



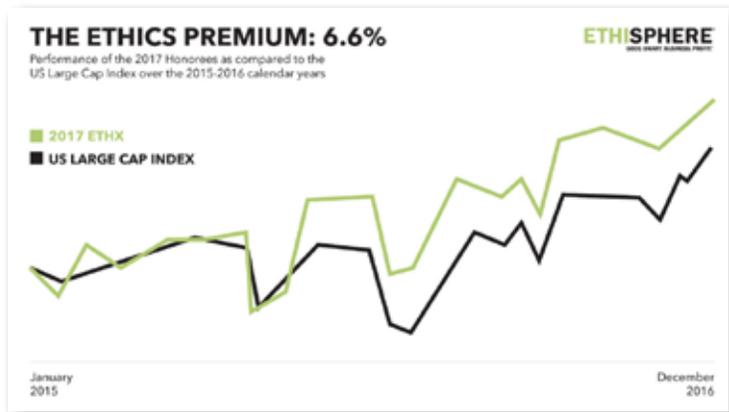
**2018** | **WORLD'S MOST ETHICAL COMPANIES**<sup>®</sup>  
[WWW.ETHISPHERE.COM](http://WWW.ETHISPHERE.COM)

**2018 APPLICATION GUIDE**

# WHY APPLY?

## Good Ethics is Good Business

The World's Most Ethical Companies® program honors companies that excel in three areas – promoting ethical business standards and practices internally, enabling managers and employees to make good choices, and shaping future industry standards by introducing tomorrow's best practices today. Honorees have historically out-performed others financially, demonstrating the connection between good ethical practices and performance that's valued in the marketplace.



## Ford Motor Company on the Ethics Quotient Process:

- The Scorecard shows us where we come out against the companies that are really committed to caring and focusing in compliance and ethics.
- Participating each year gives a cadence to the process of working with other departments to annually take stock of our whole program.
- The process of answering the Survey gives us lots of ideas about improvements that we can make.
- If I want executive support for initiatives, this process and our scores provide extra legitimacy.
- Bringing other functions into this process allows us to expand the impact of our program.

- Raphael Richmond, Global Director of Corporate Compliance

➔ **START THE APPLICATION PROCESS TODAY**



# SCORING & METHODOLOGY

At the heart of the evaluation and selection process for Ethisphere's World's Most Ethical Companies is Ethisphere's proprietary rating system, the corporate Ethics Quotient (EQ). The framework of the EQ is comprised of a series of multiple-choice questions that capture a company's performance in an objective, consistent and standardized way. The information collected is not intended to cover all aspects of corporate governance, risk, sustainability, social responsibility, compliance or ethics, but rather is a comprehensive sampling of definitive criteria of core competencies.

## THE EQ QUOTIENT

### **Ethics and Compliance Program (35%)**

- Program structure, responsibility, and resources
- Program oversight and tone at the top
- Written standards, training, and communication
- Due care, detection, monitoring, and auditing
- Enforcement and discipline

### **Corporate Citizenship and Responsibility (20%)**

- Sustainability, citizenship and social responsibility
- Environmental stewardship
- Community involvement
- Corporate philanthropy
- Workplace impact and well-being
- Supply chain engagement and oversight

### **Culture of Ethics (20%)**

- Efforts to establish ethical tone from top and middle
- Frequency with which culture is evaluated
- Methods and outcomes

### **Governance (15%)**

- Oversight
- Governance principles
- Risk management

### **Leadership, Innovation & Reputation (10%)**

- Legal compliance and ethical track record
- Ethical reputation in the marketplace
- Awards and accolades garnered
- Examples of leadership locally, nationally and globally

[Learn more about the value of going through the process and why the Ethics Quotient® is a powerful measurement tool](#)





# APPLICATION PROCESS

## Survey

Complete the 200-question Ethics Quotient® survey online.



## Documentation

Submit documentation to verify your responses.



## Processing Fee

Must be received to be considered and scorecard delivered



## Scorecard

Scorecards delivered after the 2018 announcement.

## SURVEY & DOCUMENTATION GUIDE

### The Survey

The Survey should be completed by one or more authorized individuals with a working knowledge of the company's program and initiatives in the areas of ethics and compliance, corporate governance, and corporate citizenship and responsibility. Start using the [2018 Ethics Quotient Questionnaire](#) to familiarize yourself with the survey and begin gathering your responses.

\*Survey Must be Completed Online

### The Documentation Guide

The [Documentation Guide](#) provides guidance about the supplemental information you will need to provide to support your companies application and how to submit it. Our review of this information is a critical component of the evaluation process.



[START THE APPLICATION PROCESS TODAY](#)

# FAQ'S



## **How long has Ethisphere recognized companies as World's Most Ethical?**

The announcement of 2018 honorees will mark the 12th year we have honored companies with the designation of World's Most Ethical.

