



# High-Quality Ethics & Compliance Programs (HQPs)

The industry definition of excellence in E&C program design

# The Transformational Impact of HQPs

Designing and implementing an ethics and compliance (E&C) program is inherently challenging, demanding substantial time, resources, and focus. Organizations that embrace a comprehensive view of E&C and invest proactively, achieve effective and transformative results.

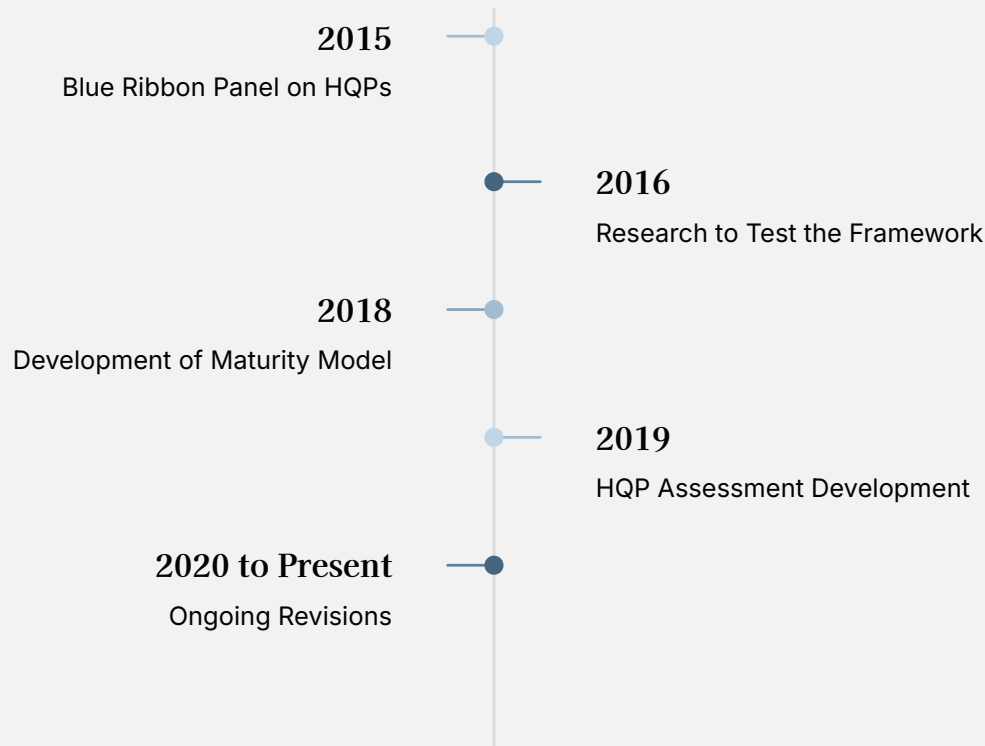
The HQP Framework provides E&C programs with guidelines that go beyond the "check the box" efforts by providing principles and practices developed by the E&C community for the E&C community. HQPs assess and mitigate risk and prioritize the creation of a culture where concerns can be raised and where retaliation is not only prohibited but prevented.

As organizations align themselves with this framework, their impact extends far beyond merely preventing and responsibly handling wrongdoing. They ignite a profound transformation, energizing both the organization and its stakeholders. They cultivate an environment where trust flourishes, collaboration deepens rooted in the daily assurance that every stakeholder, even when unobserved, is intrinsically motivated to do the right thing.



# Development of the HQP Framework

The framework for High-Quality Ethics & Compliance Programs (HQPs) was developed through a comprehensive, multi-year, multi-step process.



01

## Blue Ribbon Panel on HQPs

A panel of E&C practitioners, academics, and former enforcement officials identified 5 principles and accompanying practices that are common to effective ethics and compliance programs. Programs incorporating these qualities were coined "High-Quality Ethics & Compliance Programs" (HQPs).

02

## Research to Test the Framework

ECl conducted research to determine whether organizations following the HQP Framework would improve the effectiveness of their E&C programs. Results proved that following the HQP Framework makes a significant difference.

03

## Development of Maturity Model

A Working Group of E&C professionals identified 5 levels of program maturity, mapping the growth of an E&C program into an HQP.

04

## HQP Assessment Tool

ECl developed an online HQP Assessment Tool, enabling E&C teams to measure the maturity of their program practices. The HQP Assessment provides benchmarks to peer organizations and their program practices. Accompanying modules for senior leaders, boards, and supply chains were also created.

