ETHISPHERE®
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AN ETHISPHERE INSIGHTS REPORT SERIES

2020 WORLD'S MOST ETHICAL COMPANIES:
LEADING PRACTICES AND TRENDS

VOLUME THREE:
Training and Communications

June 2020

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INTRODUCTION

The best-designed compliance program is only as effective as the training and communications that translate elements and expectations to a company's workforce. While getting that link right has always been a challenge, events of the past few months have introduced even more hurdles as companies have quickly adapted to getting information in front of socially distanced or remote workforces around the globe.

Fortunately, the World's Most Ethical Companies® provide a wealth of insights into exactly how leading companies are thinking about training and communications in regard to their ethics and compliance programs. This report focuses on how these companies plan their training and communications, how they measure effectiveness, what modalities they are employing, and finally the ways that companies are telling their story.

While our data comes from a world before COVID-19, the essentials of effective training and communications are surely helping companies to translate changes to their workers around the world. Making these adjustments is significantly easier for companies with clearly defined training and communications plans already in place. It's much easier to make the necessary adjustments and reshuffle schedules if serious thought has already gone into priorities, modalities, and other logistical constraints.

While planning is key, the Department of Justice's recent update to the Guidance on Evaluating Corporate Compliance Programs reiterated the importance of data-driven assessments of compliance program effectiveness after the fact. This is also an area where the World's Most Ethical Companies excel, and we hope their practices can provide you with ideas about how best to measure and benchmark your own program's performance.

We hope you, your teams, and your families are well and safe during this difficult time.

Tyler Lawrence
Executive Editor, Ethisphere Magazine
tyler.lawrence@ethisphere.com

Erica Salmon Byrne
Executive Vice President and Chair of the Business Ethics
Leadership Alliance (BELA)
erica.salmonbyrne@ethisphere.com

The World's Most Ethical Companies Data Set

Each year, companies applying for Ethisphere's World's Most Ethical Companies designation provide detailed information on the structure and implementation of their ethics and compliance program as well as their governance structure, ethical culture, corporate reputation, and corporate social responsibility initiatives.

Grounded in Ethisphere's proprietary Ethics Quotient®, the World's Most Ethical Companies assessment process includes more than 200 data points on culture, environmental and social practices, ethics and compliance activities, governance, diversity, and initiatives to support a strong value chain.

Governance — 15%
Leadership and Reputation — 10%
Corporate Citizenship and Responsibility — 20%
ETHICS QUOTIENT®
Ethics and Compliance Program — 35%
Culture of Ethics — 20%

The process serves as an operating framework to capture and codify the leading practices of organizations across industries and around the globe.

This is the 14th annual recognition of companies demonstrating their dedication to advancing integrity while enhancing business performance. In 2020, 132 honorees were recognized, representing 51 countries and 21 industries.

BUILDING AN EFFECTIVE TRAINING PLAN:

FLEXIBILITY AND COORDINATION

As legal, ethics, and compliance programs become more robust and the expectations of a company's workforce become higher, it becomes increasingly necessary for ethics and compliance teams to map out a curriculum for training that allows for flexibility in knowledge delivery and also takes into consideration competing training needs from other functions.

Not all employees need the same information at the same time, and different employee populations or topics require different modalities. In addition, launching online training at the same time as IT's annual phishing testing is a recipe for disaster, so understanding what other parts of the organization are planning and when is critical. A good training plan will consider all of these variables.

Every single one of the World's Most Ethical Companies has a formally documented ethics and compliance training curriculum or plan. Some aspects of these plans are nearly-universal, such as specifying training delivered during onboarding or orientation.

Additionally, honorees are planning over a longer time horizon. More than three-fourths of the World's Most Ethical Companies have training plans that extend the training schedule multiple years into the future. Interestingly, we have seen a drop in companies specifically mapping out which topics will be covered in these multi-year plans, a trend we believe correlates to an increasing desire for flexibility in training deployment. Of course, a longer-term view allows companies to anticipate when updates might be necessary, something 73 percent of honorees include in their plans.

