harbors, and jurisdictional thresholds. Similarly, companies should conduct the same assessment prior to a merger. Because the de minimis exceptions involve competitive sales that are constantly evolving (and because antitrust enforcers may take a different view of what they deem "competitive sales") companies should consider instituting a monitoring program to prevent a potential Section 8 concern that may arise over time. LLCs are now a potential target that should evaluate their board appointment rights in accordance with Section 8. PE and VC firms should also consider their representatives nominated to competing company boards and remain mindful of the potential disruption caused by an interlock challenge.

Adhering to the Biden Administration's clear directive, the FTC and DOJ have taken action to enforce Section 8 and continue to explore all possible remedies. Companies should continue to monitor their board compositions to avoid the expanding antitrust reach of enforcers. ■



A Very Bad Day

Investigations are stressful for everyone, but especially the Chair of the Audit Committee, so consider advance planning.

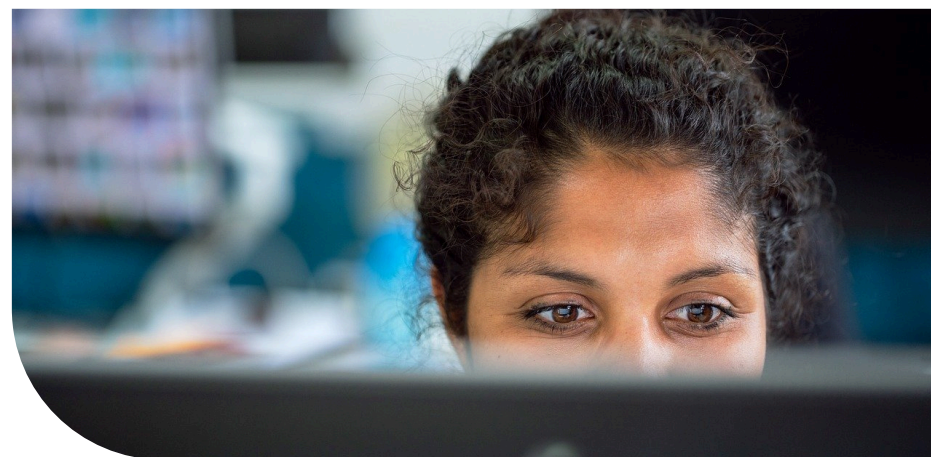
by Edward Imperatore, Craig Martin, Nicole Serfoss,
Christine Wong, and Anissa Chitour

FALL 2024 | IN DEPTH

A Very Bad Day

Investigations are stressful for everyone, but especially the Chair of the Audit Committee, so consider advance planning.

by Edward Imperatore, Craig Martin, Nicole Serfoss, Christine Wong, and Anissa Chitour



You are the Chair of an Audit Committee investigating a seemingly benign accounting issue. And you are having a bad day.

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he investigation began a month ago, three weeks after an anonymous complaint to the company's whistleblower hotline. Today, with the investigation ongoing, you've concluded the company will miss its 10-Q filing deadline.

When you share the bad news with the Board Chair, he complains that he's "in the dark" and that the investigation is taking too long.

After trying to reassure him that it's under control, you receive an all-caps email from the CEO, complaining that lawyers want to image her phone. Why, she asks, must the Audit Committee collect the entire contents of her phone, including pictures of her children? The firm leading the work assures you this is standard, adding that they also need access to emails from your personal account. After you warn that the account holds confidential emails for the multiple boards on which you sit, they promise to "get back to you."

Distressed, you vent to another committee member in a hyperbolic text. She calls immediately, saying such texts may not be privileged and that she hopes neither of you is ever deposed.

Investigations are often difficult and unpleasant for the Board members asked to lead them. But could this day have been avoided? Or at least made less awful?

Preparing the Board and Audit Committee

Before that stressful day ever comes, you can minimize the pain by preparing for an investigation in the following ways.

Identify Potential Risks: The Audit Committee is the primary way that directors discharge their duty to monitor compliance with financial and disclosure requirements. Well-run committees consider the regulatory environment and challenges peer companies have faced, in addition to their company's peculiar risk factors.

Understand Attorney-Client Privilege: Every board can benefit from a primer on the scope of attorney-client privilege and how to protect it. Not all communications resulting from, or relating to, an investigation are protected by attorney-client privilege. For example, as noted above, a director's colorful email or text message venting frustration may not be privileged and could draw scrutiny (or cause embarrassment). Further, the privilege's protections may be illusory where a company makes disclosures about an investigation to third

parties, such as regulators or auditors. Work with counsel to refresh the board on the scope of attorney-client privilege and how it can be preserved should an investigation arise.

Define Procedures for Internal Escalation (and Confirm They Work): In the wake of an allegation of financial or disclosure misconduct, every day is precious. That's because the clock may be ticking toward a public event, such as a scheduled earnings release or SEC filing deadline. It is critical that the company establish well-defined lines of communication with the board and Audit Committee and ensure that serious financial or disclosure matters are escalated promptly to the Audit Committee's attention.

Those procedures must be understood within the organization, particularly in functions more likely to receive a complaint, such as whistleblower hotlines. The company must adopt and implement policies to address whistleblower complaints or employee allegations and escalate them promptly.

In the hypothetical, the three-week delay in the complaint reaching the Audit Committee may have cost the company its chance to meet its 10-Q filing deadline. That will almost certainly inject uncertainty into the market and cause otherwise avoidable damage to shareholder value.

Adopt and Explain the Communications Plan: Audit Committees, with the assistance of counsel, are most often called upon to conduct investigations when management itself has been implicated in alleged wrongdoing. Accordingly, the Committee's ability to discuss the procedures or facts is constrained, lest the Committee jeopardize the investigation's independence or attorney-client privilege.





This dynamic can be uncomfortable, both for management and for directors not participating in the investigation. The reaction of the Chair in the hypothetical, who feels uninformed and anxious about the pace of the investigation, is understandable. These feelings can be exacerbated when executives and directors learn that third-party constituencies, such as auditors or regulators, are receiving substantive updates. Educating everyone well before an investigation about the anticipated cadence and form of updates can help build a reservoir of trust and understanding.

Adopt Clear Policies for the Collection of Business Information: Many companies have “bring your own device” policies that permit the use of

personal devices for work. If an investigation arises, counsel to the Audit Committee may need to image these personal devices to collect information relevant to the investigation. The board should ensure that the company has appropriate policies in place to allow collection of business-related information from personal devices. Set expectations now about a process that, during the stress of an investigation, can feel unnecessarily intrusive.

Directors themselves are not immune to such concerns. Indeed, it is not uncommon for directors to commingle business communications in a personal account or an account maintained by an unrelated business. But this practice poses risks to the confidentiality of information about companies

unconnected to the investigation and may cause unrelated privileged or personal communications to be exposed. This is precisely the risk the Audit Committee Chair in our hypothetical faced when the Committee’s lawyers asked for access to his email account.

