THE ETHICS INSTITUTE

The Ethics Risk Handbook

2ND EDITION

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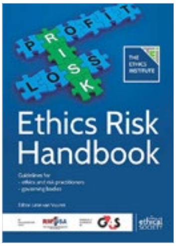

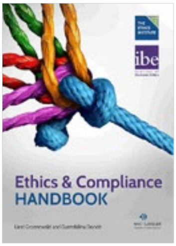

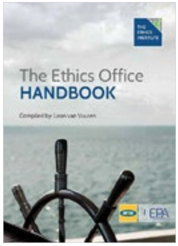

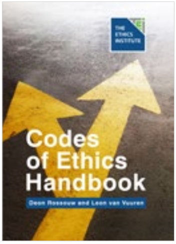

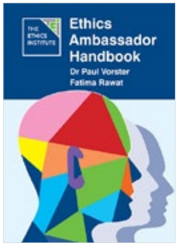

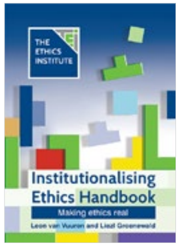

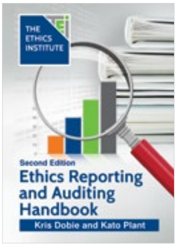

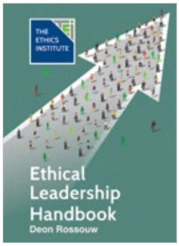

Publications in The Ethics Institute's handbook series

available at www.tei.org.za

Ethics Risk Handbook (2016) [also available in Portuguese]

Ethics & Compliance Handbook (2017)

The Ethics Office Handbook (2018)

The Social and Ethics Committee Handbook [Second Edition] (2018)

Codes of Ethics Handbook (2020) [also available in Portuguese]

Whistleblowing Management Handbook (2020)

Ethics Ambassador Handbook (2021)

Institutionalising Ethics Handbook (2021) [also available in Portuguese]

Ethics Reporting and Auditing Handbook [Second Edition] (2022)

Ethical Culture Handbook (2022) [also available in Portuguese]

Ethical Leadership Handbook (2023) [also available in Portuguese]

Conflict of Interest Handbook (2024)

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Preface

In today's increasingly complex organisational environment, managing ethics risk is no longer a secondary concern, rather it is essential for sustainable governance. As organisations work to balance internal objectives with stakeholder expectations and broader social responsibilities, the need for a structured, evidence-based approach to ethics has become more pressing than ever.

It is therefore a pleasure for The Ethics Institute (TEI) to present the Second Edition of *The Ethics Risk Handbook.* This updated edition builds on our earlier work, offering refined insights and practical tools to support organisations in identifying, assessing, and managing ethics risks. Central to this edition is the Ethics Risk and Opportunity Assessment (ERA), which we regard as the foundation of an effective ethics management approach.

As outlined in the Handbook, an ERA goes beyond compliance. It serves as a forward-looking diagnostic tool that enables leadership to anticipate potential risks rather than simply respond to issues after they arise. By using a test-retest research approach, organisations can move beyond isolated "snapshots" and instead track changes in their ethical culture over time, ensuring that interventions lead to measurable improvement.

This Handbook is specifically designed to complement TEI's Governance of Ethics Framework, promoting the integration of ethics into both operational and strategic processes rather than treating it as a standalone function. Whether you are an ethics officer, a risk and compliance professional, or part of a governing body, it offers practical guidance to help build a strong ethical culture that supports long-term integrity and stakeholder trust.

At TEI, our aim remains to "make ethics real." We believe that when ethics risks are managed with the same discipline as financial and operational risks, embedded in risk registers and supported by clear accountability, organisations are better equipped to protect their reputation and uphold their commitment to doing what is right.

We encourage you to use this Handbook not only as a reference, but as a tool for driving continuous ethical improvement within your organisation.

Dr Liezl Groenewald
CEO: The Ethics Institute

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PART 1
INTRODUCTION

In today's complex organisational landscape, ethics risk management is essential for fostering sustainable governance, balancing organisational goals with stakeholder expectations, and upholding societal responsibilities. This Second Edition of the Ethics Risk Handbook offers updated insights, practical tools, and a structured approach to help organisations understand the importance, nature and methodology of assessing and managing ethics risks as a subset of organisational risk management.

Continuous reference will be made to the **Governance of Ethics Framework,** which was designed to promote and outline the process of the governance and management of ethics in organisations.

This handbook will focus primarily on the ethics risk and opportunity assessment (ERA) as a diagnostic tool to evaluate ethics risk, as well as explaining how such an organisational diagnosis could inform further important steps in the management of ethics risk.

1.1. Who should use this handbook?

This handbook is written for a range of professionals across various organisational roles who are responsible for, or interested in, managing ethics risks:

- **Ethics officers, practitioners, and managers:** Ethics officers, practitioners, and managers tasked with developing, assessing, and implementing ethics frameworks will find practical resources for building and sustaining ethics governance within their organisations.
- **Risk and compliance professionals**: Individuals working in risk and compliance functions will benefit from understanding how to incorporate ethics risk assessment and management into their broader responsibilities. This handbook provides a structured approach to integrating ethics risks within a comprehensive risk management framework.
- **Leadership and governance structures:** Organisational leaders and governance bodies, such as boards of directors and ethics committees, will gain insights into the governance role of ethics, strategic oversight, and the ethical responsibilities they hold in supporting an ethical culture and accountability.
- **Other governance-related role players tasked with ethics risk assessment:** Those in organisational roles related to ethics risk management or responsible for fostering compliance and strategy alignment will find value in understanding how to assess and manage ethics risk.
- **Anyone interested in ethics risk management:** This handbook is also suitable for individuals interested in deepening their knowledge of ethics risk management, providing foundational and advanced guidance on assessing and managing ethics risks.

1.2. Focus of the handbook

While the governance of ethics framework encompasses several critical areas of ethics management, this handbook specifically focuses on the ethics risk and opportunity assessment process and the ethics strategy and management plan. These foundational components are essential for effective ethics management and risk mitigation. The handbook offers detailed guidance on conducting a thorough ethics risk and opportunity assessment as an initial diagnostic step, which, on completion, informs the creation of a strategic, actionable ethics strategy and management plan. By concentrating on these key processes, this handbook equips organisations to address ethics risks proactively, and acting as fundamentally important for effective ethics risk mitigation.

1.3. The Governance of Ethics Framework (Ethics Management Framework)

The governance of ethics framework provides a structured approach to embedding ethical values within an organisation. It consists of two interconnected areas:

1. **Governance of Ethics:** This component involves leadership commitment and ethics governance structures, which set the ethical tone at the highest organisational levels. This part of the framework includes oversight, strategic guidance, and accountability for ethical conduct.
2. **Ethics Management Framework:** This aspect includes the operational elements required to implement ethics initiatives within the governance of ethics framework. The ethics management framework encompasses the key tasks necessary to instil ethical practices, from risk assessment to ethics policy implementation and covers the operational management of ethics in the organisation.

Together, these components ensure that ethical principles are not only stated but also embedded in daily practices, supporting a sustainable ethical culture that aligns with organisational performance goals.

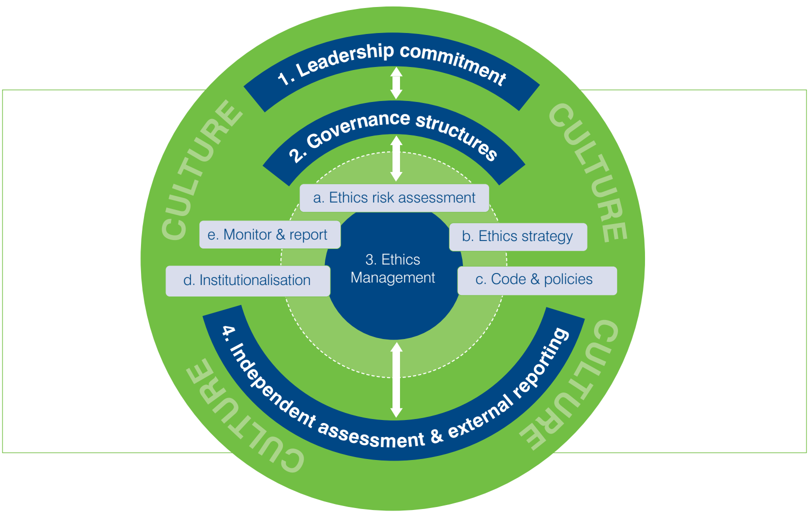


Figure 1. The Governance and Management of Ethics Framework

1.4. Key ethics management components

The ethics management framework , as seen in Figure 1, comprises four core pillars:

Ethics Management Framework (Operational Elements of Ethics Risk Management)

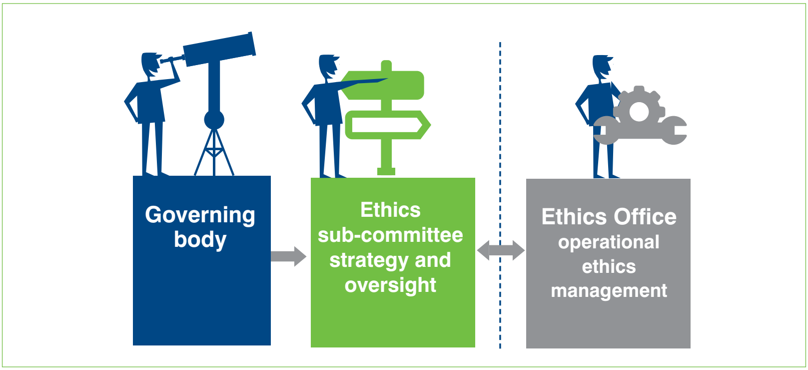


Figure 2. Governance and Management of Ethics

The governance and management of ethics within an organisation should be understood as an integrated system, as illustrated in Figure 1 (the Governance of Ethics Framework). This framework distinguishes between the governance of ethics, which is the responsibility of the governing body, and the management of ethics, which is operationalised within the organisation. Figure 2 builds on this distinction by depicting the flow of accountability and responsibility from the governing body, through a designated subcommittee responsible for ethics (typically a Social and Ethics Committee or equivalent structure), to the ethics management function. The governing body retains ultimate accountability for ethics governance, while the subcommittee provides focused oversight, guidance, and monitoring. This oversight is translated into operational practice through the ethics management function, led by the Ethics Officer, who is responsible for the implementation of ethics-related strategies, policies, and interventions. In this way, Figure 2 illustrates how ethical intent at a governance level is cascaded into day-to-day organisational practice, ensuring that ethics is both formally governed and actively managed.

The ethics management framework in Figure 1 operationalises ethics principles through six core elements:

i. **Ethics Risk and Opportunity Assessment (ERA)**
The ethics risk and opportunity assessment is the critical diagnostic step in the ethics management framework. This process identifies and evaluates ethics opportunities and risks that could hinder the organisation's ability to act ethically. The assessment is fundamental in setting an ethics strategy by highlighting priority areas for action, allowing organisations to address potential risks proactively and strengthen ethical practices (The Ethics Institute, 2016).

ii. **Ethics strategy and management plan**
Following ethics opportunity and an risk assessment, a tailored ethics strategy and management plan outlines goals, actions, and accountability measures aligned with organisational objectives. This plan ensures that ethics initiatives contribute to the organisation's long-term strategic goals and values (IoDSA, 2016).

iii. **Ethics policies and codes**
Comprehensive ethics policies and codes of conduct formalise ethical standards, guiding behaviour, decision-making, and compliance. Such documents account for ethics opportunities and risks as identified in assessments. The purpose of these documents is to establish clear ethics expectations for employees and leaders, reinforcing the organisation's commitment to ethical principles (The Ethics Institute, 2021).

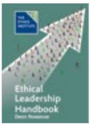
iv. **Institutionalising ethics: training and communication**
Institutionalising ethics involves embedding ethical values into the daily realities of organisational life, that is, MAKING ETHICS REAL. Ethics training and communication are key sub-activities that support this process. Through ongoing training, employees gain the knowledge and skills to recognise ethical dilemmas and understand appropriate responses. Targeted communication reinforces core values, promotes awareness of reporting mechanisms, and helps clarify the ethical expectations for all employees (IoDSA, 2016).

v. **Ethics monitoring and reporting**
Monitoring, transparent reporting, and regular evaluation are essential to ensure accountability and sustain the effectiveness of the ethics programme. Mechanisms such as ethics audits, employee feedback channels, and performance indicators enable the ethics function to track ethical conduct and culture across the organisation. Reporting on these matters is submitted to the ethics subcommittee of the governing body or another relevant committee, enhancing transparency and reinforcing stakeholder trust. Periodic evaluations further ensure that the ethics programme remains responsive to evolving organisational needs and supports continuous improvement in ethics governance (The Ethics Institute, 2016; IoDSA, 2016).

vi. Independent assessment and external reporting

Independent assessments of ethics management, conducted through internal audits or external reviews, provide transparency and build stakeholder confidence. These assessments validate the organisation's ethical performance and are reported to external stakeholders through integrated, annual, or sustainability reports (IoDSA, 2016).

The ethics management framework is further supported by a range of resources in The Ethics Institute's Ethics Handbook Series, which provide deeper guidance on each component:



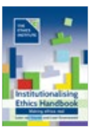
i. Ethical Leadership Handbook
(Rossouw, 2023): Explores the role of ethical leadership in setting an ethical tone, guiding decision-making, and creating an environment that prioritises integrity.

ii. The Social and Ethics Committee Handbook
(Rossouw, 2018): Details the structure, responsibilities, and functions of the ethics committee, ensuring effective ethics governance within the organisation.

iii. Ethical Culture Handbook
(Vorster & van Vuuren, 2022): Focuses on building an ethical culture that promotes ethical behaviour through shared values, principles, and practices.

iv. Codes of Ethics Handbook
(Rossouw & van Vuuren, 2020): Provides best practices for developing, implementing, and updating codes of conduct, and codes of ethics to formalise ethical standards across the organisation.

v. Ethics Office Handbook
(van Vuuren, 2018): Outlines the roles and responsibilities of the ethics office, which is essential for the daily implementation of the ethics management framework.



vi. Institutionalising Ethics (Making ethics real) Handbook
(van Vuuren & Groenewald, 2021): Offers insights on embedding ethical practices within organisational systems, making ethics a core organisational value.

Each handbook in the series offers comprehensive support for specific components of the governance of ethics framework, ensuring a holistic approach to ethics management. For more detailed information on these critical areas of ethics risk management please refer to the TEI Handbook Series.

1.5. Role of the Ethics Officer

The ethics officer, also sometimes referred to as ethics partitioner, plays a central role in implementing the ethics management framework, coordinating tasks that operationalise ethical governance within the organisation. The ethics officer is responsible for conducting ethics assessments, policy development, training, monitoring, and reporting. They work closely with the ethics sub-committee of the governing body and other enabling partners responsible for ethics management, to ensure that ethics management practices align with governance goals and regulatory standards, thereby supporting an ethical culture.

What is an ethics officer?
The ethics officer is an appointed individual responsible for coordinating the ethics management framework within the organisation. A key part of this mandate is to build and sustain an ethical culture. This includes conducting ethics risk assessments, overseeing ethics training and communication, supporting the ethics committee, and ensuring alignment with the organisation's ethics governance policies and practices.

1.6. Ethics Risk and Opportunity Assessment

The ethics risk and opportunity assessment is the first and most critical step in ethics management. Conducted periodically, this assessment enables the organisation to identify ethics risks early, assess their impact, and take proactive measures. By evaluating risks such as conflicts of interest or non-compliance to organisational ethics standards, the ethics risk assessment establishes clear targets for prioritising ethics initiatives, aligning them with the organisation's strategic goals.

Since ethics risk is a broad and abstract concept, it must be clearly defined to be effectively measured.

Ethics risks refer to the potential for unethical conduct or the failure to act ethically, which may result in harm to stakeholders, damage to the organisation's reputation, legal or regulatory consequences, or the erosion of trust. These risks typically arise from a combination of individual behaviour, organisational systems and controls, and contextual pressures within the operating environment. Ethics risks may manifest in various forms, including misconduct (e.g., fraud, corruption, harassment), unethical decision-making, or the absence of appropriate ethical standards and practices.

Having defined ethics risks, organisations are then able to systematically identify, assess, and prioritise these risks through a structured ethics risk assessment process.

Assessing perceptions of ethic

What is an ethics risk and opportunity assessment?
An ethics risk assessment is a structured and planned process designed to gather data on the ethics-related risks and opportunities within an organisation by assessing the organisation's most important internal and external stakeholders' perceptions of ethics in the organisation.

Ethics risk and opportunity assessments are not only about identifying what could go wrong—they also highlight what is going right. These assessments bring to light areas of ethical strength and excellence that contribute to meeting stakeholder expectations, building trust, enhancing reputation, and fostering long-term organisational sustainability. In other words, they help answer the question: *What are we doing well, and what should we continue doing to support an ethical culture*?

