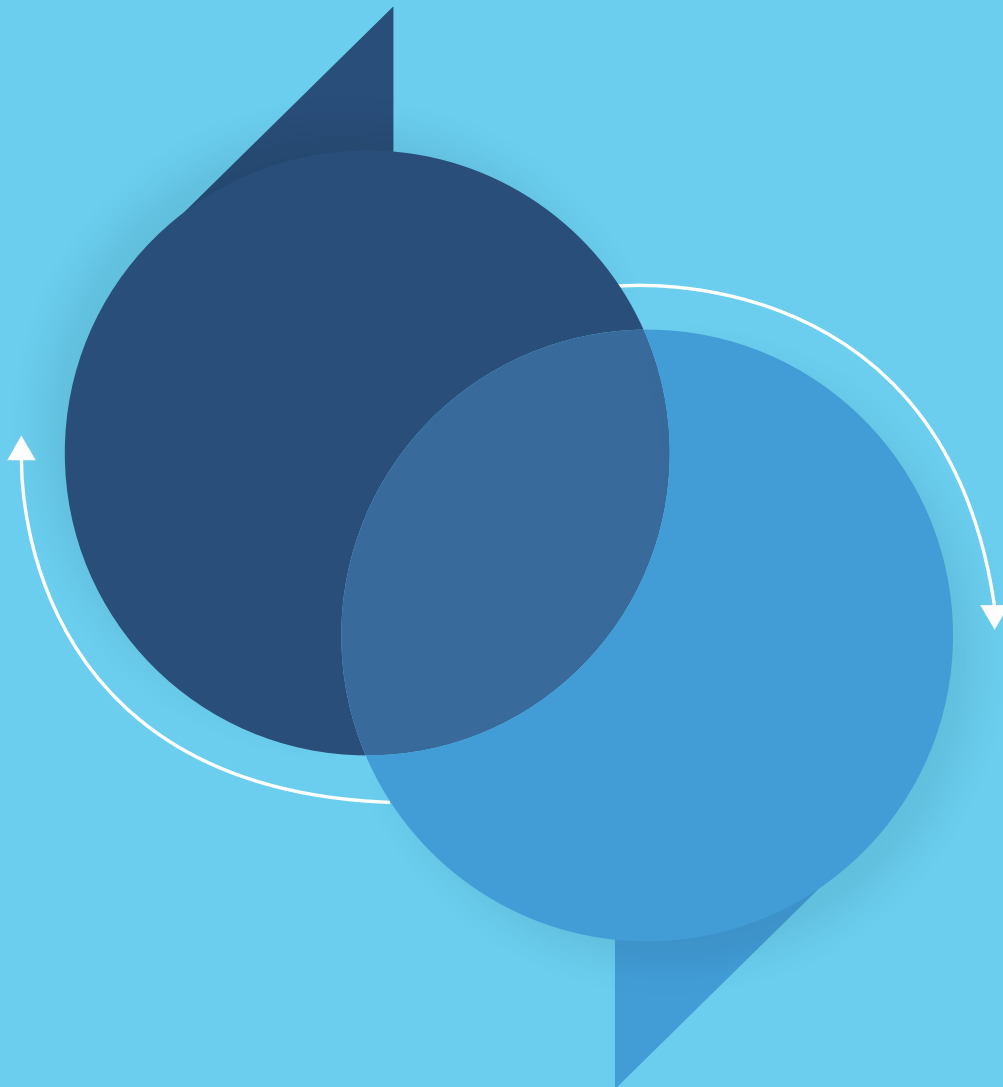


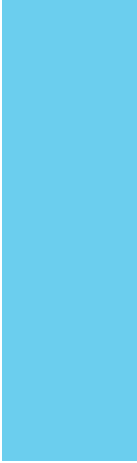


FOSTERING AN ETHICAL CULTURE THROUGH COMMUNICATION



This module is one of three in an ongoing series on Ethics and Compliance

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PREFACE: THE ANTI-CORRUPTION WORKING GROUP & ITS SERIES OF COMPLIANCE MODULES

1.1. INTRODUCTION

Convened under the guidance of the Pearl Initiative, a leading organization in the Gulf dedicated to bolstering corporate governance, transparency, and accountability, the Anti-corruption working group assembles representatives from prominent companies such as **stc**, **SABIC**, **Siemens**, **Chalhoub Group**, **Tamer Group**, **Marsh**, **Crescent Petroleum**, **Dana Gas** and **CCC**.