More than 3/4

have training plans that extend the training schedule multiple years into the future.

Flexibility in multi-year training plans is a trend we believe is driven by an increasingly dynamic risk environment and the need for adaptation in training deployment.

Increased Emphasis on Short-Term Planning Suggests Flexibility is Increasing in Priority

Question: *Select the following that apply to your company's formally documented ethics and compliance training curriculum or plan. Please select all that apply.*

Element Included in Formal Ethics & Compliance Training Plan	2020 Honorees	2016 Honorees Comparison (%-pts)
Specifies training delivered during onboarding or orientation	98%	+14
Includes a roll-out schedule	93%	+14
Developed using input from functions outside of E&C	92%	+1
Addresses modality of delivery for each topic and/or audience	90%	+11
Maps out targeted and varied training to be delivered over multiple years	78%	−11
Designed to avoid overlapping training provided by other departments	75%	+4*
Tracks when training should be refreshed	73%	+8*

*Answer options introduced during the 2019 World's Most Ethical Companies application year. Comparison data reflects 2020 data versus 2019 data.

Plans also almost always include the following elements:

- Training roll-out schedule

- Input from departments outside ethics and compliance

- Modality of delivery for topics and/or audiences

One emerging trend is for training plans to try to anticipate and prepare for technology change, which impacts the modalities that companies employ. Changing trainings to new systems or platforms takes time and energy that should be budgeted so that updates aren't put off and training does not become obsolete.

Targeting Audiences and Triggering Training

Another factor that training plans must include is how to decide who needs training. Some companies may have very simple breakdowns between employees who need only basic ethics, compliance, and anti-bribery training, and a small cohort who need much more information. However, companies are increasingly trying to tailor their systems so employees only receive exactly the training they need, at the time they need it.

Training Plans Over Time are Becoming Increasingly Nuanced in Defining Audiences

Question: How does your ethics and compliance training curriculum or plan define target audiences? Please select all that apply.

| How E&C Training Plans Define Their Audiences	2020 Honorees	2016 Honorees Comparison (%-pts)
Employee function	90%	0
Business unit	86%	+11
Job level	85%	+5
Location or geography	80%	+16
Whether the employee has direct report(s)	78%	+11*
Length of employment	40%	+22
Represented status (union/works council or non-union/works council)	22%	+8**

*Answer option introduced during the 2018 World's Most Ethical Companies application year. Comparison data reflects 2020 data versus 2018 data.

**Answer option introduced during the 2019 World's Most Ethical Companies application year. Comparison data reflects 2020 data versus 2019 data.

Companies That Include Length of Employment as a Criteria for Assigning Training Doubled in Five Years

Question: *How does your ethics and compliance training curriculum or plan define target audiences? Please select all that apply.*

Companies selecting employee tenure:

2016	2017	2018	2019	2020
18%	21%	24%	33%	40%
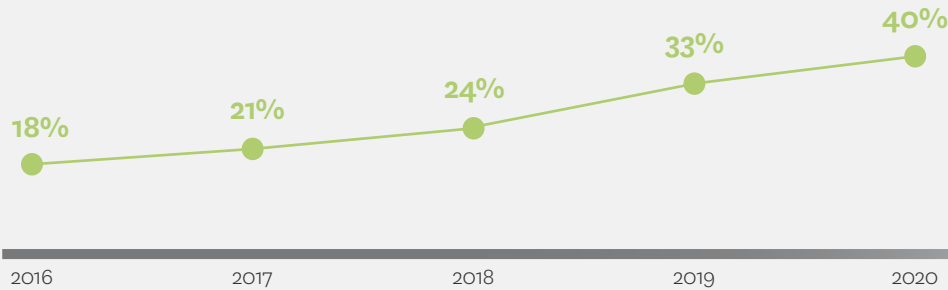
The most common attributes companies use to target training audiences are:

- Employee function
- Business unit
- Job level
- Geography

Among respondents who listed "another unique characteristic" as a factor, many specified that they targeted employee training based on exposure to risk areas. This sort of filtering makes perfect sense—to give one example, employees who aren't in a position to pay a bribe, even in a high-risk market, don't need the same level of understanding of anti-bribery controls as those who control spending or cash flow. Risk targeting prevents wasting employee time and compliance resources.