The board should explore policies and training aimed at segregating company-related information. For example, companies often establish company email addresses for independent directors to use for board matters. Alternatively, companies sometimes encourage independent directors to create a personal email account specifically dedicated to matters of that single board or company.

Consider Government Whistleblower Programs and Self-Reporting:

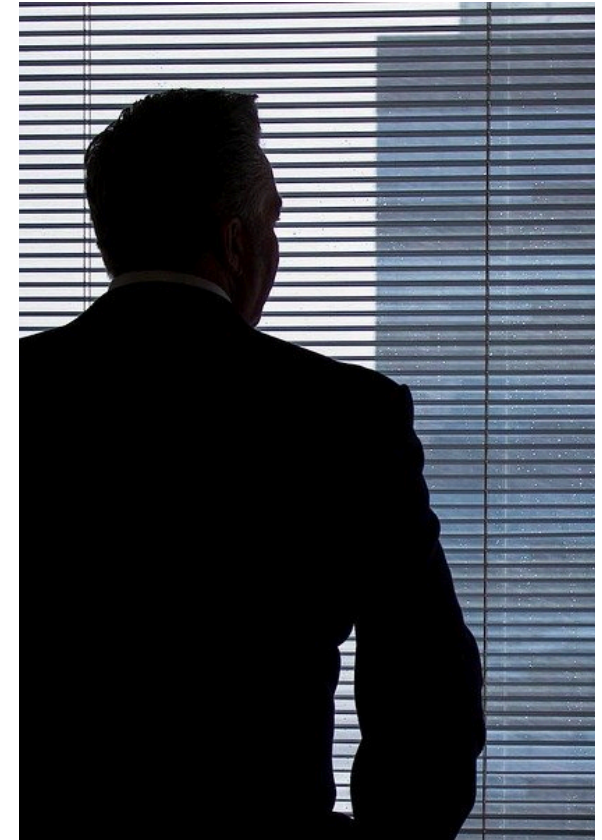
A prompt response to allegations is likewise important to meet the expectations of the U.S. Department of Justice (DOJ) and the Securities and Exchange Commission (the SEC) and maintain the company's eligibility for voluntary disclosure credit if it self-reports the matter to the government.

In 2024, DOJ amended the Criminal Division's Corporate Enforcement and Voluntary Self-Disclosure Policy (VSD) to provide that a company that voluntarily self-reports to DOJ within 120 days of receiving a whistleblower report is eligible for a presumption of a declination from DOJ, even if the whistleblower already [made a report to DOJ](#). DOJ also launched its [Criminal Division Corporate Whistleblower Awards Pilot Program](#), which provides a monetary incentive to individuals to report allegations of misconduct to DOJ.

The Pilot Program and amendment to the VSD add a layer of complexity to a company's sensitive decision of whether to self-report a matter to DOJ. A company must assess the risk that an employee will use the Pilot Program to report

conduct to DOJ before the company is able to complete an investigation or otherwise be in a position to report it to DOJ.

Likewise, in recent remarks, the SEC's Director of Enforcement asserted that the best way to ensure a favorable outcome in a potential SEC investigation is to "self-police" and support a ["culture of compliance."](#) When deciding whether to pursue an enforcement action or grant leniency to a company, the SEC says it evaluates a company's remediation efforts, timely self-reporting, and [cooperation](#). The company should carefully weigh the benefits and risks of self-reporting.



Conclusion

Even under the best of circumstances, investigations are stressful and pose serious risks. They usually arise unexpectedly, and they can unfold unpredictably. The best way to mitigate the risks faced by our unfortunate Audit Committee Chair is to plan for the investigation now, before it arises. ■



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CRAIG MARTIN serves as co-chair of Morrison Foerster's Investigations + White Collar Defense and ESG + Sustainability practice groups.



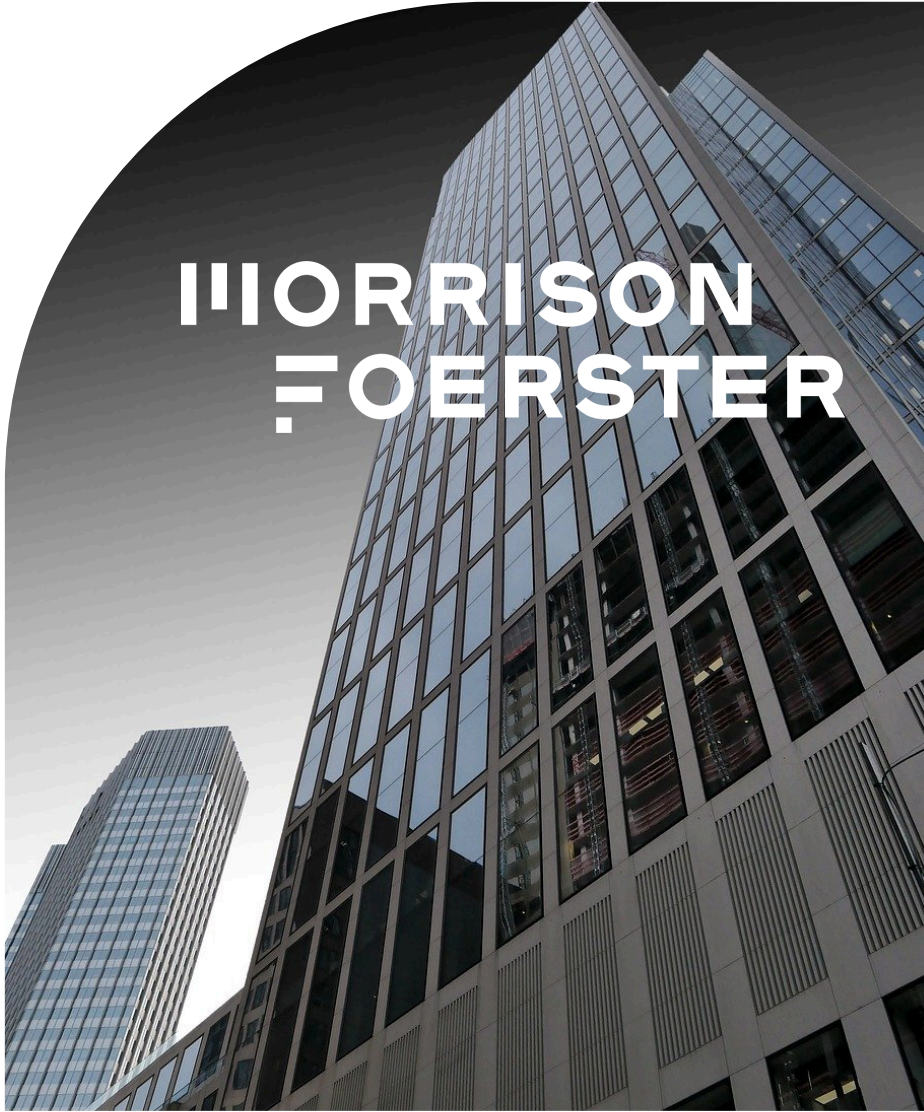
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The Morrison Foerster logo is displayed in white, bold, sans-serif capital letters. The 'M' is stylized with three vertical bars. The background is a low-angle photograph of a modern glass skyscraper, with the building's facade and windows visible. The sky is a pale, overcast grey.