Serving as a nexus for collaboration and dialogue, the group touches upon pivotal subjects of corporate governance and compliance. Drawing from their collective expertise, experiences, and insights, the working group dedicates itself to refining the understanding and execution of ethical business practices throughout the region's various sectors.

This 3-part series is a testament to the collaborative efforts of the following working group members:



1.2. PURPOSE

In today's business environment, a strong Ethics and Compliance program is essential for companies striving to maintain a culture of integrity internally and externally. While individual companies might have different compliance approaches, there is a consistent need for understanding the fundamental elements of these programs.

To address this, the working group has developed a series of modules that cover several elements of a compliance program, including:



**Leadership Engagement
and Accountability**



**Cultivating a Robust
Speak-up Culture**



**Fostering an Ethical
Culture through
Communication**

It's important to note that these guidebooks are intended to provide a very high-level overview of the subjects rather than a tailored, step-by-step approach. Nonetheless, this collection serves as a valuable resource for the entire Gulf business community, guiding businesses towards more ethical and transparent practices. Additional modules will be introduced to explore further aspects of a compliance program in the future.

02

INTRODUCTION ON THE ROLE OF COMMUNICATIONS IN AN ETHICAL CULTURE

Communication plays a critical role in promoting a culture of ethical behavior and compliance within an organization. Effective communication not only helps employees understand the organization's values, policies, and procedures but also motivates them to act in accordance with those standards. This, in turn, encourages them to act ethically and in compliance with relevant laws and regulations.

The impact of Communication

Employees whose managers frequently discuss Ethics and Compliance topics with them

2x

More likely to be comfortable approaching their manager with concerns or questions

90%

More likely to have faith in their manager's commitment to non retaliation

55%

More likely to believe their co-workers act ethically at all times

24%

More likely to believe they have a personal responsibility for making sure the company does the right thing

Employees whose managers NEVER discuss Ethics and Compliance topics with them

2x

Less likely to believe senior leadership acts ethically at all times

89%

Less likely to have faith in their company's commitment to its non-retaliation policy

82%

Less likely to believe the company will fully investigate a concern if you speak up

Ref: Ethisphere 2020

In this document, we will discuss the importance of communication in promoting ethics and compliance. We will explore understanding the audience, strategies for developing a communication plan, choosing the right communication channels, crafting effective messages, and measuring the success of your communication efforts.

A. Understanding Your Audience

The first step in developing an effective communication strategy to promote ethics and compliance within an organization is understanding the audience. This means considering their communication preferences, learning styles, and cultural backgrounds. For example, front-line employees and factory workers may require different communication methods than office workers.

Following are some of the ways to gather information about your audience:

- I. Conduct surveys to assess employees' understanding of the company's ethical values and compliance policies. This approach can pinpoint knowledge gaps or areas where employees require additional information or training.
- II. Arrange focus groups or individual interviews to grasp employees' communication preferences and learning styles. For instance, while some employees might lean towards visual aids or hands-on training, others could favor written documents or online learning modules.
- III. Take into account the cultural backgrounds of employees when shaping communication strategies. If the workforce is diverse, encompassing employees from various countries or regions, offering translations or culturally relevant examples and visual aids might be essential.
- IV. Reflect on the varied roles and responsibilities of employees in communication strategies. Front-line workers, for example, might need different communication techniques than managers or executives. They might benefit more from hands-on training or practical scenarios to comprehend the application of ethical principles in their daily tasks. It's also valuable to identify current communication mediums in the business. In some manufacturing sectors, for instance, a 'toolbox talk' or safety briefing is held before each shift; such platforms could be utilized for reaching out to front-line workers.

Once you have a better understanding of your audience, you can tailor your communication to their level of understanding and interest. This may involve simplifying complex concepts, using language that resonates with your audience, and providing examples that are relevant to their work.

B. Creating a Communication Plan

To communicate effectively, creating a communication plan is essential. This plan should detail the key messages to convey, identify the target audiences, and specify the channels for communication. A well-structured communication plan guarantees targeted, consistent, and timely delivery of messages, enhancing the impact of your communication efforts. Additionally, it aids in prioritizing communication tasks and allocating resources efficiently.