Of course, even in companies with extremely thorough plans, needs arise that have to be addressed in a more ad hoc manner. Over the course of the year, companies may assign additional training to meet a variety of needs.

Event-Based Training Assignments are a Nascent, but Growing, Practice

Question: Outside of an ethics and compliance training curriculum or plan, do you use any of the following methods to assign ethics and compliance training during the course of the year? Please select all that apply.

We assign training at a manager's request	93%
We maintain a library of courses that employees can elect to take on demand	88%
We assign training in response to misconduct trends	87%
For acquisitions, we assign necessary training until the acquired entity can be integrated into our E&C program	82%
We assign training using triggers from other company systems	36%
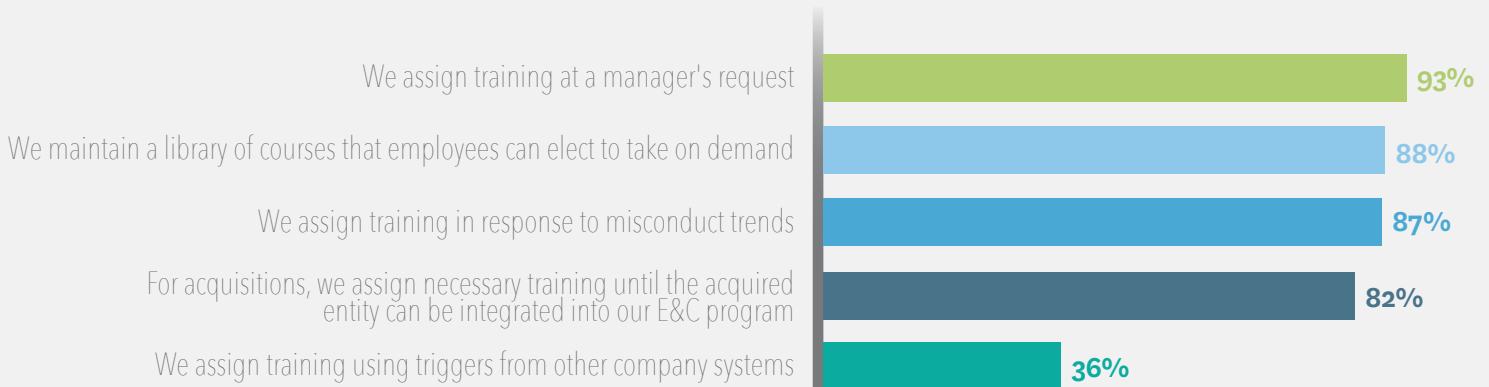
A very high percentage of honoree companies said that mergers and acquisitions could trigger additional training, which makes sense, since the new entity may have significant differences in culture and controls that must be sorted out. The Department of Justice's (DOJ's) Guidance on Evaluating Corporate Compliance Programs makes it clear that once an acquisition is made, the DOJ expects the acquirer to begin remediating any misconduct risks immediately. New training and communications are a demonstrable step in that direction.

One trend that deserves special attention is the number of companies using triggers from other company systems to assign further training. Increasingly, companies are finding ways to deliver this type of "just-in-time" training by integrating with travel, reimbursement, or other key internal tools. Employees don't have to remember complex or particular rules that may only apply to them a few times a year—they can get a reminder only when it matters. This saves their time and reduces the chance that employees will neglect their responsibilities.

The Role of Tenure, Self-Assignments, and Other Employee-Directed Ways of Targeting Training

The World's Most Ethical Companies have a variety of practices to try to target employee training, including assigning training based on tenure and expanding the library of courses managers can assign to employees. In some cases, they use this information to give employees more difficult content.

83% of 2020 Honorees Incorporate at Least One of the Following Elements into their Training Program

Question: Which of the following ethics- and compliance-related training practices, if any, does your company utilize? Please select all that apply.