05

## Ongoing Revisions

ECl regularly convenes working groups of E&C practitioners and other experts to help us update the HQP Framework. Revisions reflect changes in regulation, emerging trends, and best practices.

# The Five HQP Principles

HQPs aim for a higher purpose: **Establishing and perpetuating a high standard of integrity that becomes an intrinsic part of the organization's DNA.** The following principles are evident as priorities in organizations with HQPs.



## Strategy

Ethics & compliance is central to business strategy.



## Risk Management

Ethics & compliance risks are identified, owned, managed and mitigated.



## Culture

Leaders at all levels build and sustain a culture of integrity.



## Speaking Up

The organization encourages, protects and values the reporting of concerns and suspected wrongdoing.

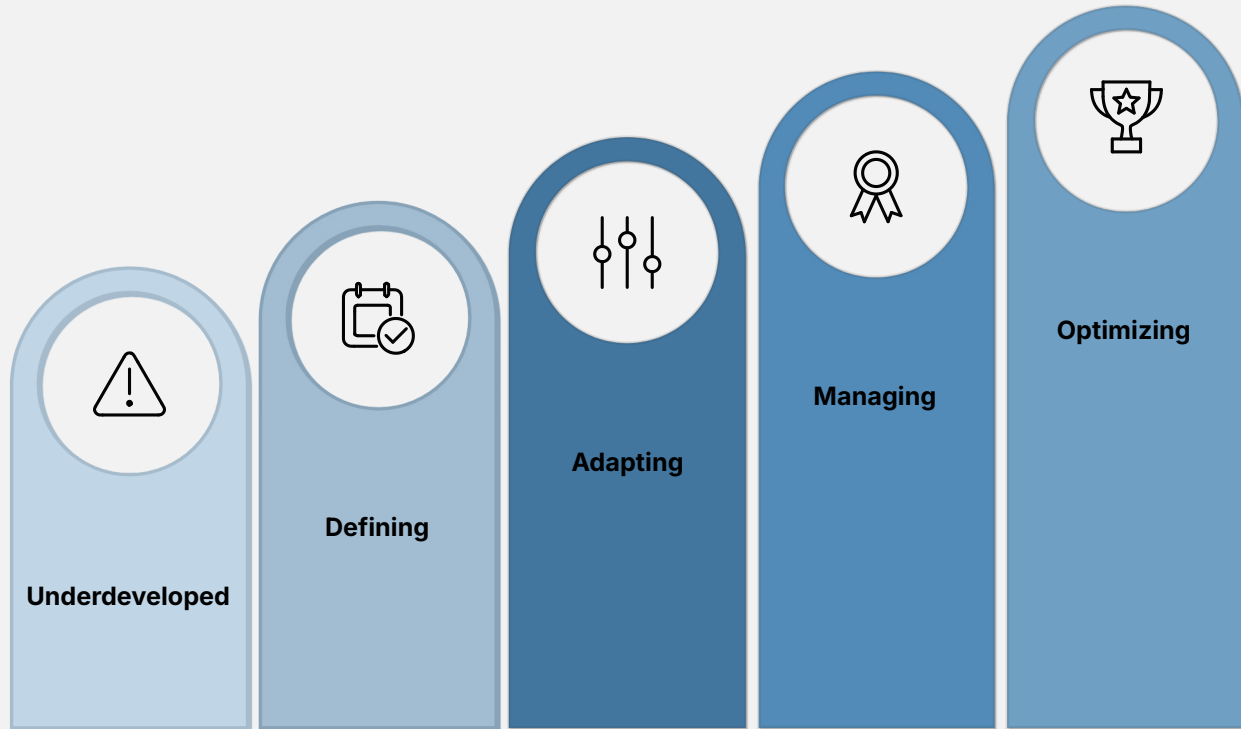


## Accountability

The organization takes action and holds itself accountable when wrongdoing occurs.

# The Five Levels of HQP Program Maturity

Organizations working towards the establishment of an HQP progress through 5 stages of maturity. These levels apply to each HQP principle. Maturity can change (moving forward or backwards) with changes in the organization and level of investment in E&C.



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## UNDERDEVELOPED

Company efforts focus primarily on compliance.

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## DEFINING

Efforts expand to include "ethics" (core values, internal culture).

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## ADAPTING

Modification of ethics and compliance efforts for different functions and regions. Largely driven by E&C function.

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## MANAGING

Leaders own ethics, compliance and culture for their operations. E&C function provides resources & support.