A successful communication plan should include the following elements:

- I. **Messaging outcome:** Ethics and compliance messages must be developed with the intention to:



Inspire Employees: Help employees understand and connect with the organization's values and purpose and integrity commitments.



Inform Employees: Inform employees of the ethical expectations the company has of them, and the responsibilities employees have toward the company and various stakeholders.



Empower Employees: Provide employees with access to information and resources needed to encourage positive ethical behaviors.



Foster Dialogue: Make it easy for employees to share their concerns and give feedback to management. Two-way communication is important.

- II. **Goals and objectives:** For a successful communication plan, establishing clear goals and objectives is essential. These will delineate what you aim to achieve through your communication. For example, an objective could be achieving a 25% increase in the number of employees completing compliance training over the next six months or boosting employee awareness of reporting channels by X%

- III. **Target audience:** The target audience for the communication plan should also be identified upfront. For example, a manufacturing company might target its factory workers to promote ethical behavior and compliance with safety regulations. The communication plan should consider the different levels of understanding that the workers may have of the company's policies and ethical standards.

The target audience can be one stakeholder or multiple stakeholders depending on the organization. Furthermore, even within a particular stakeholder group, there may be a need to further segment the audience. For example, 'Employees' are a stakeholder group but when sending out messages it is necessary to tailor messages for different employee groups such as existing employees, new joiners, people managers, leaders etc. Since Internal stakeholder groups in different organizations will vary, it is important that sufficient time is dedicated to identifying your stakeholders.



When identifying the target audience, compliance investigation data, the resulting root cause analysis, and results from employee surveys can be leveraged to shed light on patterns and common themes that need to be addressed within the organization. By pinpointing areas with lower awareness scores, the communication plan can include messaging that ensures these topics are communicated effectively.

IV. Key messages: The key messages that the communication plan aims to convey should also be clearly defined from the outset. For example, a financial services company might emphasize the importance of confidentiality and data protection and the consequences of non-compliance.

As mentioned previously, even within one stakeholder group, there can be many segments and the key messages need to be customized for each segment. For example, if a general ethics and compliance related message is sent out to all employees, then a separate message can be sent only to people managers containing discussion points for them to emphasize the message during their team meetings or other dialogue sessions.

V. Communication channels: When crafting a communication plan, it's crucial to identify the most effective channels for conveying messages. For example, compliance training might be offered both online and in-person, whereas updates on ethical policies could be disseminated via email or intranet announcements. To relay ethics and compliance information to factory workers, a company might utilize posters, safety briefings, and dedicated training sessions. "Lunch and Learn" sessions are another option, where attendees are treated to a meal and engage in informal discussions about ethics and compliance. The intranet might feature a section dedicated to manager guidance toolkits on ethical issues, ensuring easy accessibility. Embracing new technology can also enhance communication. Consider deploying chatbots to familiarize new hires with company policies, internal processes, or even assist them in making ethically sound decisions.

C. Timeline:

Lastly, the communication plan should clearly specify when and how frequently messages will be relayed. This schedule should emphasize the importance of consistently reinforcing ethical and compliance standards, ensuring there are regular updates and reminders.

D. Choosing the Right Channels.

Effective communication depends on choosing the best communication channels for your audience. To achieve this, you must consider factors such as their communication preferences and accessibility to ensure your message is not only received but also acted upon.

There are various types of communication channels, including:

- I. In-person communication, such as meetings and training sessions
- II. Written communication, such as emails, newsletters, and policy manuals
- III. Digital communication, such as intranet sites, social media, and mobile apps
- IV. Posters and infographics in high-traffic areas such as break rooms, conference rooms, and hallways

To select the most suitable communication channel for your message, consider these factors:

- I. **Audience preferences and communication styles:** Choose the most effective channel to get your message across, whether it's through written or visual media, in-person, or digital communication.
- II. **Accessibility and ease of use:** Your chosen channel should be easily accessible and user-friendly for your audience. If your audience is not familiar with technology, digital communication may not be the best option.
- III. **Importance and urgency of the message:** For critical and urgent messages, in-person communication may be the most effective channel.
- IV. **Complexity of the message:** For complex messages, visual aids or demonstrations during in-person communication or digital channels with multimedia capabilities may be more effective.
- V. **Cost and resources:** Finally, consider the cost and resources required for each communication channel. In-person communication and printed materials may require more resources, while digital communication may require more technical expertise.

By considering these factors, you can choose the most effective communication channel to reach your audience and ensure that your message is delivered successfully.

