



**ECI** ethics &  
compliance  
initiative™

**HQP** HIGH-QUALITY  
ETHICS & COMPLIANCE  
PROGRAM

**MEASUREMENT  
FRAMEWORK**

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## ABOUT ECI

The Ethics & Compliance Initiative (ECI) is a best practice community of organizations that are committed to creating and sustaining high quality ethics & compliance programs. With a history dating back to 1922, ECI brings together ethics and compliance professionals and academics from all over the world to share techniques, research and, most of all, exciting new ideas.

# ACKNOWLEDGEMENTS

We are grateful to the following members of our Working Group for their many hours of effort in compiling this framework:

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# ABOUT ECI'S WORKING GROUPS

In an effort to encourage networking and collaboration among ethics & compliance (E&C) professionals, ECI regularly convenes small groups of our members to network, share ideas, and address issues that are of particular interest. Working groups of 20 – 25 individuals meet to identify, research, and develop new resources to help practitioners prepare for a new or emerging E&C issue. They also learn from best practice with regard to an existing E&C program area.

Several new working groups, directly related to this Measurement Framework, are now open. For more information about those groups, please see the inside back cover. For other information about ECI's working groups, please visit: [www.ethics.org](http://www.ethics.org).

# BACKGROUND

In 2016, ECI published the Blue Ribbon Panel report entitled “Principles and Practices of High-Quality Ethics & Compliance Programs” (the “HQP Report”). Since its publication, a number of ECI members have expressed interest in having additional guidance and/or a measurement framework to assist with assessing an ethics and compliance program.

As a result, the **E&C Program Maturity Model Working Group** was formed and met on a number of occasions to discuss developing a framework that organizations could use to measure their programs against those described in the HQP Report. The intent is to provide a framework that allows all organizations, big or small, profit or nonprofit, to assess the effectiveness of their programs based on high-quality program (HQP) elements. The Working Group utilized a methodology based on five levels of maturity to address each of the five HQP principles. In support of assessing the level of maturity, the Working Group has outlined suggestions on (1) what to measure/review; (2) questions to consider; (3) potential sources of information, and (4) leading practices illustrative of HQPs.

# METHODOLOGY

As mentioned above, the Working Group developed a template with five levels or categories of maturity. The five levels are defined as:

**UNDERDEVELOPED:** A new e&c program or an existing one that has not progressed far in embedding HQP elements.

**DEFINING:** An e&c program that contains a number of HQP elements reflecting some important attributes, but with room to further mature.

**ADAPTING:** An e&c program that has a few HQP elements, but still lacks many important attributes.

**MANAGING:** An e&c program that can be considered effective or good, but not an HQP.

**OPTIMIZING:** An e&c program that contains the majority of, if not all, HQP elements.

The Working Group developed this framework by first populating the Optimizing category from the objectives outlined in the HQP Report—representing the HQPs. It then defined the other end of the spectrum by populating the Underdeveloped column, which describes the least mature level. The more difficult steps involved assessing the intermediate categories, that is, defining the progression of program maturity among the three middle levels (Adapting, Defining and Managing). While the final category—Optimizing—provides indicia for an HQP, the intent of the fourth column (Managing) is to define an “effective” or “good” program.

## HELPFUL HINTS AND TIPS

- This measurement framework can help when trying to assess the maturity and effectiveness of a program, whether it is done for the first time to identify gaps or, in the context of a more mature program, the assessment’s aim is to identify opportunities for further improvement.
- Obviously, organizations should not use this assessment framework exclusively, but as one of the ways to help validate the maturity level of a program and measure it against an HQP.
- Be prepared to respond to those who want a more formulaic methodology by explaining the need to be able to make subjective, professional assessments part of the analysis.
- Use the framework with other supporting functions or departments such as Legal, Human Resources and Internal Audit.

*Note: Starting from this page and throughout the rest of the report, the term “ethics and compliance” refers to the discipline of ethics and compliance and general practices. The term “e&c program” refers to the various elements of a program to manage ethics and compliance risks. Capitalized “E&C” denotes the E&C function/department where the program exists. Exceptions may be seen when referencing the titles of existing bodies of work (e.g., reports).*

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# FOREWORD

This project began with a simple question ... how can an organization demonstrate that it is systematically advancing the breadth and impact of its ethics & compliance (e&c) program?

Every day, business leaders around the world dedicate themselves to ensuring that their organizations operate with a high standard of integrity. There are many regulatory and enforcement expectations to help them get started, and as a result, in their early days many e&c programs were a reflection of those standards. But few, if any, frameworks exist to help guide e&c professionals as their program persists and hopefully matures over time.

Hence this measurement framework. The document that follows was created with the understanding that every e&c program must be a reflection of an organization's culture, industry, and the context in which it works. It also recognizes that there are some program practices and organizational commitments that are essential if an organization is to increase its effectiveness.

ECI's research has shown that the higher the quality of an e&c program, the more effective it is in reducing risk of noncompliance and increasing ethical conduct. Therefore, this measurement framework is intended to help organizations identify themselves along a continuum of growth, and to offer guidance to ultimately reach the highest level of quality that makes sense in each organization's context.

We are indebted to a small group of practitioners and other subject matter experts who took it upon themselves to develop this document. As a group they conceived of—and pursued—the daunting task of mapping the maturity of an e&c program. Then they developed metrics by which an organization can measure its progress. The group worked from a definition of a high-quality program (HQP) previously developed by an independent Blue Ribbon Panel of practitioners, enforcement officials, and other thought leaders; resulting in a Principles & Practices of High-Quality E&C Programs report. Taken together, the Blue Ribbon Panel report and this measurement framework are an industry-led effort to articulate and demonstrate e&c program quality.

It is our hope that this measurement framework provides a baseline for our industry. In the days ahead, we encourage organizations to join us in an initiative to continually improve this document. We also invite business leaders to assess their own program quality against this framework, and to share their best practices with one another. ECI will be providing further avenues and resources to help with those efforts.

The intent of this framework is to provide practitioners a way to spur conversation inside their organizations, and to increase leadership buy-in for ethics and compliance. At ECI we stand ready to support you in that important endeavor.

With all best wishes,



Patricia J. Harned, Ph.D.  
Chief Executive Officer

# MEASUREMENT FRAMEWORK BY PRINCIPLE







# HIGH-QUALITY ETHICS & COMPLIANCE PROGRAM PRINCIPLES

## PRINCIPLE 1

**STRATEGY:** Ethics & Compliance is central to business strategy

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## PRINCIPLE 2

**RISK MANAGEMENT:** Ethics & Compliance risks are identified, owned, managed and mitigated

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## PRINCIPLE 3

**CULTURE:** Leaders at all levels across the organization build and sustain a culture of integrity

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## PRINCIPLE 4

**SPEAKING UP:** The organization encourages, protects and values the reporting of concerns and suspected wrongdoing

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## PRINCIPLE 5

**ACCOUNTABILITY:** The organization takes action and holds itself accountable when wrongdoing occurs

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# ETHICS & COMPLIANCE PROGRAM MEASUREMENT FRAMEWORK\*

## PRINCIPLE 1

STRATEGY

### ETHICS & COMPLIANCE IS CENTRAL TO BUSINESS STRATEGY

*\* Illustrative model for measuring ethics and compliance high-quality programs (HQP). It is acknowledged that HQPs must be tailored to the organization and industry in that which they exist and size, complexity and degree of regulation of the industry will drive the design and function of any program.*

*"ethics and compliance" = the discipline of ethics and compliance and general practices*

*"e&c program" = the various elements of a program to manage ethics and compliance risks*

*"E&C" = the E&C function/department where it exists*

### UNDERDEVELOPED

**PROGRAM ELEMENTS:**  
e&c program activities do not exist or they are not foundational to the organization; where e&c program activities do exist, they are decentralized.

