Hotline Reporting is More Important Than Ever: The Latest Findings From the 2018 Hotline Benchmark Report

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Agenda

• Introductions
• Our Benchmarking Methodology
• Benchmark Statistical Snapshot
• Key Findings
• Key Takeaways & Best Practice Recommendations
• Q&A
• Additional Resources
Hotline Benchmark Statistical Snapshot

- Our database starts with 13,000+ NAVEX Global clients
- Of those 5,779 received a report in 2017 through NAVEX Global’s Hotline and EthicsPoint Incident Management solutions
- 2,479 clients received 10 or more reports in 2017 (representing 42.1 million employees)
- These 2,400+ clients received approximately 900,000 reports in 2017
- Data reflects all reports documented in clients’ EthicsPoint Incident Management system regardless of reporting channel (web, hotline, open door, mobile, email, mail, etc.)
- Data covers 31 industries
- We use medians (or midpoints) rather than averages to reduce the impact of outliers
  - Normal ranges identify extreme data points as potential areas of concern
  - Medians and ranges provide context for benchmarks

North American Industry Classification System (NAICS)

- 2018 Hotline Benchmark Report Industry Codes are based on the North American Industry Classification System (NAICS)
  - Standardized, more accurate peer-to-peer comparisons
  - 31 Total Industries Based on NAICS Sector and NAICS Sub-Sector levels
  - Use of Sub-Sectors allows differentiation of generalized sectors (manufacturing) into specific industries
    (e.g. machinery manufacturing, computer and electronic product manufacturing)
  - https://www.census.gov/eos/www/naics/

Key Findings
Key Finding #1

Report Volume per 100 Employees

Median Report Volume Remains at Highest Level

How Does Your Report Volume Compare to Others?

What do you think is the biggest driver of report volume?
Impact of Using a Unified Incident Management System

Organizations That Track Only Reports from Web and Hotline

Organizations That Track Reports from All Sources

Food Service Leads in Reporting Volume

Key Finding #2
Categories of Reports Used

1. Accounting, Auditing and Financial Reporting
   (e.g. financial misconduct, internal controls, expense reporting)

2. Business Integrity
   (e.g. bribery, falsification of documents, fraud, OLED vendor/customer issues, HIPAA)

3. HR, Diversity and Workplace Respect
   (e.g. discrimination, harassment, compensation, general HR, and cases marked as “other”)

4. Environment, Health and Safety
   (e.g. OSHA compliance, violence, safety, OSHA, substance abuse)

5. Misuse, Misappropriation of Corporate Assets
   (e.g. employee theft, time clock abuse)

Categories of Reports Remain Relatively Consistent

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Industries with the Highest Median Reporting Rate by Allegation Category

Highest Median Report Rate per Industry

Source: NAVEX Global’s 2018 Ethics and Compliance Hotline Benchmark Report
Key Finding #3

Anonymous vs. Named Reporters

Anonymous Reporting Continues to Decrease

- Median Anonymous Reporting Rate

Little Progress In Follow-Ups to Anonymous Reports

- Median Follow-Up Rate of Anonymous Reports
Education Leads Anonymous Reporting by Industry

Key Finding #4

Overall Substantiation Rates Increase by 10%

Median Overall Substantiation Rate
Overall Substantiation Rate by Industry

Substantiated Anonymous vs. Named Reports

Substantiation Rate by Allegation Category
Key Finding #5

Case Closure Time

Case Closure Increases Slightly in 2017

By Anonymous vs Named Reporter

By Report Categories

Source: NAVEX Global’s 2018 Ethics and Compliance Hotline Benchmark Report
What do you think is the biggest factor in case closure times increasing?

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Industry Case Closure Times

Highest Rate

Overall Median Rate: 44 Days

Lowest Rate

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Key Finding #6

Report Intake Methods
Small Changes in Report Intake Method

Report Intake Method Comparison

“All Other Methods” Has the Highest Rate of Substantiation

Median Substantiation by Intake Method

Key Finding #7

Reports of Retaliation
Where does retaliation prevention fall on your list of E&C program priorities for 2018?

The Low Rate of Retaliation Reports Drops Even More

Percentage of Retaliation Reports

Substantiation Rate of Retaliation Reports

Source: NAVEX Global’s 2018 Ethics and Compliance Hotline Benchmark Report
Key Finding #9

Impact of the #MeToo Movement

The Impact of the #MeToo Movement

Reports Classified as Harassment

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Source: NAVEX Global's 2018 Ethics and Compliance Hotline Benchmark Report

Key Takeaways & Best Practice Recommendations
5 Key Takeaways

1) Increase focus on anti-retaliation efforts
2) Continue work on getting case closure times back within best practice ranges
3) Get a more complete picture of your risks by documenting all reports in one centralized incident management system
4) Make the business case for matching your report volume with appropriate resources
5) Encourage employees to see your hotline as a resource for information, not just a channel for reporting

Moving Beyond the Basics

Incident Management Systems Enhance Your Visibility & Program Effectiveness

• Know Your Risk: Collecting reports from all intake channels (not just web & hotline) into an incident management system creates nearly twice as much visibility into potential E&C risks
• Processes that Work for You: Ensure standard operating procedures with customized workflows, allowing you to capture, assign and resolve incidents consistently and expeditiously
• Identify Trends: Analytics give you the insight to proactively spots trends, address issues, measure program effectiveness and enhance your E&C program
• Gather More Information: Custom web forms provide a simple way to capture and route reports, and make it easy for your employees and managers to document issues
• Protect Your Organization: Consistent documentation also provides a stronger legal defense in the event of a lawsuit or regulatory action

Thank You

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