Detailed below is a summary of the pros and cons of the various channel types:

CHANNEL TYPE	EXAMPLE	GOOD FOR	PROS	CONS
CENTRAL COMMUNICATIONS (ONE TO MANY)	<ul style="list-style-type: none"> • Press Release • E-mail • Intranet Post 	<ul style="list-style-type: none"> • Updating/informing a large group about an issue of 'big' concern/initiative 	<ul style="list-style-type: none"> • Scalable • Reach multiple stakeholders 	<ul style="list-style-type: none"> • Difficult to gauge impact • Limited opportunity to clarify
LEADER PRESENTATION (ONE TO MANY)	<ul style="list-style-type: none"> • Media interview • Press conference • Town halls • CEO video/blog 	<ul style="list-style-type: none"> • Motivating and energizing audience • Sharing important announcements 	<ul style="list-style-type: none"> • Good way to address issues • Highly credible source 	<ul style="list-style-type: none"> • One way communication • Audience often intimidated to ask questions
MANAGER CASCADE (ONE TO FEW)	<ul style="list-style-type: none"> • Team meetings • E-mails 	<ul style="list-style-type: none"> • Communicating team specific and/or sensitive matters 	<ul style="list-style-type: none"> • Trusted source • Personal 	<ul style="list-style-type: none"> • Messages often fail to get through • Manager not familiar/bought-in
MANAGER DIALOGUE (INTERACTIVE)	<ul style="list-style-type: none"> • Group discussion • Manager 1x1 	<ul style="list-style-type: none"> • Problem solving/gaining feedback 	<ul style="list-style-type: none"> • Helps resolve issues • Drives behavioral changes 	<ul style="list-style-type: none"> • Time intensive • High variability in manager communication skill
MOBILE AND SOCIAL MEDIA UPDATES (ONE TO MANY)	<ul style="list-style-type: none"> • Company blogs • Intranet • SMS/Mobile • Social Media 	<ul style="list-style-type: none"> • Deploying time-sensitive information updates/alerts • Humanizing the company 	<ul style="list-style-type: none"> • Allows easy information access • Allows real-time sentiment tracking 	<ul style="list-style-type: none"> • If not done correctly, can impact company's reputation
DISCUSSION FORUMS	<ul style="list-style-type: none"> • Focus Groups • Group Discussions 	<ul style="list-style-type: none"> • Sharing viewpoint • Engaging in debates • Create a dialogue 	<ul style="list-style-type: none"> • Builds engagement • Gives a human face to the company 	<ul style="list-style-type: none"> • Low degree of control on communication • Rejection of corporate agenda

E. Developing Effective Messages

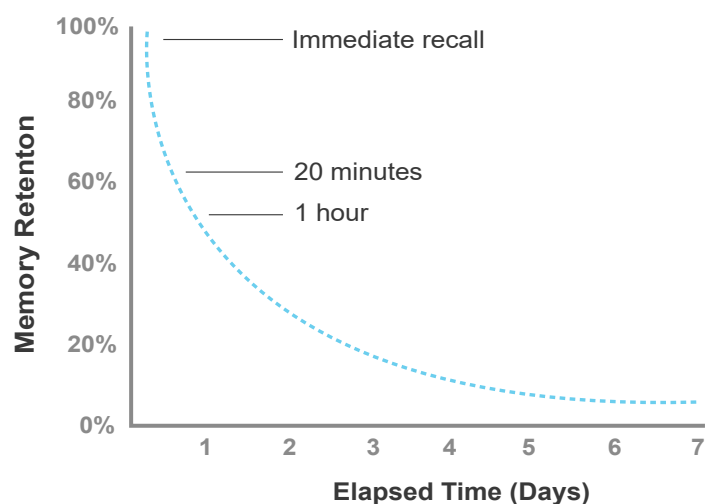
To effectively communicate ethics and compliance messages to employees, it's important to develop messages that are clear, concise, and relevant to their work and the organization's values. Clear and concise messages are more likely to be understood and remembered by employees, leading to better compliance with ethical standards.

