The State of Whistleblowing
Hotlines & Incident Management
for 2020

Carrie Penman, Chief Risk & Compliance Officer
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

Medians and ranges provide context for your individual benchmarks

Methodology

Our report reflects both allegations and inquiries:

Captured via all intake methods:

Report Origination by Continent

<table>
<thead>
<tr>
<th>Continent</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>1.4%</td>
<td>1.5%</td>
<td>1.4%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Asia</td>
<td>4.4%</td>
<td>4.6%</td>
<td>4.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Australia</td>
<td>0.4%</td>
<td>0.3%</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Europe</td>
<td>3.9%</td>
<td>4.1%</td>
<td>4.0%</td>
<td>4.4%</td>
</tr>
<tr>
<td>North America</td>
<td>82.0%</td>
<td>82.2%</td>
<td>82.3%</td>
<td>82.3%</td>
</tr>
<tr>
<td>South America</td>
<td>4.6%</td>
<td>4.5%</td>
<td>4.3%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>
**Reports per 100 Employees**

- 2012: 0.4, 1.2, 4.9
- 2013: 0.5, 1.2, 4.0
- 2014: 0.3, 1.3, 8.3
- 2015: 0.3, 1.3, 10.3
- 2016: 0.3, 1.4, 10.0
- 2017: 0.3, 1.4, 11.0
- 2018: 0.3, 1.4, 10.4
- 2019: 0.3, 1.4

**Distribution of Reports per 100 Employee Medians**

- 0.0 to 0.15 Reports per 100: 10%
- 0.25 to 0.99 Reports per 100: 12%
- 1.0 to 1.9 Reports per 100: 14%
- 2.0 to 2.9 Reports per 100: 12%
- 3.0 to 3.9 Reports per 100: 6%
- 4.0 to 4.9 Reports per 100: 4%
- 5.0 or More Reports per 100: 17%

**2018 vs. 2019**
Reports per 100 Employees
Hotline & Web Only vs. All Intake Sources

![Graph showing reports per 100 employees]

Report Distribution & Reports per 100 Employees by Employee Count

![Graph showing report distribution and reports per 100 employees by employee count]
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)

Average Case Closure Time (in 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 34 Days: 8%
- 35 to 39 Days: 8%
- 40 to 44 Days: 8%
- 45 to 49 Days: 5%
- 50 to 59 Days: 5%
- 60 Days or More: 20%

21 days
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
## Allegations vs. Inquiries

![Bar chart showing Allegations and Inquiries from 2012 to 2019]

### Category Medians

<table>
<thead>
<tr>
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</tr>
</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>
<td>3%</td>
</tr>
<tr>
<td>Business Integrity</td>
<td>18%</td>
<td>17%</td>
<td>15%</td>
<td>14%</td>
<td>17%</td>
<td>16%</td>
<td>21%</td>
</tr>
<tr>
<td>HR, Diversity &amp; Workplace Respect</td>
<td>73%</td>
<td>69%</td>
<td>71%</td>
<td>72%</td>
<td>72%</td>
<td>70%</td>
<td>65%</td>
</tr>
<tr>
<td>Environment, Health &amp; Safety</td>
<td>7%</td>
<td>6%</td>
<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

![Line graph showing the median substantiation rate from 2012 to 2019. The rate starts at 36% in 2012 and remains relatively stable until 2019, with slight increases and decreases.]

Distribution of Substantiation Rates

![Bar chart showing the distribution of substantiation rates for 2018 and 2019. The chart breaks down the rates into categories: 0% to <25%, 25% to <50%, 50% to <75%, and 75% to 100%. The 2018 rates are shown in blue, and the 2019 rates are shown in gray. The chart indicates that the majority of customers fall into the 25% to <50% range.]

Webinar Exclusive Data
Named vs. Anonymous Substantiation Rates

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

Retaliation Reports

- 2011: 0.52%
- 2012: 0.79%
- 2013: 0.66%
- 2014: 0.71%
- 2015: 0.91%
- 2016: 0.93%
- 2017: 1.10%
- 2018: 1.10%
- 2019: 1.20%
Substantiation of Retaliation Reports

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
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<tbody>
<tr>
<td>2011</td>
<td>10%</td>
</tr>
<tr>
<td>2012</td>
<td>10%</td>
</tr>
<tr>
<td>2013</td>
<td>12%</td>
</tr>
<tr>
<td>2014</td>
<td>27%</td>
</tr>
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<td>2015</td>
<td>26%</td>
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<tr>
<td>2016</td>
<td>26%</td>
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<tr>
<td>2017</td>
<td>21%</td>
</tr>
<tr>
<td>2018</td>
<td>22%</td>
</tr>
<tr>
<td>2019</td>
<td>23%</td>
</tr>
</tbody>
</table>

Harassment & Discrimination Reports

<table>
<thead>
<tr>
<th>Year</th>
<th>Harassment Reports (%)</th>
<th>Discrimination Reports (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>4.62%</td>
<td>3.97%</td>
</tr>
<tr>
<td>2017</td>
<td>5.03%</td>
<td>3.54%</td>
</tr>
<tr>
<td>2018</td>
<td>5.46%</td>
<td>3.91%</td>
</tr>
<tr>
<td>2019</td>
<td>4.81%</td>
<td>3.83%</td>
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</tbody>
</table>
**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!