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The Ethical Leader of the Year

Corporate search committees and candidates considering senior roles are asking: *Have they demonstrated ethics and ethical leadership?*

by Joe Griesedieck

The Ethical Leader of the Year

Corporate search committees and candidates considering senior roles are asking:
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s the pre-eminent global organizational consultancy firm, Korn Ferry carefully tracks the characteristics corporate search committees seek when hiring senior executives. We also track what the best and most outstanding candidates are asking about their potential roles with a new organization.

Over the last three years, there is a common interest and cause for pause that is increasingly rising to the top of the agendas of those seeking senior roles and the committees who make the hiring decisions: Ethical behavior and ethical decision-making.

The issue has taken on so much importance that it can often become the deciding factor in whether to make an offer—or accepting an opportunity.



JOE GRIESEDIECK is the Vice Chairman at Korn Ferry, as well as Managing Director, Board & Chief Executive Officer Services based in the firm's San Francisco office.



Given the clear importance of ethics and ethical leadership to both sides of the employer/employee relationship, we have three recommendations to consider:

Business Schools and MBA programs should listen carefully to what the market is saying.

Preparing the next generation of business leaders to make value-based decisions and instilling a high level of appreciation for the importance of ethics and ethical leadership is paramount, and may make the difference in students meeting the demanding standards of the best global organizations.

Lock in on what students are saying.

For example, when the Colorado State University College of Business offered two courses in ethics and ethical leadership to the entire student body, without any promotion or effort to encourage participation, well over 1,000 students signed up on their own in three weeks. That is listening to the market.

Walk the talk.

According to the Edelman Trust Barometer, trust has been declining in almost every institution in American society for years. To make themselves more attractive to customers, employees, and shareholders, and to rebuild trust in business, companies and prospective C-suite executives should lead by example and deliver on ethics and ethical leadership.

What the marketplace is telling us led to our support of the work of the William G. McGowan Charitable Fund and its longstanding priority on enhanced ethics and ethical leadership in business. For 15 years, the McGowan Fund has funded a model for a truly immersive experience in ethics and ethical leadership by working with 10 universities to select a high-potential MBA student to be a McGowan Fellow and providing all the costs for participation in the program. The Fellows Program is a model for other MBA programs to follow, evidenced by the compelling feedback from the participants.

We also are pleased that one of our senior executives served on the founding National Panel of Judges for the first-ever [Ethical Leader of the Year Award](#), created by the McGowan Fund three years ago. In our view, they have made truly outstanding choices for the first three awards of Chief Executive Officers who have so consistently “walked the talk” of ethics and ethical leadership.

These are outstanding examples of genuine ethical leadership. Each of them has made it clear to us, and to the 20,000 HR professionals who attend

the SHRM National Conference where the award was presented, that ethics is not simply the right thing to do, but (as Bill McGowan always said) it is also the right business thing to do.

The Ethical Leader of the Year Award stresses the importance of being transparent and consistently demonstrating a commitment to ethics and ethical leadership even in the toughest of times. These companies are all rated as the best-in-class in their industries, and in the eyes of their customers, shareholders, and employees.

We don’t believe this is a coincidence—it further affirms the business value of ethics and ethical leadership.

As leaders in the talent management and executive search profession, we try to predict what the future relationship will be between employers hiring at the C-suite level and those executives who became a part of their leadership team. The evidence demonstrates that on both sides of the employer-employee relationship there is an acceleration in the demands for a shared commitment to ethics and ethical leadership.

ETHICAL LEADER OF THE YEAR WINNERS

2022 | Charlie Lowrey, Chairman and CEO of Prudential Financial, Inc.

2023 | Ed Bastian, Chairman and CEO of Delta Airlines.

2024 | Marvin Ellison, Chairman, President, and CEO of Lowe’s Companies, Inc.

For many years, we have made background searches on candidates a key component of our service to the companies and organizations that retain us. To further ensure their success in identifying people who will make a positive impact within their corporate culture and environment, we have extended our assessment process to include evidence of appropriate ethical leadership and behavior.

It is our conviction, based on the market intelligence we have, that ethics and ethical leadership is here to stay.

Its time has truly come. ■

With Great Presence Comes Great Accountability

Hitachi's DAVID KARAS describes how the company's culture assessment work draws on many strengths from across the organization—especially robust support from executive management and the board.

With Great Presence Comes Great Accountability

Interview by Bill Coffin

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Hitachi's Chief Compliance Officer, Head of Global Compliance Office, David Karas, describes how the company's culture assessment work draws on many strengths from across the organization—especially robust support from executive management and the board.

Can you walk us through Hitachi's most recent culture assessment?

We are a large, global organization headquartered in Japan with more than [250,000 employees](#) around the world.

When I worked with Ethisphere's Culture team on it, it was one of the largest deployments across Hitachi, with the largest number of responses. The sheer magnitude of the project itself was something else. We could not have done it just from Compliance. It really was a team effort. We engaged heavily with our Human Resources organization to implement and disseminate the culture survey and to get responses.

It was all driven from the board level. When we implemented our first culture survey last year, our response rate wasn't reflective of the total organization. Our response rates were off the charts in Japan and India, which contributed to our



healthy response rate overall. But our board challenged us to get more data from a wider representation of the organization, which is what drove our teaming up with HR.

What we are trying to do is ambitious. We are still learning how to deliver a survey like this and deliver its results a little more elegantly. We are beholden to our HR database. There is no one Hitachi email address; within our organization, there are hundreds of different companies among multiple verticals, so there is no one repository for information. That is our challenge.



Many organizations make the mistake of viewing compliance as a purely legal matter. And of course, the new [U.S. Department of Justice update](#) emphasizes that. **But this is a cultural exercise, not a legal one.** This is not about establishing the policies, regulations, and protocols of the organization. It is really about deciding who you want to be as an organization. Do we want to do the legal minimum? Or do we aspire to something greater than that?

The Ethisphere team went above and beyond, in terms of providing us with what we needed, since we have so many different organizations in so many different geographies with so many employees.