Ethics & Compliance-Related Training Practices Used	2020 Honorees	2016 Honorees Comparison (%-pts)
Incorporating gaming elements or is delivering training using augmented reality components	61%	+13*
Allowing employees to select or self-direct the topics covered for a certain amount of their required training	37%	+23**
Pretests to provide employees an opportunity to "test out" of training	28%	+14
Assessing understanding during the training to assign progressively more sophisticated content	23%	+5
Pretests to assess baseline knowledge and assign individual curriculum or course(s) accordingly	21%	–28
Progressive course difficulty based on employee tenure	11%	–24

*Answer option introduced during the 2019 World's Most Ethical Companies application year. Comparison data reflects 2020 data versus 2019 data.

**Answer option introduced during the 2017 World's Most Ethical Companies application year. Comparison data reflects 2020 data versus 2017 data.

One particularly interesting trend is the rise of pretests to allow employees to test out of certain content. In these circumstances, pretests are used to level-set, permitting employees to "test out" of material they know or remember from a previous training. Other companies may use them simply to identify which employees might benefit from higher-level training, which also allows the company to trust them with increased responsibilities.
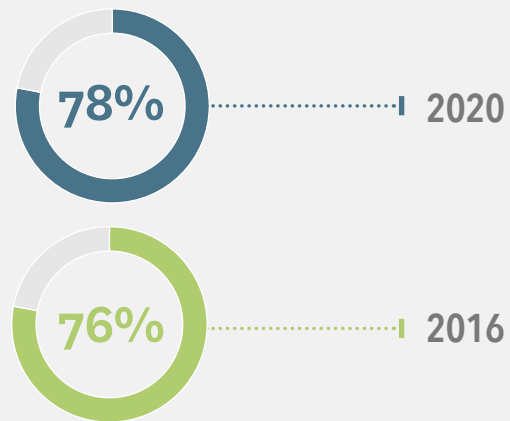
MANAGER TRAINING

As companies have sought mechanisms to help them cascade a culture of ethics throughout an organization, manager training has become a valuable tool.

Over three-fourths of the World's Most Ethical Companies now train all managers on their responsibility to encourage ethical company culture. Nearly all other respondents train at least some managers on encouraging ethical conduct.

We expect these numbers to continue rising as companies recognize the unique role managers play in the culture of a company. Since the vast majority of employees with questions, concerns, and complaints go first to their manager, ensuring those individuals know how to appropriately respond is crucial.

Honorees Training All Managers on their Ethics- and Compliance-Related Responsibilities has Remained Consistent over Time

78% 2020

76% 2016

Related Report

The importance of manager training is the focus of another **Ethisphere report**, *Insights from our Culture Quotient Data Set – Volume Two: Focusing on the Role of the Manager in Influencing Ethical Culture*.

MEASURING EFFECTIVENESS

Of course, what ultimately matters is not how well planned or well-targeted training is. The end goal is for training to be effective—that is, to transfer the right knowledge to encourage a culture of ethics and compliance that reduces misconduct and spreads a company's values throughout the organization.

The DOJ's June 2020 update to the regulatory guidance has made it clear that it expects companies to not only implement the program elements they outline, but to measure how effectively they're impacting the organization's culture.

To that end, the World's Most Ethical Companies employ a variety of tools to measure the effectiveness of their training efforts. The average honoree now uses six different methods to gauge training effectiveness. This is a reflection of the increasing focus companies are placing on this issue as well as the range of data available to companies today to fashion a picture of how well they have transferred knowledge that will impact employee behavior.