Recognising ethical opportunities is vital because it allows the organisation to reinforce desirable behaviours, uphold its values, and cultivate ethical leadership. These positive aspects form the foundation for ethical resilience and help embed ethics into everyday operations.

Alongside opportunities, ethics risk assessments also identify potential negative consequences of unethical actions or behaviours that could harm internal and external stakeholders, damage the organisation's reputation, or undermine its purpose. Ethics risks refer to organisational beliefs, practices, or behaviours that violate accepted standards for conduct, disregard legitimate stakeholder rights and expectations, or potentially contravene the law. These risks can adversely affect key organisational processes and compromise long-term sustainability. In essence, ethics risk assessments ask: *What ethics challenges do we currently face in the organisation?*

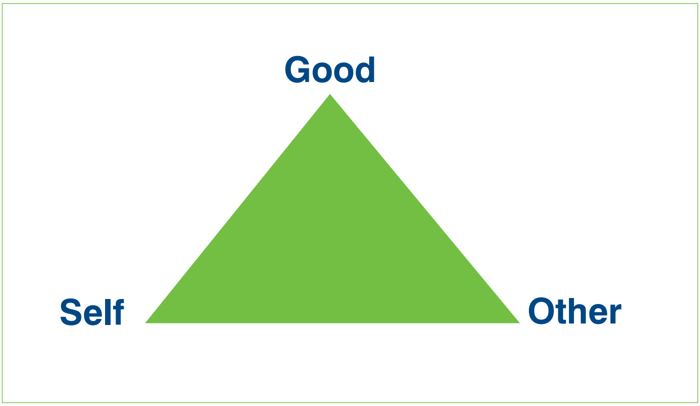


Figure 3. The Ethics Triangle (Stakeholder Approach to Ethics)

Importantly, ethics risks must be understood in the context of a stakeholder approach—where the organisation balances what is good for itself with what is good for its stakeholders (refer to Figure 3).

Ethics risks arise when this balance is disrupted. The organisation must neither engage in behaviours that exploit or harm stakeholders nor act in ways that harm itself in trying to appease illegitimate stakeholder demands. In this sense, the organisation has a moral duty to avoid placing itself in harm's way by compromising its own sustainability for the sake of unethical or unrealistic stakeholder expectations.

The organisation, by its very nature, plays a vital role: it produces valuable goods and services, creates employment, pays taxes, and contributes to the broader economy. It therefore has a legitimate right to exist, to make a profit, and to maintain its long-term viability. Any ethics risks that threaten "the good" within the organisation—its mandate, values, principles, or ethical culture—must be actively managed.

It is important to note that "the good" is not subjective. It is defined by the organisation's mandate and purpose (what it aims to achieve), its convictions and values (what it holds important), and the principles embedded in its codes, policies, and informal practices.

Ethics risk management at its core identifies potential ethics risks and opportunities, with a view to implement appropriate measures to mitigate harm and strengthen ethical resilience.

2

PART 2

THE ETHICS RISK PARADIGM AND ETHICS RISK TYPES

2.1. The ethics risk paradigm

Ethics risk management offers a unique lens that focuses not only on operational or reputational harm, but also on how decisions affect stakeholder trust and the organisation's ethical culture. Unlike traditional risk management, ethics risk management seeks to balance organisational interests with the legitimate ethical expectations of stakeholders—both internal and external.

A key feature is stakeholder engagement: ethics risks often emerge from unmet stakeholder expectations or deteriorating trust. Managing these risks requires ongoing dialogue and the ability to distinguish between legitimate and illegitimate demands.

Ethics risk management also involves identifying threats to the organisation's values, culture, and ethical standards—both formal and informal. It considers intangible risks like perceived fairness or accountability, which may not immediately impact financial performance but can undermine long-term integrity.

This approach aligns with governance best practices (e.g., King V Report on Corporate Governance for South Africa.) and complements other risk domains by applying an ethical perspective. Ultimately, ethics risk management helps build a sustainable ethical culture that supports both stakeholder trust and organisational integrity over time.

2.2. Two types of ethics risk information in organisations

Two types of ethics risk information are essential for effective ethics risk management namely convenience and formal ethics risk data.

A. Convenience ethics risk data

The first type is information already present within the organisation, accessible on an ongoing basis. We might call this **convenience ethics risk data**. This information comprises other organisational risk data that can be viewed through an ethics lens.

Examples of **convenience ethics risk data** include:

1. **Employee conduct data**
   - This includes disciplinary records, employee conduct history, and exit interview data, which can typically be requested from the human resources function. This data offers insights into employee behaviour and potential ethics-related patterns.

2. **Ethics reporting data**
   - Information from safe reporting systems, such as reports made directly to the ethics office, safe reporting lines, anonymous submissions, or whistleblowing reports, provides insight into potential ethics breaches within the organisation.

3. **Ethics risk register**
   - Evaluations of the organisation's strategic, operational, and financial risks, as recorded in the ethics risk register, can offer insights into areas of potential ethical concern.

4. **Surveys and assessments**
   - Organisational culture survey data, staff engagement surveys, and other assessments do not directly indicate ethics risks but can infer underlying ethical issues within the organisation.

5. **Documentation**
   - Minutes from meetings, organisational policies, codes of conduct, value statements, and integrated reports provide insights into decision-making, organisational values, and alignment with policies, processes, and procedures.

6. Incident data

- Information about past incidents, such as scandals, business failures, ethical lapses, mistakes, or high-stakes decisions, reveals the organisation's culture and whether it learns from past errors. Past threats often inform potential future risks and influence mitigation strategies.

7. Informal awareness

- The lived experience of the ethics officer, including awareness of support for ethics initiatives and knowledge of the informal organisational culture, offers valuable context for ethics risk management.

These sources of data are essential for continuously monitoring ethics risks; however, they primarily serve as indirect indicators that help contextualise ethics risks within the organisation.

Additionally, convenience ethics risk data do not typically capture insights about supplier or customer/public sentiment. Nor do they directly engage employees about specific ethics risks or assess whether the legitimate ethical expectations of internal and external stakeholders are being met. Furthermore, convenience data does not directly measure the ethical culture or identify areas for improvement.

B. Formal ethics risk data

It is crucial to also obtain a second type of ethics risk information through a more formal and direct approach: the **Ethics Risk and Opportunity Assessment (ERA)**. This structured assessment provides deeper insights into specific ethics risks, offering a more comprehensive understanding of the organisation's ethical landscape from a variety of stakeholder perspectives.

Typically, the types of information gathered from an ERA resort into several key categories:

1. Ethical Culture/Climate Assessment

- An ERA should evaluate the ethical culture or climate of the organisation, assessing whether it is fragile, underdeveloped, developing, or mature. This data is usually collected from individuals who are familiar with the organisational culture and can share insights about their interactions within the organisation. Employees are the primary source of this information, although perspectives from external stakeholders can also be valuable.

2. Frequency of observed unethical conduct

- Another important category is the frequency of observed unethical behaviour within the organisation, as reported by both internal and external stakeholders. This data provides insight into the prevalence and nature of ethical breaches, helping to highlight specific areas of concern.

3. Awareness of ethics policies, codes, procedures, and rules

- Questions regarding stakeholders' awareness of the organisation's ethics policies, codes of conduct, procedures, and rules are also essential. This includes evaluating whether employees know how to report unethical conduct and feel comfortable doing so.

4. Ethics reporting behaviour

- The reporting of unethical conduct is a critical metric in assessing an organisation's ethics risk. To gauge the effectiveness and trustworthiness of internal reporting systems, it is essential to examine both the levels of observed misconduct and employees' reporting behaviours.

Key areas to include in this measurement are:

- **Internal reporting channels usage**
  - Frequency and nature of reports made through internal channels, such as whistleblowing hotlines, managers, the ethics office, legal and compliance teams, HR, and internal audit.

- **External reporting incidents**
  - Instances of employees reporting to external entities (e.g., media, law enforcement, regulatory bodies), which may indicate a lack of trust in internal systems and signal reputational risk.

- **Barriers to reporting**
  - **Fear of retaliation**: Assess whether intimidation, bullying, or harassment concerns prevent employees from reporting.

  - **Cynicism or doubt**: Measure perceptions around the effectiveness of reporting, including beliefs that reports will be ignored or that certain misconduct may be justified.

  - **Lack of awareness**: Identify any gaps in employee knowledge regarding where and how to report unethical conduct within the organisation.

5. External Stakeholder Measurement

- Engaging with external stakeholders provides vital insights into how the organisation's ethical standards are perceived and experienced by those outside the organisation. This may include suppliers, partner organisations, customers or clients, the public at large, community members, and potentially even shareholders. Data can be collected through various methods:

  - **Surveys**: Structured questionnaires to gather broad feedback on stakeholders' experiences and perceptions of the organisation's ethics.

  - **Focus groups**: Group discussions to delve deeper into shared ethical concerns or suggestions from stakeholder groups.

  - **Personal interviews**: One-on-one interviews with key stakeholders to obtain in-depth insights and specific feedback.

These methods help assess whether the organisation meets the ethical expectations of external stakeholders and provide a more comprehensive understanding of ethics risks from outside the organisation.

In the next part of this handbook the formal ethics risk assessment process and its methodology of measurement are presented.

2.3. The Critical Role of the Ethics Risk and Opportunity Assessment (ERA) in Ethics Risk Management

The **ERA** is a foundational tool in ethics risk management, offering a systematic and data-driven approach to identifying, prioritising, and mitigating ethics risks. In today's complex organisational landscape, where stakeholder expectations, regulatory requirements, and reputational pressures converge, the ERA process is indispensable for building a resilient ethical culture. Below, we outline why the ERA is a critical process and why all organisations should embed it as a central component of ethics management.

1. The ERA is the Foundation of all Subsequent Ethics Management Interventions

The ERA is the cornerstone of any effective ethics risk management strategy. It provides a systematic, evidence-based understanding of where ethics risks exist in an organisation and how severe they are. Without this baseline, interventions such as training, policy updates, whistleblowing systems, or ethics ambassador programmes risk being misaligned or addressing the wrong issues.

By measuring key aspects such as observed unethical behaviour, reporting patterns, leadership commitment, and organisational culture, the ERA identifies both current risks and emerging vulnerabilities. This enables organisations to:

i. **Prioritise interventions**: Focus resources on the highest-risk areas rather than using a scatter-gun approach.

ii. **Design targeted actions**: Develop ethics training, policies, and systems that directly respond to the real issues employees experience.

iii. **Track progress over time**: Use ERA results as a benchmark to evaluate whether interventions are reducing ethics risk and improving culture.

In this way, the ERA not only diagnoses the ethics risk landscape but also acts as a roadmap for all subsequent ethics risk management initiatives.

2. A proactive approach to Ethics Risk Management

An ERA allows organisations to shift from a reactive to a proactive stance in ethics management:

- **Anticipating risks**: By identifying latent and emerging ethics risks, organisations can address potential issues before they escalate into crises.

- **Mitigating high-impact risks**: The ERA helps uncover material risks, which may occur infrequently but can have catastrophic consequences if unmanaged (e.g., fraud, corruption, safety violations).

- **Strategic opportunity identification**: The process does not only focus on risks but also highlights opportunities to enhance ethical practices, stakeholder trust, and organisational integrity.

3. Strengthening Organisational Resilience

Embedding an ERA ensures that organisations are equipped to withstand ethical challenges and adapt to evolving risks:

- **Building an ethical culture**: Regular ERAs provide actionable insights into the maturity of the organisation's ethical culture, identifying areas for improvement and fostering shared values and norms.

- **Preventing reputational damage**: Proactively addressing ethics risks reduces the likelihood of public scandals, regulatory violations, or stakeholder distrust, safeguarding the organisation's reputation.

4. Ensuring Stakeholder Alignment

The ERA process places stakeholders—both internal and external—at the centre of ethics risk management:

- **Balancing stakeholder expectations**: Business ethics involves finding equilibrium between what is good for the organisation and what is good for its stakeholders. An ERA helps organisations identify and address legitimate ethical expectations while resisting illegitimate demands.

- **Strengthening trust and relationships**: Engaging stakeholders in the ERA process demonstrates transparency and accountability, while the insights gained guide targeted interventions that reinforce trust and improve relationships with employees, suppliers, customers, and communities.

5. Supporting Compliance and Governance

Ethics risk management is increasingly tied to regulatory and governance expectations:

- **Regulatory compliance**: Many jurisdictions require organisations to demonstrate robust ethics oversight and risk management processes. The ERA serves as a key mechanism for meeting these requirements.

- **Governance integration**: By embedding the ERA into the responsibilities of the Social and Ethics Committee (or equivalent governance structures), organisations ensure that ethics is a standing priority at the highest levels.

6. Driving Continued Ethical Culture and Conduct Improvement

The ERA is not a one-off exercise but a cyclical process that enables continuous improvement in ethics management:

- **Test-retest design**: Re-assessments allow organisations to measure the impact of interventions, track progress, and refine strategies over time.

- **Dynamic risk management**: Regular ERAs ensure that organisations remain responsive to new risks and opportunities as they arise, fostering agility and resilience.

- **Benchmarking and accountability**: Using validated tools and metrics, organisations can benchmark their progress against industry standards and ensure accountability to stakeholders.

7. Enhancing Organisational Decision-Making

The ERA provides a robust evidence base for making informed decisions about ethics risks:

- **Data-driven insights**: The process generates qualitative and quantitative data that illuminate areas of concern and highlight strengths.

- **Strategic alignment**: ERA findings inform the ethics strategy and management plan, ensuring that resources are allocated effectively to address priority risks.

- **Cross-functional integration**: By involving multiple organisational functions in the ERA process, such as HR, compliance, risk management, and legal, the organisation gains a holistic view of ethics risks and opportunities.

8. Institutionalising Ethics as a Core Organisational Value

By embedding the ERA process, organisations reinforce ethics as a cornerstone of their operations:

- **Cultural embedding**: Regular ERAs signal to employees and stakeholders that ethics is not a peripheral concern but a core organisational value.

- **Sustainability**: The ERA ensures that ethics risk management is institutionalised, with continuity mechanisms in place to preserve progress even during leadership or personnel changes.

- **Integration with business strategy**: Ethics risk management becomes part of the organisation's strategic narrative, enhancing its long-term sustainability and stakeholder trust.

The ERA is far more than a compliance tool—it is the foundation of an organisation's entire ethics management framework. By providing a clear, data-driven picture of risks and opportunities, it ensures that interventions are targeted, resources are used effectively, and progress can be measured over time. More importantly, it embeds ethics as a core organisational value, strengthening resilience, governance, and stakeholder trust. In short, without a reliable ERA, organisations risk building their ethics management initiatives on shaky ground.

Having established the ERA as the cornerstone of ethics risk management, the next step is to understand the types of ethics risks that organisations commonly face. By categorising and unpacking these risks, organisations can apply the ERA more effectively and align interventions with the realities of their ethical landscape.

2.4. Types of Ethics Risks

Before we explore the process and methodology of an Ethics Risk and Opportunity Assessment ERA, it is essential to identify the types of ethics risks an organisation may face. Broadly, ethics risks can be classified into two main categories: **material ethics risks** and **low impact ethics risks**.

Material ethics risks are those that pose a significant threat to an organisation's operations, reputation, or long-term sustainability. These risks are typically high-impact and high-severity, such as large-scale fraud, corruption, or safety violations, which can lead to regulatory penalties, reputational damage, or operational disruption.

In contrast, **low-impact ethics risks are issues that have a minimal or localised effect on the organisation, or carry a very low probability of escalating into major problems**. These risks are often perceived as minor, self-contained, or "petty" issues, such as small acts of misuse of time or resources.

Together, material and low-impact ethics risks represent opposite ends of the ethics risk spectrum, with each requiring different levels of attention and management.

Recognising where a risk falls on this spectrum helps organisations prioritise resources and respond proportionately to ethical challenges.

We will first consider low impact ethics risks, followed by the more impactful material ethics risks.

2.4.1 Low impact ethics risks

> Low impact ethics risks are ethical concerns within the organisation that do not directly impact operations, profitability, or strategic objectives but could slightly affect profitability, although typically to a marginal extent.

Other examples of low-level risks in most organisations may include:

i. **Taking longer breaks than permitted**: When employees take longer lunch or coffee breaks than scheduled, it may seem minor, but it can foster a culture where time management and accountability are disregarded.

ii. **Using office resources for personal projects:** Occasionally using office printers, internet bandwidth, or computers for personal projects may seem trivial. However, it can set a precedent where the misuse of resources becomes more frequent or even expected.

iii. **Neglecting minor safety protocols:** Failing to follow certain safety measures, such as leaving items in shared walkways or not wearing designated safety gear in low-risk areas, might seem unimportant but can reflect a lax attitude toward organisational policies.

iv. **Casual use of organisational email for personal matters:** Employees might use company email for non-work-related purposes, such as personal online shopping or planning social events. While typically harmless, it could raise concerns about professionalism and adherence to communication policies.

v. **Minor data privacy lapses:** For example, leaving documents with non-sensitive information visible in shared spaces. This does not endanger confidential information but may show carelessness with organisational policies.