They provided us with data cuts that drilled down through some 160,000 employees in a manner that provides us with information by geography,

function, and business without violating privacy laws, or employee anonymity. We didn't want to be able to identify individual people, but we did want to be able to identify if a particular issue raised by the survey was a Finance issue or a Sales issue, whether it was an issue in India vs. Brazil, or if it was an issue in Transportation or Energy. The Ethisphere team was really great about providing us with all of those data cuts.

Was your support from the Board reflective of your ongoing relationship with them, or did you have to reach out to them specifically for this particular initiative?

At Hitachi, we have a great deal of focus on compliance, generally. I have a seat at the Board's Internal Audit Committee, where I can get information firsthand, make recommendations, and report on a regular basis. And when I report,

we dig into lots of issues, from joint ventures to discipline. They are very focused. We are called on quite a lot, in a friendly way, and we can have real-time conversations about compliance. I don't have to wait for it to filter down through many levels of management or through different areas of the organization. So that direct relationship is huge. But it is also a double-edged sword, because with great presence comes great accountability, to paraphrase Spider-Man (*laughs*).

The other important role the board played in this is a demand for accuracy and transparency. They want every employee to know where we are as a company. They want to make sure that we are driving the business from a cultural engagement standpoint. The cultural assessment survey is a direct correlation between managers communicating with their employees on a more frequent basis, and the scores that you receive.

Employees whose managers communicate with them more often typically feel less pressure to behave in a manner that doesn't align with the Code of Conduct. They don't feel fear around reporting instances of unethical behavior. And that all means you have a much more effective compliance program and a much more ethical company.

But because of that demand for accountability from Hitachi's Board and executive management, it gives us the backing to go into parts of the organization with remediation steps for addressing areas in the survey that didn't score well.

When you present the culture assessment findings to your board, what do you focus on?

The first thing is defining our objective of meeting the expectations of the board and senior management. They want to know clearly what the scores are, business by business, vertical by vertical, so they can stack-rank the companies. They want to know the risks by geography and how we are addressing them.

So I need to deliver that level of detail, rather than just going through the results on a basic level. So before the survey, I asked about what we wanted our outputs to be. Do we want to be able to cross-reference organization by organization? By geography, function, or years of experience?

There were some things, like comparing Gen Z to Boomers, that were not necessarily important to the board. We also did not include some questions because of data privacy. So, we left those things

out and focused on the data we really wanted to collect.

What were some of your biggest takeaways from this culture assessment?

The data this survey provides can move mountains. When you have real, measurable data like this that you can increase incrementally over time, it gives you the opportunity to say, "Here is where we are starting, and let's see what levers we can use to improve certain scores." For example, if we want to improve trust in the system, how do we start reporting on all of our whistleblower cases and talking about the allegations we receive? The data enables us to think at that level.





The other takeaway was that policies don't drive culture. You can have a non-retaliation policy, and an anti-bribery policy, and do all of that policy work and still fail in your ultimate assignment, which is capturing the hearts and minds of the people of the company. If the only tool in your toolbox is a hammer, then everything looks like a nail. But everything isn't a nail. You can't just tighten up your anti-bribery policy or do more training on your gifts & entertainment spending if you want to affect change. If you're not listening to the people, then you're not creating a culture where those things are important. You won't create a safe environment where people can speak up freely without fear of retaliation or pressure from their manager. All of that is cultural. And there isn't a single policy that's going to get you there.

I have been in this role for about four years. I was Hitachi's first Chief Compliance Officer, and prior to that, the various companies within the organization had different types of programs, so it was very difficult to report on a consistent basis. Because of that, I initially thought we should wait until we got all of that in place before we conducted a culture survey. And that is a chicken-and-egg situation, because where do you really start? Do you build the program and then measure it, or do you measure your culture and then build it from there? You just have to start this work very early. The sooner you start it, and get that stake in the ground, the sooner you can come back the next year and get more data points and create a trend. Then, you can see which way you're going and what you're going to focus on next year. Otherwise, you're just going to bang around in the dark.

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The Ethisphere team went above and beyond, in terms of providing us with what we needed, since we have so many different organizations, in so many different geographies, with so many employees.

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What aspect of Hitachi's culture do you wish more people knew about, outside of the organization?

Our company is more than 100 years old, and we have always had a culture of ethics and compliance. It is very much baked into our way of doing things. We are global players, and continue to grow in the global market. Our stakeholders want us to have an ethical culture. The institutional investors want it. And we've been able to improve our ratings in this area because now we can articulate what it is we are doing as a organization, rather than saying it differently to sustain analytics rating in the area, because now we can articulate what it is that we're doing rather than driving conversations with all of our different companies. Being able to present our ethics and compliance program, and being able to present our culture in a unified fashion has been really helpful.

Also, our peer-to-peer culture is very good and trending upwards. Our people have such a high level of respect for everyone's work and everyone's job that there is a very high degree of trust. There is a mutual understanding that it takes everyone to make it work. There is not a lot of superstar culture here.

Our spirit of collaborative collaboration is a big part of what helps drive our culture. ■



*DAVID KARAS is Chief Compliance Officer,
Head of Global Compliance Office, Hitachi*

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A Classroom Nudge and Bridge for a Polarized Country

by Timothy L. Fort



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by Timothy L. Fort

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s a professor of Business Ethics, I'm used to people commenting that what I teach sounds oxymoronic. Business and ethics in the same sentence? Yes. I have spent the last 39 years helping people reconcile these two concepts as parts of a paradoxical whole in any capitalist, humane society that hopes to sustain itself over time. At the start of each undergraduate ethics class, I ask students to tell me a little about themselves and what helps them learn. I have become alarmed by the number of students who are expressing fear around discussing anything values-related, as if sharing what they believe or value will alienate them from their peers. Students often accompany these statements of fear with ones of disillusionment for where we are as a country, poignantly aware of their place in the chaos of a country divided.

By now, we're all generally familiar with the sentiments: We're a country divided, and we're exhausted by it. A 2023 Pew Research Center report showed over 60% of Americans are fatigued by the news. A 2021 USA Today/Public Agenda poll showed that nearly 75% of Americans are tired of partisan divides and believe it would be good for the country to find common ground, but only one in ten think rancor will decrease over the next ten years.

So far, 2024 doesn't seem to be quelling those sentiments. It is true of course, that some benefit from division and conflict, but these numbers suggest that the majority of the country are looking for ways to overcome these divisions. **My experience with students—undergraduates, graduates, executives, and even alumni returning to take lifetime learning courses—should give hope that there are, in fact, ways for us to find that common ground.**

One of the assignments I give all my students is to find a piece of music that puts them into seven different states of mind, ranging, for example, from competitiveness to friendliness to joy to reflection.