Honorees Leverage Multiple Methods to Get a Sense of Training Effectiveness

Question: Identify which of the following methods your company utilizes to measure the effectiveness of its ethics and compliance training. Please select all that apply.

| Method	Percentage
Tracking misconduct trends	94%
Culture of ethics employee assessments	87%
Root cause analysis following investigations of misconduct	82%
Soliciting employee feedback directly following completion of training	76%
Tracking reporting frequency against training roll-out timing	67%
Documented employee or manager feedback, collected through interviews or focus groups after roll-out	63%
Documented employee or manager feedback when training is being developed or before it is formally rolled out	62%
Tracking frequency of resource downloads in the context of when training is administered	42%
Employee knowledge assessments, performed at least annually and separately from training	23%

One practice particularly worth highlighting is tracking the frequency of compliance resource downloads from intranets or other sources. The DOJ's June 2020 guidance specifically mentions this metric as one that companies should track to ensure that employees are actually finding and accessing compliance resources. Although only 42 percent of the World's Most Ethical Companies reported doing this last year, we expect that number to rise sharply in light of this updated guidance.

Increasingly the World's Most Ethical Companies solicit employee feedback on the quality of compliance trainings and communications. For example, more than three-fourths of respondents reported soliciting feedback immediately following trainings. About two-thirds solicit feedback after a new module rolls out.

Several methods give a holistic sense of the training and communications program's effectiveness:

- **82 percent** of companies now track how frequently training failures come up in root cause analysis of misconduct
- **87 percent** of honoree companies now conduct ethical culture assessments of the employee population

Both of these measurements gauge the impact of the overall training and communications regimen, rather than individual messages or modules.

82% .... *track how frequently training failures come up in root cause analysis of misconduct*

87% .... *conduct ethical culture assessments of the employee population*
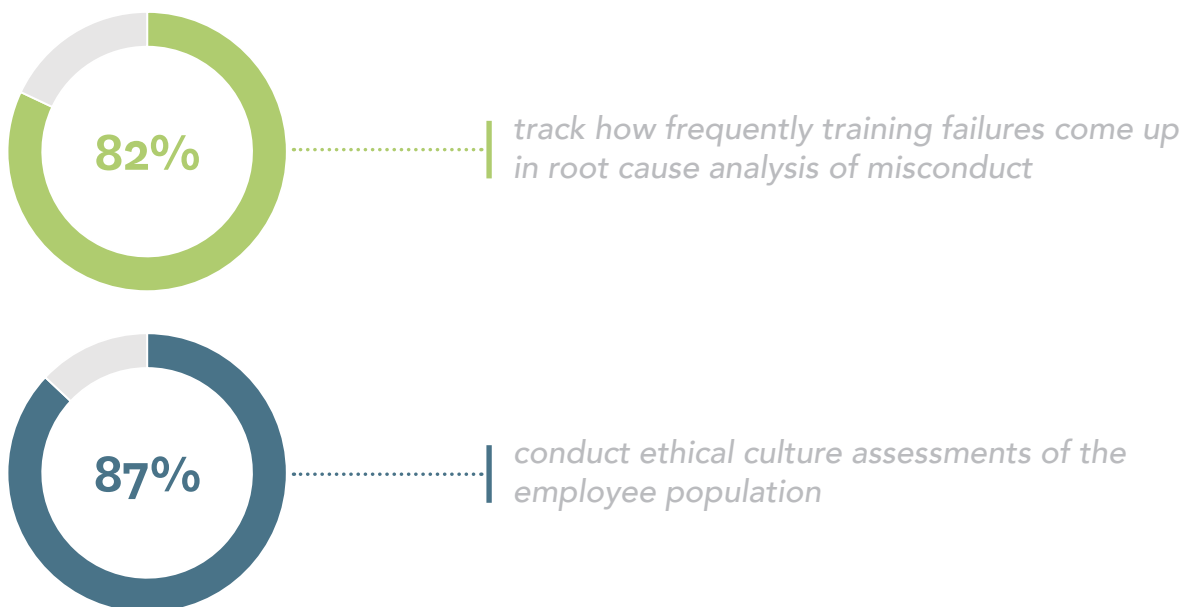
COMMUNICATIONS MODALITIES:
MEETING EMPLOYEES WHERE THEY ARE

Every year, we have seen an increase in the number of modalities employed by the World's Most Ethical Companies to reach their employees. Even before the global pandemic required a greater move towards online communications, ethics and compliance teams were increasingly utilizing intranet portals and social media platforms to match the ways in which individuals have become accustomed to receiving information.