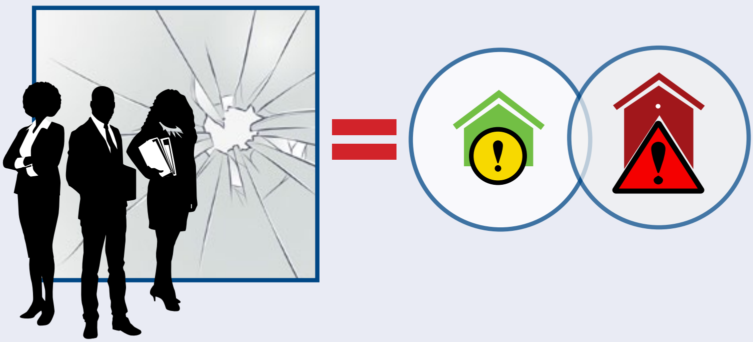
Vi. Workplace gossip: Casual discussions about colleagues that don't escalate into harassment but may affect trust and morale within teams, leading to minor frictions or a culture of negativity.

Vii. Infrequent attendance at optional meetings or events: Not participating in non-mandatory team events, such as informal gatherings or voluntary training sessions, can have a minor effect on team cohesion and engagement without a significant impact on operations.

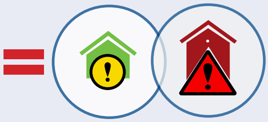
While low impact ethics risks might seem minor, they are not entirely inconsequential. Such behaviours can erode trust within the organisation. For example, taking someone else's lunch from the office fridge might disrupt team dynamics. Similarly, failing to address the misuse of office supplies could foster perceptions of unfair treatment or favouritism. These small infractions relate to the phenomenon known as "**broken window syndrome**," which suggests that minor, unchecked misbehaviours can escalate into more significant issues within organisational culture.

Broken Window Syndrome

The "Broken Window Syndrome" (or "Broken Windows Theory") originated as a concept in criminology and sociology, suggesting that visible signs of disorder and minor infractions, if left unaddressed, can lead to more significant misconduct and even criminal behaviour.



The theory was introduced by social scientists James Q. Wilson and George L. Kelling in 1982 and has since been applied to various contexts, including organisational ethics and culture.

Key Principles of Broken Window Syndrome

i. **Minor issues set a precedent for acceptable behaviour:** The theory suggests that when small infractions—like a broken window in a building—are ignored, it signals that other, potentially worse behaviours are acceptable or will go unpunished. In an organisational setting, failing to address minor ethics risks, such as misuse of office supplies or excessive personal calls, may encourage employees to push boundaries in other, more significant ways.

ii. **Accumulation of small infractions erodes culture:** Over time, small, unaddressed issues can create an environment where ethical standards are unclear or inconsistently applied. For example, if minor issues like unpunctuality or casual use of company resources are tolerated, employees may start to disregard other policies, ultimately leading to a breakdown in adherence to ethical standards across the organisation.

iii. **Lack of accountability leads to a culture of complacency:** When minor issues are left unchecked, employees may perceive that accountability is low, which can erode trust in leadership and governance. This perception may lead to a culture where employees believe that as long as they do not engage in major misconduct, they can get away with bending other rules.

iv. **Escalation of ethics risks:** Small infractions can snowball into larger, more damaging ethical issues. For instance, an employee who sees others misusing office resources may become comfortable with similar behaviour, which could escalate into more severe unethical actions like falsifying expenses or data manipulation if left unaddressed.

v. **Application in organisational ethics:** In an organisational context, Broken Window Syndrome emphasises the importance of addressing minor ethics risks to maintain a the “good” of the overall ethical culture of the organisation. For example, tackling small issues like misuse of office supplies or minor data privacy lapses can prevent these behaviours from becoming more widespread or leading to larger ethical concerns.

Although these ‘minor’ ethics risks may not directly lead to public scandals, operational disruptions, or derailment of strategic goals and profitability, they should not be ignored. Small infractions, left unaddressed, can subtly influence the ethical environment and perceptions of fairness within the organisation.

2.4.2 Material ethics risks

Definition: Material ethics risks are those that can **directly impact an organisation's operations, financial viability, and reputation**. These risks are generally considered **highly impactful** and have the potential to undermine both the short- and long-term sustainability of the organisation.

Typically, high-impact material risks include serious misconduct and other counterproductive behaviours that impede the organisation's effectiveness.

Examples of high-impact ethics risks include:

i. **Financial fraud** – Large-scale fraud that compromises the organisation's financial stability and erodes trust.

ii. **Corruption and bribery** – Engaging in corrupt practices, such as bribery to secure contracts, which can damage reputation and lead to severe legal consequences.

iii. **Collusion** – Collaborative schemes between employees or with external parties to manipulate processes for personal gain, often leading to financial and reputational losses.

iv. **Safety violations** – Failing to comply with health and safety standards, which can endanger employees or the public and result in regulatory penalties.

v. **Non-compliance with regulatory and legislative requirements** – Neglecting legal obligations, such as environmental or labour laws, which can result in fines, sanctions, or loss of licences.

vi. **Conflicts of interest** – Situations where personal interests compromise organisational goals, leading to biased decision-making or unfair practices.

vii. **Anti-competitive behaviours** – Engaging in practices such as price gouging, price-fixing, or market manipulation, which can lead to legal consequences and damage public trust.

viii. **Political interference** – Involvement in political activities that compromises the organisation's neutrality, potentially damaging its reputation.

ix. **Severe forms of harassment and intimidation** – Persistent harassment or intimidation, particularly by those in positions of power, which can create a hostile work environment, harm employee well-being, and lead to high turnover or legal action.

x. **Behaviours that undermine organisational purpose and mandate** – Actions by employees or leaders that detract from the organisation's mission, damaging its integrity and operational focus.

These types of risks often resort under the remit of various organisational functions beyond just the ethics management function. For example, the risk division may be responsible for identifying and monitoring these risks, but they may also fall under the purview of legal, compliance, forensics, and human resources. Importantly, material ethics risks can severely damage the credibility of leadership, especially when senior figures are implicated.

It is also important to note that even low-impact risks can have significant repercussions when they occur at senior levels within the organisation. The higher the position—such as executive or senior leadership—the more pronounced the impact of any ethical misstep. When leaders engage in minor ethical breaches, such as petty theft, minor harassment, or safety violations, these actions often have a considerable impact on the organisation's culture due to their role-modelling influence. This can lead to the leader's credibility being undermined, a weakened ethical tone, and a general decline in ethical standards across the organisation.

2.5 Overlapping risks

Consequently, there is overlap between ethics risks and other types of organisational risks. All of these unethical behaviours, from minor to high-impact, can also be considered part of other risk categories, such as human resources risk, compliance risk, operational risk, financial risk, procurement risk, and even strategic risk. Other organisational functions, such as human resources, compliance, risk management, the company secretariat, internal audit, forensics, procurement, and organisational change and development, may encounter similar risks. This overlap is natural and should, in fact, be encouraged, as it enables the integration of ethics into the broader risk management framework, reduces the risk of siloed approaches to risk management, and promotes shared accountability across functions for identifying, managing, and mitigating ethics risks.

The same principle applies to risks such as procurement fraud. The procurement division may view this as a breakdown in the application of procurement policy, while human resources might see it as a failure in vetting employees responsible for procurement activities. Meanwhile, the ethics function may interpret it as a failure of accountability, barriers to ethics reporting, and ineffective ethical standard-setting by leadership.

The Swiss Cheese Model of risk mitigation, developed by James Reason, conceptualises organisational risk as being managed through multiple layers of defence, each of which may contain inherent weaknesses. Risk materialises when these weaknesses align across layers, allowing a hazard to pass through all controls, thereby highlighting the importance of layered and integrated risk mitigation strategies (Reason, 1990; Reason, 1997).

This collaborative, multi-lens approach aligns with the Swiss Cheese Model of risk management. The Swiss Cheese Model is a framework often used to illustrate how layers of defence, or "slices," work together to prevent failures or adverse events. Each slice represents a different layer of control or risk management landscape, and the "holes" in each slice represent weaknesses or potential points of failure. When the holes in different slices align, risks can slip through, leading to significant organisational failures.

In this context, ethics risk management forms a vital slice within the Swiss Cheese Model, creating an essential layer of defence to ensure that ethics failures do not evolve into operational, strategic, or financial crises. Ethics risk management helps identify underlying ethical issues that may go unnoticed by other functions, such as HR, compliance, or risk management, and ensures that ethics-related risks are thoroughly addressed before they escalate.

For example, if employee misconduct or fraud were solely managed by the HR or procurement functions, gaps in accountability, ethical awareness, and cultural reinforcement could leave the organisation vulnerable. However, when ethics risk management works in concert with these functions, it provides additional scrutiny and reinforces the ethical standards that underpin all other risk controls. This ethics "slice" closes potential gaps by:

- Focusing on accountability and ethical culture, which can help prevent behaviours that may lead to operational disruptions.
- Enhancing the trustworthiness of reporting systems, ensuring that employees feel safe to report misconduct, which serves as an early warning system for other types of risks.
- Reinforcing ethical leadership standards and training, which promotes a culture of integrity and influences decision-making across all risk domains.

Addressing ethics risks, therefore, requires the ethics function to collaborate closely with other disciplines and divisions within the organisation. This cross-functional approach brings together diverse perspectives and strategies for mitigation, ensuring that no single risk perspective dominates and that ethical considerations are embedded throughout the organisation. By integrating ethics risk management as a core slice within the Swiss Cheese Model, organisations strengthen their defences, reduce the chance of alignment among the "holes" in each layer, and enhance cohesion in overall risk management efforts.

In sum, ethics risk management is not an isolated function but a crucial part of a layered defence system. It reinforces and complements the efforts of other risk management functions, providing a robust shield against potential failures and ensuring the organisation remains resilient, compliant, and committed to its ethical standards.

2.6. Organisation-specific risks

Definition: Organisation-specific risks are **unique risks that relate directly to the sector in which an organisation operates and align closely with its particular purpose, type of business, supplier and customer or public context**, and distinctive approach to operations.

These risks are specific to the organisation itself and may not necessarily be relevant to other organisations.

Importantly, organisation-specific risks may also rank among the highest-impact risks the organisation face.

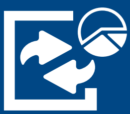
This is partly because these risks are tied directly to the organisation's core activities and can significantly affect its reputation, financial viability, and operational efficiency. For instance, safety violations, even minor ones, can have major repercussions in safety-sensitive industries such as manufacturing or mining. Similarly, financial fraud can have particularly severe impacts on organisations within the financial sector. Poor quality control can also escalate quickly to a material risk in industries like aviation and automotive manufacturing, where safety and reliability are paramount. Food safety, in turn, is a critical concern for restaurants and food manufacturers, where even minor lapses can lead to serious consequences.These unique organisational risks should also be examined through an ethical lens.

It is not sufficient for an organisation to only consider generic risks when assessing ethics risks. It is essential to also identify and evaluate risks that may not be shared by other organisations in the same sector or industry. This comprehensive approach ensures that both general and unique risks are effectively managed within the organisation's ethical framework

3

PART 3
ERA RESEARCH DESIGN AND METHODOLOGY

At the heart of the formal ERA methodology is the **test-retest research design**.



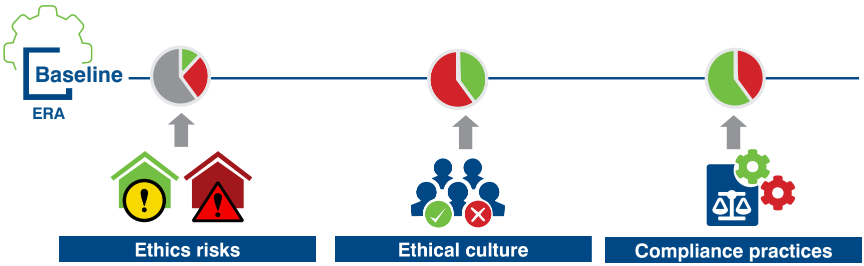
Definition: A **test-retest design** is a research method used to measure the consistency and impact of changes over time by comparing data from multiple points. In an ERA context, it involves conducting an **initial baseline assessment**, **implementing targeted ethics interventions**, and then **reassessing after a defined period to identify improvements or shifts in ethics risks** and organisational culture.

The test-retest approach is particularly valuable in ethics risk management, as it enables organisations to gauge the effectiveness of interventions in fostering a mature ethical culture, track evolving risk profiles, and sustain long-term ethical standards.

3.1. Steps in ERA research design using a test-retest approach

i. Baseline ERA (Time 1 Assessment):

Conduct an initial ERA to establish a baseline of ethics risks, ethical culture, and compliance practices within the organisation. This assessment should align with the organisation's specific context, mission, and objectives.



Identify potential ethics risks:

Catalogue ethics risks that are most relevant to the organisation, such as compliance, reputational, operational, and stakeholder trust risks.

Use quantitative and qualitative metrics:

Gather data using measures (e.g., surveys, structured risk scoring) and qualitative insights (e.g., interviews, focus groups) to capture a holistic view of overt (visible) and latent (underlying) ethics risks.

Comprehensive tools and techniques:

Employ various tools such as data analysis, ethical climate surveys, stakeholder focus groups, and compliance reviews to gain a 360-degree view of the ethical environment. The goal is to build a detailed profile of the organisation's current ethics landscape.

ii. Risk categories and prioritisation

After gathering baseline data, categorise and prioritise risks based on their potential impact on the organisation's ethical health.

- **Prioritise high-impact risks**: Emphasise risks that have the greatest potential to affect organisational integrity, ethical culture, and stakeholder trust. These are often compliance risks, reputational threats, and behaviours that could erode ethical values.

iii. Implementation of ethics interventions

Based on the findings of the baseline ERA, develop and implement targeted ethics interventions aimed at mitigating prioritised risks and promoting a robust ethical culture.

- **Design and execute interventions**: Develop ethics programs tailored to address identified risks, such as ethics awareness training, enhanced codes of conduct, stronger whistleblower protections, and improved accountability systems.

- **Targeted approach**: Align interventions with the specific risk categories identified, ensuring resources are directed where they will have the most significant impact on reducing risks and improving ethical practices.

iv. Documentation and monitoring

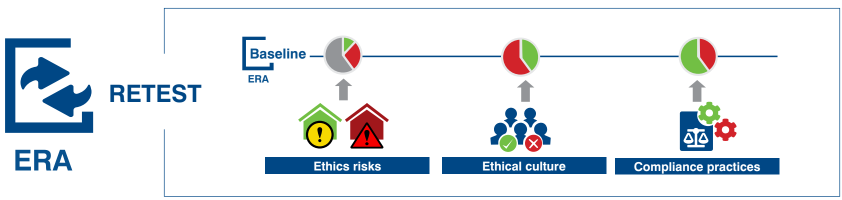
Maintain comprehensive records of all ethics interventions, including their objectives, processes, and anticipated outcomes.

- **Detailed documentation**: Document each intervention step-by-step to create a clear audit trail and basis for comparison in future assessments.

- **Continuous monitoring**: Track progress throughout the intervention period (between Time 1 and Time 2 assessments), evaluating if adjustments are needed to optimise intervention effectiveness.

v. The retest: Re-assessment (Time 2 ERA)

After a designated period, a follow-up ERA should be conducted using the same framework and tools as the baseline assessment to allow for direct comparison and evaluation of progress. The timing of follow-up assessments varies depending on organisational factors such as size, reporting cycles, and the level of ethics risk



identified in the initial ERA.

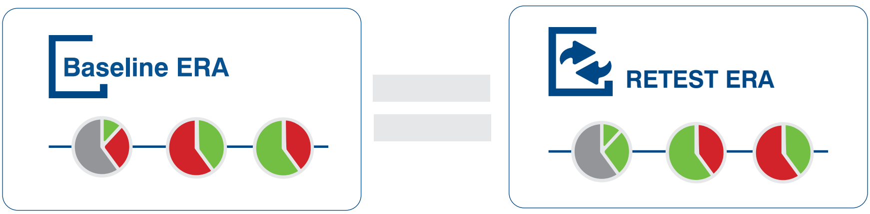
In most medium to large organisations, comprehensive ERAs are typically conducted every three to four years. Smaller organisations, due to their agility and often more rapid change cycles, tend to conduct full ERAs every two to three years. Between these major assessments, shorter "dipstick" ERAs can be administered to track intermediate changes in ethical culture and conduct risk.

In cases where an organisation displays a less mature ethical culture and a higher incidence of misconduct, it may be necessary to remeasure ethics risks sooner—within one to two years of the initial comprehensive ERA—to inform targeted ethics interventions and accelerate culture development.

- **Consistent metrics and methods**: Reassess using identical metrics, risk categories, and data collection methods to ensure an accurate comparison.
- **Evaluate changes**: This second assessment reveals the effectiveness of implemented interventions, highlighting changes in ethics risk levels, shifts in employee perception, and overall improvements in the ethical climate.

vi. Evaluation and reporting

Analyse and compare results from the Time 1 and Time 2 assessments to measure



the impact of interventions.

