2013 HOTLINE BENCHMARKING TOOLKIT

This toolkit will help you learn from the hotline report data in your case management system, assess your organizational culture, and improve your compliance program.

By Carrie Penman, President, Ethical Leadership Group™, NAVEX Global

NAVEX GLOBAL™
The Ethics and Compliance Experts

The 2013 Hotline Benchmarking Toolkit

THE WEBINAR

Benchmarking Your Ethics and Compliance Hotline – WEBINAR RECORDING
Whether you missed the helpline benchmarking webinar with Carrie Penman and Nate White of ELG, or if you want to see it again you can view the webinar here.

Benchmarking Your Ethics and Compliance Hotline – WEBINAR PRESENTATION SLIDES
View the slide deck presented by Carrie Penman and Nate White of ELG (the Advisory Services division of NAVEX Global) in our Webinar entitled "Benchmarking your Helpline: How does your Program Measure Up?"

Benchmarking Your Hotline – WEBINAR Q&A DOCUMENT

We had so many great questions at the Webinar we could not answer them all in the time allotted. This document provides short answers to the questions asked.

THE BENCHMARKS

Statistical Snapshot: The 2013 Ethics and Compliance Hotline Benchmark Report – INFOGRAPHIC
Get the key facts about the NAVEX Global 2012 Benchmarking data. Learn about the number of total reports, criteria for report inclusion, number of industries represented, key differences in methodology and more.

The 2013 Ethics and Compliance Hotline BENCHMARK REPORT
See the full 2013 report containing all 9 external benchmarks, descriptions, and trended data values from2008 through 2012 year-end.

12 Internal Hotline Reporting Benchmarks – DESKTOP REFERENCE
Reference this document to learn 12 benchmarks you should be monitoring internally over time and by various business units, employee levels, geographies, etc.

9 External Hotline Reporting Benchmarks – DESKTOP REFERENCE
Reference this document to learn about the 9 benchmarks tracked externally by NAVEX Global and how you can compare the data in your organization to others.

The NAVEX Global Benchmarking Methodology – OVERVIEW
What is different about the NAVEX Global's benchmarks? Why are medians better than averages? What is the value of providing a normal range? These questions are answered here.

BEST PRACTICES

How to Maximize the Benefits of Hotline Data Benchmarking – WHITE PAPER
Learn why benchmarking your hotline data is important. Explore best practices and learn the difference between internal and external benchmarks.

Overcoming 4 Challenges of Hotline Data Reporting – ARTICLE

Carrie Penman outlines four challenges that ethics and compliance officers have with respect to their hotline data and offers recommendations.

How Hotline Reporting Informs Your Corporate Compliance Program – INFOGRAPHIC
The data in your hotline and case management system yields insights about your organizational culture, policies, workforce education and training, awareness programs and more.

COMPLIANCE PROGRAM RESOURCES

Integrity Diagnostics™ – OVERVIEW

Learn about our advanced diagnostic tool that benchmarks your company hotline data against other organizations in your industry.

Integrity Diagnostics™ – EXCERPT
What data is provided in the Integrity Diagnostics Benchmarking report? See examples of the diagnostics with specific analysis and recommendations for ACME, Inc. in this sample report.

NAVEX Global™ CORPORATE OVERVIEW

Learn about NAVEX Global, the world leader in training, case management, risk reporting, policy management and expert advisory services.

Corporate Compliance Program RESOURCES

Learn more about solutions and services for managing the essential elements of your compliance program. Click here

NAVEX GLOBAL™

The Ethics and Compliance Experts

The 2013 Ethics and Compliance Hotline Benchmark Report

Prepared by:
Carrie Penman, President, Ethical Leadership Group
Nate White, Senior Consultant, Ethical Leadership Group
The Advisory Services Division of NAVEX Global

Introduction

Every year, ethics and compliance professionals gather data from the reports made through their various reporting systems. The way the data is segmented may mean the difference between catching a problem early or just having a stack of tables and graphs with little context for programs, Boards, or senior executives to interpret.

Analysis of reports alleging misconduct and questions raised about company policies provide a valuable perspective on a company's culture as well as the effectiveness of its ethics and compliance program. The challenge, however, in helpline/hotline data analysis and reporting is that there is no right number of total reports or reports about a specific issue type. Every organization and industry faces different risks, which is reflected in the variety of concerns raised by its employees. Further, even within industries, such as healthcare or manufacturing, there are significant differences.

NAVEX Global, through our delivery of intake services and case/incident management systems, has access to the world's largest and most complete database of reports and outcomes. This data – with identifying characteristics removed – has allowed the creation of a set of benchmarks across a group of metrics which will assist organizations in making informed decisions about program effectiveness, potential problem areas, and necessary resource allocations. This report reviews the cross-industry benchmarks created using data from all companies in the database. It should serve as an excellent starting point for companies wishing to assess their organization's reporting data.

For each benchmark you will find:

- A description of the benchmark and what may be learned from it
- How to calculate the benchmark
- The 2012 data for all industries combined
- Key findings and observations

Companies wishing to make the best use of their reporting data as a diagnostic tool should also compare their data to that of their peers. NAVEX Global offers the benchmark data contained in this report for 21 industries and 45 sub-industries, for companies of various sizes, and for other demographic cross-sections as part of the Integrity Diagnostics™ report service.

*More information about Integrity Diagnostics™ can be found at the close of this document.

Contents

THE 2013 COMPLIANCE HELPLINE BENCHMARK REPORT

STATISTICAL SNAPSHOT

It starts with

8,000+

NAVEX Global clients

Representing more than

40 million

employees with hotline/helpline services
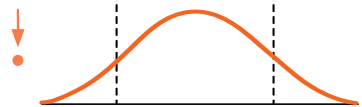
6,300 clients on a NAVEX Global case management system

{ CLEAN **SCRUB DATA** & + **REMOVE ANOMALIES** = **1,650** clients with 10+ reports in 2012

370,000
(REPORTS IN 2012)

1.5 Million Reports
in the last five years

We Use

Medians or Midpoints

TO REDUCE THE IMPACT OF OUTLIERS

NORMAL RANGES identify extreme data points as potential areas for concern.

Medians and ranges provide context to your benchmarks.

REFLECTS ALL INTAKE METHODS

WEB   HELPLINE   OPEN DOOR   MOBILE   E-MAIL

Our data **COVERS 21** industries, and an additional **45 SUB-INDUSTRIES.**

NAVEX Global Calculates
Benchmarks Differently

The primary (and simplest) method that many helpline data providers use to generate their benchmarks is to create averages across a set of metrics, pooling data generally by industry and calculating the average result for each given metric. The problem with this method of benchmarking is that it does not account for outliers, such as companies with an extremely high or low call count or a large or small employee population. As a consequence, the data is generally skewed away from the bulk of companies and toward the outliers.

Rather than viewing the dataset as belonging to one large company, NAVEX Global equally weighed the data of all companies with significant data. Instead of calculating the average result of all companies combined, we calculate the rate for a given metric for each company in our database – the largest helpline report dataset in the world. We find the median rate among all companies of a given industry or size, which paints a more accurate picture of what's actually happening at most companies in that grouping.

There is no "right" answer concerning reporting data. We not only provide a median data rate in our benchmarks, we also provide what we consider to be a healthy range of results. If a company's data falls into that range, even if the data point is 10% or more above or below the median industry rate, it is our opinion that the data is unlikely to be representative of a potential issue. If a company's data falls above or below that range, it is possible that there is still not an issue, but we feel that the result warrants further analysis.
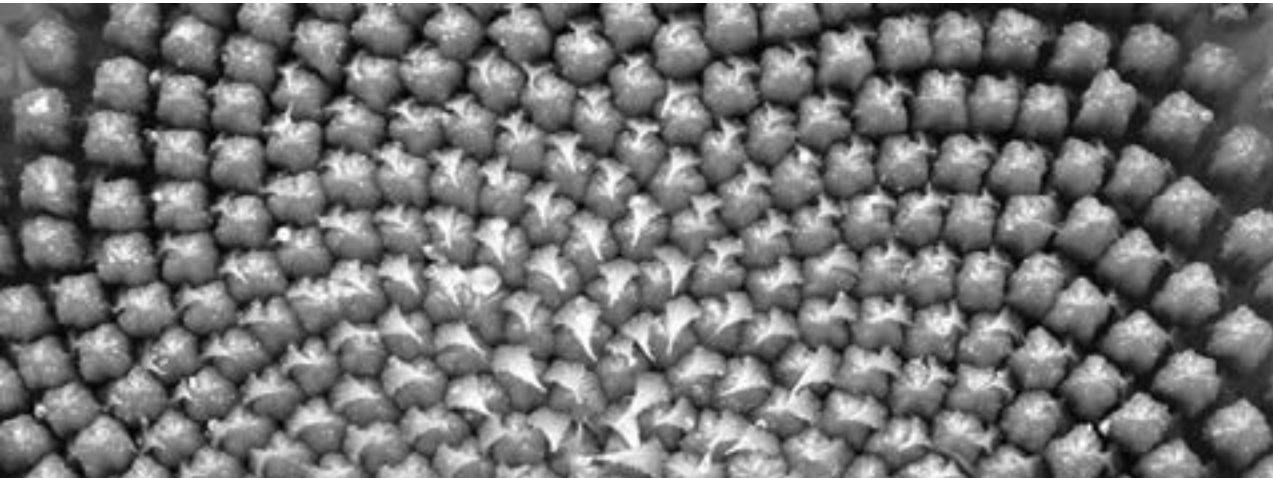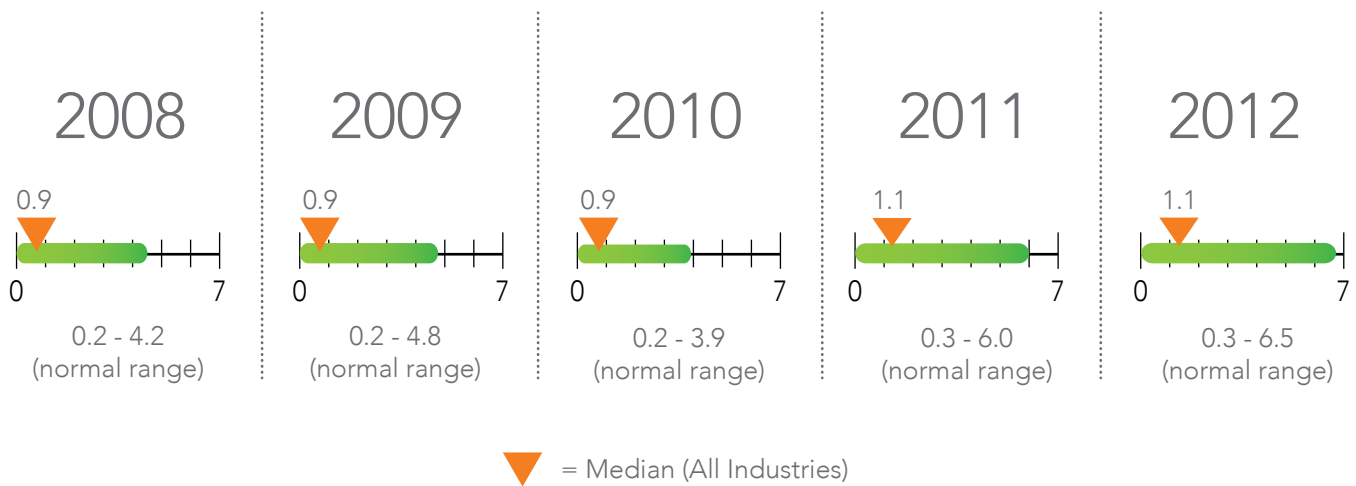
Report Volume

Let's start with the most basic question…
"Are we getting too many or too few reports?"

Reports per 100 Employees is a volume metric that enables organizations of all sizes to compare their total number of unique contacts from all reporting channels (helpline, web forms, fax, email, direct mail, open door conversations manager submittals and more).

How to Calculate: Take the number of unique contacts (incident reports, allegations, and specific policy questions) received during the period, divide that by the number of employees in your organization and multiply it by 100.

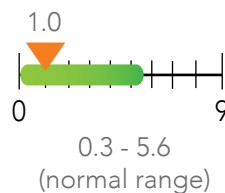## How does your report volume compare to others?

2008	2009	2010	2011	2012
0.9	0.9	0.9	1.1	1.1
0 — 7	0 — 7	0 — 7	0 — 7	0 — 7
0.2 - 4.2 (normal range)	0.2 - 4.8 (normal range)	0.2 - 3.9 (normal range)	0.3 - 6.0 (normal range)	0.3 - 6.5 (normal range)

▼ = Median (All Industries)

As you can see, the last few years has seen **a rise in the reporting rate.** This rise in reporting may be due to:

1. Increasing sophistication of ethics and compliance programs' communications and training strategies
2. Involvement and accountability of the board and executive leadership
3. Media coverage of whistle blower lawsuits and awards
4. Encouragement from government officials to report observed misconduct

Do you track all your reports in the same management system?

All Companies, Helpline and Web Submissions Only	Companies which Track Reports from All Sources
1.0	1.7
0 — 9	0 — 9
0.3 - 5.6 (normal range)	0.4 - 8.4 (normal range)
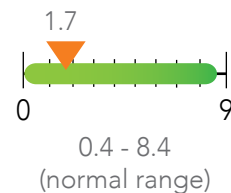
Reports Per 100 Employees 2012

▼ = Median (All Industries)

Repeat Reporters are making up a greater percentage of the report volume.