To develop effective ethics and compliance messages, follow these tips:

- I. **Use simple language:** Avoid jargon and technical terms that employees may not be familiar with. Use plain language to make your message clear and easily understood. For example, instead of "fiduciary duty," say "your duty to act in the best interest of the company."
- II. **Be concise and focus on the most important information:** Employees are busy and may not have the time or attention span to read lengthy messages. Therefore, it's important to focus on the most important information and keep your message concise.
- III. **Highlight the benefits of ethical behavior:** Emphasize how ethical behavior can lead to a positive work culture, increased customer trust, and improved job security. This can motivate employees to comply with ethical standards.
- IV. **Use storytelling and examples to illustrate your message:** Provide specific examples that are relevant to the organization and its employees. When leaders communicate, they can draw on their own life experiences or share a story or real-world case. For instance, share a story of a company that suffered reputational damage due to unethical behavior to help employees understand the consequences of non-compliance. Storytelling is a powerful tool for communicating ethics and compliance to employees because it helps to engage and inspire them. By using stories, leaders can create a connection with their employees and illustrate the importance of ethical behavior and compliance in a way that resonates with them.

F. The importance of communicating frequently

- I. Once stakeholders are identified and communications have commenced using the appropriate channels, frequent communication with the target audience will ensure the information retention.
- II. According to research, people tend to forget a message over days and weeks unless the message is regularly repeated.
- III. In fact, roughly 65% of information is forgotten within one hour of it being received.
- IV. Regular communication reinforces the message.



G. Leadership endorsement is essential

Employees receive numerous communications daily. While repeated messaging can aid retention, if the message doesn't resonate with employees, its purpose in communication is lost.

When the organization's leaders endorse and actively commit to ethics and compliance messages, those messages become significantly more impactful.

So, in addition to regular communication, leaders must visibly own and reinforce the organization's commitment to integrity. That's when a tangible impact on the organization's culture can occur.

H. The importance of communicating frequently

Measuring the effectiveness of your communication efforts is essential to ensuring that your messages reach the intended audience and achieving their objectives. To measure your communication's impact, try these strategies:

- I. **Gather feedback from your audience:** Surveys or focus groups can provide insights into how well your messages are received and whether they meet their intended objectives. For example, you might ask employees to rate the clarity and relevance of your messages or provide suggestions for improvement.
- II. **Monitor employee behavior and compliance rates:** Tracking changes in employee behavior or compliance reporting rates can help you assess the impact of your communication efforts. For example, you might track the effect of a new training program or communication initiative.
- III. **Use data analytics to track engagement:** Data analytics can help you determine the effectiveness of your communication channels and tailor messages to specific audiences.

For instance:

Analyzing which channels employees most often use to retrieve information and determining the most favored messages.

Embedding links to policies within certain messages to evaluate the number of employees engaging with them.

Tapping into the company's intranet analytics to discern the primary concerns and questions employees have.

Act on the feedback and data you collect to improve your communication efforts continually.

Outlined below are key practices with regards to communications, as adopted by organizations within our anti-corruption working group.



A. Consolidated Contractors Company (CCC)

Consolidated Contractors Company (CCC Group), a leading diversified company carrying out construction, engineering, procurement, development, and investment activities internationally, launched an induction course to raise staff awareness of its Ethics and Compliance Program (EACP). More than 90% of CCC staff have successfully completed the course, which was developed in coordination with an international specialist company and hosted on the Coursera platform. The 60-minute online training session provides an overview of the most important aspects of CCC's Ethics and Compliance Program (EACP) and issues a personalized certificate of completion to participants.

Annually in the first two quarters, Senior Managers and Employees in positions of authority including those who could be exposed to possible corruption situations in CCC are sent an e-mail providing a personalized link that takes them to "Individual's Commitment" of the Ethics and Compliance Program Form that they must sign electronically.

In addition, to encourage and raise awareness about whistleblowing, electronic posters are distributed quarterly while whistle-blowing reporting channels are advertised and displayed across CCC and is translated to all the main languages of the multinational workforce and the countries in which CCC operate.

The Chairman of CCC delivers an annual video message, titled "Tone at the Top," which emphasizes ethics and compliance, showcasing CCC's guiding values and ethical framework for behavior. When properly disseminated and supported throughout the group, this message serves as a reminder of the fundamental principles upon which CCC's culture is built.