- E&C is not formalized as a function within the organization. Where e&c program elements (e.g., helpline, investigation process) exists, accountability is decentralized.
- An e&c program is not well defined or understood and is very much an add-on (not embedded) feature of the organization.
- There is no identified resource and advocate to help leaders across the organization understand their critical role in setting the standard for integrity. If a code of conduct exists, it is very much rules-based.

### DEFINING

**PROGRAM ELEMENTS:**  
E&C is established, but is not embraced by the organization and operates tactically.

- E&C is found as a function on all organizational charts, but is not considered an essential element within business operations.
- An e&c program is a recognized feature of the organization and is designed to support or complement certain day-to-day business operations, but it is not yet integrated with business objectives.
- E&C exists as a resource to help leaders across the organization understand the organization's standard for integrity.

# PROGRAM MATURITY

## ADAPTING

**PROGRAM ELEMENTS:**  
E&C is beginning to embed with accountability assigned for key ethics and compliance risks; consistency is lacking.

- E&C has the resources and access to maintain independence, but is not adequately resourced to ensure proper integration in key operations.
- An e&c program is integrated with day-to-day business objectives, but is not yet designed to complement or support strategic objectives.
- E&C is rarely included in key strategic discussions.
- The board has high-level knowledge about the e&c program, but only monitors its implementation periodically.
- E&C serves as a resource and advocate to help leaders across the organization understand their critical role in setting the standard for integrity.
- The organization shares its learning internally, but only on an *ad hoc* basis.

## MANAGING

**PROGRAM ELEMENTS:**  
E&C is embedded with e&c program controls and procedures operating as an integral part of business processes.

- E&C has the resources and access to maintain independence to ensure proper integration in all operations.
- An e&c program is substantially integrated with business objectives and is designed to support strategic objectives.
- E&C is a frequent participant in key strategic discussions.
- An e&c program is continuously improved through leadership and feedback loops.
- The board is knowledgeable about the e&c program and routinely monitors its implementation.
- The organization shares its learning externally to positively influence responsible practices and a commitment to integrity in other organizations.

## OPTIMIZING (HQP)

**PROGRAM ELEMENTS:**  
The organization follows best practice in e&c program management and leads the field externally.

- An e&c program is integrated with business and strategic objectives.
- E&C has the resources and access needed to ensure proper integration in all operations and has an independent voice to leaders.
- E&C is a consistent participant in key strategic discussions.
- e&c program is continuously improved through leadership, innovation and feedback loops.
- The board is knowledgeable about the e&c program and actively monitors its implementation.
- The organization shares its learning externally to positively influence other organizations toward responsible practices and a commitment to integrity.

# ETHICS & COMPLIANCE PROGRAM MEASUREMENT FRAMEWORK\*

## PRINCIPLE 2

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### ETHICS & COMPLIANCE RISKS ARE IDENTIFIED, OWNED, MANAGED AND MITIGATED

*\* Illustrative model for measuring ethics and compliance high-quality programs (HQP). It is acknowledged that HQPs must be tailored to the organization and industry in that which they exist and size, complexity and degree of regulation of the industry will drive the design and function of any program.*

*"ethics and compliance" = the discipline of ethics and compliance and general practices*

*"e&c program" = the various elements of a program to manage ethics and compliance risks*

*"E&C" = the E&C function/department where it exists*

### UNDERDEVELOPED

**PROGRAM ELEMENTS:**  
A formal risk assessment program is not fully established or does not yet exist.

- The organization does not have an established risk management process.
- Risk identification/assessment process is performed *ad hoc* and not well understood or communicated.
- Where risk management is performed, it is done by only a few people and is conducted in isolation from the rest of the organization.
- Even if E&C exists (as an organizational function), it does not formally participate in the risk identification/assessment process.
- Communications about risk management are infrequent or nonexistent.
- Ethics and compliance risks are not well understood and are only considered in risk assessments on an *ad hoc* basis.
- No formal documentation is produced or maintained.

### DEFINING

**PROGRAM ELEMENTS:**  
A formal risk assessment structure is established and operating in a few departments or functions, but operates tactically.

- Ethics and compliance risks are assessed only at the business unit, functional levels and/or geographic regions; results are not shared or communicated.
- Where risk assessment may be performed, it does not include risk prioritization or measurement of residual risk.
- Risk assessment process does not consider both internal and external information and metrics when identifying inherent risks.
- Minimal guidance is provided to employees about the nature of risk management.
- E&C may participate informally during the risk assessment process.
- Where risk assessment training is provided, it is provided inconsistently, is not targeted to employees on a risk-based approach, and does not always involve E&C.
- E&C is not involved in the development of risk assessment and mitigation processes for ethics and compliance risks.

# PROGRAM MATURITY

## ADAPTING

### PROGRAM ELEMENTS:

A formal risk assessment process is in place with accountability assigned for ethics and compliance risk management, but is not consistently performed.

- E&C conducts risk assessment of many key ethics and compliance risks, but not consistently.
- Ethics and compliance risk assessment is not fully integrated in the enterprise risk management (ERM) process.
- Many key functions have identified a leader for risk management, but consistency is lacking.
- Targeted risk management training is provided based on perceived organizational risks, but is not always targeted to an individual employee's exposure to a specific ethics and compliance risk on a risk-based approach using an effective mechanism (e.g., online or in-person).
- The organization communicates about risk management on a need-to-know basis.
- Organization conducts third-party due diligence, but is not consistent in its implementation or in information sharing.
- Risk assessment involves the determination of inherent risks, but does not include the development of key risk indicators to manage the risks.
- Risk assessment metrics are developed, but not well communicated throughout the organization.
- Results of the risk assessment are not consistently shared with the business units to determine the potential impact on achieving strategic goals and objectives; no formal plan to mitigate the risk is developed.

## MANAGING

### PROGRAM ELEMENTS:

A formal risk assessment process is developed and embedded as an integral part of business processes.

- Risk assessment is carried out by organizational units and supported and endorsed by organizational leadership; key risk indicators are determined for key ethics and compliance risks and results are shared across the organization.
- Appropriate resources are assigned to the risk assessment process.
- The risk assessment is conducted annually or on a frequent basis and is part of the ERM process.
- Feed-back loops exist to inform management and the board of key risk areas.
- Risk assessment and mitigation plans include quantitative and qualitative measures and are assigned proper ownership by organizational personnel.
- The organization conducts third-party due diligence with consistency and sharing of information across the organization.
- Ethics and compliance training is effective and targeted to employees based on their role and risk exposure.
- Risk leaders are assigned and well trained for risk mitigation.
- E&C participates in cross-functional risk mitigation efforts.
- E&C partners with other functions to improve control environment.

## OPTIMIZING (HQP)

### PROGRAM ELEMENTS:

Risk assessment follows best practices and includes all aspects of a leading risk management program.