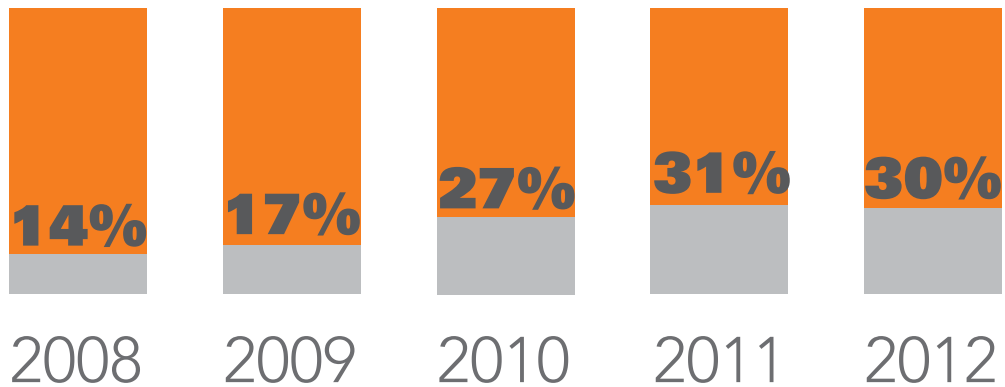| 14%	17%	27%	31%	30%
2008	2009	2010	2011	2012

In fact, the percentage of reports by self-identified repeat reports has

MORE THAN DOUBLED in the last five years.

And don't be too quick to discredit your Repeat Reporters. In 2012, among contacts from reporters who chose to indicate whether this was their first time submitting an issue or not, repeat reporters' allegations were substantiated at the same rate as first time reporters. Historically they have been substantiated at rates even higher than their "first contact" colleagues.

2012 Substantiation Rate For Repeat Reporters

36%
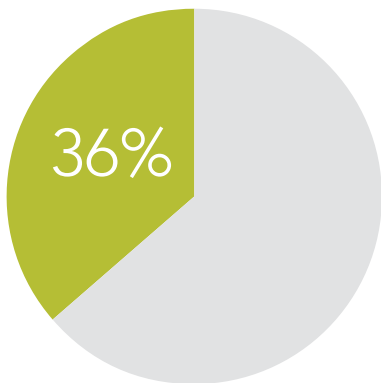
2012 Substantiation Rate For First-Time Reporters

36%
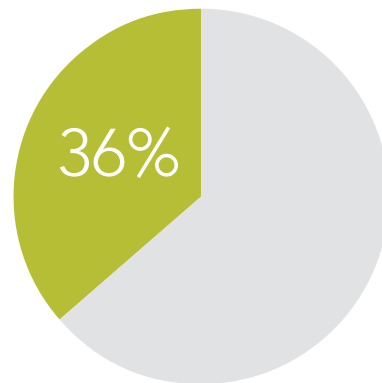
Anonymous vs. Named Reports

Anonymous Reports shows the percentage of all contacts submitted by individuals who chose to withhold their identity.

How to Calculate: Divide the number of contacts submitted by a reporter who withheld their name by the total number of contacts received.

How does your anonymous reporting rate compare?

60%	65%	64%	62%	63%
2008	2009	2010	2011	2012
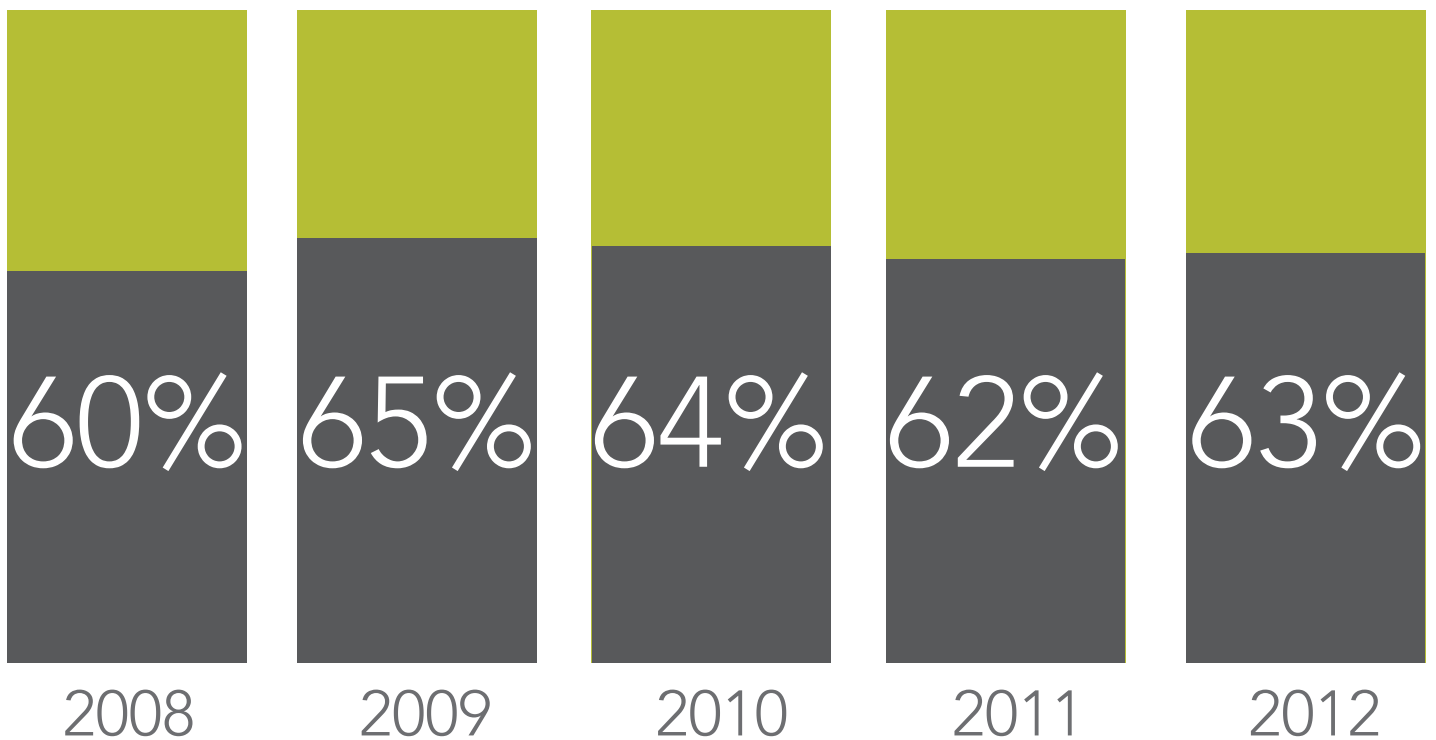
Median Company Rate, All Industries

Follow-up Rate on Anonymous Reports

Helpline report intake processes attempt to collect as much information as possible about an incident, but investigators may still have follow-up questions for reporters. Because investigators cannot directly ask questions of anonymous reporters, it is vital that they stay engaged in the process and check in on their report periodically using the PIN they receive at the time of their report. Investigators may have posted additional questions or requests for information needed to complete the investigation and reach appropriate resolutions for each case.

Raising awareness of the need for follow-up should be included in communications to employees about the reporting process and tracking this metric is important for ensuring the message is being received. It is also useful to know whether reporters are interested in learning the outcome of their report which is typically posted with some limited information.

The Follow-up Rate on Anonymous Reports indicates the percentage of reports which were submitted anonymously that were subsequently followed-up by the reporter.

How to Calculate: Divide the number of anonymous reports with at least one follow-up by the total number of anonymous reports.

How does your Follow-up Rate on Anonymous Reports compare?

43%	32%	31%	31%	23%
2008	2009	2010	2011	2012

Median Company Rate, All Industries
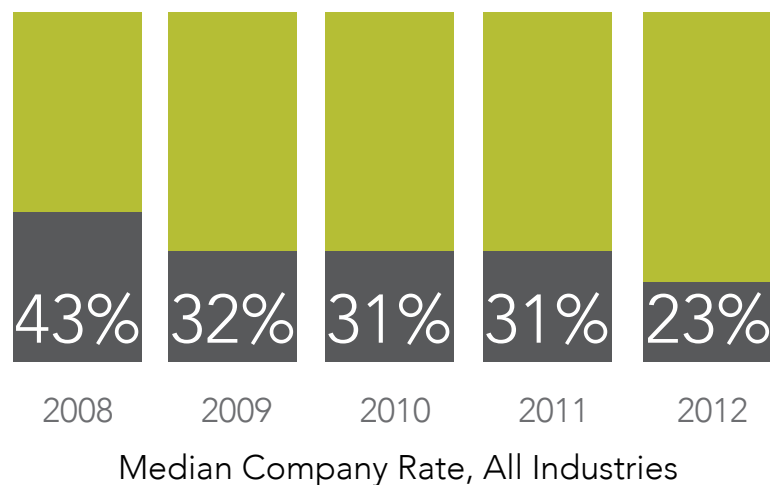
The **Follow-up Rate on Anonymous Reports has Dropped by Half** over the last five years, which is a startling statistic. Over the same period, as we show later in this report, the substantiation rate of anonymous reports has risen, which is the opposite of what we would have expected. However, it appears that the overall quality of reports are improving at a fast enough rate (evidenced by the 7% improvement in overall substantiation rates in the last four years) to more than offset the issues generated by a declining follow-up rate. Regardless, this is a discouraging finding and we encourage organizations to raise the level of awareness around the importance of follow-up with their employees.
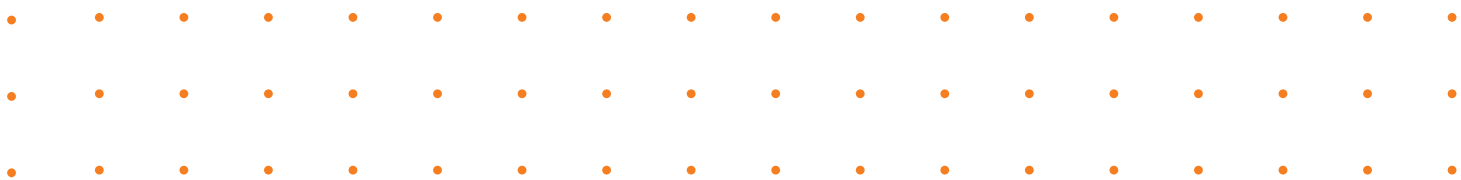
Substantiated Reports

Substantiation Rate is a metric that reflects the rate of allegations made which were determined to have at least some merit (substantiated or partially substantiated). A high substantiation rate is reflective of a well-informed employee base making high-quality reports coupled with high-quality investigations processes.

How to Calculate: Divide the number of reports that are (fully or partially) substantiated by the total number of reports which were determined to be either substantiated (in whole or in part) or unsubstantiated.

How does your Substantiation Rate compare?
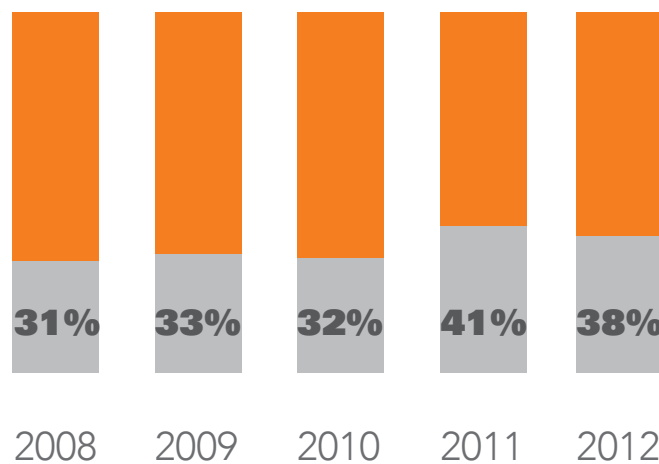
2008	2009	2010	2011	2012
31%	33%	32%	41%	38%

Average Substantiation Rate by Allegation Category (2012)