- **Data comparison**: Examine the differences in risk levels and cultural indicators between assessments to assess whether the interventions have led to meaningful reductions in ethics risks and strengthened ethical culture.
- **Report findings**: Share results with key stakeholders, such as executive management, the ethics committee, and other governance bodies, to inform them about the effectiveness of the ethics programs and identify areas needing

further improvement.

vii. Continuous improvement cycle

Use insights from the ERA comparison to refine and enhance ethics management strategies, reinforcing an ongoing commitment to ethics.

- **Refine ethics strategies**: Adapt and update ethics programs based on findings, aiming for a continuous improvement model that responds to emerging risks and shifts in organisational ethics.
- **Establish a cycle of reassessment**: Regular, periodic ERAs following the test-retest methodology ensure the organisation remains agile and proactive in ethics risk management, fostering a resilient and mature ethical culture.

This test-retest approach to ERAs allows for an objective assessment of the organisation's ethical trajectory, helping to identify whether interventions are contributing to a sustainable and evolving ethical culture over time and should always be the fundamental research design attached to a formal ERA process.

The following sections will expand on the ERA methodology by examining the various methods of assessment in greater detail.

3.2. ERA Methodology

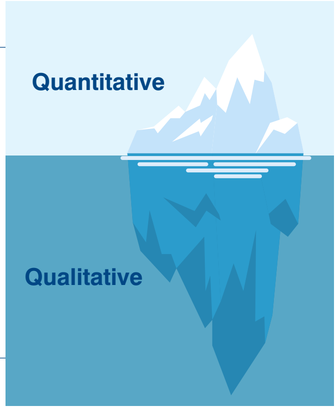
While the research design defines what we **aim to measure and uncover**—such as identifying specific ethics risks and tracking whether they improve or worsen over time—the **research methodology refers to the methods used to collect and analyse the data that will answer these questions**. In the context of an ERA, the research design outlines the objectives and key indicators of ethics risk, while the methodology determines how data on these indicators is gathered, processed, and interpreted.

Each method has distinct characteristics that make it suitable for capturing different aspects of ethics risks, and each offers unique strengths and weaknesses.

By understanding these methods, organisations can make informed decisions on how to assess ethics risks effectively, ensuring a thorough understanding of both the nature and extent of these risks.

Generally, there are two primary methods for data collection in research namely **qualitative** and **quantitative methods.**

The iceberg metaphor for understanding the relationship between visible, measurable (quantitative) aspects of a situation and the hidden, underlying factors (qualitative) that drive them.



3.2.1. Qualitative methods

Definition: Qualitative methods are used to collect **descriptive, non-numerical data** that provides **in-depth insights into experiences, perceptions, and attitudes**. This approach is often **exploratory**, aiming to uncover the complexities and subtleties of organisational culture and ethics risks that are not immediately measurable.

Qualitative data collection methods

Qualitative methods are used to gather descriptive, in-depth information that reveals the nuances of ethical issues and stakeholder perceptions. These methods are open-ended (i.e., free text), allowing for exploration beyond predefined questions and capturing insights that may not have been anticipated.

i. Interviews

- **Individual interviews**: One-on-one interviews with employees, managers, or external stakeholders (e.g., suppliers, customers) provide detailed, personal insights into perceptions of the organisation's ethical climate and specific ethics risks.

- **Key stakeholder interviews**: Interviews with key stakeholders provide rich qualitative insights into an organisation's ethics-related challenges and opportunities. These interviews should cover **internal stakeholders**—such as ethics officers, HR leaders, senior executives, and line managers—who can highlight cultural dynamics, policy implementation issues, and leadership practices. Where relevant, it is equally important to engage **external stakeholders** such as suppliers, contractors, clients, and strategic partners. Their perspectives can shed light on:

    - The organisation's **ethical reputation** in the market and community.

    - Experiences of **fairness and integrity** in business dealings and contractual arrangements.

    - Potential **risks in the supply chain**, including bribery, favouritism, or exploitative practices.

    - Opportunities for **strengthening stakeholder relationships** through more transparent engagement and ethical practices.

    By combining internal and external viewpoints, stakeholder interviews offer a holistic picture of the organisation's ethical environment, helping to identify blind spots and areas requiring targeted ethics risk management interventions.

ii. Focus groups

- **Focus groups or group discussions**: Focus groups bring together employees, customers, or community representatives to discuss ethical issues in a structured but open format. This approach enables participants to interact and build on each other's responses, often uncovering shared perceptions and concerns that may not surface in individual interviews.

Important considerations with external stakeholder engagement:

Focus groups with customers or members of the public can provide rich, qualitative insights into external perceptions of the organisation's ethical conduct, particularly in service delivery, responsiveness, and fairness. For suppliers and contractors, however, focus groups may be less appropriate due to **social desirability bias** stemming from financial dependency on the organisation. In these cases, anonymous surveys—administered via procurement or relationship managers—or confidential third-party interviews are more effective. These methods help uncover issues such as coercive practices, conflicts of interest, or favouritism without compromising the participant's sense of safety.

Definition: social desirability bias

Social desirability bias refers to the tendency of individuals to respond to questions or participate in discussions in a manner that they believe will be viewed favourably by others. This often leads to the underreporting of undesirable behaviours or attitudes and the overreporting of socially acceptable ones. In ethics assessments, this bias can distort data—particularly in settings where participants feel observed, judged, or dependent on the organisation, such as supplier focus groups or employee interviews conducted by internal staff.

iii. Narrative Data

- **Existing organisational documents**: Narrative data already present within the organisation, such as employee feedback from exit interviews, notes from ethics committee meetings, or written complaints, can reveal underlying ethics risks and provide valuable context about past issues and responses.

iv. Sentiment analysis through social media

- **Social and news media monitoring**: Analysing public perception through sentiment analysis on social media platforms (e.g., Ptatfom X, Facebook) or review sites can provide insights into how customers, the public, or even employees view the organisation's ethical stance and practices. In addition to social media, monitoring news media coverage—including traditional and online outlets—can help identify emerging ethical concerns, reputational risks, and patterns in how the organisation is portrayed in the public domain. Together, these sources offer valuable insights into external stakeholder perspectives and help flag potential reputation-related ethics risks.

Strengths of qualitative methods:

- **Depth and detail**: Qualitative data captures the nuances of ethical concerns, often revealing insights that extend beyond initial questions. This can be particularly valuable in understanding subtle ethical challenges or the broader context around certain risks.

- **Unexpected insights**: Qualitative methods often yield information that was not explicitly requested, expanding understanding of the ethics risks an organisation may face. The open-ended nature allows respondents to share details or concerns that might not have been anticipated by the researchers.

Weaknesses of qualitative methods:

- **Non-generalisable**: Qualitative data is, by nature, specific to the context in which it was collected and is therefore not generalisable. This means the findings may not apply across different departments, locations, or organisations.

- **Lack of benchmarking capability**: Qualitative data cannot be benchmarked in the same way as quantitative data. The absence of numerical measurement means it's difficult to compare qualitative findings over time or with other organisations.

- **Resource intensive**: Collecting and analysing qualitative data can be time-consuming and requires skilled interpretation to ensure insights are accurate and meaningful.

In summary, qualitative data provides organisations with a powerful means of uncovering the less visible but equally critical dimensions of ethics risk and culture. While these approaches do not yield generalisable or benchmarkable results, their strength lies in the depth and richness of the insights they produce—often highlighting issues, perceptions, and opportunities that may otherwise remain hidden. When applied thoughtfully and in combination with quantitative approaches, qualitative methods contribute to a balanced and comprehensive understanding of ethics risks, enabling organisations to develop more targeted, contextually relevant, and effective ethics management interventions.

3.2.2. Quantitative methods

Definition: Quantitative methods involve gathering **numerical data** that can be measured, analysed statistically, and **used for comparisons**. This approach is often **structured, providing clear metrics on specific risks and ethical behaviours** that can be tracked over time.

Quantitative data collection methods

Quantitative data collection methods involve collecting numerical data (data in number format) through structured formats that allow for measurement and statistical analysis. These methods are useful for assessing the extent and frequency of ethics risks, and for making generalisable inferences if a sufficient sample is obtained.

I. Surveys

The primary method of obtaining quantitative data in ethics risk assessments is through survey research. Survey research involves building a questionnaire made up of structured questions, each linked to a rating scale. These rating scales (for example, ranging from “strongly disagree” to “strongly agree” or from “never” to “always”) allow respondents to indicate the degree to which they agree with or have experienced the issues being asked about. This approach makes it possible to measure perceptions and behaviours in a consistent, numerical way, enabling the data to be analysed and compared across individuals or groups.

- **Structured survey design**: Surveys are designed with closed-ended questions (questions where the respondent is forced to answer by choosing an option provided), typically using rating scales (e.g., Likert scales) to measure the degree of agreement or perception of specific ethics risks. These rating scales allow respondents to indicate the extent of particular issues, such as awareness of ethics policies or comfort in reporting unethical conduct.

- **Applicability to large populations**: Surveys are well-suited to gathering data from large groups, such as all employees or key suppliers, as long as respondents can read and write.

- **Anonymity for accuracy**: For effective data collection, surveys should be anonymous to encourage honest responses, particularly on sensitive ethical topics. Anonymity reduces fear of retaliation and promotes more accurate reporting of issues like misconduct or ethical concerns.

Quantitative methods are essential for creating measurable benchmarks, identifying the prevalence of ethics risks, and comparing results across different time points. They are particularly effective when paired with qualitative insights to confirm and quantify ethics risks identified during the initial exploration phase.

Strengths of quantitative methods:

- **Generalisable results:** Quantitative data can be applied to the whole organisation if enough people take part in the survey. In other words, the results from a smaller but representative group can be used to understand patterns and trends across everyone in the organisation.

- **Norming and comparisons:** Quantitative data allows for norming, enabling organisations to measure changes over time and to compare their results against established norms drawn from similar groups or larger datasets. This makes it possible to identify whether an organisation's ethics risks are typical, above average, or of particular concern when viewed against broader patterns.

> **Norming vs. Benchmarking:** While the terms are sometimes used interchangeably, they are not the same. *Benchmarking* refers to comparing results directly with a specific standard or with another organisation, often with the aim of matching or outperforming that standard. *Norming*, on the other hand, involves comparing results against aggregated data from a representative sample (the "norm group"), which provides context for whether results fall within, above, or below what is typical across similar organisations or populations.

- **Clear, objective measurements:** Quantitative data provides precise, objective metrics that facilitate tracking and reporting on the prevalence of certain ethics risks and employee awareness.

Limitations of quantitative methods:

i. **Limited to what is asked:** Quantitative methods only measure what is included in the survey. If an important ethics risk is left out of the questionnaire, it will not appear in the results. This makes it essential to carefully design surveys so that the right questions are asked.

ii. **Potential lack of context:** Quantitative data gives a broad overview of ethics risks but may not explain the reasons behind them. Unlike qualitative methods, it does not capture the detailed stories or perceptions that provide deeper context.

iii. **Validation and expertise required:** Although quantitative surveys are efficient and easy to distribute—often making them the preferred standard for evaluation—they require significant expertise to ensure they are accurate and meaningful. This process is known as *survey validation*. Validation involves checking whether the survey actually measures what it claims to measure (*construct validity*), whether the results are consistent and reliable over time (*reliability*), and whether the survey can predict relevant outcomes (*predictive validity*). Achieving this requires large *norm samples*—that is, data collected from many organisations or individuals—to create a reliable basis for comparison.

iv. **Dependence on specialists:** Because of these requirements, quantitative surveys are often outsourced to professional service providers with expertise in survey design, norming, and validation. When using an external survey, it is important to ask critical questions such as:

    - Is there a sufficiently large norm or comparison group available?
    - Has the survey been tested for construct validity, reliability, and predictive validity?
    - Is there a technical manual available that documents these details?

If a survey has not been normed or validated, its results should be used with extreme caution, as they may provide misleading or incomplete information.

Integrating qualitative and quantitative methods in an ERA

To effectively capture ethics risks, a combined approach is recommended:

- using qualitative methods to explore and identify risks and
- quantitative methods to confirm and quantify these risks.

Qualitative data offers a preliminary understanding of potential ethics risks, including those that may not be immediately obvious, by allowing for open-ended responses (i.e., free text sections in surveys) and unexpected insights. Quantitative data can then validate these risks and provide measurable quantities, giving a sense of the prevalence and severity of identified risks for future reference.

By integrating both qualitative and quantitative approaches, organisations can achieve a balanced view of ethics risks—capturing both the richness of lived experiences and the clarity of measurable data, leading to a more comprehensive ethics risk management strategy.

3.3. Analysing and evaluating data

While qualitative and quantitative data should be used collaboratively to obtain a comprehensive view of ethics risks, it's essential to recognise that the types of data each method produces are inherently different.

3.3.1. Collecting qualitative data

Qualitative data analysis is a way of making sense of the stories, opinions, and experiences shared by employees and stakeholders. Unlike numbers, this type of information comes in the form of words, making it richer and more detailed but also more complex to interpret. By following a clear process—from collecting responses to analysing and interpreting them—organisations can uncover meaningful patterns that highlight ethics risks and reveal cultural strengths or weaknesses that might otherwise remain hidden. **Qualitative data collection relies heavily on the quality of the questions posed and the design of the interview or focus group script.** Here are some key considerations:

- **Question design:** Questions in a qualitative script should be tailored to the intended audience and crafted to be open-ended (i.e., allowing free responses or free text), so that participants can share experiences, perceptions, and concerns without being led to specific answers. At the same time, the questions posed to participants—whether in interviews or focus groups—should be ***standardised within each group*** wherever possible. For example, the same set of questions should be asked consistently of employees, another consistent set for suppliers, and a comparable set for clients. While the questions can differ across groups to reflect their unique perspectives, keeping them consistent within each group ensures that results can be compared meaningfully. This combined approach both uncovers unexpected ethics risks and provides broader, comparable insights into the ethical climate.

- **Anonymity and confidentiality:** For qualitative data to be genuinely insightful, participants must feel psychologically safe to share openly and honestly. Ensuring both anonymity and confidentiality plays a key role in creating this environment. It is often advisable not to record sessions, as this may help preserve the anonymity of participants' responses—especially in group settings. At the same time, maintaining confidentiality requires that all identifiable information be securely handled, that access to raw data be restricted to authorised personnel, and that findings be reported without linking comments to specific individuals. Clear protocols and assurances around these principles help to promote trust and elicit more candid insights.

DEFINITION: Anonymity vs. Confidentiality

Anonymity means that a participant's identity is not known to the data collector or anyone else involved in the analysis, making it impossible to link responses to a specific individual.

Confidentiality, on the other hand, means that the participant's identity may be known to the researchers or facilitators, but all efforts are made to protect that information and prevent any disclosure.

While anonymity offers complete protection of identity, confidentiality ensures responsible handling and restricted access to identifiable data.

- **Data format:** Qualitative responses are typically in narrative form, requiring careful capture by interviewers or facilitators. This raw data is then transformed into structured insights through qualitative analysis.

3.3.2. Analysing qualitative data

Narrative data gathered through interviews and focus groups can provide rich insights into ethics risks and organisational culture—but only if it is carefully and systematically analysed.

Once collected, qualitative data is analysed to identify patterns and themes that reveal underlying issues. Common approaches include:

i. **Thematic analysis:** Identifies recurring topics or concerns, such as perceptions of fairness or confidence in reporting systems.

ii. **Content analysis:** Quantifies how frequently certain issues or keywords appear across responses.

iii. **Sentiment analysis:** Examines the emotional tone of responses, highlighting whether perceptions are generally positive, negative, or neutral.

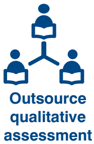
iv. **Discourse analysis:** Explores the ways in which people talk about ethics related topics, shedding light on cultural framing and shared narratives.

Increasingly, advanced tools such as large language models (LLMs) are used to support this process by quickly detecting patterns and sentiments across large datasets. However, these tools should always be guided by experienced researchers to ensure that context, nuance, and meaning are correctly interpreted.

Together, these methods help transform raw narratives into structured insights, revealing deeper ethics risks and cultural dynamics that can inform effective organisational strategies.

3.3.3. Who should conduct a qualitative assessment?

In addition to the type of data obtained, it is essential to consider the **how** and **whom** of qualitative techniques in ethics risk assessments. Given the complexity and resource demands of conducting interviews and focus groups, the ethics officer often cannot manage this process alone. Qualitative data collection and analysis are specialised tasks that may involve numerous sessions and require expertise in methods and analysis, which are not necessarily within the typical skill set of the ethics officer.



For these reasons, organisations frequently outsource qualitative data collection and analysis to external researchers or consulting firms that specialise in qualitative methods. These external experts bring the necessary skills and impartiality to conduct thorough, rigorous interviews, focus groups, and narrative analysis.