Honorees Use Multiple Communication Modalities

Question: Which communication modalities (aside from formal training programs) does your company use to communicate ethics and compliance messages within your company?

Communication Modalities Used to Communicate E&C with the Largest Changes in Usage Over a Five-Year Period*	2020 Honorees	2016 Honorees Comparison (%-pts)
Intranet portal dedicated to ethics and compliance	95%	+42
Periodic compliance "road show" or site visits by E&C	87%	+40
Ethics blog or intranet forum	55%	−36
Periodic company-wide kick-off meetings	57%	+26
Facebook, Twitter, or other social media platforms**	60%	+23

*Excluding "Other" responses
**Answer options introduced during the 2017 World's Most Ethical Companies application year. Comparison data reflects 2020 data versus 2017 data.

Having many and varied options has proven especially key as COVID-19 has scrambled most plans for in-person or office-based communications strategies for the foreseeable future. Pre-pandemic, commonly-used modalities among the honorees include the following approaches:

83% conduct town hall meetings

87% hold compliance "road shows"

77% conduct company-wide initiatives rooted in office activity

Events such as these can still happen, but only via video conferences, webinars, pre-recorded clips, or other adapted modalities.

However, many other options remain. Nearly all honorees already use email and intranet portals to communicate ethics and compliance messaging, and those channels remain strong. Other options, such as social media platforms, mobile-optimized materials, or podcasts, may see an uptick as socially distanced compliance departments try to reach their worldwide workforces. Several companies identified internal social networks as a key communication modality they have leveraged. Others are looking at converting their policies to a "Google-style" search format, to make it easier for employees to quickly find the guidance they need.

To meet the moment, many companies are issuing new styles of communications. There are numerous examples of executive teams recording videos from home to communicate broadly with employees. These often take on a very personal tone as a result, with a strong positive employee response. There is a lesson here for post-pandemic communications, as the authenticity of this type of messaging clearly resonates with the audience.

Storytelling

It's hardly a secret that ethics and compliance communications can run the risk of being too dry or too technical, focused on rules and regulations that seem distant from most employees. One of the key methods for bridging that gap is storytelling—the process by which ethics and compliance teams translate the language of codes and regulations into easily understood scenarios for employees.

For years, ethics and compliance teams have recognized the importance that tone at the top plays in setting an organization's culture. However, a surprising number of organizations still don't engage top leaders to the fullest possible extent in this task. Even so, more and more companies are realizing that having top leaders communicate about personal examples of ethics challenges both humanizes the executives and reinforces key parts of their ethics messaging. Among the World's Most Ethical Companies, 80 percent now feature executives talking about these kinds of personal stories in their communications.

4 out of 5

executives share personal stories in their communications to reinforce key parts of their ethics messaging.

Beyond simply leveraging the executive team, ethics and compliance communications can greatly benefit from including "real world" stories, either from the company's own history or from outside the organization. Although these stories may require some adjustments to preserve anonymity, they are among the most valuable tools for making misconduct, investigations, discipline, and culture more transparent to employees.

Notably, 95 percent of World's Most Ethical Companies honorees now include these kinds of stories in ethics and compliance training and communications—91 percent are drawing on their own stories, and nearly as many also include examples from outside the organization, drawn from news stories or known enforcement actions.

Honorees Use–In Equal Measure–Events Inside and Outside as Fodder for Stories in E&C Communications

Question: *Does the ethics and compliance function include examples of real world ethical or compliance dilemmas or issues in their communications? Please select all that apply.*

Yes, we use things that have happened within our organization	91%
Yes, we use things that have happened outside our organization	89%
No	5%

CONCLUSION

As companies continue to adapt and react to this year's events, ethics and compliance leaders can play a vital role in their companies' response by leading with innovative training and communications initiatives. We know that flexible, effective ethics and compliance teams will be key to shaping how companies move forward.

We hope this data on best practices, and the information contained in all three volumes of this year's World's Most Ethical Companies Insights Report, will be helpful to you and your teams.