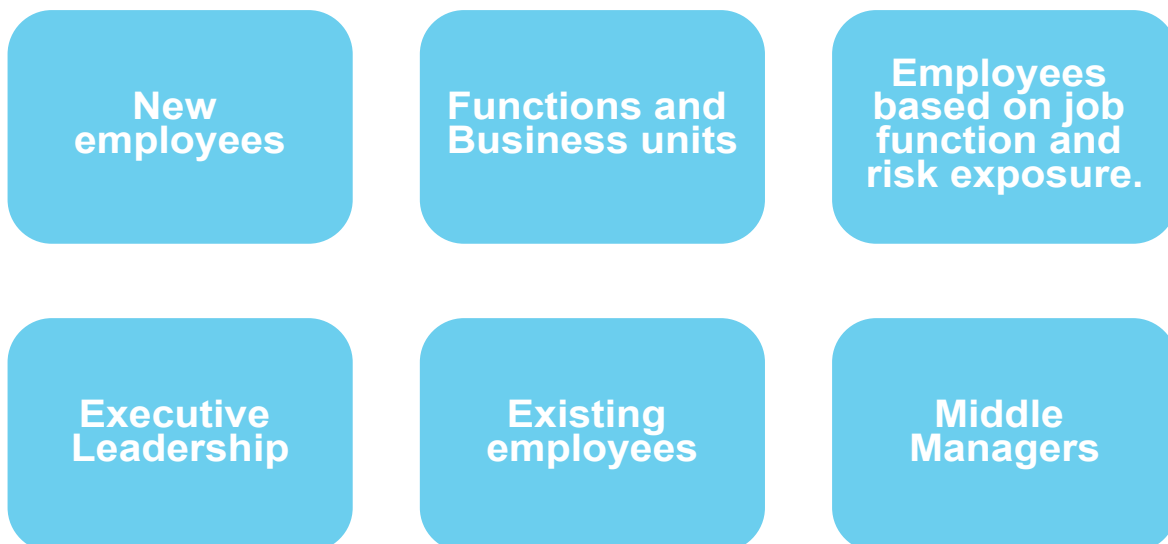


B. stc

stc group is an engine of digital transformation and a leading group that specializes in providing a diverse range of Information and Communication Technology (ICT) solutions and digital services to customers across Saudi Arabia, MENA region, and Europe. The group headquarter is in Riyadh, Saudi Arabia and offers a wide range of services across various categories such as telecommunication, IT, financial technology, digital media, cybersecurity, and other advanced digital solutions.

When it comes to communicating about Ethics and Compliance, we evaluate the requirements of our different stakeholder groups and identify the specific needs of our target audiences. Apart from sending out general ethics and compliance messages to all employees, we send customized messages to particular employee groups as the need arises.

The stakeholder groups consist of:



Types of communication:

1. Annual compliance message by the CEO: To restate stc group's dedication to integrity, the group CEO sends an annual message to all employees emphasizing the significance of doing the right thing. The message encourages workers to speak out and reminds them of stc group's commitment to non-retaliation.
2. CEO Video message: A similar message to the one above is shared during new employee onboarding and ethical leadership training. The CEO video message emphasizes the importance of integrity to senior leadership.
3. Leadership messaging: What Integrity Means to us: Through digital channels, senior executives at stc group expressed to their employees what integrity means to them. This demonstrates their commitment to integrity and encourages employees to follow their lead. By seeing their leaders "walking the talk," employees are motivated to uphold the same standards of integrity.
4. Quarterly Chiefs' messaging: During the year 2021, all chiefs (heads of various organizations within stc group) sent Integrity-themed messages to their teams to promote an ethical culture. These messages included real-world examples that reaffirmed their commitment to ethical leadership. Moreover, it opened the door for dialogue with team members on the significance of conducting business ethically.
5. Monthly employee messaging: Every month, stc group's ethics and compliance team, along with the corporate communication team, develop messages, infographics, and digital posters on integrity-related topics based on an annual content calendar. By frequently communicating about ethics and compliance, we aim to raise awareness among employees about stc's Code of Ethics, speak up channels, and commitment to non-retaliation.
6. Manager -Employee dialogue sessions: At stc group, every people manager engages with their team members for one-hour dialogue sessions. These sessions are designed to enable managers to explain the Code of Ethics to employees and allow them to ask questions and provide feedback to promote open communication and transparency between managers and employees.
7. Employee surveys: stc group solicits feedback from employees on ethics and compliance-related topics through annual surveys and HR surveys.
8. Focus group sessions: stc group conducts various surveys to identify gaps in the company, which are addressed during focus group sessions. These sessions bring together employees from different sectors and functions, allowing them to have their voices heard. The findings from the survey are as discussed and addressed by the group's top management.