Outsourcing also addresses a critical concern in ethics risk assessment: ensuring the **anonymity and confidentiality** of responses and the **independence** of the analysis. Employees, including senior or executive managers, middle managers, and front-line staff, may feel more comfortable discussing sensitive issues with an independent third party rather than an internal representative.

While external consultants often handle the bulk of qualitative data collection, this does not preclude ethics officers from coordinating these efforts. Ethics officers play a key role in overseeing the process, ensuring that the assessment aligns with organisational objectives and that external researchers understand the unique context of the organisation's ethical landscape. Ethics officers may also conduct selective interviews with trusted employees to gain initial insights or gather additional context, especially when they have established strong trust with certain staff members.

3.3.4. Challenges of qualitative data collection and analysis

Qualitative research in ethics risk assessment is a **labour-intensive process**. It involves not only managing numerous interviews and focus groups but also performing a **rigorous analysis** of responses to identify meaningful patterns and insights. This analysis requires a structured, methodical approach, which may include thematic coding, sentiment analysis, or discourse analysis, to ensure that the results accurately reflect the ethical climate and potential risks within the organisation.

In summary, while the ethics officer plays a pivotal role in coordinating qualitative data collection, the labour intensity and need for methodological expertise often make it beneficial to engage external experts. This approach ensures a robust, independent, and comprehensive assessment of ethics risks, while enabling the ethics officer to focus on applying the findings to improve organisational practices.

3.3.5. Collecting quantitative data

Quantitative data collection involves designing and administering structured tools such as surveys or questionnaires to gather data on ethics risks. Key considerations for effective quantitative data collection include:

i. **Survey design:**

- Use closed-ended questions with predefined response options (e.g., Likert scales, multiple-choice) to ensure consistency and ease of analysis.
- Include rating scales to assess the extent of agreement or disagreement with specific statements about ethics risks (e.g., "Employees feel safe reporting unethical conduct").
- Pilot test the survey to ensure clarity and relevance of questions.

ii. **Sampling:**

Ensure the survey reaches a representative sample of the organisation to obtain generalisable results. Include participants across various levels, departments, and locations to capture a holistic view of ethics risks.

iii. **Anonymity and confidentiality:**

Guaranteeing anonymity in survey research is critical when measuring sensitive topics such as ethical culture, climate, and the frequency of ethics-related risk behaviours. While confidentiality offers some protection, it may not go far enough—particularly when respondents fear their answers could be traced back to them. Anonymity, where no identifying information is collected, provides a greater sense of psychological safety and is far more effective in encouraging honest, candid responses. For quantitative surveys on ethics, prioritising anonymity over confidentiality is essential to reduce social desirability bias and uncover risks that might otherwise remain hidden.

iv. **Distribution methods:**

Digital survey platforms (e.g., Google Forms, Qualtrics) are ideal for efficient and scalable data collection. However, in contexts where employees lack access to computers or company email, organisations often consider paper-based assessments. While this may seem practical, it poses several challenges: completed scripts are at risk of theft, handwritten responses may be incomplete or illegible, and manual data capturing introduces errors and delays. Test security is also a concern when employees return completed scripts within the organisation. A more secure and effective alternative is to distribute surveys via mobile phones or include these employees in facilitated focus groups, rather than relying on hardcopy paper-and-pencil methods.

3.3.6. Analysing quantitative data:

Once collected, quantitative data needs to be carefully analysed to turn numbers into useful insights. This is done through systematic methods that help organisations understand patterns, measure risks, and track progress over time. The following approaches are commonly used in ethics risk assessments:

Key approaches to quantitative analysis

i. **Descriptive statistics** – Summarise the data using averages, percentages, or other simple measures.
Example: 70% of employees said they are aware of the organisation's ethics policies.

ii. **Frequency analysis** – Show how common a certain issue is by counting how many people reported it.
Example: 15% of employees reported seeing harassment in the past year.

iii. **Cross-tabulation** – Compare results between groups (e.g., departments, job levels) to dentify differences or trends.
Example: Managers report higher trust in reporting systems than front-line employees.

iv. **Trend analysis** – Look at results over time to see whether things are improving, declining, or staying the same.
Example: Reports of unethical conduct increased by 10% after an anonymous reporting line was introduced.

v. **Exploring relationships and predictions** – Identify connections between factors and predict risks.
Example: Employees with high trust in leadership are less likely to report seeing unethical behaviour.

vi. **Norming (comparisons to others)** – Compare results against data from other organisations or industry groups to give context.
Example: Employee awareness of ethics policies is 5% higher than the industry average.

These approaches ensure that raw data becomes meaningful, providing clear evidence to guide decision-making. By combining different forms of analysis, organisations can gain both a snapshot of current ethics risks and a deeper understanding of how risks vary across groups, change over time, and compare to wider norms. This structured analysis makes quantitative surveys a powerful tool for monitoring, evaluating, and strengthening ethics in organisations.

3.3.7. Who should conduct a quantitative assessment?

Quantitative assessments are generally less resource-intensive than qualitative ones, but they still require methodological expertise to design, administer, and analyse surveys effectively. The following considerations apply:

i. **Internal expertise:**

- Ethics officers or organisational risk managers with experience in data analysis can oversee the process.
- Internal teams can handle survey administration, especially with access to tools like Excel or statistical software (e.g., SPSS, R).

ii. **External support:**

- Engage external consultants for complex analyses or benchmarking. External support can also lend credibility to the findings by ensuring objectivity and a good measurement standard using a validated survey with sufficient norms.

iii. **Role of the ethics officer:**

- Ethics officers should guide the survey design to align with organisational goals, oversee the data collection process, and interpret findings in the context of organisational ethics.

3.3.8. Challenges in quantitative data collection and analysis

Quantitative research, while offering clarity and comparability, comes with its challenges:

i. **Response bias:**

- Participants may underreport unethical behaviours or overstate positive perceptions if they fear retaliation or feel pressure to align with perceived organisational norms.

ii. **Question limitations:**

- Surveys can only measure what is explicitly asked. If critical risks are omitted, they will not be captured in the results.

iii. **Sample representation:**

- Poor sampling may lead to non-representative results, skewing the findings.

iv. **Interpretation complexity:**

- Statistical analyses require expertise to avoid misinterpreting correlations or overgeneralising findings.

3.3.9. Integrating quantitative data into ethics risk management

Quantitative data complements qualitative insights by providing measurable benchmarks and trends. Together, they allow organisations to:

i. **Identify risks:**

- Highlight the most prevalent and severe ethics risks.

ii. **Track progress:**

- Monitor the impact of interventions over time.

iii. **Guide decision-making:**

- Use data-driven insights to prioritise resources and strategies for ethics risk mitigation.

By leveraging robust quantitative methods alongside qualitative insights, organisations can ensure a thorough understanding of ethics risks, fostering an ethical culture and reducing vulnerabilities.

3.4. Overview and summary

The **test-retest research design** forms the foundation of ERA methodology, enabling organisations to evaluate ethics risks effectively and track the effectiveness of ethics management interventions as well as ethical culture improvements over time.

By conducting a **baseline assessment, implementing targeted ethics interventions, and reassessing after a designated period, organisations can measure the impact of these interventions** and adapt strategies to foster a sustainable ethical culture.

The **integration of both qualitative and quantitative methods within the ERA framework** ensures a comprehensive understanding of ethics risks.

Qualitative methods provide rich, contextual insights into ethical concerns, while quantitative approaches deliver measurable benchmarks, enabling organisations to prioritise and address high-impact risks systematically.

Together, these methodologies provide a balanced perspective, allowing organisations to:

i. **Identify and prioritise ethics risks with precision.**

ii. **Design and execute targeted interventions aligned with identified risks.**

iii. **Evaluate the effectiveness of interventions through consistent and reliable measures.**

iv. **Report findings to stakeholders, enhancing transparency and accountability.**

v. **Establish a continuous improvement cycle to adapt and respond to emerging risks.**

The collaborative use of qualitative and quantitative methods not only enriches the assessment process but also strengthens the overall governance of ethics within the organisation. By aligning ethics risk management with the principles of the test-retest design, organisations can ensure their efforts remain proactive, data-driven, and aligned with their strategic goals.

3.5. **Determining the scope of the ERA**

One of the most important steps in the ERA process is defining its scope. The scope determines the breadth, depth, and focus of the assessment, and is shaped by the organisation's objectives, available resources, stakeholder priorities, and any previous ERA experience. Establishing the right scope is essential to ensure that the ERA produces meaningful insights while remaining aligned with the organisation's needs, level of readiness, budget, and time constraints.

In practice, the scope of an ERA is typically structured into three categories, each with its own characteristics, applications, and resource implications:

3.5.1. The Comprehensive ERA

A comprehensive ERA represents the most extensive form of assessment, designed to provide a holistic picture of an organisation's ethics risks. It goes beyond surface-level indicators by engaging a wide range of internal and external stakeholders and applying both qualitative and quantitative methods. This approach not only highlights specific risk areas but also uncovers how different risks interact across stakeholder groups. Although resource-intensive, a comprehensive ERA delivers the deepest insights, making it particularly valuable in situations where a full and detailed understanding of ethics risks is essential.

i. **Features:**

- Includes both internal and external stakeholders, such as employees, suppliers, customers, the public, or communities.
- Utilises both **qualitative** (e.g., interviews, focus groups) and **quantitative** (e.g., surveys, data analysis) methods to obtain a thorough understanding of ethics risks.
- Covers multiple stakeholder groups and examines a wide range of ethics risk areas, such as ethical culture, compliance risks, employee conduct, and supplier relationships.

ii. **Resource considerations:**

- **Time-intensive**: Requires significant time for planning, data collection, and analysis due to its comprehensive nature.
- **Engagement requirements**: Employees and stakeholders must participate in multiple, detailed assessment processes, which may disrupt regular operations temporarily.
- **Higher costs**: Demands a larger budget to cover data collectio tools, resources, and often external expertise for facilitation and analysis.

iii. **When to use***:*

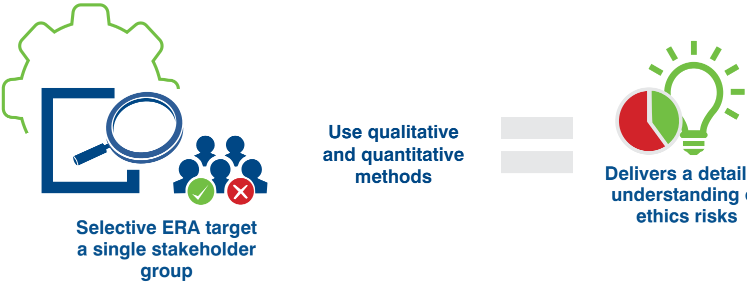
- If the organisation has never conducted an ERA.
- If the last ERA was conducted more than five years ago.
- When significant organisational changes (e.g., leadership shifts, restructuring) or external pressures (e.g., regulatory changes, public scandals) warrant a thorough evaluation of ethics risks.

iv. **Benefits:**

- Provides the most comprehensive understanding of ethics risks.
- Supports the development of a robust ethics strategy and management plan.
- Offers insights into the interplay of risks across different stakeholder groups.

3.5.2. The Selective ERA

A selective ERA provides a more focused approach, concentrating on particular aspects of ethics risk rather than attempting to capture the full organisational picture. It may target a single stakeholder group, such as employees, or apply only one method of data collection, such as surveys or interviews. Because it is tailored to address specific needs or priority risk areas, a selective ERA is less resource-intensive than a comprehensive assessment, yet still produces valuable, actionable insights for organisations that require a more targeted evaluation.



i. **Features:**

- Focuses on specific aspects of an ERA, often omitting certain elements found in a comprehensive approach.
- May concentrate on a single stakeholder group (e.g., employees) or limit the data collection methods to either qualitative or quantitative techniques, such as a survey or interviews.
- Tailored to address specific organisational needs or risks, such as employee conduct or awareness of ethics policies.

ii. **Resource considerations:**

- **Moderate time investment**: Less time-consuming than a comprehensive ERA but still requires planning and coordination.
- **Reduced costs**: More cost-effective than a comprehensive ERA, as it focuses on fewer stakeholders or specific methods, reducing the need for external assistance or extended engagement processes.

iii. **When to use:**

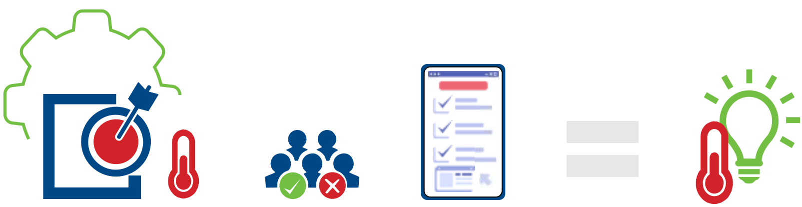
- When the organisation has conducted a comprehensive ERA within the past five years and requires a focused follow-up assessment.
- If time or budget constraints limit the feasibility of a full-scale ERA.
- When exploring a specific risk area identified through other organisational data or incidents.

iv. **Benefits:**

- Allows for targeted exploration of specific ethics risks.
- More resource-efficient while still providing actionable insights.

3.5.3. The Snapshot ERA

A snapshot ERA is the most streamlined form of assessment, designed to provide a quick snapshot of an organisation's ethical climate or a specific risk area. It typically relies on a single method, most often a short survey, to gather rapid insights into targeted issues such as ethical culture, behaviour risks, or policy awareness. While limited in depth and scope, a snapshot ERA is highly efficient, cost-effective, and minimally disruptive, making it a practical tool for monitoring ethics risks between more extensive assessments or for measuring the immediate impact of interventions.



Snapshot ERA determine the ethical climate of a specific erea

Use single method to gather rapid insights

Delivers limited depth and scope of ethics risks, but is cost-effective

i. **Features:**

- Focuses on a single aspect of an ERA, typically using a quantitative method, such as a survey, to gather quick insights.
- May assess specific areas like **ethical culture**, **ethics behaviour risk**, or **policy awareness**, rather than the full spectrum of ethics risks.
- Often designed to serve as a “temperature check” of the ethical climate or conduct within the organisation.

ii. **Resource considerations:**

- **Minimal time and cost**: The least time-intensive and most cost- effective option, as it requires fewer resources and a simpler methodology.
- **Limitations in data**: While cost-effective, it provides less diagnostic value and is limited in scope, making it less suitable for organisations seeking a holistic understanding of ethics risks.

iii. **When to use:**

- Between formal comprehensive or selective ERAs (e.g., within a five-year cycle) to maintain ongoing monitoring of ethics risks.
- To gauge the immediate impact of ethics interventions or programs.
- When seeking a rapid, resource-light assessment of a specific ethics-related issue.

iv. **Benefits:**

- Provides a quick snapshot of the organisation’s ethical climate or risks.
- Is affordable and easy to implement with minimal disruption.

3.6. Choosing the appropriate scope of an ERA

The choice of scope of an ERA depends on several factors, including:

- **Organisational context**: First-time assessments or organisations with significant gaps since the last ERA should prioritise a **comprehensive ERA** where possible.
- **Frequency of ERAs**: Organisations within a structured ERA cycle (e.g., every 2-5 years) may opt for a **selective ERA** or **snapshot ERA** in interim periods to monitor risks and progress.
- **Available resources**: Time, budget, and internal capacity influence whether a comprehensive, selective, or snapshot approach is feasible.
- **Ethics risk management practices**: Organisations with strong internal ethics risk management processes and robust data analytics may require fewer formal ERAs and can supplement them with periodic snapshot assessments.

3.6.1. Recommendations regarding the scope of an ERA

- **First-time or overdue assessments**: If the organisation has never conducted an ERA or has not conducted one in over five years, it is strongly recommended to undertake a **comprehensive ERA** or at least a **selective ERA** using both qualitative and quantitative methods.
- **Ongoing monitoring**: Organisations that have conducted a comprehensive ERA within the past five years may opt for a **selective ERA** or **snapshot ERA** to monitor progress and address emerging risks.
- **Cost-effectiveness considerations**:
    - For a full diagnostic, a **comprehensive ERA** is worth the investment, despite its higher costs and time requirements.
    - For targeted insights or when budget constraints exist, a **selective ERA** balances cost and value effectively.

- A **snapshot ERA** is the most cost-effective option but should be used primarily for interim checks, as its limited scope provides less actionable diagnostic information.

By clearly defining the scope, organisations can align their ERA efforts with strategic objectives while considering time and budget constraints. This ensures a practical, efficient, and impactful assessment process tailored to their unique needs.

4

PART 4
THE ERA PROCESS

Now that the ERA methodology has been outlined, we turn to the process involved in conducting a formal ethics risk assessment.

This process is a critical yet often underestimated aspect of an ERA. While the mechanics of survey techniques, interviews, and focus groups may seem straightforward, coordinating these activities demands substantial time, effort, and resources—particularly in larger organisations.