It's a bit of a riff on levels of moral development created by psychologists, and it nudges students to recognize and inhabit different ways of looking at the world. Then we take a closer look at those states of mind that encourage positive interactions with each other and the music that goes along with those mindsets. (We can do the same thing with other shared experiences such as sporting events, movies, and other storytelling, and even sharing a meal, religious beliefs and interacting with our pets.) When students share their musical (or other) selections of positive interaction, they quickly find a bridge to common ground, even if they don't exactly share the same songs.

With a view of the whole lecture hall, I can almost see their brains relax as they share their answers to this musical question. They have found something in common, even with someone they may disagree with on social and political issues, something that represents a shared identity. And this small but tangible shared identity can soften students' fears around expressing their values-related opinions and their political and social positions because, after all, they now share something in common—music. Our brains have

significant flexibility, and with a little nudge like a shared cultural experience, a favorite something, we can see each other a bit differently, with a slightly more open mind.

“

What I've observed in my classroom are, of course, drops in an angry ocean of division, particularly in an election year. But they do speak to the potentiality of finding common ground and the power of an intention to do so.

in

These connective moments gain even more power when the students verbally relay them in one another's presence rather than just posting on a discussion board. Oral storytelling consistently creates a remarkable phenomenon between listener and teller, the direct experience allowing the listener to value the stories of others even when we disagree with the values themselves. It's akin to Lin Manuel Miranda's rendition of Alexander Hamilton endorsing Thomas Jefferson over Aaron Burr because "Jefferson has beliefs. Burr has none." The exact same psychophysiological phenomena have occurred in my classes and consulting gigs. My students can respect differences (even differences they think are wrong) and value the person with whom they differ if someone is able to sincerely articulate their position with respect for others' positions. And in a conversational flow of opinions, people

are more inclined to talk about their differences, again, with a more open mind.

Those differences include views on DEI and ESG. My students sometimes disagree on such things. I read some heat in a few of those early surveys. Yet, once they've spent some time together, once they have found a common connection with each other, even if it as simple as a shared song, favorite television show, or respected athlete, they listen to each other. Yes, they do. And then they speak rather than yell. And when they are done speaking and listening, they feel a lot better about themselves, their classmates and their country.

What I've observed in my classroom are, of course, drops in an angry ocean of division, particularly in an election year. But they do speak to the potentiality of finding common ground and the

power of an intention to do so. I've seen polarized students form bonds and even friendships. I've seen strangers open up to one another after discovering their shared love of a particular musical artist or a favorite food or sports team or movie. Shared cultural experiences hold a potency for peace. As a start, maybe ask someone about the music they love or a pet they adore and see what kind of bridge you can build. The point is not that we will resolve our differences in a bitter election year. It is exactly because we are in a bitter election year that we need to find the connective tissues for a nation that could use some hope. ■

TIMOTHY FORT holds the Eveleigh Professorship of Business Ethics at the Kelley School of Business at Indiana University and is an Affiliated Scholar at the Kroc Institute for International Peace Studies at the University of Notre Dame. He is currently co-authoring a book with Kristin Hahn, entitled Songs, Sports, Stories and Suppers: How Shared Cultural Experiences Can Save America. He has been nominated for the 2024 Nobel Peace Prize for his work showing how businesses can contribute to peace.



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The Evolution of Transparency in Corporate Disclosure: 2024 Trends & Insights

by Jennifer Cooney

FALL 2024 | OTHER FEATURES

The Evolution of Transparency in Corporate Disclosure: 2024 Trends and Insights

by Jennifer Cooney

Recent developments in corporate disclosure reveal steady adoption of transparency principles and best practices. While changes more closely mark an evolution rather than a revolution, we can appreciate the thoughtful and bespoke approach to corporate communications that respond to the wide range of stakeholder demands and consider the reader perspective. This movement emphasizes the growing significance of cross-departmental collaboration in improving transparency. Companies recognize that transparency strengthens the brand, builds trust with investors and other stakeholders, and influences company outcomes.



JENNIFER COONEY is the advisory practice director at Labrador U.S., a leading global communications firm focused exclusively on corporate disclosure documents.

Overview of Disclosure Trends in 2024

As we review the 2024 corporate disclosures landscape, companies are making significant strides in ensuring that their communications are not only informative and compelling, but also clear and understandable to a broad audience of stakeholders. Reports and Codes of Conduct include more links that allow readers to easily access additional information on topics of interest and key policies. Organization and usability of investor relations (IR) websites also continue to improve.

Labrador, an independent firm specializing in transparent investor and stakeholder communications, recently completed its annual study of the key disclosure documents of the top 250 companies in the S&P 500 (S&P 250), including proxy statements, 10-Ks, ESG reports, investor relations websites, and Codes of Conduct. The benchmarking evaluated 234 discrete criteria that reflect the five pillars of transparency – accessibility, precision, comparability, availability, and clarity.

Overall, average transparency scores increased from 46% to 49%, reflecting efforts across companies to be more transparent and build trust with stakeholders.

Average scores continued to rise across most documents, including proxy statements (44% to 48%), ESG reports (46% to 48%), IR websites (63% to 71%), and Codes of Conduct (43% to 48%). Form 10-K scores decreased slightly (41% to 38%), impacted primarily by criteria revisions in 2024.

Intel, Dow, and Mastercard were the “Best Overall Transparency” winners in the 2024 U.S. Transparency Awards, reflecting cross-functional effort and company-wide commitment to effective communication strategies. These companies scored high across all documents.



ESG Reporting

Navigating anti-ESG sentiment and legal complexities around DEI caused some trepidation over the past year for reporting companies. Despite the rhetoric, companies, institutional investors, and other stakeholders are still focusing on sustainability and ESG topics, and reporting saw less change than anticipated in both form and substance. In fact, Labrador's review of 100 S&P 250 companies found only a moderate change in naming conventions for reports. Approximately 26% of companies continued to use "ESG Report" and 28% used "Sustainability Report" this year. Unsurprisingly, with shifting interest in reporting frameworks focused on impact reporting, various iterations of "Impact Report" gained traction.

Notably, there seems to be a growing consensus on the need for stronger disclosure that links business strategy with sustainability goals and initiatives. As sustainability programs mature, the focus is shifting toward greater accountability. Companies are now expected not only to clearly define their goals but also to explain how those goals were set and outline the paths to achieving them.



2024 S&P 250 Highlights – ESG Report

47% include a letter from leadership discussing integration of ESG with company strategy

49% discuss how material topics were assessed and prioritized

44% present an ESG goal tracker/ dashboard

79% disclose emissions reduction targets

- 80% share how they will meet Scope 1 and 2 goals
- 55% share how they will meet Scope 3 goals

47% disclose DEI goals

- 41% disclose progress against goals

Executive Compensation

In recent years, companies have made significant enhancements to their executive compensation disclosures, including linking pay programs to strategic objectives and accountability for performance. Most companies now provide the rationale for metric selection in their incentive plans and explain the connection to strategic and financial priorities. Many include this information under a separate header to draw readers' attention. Disclosures around the compensation committee's approach to goal-setting also are highlighted, demonstrating responsiveness to investors who are trying to understand goal rigor as part of their assessment of pay and performance alignment.