- An e&c program is calibrated to key risk areas identified through a robust, continuous risk assessment process.
- Leaders across the organization are assigned responsibility for the ongoing identification and mitigation of risks that are endemic to their operations.
- The organization recognizes and rewards self-assessment, early issue spotting and prompt remediation of compliance gaps.
- Ethics and compliance, both an e&c program and the state of the organization from an E&C perspective, are regularly monitored as risk areas.
- Guidance and support for handling key risks are provided to employees according to their role.
- The organization maintains rigorous third-party due diligence processes that screen for integrity.

# ETHICS & COMPLIANCE PROGRAM MEASUREMENT FRAMEWORK\*

## PRINCIPLE 3

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### LEADERS AT ALL LEVELS ACROSS THE ORGANIZATION BUILD AND SUSTAIN A CULTURE OF INTEGRITY

*\* Illustrative model for measuring ethics and compliance high-quality programs (HQP). It is acknowledged that HQPs must be tailored to the organization and industry in that which they exist and size, complexity and degree of regulation of the industry will drive the design and function of any program.*

*"ethics and compliance" = the discipline of ethics and compliance and general practices*

*"e&c program" = the various elements of a program to manage ethics and compliance risks*

*"E&C" = the E&C function/department where it exists*

### UNDERDEVELOPED

**PROGRAM ELEMENTS:**  
Leadership does not promote ethics and compliance, or does so on an individual, *ad hoc*, basis.

- Leaders may be generally aware of the code of conduct (to the extent a code exists), but do not take active steps to promote an ethical work culture.
- Leaders do not take ownership for cultural integrity and instead may rely on others (e.g., HR, Legal) to build the company's ethical culture.
- Employees do not feel supported to raise concerns and are unclear of the consequences for conduct that is inconsistent with the organization's values, code of conduct and/or policies.

### DEFINING

**PROGRAM ELEMENTS:**  
The organization has in place a code of conduct and related policies, but only senior leadership makes the effort to promote ethics and compliance.

- Senior leaders speak about ethics, but are not visible in ethics and compliance awareness activities when they occur, and their actions may not appear to reflect identified organizational values.
- Leaders hear concerns, but quickly route employees to other functions (e.g., E&C, HR, Legal) without attempting to discuss values or resolve the issue.
- Policies exist but are not clear; code of conduct is primarily rules/compliance-based and is distributed but not translated or adapted for global employees.
- Ethics and compliance training is required but not engaging; a "check the box" attitude is allowed to permeate the organization.
- Formal policy/process to raise (either internally or externally) and resolve concerns/suspected wrongdoing exists but is not widely known or used, and/or there is high fear of retaliation or belief that no action will be taken.
- Lack of non-retaliation policy.

# PROGRAM MATURITY

## ADAPTING

**PROGRAM ELEMENTS:**  
Leaders are beginning to embed e&c program with accountability assigned for key ethics and compliance risks.

- Leaders at all levels promote ethical conduct, but may tolerate misconduct from “high performers.”
- Leaders support and lead ethics and compliance training requirements, but rarely self-initiate ethics discussions linking values to performance.
- Employees are aware of the code of conduct and policies, but lack sufficient understanding how they apply to their work responsibilities.
- Leaders encourage employees to raise issues, but do not always take action to address the concern; employees may become discouraged and unlikely to report again.

## MANAGING

**PROGRAM ELEMENTS:**  
Leaders are engaged in promoting ethics and compliance, with e&c program controls and procedures operating as an integral part of business processes.

- Leaders actively promote organizational values and hold themselves and subordinates accountable for ethical behavior.
- Leaders lead ethics and compliance training and integrate content workplace discussions and activities.
- Leaders take an active role in promoting a positive tone at the top through words and actions.
- Policies and the code of conduct are clear and include the consequences for conduct that is inconsistent with the organization’s values; the code of conduct and/or policies are known and enforced.
- Most employees are confident reporting issues internally and understand the value of an ethical workplace.

## OPTIMIZING (HQP)

**PROGRAM ELEMENTS:**  
Organizational leadership is committed to best practice in e&c program management and leading the field externally.

- Leaders are expected and incentivized to personally act with integrity and are held accountable if they do not.
- Leaders across the organization own and are accountable for building a strong ethical culture.
- Values and standards are communicated effectively through many channels.
- All employees are supported and expected to act in line with organizational values and are held accountable if they do not.



# ETHICS & COMPLIANCE PROGRAM MEASUREMENT FRAMEWORK\*

## PRINCIPLE 4

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### THE ORGANIZATION ENCOURAGES, PROTECTS AND VALUES THE REPORTING OF CONCERNS AND SUSPECTED WRONGDOING

*\* Illustrative model for measuring ethics and compliance high-quality programs (HQP). It is acknowledged that HQPs must be tailored to the organization and industry in that which they exist and size, complexity and degree of regulation of the industry will drive the design and function of any program.*

*"ethics and compliance" = the discipline of ethics and compliance and general practices*

*"e&c program" = the various elements of a program to manage ethics and compliance risks*

*"E&C" = the E&C function/department where it exists*

### UNDERDEVELOPED

**PROGRAM ELEMENTS:**  
**A formal employee\* speaking-up/reporting structure is not established; employee reporting occurs on an infrequent, *ad hoc*, basis.**

- A supportive "speak-up" culture and environment that encourages employees to proactively ask questions and raise concerns are either not well defined or understood or do not exist.
- No formal policies or processes exist to raise and resolve concerns or suspected wrongdoing (either internally or externally).
- The organization does not provide awareness training and/or ongoing communication around reporting concerns or non-retaliation against employees who raise concerns.
- There is no formal case management process, and consequently, no formal reporting of concerns to management.

*\* While the term "employee" is used throughout this document, in certain areas, such as utilizing the speak-up channels, the term applies not only to employees, but to your organization's entire workforce (e.g., employees and contractors).*

### DEFINING

**PROGRAM ELEMENTS:**  
**A formal employee speaking-up/reporting structure is established and operating in a few departments, but operates tactically and inconsistently.**

- Overall culture neither encourages nor discourages reporting of concerns/issues by employees.
- Formal policy/process to raise (either internally or externally) and resolve concerns/suspected wrongdoing exists, but is not widely known or used.
- The organization lacks a non-retaliation policy.
- There are limited awareness, training and communication around reporting concerns and non-retaliation against employees who raise concerns.
- Limited resources and controls exist to ensure that matters are resolved timely and effectively and that employees who raise concerns are treated fairly and consistently across the organization.
- Limited reporting of concerns by the employees and/or contractors occurs.



# PROGRAM MATURITY

## ADAPTING

**PROGRAM ELEMENTS:**  
A formal employee speaking-up/reporting structure is partially embedded but more progress is needed.

- The code of conduct promotes a speak-up culture and encourages employees to raise concerns through various channels.
- A formal policy or process exists to raise (either internally or externally) and resolve concerns or suspected wrongdoing with limited communication around the speak-up program.
- Some employees are familiar with anonymous reporting options and understand the organization's process for handling concerns, but it has limited use.
- Aspects of a non-retaliation policy exist, but are not formalized.
- Controls are in place to ensure that employees who raise concerns are treated fairly and consistently across the organization and matters are dealt with timely and effectively, but they are not effectively communicated to employees and contractors.
- Management is made aware of reports, but takes little action.