## **Are there specific criteria Ethisphere considers during the evaluation process?**

Yes. The main evaluation categories are Corporate Citizenship and Responsibility; Ethics and Compliance Program; Corporate Governance; Leadership, Innovation and Reputation; and Culture of Ethics. Each category is evaluated through a combination of answers to our Ethics Quotient (EQ) questionnaire and submitted supplemental documentation.

## **Who develops the Ethics Quotient (EQ) questionnaire? Who determines what's important to measure?**

The EQ questionnaire is jointly developed by our internal team of legal and compliance professionals and our Methodology Advisory Panel. Advisory panel members include leading experts from the fields of law, corporate reputation, corporate ethics, governance, anti-corruption and government.

## **Why does Ethisphere use a questionnaire as part of its process?**

We believe strongly that measurement matters, and utilizing the questionnaire allows us to include substantial quantitative analysis in our process. Recognition is the result of a three-step process. The first step is for a company to complete the EQ questionnaire. This results in a self-reported or unverified EQ score. Companies are then asked to submit documentation that supports their questionnaire responses, and we independently verify materials on an as-needed basis. Lastly, Ethisphere's team of analysts researches each company's history of litigation, reputation and ethical track record. Self-reported scores are then adjusted during the review process, and candidates receive proper credit for good performance.

## **How are companies selected? Is there a minimum score?**

A company's verified EQ scores are evaluated relative to its peers within the context of its structure, size and operating environment. Those companies demonstrating the strongest application across our methodology receive the designation of World's Most Ethical. As applicant companies come from a variety of industries with significant differences in regulatory and operating environments, the overall EQ score is used to compare similar companies, not to set a floor. However, reputation and litigation outcomes are carefully evaluated. Receiving a materially deficient score in the category of Leadership, Innovation and Reputation will prevent a company from being selected as a 2018 World's Most Ethical Company.

## **Does each question carry the same weight?**

No. Each section, question and answer choice is individually weighted. Certain sections carry more importance than others, as do certain questions.

## **Can any company participate?**

Any company, public or private, for-profit or not-for-profit, U.S. or foreign-based, is eligible to participate in the process and to be considered for designation as one of the World's Most Ethical Companies. However, as our database and methodology have evolved, we have come to the conclusion that we cannot sufficiently evaluate non-profit colleges and universities, governments, governmental agencies and NGOs. Therefore, organizations in these categories are no longer considered for the designation.

## **Are there different criteria for companies of different industries or sizes?**

A company's industry, size, geographic location, etc. are all taken into consideration during the review process. That said, we have minimum expectations for all companies, regardless of size. As a result, our database tends to be mostly for-profit companies with revenue above \$250 million (USD) and non-profit companies with revenue of more than \$1 billion (USD). Accordingly, regardless of size, for-profit companies will be compared to companies with at least \$250 million (USD) in revenue and non-profit companies to those with at least \$1 billion (USD) in revenue.

## **Are there different criteria for private organizations and non-profits?**

We understand that practices can be different for public, private, and non-profit organizations. Private organizations and non-profits are not penalized for not adhering to certain guidelines that are expected for public companies. However, all organizations must demonstrate that their policies, procedures and practices are best in class for their specific organization type.

## **How do you verify companies' responses?**

We review documentation submitted by companies and may conduct additional research or request additional information and documentation from the company. We conduct reputational and legal reviews to determine any outstanding or historical issues as well. We generally consult external data sources, such as SEC filings, the RepRisk Index and global news outlets, among other sources. Compliance or ethics issues will be reflected in a company's Leadership, Innovation and Reputation score. Seriously deficient scores in that category will prevent a company from being selected as a 2018 World's Most Ethical Company. EQ scores are often adjusted based on documentation review and independent research. Each candidate then receives a "validated" score that may be higher or lower than the initial "self-reported" score. Note that if we are unable to verify certain aspects of self-reported performance, the resulting scores may be discounted.

## **Does supplemental documentation provided as part of a WME application need to be in English?**

Yes, we require all application materials to be submitted in English.

## **Will you contact me if the supplemental documentation I provided is insufficient?**

We supply a list of recommended documents in the Supplemental Documentation Guidelines provided to each applicant. As explained therein, applicants are expected to provide documents and evidence to support their responses to the EQ questionnaire. Ethisphere will only contact an applicant company regarding its supporting documentation if the assessment team is unable to locate any documentation associated with the applicant company (this is to ensure there was not a problem in delivering or transmitting the documentation) or there is a technical issue with particular files or documents.

## **Will our responses be confidential or is our EQ score made public?**

Applicants trust us to keep all analysis and results of each company confidential. We take that responsibility seriously.

We do not disclose the names of companies who are not honored, and no individual response is made public. Scores will only be used to calculate EQ scores and/or provide a report or analysis to a company. We also use EQ scores and responses in an aggregated or anonymized fashion for benchmarking and research purposes.