While details are important, they also contribute to lengthy and dense Compensation Discussion and Analysis (CD&A) sections. Transparent disclosures embrace summaries and visual elements to aid the reader. For example, an overview of compensation elements in the proxy or CD&A summary that includes key terms of incentive programs can consolidate text, allow for comparability (year to year, company to company, etc.), and steer investors to CD&A sections for further review. While many companies include a table that identifies key pay components, the content and placement of these summaries vary, which dilutes the effectiveness. On the other hand, companies consistently alert readers to prior say-on-pay concerns by sharing previous results at the outset of CD&A.

2024 S&P 250 Highlights – Proxy Statement

87% explain rationale for selection of performance metrics in annual incentives

79% explain rationale for selection of performance metrics in long-term incentives

75% explain goal-setting for annual bonus plan

In the proxy summary or CD&A summary:

- 28% include an overview of pay elements including metrics, weightings, performance periods, and vesting terms
- 66% include prior year say-on-pay results



2024 S&P 250 Highlights – Proxy Statement

81%

present a director skill matrix with qualifications by individual director

53%

define the skills and qualifications sought of board members

28%

link the prioritized skills and qualifications to the company's business or strategy

69%

include a section or callout about board refreshment or succession planning

Board Skill and Diversity

Another area of continued focus is on board skills and attributes, with an increasing number of organizations offering detailed skill matrices and director diversity disclosures in the proxy statement. Governance practices also are becoming more transparent, particularly around board succession planning. Together, these disclosures begin to address investor inquiries into how the board is suited to support the company's current and long-term strategy. An opportunity for improvement is to better connect the board skillset and director qualifications to the business – many companies define the skills sought, but do not expressly link to the company's business and strategy.

Tangible Outcomes of Transparent Corporate Disclosure

Transparency isn't just about regulatory compliance—in fact, it treats compliance as the starting point. The effort to prepare communications that meet readers' needs in terms of both content development and clarity of content is rewarded. Transparent disclosure contributes to real-world outcomes, such as:

- **Enhanced investor confidence:** Clear and detailed disclosures provide stakeholders with a deeper understanding of how risks and opportunities are managed, leading to more informed investment decisions.
- **Improved voting outcomes:** Transparent disclosures, particularly in proxy statements, can directly influence shareholder votes on key issues, including board elections and executive compensation, and also garner company support in the context of shareholder proposals.
- **Stronger stakeholder relationships:** When companies are transparent about their goals and progress, they build trust, leading to stronger relationships with investors, employees, and customers.

Looking Ahead: AI in Corporate Disclosures

While talk of AI and its impact in the corporate world dominates many conversations, disclosure on this topic is still in early stages – but it is evolving. As companies increasingly integrate artificial intelligence into their operations, there will be demand for transparency in corporate disclosure documents to reflect its growing role and use. While a few forward-thinking companies already address AI in their reporting, the next decade is likely to see a shift where investors and other stakeholders will expect this information to be included.

As disclosure expectations evolve, companies should begin assessing disclosure considerations around AI risks, including human capital, data privacy, cybersecurity, and sustainability. Because AI presents both risks and opportunities, it is likely that AI oversight and governance disclosures (similar to cybersecurity) will be expected. By taking proactive steps now, companies can position themselves as leaders in AI governance and

usage, laying the groundwork for comprehensive, responsible AI disclosures that will meet stakeholder expectations.

Across the five pillars of transparency, corporate disclosures continue to evolve. Increased compliance demands and more integrated reporting approaches require cross-departmental efforts to ensure information is accessible, consistent, and timely. New challenges, such as AI risk and responsible use, also will shape future corporate transparency efforts.

Overall, the trend is clear: companies are actively working to simplify their disclosures and improve stakeholder engagement by leveraging clearer narratives. The result is greater trust from investors, employees, and other key audiences. ■

To view the full study of the S&P 250 companies' disclosures, [click here](#). To learn more about the U.S. Transparency Awards, [click here](#).

U.S. Department of Justice Updates Compliance Program Evaluation Guidance with Focus on Artificial Intelligence and Evolving Policy

U.S. DOJ Updates Compliance Program Evaluation Guidance with Focus on Artificial Intelligence and Evolving Policy

by
AERYKA FAUSETT
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GEOFF MARTIN
JESSICA NALL
BYRON TUYAY



On September 23, 2024, the US Department of Justice (DOJ) issued an updated version of its [Evaluation of Corporate Compliance Programs](#) document.

The Evaluation Guidance was first released by the DOJ in 2017, and it supplements compliance program requirements set forth in DOJ's Justice Manual, the US Sentencing Guidelines, and in a number of subject-matter-specific documents issued by DOJ. The Evaluation Guidance assists DOJ prosecutors in appraising corporate compliance programs at each stage of a corporate criminal prosecution. At the same time, the Evaluation Guidance has become a valuable resource for all companies to measure their compliance program against the expectations of the U.S. Government, and resulting industry best practices.

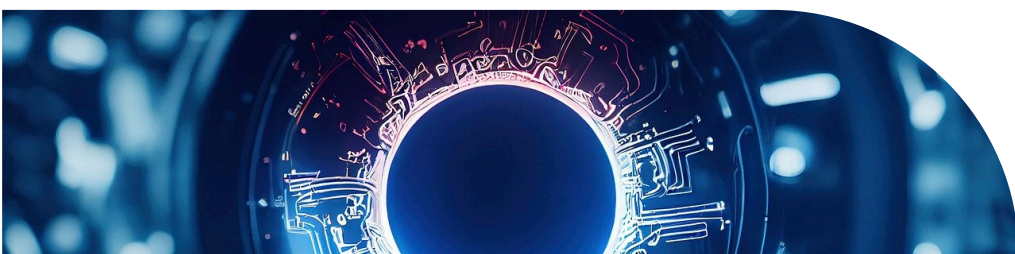
Use of artificial intelligence, data and emerging technologies

The use of data, analytics, and emerging technologies have been a focus for DOJ for some time now, and an expectation for compliance programs. The latest version of the Evaluation Guidance includes a significantly enhanced focus on these topics. There are two primary additions to the Evaluation Guidance in this area:

- **Assessment of AI and emerging technology risks** – The Evaluation Guidance prompts prosecutors to consider how companies manage and mitigate risks related to the use (and potential misuse) of AI and other emerging technologies. The revised Evaluation Guidance also considers how quickly companies can detect and correct decisions made by AI or new technology, if necessary.
- **Data analytics and evaluation** – Additionally, several edits to the Evaluation Guidance stress the importance of collecting and evaluating data as part of an effective compliance program. Ultimately, the DOJ seeks to evaluate whether companies are using data to proactively identify both areas of improvement for existing compliance programs and potential misconduct.