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## OPTIMIZING

Corporate purpose, values and mission on stakeholders influence decision-making at all levels. The company focuses on integrity (doing good internally and externally).



# Principle 1: Strategy

**Ethics & compliance is central to business strategy.**

This principle addresses an organization's investment in, and integration of, ethics and compliance into its strategic planning and operations.

## Supporting Objectives



### Strategic Placement & Involvement

E&C is strategically integrated into business objectives. The business ensures that E&C staff participate in key strategic discussions.



### Resources & Voice

The E&C program is adequately resourced, empowered with an independent voice, and embedded in operations.



### Board Oversight

The board of directors is knowledgeable about, and actively monitors, the implementation of the E&C program.



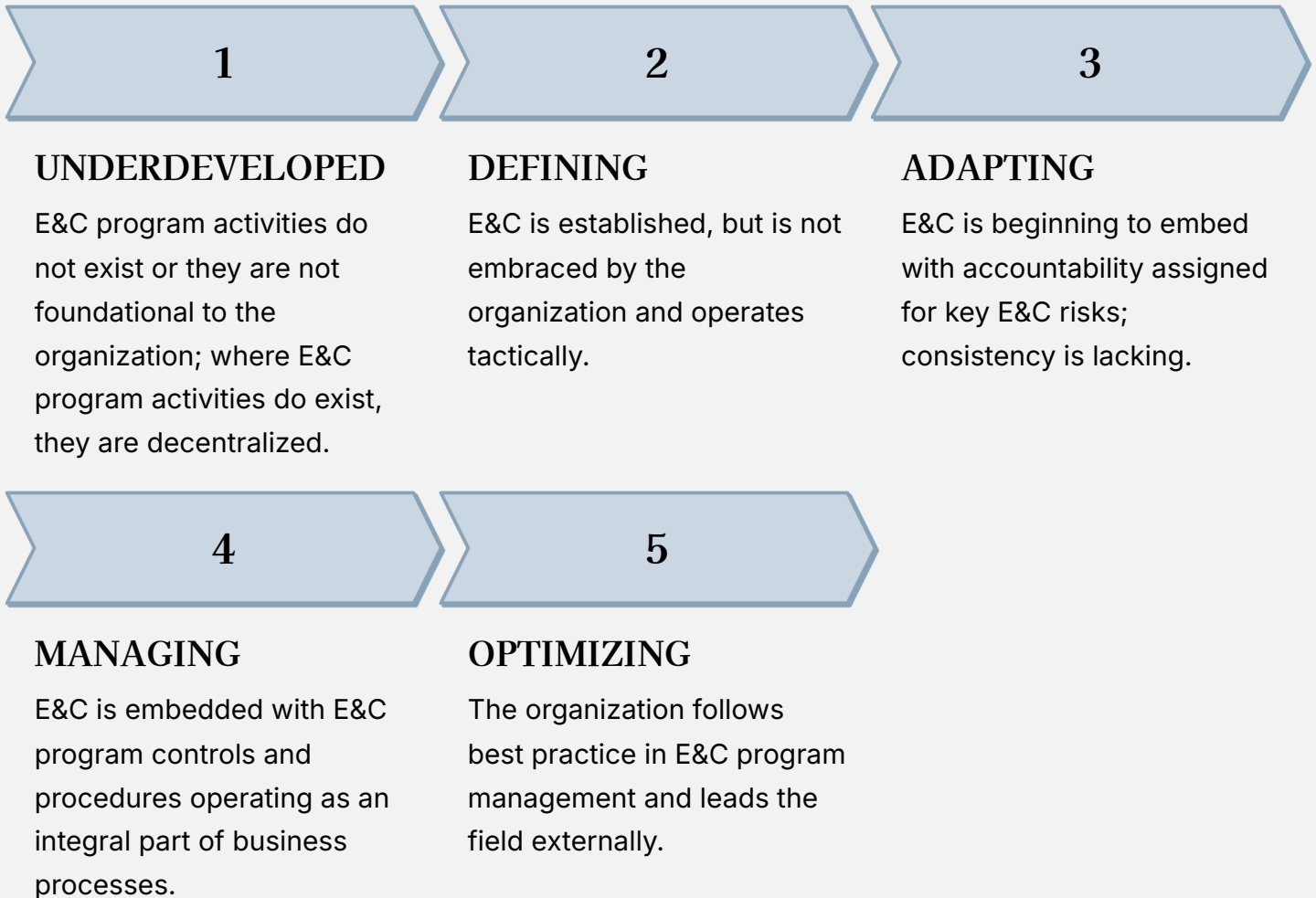
### External Influence

The organization shares its E&C learnings externally to positively influence other organizations toward responsible practices and a commitment to integrity.