Accounting, Auditing, and Financial Reporting	Business Integrity	HR, Diversity, and Workplace Respect	Environment, Health, and Safety	Misuse, Misappropriation of Corporate Assets	Average Substantiation Rate for all Reports
52%	45%	35%	44%	50%	38%
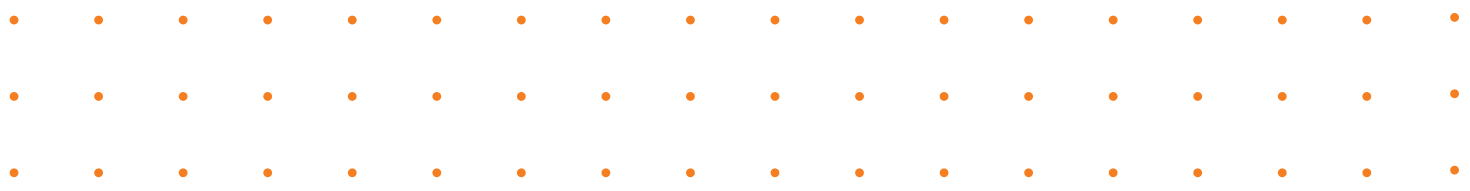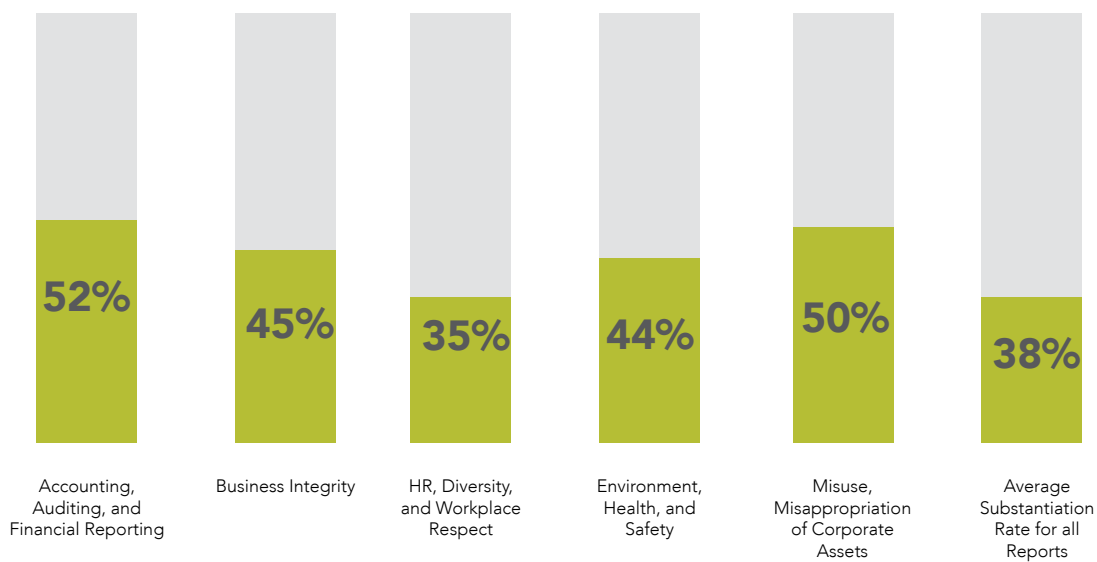
Substantiated Anonymous Reports

A bias exists among some senior leaders and board members against anonymous reports. Many feel as though employees who choose to withhold their identity are doing so because they are making a false or frivolous allegation. Research also indicates this bias often extends to investigators. In our experience, however, names are withheld typically out of fear of retaliation or a desire to not be involved, not because the issue reported is false or frivolous.

Investigators' inability to contact anonymous reporters who do not follow-up likely explains some of the gap between substantiation rates for "named" and "anonymous" reports, but a significantly lower substantiation rate on anonymous reports could signal something else. Additionally, allegations which are made via the helpline or web reporting portal are substantiated at a lower rate, generally, than those made via direct contact with the ethics and compliance office. The majority of anonymous reports are submitted through third-party channels while nearly all direct contact reports involve named reporters.

How to Calculate: Divide the number of anonymous reports that are (fully or partially) substantiated by the total number of anonymous reports with a determined disposition.

How does your Substantiation Rate on Anonymous Reports compare?
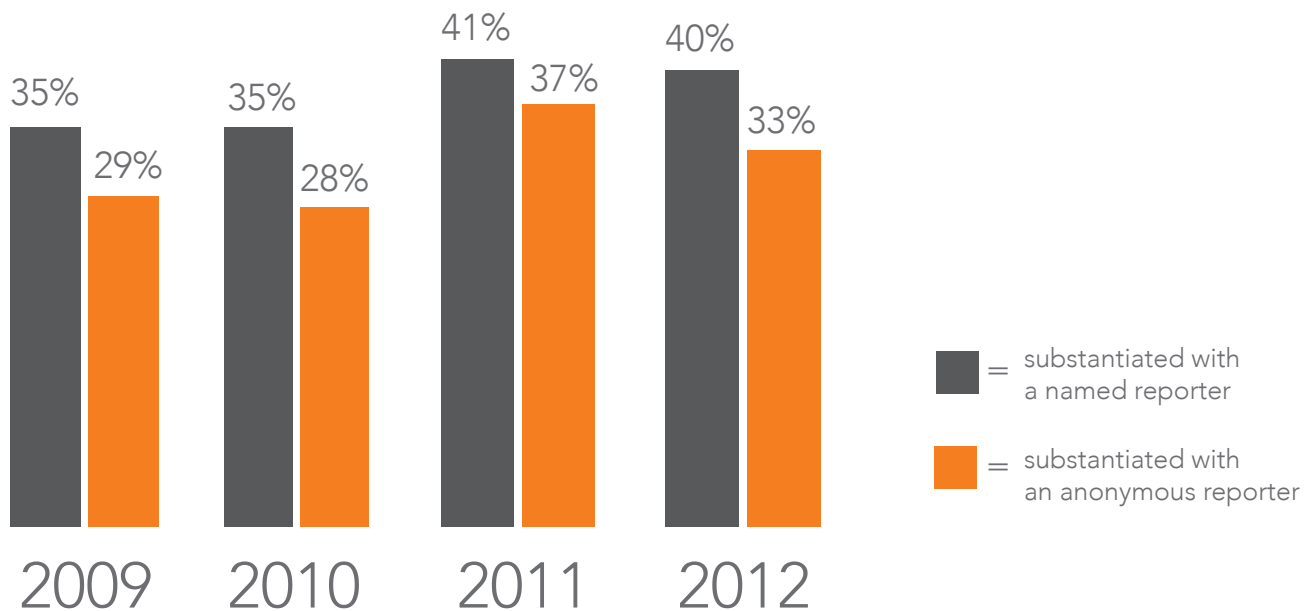
Despite the aforementioned potential bias against anonymous allegations among some leaders and even some investigators, the gap in average overall substantiation rate between allegations made by reporters has remained at 7% or less over the last four years, indicating that such reports are valuable and credible.

Case Closure Time

In order to engender the belief among employees that their concerns are important and are being seriously considered, it is vital that organizations complete investigations in a timely fashion. If months go by without a case being resolved, many reporters will conclude that the company is not listening and not taking action. This belief could be detrimental to an organization on a number of levels.

Case Closure Time is the average number days it takes to complete an investigation and close a case.

How to Calculate: First calculate the number of days between the date a case is received and the date it is marked closed for each case closed during the reporting period (calculating the rate based on case open date will skew the data toward shorter closure times, making the result inaccurate). Then calculate the average case closure time by dividing the sum of all case closure times by the number of cases closed in the reporting period.

How does your Case Closure Time Compare?

Chart: Case closure time by year
- 2008: 30 DAYS
- 2009: 32 DAYS
- 2010: 32 DAYS
- 2011: 32 DAYS
- 2012: 32 DAYS

For the last five years the **median company's average case closure rate** has remained at roughly *30* days, which is what we consider the best practice rate.
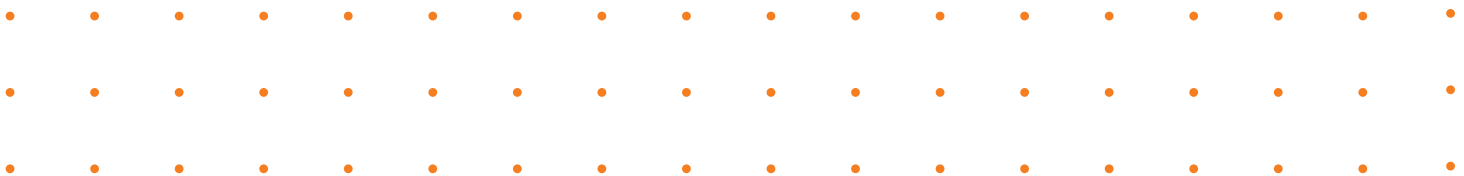
Intake Method

Most companies offer employees the option of making a report via a web portal in addition to the helpline phone option. Providing multiple avenues for employees to report is important as some may be reluctant to report via the telephone and may be more comfortable using a different intake system. Capturing reports through multiple channels results a more complete picture of the imminent risks in your organization.

Several factors impact **Intake Method**. First, reporting channels have to be made AVAILABLE to employees. Second, those channels need to be easily ACCESSIBLE by employees. And finally, employees need AWARENESS of the channels available and accessible to them so that when they have a reporting need they know where to go, what to do, and they can do it in a manner with which they are comfortable.

A helpline contact is submitted when an employee calls a toll-free phone number and is interviewed by an intake specialist who captures the caller's information or question and enters it into the database. Employees can also make their contact through web forms that have a series of questions and prompts similar to those used by helpline operators. With either intake method a form is generated which is submitted automatically to the case management system. Contacts, of course, are also still submitted via traditional channels (like ethics office walk-ins, email, direct mail, fax, and manager submissions), and many ethics offices track these contacts in their NAVEX Global case management system.

How to Calculate: Group all non-hotline and non-web report forms as "All other Methods," and then tally up the number of reports received by each method and divide by the total number of reports. The resulting percentages represent how your employees are choosing to report.

What channels are your employees using to report?

SUBMISSION *METHOD* 2012

HELPLINE	WEB PORTAL	ALL OTHER METHODS
52%	**15%**	**32%**
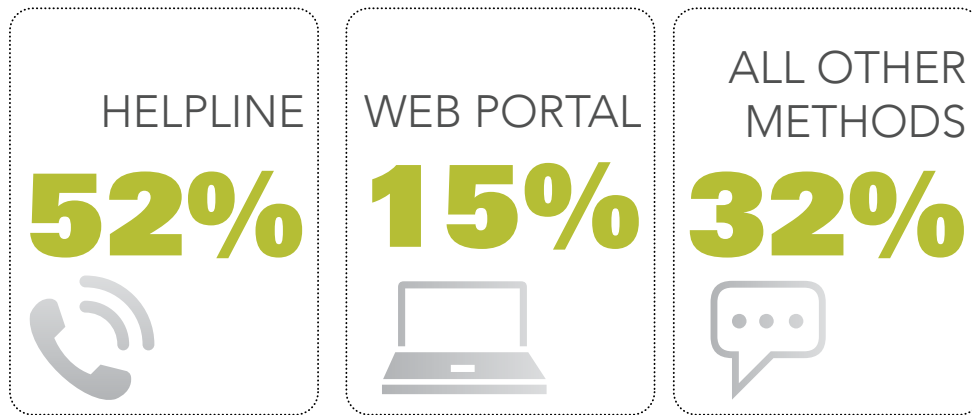
* Benchmark includes only companies who track all intake methods in NAVEX Global case management systems.
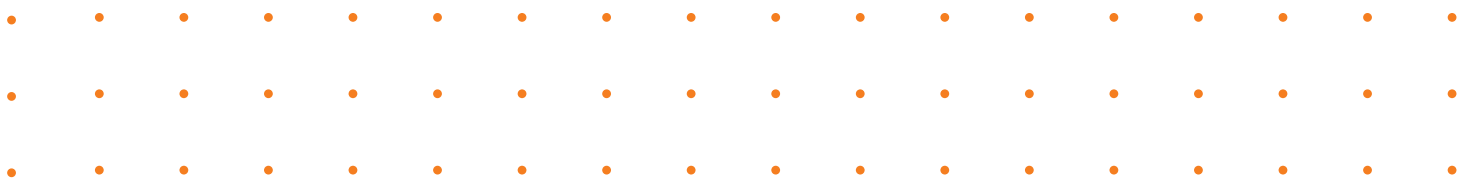
Report Priority

Not all reports are created equal. Certain allegations require more immediate attention than others. Some need to be escalated or assigned to the audit committee or the board of directors. The use of a prioritization system allows companies to react quickly to urgent reports so that they can be handled in a timely fashion.

- **Priority A** – usually applied to reports which are serious or urgent allegations of misconduct that must be addressed in 24 hours.

- **Priority B** – usually denotes reports which are determined to be serious do not involve imminent danger to persons or property.

- **Priority C** – generally used to indicate concerns that are not immediate or specific questions about policies.

Report Priority measures the percentage of cases that had a high, medium, or low priority.

How to Calculate: Divide the number of reports in each priority category by the total number of reports created during the reporting period.