Corporate compliance programs are now expected to become more proactive and nimble than ever to assess and mitigate the risks posed by AI and other technologies. Our recommendations in this regard include:

- **Staying ahead of emerging risks** – With AI continuing to advance rapidly, compliance programs must continuously evolve to be able to proactively identify and manage emerging risks associated with its current and potential future use and potential misuse. Prosecutors will closely examine how a company is doing this and refining its AI systems and use cases based on lessons learned and evolving trends.
- **A cross-functional approach to AI compliance** – Companies should adopt a cross-functional approach to AI governance by bringing technologists into these compliance conversations. This will help to ensure that a deep understanding of the technology and its risks informs the development of adequate controls and monitoring mechanisms.
- **Tabletop exercises** – AI can be misused in furtherance of corporate criminal violations in a variety of ways. In devising adequate AI governance and compliance programs, it can be useful to consider the worst possible outcomes across a company's proposed AI use cases by conduct live tabletop training exercises around these potential misuses with the right stakeholders.
- **Balancing innovation and compliance** – Companies should balance potential internal pressure to leverage AI for business benefits with the need to ensure compliance with applicable laws and regulations.
- **Continuous training and education** – Companies should invest in continuous education and training programs to keep up with fast-paced developments in AI, including its emerging risks and challenges.



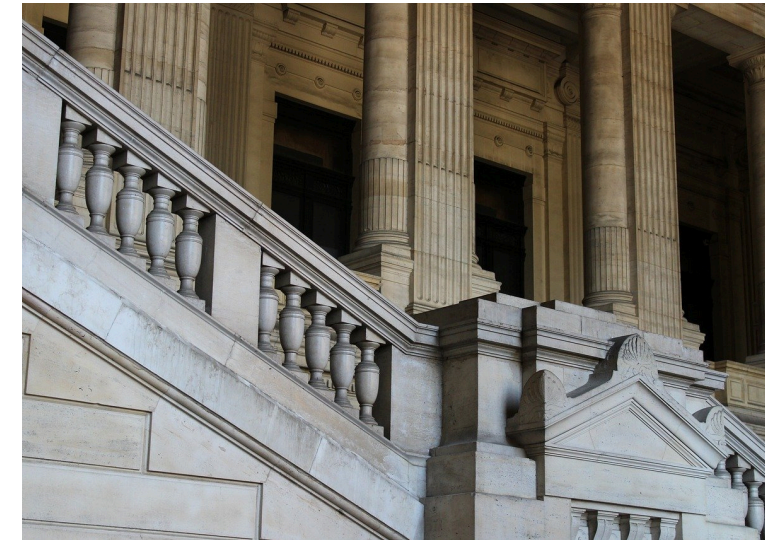
Evolving DOJ policy in other areas

There are a number of other changes elsewhere in the Evaluation Guidance which provide companies and their compliance counsel with insight into DOJ's current thinking and reminders of its recent policy priorities in a number of key areas, including:

- **Root cause analysis and integrating lessons learned** – The DOJ expects companies to learn from their mistakes (as well those of other companies) as they update their internal controls, policies, procedures, and training.
- **Continued focus on Mergers and Acquisitions** – DOJ last year issued specific guidance on its expectations in connection with M&A due diligence and post-acquisition compliance integration, through its October 2023 [Mergers & Acquisitions Safe Harbor Policy](#). Several of these elements have found their way into the revised Evaluation Guidance. Consideration of

these topics, if done in a timely fashion, will allow companies to take advantage of the new M&A Safe Harbor program, if they choose to do so, as well as meeting the DOJ's compliance program expectations.

- **Supporting whistleblowers...and punishing wrongdoing** – Much of DOJ's recent initiatives have revolved around encouraging those who are aware of corporate wrongdoing to report it to DOJ. This has included roll out of a comprehensive [Pilot Program for Financial Rewards for Corporate Whistleblowers](#) in August 2024 and new program issued earlier in the year which outlines [how DOJ will treat whistleblowers who are themselves implicated in underlying wrongdoing](#), including offering potential leniency. DOJ also expects companies themselves to encourage and appropriately incentivize internal whistleblowing and to protect whistleblowers from retaliation and this expectation is now reflected in a number of the latest revisions to the Evaluation Guidance.



Conclusion

None of these revisions to the Evaluation Guidance come as a surprise to those who have been closely following the significant volume of policy and guidance materials issued by DOJ in recent months and years. Nevertheless, the revised Evaluation Guidance provide insight into those areas where companies should focus effort and resource as they continue to evolve and continuously improve their compliance programs, just as DOJ continues to evolve its own expectations to be increasingly complex and prescriptive. ■



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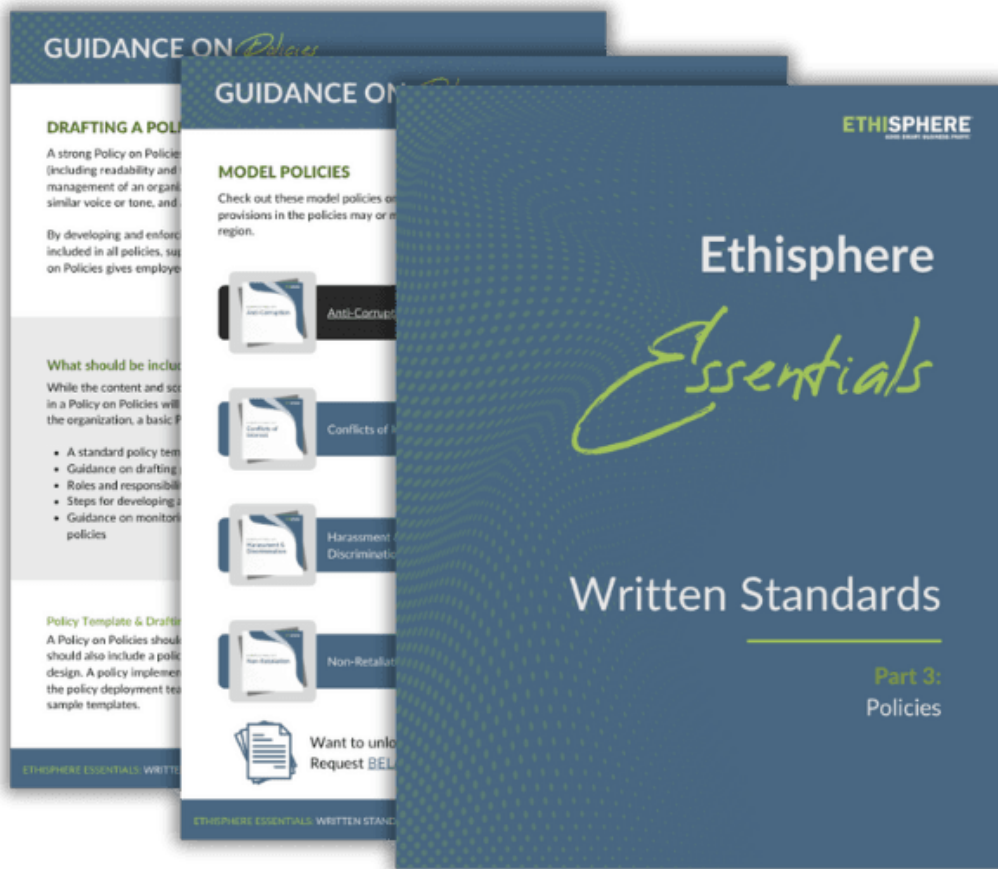
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FALL 2024