A general rule of thumb is that conducting an ERA in medium to large organisations typically requires 3 to 9 months to complete. This timeline encompasses several key phases:

ERA START HERE

i. **obtaining permission and buy-in from leadership,**
ii. **briefing internal stakeholders,**
iii. **developing interview and focus group protocols,**
iv. **scheduling sessions,**
v. **designing and rolling out surveys,**
vi. **analysing the collected data,**
vii. **presenting findings to leadership and governance structures,**
viii. **providing feedback to employees, and**
ix. **collaborating with an ethicss management committee to develop a comprehensive ethics strategy and management plan.**

By appreciating the complexity of this process and allocating sufficient time and resources, organisations can ensure a thorough and impactful ERA that forms the foundation for effective ethics risk management and culture-building initiatives. Let's look more closely at the process involved in a comprehensive ERA (an ERA that has both qualitative and quantitative components).

4.1. Steps in the ERA process

The figure below outlines the entire ERA process from inception to completion.

Step 1: Planning and Preperation

Define objectives	Assemble a team	Determine scope	Develop tools	Communicate the plan

↓

Step 2: Data Collection

Qualitative methods	Quantitative methods	Document analysis	External analysis

↓

Step 3: Risk Identification and Categorisation

Catalogue risks	Categorise risks	Assess materiality of risks

↓

Step 4: Analysis and Reporting

Analyse the data	Generate a report	Provide feedback on results

↓

Step 5: Ethics management strategy and plan

Develop interventions	Assign responsibilities	Add risks to the risk register	Integrate into ethics strategy and management plan

4.1.1. Step 1: Planning and preparation

The planning and preparation phase is as critical as any other step in the ERA process. A successful ERA begins with strong organisational commitment, clear leadership support, and thorough preparation. This phase lays the foundation for the entire assessment, ensuring alignment with organisational goals and readiness to address ethics risks comprehensively.

Leadership commitment to the ERA process

One of the most important aspects of planning an ERA is securing the commitment of organisational leadership. While it is often assumed that the ethics officer or ethics manager is solely responsible for initiating an ethics risk assessment, this is a misconception. The responsibility for commissioning an ERA ultimately lies with the organisation's leadership.

The ethics officer may identify the need for an ERA and advocate for its implementation, but leadership must decide to engage in the process, allocate resources, and drive organisational participation. Leadership's role is pivotal in ensuring that the ERA is prioritised, adequately resourced, and taken seriously across the organisation.

Key leadership responsibilities

To ensure the success of the ERA process, leadership must:

i. **Understand the purpose of an ERA**: Leadership should be well-informed about what an ERA is, how it benefits the organisation, and its role in shaping the ethics strategy and management plan.

ii. **Allocate resources**: Leadership must provide the necessary budget, personnel, and time for conducting the ERA effectively.

iii. **Motivate participation**: Leadership should actively encourage engagement from executive and senior management, as well as employees, to ensure the process receives the attention and input it requires.

iv. **Demonstrate commitment**: By visibly supporting the ERA, leadership sets a tone of seriousness and importance, reinforcing the organisation's dedication to fostering a strong ethical culture.

In essence, **leadership's clout and commitment are essential** to the success of an ERA. Without their active involvement, the process risks being under-resourced, poorly executed, or ignored by the wider organisation.

Why Leadership Commitment Matters

The ERA process is not simply a technical exercise; it is a reflection of the organisation's commitment to ethics. By taking ownership of the ERA, leadership sends a powerful message about the importance of ethics within the organisation. Their involvement not only ensures the ERA is properly resourced but also fosters a culture of accountability and engagement, which is crucial for driving meaningful change.

Readiness evaluation for conducting an ERA

Before starting the ERA process, organisations should evaluate their readiness by considering the following key questions:

i. **Does your organisation have a subcommittee of the governing body (e.g., the board) that is responsible for ethics?**

   - A Social and Ethics Committee or equivalent subcommittee is crucial for overseeing the governance of ethics and ensuring accountability for ethics risk management.

ii. **Has the organisation established a person responsible for the management of ethics?**

   - The presence of an ethics officer ensures that there is someone tasked with coordinating ethics initiatives, including the ERA process.

iii. **Has an ethics champion been nominated and appointed?**

   - An ethics champion serves as a visible advocate for ethics within the organisation, reinforcing the importance of ethical behaviour and supporting the ERA process.

iv. **Has leadership been trained on the governance and management of ethics?**

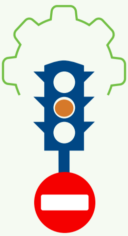
   - Leadership must understand the distinction between governance (oversight and long-term vision) and management (implementation and operationalisation of ethics initiatives). Training ensures that leadership is equipped to fulfil their roles effectively.

v. **Have governance structures been trained on the governance of ethics?**

- Subcommittees or governing bodies responsible for ethics oversight, such as the Social and Ethics Committee, should receive specialised training on their roles and responsibilities to ensure alignment with best practices and regulatory requirements

These foundational elements—governance oversight, dedicated personnel, and a strong advocate—are vital for the smooth running of an ERA and ensuring its results have impact.

When not to conduct and ERA



While an ERA is a powerful tool for identifying and mitigating ethics risks, there are situations where conducting an ERA is ill-advised. If foundational elements are not in place, or if certain organisational conditions prevail, an ERA can become difficult, ineffective, or even counterproductive. These considerations go beyond readiness and address external pressures or internal dynamics that can undermine the process.

Situations to avoid conducting an ERA

i. **Without leadership permission and commitment**

Leadership buy-in is non-negotiable for a successful ERA. Without leadership's explicit permission, support, and commitment to the process, the ERA risks being underfunded, poorly received, or disregarded entirely. Leadership's role in motivating participation and allocating resources is critical to the success of the ERA.

ii. **During or directly after downsizing**

Conducting an ERA during or immediately after organisational downsizing is highly problematic. Employee morale and trust are typically low in such periods, which can lead to skewed or overly negative data. The organisation's focus is often on recovery or restructuring, which leaves little capacity for the reflective, collaborative nature of an ERA.

iii. **To engage in a witch hunt**

An ERA should never be used as a tool to target specific individuals or groups within the organisation. ERAs are designed to identify systemic issues and opportunities for improvement, not to assign blame. Using an ERA for punitive purposes erodes trust, reduces participation, and undermines the integrity of the process.

iv. During periods of organisational instability or change

Financial pressures, ongoing scandals, or significant operational disruptions create a volatile environment where an ERA cannot be conducted effectively. These conditions may prevent honest participation, distort data collection, and make it difficult for the organisation to focus on ethics improvement initiatives. Stability is a prerequisite for meaningful and actionable ethics risk assessment.

v. Too soon after or during the running of other surveys

Running an ERA survey too close to, or at the same time as, other organisational surveys (e.g., employee engagement or climate surveys) can lead to survey fatigue, reduced response rates, and superficial engagement. Overlapping survey periods may also cause confusion among employees about the purpose and confidentiality of each instrument. To ensure meaningful participation and high-quality data, ethics assessments should be scheduled with sufficient space between other major survey efforts.

Key consideration: conduct ERAs during periods of relative stability

For an ERA to be effective, the organisation must have a certain level of stability, both structurally and culturally. This includes:

- Strong leadership commitment.
- Organisational capacity to engage meaningfully in the process.
- Absence of major internal or external disruptions.

Conducting an ERA under unstable or hostile conditions can result in unreliable data, reduced participation, and the erosion of trust in ethics management processes. Ensuring the right timing and readiness is critical to the success and impact of the ERA.

Defining the objectives of an ERA

ERAs are typically undertaken in response to a clear organisational need—whether to detect risks, improve culture, or build stakeholder trust. At their core, ERAs serve two broad purposes: identifying current and emerging ethics risks, and supporting long-term improvement in ethical conduct and culture.

A primary objective is to uncover both visible misconduct and more latent risks that may surface later, spanning categories like compliance, reputation, operations, and stakeholder trust. In doing so, ERAs also assess the organisation's ethical culture and climate—gauging perceptions of leadership, accountability, and integrity, and identifying cultural barriers such as poor tone at the top or unclear expectations.

Another key goal is to evaluate awareness and effectiveness of ethics-related policies. This includes determining whether employees know about reporting mechanisms and codes of conduct, and whether those tools are actually effective in practice. ERAs also measure how often unethical behaviour is observed, and what impact this has on morale, reputation, and trust.

Importantly, ERAs strengthen stakeholder trust by involving both internal and external stakeholders in a transparent process. This reinforces accountability and demonstrates a commitment to ethical governance. The findings from an ERA provide the evidence base for a targeted ethics strategy, helping organisations prioritise interventions and direct resources effectively.

Finally, ERAs establish a baseline for future comparisons and enable organisations to monitor progress with improving the organisation's ethical culture maturity over time. When repeated, they track improvements and help build a mature, resilient ethical culture that supports long-term sustainability and prevents reputational harm.

Assembling the ERA team

The success of an ERA depends on a well-structured, multidisciplinary team that brings together the right mix of leadership support, operational insight, and technical expertise. At the core is the ethics officer, who coordinates the process, ensures alignment with the ethics strategy, and oversees the integration of findings. Supporting this role is an ethics champion—typically a senior leader—who provides visible backing and encourages honest participation. The Social and Ethics Committee also plays a vital governance role, ensuring the ERA aligns with board-level oversight and regulatory expectations.

Why a multidisciplinary ERA team matters:

A multidisciplinary team brings diverse perspectives, integrates data across functions, and ensures strong oversight. Led by the ethics officer, with support from leadership and governance, this approach enhances the credibility, depth, and impact of the ERA process.

To ensure comprehensive coverage of ethics risks, representatives from key functions at a senior management level (i.e., general managers, department heads, etc.) should be included. These typically include those in charge of Risk Management, Compliance, Legal, Internal Audit, Human Resources, Forensics, Employee Relations, and Procurement. Each brings unique insights into relevant risk areas—from employee conduct and reporting practices to regulatory compliance, supplier ethics, and control failures. The **company secretary** helps ensure that ERA outcomes align with governance frameworks and board responsibilities.

Where resources allow, the team may also benefit from involving **external experts**—such as ethics consultants or analysts—who provide objective input or specialised knowledge. In unionised environments, a **trade union representative** can offer an important perspective on workforce concerns, enhancing the credibility and inclusiveness of the process.

By assembling a team that balances internal authority with diverse perspectives, organisations can ensure the ERA is both rigorous and reflective of the full range of ethics risks they face.

The role of the ethics management committee

The ethics management committee is a multidisciplinary group that supports the ERA process and broader ethics management efforts from an operational point of departure. Distinct from the board-level Social and Ethics Committee, this team provides operational support, facilitates access to data and policies, and helps the ethics officer engage with key stakeholders. It plays a crucial role in integrating ethics risks into organisational systems, promoting cross-functional collaboration, and ensuring that ERA findings inform strategy and drive accountability. By bridging departments and opening channels of communication, the ethics management committee ensures the ERA is credible, inclusive, and aligned with organisational priorities.

Positioning of the Ethics Management Committee

The ethics management committee occupies a unique position within the organisation, working closely with the ethics officer while also serving as a conduit between operational functions and governance structures like the Social and Ethics Committee. For more detailed guidance on the positioning and role of the ethics management committee within the broader ethics management process, refer to The Ethics Office Handbook .

Finding or developing a good ethics diagnostic tool

Developing high-quality diagnostic tools is a specialised field that requires expertise in psychometrics, research methodology, and qualitative analysis. Instruments with good reliability and validity are essential to ensure the data accurately reflects the organisation's ethical risks and culture. Poorly designed tools may produce unreliable or biased results, undermining the effectiveness of the ERA.

Given the complexity of tool development, organisations often rely on external experts, such as:

- **Consulting firms**: Specialising in ethics and risk assessments.
- **Psychometric service providers**: Offering validated instruments tailored to ethics risk assessment.
- **Academic departments or business schools**: Bringing academic rigour to the development and implementation of ERA tools.
- **Organisational development or ethics experts**: With deep experience in tailoring assessments to specific organisational contexts.

Recommendations for developing ERA tools

- **Invest in validation**: Whenever possible, use validated instruments with strong reliability and validity to ensure robust and defensible results.
- **Engage experts**: If internal expertise is unavailable, engage external contractors with proven experience in ERA methodologies.
- **Balance depth and practicality**: Align the sophistication of the tools with the organisation's goals, resources, and timeline.
- **Customise for context**: Ensure the tools are tailored to the organisation's industry, culture, and specific needs, particularly for organisation-specific risks.

By carefully selecting and developing the right tools, organisations can ensure that their ERA delivers actionable, accurate, and reliable insights, forming the foundation for effective ethics risk management.

Communicating the ERA plan

Effective communication is a critical component of the ERA process. Communicating the plan ensures that all stakeholders understand the purpose, scope, and importance of the ERA, fostering cooperation, transparency, and trust. A well-communicated plan sets the stage for a successful ERA by engaging stakeholders, addressing concerns, and building organisational buy-in.

Key objectives of communicating the ERA plan

i. **Increase awareness**: Ensure all stakeholders understand what an ERA is and why it is being conducted.

ii. **Foster trust**: Build confidence in the process by emphasising anonymity, fairness, and the organisation's commitment to ethics improvement.

iii. **Encourage participation**: Motivate stakeholders to provide honest and meaningful input, whether through surveys, interviews, or focus groups.

iv. **Set expectations**: Clearly outline the timeline, processes, and stakeholder involvement required for the ERA.

v. **Demonstrate leadership commitment**: Reinforce that leadership is fully invested in the ERA and supports its outcomes.

Key Messages to Communicate

When sharing the ERA plan, ensure the following key messages are conveyed:

i. Purpose and Importance of the ERA
• Highlight the reasons for conducting the ERA, such as identifying ethics risks, strengthening ethical culture, and safeguarding stakeholder trust.
• Emphasise that the ERA is part of the organisation's broader commitment to integrity and long-term sustainability.

ii. Leadership's role and support

- Reiterate that the ERA is a leadership-driven initiative, underscoring its significance and priority within the organisation.
- Share leadership's vision for how the ERA will benefit the organisation and its stakeholders.

ii. Confidentiality and anonymity

- Reassure participants that their responses will remain confidential and, where applicable, anonymous. This is particularly important for sensitive topics like ethics reporting or perceptions of misconduct.
- Explain how data will be aggregated and used solely for organisational improvement.

iii. Stakeholder involvement

- Clearly outline who will be involved in the ERA, including internal stakeholders (e.g., employees, managers) and, if applicable, external stakeholders (e.g., suppliers, customers, communities).
- It is also important for organisations that have bargaining councils (trade union representatives) to engage these stakeholders to explain the ERA process and get buy-in and support for its execution.
- Highlight the importance of their participation in providing a comprehensive view of ethics risks.

iv. Process and timeline

- Share an overview of the ERA process, including key phases such as data collection, analysis, and reporting.
- Provide a realistic timeline to manage expectations about when results will be available and when actions will be taken.

v. Expected outcomes

- Communicate the intended outcomes of the ERA, such as identifying areas for improvement, developing targeted interventions, and enhancing the organisation's ethical culture
- Emphasise that the ERA is not a punitive exercise but a proactive step toward organisational growth.

Communication channels

Use multiple channels to ensure the plan reaches all relevant stakeholders effectively:

i. **Email announcements**: Distribute clear, concise messages to employees, managers, and other stakeholders.

ii. **Leadership speeches or town halls**: Have senior leaders address the importance of the ERA directly, reinforcing its priority.

iii. **Intranet updates**: Post detailed information about the ERA process on the organisation's internal communication platform.

iv. **Workshops or information sessions**: Host sessions to explain the ERA plan, address questions, and encourage participation.

v. **Printed materials**: Provide flyers, posters, or brochures for employees without regular access to digital communication channels.

Engaging stakeholders

Tailor communication to the specific needs and concerns of different stakeholder groups:

- **Employees**: Focus on how the ERA will improve the workplace environment, support ethical culture, and protect whistleblowers.
- **Managers and leaders**: Highlight their role in supporting the ERA and setting the tone for active engagement.
- **External stakeholders**: For suppliers, customers, or community members, emphasise the organisation's commitment to ethical partnerships and responsible business practices.

Follow-up communication

- **Progress updates**: Keep stakeholders informed about the status of the ERA, such as the completion of data collection or preliminary findings.
- **Next steps**: Share how results will be used and when stakeholders can expect to see initiatives based on the ERA findings.

By effectively communicating the ERA plan, organisations can build trust, secure participation, and demonstrate their commitment to ethical excellence, ensuring a smooth and successful assessment process.

4.1.2. Step 2: Data collection

As we have already provided much information on this process earlier in the handbook we reiterate some steps here for cohesion.

Effective data collection is central to the success of an ERA. While the types of data and their sources have been discussed, this step focuses on the practical implementation of methods such as surveys, interviews, focus groups, document analysis, observation, and external data sources.

Surveys are the most scalable method and are best administered digitally. Anonymity is critical, especially when measuring sensitive issues like misconduct or reporting behaviour. For employees without digital access, paper-based methods are sometimes considered—but these pose risks related to confidentiality, data quality, and security. Mobile phone surveys or focus groups are preferable alternatives.