## MANAGING

**PROGRAM ELEMENTS:**  
A formal employee speaking-up/reporting structure is established and operates as an integral part of business processes.

- The culture and environment proactively encourage employees to raise concerns, and employees feel empowered and supported to raise them.
- The organization communicates the process and dedicates resources to actively manage reports and resolve matters.
- Employees are aware of the speak-up program, and it is utilized for reporting concerns.
- The organization has a non-retaliation policy, and employees are aware of the policy.
- Leaders' performance in creating a speak-up culture is measured and managed.
- Management receives and acts upon reported concerns.
- Leaders' ability to respond to issues raised by their employees is measured through employee feedback and case resolution effectiveness.
- Management monitors use of the reporting process (e.g., number of reports and resolutions).

## OPTIMIZING (HQP)

**PROGRAM ELEMENTS:**  
A best-practice, formal employee speaking-up/reporting structure is used by employees to report concerns and used by management to identify systemic issues.

- Leaders create an environment where employees are prepared and empowered to raise concerns, and resources are provided to support employees in ethical decision-making.
- The organization respects all employees' rights to report to government authorities.
- The organization provides a broad and varied number of reporting avenues, each with effective tracking for escalation and response of significant matters.
- The organization treats all reporters the same—with consistency and fairness—throughout the entire process.
- The organization has proactive processes in place to prevent retaliation, including awareness training for leaders, monitoring of employee reporters and demonstrated consequences for conduct that is inconsistent with the organization's values, code of conduct and/or policies.
- The organization communicates directly with individual reporters and more broadly with all employees when cases are closed.

# ETHICS & COMPLIANCE PROGRAM MEASUREMENT FRAMEWORK\*

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### THE ORGANIZATION TAKES ACTION AND HOLDS ITSELF ACCOUNTABLE WHEN WRONGDOING OCCURS

*\* Illustrative model for measuring ethics and compliance high-quality programs (HQP). It is acknowledged that HQPs must be tailored to the organization and industry in that which they exist and size, complexity and degree of regulation of the industry will drive the design and function of any program.*

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*"E&C" = the E&C function/department where it exists*

### UNDERDEVELOPED

**PROGRAM ELEMENTS:**  
The organization has not established formal structures or communicated regarding consequences for violations or for escalation, tracking, investigation and accountability for misconduct.

- Stated organizational values may mention accountability, but standards, scenarios, outcomes, and consequences are not in existence, not tracked, and/or not shared with employees.
- A helpline for reporting concerns may exist, but employees and contractors are generally not aware of it.
- Where a helpline exists, management is not generally aware of volume, type and/or outcome of reported concerns.
- There is no formal case management, and investigations are completed on a case-by-case basis.
- No review of discipline for consistency occurs.
- No formal escalation and response procedure is in place.

### DEFINING

**PROGRAM ELEMENTS:**  
The organization has policies addressing standards and consequences; escalation, tracking and investigative protocols apply, but lack consistency and with little root cause assessment or trend reporting to business.

- The policy or code of conduct provides for how employees are to be held accountable for reporting and/or misconduct, but a limited tone of accountability flows from the top.
- The organization has limited understanding of investigative roles and responsibilities.
- Hypothetical misconduct scenarios may be contained in employee training on an *ad hoc* basis.
- Investigation standards apply to all internal groups conducting investigations, but may not be applied consistently.
- A helpline for reporting concerns exists, but it is not widely known or used.
- Leadership is generally aware of basic helpline trends, but does not use them to drive improvements.
- A procedure is in place for internal and external response in case of serious misconduct harmful to the organization's reputation.

# PROGRAM MATURITY

## ADAPTING

### PROGRAM ELEMENTS:

The organization communicates applicable standards and outcomes to employees and has established escalation, tracking and investigative protocols, including measures to ensure consistency of consequences and basic root cause analysis.

- A policy on reporting and misconduct exists and is generally enforced.
- Employees and contractors are aware of the helpline for reporting concerns, but it has limited use.
- Leadership is generally aware of key helpline metrics and qualitative information around select cases, but awareness does not consistently factor into business decisions.
- Real-life misconduct scenarios, including helpline information, are used in training.
- Dedicated/identified investigative staff exist; root cause analysis is included in investigative protocol, but not effectively used.
- Structures and measures to promote consistency of discipline exist (e.g., review committee, other processes).
- Leadership is informed of serious misconduct and is generally aware of escalation procedures internally and externally.

## MANAGING

### PROGRAM ELEMENTS:

The organization maintains communication of standards and outcomes via various media to employees to reinforce value placed on reporting; embedded escalation, tracking and investigative protocols exist, including consistent root cause analysis, follow-up action and trend reporting.

- Multimedia communication of standards and outcomes to employees are regularly updated for awareness and learning.
- Trained investigative staff are responsible for cases, assigned by geography, type or severity; root cause analysis is included in recommendations.
- Disciplinary consistency is tracked and reviewed.
- Leadership participates in action planning to respond to helpline trends or key cases.
- The executive team has a plan or strategy for acknowledging serious misconduct, misconduct by senior executives, and/or government enforcement or investigations via internal and external communications.
- Misconduct/ethical history is considered for employee advancement, incentives, and awards.

## OPTIMIZING (HQP)

### PROGRAM ELEMENTS:

The organization is a leader in internal and external communications by demonstrating the value placed on reporting and accountability when wrongdoing occurs; it employs best practices in escalation, tracking, investigation, and root cause analysis and risk mitigation; and it uses well-developed systems of response and upholds a principle of transparency in disclosures where possible.

- The organization regularly communicates that individuals who violate organizational standards or the law will be disciplined.
- The organization maintains investigative excellence.
- Disciplinary action is consistently taken when violations are substantiated.
- Systems for escalation and response are well developed and regularly tested, and leaders are held accountable for compliance.
- Appropriate disclosures are made to regulatory or other government authorities.

# ADDITIONAL MATERIALS TO CONSIDER



**THIS SECTION PROVIDES ADDITIONAL MATERIALS TO CONSIDER WHEN ASSESSING HOW AN ORGANIZATION ALIGNS ALONG THE FIVE LEVELS OF MATURITY.**

**FOR EACH PRINCIPLE THERE IS SUPPORTING INFORMATION IN THE FORM OF:**

**(1) WHAT TO MEASURE/REVIEW**

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**(2) QUESTIONS TO CONSIDER**

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**(3) POTENTIAL SOURCES OF INFORMATION**

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**(4) LEADING PRACTICES ILLUSTRATIVE OF HQPS**

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The information is meant to offer organizations practical guidelines on how to better understand and integrate elements of HQPs into their e&c program.

# PRINCIPLE



## ETHICS AND COMPLIANCE IS CENTRAL TO BUSINESS STRATEGY

### WHAT TO MEASURE/REVIEW

- Resources (staff and funding) allocated to the e&c program (dedicated and non-dedicated);
- Governance documents related to the e&c program (e.g., code of conduct and related policies, board access, E&C committee charter, escalation procedures);
- Level of ethics and compliance integration into the organization's business operations; and
- Level of e&c program review and continuous improvement cycle.

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### QUESTIONS TO CONSIDER

- Does the E&C function have a formal charter?
- Is E&C independent (e.g., from the business)?
- Does E&C have a seat at the table (i.e., substantially integrated into business decision-making)?
- Is E&C involved in strategic and crisis management decisions for the organization?
- Does the board meet regularly with the E&C officer, including in private session?
- Is the e&c program continuously improved through leadership and feedback loops?
- Is there an ethics committee, or is ethics and compliance a standing agenda on leadership meetings?

