The State of Whistleblowing
Hotlines & Incident Management
for 2020

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NAVEX Global

About the Presenter

Carrie Penman
Chief Risk & Compliance Officer, NAVEX Global

Carrie has been with Advisory Services since 2003 after serving four years as deputy director of the Ethics and Compliance Officer Association (ECOA). Carrie was one of the earliest ethics officers in America. She is a scientist who developed and directed the first corporate-wide global ethics program at Westinghouse Electric Corporation.

Since joining NAVEX Global, she has conducted numerous program, risk and culture assessment projects globally for its clients and regularly works with and trains Boards of Directors and executive teams. She also serves as a corporate monitor and independent consultant for companies with government agreements. She is the author of numerous compliance related articles and commentary and is regularly featured or quoted as a compliance expert in press and publications. Carrie was also featured in the Wall Street Journal’s Risk and Compliance Journal.
Agenda

• Benchmark Methodology
• Key Findings
• Update on COVID-19 Reporting
• Key Takeaways & Best Practice Recommendations
• Q&A
• Additional Resources

Benchmarking Methodology
Hotline Benchmark Statistical Snapshot

A Snapshot of Our Database

Over 50 million employees generated over 1.4 million reports in 2019 representing

3,255 customers that received 10 or more reports in 2019

Industry Leading Approach

We use Medians or Midpoints rather than averages to reduce the impact of outliers

We calculate ranges to help identify extreme data points as potential areas of concern

Methodology

Our report reflects both allegations and inquiries:

<table>
<thead>
<tr>
<th>Allegations</th>
<th>Inquiries</th>
</tr>
</thead>
</table>

Captured via all intake methods:

- Hotline
- Web
- Other

Report Origination by Continent

![Graph showing report origination by continent]
Key Findings

Report Volume
Reports per 100 Employees

Distribution of Reports per 100 Employee Medians
Reports per 100 Employees
Hotline & Web Only vs. All Intake Sources

100% more

Report Distribution & Reports per 100 Employees by Employee Count

Figure A: Report Distribution

Figure B: Reports per 100 Employees (Median)
Poll Question

Why do smaller organizations receive more reports than large ones?

- More likely to have a speak-up culture
- Receive less guidance from leadership on expected practices
- Less case complexity and more day-to-day issues
- Employees are more likely to choose an anonymous option
- I have no clue
- Other: Please chat your reason

Anonymous Reporting
Anonymous Reporting

Distribution of Anonymous Reporting Volumes
Follow-Ups

Case Closure Time (in Days)
**Median Case Closure Time (in Days)**

- 2011: 32 days
- 2012: 34 days
- 2013: 36 days
- 2014: 39 days
- 2015: 46 days
- 2016: 42 days
- 2017: 44 days
- 2018: 40 days
- 2019: 45 days

**Average Case Closure Time (in Days)**

- 2018: 60 days
- 2019: 66 days

*Webinar Exclusive Data*
Distribution of Median Case Closure Times

Named vs. Anonymous Case Closure Time (in Days)
Median Gap Between Incident & Report Date

- Less than 5 Days: 19%
- 5 to 9 Days: 12%
- 10 to 14 Days: 9%
- 15 to 19 Days: 9%
- 20 to 24 Days: 6%
- 25 to 29 Days: 6%
- 30 to 39 Days: 6%
- 40 to 49 Days: 9%
- 50 to 59 Days: 5%
- 60 Days or More: 20%

Median: 21 days
Average: 37 days

Poll Question

Why do you believe case closure times are increasing?

- Resource constraints: Resources not keeping pace with volume
- Case complexity: Cases are taking longer to resolve
- Inefficiencies: Processes and tools used to assign and execute investigations are not streamlined as they should be, resulting in lag time
- Ownership confusion: Not clear who owns resolution for cases
- Other: Please chat your reason
Intake & Report Categories

Report Intake Method

- **2019**: 36% Hotline, 30% Web Submission, 34% All Other Methods
- **2018**: 30% Hotline, 30% Web Submission, 40% All Other Methods
- **2017**: 28% Hotline, 32% Web Submission, 40% All Other Methods
- **2016**: 22% Hotline, 32% Web Submission, 46% All Other Methods
- **2015**: 21% Hotline, 34% Web Submission, 45% All Other Methods
- **2014**: 20% Hotline, 22% Web Submission, 48% All Other Methods
- **2013**: 20% Hotline, 22% Web Submission, 48% All Other Methods
Allegations vs. Inquiries

Category Medians

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</thead>
<tbody>
<tr>
<td>Accounting, Auditing &amp; Financial Reporting</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>2%</td>
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<td>Business Integrity</td>
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<td>15%</td>
<td>14%</td>
<td>17%</td>
<td>16%</td>
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<tr>
<td>HR, Diversity &amp; Workplace Respect</td>
<td>73%</td>
<td>69%</td>
<td>71%</td>
<td>72%</td>
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<td>5%</td>
<td>7%</td>
<td>7%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Misuse, Misappropriation of Corporate Assets</td>
<td>6%</td>
<td>6%</td>
<td>7%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
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</tbody>
</table>
Median Case Closure Time (in Days) by Category

Substantiation Rates
Median Substantiation Rate

Distribution of Substantiation Rates
Named vs. Anonymous Substantiation Rates

Substantiation Rate by Employee Count
Reports of Retaliation, Harassment & Discrimination

## Retaliation Reports

<table>
<thead>
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<th>Year</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>2011</td>
<td>0.52%</td>
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<tr>
<td>2012</td>
<td>0.70%</td>
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<tr>
<td>2013</td>
<td>0.66%</td>
</tr>
<tr>
<td>2014</td>
<td>0.71%</td>
</tr>
<tr>
<td>2015</td>
<td>0.91%</td>
</tr>
<tr>
<td>2016</td>
<td>0.93%</td>
</tr>
<tr>
<td>2017</td>
<td>1.10%</td>
</tr>
<tr>
<td>2018</td>
<td>1.20%</td>
</tr>
<tr>
<td>2019</td>
<td>1.10%</td>
</tr>
</tbody>
</table>
Substantiation of Retaliation Reports

Year | Percentage
--- | ---
2011 | 10%
2012 | 10%
2013 | 12%
2014 | 27%
2015 | 26%
2016 | 26%
2017 | 21%
2018 | 22%
2019 | 23%

Harassment & Discrimination Reports

Year | Harassment Reports | Discrimination Reports
--- | --- | ---
2016 | 3.97% | 4.62%
2017 | 3.54% | 5.03%
2018 | 3.91% | 5.46%
2019 | 3.83% | 4.81%
Poll Question

Why do you think harassment & discrimination reporting rates are declining?

- Post #MeToo, we have addressed many of the underlying issues
- Lack of confidence that issues will be adequately addressed
- Other issues became a higher priority
- Fear of retaliation
- Other: Please chat your response
Update on COVID-19 Reporting

Key Takeaways & Best Practice Recommendations
Key Takeaways

• Focus on Case Closure Time
• Get a more complete picture of your risks by documenting all reports in one centralized incident management system
• Encourage employees to see your hotline as a resource for information, not just a channel for reporting
• Train and communicate consistent definitions for key reporting topics like retaliation, harassment and discrimination

Additional Resources

2020 Hotline Benchmark Report
Coming soon to your inbox!

White Papers
Definitive Guide to Incident Management
Strength in Numbers: The ROI of Compliance
Program Hotline Reporting
Harassment Investigation Checklist

Learn More About Our Solutions
EthicsPoint Incident Management
GRC Insights

Join the Conversation at Risk & Compliance Matters
Thank You!