

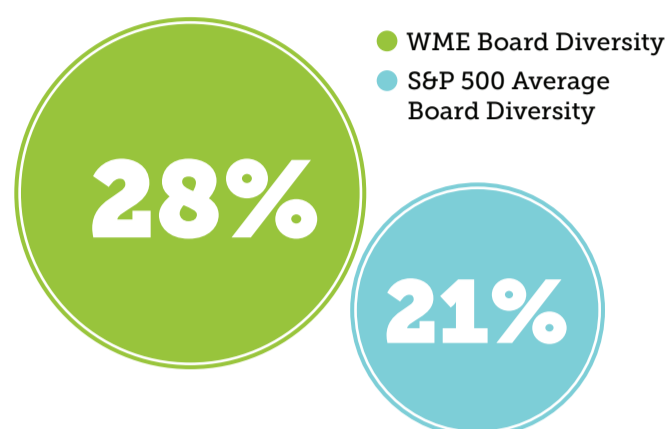
DIVERSITY IN LEADERSHIP

from THE WORLD'S MOST ETHICAL COMPANIES®

In 2019, the U.S. Securities and Exchange Commission announced new guidance encouraging companies to report on how they take diversity into consideration, when making decisions about the composition of their boards.

The World's Most Ethical Companies® (WME) honorees have long recognized the benefits of building an inclusive culture through diversity—which comes as no surprise as there is increasing investor pressure to boost diversity, driven by research linking it to financial performance.

FINANCIAL PERFORMANCE



WME companies have more diverse boards of directors than the S&P 500 average which correlates with better financial performance.

In 2019, the cohort of publicly traded WME honorees outperformed the U.S. Large Cap Index by more than 10% over three years, and by 14.4% over five years.

FIVE-YEAR ETHICS PREMIUM: 14.4%

Performance of the listed 2019 Honorees as compared to the Large Cap Index from February 2014 to February 2019

● 2019 ETHX
● LARGE CAP INDEX



BOARDS OF DIRECTORS

WME companies ensure diversity on their boards of directors through board-limiting mechanisms.

MECHANISM	OUTCOME
IF the company...	THEN average director tenure is...
Requires that directors submit resignation if their employment or professional status changes	7.2 Years
Imposes age limits on directors	7.3 Years
Limits the number of other boards a member may serve on	7.9 Years
Does not have any tenure limiting mechanisms	24 Years



..... **72%**

of WME companies vary the location of formal board meetings to expose directors to various business functions, units, subsidiaries, or field operations



..... **45%**

Encourage non-employee director attendance at industry conferences or trade shows



..... **28%**

Require non-employee directors to visit company locations other than HQ during their onboarding process

Since 2007, Ethisphere has been measuring the World's Most Ethical Companies® using our Ethics Quotient® Survey (EQ). Our EQ is a tool that global organizations depend upon as an independent, objective, third-party assessment of their programs, policies, and procedures, and as a critical element of resource planning. The data we collect is included in our proprietary database, upon which all resulting comparisons, benchmarking reports, consultations, and recognitions are based.

Benchmark your program against the World's Most Ethical Companies data.

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Learn more in the full report: Leading Practices and Trends from the 2019 World's Most Ethical Companies® Volume 1: Focus on Reporting Transparency, Governance, and Written Standards.

Download it now: www.worldsmostethicalcompanies.com