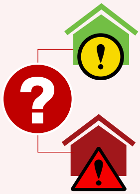
Interviews and **focus groups** allow for deeper insight but require careful planning around confidentiality, scheduling, and facilitation. Skilled moderators and trusted environments help participants feel safe to speak honestly. For confidentiality purposes sessions should not be recorded. Reliable note-taking is therefore essential.

Document analysis involves reviewing organisational policies, reports, and records to identify gaps and patterns in ethics management. Access must be authorised and data handled securely. Similarly, **observation** can reveal behavioural norms in practice and should be discreet and objective.

External sources—such as customer feedback or media sentiment—can enrich internal findings. These require the right analytical tools and respect for data privacy regulations.

Across all methods, protecting participant anonymity and confidentiality, coordinating timing to minimise disruption, and using trained facilitators are essential. A central project team should oversee logistics and ensure that sufficient resources are allocated. When well-managed, this phase provides the robust data needed for credible, actionable ERA outcomes.

4.1.3. Step 3: Risk identification and categorisation



In an ERA, identifying and categorising risks is a critical step that ensures the organisation focuses its attention and resources on the most significant threats to its ethical, operational, and financial well-being. It is important to recognise that not all risks are created equal. Some risks may have minor consequences, while others, even if they occur infrequently, can cause severe and lasting damage. Proper identification and categorisation help organisations prioritise their risk management efforts effectively.

Understanding the nature of risks

i. **Impact over frequency**

- Risks should not be prioritised solely based on how often they occur. While frequent risks may indicate systemic issues that require attention, material risks—those with the potential for severe consequences—demand immediate priority, even if they happen rarely.

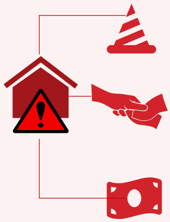
- Example: A single instance of safety violation in the aviation industry or financial mismanagement in a bank could lead to catastrophic consequences, including loss of human life, reputational harm, legal action, and operational shutdowns.

ii. **Material risks**

- **Definition**: Material risks are those that, if they occur even once, can have a massive impact on the organisation's reputation, operations, and financial viability.

- **Characteristics**:
    - High-impact outcomes.
    - Sector or organisation-specific implications.
    - Often tied to core operational functions or stakeholder trust.

- **Examples**:



- Safety violations in high-risk industries like aviation or manufacturing.
- Fraud or corruption in public sector organisations or state-owned enterprises.
- Data breaches in technology or financial services organisations.

iii. **Organisation-specific risks**

- Material risks can also be unique to a particular type of organisation or industry, requiring tailored identification and prioritisation.
- Example: Food safety issues in the restaurant or food manufacturing sector, ethical breaches in clinical trials for pharmaceutical companies, or conflicts of interest in professional services firms.

Categorising Risks

After identifying risks, categorising them is essential for prioritisation. Common risk categories include:

i. **Material risks**

- As outlined, these are high-impact risks that must be addressed with urgency, regardless of their frequency. These risks often demand structural changes, robust policies, and heightened monitoring.

ii. **Operational risks**

- Risks that disrupt day-to-day operations, such as employee misconduct, low-level compliance breaches, or policy violations. While these may not cause immediate catastrophic harm, they can accumulate and erode organisational performance and morale over time.

iii. **Reputational risks**

- Risks that harm the organisation's image or trustworthiness, such as public scandals, stakeholder dissatisfaction, or unethical behaviours that gain public attention.

iv. **Financial risks**

- Risks directly impacting the organisation's financial health, such as theft, fraud, or poorly managed procurement processes.

v. **Sector-specific risks**

- Risks unique to the organisation's industry, such as regulatory compliance in healthcare, environmental violations in mining, or safety in transportation.

Integrating and prioritising risks

Once identified and categorised, risks need to be integrated into a cohesive framework to determine their priority. This involves:

1. **Using a risk matrix**

   - Evaluate risks based on likelihood (rare to frequent) and impact (low to high).

   - Material risks will often be categorised into the high-impact, low-likelihood quadrant, but these still require the highest priority for mitigation.

2. **Prioritisation by Impact**

   - Focus on risks with the greatest potential to harm the organisation's reputation, operations, or financial stability. Material and sector-specific risks should top the list.

3. **Alignment with organisational objectives**

   - Ensure that identified risks align with the organisation's strategic goals and stakeholder expectations. For example, public-facing organisations may place greater emphasis on reputational risks, while manufacturing firms may prioritise operational and safety risks.

4. The organisational risk register or an ethics risk register?

- **What is the organisational risk register?** A risk register is the organisation's authoritative log of priority risks and their mitigations. It records each risk's description, cause, consequences, inherent and residual ratings, controls, control owners, action plans, timelines, and review dates. It is the single source of truth used by management and governance structures to track risk mitigation and assurance activities.
- **Where do ethics risks fit?** Ethics risks (e.g., conflict of interest, favouritism in procurement, retaliation against whistleblowers, data/privacy abuses, misuse of organisational resources, leadership misconduct) must be entered into the ***organisational*** risk register alongside financial, strategic, operational, compliance, and safety risks—**not** as an afterthought or in a separate, lower-status list. They should be assessed with the same likelihood–impact methodology, assigned accountable owners, and monitored through the normal reporting cadence. In many sectors, ethics risks can be *material* (e.g., severe reputational harm, fines, leadership instability, loss of public trust) and therefore warrant high priority even when likelihood is moderate or low.
- **Optional: an additional ethics risk register:** Some organisations maintain a dedicated ethics risk register (managed by the Ethics Office) to deepen day-to-day oversight, trend analysis, and intervention tracking. This can sharpen focus and drive targeted actions (e.g., training, controls on gifts and hospitality, third-party due diligence). However, whether to keep a separate register is organisation-dependent. Crucially, the organisational risk register remains paramount for holistic enterprise risk management and governance. If a separate ethics register is used, ensure that:
    i. All *material* ethics risks are mirrored in the **organisational** register with aligned ratings and owners.
    ii. Cross-references are maintained so actions, controls, and assurance activities are consistent.
    iii. Escalation, reporting cycles, and dashboards reconcile into enterprise risk reporting (e.g., EXCO/Board/Social and Ethics Committee).

- **Minimum data to capture for ethics risks (in either register):**
  i. Risk statement (cause–event–effect) and linked strategic objective(s)
  ii. Sources/triggers (e.g., high-risk vendors, weak segregation of duties, incentive structures)
  iii. Stakeholders affected (internal and external)
  iv. Inherent and residual ratings; risk appetite/thresholds
  v. Key controls (preventative/detective), control owner(s), and effectiveness
  vi. Actions with due dates and accountable executives
  vii. Indicators and evidence (e.g., speak-up rates and resolution times, training coverage, Conflict of Interest declarations)
  viii. Review frequency and last/next review dates

Ensuring effective management of ethics risks (single or dual register)

Whether ethics risks are housed solely within the organisational risk register or supplemented by a dedicated ethics risk register, they must receive explicit and regular attention through the enterprise risk cycle. Each ethics risk should be evaluated using the standard likelihood–impact methodology to determine materiality and prioritisation, then assigned to an appropriate risk owner (typically a senior manager with authority over the relevant process or control environment) who is accountable for mitigation. Mitigation plans must be time-bound with clear milestones, due dates, and indicators of progress, and they should be tracked through the organisation's established reporting cadence (e.g., monthly/quarterly management reviews, Social and Ethics Committee/ Board committees), ensuring timely escalation where thresholds are breached and that residual risk trends are transparently reported.

Effective risk identification and categorisation are the foundation of a successful ERA. By recognising that impact often outweighs frequency, organisations can focus on material risks that pose the greatest threat to their long-term success. Combining qualitative and quantitative methods ensures that no significant risks are overlooked, while systematic categorisation and prioritisation enable the organisation to allocate resources where they are most needed. This comprehensive approach helps organisations protect their reputation, maintain operational continuity, and safeguard their financial health.

For insight into how to practically place ethics risks into the organisational risk register, please refer to the Appendix of this document.

4.1.4 **Step 4: Analysis and reporting**

The analysis and reporting phase of an ERA is critical for transforming raw data into meaningful interpretation, creating actionable insights and ensuring that findings are effectively communicated to all relevant stakeholders. This phase not only identifies the organisation's ethics risks but also highlights opportunities for ethical improvement and reinforces the importance of transparency in the assessment process.

Analysis of ERA data

As discussed earlier in this handbook, multiple methods can be employed to analyse both qualitative and quantitative data:

- **Qualitative Analysis**: Thematic analysis, content analysis, and sentiment analysis are commonly used to extract patterns, narratives, and underlying themes from interviews, focus groups, and open-ended survey responses.
- **Quantitative Analysis**: Statistical methods, such as descriptive statistics, correlations, or benchmarking against industry norms, help measure and compare ethics risks, ethical culture, and behavioural trends.

While the specific methods may vary depending on the scope of the ERA, the ultimate goal is to:

i. Identify the **main areas of ethics risk** across the organisation.

ii. Highlight **ethics opportunities**, such as strengths in the current ethical culture or areas where proactive measures could further enhance organisational integrity.

Clear and actionable reporting

A well-prepared ERA report should be clear, concise, and actionable, offering stakeholders a structured overview of findings and next steps. Key elements to include in the report are:

i. **Executive summary**: A high-level overview of the key findings, including priority ethics risks and opportunities.

ii. **Main areas of ethics risk**: A detailed breakdown of significant risks, categorised by their impact on the organisation (e.g., operational, reputational, financial, or stakeholder trust risks).

iii. **Ethics opportunities**: Positive trends or potential areas for strengthening ethical practices within the organisation.

iv. **Recommendations**: Specific mitigation strategies and initiatives to address identified risks and enhance the organisation's ethical culture.

v. **Visual aids**: Use graphs, charts, and infographics to present complex data in a digestible format.

Providing feedback to stakeholders

Feedback is an essential component of the ERA process, fostering trust, transparency, and engagement. Tailor the feedback to the needs and roles of different stakeholder groups:

i. **Executive teams**

- Feedback should focus on strategic risks and opportunities, emphasising how findings will impact organisational goals and priorities.
- Discussions should also address the alignment of ethics risks with the organisation's broader risk management framework.

ii. **Subcommittee of the board responsible for ethics (e.g., Social and Ethics Committee)**

- Present findings with an emphasis on governance-related concerns, compliance risks, and the effectiveness of existing ethics oversight structures.
- Highlight recommendations that require governance oversight or board-level approval.

iii. **Governing body (Board or Council)**

- Offer a concise presentation of the ERA findings, focusing on high-level risks and mitigation plans that impact the organisation's long-term sustainability and reputation.

i. **Employees**

- **Importance of employee feedback**: Providing feedback to employees is vital for maintaining trust and engagement. Failure to do so can harm the organisational culture, increase apathy, and lead to a rise in counterproductive work behaviours.

ii. **Shareholders and external stakeholders**

- Consider including key ERA findings in the organisation's **integrated report**, particularly those related to reputational risks and measures taken to ensure ethical business practices. This transparency reinforces trust among external stakeholders, such as investors, customers, and communities.

Continuous improvement through communication

The reporting phase is not just about sharing results; it is also an opportunity to reinforce the organisation's commitment to ethical excellence. By openly discussing findings and planned actions, the organisation can:

- Build trust and accountability among all stakeholders.
- Encourage participation and engagement in future ERAs.
- Signal a proactive approach to ethics management, internally and externally.

Effective reporting and feedback also set the stage for the implementation of the ethics strategy and management plan, ensuring that identified risks are addressed, opportunities are leveraged, and the organisation's ethical culture continues to evolve.

This approach ensures that the ERA process remains impactful, transparent, and aligned with the organisation's ethical goals and governance responsibilities.

4.1.5 Step 5: Ethics management strategy and plan

The Ethics Strategy and Management Plan translates the findings of the ERA into a practical, organisation-wide roadmap for strengthening ethical culture and reducing ethics risks. It is developed collaboratively—typically via a focused working session—with the Ethics Office and a cross-functional ethics management committee (Risk, Compliance, HR, Internal Audit, Legal, Procurement, and line leadership). The plan is integrated with Enterprise Risk Management (ERM) so that ethics risks are treated on equal footing with financial, strategic, and operational risks.

a) **Integrating and prioritising risks**

Once identified and categorised, risks must be integrated into a cohesive framework to determine priority:

i. **Using a risk matrix.** Evaluate risks on likelihood (rare → frequent) and impact (low → high). Material ethics risks often sit in the high-impact, even if low-likelihood, zone and can still require top priority.

ii. **Prioritisation by impact.** Focus first on risks with the greatest potential to harm reputation, operations, or financial stability. Material and sector-specific ethics risks should top the list.

iii. **Alignment with organisational objectives.** Ensure risks and treatments align with strategic goals and stakeholder expectations (e.g., public-facing entities may emphasise reputational risks; manufacturing may emphasise operational safety).

iv. **The organisational risk register or an ethics risk register?** See Section 4 below.

b) **A three-step development process**

i. **Step 1: Statement of strategic ethical intent (ethics vision statement)**

A short, aspirational statement that anchors the strategy. It describes the culture the organisation seeks to build (e.g., integrity, fairness, accountability, respect), the outcomes it prioritises (e.g., trust, safety, compliance, public value), and the stakeholders it serves (e.g., employees, clients/customers, suppliers, regulators, communities). The vision links ethics explicitly to strategy, performance, and licence to operate.

i. **Step 2: Ethics focal areas (broad priorities)**

Guided by the ERA and the ethics vision, define a small set of priorities (normally **no more than five to six** for the entire planning cycle). Focal areas are not actions; they organise action. Typical examples:

- Ethical culture and awareness
- Speak-up and anti-retaliation
- Leadership accountability and role-modelling
- Conflicts of interest and third-party integrity
- Policy and compliance robustness
- Continuous monitoring, learning, and improvement

Each focal area should state: (i) the risks addressed, (ii) the capability to be built, and (iii) the strategic objectives supported.

ii. **Step 3: Real, practical interventions per focal area**

Only once focal areas are set do you design interventions—specific, time-bound actions that change behaviours, controls, or systems. Keep these focused: **approximately three to five interventions per focal area**. Each intervention must name the accountable owner, contributors, resources, milestones, delivery date, and indicators of success. Examples include targeted training, leadership dialogues, upgrades to reporting channels and anti-retaliation safeguards, conflicts-of-interest (COI) registers and supplier due diligence, policy refinements, control redesign, ethics recognition, and periodic culture/behaviour surveys.

a) **Alignment with the organisational risk register (ethics risks)**

The organisational risk register is the authoritative log of priority risks and treatments. The **Ethics Strategy and Management Plan must directly mitigate the ethics risks recorded in the organisational risk register** as far as possible.

- **Traceability:** Link each focal area and intervention to specific ethics risk entries (risk IDs), showing how actions reduce inherent/residual risk and move ratings toward appetite.

- **Consistency:** Use the same likelihood–impact criteria, owners, timelines, and review cadence as ERM to avoid parallel systems.

- **Optional ethics register:** If an additional ethics risk register exists, ensure one-to-one mapping back to the organisational register so enterprise oversight remains intact.

b) **Planning horizon and scoping**

Build the strategy around the organisation's strategic cycle—**2, 3, 4, or 5 years**. The horizon dictates pacing and scope:

- **2–3 years:** tighter focus; fewer, higher-impact interventions; front-load control and compliance fixes.

- **4–5 years:** sequence foundations first, then culture-shaping initiatives and analytics; plan staged scale-up.

Translate the multi-year intent into **annual delivery plans** with milestones, owners, and funding. Keep capacity realistic: cap the strategy at **≤6 focal areas** with **3–5 interventions each**. If a new intervention is added, retire or defer another to avoid overload.

c) **Governance, roles, and collaboration**

The ethics management committee steers prioritisation and sequencing; accountable executives own delivery within their functions; enabling teams (HR, Legal, IT, Internal Audit, Procurement) support implementation. Every intervention specifies a single accountable owner, contributors, resources, milestones, key performance indicators, and an escalation route if timelines or thresholds slip.

d) **Ratification and formal adoption**

Once the draft plan (vision → focal areas → interventions) is complete, it must be **formally ratified** to confer authority, resources, and accountability. Typically, the Ethics Office and ethics management committee submit the plan to executive management for endorsement, followed by **SEC** review and **Board approval** (aligned with ERM policy and **King V** governance practices). Ratification should confirm the planning horizon, cap of ≤6 focal areas with 3–5 interventions each, accountable owners and budgets, integration with the organisational risk register, and reporting/assurance arrangements. The approved plan is version-controlled, dated, stored in the official policy repository, and scheduled for annual refresh (or earlier if risk appetite thresholds are breached or material conditions change).

a) **Communication and stakeholder engagement**

After approval, communicate the plan clearly and consistently so people understand the "why", "what", and "how" of implementation—and how success will be measured.