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### POTENTIAL SOURCES OF INFORMATION

- Organizational chart;
- E&C charter or remit;
- Governance documents related to the e&c program (e.g. committee charters);
- Escalation procedures;
- Ethics and compliance training materials; and
- Formalized ethics and compliance plans to address gaps or continuously improve the e&c program.

# LEADING PRACTICES ILLUSTRATIVE OF HQPs

- Strategic goals for the organization include goals related to ethics and compliance.
- Senior leaders articulate the ways ethics and compliance relates to their operational areas.
- Oral and written communications by leaders, both internally and externally, highlight values, ethics and compliance practices and customer response to ethics and compliance performance.
- Strategy meetings include discussion of organizational priorities based on their alignment with core values.
- Proposals for new strategies are measured, in part, by their alignment with the organization's values.
- Regular reporting is provided to executive leadership on compliance performance and audit results regarding priority compliance areas (e.g., workplace safety, product safety, anticorruption, financial controls, conflicts of interest).
- E&C staffing is sufficient and is intentionally designed to have reach into the business structure, and it is benchmarked by organization size and industry.
- E&C is represented in strategic teams, including the executive or management committee, enterprise risk assessment committee, and disclosure committee.
- Resources provided to the program are sufficient to allow E&C staff to innovate and tailor content to specific audiences in various functions.
- The E&C structure ensures independence and regular access to the board and/or the audit committee.
- E&C leaders are visible and prominent, sending a strong message that compliance and ethical conduct are high priorities for the organization.
- E&C leaders participate in high-level strategic discussions and are frequently asked to offer input to ensure decision-making aligned with values.
- Ethics and compliance issues, data and priorities are discussed along with other business results in staff meetings, operational reviews and similar meetings.
- Baseline measures are in place to assess improvement over time in rates of misconduct, effectiveness of response and detection, and control effectiveness.
- Ethics and compliance metrics on progress include impact on misconduct, reporting, detection and prevention as well as a broad range of leadership behaviors linked to a strong ethical culture (e.g., survey data, leadership integration of E&C into staff, operational meetings, ethics and compliance training and awareness efforts, reporting and responsiveness).
- Leaders make time for “town hall” give-and-take sessions during which they address ethics and compliance issues.
- Failures, near misses and all investigations, audits and reviews are mined for lessons learned in an effective closed-loop process to prevent or detect future issues. All include clear processes for follow-up, including proper communication of findings and accountability for remediation.
- Senior leaders probe for new insights and improvements by asking hard questions of E&C leaders, risk owners, and others accountable for ethics and compliance performance. The organization continuously asks and answers the questions: Does the program make a difference? How? Why?
- The organization seeks feedback from employees on leaders' behavior as well as e&c program tools and resources.
- E&C collaborates with internal audit, risk management and other partners to ensure that the program takes into account emerging information about the business and its e&c priorities.
- E&C ensures the organization is aware of and leverages advancements in technology and research that drive innovation in the e&c program.
- The organization periodically submits its entire e&c program to an independent review from neutral, knowledgeable experts, internally or externally.
- Board leaders and members seek and are provided comprehensive information about the organization's e&c program.
- The board maintains a relationship with E&C through regular contact with the E&C leader and his or her team.
- The board receives regularly scheduled briefings on risk assessment processes, ethics and compliance metrics and significant matters and outcomes in the ethics and compliance area.
- The organization recruits and maintains board members with ethics and compliance expertise.
- Board members receive periodic ethics and compliance training tailored to their responsibilities and any special issues of relevance.
- E&C staff participate in forums that create dialogue with stakeholders and enforcement officials and seek pathways to contribute to the broader understanding of the value of their efforts.
- E&C staff are active in industry organizations—engaging with peers to exchange ideas, identify emerging issues and share best practices.



# PRINCIPLE 2

## ETHICS & COMPLIANCE RISKS ARE IDENTIFIED, OWNED, MANAGED, AND MITIGATED

### WHAT TO MEASURE/REVIEW

- Relevant policies and procedures;
- The comprehensiveness of the organization's formal risk assessment and risk mitigation policies and processes and whether they specifically reference ethics and compliance risks;
- The organization's assignment of responsibilities for risk identification and mitigation;
- The level and quality of E&C participation in the risk assessment and risk management process; and
- The degree to which technology and other resources are deployed to manage risk, including third-party risk vs. manual management.

### QUESTIONS TO CONSIDER

- Do ethics and compliance matters flow into the organization's ERM process?
- How is information about risks shared within the organization, across functions and among senior management and the board?
- Is risk management assigned to specific people or *ad hoc*?
- Are people trained to identify risk?
- Does the organization have a risk committee that meets periodically to evaluate risks?
- What is the impact of risk assessment reports on policy and organization?
- How are high-impact risk areas (e.g., third-party risk, money laundering) assessed, mitigated and monitored?

### POTENTIAL SOURCES OF INFORMATION

- Copies of past risk assessments and/or ERM documentation;
- Risk heat map or other forms to document the results of the risk assessment;
- Organization's policies for risk assessment and management;
- Organizational chart identifying people with risk management responsibilities;
- Survey responses from employees about risk areas;
- Training records and communication material related to risk areas;
- Interviews with key risk management employees, senior management and board members;
- Risk management guidance provided by E&C;
- Strategic plans that incorporate ethics and compliance and that are reflective of the e&c program; and,
- Materials reflecting the extent to which businesses self-identify, report and proactively remediate ethics and compliance issues.



# LEADING PRACTICES ILLUSTRATIVE OF HQPs

- The organization's risk assessment process is well defined and includes consideration of risk appetite, capacity, tolerance and monitoring. This includes identifying and tasking risk owners for every key risk area, including their responsibility for reporting and coordinating mitigation progress (policy, training, operating processes and controls, mitigation and resolution of issues).
- E&C is actively involved and regularly develops and updates a process map that includes the identification of key risk areas and risk owners.
- The organization's risk assessment process includes:
  - Broad and deep participation—not just senior leaders.
  - Processes and deliverables that are integrated into the business calendar throughout the year—not just a one-time event.
- A formal risk committee meets regularly to monitor risk management and the board and senior leaders support the entire process.
- The e&c program is nimble and adjusts regularly to identified and prioritized risks; results of risk assessment are used to enhance the e&c program and compliance training, align with root cause analysis, and feed into policy changes.
- Leaders ensure that their teams understand the risk assessment processes of the organization and the key risks that are relevant to their unit and the organization.
- Each function and business unit has a risk leader, and the responsibility for risk management is shared across functions.
- Each key risk area is assigned to risk owners for coordination and mitigation.
- Risk owners, whatever their other roles, are held accountable for and recognized for their performance as risk owners and their collaboration with E&C and other relevant functions in executing this role.
- Future strategies and emerging issues are identified early in their development through the risk assessment process.
- The organization tracks performance outcomes and metrics on risk identification and mitigation and holds individuals accountable for performance in these areas.
- Assessment and monitoring features are required for initiatives so that risks will be identified during execution.
- The organization maintains cross-functional teams in its risk assessment and quarterly disclosure review processes to promote insights and issue-spotting.
- Key risk indicators are well communicated and continuously monitored to determine if risks are developing or have occurred.
- Compliance performance, strength or weakness of organizational culture, employee willingness or fear to report, and other key ethics and compliance areas are evaluated as potential risks to the organization.
- Ethics and compliance processes for the prevention and detection of misconduct are reviewed and assessed for effectiveness and efficiency, just as with any other business process.
- Ethics and compliance metrics across the organization are reviewed to detect high-risk areas that may require intervention or further monitoring.
- Investigative and audit results are reflected in risk assessment reviews, ratings and mitigation plans.
- Policies and the code of conduct are maintained, updated to reflect prominent risk areas and made readily available to employees at every level and location—without exception.
- Continuous learning on ethics and compliance topics is required of employees based on their role and risk exposure; such training is continuously evaluated for effectiveness and relevance.
- The organization actively works to make training and guidance relevant to the user in a timely and current fashion.
- E&C is significantly involved in diligence processes for mergers and acquisitions.
- The due diligence process for mergers and acquisitions is designed to ensure reasonable consideration of ethics and compliance risks prior to deal closure.
- Effective and timely implementation of E&C standards is expected of the acquired or contracted entity.
- E&C contributes to and monitors third-party diligence processes and standards for agents, vendors and others in collaboration with functional partners.
- Third-party screening of vendors and acquisitions is well documented and automated, and potential red flags are identified.