REPORT PRIORITY BY YEAR

2008*	2009	2010	2011	2012
A (High) - 2%	A (High) - 2%	A (High) - 3%	A (High) - 2%	A (High) - 2%
B (Med) - 17%	B (Med) - 17%	B (Med) - 17%	B (Med) - 18%	B (Med) - 17%
C (Low) - 83%	C (Low) - 84%	C (Low) - 83%	C (Low) - 81%	C (Low) - 83%
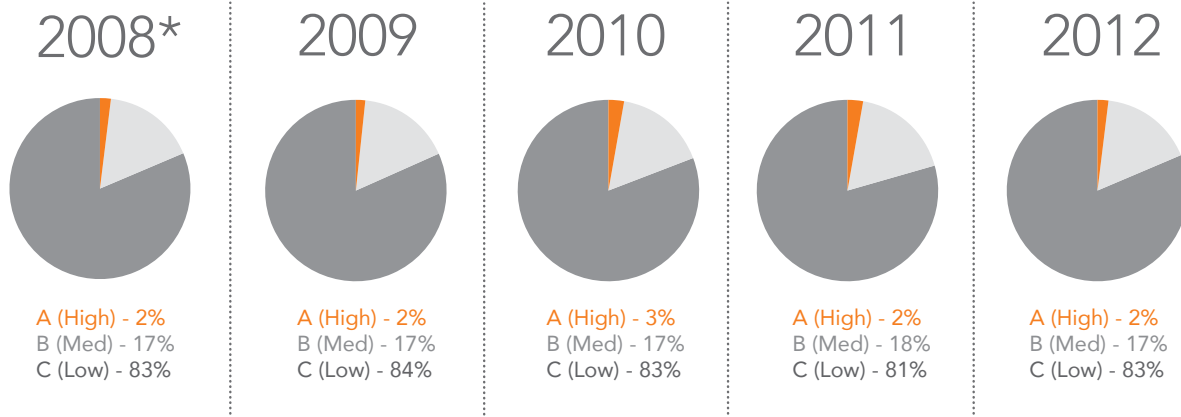
*Totals of the yearly medians in the table do not equal 100% because each is calculated separately and only companies with reports of a given priority level are considered for that benchmark.
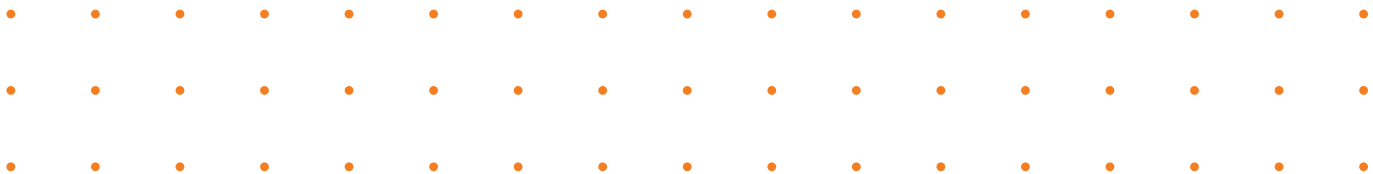
Report Categories

Reviewing the types of reports which are being received provides insight into the efficacy of a company's training and policies by reflecting employees' understanding of what should be reported and when. Although many different categorization methods exist, we roll up reports into five categories:

1. Accounting, Auditing, Financial (i.e. Financial misconduct, Internal controls, Expense reporting)

2. Business Integrity (i.e. Bribery, Falsification of documents, Fraud, COI, Vendor/ Customer issues)

3. Diversity, Workplace Respect, HR (i.e. Discrimination, Harassment, Compensation, General HR)

4. Environment, Health, Safety (i.e. EPA compliance, Assault, Safety, OSHA, Substance use)

5. Misuse, Misappropriation of Corporate Assets (i.e. Computer usage, Employee theft, Time clock abuse)

Common **Report Categories** give us a way to compare (at a high level) the types of reports that different organizations and industries receive.

How to Calculate: First, ensure that every report is categorized appropriately in one of the five buckets. Then, divide the number of reports in each of the five categories by the total number of reports created during the reporting period.

Legend:
- = 2008
- = 2009
- = 2010
- = 2011
- = 2012

Accounting, Auditing, and Financial Reporting	Business Integrity	HR, Diversity, and Workplace Respect	Environment, Health, and Safety	Misuse, Misappropriation of Corporate Assets
3% 3% 3% 3% 3%	16% 16% 17% 16% 17%	70% 71% 69% 68% 69%	7% 7% 7% 9% 7%	5% 5% 5% 7% 6%

As the table above shows, there has been **Remarkable Consistency** in the breakdown of reports by category over the last five years.

We also reviewed the data to determine **which industries received the highest rate of reporting in each category type.** The following table highlights the findings:

Industry with Highest Median Company Rate by Allegation Category 2012

5%	26%	78%	18%	12%
EDUCATION	HEALTHCARE	ACCOMMODATION & FOOD SERVICE	WHOLESALE TRADE	PUBLIC ADMINISTRATION & GOVERNMENT
Accounting, Auditing and Financial Reporting	Business Integrity	HR, Diversity and Workplace Respect	Environment, Health and Safety	Misuse, Misappropriation of Corporate Assets

Some industries' elevated levels of certain types of reports are to be expected. For example, HIPAA and other privacy issues as well as patient care concerns all fall under the heading of Business Integrity, so it is not surprising that Healthcare companies see the highest levels of these types of issues. Other findings here are more surprising such as the highest rate of Accounting and Financial Reporting concerns seen by the Education industry in 2012.
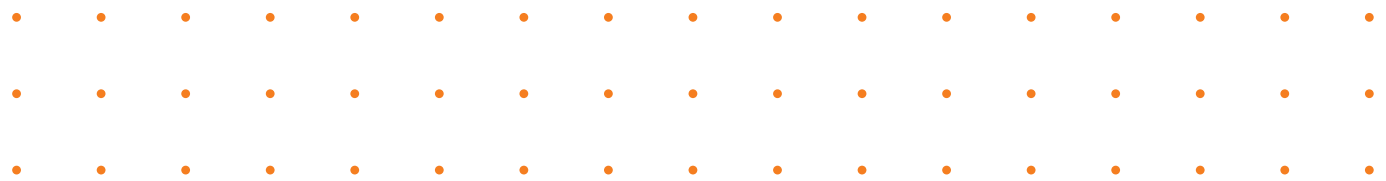
We also looked at the **substantiation rate of reports by each Allegation Category.** An important finding is that reports dealing auditing, financial reporting and misuse or misappropriation of assets are substantiated 50% of the time.

Average Substantiation Rate by Allegation Category 2012

Accounting, Auditing and Financial Reporting	Business Integrity	HR, Diversity and Workplace Respect	Environment, Health and Safety	Misuse, Misappropriation of Corporate Assets
52%	**45%**	**35%**	**44%**	**50%**

Average Substantiation Rate for All Reports

38%

Additionally, while it is not surprising that allegations which involve accounting issues take the most time to resolve, but it may surprise some that allegations involving EHS issues are, on average, resolved as quickly as HR allegations.

Average Case Closure Times by Allegation Category 2012 result

Category	Days
HR, Diversity and Workplace Respect	25 DAYS
Environment, Health and Safety	25 DAYS
Business Integrity	32 DAYS
Misuse, Misappropriation of Corporate Assets	33 DAYS
Accounting, Auditing and Financial Reporting	42 DAYS

0   25   50

DAYS
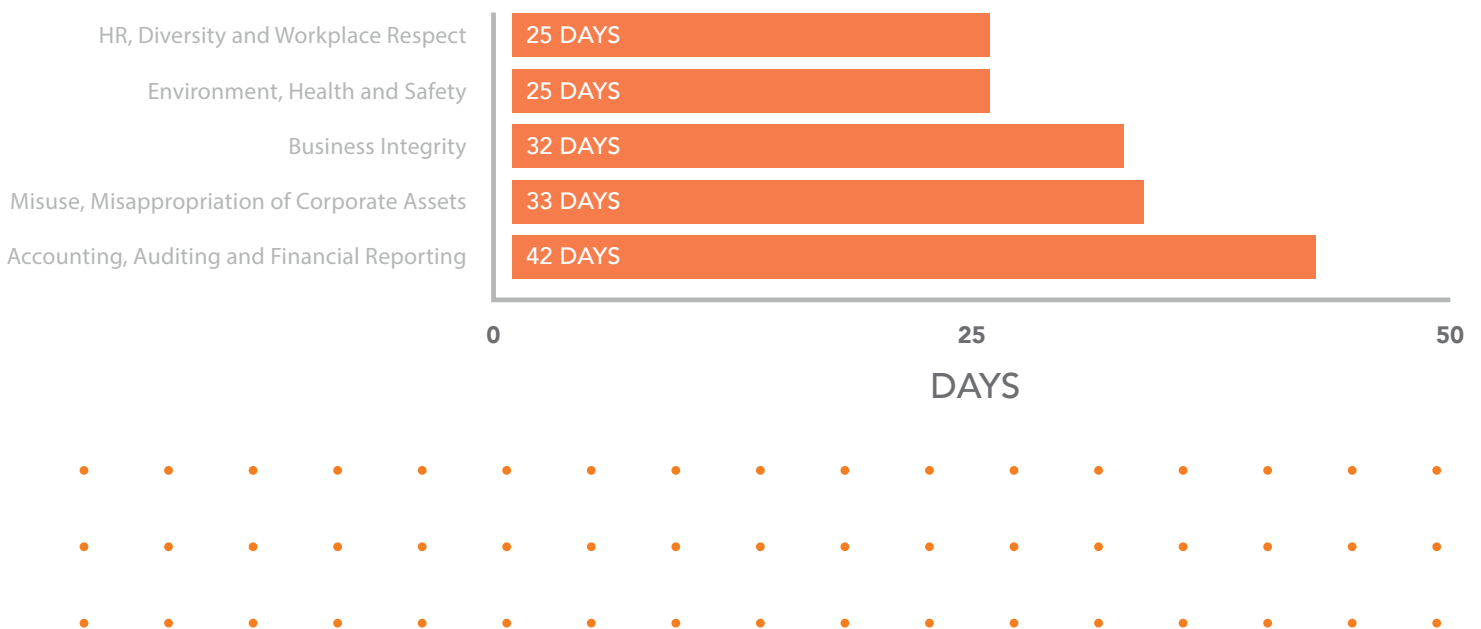
Conclusion

Good data analysis and benchmarking will help organizations answer a number of questions driving the actions that make an ethics and compliance program more effective including:

- Do we need more training?

- Do we need to review or update our policies?

- Are our communications with employees reaching the intended audiences and having the desired effect?

- Should we dig deeper into data of concern with employee surveys and focus groups?

- Do enough employees know about our reporting channels?

- Are our investigations thorough and effective?

- Does our culture support employees who raise concerns?

Helpline/hotline data that is carefully tracked, reviewed, benchmarked, and presented with sufficient context often provides the early warning signs needed to detect, prevent, and resolve problems. We at NAVEX Global hope that this report is helpful to your organization and we welcome any feedback on these findings.

About NAVEX Global

NAVEX Global is the trusted global ethics and compliance expert for more than 8,000 clients in over 200 countries – the largest ethics and compliance community in the world. A merger of industry leaders ELT, EthicsPoint, Global Compliance Services and PolicyTech, NAVEX Global provides a comprehensive suite of solutions to manage governance, risk and compliance (GRC), providing critical cross-program insights thorough unmatched expertise and actionable data.

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Integrity Diagnostics™

Integrity Diagnostics is NAVEX Global's custom benchmark report which contains data representing approximately 370,000 contacts (incident reports, allegations, and specific policy questions) submitted to more than 1,600 organizations in 2012. All organizations that meet the minimum reporting criteria (at least 10 unique contacts in 2012) are included. The report is designed to provide companies with the information they need to be able to compare their reporting system results to those of other organizations within their industry.

Integrity Diagnostics™ is a tailored benchmarking report that compares your organization's data to that of your peers. An Integrity Diagnostics™ report takes the guesswork out of data review and provides you a comparative diagnostic report with tailored analysis and recommendations for your organization.

It includes the following:

- Your organization's diagnostics charted against your industry with median and normal range (The data)
- Analysis of each metric and what it means for your organization (What the data means)
- Recommendations for improving specific areas of your compliance program (What to do with the findings)

Utilizing Hotline Benchmarking Data to Improve Ethics and Compliance Program Effectiveness

NAVEX GLOBAL™
The Ethics and Compliance Experts

Your presenters

Carrie Penman
President
The Ethical Leadership Group

Nathan White
Senior Consultant
The Ethical Leadership Group

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What we'll cover today

- How effective is anonymous ethics helpline reporting?
- Getting the right numbers and reports
- Interpreting trends and correlating actions
- Tracking and reporting the data needed by executive leadership
- Industry trends from 2012

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The only sure things:

Too many calls is not good news.   Too few isn't good, either.

