The ethics assessment of Verco’s operations took place in October 2015 in the US offices. Verco offers financial retail services and products. Whilst overall the subsidiary performed well, differences between management practices and the Group Code occurred in relation to annual leave, disciplinary process and political donations (all of which were conducted in line with US law). In addition, greater attention is due to be given to managing ethical risks of suppliers.

As the Financial Reporting Council specifies, boards should be establishing the culture, values and ethics of the company as well as devoting sufficient resources to evaluating and reporting on it.

To do this effectively, culture needs to be measured, taking both a quantitative and qualitative approach, to provide a real indication of the ethics and cultural ‘health’ of the organisation.

### How GoodCorporation can help

GoodCorporation has devised an ethical culture measurement system that provides an informed assessment of an organisation’s ethical culture alongside quantifiable data that can be used to produce a Net Ethical Culture (NEC) score. NEC scores can be used in annual reports or viability statements as a non-financial key performance indicator. They can also be used for benchmarking purposes.

GoodCorporation’s ethical culture measurement system is based on the ten key drivers which determine ethical behaviour and underpin sustainable success. These drivers have been identified from our experience of measuring ethical conduct in organisations around the globe over the past 17 years.

### The ten key drivers

| DRIVER 1 | The organisation has a strong ethical culture led from the top |
| DRIVER 2 | Employees feel that they are treated well and fairly in the workplace |
| DRIVER 3 | Employees feel that their personal development is taken seriously |
| DRIVER 4 | Employees trust their managers to do the right thing |
| DRIVER 5 | Employees feel supported to do the right thing |
| DRIVER 6 | Employees feel confident and comfortable in raising any issue of concern |
| DRIVER 7 | Employees feel that the organisation treats their health and safety seriously |
| DRIVER 8 | Employees feel that customers are treated fairly |
| DRIVER 9 | Employees feel that suppliers are treated fairly |
| DRIVER 10 | Employees feel that the company cares about the organisation's impact on the community and environment |

From these we have identified 25 key culture statements or indicators which can be used to undertake an ethical culture ‘Healthcheck’. This provides tangible, measurable results which allow an organisation to see how well they are doing and how they compare to our benchmark*.

* National sample of 2000 UK workers, Opinium 2017
The Ethical Culture Healthcheck

GoodCorporation’s Ethical Culture Healthcheck gathers quantifiable data and qualitative feedback in one employee interview. A random stratified sample of 100 employees** is interviewed beginning with a short questionnaire, completed on the spot, based on the 25 culture statements. This provides the quantifiable data. Skilled interviewers then explore the answers in depth to obtain a more detailed understanding of the employee’s perspective, providing the qualitative analysis of the organisation’s ethical culture.

The quantitative data set is analysed to provide scores for each driver and statement, and an overall Net Ethical Culture (NEC) score which can be benchmarked against our UK average. Alongside scores for each of the ten drivers, this is used to create an ethical data ‘dashboard’ as part of the management report.

A text report is developed for the client to accompany the quantified findings of the healthcheck and to give depth to the responses from the interview programme.

**Sample size will depend on size and complexity of company to be checked.

The Output

The organisation’s results are reported by each driver. The overall results are then collated and benchmarked.

Benchmarking

The results are then analysed to create a Net Ethical Culture (NEC) score.

For more information please contact Debbie Ramsay at GoodCorporation debbie.ramsay@goodcorporation.com 00 44 (0)20 877 5300

Two advantages of the GoodCorporation approach:

- **Key metrics, supported by strong insight:** quantifiable and benchmarkable data for reporting purposes, plus a management report with recommended actions containing an experienced analysis of every answer

- **Speed and cost-effectiveness:** can be conducted in a very short timeframe, producing rapid results. It can be cheaper than an on-line survey and provide more accurate information from survey-weary staff

Driver 1: Tone from the top

- “Senior management really believe in doing the right thing in the way we operate”
- “We have clear guidance on what is expected of us in terms of good, ethical behaviour”
- “Our organisation is setting an example for others in the way we conduct our business”
- “I am proud to tell people I work for my organisation”

Net Ethical Culture (NEC) score

Your Company Culture

Disagree Agree

67% 10%

55% 17%

51% 21%

Poor Culture

Average Culture

Good Culture

15%

59%

0%

10%

20%

30%

40%

50%

60%

70%