# PRINCIPLE

# 3

## LEADERS AT ALL LEVELS ACROSS THE ORGANIZATION BUILD AND SUSTAIN A CULTURE OF INTEGRITY

### WHAT TO MEASURE/REVIEW

- The extent to which leaders personally demonstrate a commitment to ethics and compliance;
  - The extent to which leaders are engaged to promote and enforce a culture of ethics and compliance;
  - Employee feedback regarding trust in leadership and fear of retaliation for reporting;
  - Leadership performance reviews that include an evaluation component for relevant areas; and
  - Support and resources provided to leaders to connect values with daily business operations.
- .....

### QUESTIONS TO CONSIDER

- Who sets the tone and is responsible for the organization's ethical culture?
  - Does senior leadership link good ethics with good business when making internal and external presentations about the organization?
  - Do employees fear retaliation for speaking up when they observe misconduct?
  - Is there consistent organizational justice (i.e., similar discipline regardless of employee's position)?
  - Are leaders at all levels of the organization evaluated on promoting an ethical work environment?
- .....

### POTENTIAL SOURCES OF INFORMATION

- Ethics and compliance policies and procedures;
- Leadership participation in ethics training program/code of conduct training;
- Employee survey—employees' perspective on leaders' ethical conduct and concerns about reporting misconduct;
- Leadership communications and materials to employees and contractors;
- Performance evaluation criteria for leaders;
- Materials relating to the e&c program support for leaders; and
- Communications, activities, etc., reflecting leadership support of a culture of integrity.

# LEADING PRACTICES ILLUSTRATIVE OF HQPs

- Leaders at all levels, including managers and supervisors, model integrity by:
  - Talking about the importance of ethical conduct and referencing organizational values as a framework for their decisions;
  - Exemplifying the conduct they expect of their employees; and
  - Holding subordinates accountable for ethical behavior.
- Leaders' behaviors (as listed above) are a significant consideration in employment and promotion decisions.
- No "waivers" of integrity standards are given to more senior personnel.
- Ethics and compliance performance affects compensation, advancement and retention of all employees.
- A high-level committee reviews significant matters and cases involving senior leaders to ensure fair investigation and consistency in consequences.
- In everyday activities, leaders act and speak in alignment with the organization's values.
- Leaders are knowledgeable about and assume responsibility for their role as ethical leaders in the organization.
- Culture metrics are an element of business unit performance.
- Employee feedback is sought regarding leaders' efforts to build and sustain a strong ethical culture.
- Annual performance reviews for leaders include evaluation of their efforts to build and maintain the culture.
- Enterprise communications tools are regularly leveraged for ethics and compliance messaging, not merely once a year.
- The organization's values, its code of conduct and other procedures are explained to all employees. When needed, they are translated according to language, culture or other demographics to ensure understanding.
- Senior managers directly communicate values and standards to employees at all company organizational gatherings.
- Code/training/communications: All materials begin with a connection to organizational values and then explain various rules within that context. Training also emphasizes seeking guidance, being conscious of acting in alignment with values and consequences for not doing so.
- Discipline/incentives: For all employees, expectations are set and performance is judged on employees' actions in alignment with organizational values, not merely on technical rule compliance.

# PRINCIPLE 4

## THE ORGANIZATION ENCOURAGES, PROTECTS AND VALUES THE REPORTING OF CONCERNS AND SUSPECTED WRONGDOING

### WHAT TO MEASURE/REVIEW

- Organizational commitment to reporting, resolution, non-retaliation of employee concerns and suspected wrongdoing;
  - Employee perception that their concerns are solicited and heard;
  - Employee awareness of available avenues to report concerns;
  - Employee use of reporting channels; Leadership response to reported misconduct; and
  - Use of case management information/periodic assessments to measure effectiveness of reporting, resolution and non-retaliation.
- .....

### QUESTIONS TO CONSIDER

- Do ethics and compliance training and communications effectively support a speak-up culture?
  - Does leadership promote a speak-up culture?
  - Does the organization provide a broad and varied number of reporting avenues?
  - Is the organization's policy clear about its standards for tracking and resolution and sharing of employee concerns after cases are closed?
  - Are controls in place with respect to fair treatment of reporters throughout the process?
  - Is action being taken against retaliators when evidence of retaliation is discovered?
  - Is feedback provided to employees making non-anonymous reports of misconduct?
- .....

### POTENTIAL SOURCES OF INFORMATION

- Organization policies on reporting, tracking and resolution of employee concerns;
- Ethics and compliance training and communication materials specifically related to speak-up requirements;
- Ethics and compliance helpline and case management data/information related to reporting of employee concerns, investigations and related follow-up;
- Results of regular speak-up program assessments and/or employee surveys; and
- Communications and activities supporting and promoting a speak-up culture.