Some factors influencing call volumes and types

Company and industry risk areas

Workforce breakdown and staffing

How reporting system is promoted

Having multiple, alternate reporting channels available

Geographic location

Organizational culture

Economic climate

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Ongoing challenges

So much data, but not always clear what it means

Need to **demonstrate program effectiveness**

Reporting **meaningful and actionable data** to leadership

Comparing your performance to peers and others

Finding **context**

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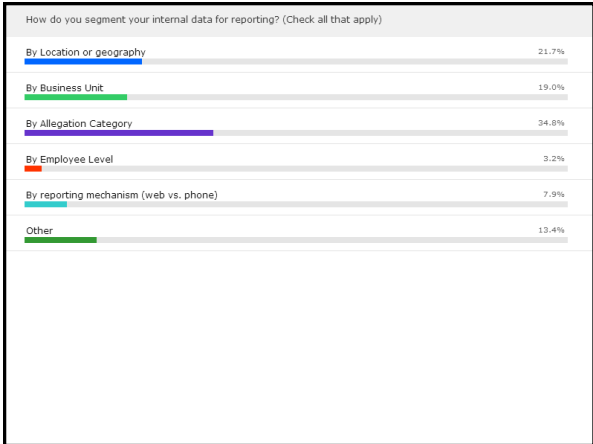The Ethics and Compliance Experts

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Context is best conveyed through:

Comparisons and trend analysis using internal and external benchmarking

Look for:

- **Significant changes** in internal data
- **Deviations** from internal and external norms
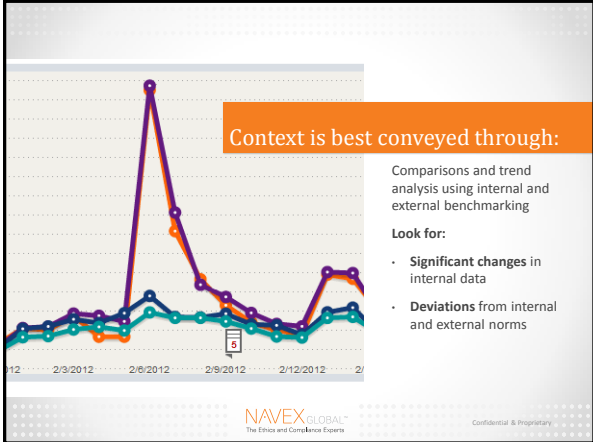
Internal benchmarking – What you should review

Potential areas for review. Look for trends and red flags related to:

- Types of reports - call categories
- Allegations versus inquiries
- Anonymous versus named reporters
- Sources and allegation types: By groups, locations, businesses or services
- Substantiation percentage: For both named and anonymous reports
- Discipline/remediation actions
- Case cycle time
- Online vs. telephone reports
- Source of awareness
- Follow-up contacts from anonymous calls

Internal benchmarking: further breakdowns

- Geographic locations calling (and not calling)
- Levels of employees calling (and not calling)
- Characteristics of anonymous calls
- Comparisons against prior years or quarters
- High volume of, or spikes in, HR related calls
- Retaliation cases and outcomes
- Case closure time by investigating department or investigator
- Substantiation rate by investigating department/investigator
- Disciplinary actions taken -- by business, by location, and by level of employee
- Any anomalies

How do you segment your internal data for reporting? (Check all that apply)

- By Location or geography
- By Business Unit
- By Allegation Category
- By Employee Level
- By reporting mechanism (web vs. phone)
- Other

Submit

How do you segment your internal data for reporting? (Check all that apply)

By Location or geography	21.7%
By Business Unit	19.0%
By Allegation Category	34.8%
By Employee Level	3.2%
By reporting mechanism (web vs. phone)	7.9%
Other	13.4%

Reporting to leadership

Most frequently asked question by leadership:

How are we doing compared to others in the industry?

Requires: External Benchmarking

Categories of calls used:

Accounting, Auditing & Finance:
Financial misconduct, Internal controls, Expense reporting

Business Integrity:
Bribery, Falsification of documents, Fraud, COI

Workplace issues:
Discrimination, Harassment, Compensation, General HR

Health, Safety & Environmental:
EPA compliance, Assault, Safety, OSHA reporting

Misuse/Misappropriation:
Computer usage, Employee theft, Time clock abuse

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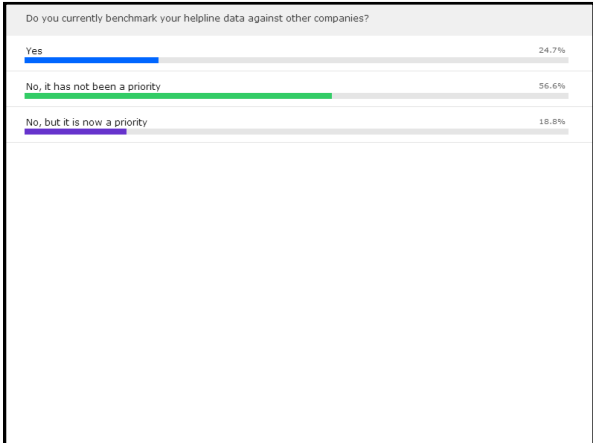The Ethics and Compliance Experts
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Do you currently benchmark your helpline data against other companies?

- Yes
- No, it has not been a priority
- No, but it is now a priority

Submit

Do you currently benchmark your helpline data against other companies?

Yes	24.7%
No, it has not been a priority	56.6%
No, but it is now a priority	18.8%

We currently calculate:

- Types of reports
- Case closure time
- Anonymous vs. named reporters
- Allegation priority
- Substantiation percentage
- Anonymous substantiation percentage
- Online reports
- Follow-up contacts

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Why use medians and ranges and not averages?

- **Median**: midpoint of the data
  - Eliminates skew due to company/business unit size or outlier data
  - Reflects general trend of all companies/organizations in the database
- **Ranges**: capture the spectrum of experiences
  - Takes into account the variety of cultures
  - Flags the most extreme examples as potential areas of concern
- **In this report:**
  - We use **median** when reviewing what the typical company sees in a given metric
  - We use **average** when we're looking at the overall contents of the database

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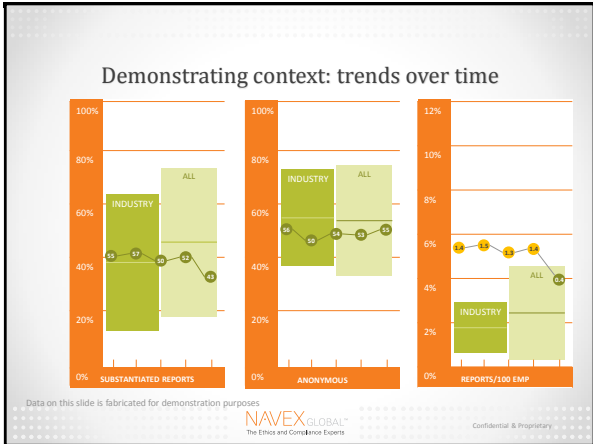
Demonstrating context: trends over time

Data on this slide is fabricated for demonstration purposes

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Slide 1:

What do you report to the board and executive leadership (Check all that apply)?

- Report Volume
- Reports by Category
- Reports by Priority
- Anonymous v. Named Reports
- Substantiation Rate
- Anonymous Substantiation Rate
- Anonymous Report Follow-up Rate
- Average Case Closure Time
- Report Intake Method

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Slide 2:

What do you report to the board and executive leadership (Check all that apply)?

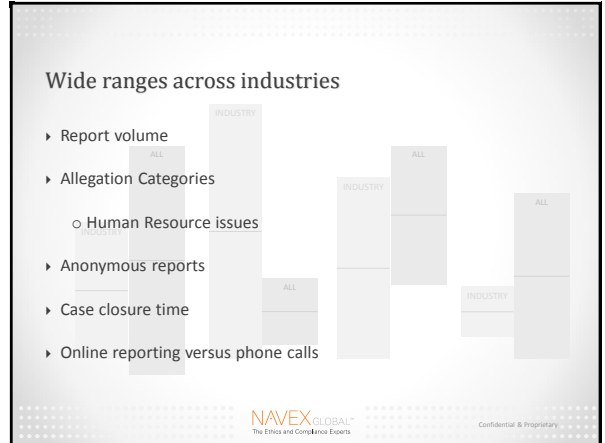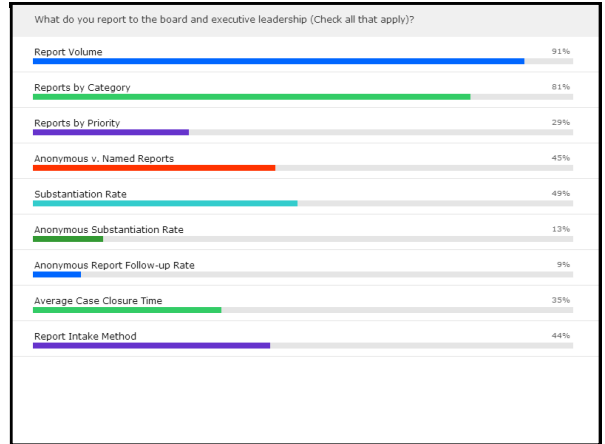|	
Report Volume	91%
Reports by Category	81%
Reports by Priority	29%
Anonymous v. Named Reports	45%
Substantiation Rate	49%
Anonymous Substantiation Rate	13%
Anonymous Report Follow-up Rate	9%
Average Case Closure Time	35%
Report Intake Method	44%

Slide 3:

Some interesting findings:

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Slide 4:

Wide ranges across industries

- Report volume
- Allegation Categories
  - o Human Resource issues
- Anonymous reports
- Case closure time
- Online reporting versus phone calls

INDUSTRY
ALL

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Slide 5:

Report Volume

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Slide 6:

Percent of Employees Reporting (2012)

Highest Rate

1. **Non-profits and Associations**
2. **Retail Trade**
3. **Healthcare and Social Assistance**
4. Utilities
5. Accommodation and Food Services
6. Real Estate and Rental/Leasing
7. Public Administration and Government
8. Administrative Support Services
9. **Finance and Insurance**
10. **Mining**
11. **Agriculture/Forestry, Fishing and Hunting**
12. Commercial Transportation
13. Professional/Scientific + Tech Services
14. Consumer Manufacturing
15. Education
16. Information and Publishing
17. Industrial Manufacturing
18. **Construction**
19. **Metal and Machinery Manufacturing**
20. **Wholesale Trade**

Overall Median rate: 1.1%

Lowest Rate

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Slide 1

How many reports are companies receiving?

Percent of companies with:	2008	2009	2010	2011	2012
<0.5% of employees reporting	32%	32%	30%	25%	26%
0.5% - 1% of employees reporting	22%	21%	24%	23%	21%
1% - 2.5% of employees reporting	25%	25%	27%	27%	26%
>2.5% of employees reporting	20%	21%	18%	25%	27%

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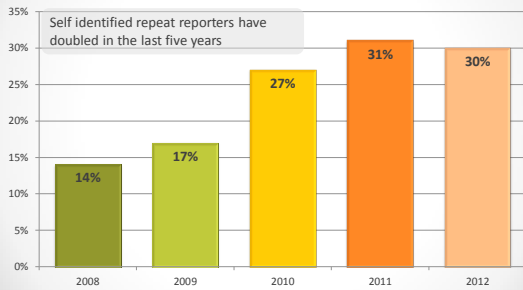Confidential & Proprietary

Slide 2

Report volume

Repeat Callers

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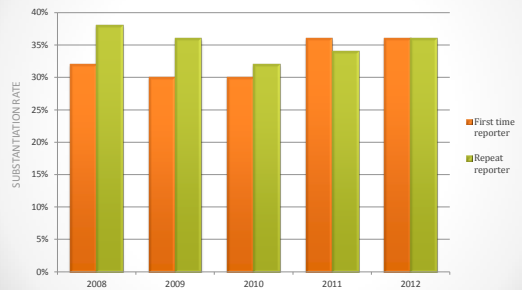Confidential & Proprietary

Slide 3

Same employees: New issues

Self identified repeat reporters have doubled in the last five years

2008	14%
2009	17%
2010	27%
2011	31%
2012	30%

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Slide 4

Don't discount the credibility of repeat reporters

SUBSTANTIATION RATE

First time reporter
Repeat reporter

	First time reporter	Repeat reporter
2008	32%	38%
2009	30%	36%
2010	30%	32%
2011	36%	34%
2012	36%	36%

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Slide 5

Allegation Categories

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Slide 6

Remarkable consistency across allegation categories

Medians by Year	2008	2009	2010	2011	2012
Accounting, Auditing, and Financial Reporting	3%	3%	3%	3%	3%
Business Integrity	16%	16%	17%	16%	17%
HR, Diversity, and Workplace Respect	70%	71%	69%	68%	69%
Environment, Health, and Safety	7%	7%	7%	9%	7%
Misuse, Misappropriation of Corporate Assets	5%	5%	5%	7%	6%

Less than 2% variation in any category over last five years

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Significant variation in substantiation rate by category

Accounting, Auditing, and Financial Reporting	52%
Business Integrity	45%
HR, Diversity, and Workplace Respect	35%
Environment, Health, and Safety	44%
Misuse, Misappropriation of Corporate Assets	50%
Average Substantiation Rate for all Reports	**38%**

Note – no category was substantiated less than 35% of the time!

Human Resources Issues

Rate of Reports that are HR-Related (2012)

Highest Rate

Overall Median rate: 69%

Lowest Rate
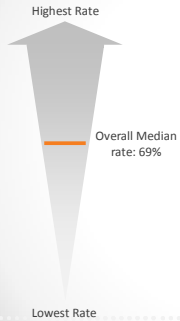
1. **Accommodation and Food Services**
2. **Administrative Support Services**
3. **Consumer Manufacturing**
4. Professional/Scientific + Tech Services
5. Agriculture/Forestry, Fishing and Hunting
6. Retail Trade - Specialty
7. Metal and Machinery Manufacturing
8. Construction
9. **Mining**
10. **Commercial Transportation**
11. **Information and Publishing**
12. Industrial Manufacturing
13. Wholesale Trade
14. Finance and Insurance
15. Education
16. Non-profits and Associations
17. Utilities
18. **Health Care and Social Assistance**
19. **Real Estate and Rental/Leasing**
20. **Public Administration and Government**

Anonymous reports

Anonymous reporting

‣ **Source of frustration for Ethics Officers** and senior leadership because of missing data and inability to talk directly with the reporter

‣ **Senior leaders often push back** on accepting anonymous calls due to:

  o Fear of malicious calls

  o Fear of inability to resolve case

  o Strong belief that reporters with real issues should be willing to give their name

  o EU requirements re: handling of anonymous reports

Substantiation rates: anonymous vs. named reporters

Is there a difference in substantiation rate if the reporter gives his/her name?