# Principle 1: Strategy

## Maturity Levels

Organizations progress from a decentralized add-on approach to E&C to the full integration of the program within business strategy.



# Principle 2: Risk Management

Ethics & compliance risks are identified, owned, managed and mitigated.

This principle focuses on how organizations identify, assess, and manage ethics and compliance risks.

## Supporting Objectives



### Continuous Assessment

The E&C program continuously assesses and monitors key risk areas, including its own effectiveness and the organization's ethical state.



### Leader Accountability

Leaders are assigned responsibility for identifying and mitigating operational risks, supported by tailored employee guidance and a culture that rewards proactive remediation.



### Systems for Early Issue Spotting & Remediation

Self-assessment, early issue spotting and prompt remediation of compliance gaps are recognized and rewarded.



### Third-Party Integrity

Rigorous third-party due diligence processes are maintained to ensure integrity and adherence to ethical standards.

# Principle 2: Risk Management

## Maturity Levels

Organizations progress from ad hoc risk management to a comprehensive, integrated approach to E&C risk with continuous monitoring.



**1**

### **UNDERDEVELOPED**

The organization lacks an established, understood, and communicated risk management process, which is often performed ad hoc, in isolation, and without formal E&C participation or documentation.

**2**

### **DEFINING**

Risk assessment is decentralized and unshared, without comprehensive prioritization or data integration, and E&C involvement is informal, inconsistent, and often excluded from process development and targeted employee training.

**3**

### **ADAPTING**

E&C conducts risk assessments for many key areas, but implementation, and integration into enterprise risk management, leadership accountability, targeted training, third-party due diligence, and communication of risk metrics and mitigation plans remain inconsistent.



**4**

### **MANAGING**

The organization implements a systematic, well-resourced, and integrated risk assessment process within ERM, ensuring consistent third-party due diligence, targeted E&C training, and clear accountability for mitigation efforts supported by leadership across all functions.

**5**

### **OPTIMIZING**

The E&C program is continuously calibrated to key risk areas through robust assessment, with leaders accountable for ongoing identification and mitigation, proactive remediation rewarded, regular monitoring, role-specific employee guidance, and rigorous third-party due diligence.

# Principle 3: Culture

**Leaders at all levels build and sustain a culture of integrity.**

This principle focuses on leadership commitment to ethics and compliance and the means by which leaders at all levels promote and sustain a culture of integrity.

## Supporting Objectives



### Leadership Integrity

Leaders are expected and incentivized to personally act with integrity and are held accountable if they do not.



### Values Communicated

Values and standards are communicated effectively through many channels.



### Culture Ownership

Leaders across the organization own and are accountable for building a strong ethical culture.



### Employee Accountability

All employees are supported and expected to act in line with company values and are held accountable if they do not.

# Principle 3: Culture

## Maturity Levels

Organizations progress from minimal leadership involvement to active ownership and accountability.



**1**

### **UNDERDEVELOPED**

Leaders are passively aware of ethics guidelines but fail to actively promote or take ownership of the ethical culture, leaving employees unsupported and unclear about adherence and consequences.

**2**

### **DEFINING**

Leaders verbally address ethics but lack visible engagement, leaving policies unclear, training unengaging, and reporting mechanisms ineffective due to fear of retaliation or perceived inaction.

**3**

### **ADAPTING**

Leaders promote ethical conduct but inconsistently enforce it, often tolerating misconduct from "high performers," rarely proactively linking values to performance, and inconsistently addressing reported misconduct.



**4**

### **MANAGING**

Leaders actively promote organizational values and accountability, integrate ethics into training and workplace discussions, enforce clear policies with known consequences, and foster an environment where most employees are confident in reporting issues and understand the value of an ethical workplace.

**5**

### **OPTIMIZING**

Leaders own and are committed to integrity, actively building and communicating ethical values throughout the organization, and ensuring all employees are supported and held accountable for upholding these standards.

# Principle 4: Speaking Up

The organization encourages, protects and values reporting.

This principle focuses on the means by which organizations create and maintain speak-up cultures where employees feel safe reporting concerns.

## Supporting Objectives



### Employees Empowered

Leaders create an environment where employees are prepared and empowered to raise concerns and resources are provided to support employees in ethical decision-making.



### Multiple Channels

The organization provides a broad and varied number of reporting avenues, each with effective tracking for escalation and response of significant matters.