# LEADING PRACTICES ILLUSTRATIVE OF HQPs

- Questions from employees are solicited and listened to; raising difficult issues is expected and recognized as excellent performance.
- Employees are made aware of available resources to support their speaking up. Awareness training addresses making ethical decisions in alignment with shared organizational values, seeking guidance and the process that takes place when employees make a report.
- Employees are aware of the organization's policy on "no retaliation."
- Leaders are skilled at responding well to issues raised by employees, and their employee feedback measures and case resolutions demonstrate this skill. Leaders are required to complete training and have easy access to guidance on responding to issues raised by employees and creating a speak-up culture.
- Leaders' performance in creating a speak-up culture is measured and managed.
- Leaders speak regularly about—and formally recognize the value of—raising issues.
- Courage in raising concerns is broadly and publicly recognized and individually rewarded in employee performance reviews.
- All communication materials concerning reporting channels are vetted to ensure that they avoid implying that reporters cannot (or should not) also report to government.
- The organization's confidentiality agreements with employees and partners make clear that organizational policy does not hinder or discourage reporters' rights to report to the government.
- The organization seeks to dispel whistleblower stereotypes and expects leaders to responsibly handle reports from employees.
- If an employee opts to make a report to government authorities, he or she is protected from all forms of retaliation.
- The organization provides means for employees to report anonymously, where permitted by law, and safely via the phone and the internet, at minimum. When appropriate, these channels include global coverage, including accommodation of those who require translation services.
- The organization's policy is clear about its standards for escalating and tracking significant issues.
- The focus is on investigation of allegations, not the reporter.
- Discipline is never imposed against an employee for taking action to report an issue.
- Disciplinary processes are regularly reviewed to ensure the following:
  - Actions taken do not involve any retaliation or the appearance of it (e.g., taking into account the past reporting history of the employee reporter).
  - The organization mitigates any risk that disciplinary actions taken might discourage future reporting.
- All leaders are trained to be aware of the organization's policy on retaliation and the behaviors that may be perceived as retaliation.
- Over an extended period of time, the organization periodically touches base with reporters to ensure that they have not experienced retaliation.
- In addition to the feedback from individual employees, the organization recognizes that employees may not feel comfortable reporting retaliation; therefore, it continues to monitor the long-term success of employees who report suspected violations.
- Investigations of retaliatory behaviors receive special handling and priority to ensure responsiveness and neutrality.
- Senior management reviews substantiated retaliation cases and reports to the organization and the board.
- The organization makes every effort to personally thank reporters for their courage in coming forward.
- Where possible, employee reporters are directly informed of the outcome of investigations based on their reports.
- Outcomes of reported misconduct and the consequences that resulted in substantiated cases are regularly shared with all employees.
- The organization prepares an annual public reporting of ethics and compliance activities, including reporting trends and responses to issues.

# PRINCIPLE 5

## THE ORGANIZATION TAKES ACTION AND HOLDS ITSELF ACCOUNTABLE WHEN WRONGDOING OCCURS

### WHAT TO MEASURE/REVIEW

- Investigations of misconduct are timely, neutral, thorough, competent and consistent;
  - The organization learns from trend and root cause analysis and takes corrective action;
  - Leadership is engaged and informed about trends and responses to them;
  - Employees who commit misconduct are treated/disciplined consistently across the organization; and
  - The organization shares aggregate outcomes of misconduct cases with employees in some way.
- .....

### QUESTIONS TO CONSIDER

- Is the investigation and discipline process consistent?
  - Are consequences consistent, regardless of the level of violator?
  - Does the organization conduct root cause analysis on all cases or a subset of cases?
  - Is the organization adequately prepared to respond to misconduct that goes public?
  - Does the organization have policies and procedures on addressing how and when to disclose issues to appropriate government authorities?
  - Does any group within the organization have visibility into all investigation outcomes in order to ensure dots are connected?
- .....

### POTENTIAL SOURCES OF INFORMATION

- Ethics and compliance metrics and trend reports;
- Investigation metrics to include time to close and disciplinary actions to ensure consistency;
- Leadership presentations and meeting agendas related to helpline metrics, trends and key cases;
- Employee communications about helpline and trends;
- Investigation policies and processes, including escalation or triage policy and process, and the company's policies, procedures, process or crisis response plan regarding external response to major misconduct; and
- Employee survey—employees' perspective on concerns about reporting misconduct.

# LEADING PRACTICES ILLUSTRATIVE OF HQPs

- The code of conduct makes clear that violations result in consequences.
- Each incident of substantiated misconduct is evaluated to determine how to communicate it internally and externally, as applicable, based on the seriousness of the issue, the level of the subject and the need for and appropriateness of public disclosure.
- The e&c program regularly communicates about its internal monitoring efforts with key stakeholders, including enforcement officials (where applicable), investors, donors and/or consumers.
- Thorough, timely, neutral, competent and consistent investigations are conducted, and the organization maximizes learning from every substantiated matter.
- E&C or other appropriate personnel ensure neutrality in investigations through careful oversight and selection of who investigates any matter.
- The organization provides the E&C office (or appropriate party) access to all relevant information related to the investigation and supports the investigative effort.
- The organization is transparent about how it conducts investigations, including roles and procedures, timing, quality standards, conflict-of-interest protections, training of investigative personnel, confidentiality and anti-retaliation protections.
- Leaders are briefed on investigatory requirements and support investigative neutrality and confidentiality in their interactions.
- Respectful and proper personal debriefing and closure of the issue with the reporting party, if known, is required in every case.
- Investigations focus on the facts and the underlying concern rather than on defending against the allegation.
- Each investigation includes a discussion of potential root causes. E&C or other personnel, as appropriate, consider whether the incident could have been avoided and ensure that follow-up action is considered and executed.
- E&C ensures that proper consequences result from violations, including convening disciplinary review committees for significant violations.
- The organization keeps metrics on disciplinary consequences of violations and are periodically reviews them for trends and potential inconsistencies by topic, location and level of employee.
- Clear policy is in place regarding the escalation and response of significant matters.
- Escalation and crisis management systems are regularly tested via exercises or audits.
- Leaders support responsible, timely disclosure to regulators.
- Leaders ensure robust discussion of the most appropriate avenue for disclosure and promote appropriate transparency regarding failures or violations.
- Escalation procedures ensure that leaders efficiently and promptly escalate potentially disclosable matters for review, and failure to escalate results in consequences.
- Appropriate processes are in place to inform relevant senior personnel and E&C consultation on questions about proper disclosure.
- Employees are trained on proper procedures in cooperating with government inquiries and consequences for noncompliance.
- When appropriate, cases are publicized after closure and follow-up action to deter future misconduct.

# FREQUENTLY ASKED QUESTIONS





## THIS SECTION PROVIDES QUESTIONS AND ANSWERS ABOUT UTILIZING THE MEASUREMENT FRAMEWORK WITHIN ORGANIZATIONS.

PLEASE SHARE YOUR COMMENTS AND QUESTIONS VIA EMAIL AT [COMMUNITY@ETHICS.ORG](mailto:COMMUNITY@ETHICS.ORG).

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### Q. SHOULD ALL ORGANIZATIONS ASPIRE TO BE AT THE “OPTIMIZING” LEVEL?

**A.** This is a decision that each organization needs to consider. Your e&c program should be fit-for-purpose and risk-based. Given that most organizations have limited resources (funding and staff), real costs are associated with moving up the maturity curve. In some cases a “good”—managing—program in one or more of the HQP principles may be sufficient for the organization.

### Q. WHY IS THE FIRST-LEVEL OF E&C PROGRAM MATURITY DEFINED AS “UNDERDEVELOPED”?

**A.** The working group spent extensive time considering ways to describe the e&c programs that are, in many cases, based upon the minimum standard of the law. The term “underdeveloped” was applied intentionally, with the hope that it would motivate organizational leaders to invest more heavily in (and further develop) their ethics and compliance efforts. It is also assumed that – while there are five levels for each of the five principles – most organizations will determine that their programs may be at varying levels by principle. Therefore, finding that an e&c program is “underdeveloped” in one area but at a higher level in others, will also encourage practitioners to revisit their program priorities.

### Q. IS IT POSSIBLE TO MAKE THE MEASUREMENT FRAMEWORK MORE METRICS DRIVEN, SUCH AS ASSIGNING A SPECIFIC RATING OR NUMERICAL ASSESSMENT?