RELATED RESOURCES

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- Effective use of internal steering committees to increase reach across organization
- How to maintain a global liaison program
- Why both incentives and transparency matter to a fair and ethical culture

VOLUME TWO:
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- Pre-contract onboarding
- Due diligence
- Post-contract engagement

GLOBAL ETHICS SUMMIT SESSION

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Members of the Business Ethics Leadership Alliance (BELA) have access to a broad range of training resources in the exclusive BELA Member Hub. These include:

▶ Training program examples from companies including Bayer, JLL, U.S. Bank, Nokia, Starbucks, and others

▶ Communication and policy examples from Oshkosh Corporation, Schnitzer Steel, and others

▶ Senior leader discussions from the Global Ethics Summit, webcasts, roundtable recaps, and more

WEBCAST
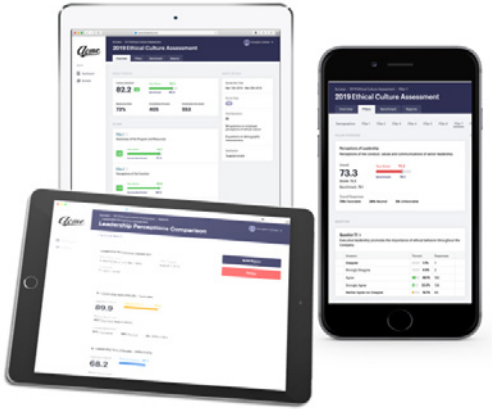
Ethical Culture: The Why, the What, and the How of Measuring and Supporting Your Organization

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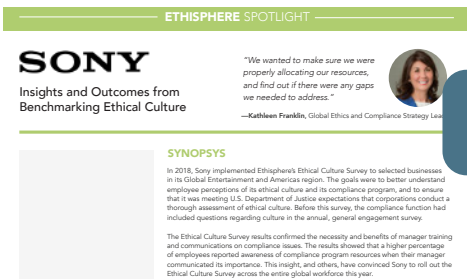The Business Case for a Standalone Ethical Culture Survey

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SPOTLIGHT

Sony: Insights and Outcomes from Benchmarking Ethical Culture

ETHISPHERE SPOTLIGHT

SONY

Insights and Outcomes from Benchmarking Ethical Culture

"We wanted to make sure we were properly allocating our resources, and find out if there were any gaps we needed to address."

—**Kathleen Franklin**, Global Ethics and Compliance Strategy Lea...

SYNOPSYS

In 2018, Sony implemented Ethisphere's Ethical Culture Survey to selected businesses in its Global Entertainment and Americas region. The goals were to better understand employee perceptions of its ethical culture and its compliance program, and to ensure that it was meeting U.S. Department of Justice expectations that corporations conduct a thorough assessment of ethical culture. Before this survey, the compliance function had included questions regarding culture in the annual, general engagement survey.

The Ethical Culture Survey results confirmed the necessity and benefits of manager training and communications on compliance issues. The results showed that a higher percentage of employees reported awareness of compliance program resources when their manager communicated its importance. This insight, and others, have convinced Sony to roll out the Ethical Culture Survey across the entire global workforce this year.

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ABOUT
ETHISPHERE

Ethisphere is the global leader in defining and codifying the standards of ethical business practices that fuel corporate character, marketplace trust, and business success. Ethisphere has deep expertise in advancing business performance through data-driven assessments, benchmarking, and guidance.

Our Ethics Quotient data set enables the ability to benchmark against the ethics and compliance practices of leading companies. We also work with the world's largest companies to assess and enhance ethical culture capital with the insights from our culture assessment data set, which represents the views of more than five million employees worldwide.

Ethisphere honors superior achievement through its World's Most Ethical Companies recognition program and by showcasing best practices in Ethisphere Magazine and at global events. We also facilitate the Business Ethics Leadership Alliance (BELA), a global community committed to solving the big challenges of business integrity together.

More information about Ethisphere can be found at: www.ethisphere.com