Call Type		2009	2010	2011	2012
Jan	Substantiated/named	35%	35%	41%	40%
🚫	Substantiated/anonymous	29%	28%	37%	33%

The gap gets even smaller with helpline/web reports

Helpline / Web	2012 Substantiation Rate
Named Reporters	36%
Anonymous Reporters	34%

Anonymous Report Percentage (2012)

Highest Rate

Overall Median rate: 64%
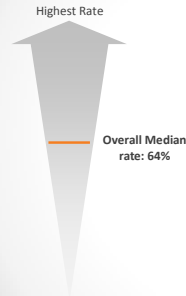
1. **Education**
2. **Public Administration and Government**
3. **Utilities**
4. Mining
5. Professional/Scientific + Tech Services
6. Health Care and Social Assistance
7. Commercial Transportation
8. Construction
9. **Metal and Machinery Manufacturing**
10. **Industrial Manufacturing**
11. **Accommodation and Food Services**
12. Finance and Insurance
13. Retail
14. Information and Publishing
15. Non-profits and Associations
16. Wholesale Trade
17. Agriculture/Forestry, Fishing and Hunting
18. **Consumer Manufacturing**
19. **Real Estate and Rental/Leasing**
20. **Administrative Support Services**

Case closure time

Days to Close a Case (2012)

Longest Time

Median Company's Average days to close a case: 32 days
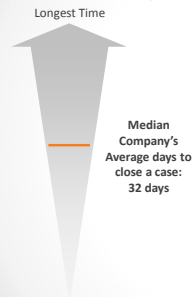
1. **Education**
2. **Information and Publishing**
3. **Professional/Scientific + Tech Services**
4. Industrial Manufacturing
5. Accommodation and Food Services
6. Utilities
7. **Consumer Manufacturing**
8. **Metal and Machinery Manufacturing**
9. **Mining**
10. Administrative Support Services
11. Construction
12. Commercial Transportation
13. **Health Care and Social Assistance**
14. **Retail Trade**
15. **Finance and Insurance**

Average case closure time by category

Category	2012
Accounting, Auditing, and Financial Reporting	42 days
Business Integrity	32 days
HR, Diversity, and Workplace Respect	25 days
Environment, Health, and Safety	25 days
Misuse, Misappropriation of Corporate Assets	33 days

No surprise: Accounting/Finance issues take longest to close.

Interesting: EHS issues close at same rate as HR issues.

Intake Method

Substantiation Rate by Submission Method

Submission Method	Substantiation Rate (2012)
Helpline	36%
Web portal	44%
All other methods	53%

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Overall Report Intake Method

Submission Method	2012 Submission Rate*
Helpline	52%
Web Portal	15%
All other methods	32%

Note: only includes data of companies who track all reports in NAVEX Global systems

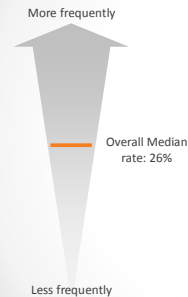3:1 Ratio between Helpline and Web Reports

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Web reporting rates: almost doubled in five years

Method	2008	2009	2010	2011	2012
Helpline	86%	83%	79%	76%	**74%**
Web Portal	14%	17%	21%	24%	**26%**

Breakdown of all intake reports received directly by NAVEX Global

3:1 Ratio between Helpline and Web Reports

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Web-based intake by industry*
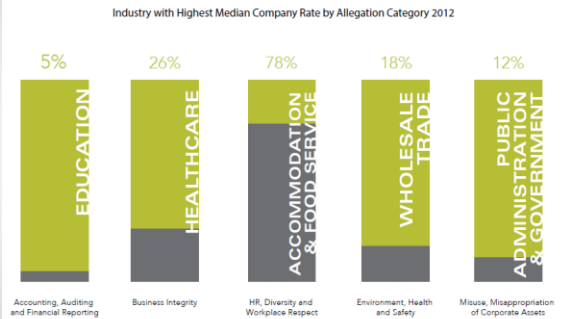
More frequently

Overall Median rate: 26%

1. Education
2. Industrial Manufacturing
3. Non-profits and Associations
4. Professional/Scientific + Tech Services
5. Metal and Machinery Manufacturing
6. Finance and Insurance
7. Wholesale Trade
8. Consumer Manufacturing
9. Health Care and Social Assistance
10. Accommodation and Food Services
11. Retail Trade

Less frequently

Among companies which track all reports in NAVEX Global's case management systems

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Other Findings

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Highest frequency of allegation types by industry

Industry with Highest Median Company Rate by Allegation Category 2012

5%	26%	78%	18%	12%
EDUCATION	HEALTHCARE	ACCOMMODATION & FOOD SERVICE	WHOLESALE TRADE	PUBLIC ADMINISTRATION & GOVERNMENT
Accounting, Auditing and Financial Reporting	Business Integrity	HR, Diversity and Workplace Respect	Environment, Health and Safety	Misuse, Misappropriation of Corporate Assets

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What may cause changes in reporting trends?

- Training and communication initiatives
- Published (or rumors of) internal cases and disciplinary actions
- Internal restructuring/management changes/layoffs
- Policy changes: Code or HR
- Mergers, acquisitions, changes in lines of business
- Regulatory changes
- News articles re: industry, competitors, or the latest compliance scandal
- A real problem

Summary

Final Thoughts and Recommendations
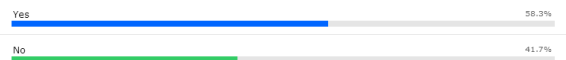

Do you use your Case Management system to track outcomes including case closure time and substantiation rates?

- Yes
- No

Submit

Do you use your Case Management system to track outcomes including case closure time and substantiation rates?

Yes	58.3%
No	41.7%

Helpline Design: The Five Most Common Mistakes

1. Discouraging callers with questions or requests for advice
2. Investigations missteps:
   - Investigations that take too long
   - Poorly trained investigators
   - Maintaining objectivity and professionalism
   - Not vigorously protecting confidentiality
3. Not publishing sanitized outcomes to employees
4. Not looking for trends and related variables
5. Call data to Board and senior management without context

Some advice and best practices:

- Use a robust case management system
- Run your data different ways
- Research anomalies
- Drill down to locations and businesses, issue types and topics, anonymous calls, substantiated allegations
- Sometimes you "don't know it until you see it"
- Follow your gut instincts on brewing problems
- Track and report on quality of case management and investigations
- Track disciplinary actions by offense, level of employee, or group…

How well do you feel that you leverage the data in your case management system to inform other areas in your compliance program?

- Very Well
- Okay
- Not well
- We don't have a case management system
- We don't receive enough reports to yield any meaningful insights

Submit

How well do you feel that you leverage the data in your case management system to inform other areas in your compliance program?

Very Well	15.3%
Okay	39.3%
Not well	22.3%
We don't have a case management system	14.9%
We don't receive enough reports to yield any meaningful insights	8.3%
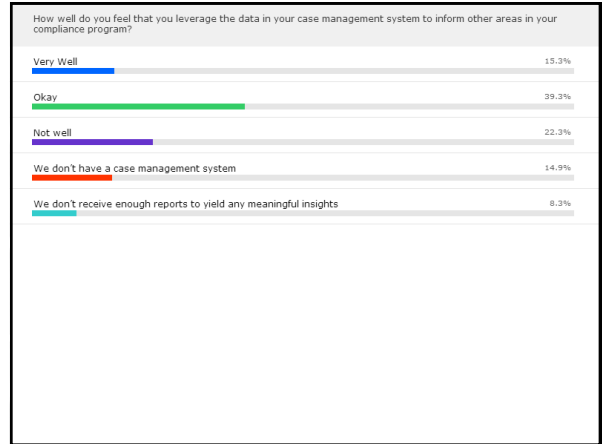
There's More!

▸ **Download the FREE Helpline Benchmarking Toolkit at navexglobal.com**

  o Contains 15 resources that will help you benchmark your helpline, including the 2013 Benchmark Report.

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Thank you for your participation

If you have further questions, please contact:

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Analysis and Benchmarking: Maximizing the Benefits of Hotline Data

BY CARRIE PENMAN

President, The Ethical Leadership Group
Advisory Services division of NAVEX Global

Your board and executive management are numbers oriented. Every day they review metrics to assess the organization's performance. And they know what those metrics mean: higher is better when it comes to revenues, but not expenses.

Lower is better when it comes to safety issues, while higher is better when it comes to customer satisfaction. Experienced ethics and compliance officers will tell you that the most robust source of numbers they have are the data points from their internal reporting systems. But are the numbers effectively measuring anything? And do your executives and board members understand what these numbers really mean?

Meaningful Data

Every year, ethics and compliance professionals gather data from the reports made through their various reporting systems. The way the data is "sliced and diced" may mean the difference between catching a problem early or just having a stack of tables and graphs with little context for you, your Board, and senior executives to interpret. As we conduct program assessments, we continually find frustrated ethics officers and their Boards trying to make sense of all the numbers. They know they received 'x' number of reports in one year regarding code of conduct issues, and 'y' number of reports on HR-related issues, but without any context – and more specifically, without good benchmarks for comparison – they are missing the kind of perspective that stimulates or quells concern. If the data is not meaningful, then leadership becomes complacent about the program and misses the organizational implications that can be gleaned from well-analyzed data.

Is there an easy way to perfectly mine data so that relevant information is readily at hand? The short answer is no. There are some challenges. And sometimes the analytical process is an art as much as a science. But there are approaches and resources which can dramatically change the way your organization looks at (and benefits from) its helpline/hotline data.

Challenges

The first challenge in helpline/hotline data analysis and reporting is that **there is no right number of total calls or calls about a specific issue type**. Every organization and industry faces different risks, which is reflected in the variety of concerns raised by its employees. Further, even within industries, such as healthcare or manufacturing, there are significant differences.

> "Sometimes the analytical process is an art as much as a science. But there are approaches and resources which can dramatically change the way your organization looks at, and benefits from, its helpline/hotline data."

Most organizations also have in place multiple mechanisms to address employee concerns that could impact the number and types of issues raised through the ethics and compliance channels. For example, some organizations have a separate 800 number to deal specifically with Human Resources or Equal Employment complaints. In these organizations, we may then find the percentage of Human Resources issues received by the ethics and compliance reporting systems to be lower than those organizations that do not have a separate system because some of these issues will be handled through the alternate reporting channel. Other factors influencing call volume include:

- Workforce breakdown and staffing
- How the reporting system is promoted
- Geographic location of employees (both US and international)
- The organizational culture
- The economic climate

Though we know that there is no right number of reports, we do know that companies receiving too few or too many have reason to dig deeper. An excessive amount of reports may signal real compliance problems or management that is not trusted. A low number of reports may simply mean employees don't know about the channel, or it may mean they fear retaliation if they do report. The most useful data analysis provides context for the reviewer and allows the organization to focus on identified potential problem areas.

Creating appropriate context is the second challenge. Context is often best conveyed through comparisons, trend analysis, or benchmarking against both internal and external data sources. Such analysis looks for significant changes in data over time or deviations from norms.

The Art and Science of Benchmarking

A quick discussion of basic statistics will help frame the discussion of benchmarks and norms. When developing cross-industry as well as industry-specific benchmarks (norms), the best approach is to define acceptable data ranges based on a mid-point (median), rather than calculated averages. Benchmarks based on averages could be skewed by a few large companies, or a few companies with extreme values, that draw the average away from the results of the majority of participating companies. By using the medians and ranges, organizations are better able to recognize unusual occurrences and focus efforts and resources on them. We are now using the sizable NAVEX Global database of industry and cross-industry reports (approximately 370,000 reports in 2012, representing approximately 1,650 hotline/helpline clients), to solidly define these ranges for our clients.

Two Types of Benchmarking

There are two ways to benchmark your reporting system data. The first is to compare data internally within the organization. The second is to compare the data to external organizations both within your industry and across all industries. Each approach will provide valuable insights and each is necessary to understand the full picture.

INTERNAL BENCHMARKING

Internal benchmarking throughout an organization's various businesses and locations provides important context, particularly when observing deviations from the internal norms over time. Here, the sophistication of an organization's case management system will determine how robust the analysis can be – more tracked data, more context, and more opportunity for actionable conclusions. By looking at the data over time, an organization can compare trends, detect trouble spots, and measure the effectiveness of its program.

As noted earlier, a sophisticated case management system, one that allows tracking and analysis of critical data fields, will pay great dividends in evaluating program effectiveness. Most people have heard the phrase "garbage in, garbage out." This old adage applies to reporting system databases as well. The system (and resulting analysis) is only as good as the data entered. Accurate, consistent, and timely entry of data – and most specifically data points concerning case closure and outcomes information – will provide the most reliable analyses. There are two data fields in particular that will yield valuable insights: (1) whether or not the report was substantiated and (2) the case closure time.

Report substantiation rates provide important information on the quality of reports received. A high substantiation rate (typically over 40% of the allegations) indicates that employees know the types of issue that should be reported and are providing enough information to conduct a thorough investigation. There are two factors that would generally lead to a lower percentage of substantiated reports. One factor is the type of methods (or lack thereof) used to educate employees on the reporting process. If employees do not understand the process or the types of issues that should be reported, then the system will be dealing with low quality reports.

Second, a low substantiation rate could be an indicator of a need to review and/or improve the investigation process. One organization we reviewed had zero substantiated allegations during an entire year. While the organization could rationalize this data point by assuming the calls were junk level, a zero substantiation rate is highly unusual. In fact, we urge deeper examination whenever substantiation rates are below 20%. We encouraged the organization with no substantiated allegations to review the investigations conducted that year to ensure that they were properly and thoroughly completed – i.e. effective.