C. Chalhoub Group

At Chalhoub Group, we have a specialized communication department that supports the release of messages regarding Business Ethics and integrity.

Various channels are employed throughout the group, including:

- Our internal website: One Chalhoub.
- Our internal application: My Chalhoub, aims to connect each colleague with each other, share and stay up to date with all the happenings.
- Screens within the office.
- Our internal daily newsletter.
- Compliance overview newsletter.

In 2023, the compliance department released its first compliance overview newsletter. This overview aims to inform our colleagues about developed policies, processes, business measures, as well as sharing high-level statistics on the Speak Up program. This overview is released semi-annually. Communication concerning Anti-corruption, Business ethics, and integrity-related topics is also conveyed through different training sessions via our Chalhoub Group University platform.

As an integral part of our communication strategy, the sustainability report is published annually on our official website. It adheres to the GRI standards (as of June 2022) and showcases our alignment with the global UN Sustainable Development Goals (SDGs). This report reflects our contributions to sustainability objectives and Ethics and Business integrity, and all performance disclosures and claims are verified and assured by an independent third party. This report provides comprehensive information about the achievements in sustainability and Ethics and Business integrity over the year.

Lastly, as a component of our training and communication strategy, roadshows are organized in the region to raise awareness about the Chalhoub Group Code of Ethics, our Speak-up platform, and the various breaches.



D. Siemens

Apropos of communication on Compliance and Ethics at Siemens, it is important to highlight that this is part of the overall company-wide communication strategy. At Siemens on the global level, every year, a compliance communication strategy is formulated and presented to the Compliance Review Board for approval. Once the global strategy is aligned, it then serves as a guiding document for all business segments and regions to formulate region/business-specific activities under the overarching global compliance and ethics communication strategy. The key objectives of this strategy are to present Siemens' ever-evolving technological dimensions, blend them with our transformation, and showcase sustainability in our overall operations. Compliance and Ethics are anchored in each of these objectives. We focus via our communication plan to address both internal and the very vast external stakeholders. This includes employees, customers, media, shareholders, society/communities, analysts, and regulatory bodies.

We use the following channels to address this landscape of stakeholders:



Social and digital Media



Conventional print and electronic media



External fairs and Events – like Hanover Messi



Internal channel – our internal social media platform of Yammer



Newsletters., regular communiques



Internal events – Townhalls, employee days, sales days or gathering of project managers.

Siemens focuses on disseminating the key messages some of which are:

- We are committed to responsible business conduct - beyond compliance with laws and regulations.
- We are aware of our responsibility for people, environment and societies and live up to it.
- We act with integrity – always

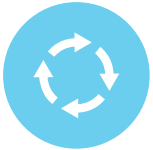
To sum up, cascading of global strategy to businesses/regions with inclusion of local key messages are done in a close alignment between Compliance organization and Communication department.

05

KEY TAKEAWAYS



Communication plays an important role in reinforcing to employees, an organization's commitment to integrity, the expectations of the organization, the responsibilities employees have and the consequences of unethical behavior.



In general, people tend to forget information very quickly. So, embedding ethical practices within an organisation requires consistent communication.



To be effective messages must be tailored to specific employee stakeholder groups.



When developing ethics and compliance communications, keep in mind that message should inspire employees, inform them of their ethical obligations, empower them to act, and foster dialogue with management.



Appropriate and relevant channels of communication should be used to reach employees and the delivery of these messages should be done in a strategic manner.



ABOUT PEARL INITIATIVE

The Pearl Initiative (PI) is the Gulf region’s leading business-led, non-profit organisation working to promote the business case for a corporate culture of accountability and transparency. Established in 2010 by regional business leaders in cooperation with the United Nations Office for Partnerships, the Pearl Initiative is the only private, non-profit Gulf business network to receive special consultative status from the United Nations Economic and Social Council.

PI spearheads 6 programmes to deliver data-driven insights and amplify the importance of corporate governance principles as a business imperative for corporations, family firms, micro, small and medium-sized enterprises (MSMEs), and philanthropic organisations in the Gulf region.

OUR PROGRAMMES



Governance in Tech



Anti-Corruption Best Practice



Diversity in Business Leadership



Governance in Family Firms



Governance in MSMEs



Governance in Philanthropy