### Retaliation Prevention & Fair Treatment

The organization has proactive processes in place to prevent retaliation; including awareness training for leaders; monitoring of employee reporters; and demonstrated consequences for violations.

The organization treats all reporters the same – with consistency and fairness – throughout the entire reporting and resolution process.



### Reporting to Government

The organization respects all employees' rights to report to government authorities.



### Transparent Communication

The organization communicates directly with individual reporters, and more broadly with all employees, when cases are closed.

# Principle 4: Speaking Up

## Maturity Levels

Organizations progress from no formal reporting mechanisms to a comprehensive system with multiple channels and strong protections.



### UNDERDEVELOPED

A supportive speak-up culture, formal reporting policies, awareness training, and a case management process for concerns are either absent or not well defined.

### DEFINING

The organization has formal policies for reporting concerns that are not widely known or used, lacks a non-retaliation policy, and provides limited awareness, training, or resources, resulting in infrequent reporting by employees.

### ADAPTING

Formal policies and processes for reporting concerns and non-retaliation are emerging but are not fully formalized, widely communicated, or consistently acted upon by management, resulting in limited employee awareness and use.



### MANAGING

The organization proactively fosters an empowered speak-up culture with clear processes, resources, and a known non-retaliation policy, actively managing reports and measuring leaders' effectiveness in addressing concerns.

### OPTIMIZING

Leaders foster an environment where employees are fully empowered to raise concerns through diverse, well-tracked channels, ensuring fair treatment, retaliation prevention, and transparent communication throughout the entire reporting and resolution process.

# Principle 5: Accountability

The organization takes action and holds itself accountable.

This principle focuses on the means by which organizations investigate misconduct, apply discipline consistently, and learn from incidents.

## Supporting Objectives



### Clear Consequences

The organization regularly communicates that individuals who violate organizational standards or the law will be disciplined.



### Investigative Excellence

The organization maintains excellence in investigations of wrongdoing.



### Consistent Discipline

Disciplinary action is consistently taken when violations are substantiated.



### Escalation Systems

Systems for escalation and response are well-developed and regularly tested, and leaders are held accountable for compliance.



### Regulatory Disclosure

Appropriate disclosures are made to regulatory or other government authorities.

# Principle 5: Accountability

## Maturity Levels

Organizations progress from ad hoc responses to employee reports to integrated reporting channels, systematic investigation, consistent discipline, and proactive communication.



### UNDERDEVELOPED

Accountability exists only in stated values, lacking concrete standards, tracking, sharing of outcomes, formal case management, consistent discipline review, or a known, effective helpline and escalation procedures.

### DEFINING

While policies address accountability and a helpline exists, the tone from the top is limited, investigative roles are not well understood or consistently applied, and leadership does not fully leverage helpline trends to drive improvements, despite having a procedure for serious misconduct response.

### ADAPTING

Policies on reporting and misconduct are generally enforced, employees know about the helpline but it's underutilized, and while leadership is aware of some metrics, this awareness doesn't consistently factor into business decisions, even with dedicated investigative staff and structures for disciplinary consistency.



### MANAGING

The organization regularly updates multimedia communications of standards and outcomes for awareness and learning, employs trained investigative staff who include root cause analysis in recommendations and track disciplinary consistency. The executive team has plans for communicating serious misconduct.

### OPTIMIZING

The organization consistently communicates disciplinary measures, upholds investigative excellence, applies discipline uniformly, maintains robust and tested escalation and response systems with clear leadership accountability, and makes all necessary disclosures to regulatory authorities.



# Additional HQP Modules

The HQP Assessment includes additional modules, allowing for input from key stakeholder groups. Modules include:



## Board of Directors

Validate the "Knowledgeable Board" objective and identify governance gaps.



## Senior Leaders

Assess senior leaders' awareness and support of the E&C program.



## Supply Chain

Extend your visibility into third-party risks.



## Artificial Intelligence (coming soon)

Explores the state of an organization's use of AI in its E&C program.

# About ECI

The work of the ECI builds upon a rich history, having founded the first membership organizations for individuals in the E&C profession. Today, ECI helps organizations identify and prioritize the practices that will improve their E&C program effectiveness, and increase their organizational culture strength. We also bring together senior E&C professionals and academics from all over the world to share techniques, resources and exciting new ideas.

[www.eci-insights.com](http://www.eci-insights.com)

[hqp@eci-insights.com](mailto:hqp@eci-insights.com)