- **Audiences.** Internal: all employees, line managers, executives, SEC, Board, Internal Audit, HR, Legal/Compliance, Procurement, IT, and labour forums where applicable. External (as appropriate): key suppliers/partners, customers/clients, regulators, and community stakeholders.
- **Core messages.** The ethics vision; the 5–6 focal areas; top interventions (3–5 per area), owners, timelines, and indicators; and the non-negotiable rule that **ethics risks in the organisational risk register are actively mitigated by this plan**.
- **Channels.** CEO/EXCO note; all-hands town hall; manager cascade packs; intranet hub (FAQs, policy links, reporting channels); e-learning/onboarding inserts; supplier briefings/contract clauses; and—where relevant—integrated or sustainability reporting.
- **Cadence.** Launch within 30 days of Board approval; quarterly progress updates aligned to the ERM/SEC cycle; annual public disclosures (where appropriate), including lessons learned and next-year priorities. Retain evidence of communication (attendance logs, read-receipts, toolkit downloads).

b) **Monitoring, indicators, reporting, and assurance**

Define leading and lagging indicators per intervention (e.g., training coverage, time-to-close speak-up matters, retaliation incidents, COI declaration rates, % suppliers screened, audit findings, culture pulse scores). Review progress on a set cadence; publish concise dashboards; integrate independent assurance (Internal Audit/external where relevant). Escalate slippage promptly and adjust plans when thresholds or trigger conditions are breached.

Below is a worked **illustrative example** of how an Ethics Strategy & Management Plan might be structured. It is **not prescriptive**—simply a template to help readers see how the elements fit together (vision → focal areas → 3–5 interventions per area → owners → timelines → KPIs → risk-register linkage). Adjust the planning horizon, focal areas, interventions, and measures to suit your organisation's context, capacity, and risk profile.

The below table provides an example template of a single focal area, with two interventions. It is important to note that an Ethics Strategy often comprises numerous focal areas (5 - 6 recommended) with a number of interventions per focal area (3 – 5 recommended per focal area).

Example layout of the Ethics Strategy And Management Plan>

Strategic Focal Area	Intervention	Responsible Division/ Department / Position	Deadline/ Timeframe	Resources Required
Focal Area 1: *Definition of the focal area*	**Intervention 1:** *Description of the intervention*	**Division 1** **Division 2** **Division 3 etc.**	*Date of implementation and/or* *Date of completion And/or* *Period of implementation*	*Budget and/or professional time allocation*
	Intervention 2: *Description of the intervention*	**Division 1** **Division 2** **Division 3 etc.**	*Date of implementation and/or* *Date of completion And/or* *Period of implementation*	*Budget and/or professional time allocation*

5

PART 5
EMBEDDING THE ETHICS RISK MANAGEMENT PROCESS

This final part of the Handbook brings the ERA full circle. Up to now, the focus has been on diagnosing ethics risks, translating insights into an Ethics Strategy and Management Plan, and aligning those actions with the organisational risk register. Part 5 explains how organisations return to the assessment—deliberately and consistently—to test whether their efforts are working, and how they make ethics risk management a permanent, learning-based feature of everyday governance and culture.

5.1. Re-assessment: closing the loop with consistency and comparability

Re-assessment is not a new project; it is the disciplined repetition of the original ERA to establish what has changed, what has not, and why. The value of re-assessment lies in comparability. To claim improvement credibly, you must be able to show that like has been compared with like. For this reason, organisations should use the same instruments and protocols, revisit the same stakeholder groups, and apply the same scoring rules and analysis logic as in the baseline ERA. Where refinements are necessary (for example, an ambiguous item is clarified), they should be documented and carried through into future cycles to preserve a clean longitudinal record.

When organisations repeat the ERA with care, they can read their trajectory rather than a set of disconnected snapshots. Quantitative movement in scores—at total, domain, and item level—reveals direction and magnitude of change. Appropriate statistical checks help to separate real change from noise, while trend lines across multiple cycles show whether improvements are taking root or plateauing. Numbers alone do not explain cause, so re-assessment should also gather narrative evidence: how employees and other stakeholders describe what feels different (or stubbornly the same), which actions were implemented as designed, and which practical barriers got in the way. In short, re-assessment turns data into learning: it validates what works, surfaces what does not, and identifies newly emerging risks.

These results are most powerful when they flow directly back into decision-making. Interventions that under-perform should be redesigned or retired; those that succeed can be scaled or adapted to adjacent risk areas. Where new ethics risks appear—perhaps driven by technology, market shifts, or organisational change—they must be captured in the next planning cycle and reflected in the organisational risk register. Progress should also be communicated in plain language to staff, leaders, and relevant external stakeholders. Transparency about both gains and gaps sustains trust and keeps momentum. As a practical guide, many organisations schedule re-assessment every two to five years, aligning the timing with their broader strategic cycle and the planning horizon of the Ethics Strategy and Management Plan.

5.2. Embedding: making ethics risk management part of “how we work”

Embedding moves ethics risk management from project to practice. The essential idea is a repeating rhythm—assess, act, re-assess—guided by evidence and supported by governance. Over time this rhythm builds capability: prevention and detection become sharper, responses become faster and more consistent, and culture matures in ways that are measurable and meaningful.

Continuity is the first ingredient. Ethics risk management must survive personnel changes and organisational reshuffles. That means maintaining a secure, central repository for ERA datasets, reports, and the approved Ethics Strategy and Management Plan; version-controlling documents; and keeping clear handover protocols for ethics officers and committee members. Newcomers in the ethics space should be oriented to the ERA method, the current plan, and their role in delivering it. Leadership continuity is equally important: ethics objectives should appear in executive dialogue and performance conversations so that sponsorship does not ebb and flow with personalities.

Integration is the second ingredient. Ethics risks must sit within the same enterprise view as operational, financial, compliance, and strategic risks. Regular reporting to management, the SEC, and the Board should follow the ERM cadence and align with **King V** governance practices. This avoids parallel systems and ensures that ethics risks are prioritised on their merits, not their label. Just as crucially, embedding demands cultural buy-in. Ethics cannot be the preserve of the Ethics Office: leaders must role-model expectations, line managers must enable ethical decision-making in day-to-day work, and employees must see how to raise concerns safely and constructively.

Finally, embedding is adaptive. Organisations should treat each cycle as an opportunity to learn. In intervening years, short pulse checks or targeted reviews can keep attention sharp without the cost of a full ERA. Feedback loops—from surveys, focus groups, speak-up data, audits, and assurance—should be used to adjust the plan in real time. This is where the alignment with the organisational risk register matters most: as residual risk moves towards appetite (or away from it), owners, timelines, and controls should be updated, and the Ethics Strategy and Management Plan should be tuned so that its interventions continue to **mitigate** the ethics risks recorded in the register as far as possible.

5.3. Learning points and conclusion

Viewed in sequence, the ERA becomes more than a diagnostic—it is the engine of ethical excellence. Its cyclical nature mirrors action learning: reflect on evidence, adapt the plan, and refine practice. Visible leadership support remains pivotal, not only for resources and participation, but for signalling that ethics is integral to performance and strategy. Timing matters too: re-assess during relative stability to ensure reliable comparisons, and avoid using the ERA as a blunt instrument during periods of upheaval or for punitive “witch-hunts”. Multidisciplinary collaboration strengthens every step—from method design to interpretation and implementation—and ensures that ethics risks, once identified, are anchored in the organisational risk register and addressed through concrete, time-bound actions.

When reporting, clarity and actionability are non-negotiable. Findings must translate into decisions—what will we start, stop, or change—and those decisions must be communicated back to the people who provided the data. Implementation should then be tracked transparently against indicators that matter: coverage and quality of training, time to close cases, retaliation incidents, conflict-of-interest declarations, supplier screening, audit findings, and shifts in culture measures. After that, the cycle turns again: re-assess, compare like with like, and learn.

Handled this way, the ERA builds institutional memory and resilience. It helps organisations anticipate and respond to new risks, strengthen their ethical culture, and maintain the trust of employees, customers, suppliers, regulators, and communities. Most importantly, it keeps ethics central to how the organisation operates—not as a slogan, but as a disciplined, evidence-led practice that improves over time.

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APPENDIX

Ethics Risk Register (Case Study)

The organisation

STRP-Mining Pty (Ltd) ("S Min") is a mining company operating several open-cast and underground mines within the Glorious Republic of Korruptia, a jurisdiction characterised by elevated levels of perceived corruption, socio-economic inequality, and political instability following a prolonged period of civil unrest. These contextual factors significantly increase the organisation's exposure to ethics-related risks, particularly those associated with regulatory compliance, stakeholder engagement, and operational integrity.

In addition to its operational footprint, S Min recently implemented a female employee empowerment programme aimed at increasing the participation of women in both entry-level underground mining roles and leadership positions. While progressive in intent, such initiatives further underscore the importance of maintaining a strong ethical foundation to ensure fair and consistent implementation.

Trying to fix things

In response to local legislative requirements, S Min established a Social and Ethics Committee (S&EC) as a sub-committee of the board of directors. One of the committee's first directives was the appointment of a dedicated Ethics Officer and the initiation of a formal ethics risk assessment. This marked the organisation's first structured attempt to identify and manage ethics risks in a systematic manner.

Following this directive, an Ethics Officer was appointed and an independent consultancy was engaged to conduct a comprehensive ethics risk assessment. The assessment focused specifically on ethical conduct risks, rather than broader ethical culture or ethics management maturity considerations. A mixed-method approach was adopted, incorporating both qualitative and quantitative methodologies to ensure a robust and triangulated understanding of the organisation's ethics risk landscape.

The qualitative component involved extensive stakeholder engagement across both internal and external groups, including executive leadership, management, employees, regulators, suppliers, and surrounding communities. These engagements were conducted through a combination of group and individual interviews, allowing for the identification of recurring themes and risk patterns. These themes were subsequently used to inform the design of a quantitative survey, which was completed by 677 employees. The integration of qualitative and quantitative data resulted in a comprehensive ethics risk profile for the organisation.

Ethics risk assessment

The initial output of the ethics risk assessment consisted of a set of identified ethics risks, each accompanied by a perceived risk rating derived from stakeholder inputs. At this stage, the ratings reflected perceptions of risk rather than formally calibrated risk scores aligned to the organisation's risk management framework.

Recognising this limitation, the consultancy emphasised the need for a formal risk analysis process to translate perceived risks into standardised risk ratings. This necessitated the involvement of the organisation's Risk Management function to ensure alignment with enterprise risk management practices.

Analysis of risk: impact and likelihood assessment

A formal risk analysis workshop was convened, facilitated by the organisation's Risk Manager, to evaluate the identified ethics risks using the company's established risk methodology. This methodology required that each risk be assessed in terms of its potential impact and likelihood of occurrence.

Impact was considered across a range of consequences, including financial loss, reputational damage, regulatory sanctions, and harm to employees or communities. Likelihood reflected the probability of occurrence within a defined time horizon. These two dimensions were combined to derive a quantitative risk score, which in turn enabled the classification of risks into high, moderate, or low categories.

Importantly, S Min's risk appetite stipulated that no ethics risks rated as moderate or high would be considered acceptable. This provided a clear benchmark against which all identified risks would subsequently be evaluated.

Analysis of risk: evaluation of current controls and residual risk rating

Following the determination of inherent risk ratings, attention shifted to the identification and evaluation of existing controls. These controls included policies, procedures, governance structures, and operational practices designed to mitigate the identified risks.

The effectiveness of these controls was assessed qualitatively, with each control being rated as satisfactory, partially satisfactory, or unsatisfactory. This evaluation provided insight into the extent to which existing mechanisms were capable of reducing the likelihood or impact of unethical conduct.

Based on this assessment, residual risk ratings were determined. Residual risk represents the level of exposure that remains after accounting for the mitigating effect of existing controls and therefore provides a more accurate reflection of the organisation's current risk position.

Evaluation of risk: identification of risk owner, mitigating controls and timelines

The final stage of the process involved evaluating residual risks against the organisation's defined risk appetite and determining the appropriate response for each risk. Risks that exceeded the acceptable threshold required the implementation of additional mitigating controls.

For each such risk, accountability was assigned through the designation of a risk owner, typically a functional department responsible for managing the risk. Mitigating actions were then defined to address the identified gaps in control effectiveness. These actions ranged from the introduction of new policies and training initiatives to the strengthening of oversight and monitoring mechanisms.

Crucially, each mitigating control was accompanied by a defined implementation timeline, reinforcing the principle that ethics risk management is both action-oriented and time-bound. This ensured that risk mitigation efforts were not only conceptualised but also operationalised within a specified timeframe.

The ethics risk register

The culmination of the process was the development of a comprehensive ethics risk register, integrating all elements of the risk management process into a single, coherent framework. The register provided a consolidated view of the organisation's ethics risks, including their perceived and inherent ratings, existing controls, residual risk levels, assigned ownership, and planned mitigating actions.

Beyond serving as a record of identified risks, the ethics risk register functions as a critical governance and management tool. It enables oversight structures, such as the Social and Ethics Committee, to monitor the organisation's ethics risk exposure and the effectiveness of mitigation efforts. It also facilitates accountability by clearly assigning responsibility for risk management to specific organisational functions.

Importantly, the ethics risk register is not a static document. It requires ongoing review and updating to reflect changes in the organisation's risk environment, the implementation of mitigating controls, and the evolving effectiveness of these controls. Follow-up engagements and periodic audits are therefore essential to ensure that identified actions are implemented and that risks are reduced to levels within the organisation's risk appetite.

In this way, the ethics risk register operationalises the central premise of this handbook, namely that ethics risks can and should be managed with the same discipline, structure, and accountability as other organisational risks.

Example: Extract from an Ethics Risk Register

To illustrate how ethics risks are reflected within an ethics risk register, a selection of risks from the case study is presented below. The extract demonstrates how risks are translated from assessment outputs into structured risk entries, incorporating impact and likelihood assessments, control evaluations, residual risk ratings, and mitigating actions.

Table 1. Example 1 of ethics risk translated into the organisational risk register.

Element	Description
Ethics Risk	Use of child labour in mining operations
Perceived Risk Rating	High
Impact	Serious
Likelihood	Very likely
Inherent Risk	High
Current Controls	Group-wide Child Labour Policy; Vendor screening processes
Control Effectiveness	Partially satisfactory
Residual Risk	Moderate
Risk Owner	Sustainability Department
Mitigating Controls	Implementation of surprise audits; enhanced employee and contractor vetting; increased supervision of subcontractors; strengthened vendor due diligence
Target Timeline	6 months

Interpretation:
Although policies and screening processes exist, weaknesses in enforcement and oversight result in a residual risk that exceeds the organisation's risk appetite, necessitating additional controls.

Table 2. Example 2 of ethics risk translated into the organisational risk register.

Element	Description
Ethics Risk	Bribery of public officials by employees
Perceived Risk Rating	High
Impact	Serious
Likelihood	Rare (but high impact)
Inherent Risk	High
Current Controls	Anti-bribery and corruption policy
Control Effectiveness	Partially satisfactory
Residual Risk	High
Risk Owner	Forensic Services
Mitigating Controls	Targeted anti-corruption training in high-risk areas; independent audits of high-risk transactions (e.g., cash payments); enhanced monitoring and reporting mechanisms
Target Timeline	Immediate

Interpretation:
Despite a formal policy, insufficient behavioural reinforcement and monitoring result in a high residual risk, requiring urgent intervention.

Table 3. Example 3 of ethics risk translated into the organisational risk register.

Element	Description
Ethics Risk	Sexual harassment in the workplace
Perceived Risk Rating	Moderate
Impact	Serious
Likelihood	Very likely

Inherent Risk	High
Current Controls	None formally implemented
Control Effectiveness	Unsatisfactory
Residual Risk	High
Risk Owner	Ethics Office
Mitigating Controls	Implementation of a formal sexual harassment policy; awareness and training programmes; confidential reporting mechanisms; increased security presence in high-risk areas
Target Timeline	Immediate

Interpretation:
The absence of formal controls results in no mitigation of inherent risk, leaving the organisation fully exposed.

Table 4. Example 4 of ethics risk translated into the organisational risk register.

Element	Description
Ethics Risk	Undisclosed conflicts of interest
Perceived Risk Rating	Low
Impact	Significant
Likelihood	Likely
Inherent Risk	Moderate
Current Controls	Contractor screening processes
Control Effectiveness	Satisfactory
Residual Risk	Low
Risk Owner	Company Secretary
Mitigating Controls	No additional controls required (within risk appetite)
Target Timeline	Not applicable

Interpretation:

Existing controls are effective in reducing the risk to within acceptable levels, and no further intervention is required at this stage.

Key Observation

These examples illustrate that an ethics risk register does not merely catalogue risks, but **integrates multiple dimensions of risk management**, including:

- The transition from **perceived risk to inherent risk**
- The role and effectiveness of **existing controls**
- The determination of **residual risk**
- The assignment of **accountability**
- The specification of **time-bound mitigation actions**

In this way, the ethics risk register serves as both a **diagnostic and management tool**, enabling organisations to systematically reduce ethics risks to levels aligned with their risk appetite.

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