**A.** As judgment and wisdom of ethics and compliance professionals are important aspects of any program assessment, the ECI Working Group cautions against using only objective criteria or a “check the box” approach. For example, which of the following is better: (a) a business unit that sends out 24 pieces of e&c program communication in a 12-month period yet does not base its decisions on values; or (b) a business unit that sends out three pieces of specific e&c program communication, but all of their day-to-day processes and decisions are consistent with its values, code of conduct and policies? The most effective e&c program assessments are based upon both quantitative (objective) and qualitative (subjective) criteria. This approach, which is reflected in the framework, provides a stronger barometer for understanding and improving the organization’s culture.

**Q. WHEN ASSESSING AN HQP PRINCIPLE, DOES THE ORGANIZATION NEED TO MEET ALL OF THE SUPPORTING OBJECTIVES IDENTIFIED IN THE “OPTIMIZING” LEVEL TO BE ASSESSED AS “OPTIMIZING”?**

**A.** No. As stated in the HQP Report, the supporting objectives and leading practices detail the path to an HQP for each principle. While not all of the supporting objectives need to be met, an organization should meet the majority of the supporting objectives to be assessed at the HQP level for a particular principle. The supporting objectives are scalable and are not equally weighted in importance. Organizations should exercise judgment in determining which of the maturity levels should be assigned. As evidenced in the guidance for each principle in the sections “What to Measure/Review,” “Questions to Consider” and “Potential Sources of Information,” exercising judgment will require the assessment of both qualitative (subjective) and quantitative (objective) e&c program indicators.

**Q. SHOULD WE USE AND COMMUNICATE THE MATURITY LEVELS TO OUR ORGANIZATION?**

**A.** Yes, but use the maturity levels as you see appropriate for your organization. Depending on the nature of your business, competitiveness and/or tension may exist among business organizations. You should think through the pros and cons of what is needed to advance your program to the next level.

**Q. IS IT POSSIBLE FOR AN ORGANIZATION TO MOVE BACKWARD IN MATURITY?**

**A.** Yes, it most certainly can. As an example, given that the tone at the top is so critical to an effective e&c program, even changes in leadership and oversight (board) positions can have significant impact on where an e&c program sits on a maturity curve. This element (i.e., tone) is a good example of how fragile an e&c program can be simply based on those who lead and provide oversight to the e&c program, whether at the top of the organization or even at the lowest level of managerial responsibility.

**Q. DOES USING THIS FRAMEWORK OR SIMILAR ASSESSMENT TOOLS RAISE OUR ORGANIZATION’S RISK BY IDENTIFYING WEAKNESSES IN OUR E&C PROGRAM?**

**A.** If you don’t assess for weakness, you won’t know whether the organization is receiving any return on its e&c program investment. It is highly encouraged to conduct periodic enterprise risk assessments; there is an expectation within the government enforcement community that weaknesses will be found, and improvements made. We believe it is important to show your board, your leadership, and if required, government regulators, that the organization is working to improve its e&c program. Even if the organization cannot address everything identified immediately, it can show good faith that it is taking a reasonable risk-based approach to addressing gaps and weaknesses.



### **Q. IS THIS A “ONE SIZE FITS ALL” FRAMEWORK?**

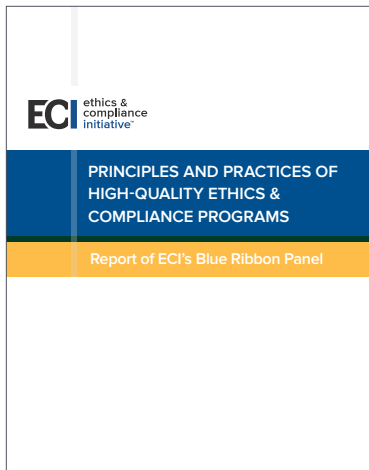
**A.** No, this measurement framework is offered as a template for assessing elements of an HQP e&c program. It is designed to give organizations the ability to think through what is most important for their program by benchmarking them against established criteria. As practitioners, we have all learned that regardless of size and/or nature of the organization, certain elements are critical to growing a program to the HQP level.

### **Q. HOW SHOULD AN ORGANIZATION GO ABOUT MEASURING ITSELF AGAINST THIS FRAMEWORK?**

**A.** ECI has developed a Program Quality Assessment Tool to help organizations gauge their current activities against this Measurement Framework. The tool provides a framework to help organizations identify the extent of implementation of the activities outlined in this Measurement Framework. It also helps an organization to identify the areas that are of highest priority going forward.

ECI will provide the Program Quality Assessment Tool to an E&C team to complete. Once we receive your completed assessment, based on your information ECI will provide you with a summary report that suggests priorities going forward, resources for further information, and benchmarks to peer organizations. For more information about the assessment tool, please visit [www.ethics.org](http://www.ethics.org).

# ECI RESOURCES RELATED TO HQPs



## ECI'S BLUE RIBBON PANEL REPORT

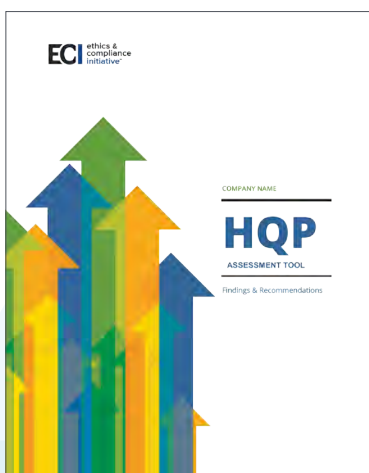
### Principles and Practices of High-Quality Ethics & Compliance Programs

<https://www.ethics.org/resources/high-quality-ec-programs-hqp-standards/>



## MEASURING THE IMPACT OF ETHICS & COMPLIANCE PROGRAMS

<https://www.ethics.org/knowledge-center/2018-gbes/>



## HQP ASSESSMENT TOOL

<https://www.ethics.org/services/self-assessment-tool/>



# UTILIZE THIS FRAMEWORK

## ADOPT THIS HQP FRAMEWORK FOR YOUR E&C PROGRAM

Join other progressive organizations that have integrated ECI's Principles into their ethics and compliance program. These programs go beyond the minimum standard and by using this standard demonstrate how high-quality programs (HQP) establish and perpetuate a high standard of integrity that becomes part of the DNA of the organization.

## MEASURE THE QUALITY OF YOUR E&C PROGRAM

Set up a free consultation with our research team to utilize ECI's online Program Quality Assessment Tool. The assessment is eligible for member discount and can be completed internally or with the support of a third-party consultant. Once your assessment is submitted to ECI, you will receive a summary report with benchmarks to industry peers. For more information about the Program Quality Assessment Tool, please visit [www.ethics.org/services](http://www.ethics.org/services).

## JOIN A WORKING GROUP

New working groups are forming now. Each group is dedicated to comparing program practices based on one of the HQP principles. Join 20 to 25 peers to get new ideas and discuss the ways your organization can advance your efforts. Groups are limited to ECI members and new topics include:

- E&C IN BUSINESS STRATEGY (Principle 1)
- IDENTIFYING & MITIGATING RISK (Principle 2)
- BUILDING A CULTURE OF INTEGRITY (Principle 3)
- ENCOURAGING & PROTECTING THE REPORTING OF CONCERNS (Principle 4)
- ENSURING ACCOUNTABILITY (Principle 5)

## NOT A MEMBER? JOIN TODAY!

To begin the assessment process, or to join a working group, please contact Tia Berry at [tia@ethics.org](mailto:tia@ethics.org).