Additionally, honorees may not publicly share or reference their company's scores or performance compared to the World's Most Ethical Companies averages. Our purpose is to celebrate all of the companies equally; accordingly, we very intentionally do not rank the companies that make the list each year. Sharing information or referring to the scores necessarily leads to a comparison among the honoree companies. Also, the selection process compares companies to their peers. Without context, publicizing how a company fares against the average scores misrepresents our process and could cause confusion.

## **How many companies apply?**

Over the years, thousands of companies have been evaluated. We don't publicly disclose the total number of applicants each year. We established this policy at the very beginning of our program so that companies have the freedom to apply and be measured against others in total confidence and so that those who are honored recognize that their programs are being measured both competitively and on their own merits.

## **Is there a set number of honorees you aim for?**

No. We evaluate every company independently and then in comparison to others in the same industry sector. Because we're recognizing companies that are the "most ethical" and not merely "ethical," there is a natural limit to the number that we honor both in total and by sector. The number can vary based upon the ever-increasing expectations of stakeholders (both internal and external) and the fact that the scoring process is updated to reflect changes in best practice and methodology.

## **How many companies are on the 2017 list?**

We understand that practices can be different for public, private, and non-profit organizations. There are 124 companies spanning five continents, 19 countries and 52 industry sectors on the 2017 list.

## **Does past performance affect future results (i.e., do past honorees have any sort of advantage)?**

Past honorees are given no inherent advantage over non-honorees or companies applying for the first time. Typically, companies that have participated in the questionnaire in previous years (both honorees and non-honorees) are more familiar with the process and are therefore more aptly prepared when it comes to completing the questionnaire.

## **What kind of feedback do you provide to participants?**

A real benefit to participating in the EQ process is that all participants, whether or not they're honored, receive a high-level analysis with their overall EQ score and how their five category scores and responses to key questions compare to those who are honored as that year's World's Most Ethical Companies. This is an important and valued outcome of the process, since many organizations are looking to move forward both in compliance activities and ethical corporate behavior. This independent review allows a company to compare itself not just to any group of companies that want to complete a survey but to those who excel and are named as the World's Most Ethical.

## Can I participate throughout the year?

Companies that submit the EQ survey and supporting documentation between July 13 and November 8 are considered for inclusion in the World's Most Ethical Companies recognition program for 2018. However, companies that would like to participate in the EQ—with the opportunity to be benchmarked against honored companies—may do so throughout the year, at any time.

## Why is there a fee to participate?

Beginning in 2015, Ethisphere instituted a processing fee in order to at least partially cover the administrative costs of gathering and analyzing the data and providing the Analytical Scorecard. The graduated fee structure is based on corporate revenue (in USD): companies with revenue of less than \$500 million are charged \$1,000; companies with revenue of \$500 million or more are charged \$1,500. And, of course, each participant receives the Analytical Scorecard that helps to inform their programs and future decisions.

## Are there other fees associated with being a World's Most Ethical Company?

There are no additional fees to be honored or to communicate either internally or externally that a company has achieved this designation. However, companies that wish to use the year-specific World's Most Ethical Companies logo must license the logo and follow the branding guidelines. Ethisphere developed these guidelines in coordination with the Ethisphere community and by examining best practices from other organizations that review and recognize companies. Once licensed, the logo for that year may be used in perpetuity without additional fee. Fees are \$7,500 for those with corporate revenue less than \$1 billion USD and \$10,000 for those with corporate revenue above \$1 billion USD.

## How does Ethisphere derive its revenue?

Ethisphere receives revenue from conferences, event sponsorships, subscriptions to publications, advertising, membership groups, advisory services and licensing. No company that is honored with the World's Most Ethical Company designation is responsible for more than 2% of Ethisphere's revenue. And no honoree may place advertising in the issue of Ethisphere Magazine that announces and highlights new honorees.

## Does an organization's business relationship with Ethisphere affect its selection as a World's Most Ethical Company?

There is no connection between the two. Organizations are honored for their programs, practices, and policies as measured by the methodology set forth here: <http://worldsmostethicalcompanies.ethisphere.com/scoring-methodology/>.

## How does this program align with other products and services of Ethisphere?

Our mission is to define and advance the standards of ethical business practices that fuel corporate character, marketplace trust, and business success. We have a deep expertise in measuring and defining core ethics standards using data-driven insights that help companies enhance corporate character. We believe that this recognition program is important because corporate ethical standards must be set and measured and that those who excel should be honored.

## (Company X) is on the list. (Problem X) is in the news. Why are they being honored?

We strive to honor companies based on their body of work and not just one particular policy or program that is groundbreaking or admirable. Likewise, we don't believe that one particular controversy, fine, regulatory action or lawsuit necessarily disqualifies a company from being honored. We recognize that there are industry sectors that are attempting to move their businesses away from practices of the past and toward more ethical and current best practices. We also believe that the actions of one rogue employee do not necessarily dictate whether or not a company is ethical. How companies prepare employees for ethical dilemmas, how they respond to unethical or illegal actions once uncovered and their general culture and policies are considered in our evaluation.

**START THE APPLICATION PROCESS TODAY**

