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The strategic value of your ethics and compliance program

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A recent discussion with senior leaders made it clear that everyone appreciated the importance of ethics and compliance, especially within the wider framework of environmental, social, and governance (ESG) obligations.

Business leaders continue to see the importance of setting and meeting targets related to ESG objectives.

However, one point that I often make and explain is that an ethics and compliance (E&C) program has strategic benefits that go beyond meeting ESG or best practice targets in an organization.

Executive and senior leaders are concerned, rightly so, with having a strong and effective E&C program. When discussing ethics programs, some of the questions that I have heard include:

- How many people do we need for the compliance program?
- What is the budget and the actual cost of the program?
- How many findings do we flag per year?

All of these questions are relevant; however, they address *tactical* aspects of a compliance program. Designing a task-oriented E&C program may lead to the expectation that E&C is one of the areas that provides specific support; this can limit the perceived scope of its functions.

Since E&C must reach *everyone* throughout the organization, it has to be part of both the organization's *culture* and its *strategy*. On this basis, there are four key points that are critical to developing the value proposition of your E&C program. These points are illustrated below, along with relevant questions:

1. **The values:** Has the organization created consistent parameters of ethical behavior?
2. **The guidance:** How is ethical behavior promoted, and is it reaching all levels in the organization?
3. **The inputs:** What insight can we gain from issues raised by E&C monitoring and investigations?
4. **The outcomes:** How is E&C insight embedded into the organization's strategy?

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