BACK MATTER

FALL 2024 | BY THE NUMBERS

The ECCP Update

The September 2024 update to the [Department of Justice's Evaluation of Corporate Compliance Programs](#) (ECCP) brings significant guidance changes around key topics such as speak-up culture, risk assessments, AI, program resources, and continuous improvement. To learn more, [click here](#).

74%

of World's Most Ethical Companies honorees measure their ethical culture through a standalone ethical culture or compliance program perception survey.

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90%

of World's Most Ethical Companies honorees have an organization-wide risk assessment focusing on ethics and compliance.

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35%

of employees are intentionally using AI monthly or more often to assist with their work.

American Psychological Association 2024 Work in America Survey

43%

of World's Most Ethical Companies honorees grant the title of Ethics and/or Compliance Officer to the person responsible for the E&C program. Another 34% of people hold the title of Chief Ethics and/or Compliance Officer.

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This is a massive opportunity for E&C leaders.

Erica Salmon Byrne, Ethisphere

in



FINAL THOUGHT | FALL 2024

Coffin's Corollary

BILL COFFIN | Editor-in-Chief, Ethisphere Magazine

It has been a busy time for ethics and integrity news since the last issue of this magazine. The massive DOJ resolutions around Boeing and TD Bank, and the update to the DOJ's [Evaluation of Corporate Compliance Programs](#) notwithstanding, there has just been an awful lot of unhappy E&C news: executives going to jail, companies receiving massive fines and penalties, CEOs being dismissed or stepping down, and more class action lawsuits than one would ever care to count.

“
In any dispute, the intensity
of feeling is inversely
proportional to the value of
the issues at stake.”

in

But one story above all has captured my attention and refuses to let go, partly because it so perfectly exemplifies Sayre's Law: “In any dispute, the intensity of feeling is inversely proportional to the value of the issues at stake.” With that setup, I give to you what is, to me, the ethics scandal of the year: The 2024 [World Conkers Championship](#).



Conkers, for those of you who don't live in the British Isles, is a traditional game where kids run a string through a horse chestnut and then take turns swinging them against each other's chestnuts (or "conkers"). The first conker that breaks apart, loses.

As with any niche interest, there is now a world championship tournament for this, and this year, the big news should have been that for the first time, an American—Kelci Banschbach of Indianapolis—won the Women's Championship. But instead, the headlines went to 82-year-old David "King Conker" Jakins, who finally won the Men's title after 47 years of competing. Upon victory, however, [Jakins was accused of cheating](#), and was, in fact, found to have a *steel conker* on his person during the competition. Is nothing sacred?

As news of this swiftly went global, the World Conkers Championship convened a 14-person task force to review the

allegations, and even went so far as to use video-assisted refereeing (VAR) to get to the bottom of things. Had Jakins actually used his steel conker, or did he merely have it on him as a gag, as he claimed?

Meanwhile, people asked, Who cheats at conkers? Moreover, who *cares* who cheats at conkers?

Ultimately, the [WCC exonerated Jakins](#). *Even though* Jakins had taken part in preparing the tournament conkers (from which contestants drew randomly), and *even though* he had a clearly illegal conker on him, video replay showed that on the round in which he was alleged to have cheated, Jakins never pulled the steel conker from his pocket. The WCC publicly chalked off the cheating allegations to sour grapes by a defeated contestant who didn't take kindly to seeing his own conker vaporized so thoroughly.

It goes without saying, that Jakins remains guilty of extremely bad judgement, as well as a clear conflict of interest—those who participate in the tourney shouldn't be handling the official game kit. And shading the one who raised their hand isn't great either. In a community presumably as small as the world conkers scene, [publicly shaming somebody](#) who raises their hand is a form of retaliation. The truth is, most folks say they would call out misconduct if they saw it, but only half do because they're afraid nothing will come of it or, more importantly, they'll face payback. That's why there is such a big [speak-up gap](#) in Fortune 1000 organizations and obscure sporting leagues alike.

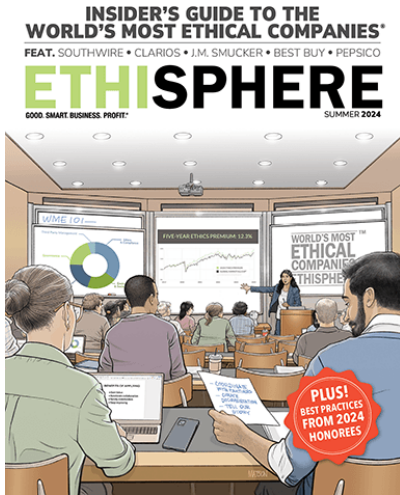
Here's hoping that the WCC will learn a few lessons from this. For next year, perhaps they could institute a proper conflicts of interest disclosure program, so everyone's allegiances

are in their proper place. And most importantly, perhaps they can communicate that it's not sour grapes to call out the appearance of serious ethical breaches. It's the right thing to do, and it shouldn't be so vilified that it takes courage to do it. After all, fair play isn't just the province of quirky sporting leagues and ephemeral news stories. It's the key for sustainable success. So, to Sayre's Law, let me add Coffin's Corollary:



The value of ethics
doesn't scale downward.
It scales infinitely upward,
because ethics is
everything.

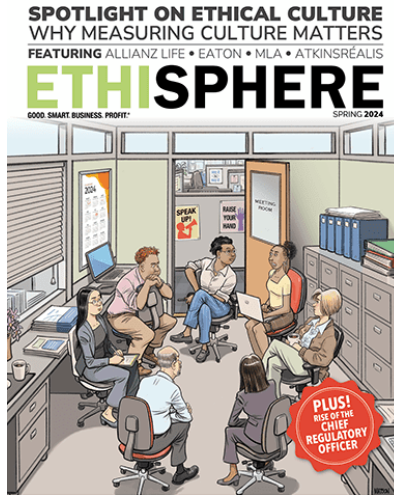
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