Case closure time is also an important measure of program effectiveness because long case resolution times will cause employees to believe that the company does not take them, or their issues, seriously. Employees are more likely to report genuine issues if their concerns are addressed in a timely fashion. While any organization will have investigations that are complex and take longer to review, best practice organizations close the majority of cases within 30 days. Tracking this statistic by investigating department will also help highlight those areas or departments that may need additional or different resources for timelier case resolution.

Another essential aspect of internal benchmarking is the **comparison of different business units, departments, or locations across the total organization**. This comparison allows a better examination of how different parts of the operations are performing in relation to ethics and compliance. If there are more reports in certain areas, it could indicate a need for intervention. When looking at data as a whole, without trending over time or without grouping by organization or issue type, this would not be so obvious. Internal data mining and benchmarking do not always lead to an answer, but they can clarify which questions to ask. This may also lead to questions best answered by external benchmarking.

EXTERNAL BENCHMARKING

There is one question that Boards and executives always ask: How does our ethics and compliance program stack up against those of others in our field? By benchmarking within the industry, an organization can, for example, compare itself against the call statistics reported by its peers. This can inform an organization whether certain allegations are more common in the industry and its various sectors than others, or if the organization itself has higher numbers than its competitors. Using the NAVEX Global database, for example, looking at the number of calls received per 100 employees, we found striking differences just among the various health care sectors as shown in Figure 1.
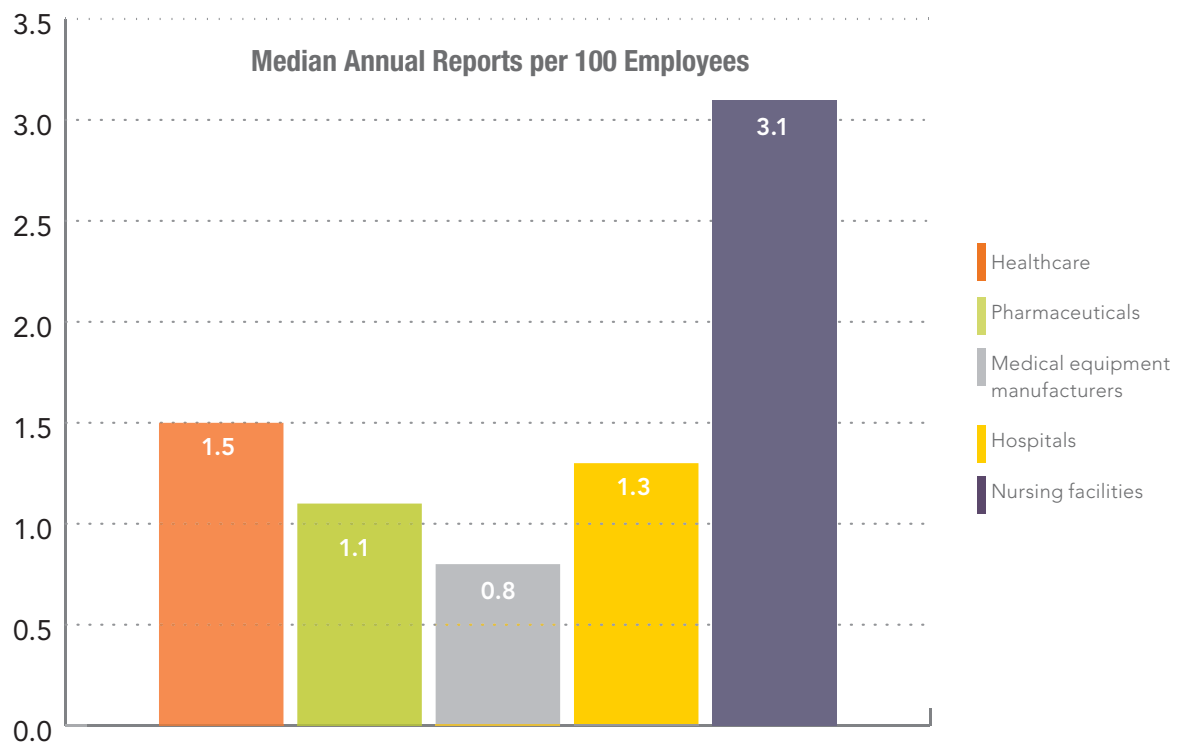

Median Annual Reports per 100 Employees

- Healthcare
- Pharmaceuticals
- Medical equipment manufacturers
- Hospitals
- Nursing facilities

Figure 1: Healthcare Industry Median Annual Reports per 100 Employees, 2012

EXTERNAL BENCHMARKING, CONT.

In addition to looking within your own industry, benchmarking across all industries adds another useful perspective to your data analysis. Here, too, we found striking differences in 2012 as shown in Figure 2.

Cross-Industry Median Annual Reports per 100 Employees

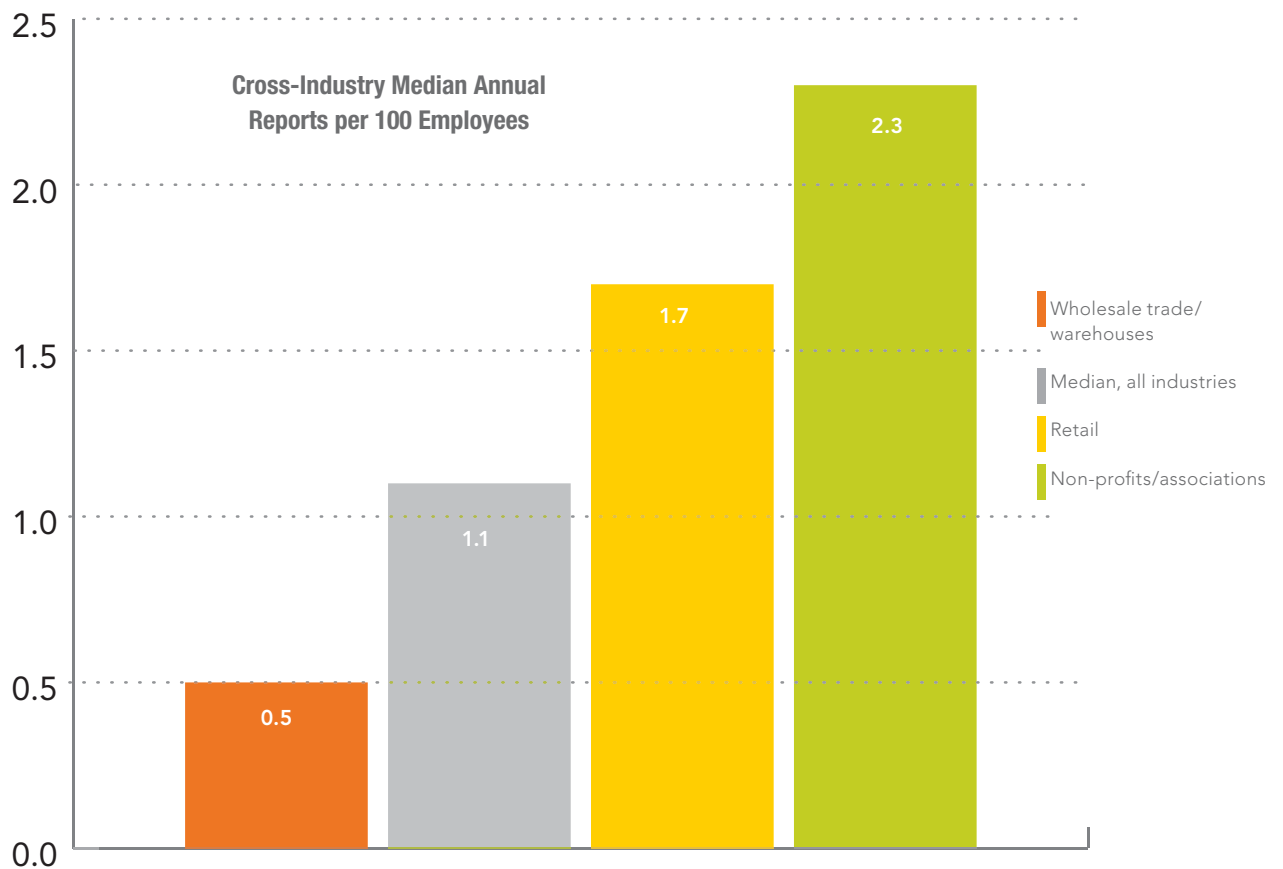|		
■	Wholesale trade/ warehouses	
■	Median, all industries	
■	Retail	
■	Non-profits/associations	

Values shown: 0.5, 1.1, 1.7, 2.3

Figure 2: Cross-Industry Median Annual Reports, 2012

Call volume was not the only variable with a wide cross-industry range. There were other data points with significant variability by industry. These include:

- Human Resource issues
- Anonymous reports
- Online reporting
- Follow-ups on anonymous reports
- Case closure time

SPECIFIC DATA COMPARISONS

Internally and externally, there are certain types of data that can be most beneficial to review, including:

- Report volume
- Call categories or types of reports
- Anonymous report rate
- Allegations vs. Inquiries
- Follow-up rate on anonymous reports
- Geographies or locations reporting / not reporting
- Substantiation rate
- Employee levels reporting/not reporting
- Anonymous report substantiation rate
- Characteristics of anonymous calls
- Case cycle or closure time

- Discipline or remediation actions
- Intake method (phone/web/open door)
- Sources and types by groups, locations, business units
- Report priority
- Substantiation rate by investigating department or investigator
- Report category
- High volume spikes in hr related calls
- Source of awareness
- Retaliation cases and outcomes
- Case closure time by investigating department or investigator

SOME SURPRISING FINDINGS

Based on our analysis of the data collected, we discovered some remarkable trends and insights. This is the type of information executives and board members look for as they seek to understand whether or not your compliance program is effective. To better illustrate, consider our findings regarding anonymous reports and repeat reporters.

SUBSTANTIATION RATES: ANONYMOUS VS. NAMED CALLERS

Should we welcome anonymous reports? This topic has long been discussed in the ethics and compliance world. Many assume that anonymous reports are likely to be unsubstantiated. Managers often fear that anonymous reports will be used as a way for employees to make deliberately false allegations against a colleague or boss. Some even argue that anonymity should not be an option when making reports. They say, *"If they aren't willing to give their name then they shouldn't raise the issue."* Our findings regarding substantiation rates of reports from named versus anonymous reporters show a far different situation:

CALL TYPE	MEDIAN
Percent of cases substantiated with a named reporter	40%
Percent of cases substantiated with an anonymous reporter	23%

Figure 3: Case Substantiation Rates for Named Versus Anonymous Reporters, 2012

In 2012, a spread of seven percentage points existed between the substantiation rate of anonymous and named reports. Although this difference exists, one should not overlook the fact that one-in-three anonymous reports were still substantiated. Based on 370,000 reports across all industries, this is strong support for encouraging the anonymous reporting option. This is not an anomaly. The gap in average overall substantiation rate between allegations made by named and anonymous reporters has remained at 7% or less over the last four years, indicating that such reports are valuable and credible.

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SUBSTANTIATION RATES: FIRST-TIME VERSUS REPEAT CALLERS

Anyone who has dealt with Helpline reporters usually has a few stories to tell about certain employees who use the reporting system on a regular basis; some call them 'frequent flyers.' Management and others have typically dismissed repeat reporters as having another agenda or as less credible. Perhaps our most surprising finding was that for those reporters who identified themselves as repeat reporters, (approximately 30% in 2012) these cases were actually substantiated at a higher rate than issues received from first time reporters as shown in Figure 4. *This has been a consistent finding over the last four years.*

REPORTER TYPE	TOTAL REPORTS	SUBSTANTIATION RATE
First Time Reporter	70%	36%
Repeat Reporter	30%	36%

Figure 4: 2012 Case Substantiation Rates for Named Versus Anonymous Reporters

The Case for Benchmarking

Helpline/hotline data is a treasure trove of information about your organization and your compliance program. But data is just that until it is placed into context. The twin tools of internal and external benchmarking work together to extract the most useful information from your data and provide that context. We noted earlier that reviewing the data can be as much an art as a science. The art is to experiment with the types of analyses or comparisons you make. Experimenting with reports on the different variables may yield some surprising and unanticipated results.

With a state-of-the-art case management system, internal benchmarking can be a regular part of your ethics and compliance program, determining trends and adjusting the program to address the issues. By also benchmarking outside of your organization, through industry organizations and groups that aggregate cross-industry data, you can gain critical knowledge about the norms in your industry and in the business environment in general.

Advice and Best Practices

To refine the art of analysis and benchmarking, we offer the following recommendations:

- Use a robust case management system
- Determine your internal norms and ranges; trend this data over time
- Run your data different ways and research any anomalies
- Drill down to locations and businesses; issue types and topics; anonymous calls; substantiated allegations

- Sometimes 'you don't know it until you see it'
- Follow your gut instincts on brewing problems
- Track and report on quality of case management and investigations
- Compare your data against external benchmarks

ANALYSIS AND BENCHMARKING: MAXIMIZING THE BENEFITS OF HOTLINE DATA

Conclusion

Good data analysis and benchmarking leads to more questions: Do we need more training? What about better communication with employees? Should we dig deeper with employee surveys and focus groups? Are our investigations thorough and effective? Does our culture support employees who raise concerns? These are the important questions driving the actions that make your ethics and compliance program effective. And your helpline/hotline data, carefully tracked and reviewed, often provides the early warning signs needed to detect, prevent, and resolve problems before they lead to serious, damaging, and costly outcomes.

ABOUT THE AUTHOR

Carrie Penman is the president of Ethical Leadership Group (ELG), the advisory services practice of NAVEX Global™. She has been with the firm since 2003 after four years as deputy director of the Ethics and Compliance Officer Association (ECOA). Carrie was one of the earliest ethics officers in America – a scientist who developed and directed the first corporate-wide global ethics program at Westinghouse Electric Corporation. Since joining ELG, she has conducted numerous program and culture assessment projects for its clients and regularly works with and trains company boards of directors and executive teams. She also serves as a corporate monitor and independent consultant for companies with government agreements.

The Ethical Leadership Group is the advisory services division of NAVEX Global, the trusted global ethics and compliance expert for more than 8,000 clients in over 200 countries. Together, we empower clients to build their business value through informed decisions, elimination of silos and increased visibility to drive revenue. A merger of industry leaders ELT, EthicsPoint, NAVEX Global Services and PolicyTech, NAVEX Global now provides the world's most comprehensive suite of solutions to manage governance, risk and compliance.

866-297-0224 | info@navexglobal.com | www.navexglobal.com

12 Internal Benchmarks for Helpline Reporting

Brief Explanation of Internal Benchmarks

While senior leaders and board members often express concerns about how a company's data compares to external benchmarks, it is equally important that companies review their data internally, not just at the high level but diving into each business operation, location, or geography. Such a review can provide specific insight into the effectiveness of communications and training, can highlight trends in the cultural health of certain parts of the company, can help to assess the efficiency of investigations, and can deliver a number of other key operational and cultural metrics. Internal benchmarking provides important context, particularly when observing deviations from the internal norms over time. Here, the sophistication of an organization's case management system, and how it is configured, will determine how robust the analysis can be—offering more tracked data, more context, and more opportunity for actionable conclusions. By looking at the data over time, an organization can compare trends, detect trouble spots, and measure the effectiveness of its program. We recommend the following metrics be included in an internal "deep dive" benchmark review of reporting data.

CALL CATEGORIES OR TYPES OF REPORTS

A review of the types of calls which come in over a certain period can indicate elevated risks of certain kinds of potential wrongdoing as well as gaps in understanding of the policies and laws which affect certain groups of employees. In addition to categories benchmarked externally, organizations may have internal reporting categories to monitor specific risks.

GEOGRAPHIES OR LOCATIONS REPORTING OR NOT REPORTING

An excessive number of reports submitted by a sector of the company may indicate a serious cultural concern beyond what is indicated by the allegations. The converse, an absence of reporting from a group or location, can indicate an equally serious concern.

ALLEGATIONS VS. INQUIRIES

A high ratio of inquiries to allegations can indicate that employees are aware of their responsibilities to uphold a company's policies and ethical standards and that they are considering their job-related choices carefully. This information can also help inform training needs.

LEVELS OF EMPLOYEES REPORTING (AND NOT REPORTING)

It is important that companies evaluate whether they are reaching all levels of employees with ethics and compliance initiatives and that these employees are fulfilling their obligation to report observed misconduct. Absence of entire levels of employee groups engaging in the process could indicate lack of awareness or more serious concerns or lack of trust in the systems.

SOURCES AND TYPES BY GROUPS, LOCATIONS, BUSINESS UNITS, DEPARTMENTS

A demographic review of reporting data can provide innumerable insights into a company's culture which can serve as a review of the efficacy of its communications and training strategy as well as the cultural health of various employee groupings and business levels.

CHARACTERISTICS OF ANONYMOUS CALLS

It is important that companies review their anonymous contacts to ensure that their substantiation rate is reasonable, that employees are following up on their anonymous reports so that investigators are able to ask questions, and that there are no patterns in anonymous reporting related to different demographic or allegation groupings that might indicate elevated fears of retaliation.

DISCIPLINE OR REMEDIATION ACTIONS

It is important that companies take a wide view of disciplinary patterns to ensure that employees at all levels and in all areas are held similarly accountable and that any disciplinary action is commensurate with the severity of the determined infraction and consistent with actions taken in other similar cases regardless of the level of employee involved.

HIGH VOLUME OR SPIKES IN HR RELATED CALLS

While many see HR related reports as a nuisance, our experience has found that a spike in HR-related reports is often indicative of other potentially serious issues in an area which may be going unreported, such as potential fraud or accounting violations, or poor local management practices or behaviors.

SOURCE OF AWARENESS

By reviewing how reporters became aware of the reporting channel they used, companies can assess awareness strategies and the efficacy of their communications.

RETALIATION CASES AND OUTCOMES

Retaliation, and the perception or fear thereof, can be the single biggest deterrent to reporting at a company. Reviewing this metric serves to not only measure the actual levels of retaliation a company is experiencing, it also helps to determine whether or not the company's non-retaliation policy is being properly enforced. Issues and outcomes related to this metric should be part of executive reporting.

SUBSTANTIATION RATE BY INVESTIGATING DEPARTMENT OR INVESTIGATOR

It is important that companies look for patterns among the allegations reviewed by each of its investigators and investigative groups to be certain that no prejudices or gaps in training exist and that the same quality standard is being met across all of the investigative resources.

CASE CLOSURE TIME BY INVESTIGATING DEPARTMENT OR INVESTIGATOR

A review of case closure times by investigator or investigations team can help to determine whether each is executing their assignments in a timely manner commensurate with the complexity of the investigation.

In addition to the 12 Internal Benchmarks described above, each of the metrics defined in our Desktop Reference entitled 9 External Benchmarks should be tracked internally by employee level, business operation, location, or geography and monitored over time for trends and deviations. Two of the External Benchmarks also deserve inclusion here.

Anonymous vs. Named Reporters:

Anonymous reporting is a good indicator of the level of employee trust in the system. Companies should review anonymous reporting across their various demographics to help to determine whether or not a particular group of employees has confidentiality or retaliation concerns.

Substantiation Rate for Named and Anonymous Reports

A significant difference between the substantiation rate of reports made by employees who chose to give their names and by those who chose to withhold it can indicate an issue with the investigations process or in the motives of the anonymous reporters.

9 External Benchmarks for Helpline Reporting

A Brief Explanation of External Benchmarks

Executives and board members rely upon reports and metrics to gauge progress and make decisions that drive business results. The ethics and compliance function is no exception. Benchmark data gives business leaders external points of reference with which they can assess the performance of their programs. The following are 9 external benchmarks that every organization should be measuring and comparing against others in their industry with respect to helpline reporting and case management.

1 | Report Volume

Companies should review the total number of reports they receive in a given period from all intake methods (Phone, Email, Walk-in, etc.). Receiving too many reports is not good and may indicate significant problems or a misunderstanding of appropriate helpline usage. Too few reports may indicate a lack of awareness of policies and/or reporting channels, poor understanding of expectations and responsibilities around reporting, or elevated concerns about retaliation.

2 | Anonymous Report Rate

Nearly all companies allow their employees to make reports anonymously. Certain reporters, especially those fearing retaliation, would be reticent to make a report if they were required to give their name when making it. Others prefer to not be involved directly but want the issue to be addressed. The Anonymous Report Rate can provide a sense of how fear of retaliation affects those who report and how it may be affecting report volume.

3 | Follow-up Rate on Anonymous Report

Often investigators need more information to complete their investigation than was captured at the point of contact with the reporter. With named reporters the investigator can directly contact the reporter to ask them questions, but this is not possible with anonymous reports. For this reason, it is vital that these reporters check back in periodically in order to answer any questions which investigators may have. Employees should be trained on their follow-up responsibilities with anonymous reporting and tracking this metric will provide visibility into the effectiveness of this training/communication.

4 | Substantiation Rate

The substantiation rate is a metric that reflects the rate of allegations made which were determined to have at least some merit (Substantiated or Partially Substantiated). A high substantiation rate is reflective of a well-informed employee base making high-quality reports. A low substantiation rate could indicate a specific management problem or a lack of quality in investigative processes.

5 | Anonymous Report Substantiation Rate

A bias exists among some senior leaders and board members against anonymous reports. Many feel as though employees who choose to withhold their identity are doing so because they are making a false or frivolous report. Research also indicates this bias often extends to investigators. In our experience, names are withheld typically out of fear of retaliation and not because the issue reported is not a matter of concern. A significantly lower substantiation rate on anonymous reports could indicate a serious issue either among reporters or investigators.

6 | Case Closure Time

In order to engender the belief among employees that their concerns are important and are being seriously considered, it is vital that companies complete investigations in a timely fashion. If months go by without case resolution, reporters will conclude that the company is not listening or condones inappropriate behaviors. Such a belief could be detrimental to an organization on a number of levels and undermines the effectiveness of compliance initiatives.

7 | Intake Method/ Online Reports

Most companies offer employees the option of making a report to a third-party via a web portal in addition to a helpline phone number. Providing multiple avenues for employees to report is important as some may be reluctant to report via the helpline. The use of online reporting mechanisms has doubled in the last five years with no decrease in report quality. Ensuring that employees are aware of, and are comfortable with, online reporting options is becoming more important.

8 | Report Priority

Not all reports are created equal. Certain allegations require more immediate attention than others, and some require timely escalation to the audit committee or senior leadership. The use of a prioritization system allows companies to react quickly to urgent reports so that they can be handled in a timely fashion. By confirming that cases are being properly categorized companies can not only be more certain that cases are receiving the level of attention that they warrant, they can also ensure that their investigative resources are being optimally utilized.

9 | Report Category

Reviewing the types of reports which are being received provides insight into the efficacy of a company's training and policies by reflecting employees' understanding of what should be reported and when. Although many different categorization methods exist, we roll up reports into five major categories for benchmarking comparison:
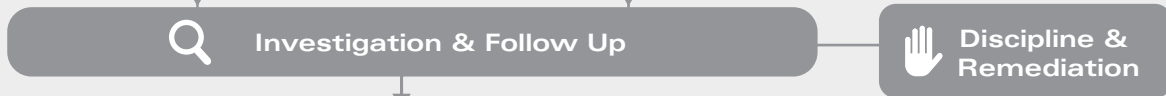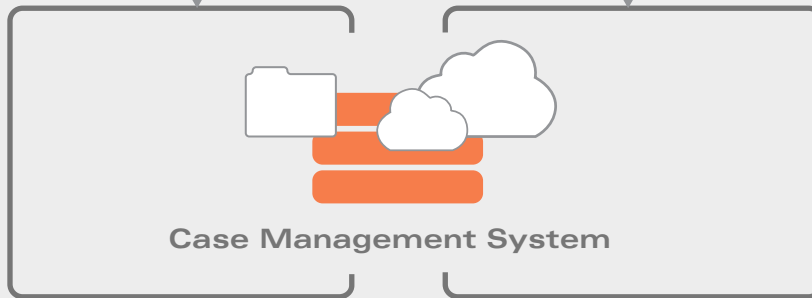
1. Accounting, Auditing, and Financial Reporting
2. Business Integrity
3. HR, Diversity, and Workplace Respect
4. Environment, Health, and Safety
5. Misuse or Misappropriation of Corporate Assets

How Hotline Reporting Informs a Compliance Program

NAVEX GLOBAL™
The Ethics and Compliance Experts

POLICIES

TRAINING

AWARENESS

INCIDENT REPORTING

INTAKE METHOD

Helpline

Web

Open Door

Mobile

E-mail

Case Management System

Investigation & Follow Up

Discipline & Remediation

Identify & Understand Risk

INCIDENT TYPE

Health and Safety

Accounting, Auditing & Reporting

Business Integrity

Human Resources

Misuse

Program Recommendations

Ad Hoc Reporting

Analysis of Data

Benchmarking

Implement Program Improvements

Board Reports

ROI Analysis

THE 2013 COMPLIANCE HELPLINE BENCHMARK REPORT
STATISTICAL SNAPSHOT

NAVEX GLOBAL™
The Ethics and Compliance Experts

It starts with
8,000+
NAVEX Global clients

Representing more than
40 million
employees with hotline/helpline services

6,300 clients on a NAVEX Global case management system

{ CLEAN & **SCRUB DATA** + REMOVE ANOMALIES = **1,650**
clients with 10+ reports in 2012

370,000 (REPORTS IN 2012)

1.5 Million Reports
in the last five years

We Use
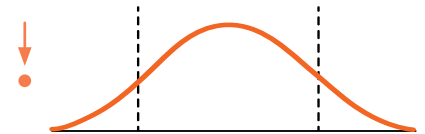## Medians or Midpoints
TO REDUCE THE IMPACT OF OUTLIERS

NORMAL RANGES **identify extreme data points as potential areas for concern.**

Medians and ranges provide context to your benchmarks.

REFLECTS ALL INTAKE METHODS

WEB   HELPLINE   OPEN DOOR   MOBILE   E-MAIL

Our data **COVERS 21** industries, and an additional **45 SUB-INDUSTRIES.**

OVERCOMING 4 CHALLENGES OF HOTLINE REPORTING

Most companies provide employees with a formal system to ask questions about policies or to raise allegations of wrongdoing. Data from these systems can help a company detect problem issues or locations early and can tell a company a great deal about its culture and risks. However, attempts to turn the data from a reporting system into clear and useful information can present several challenges. These include:

SO MUCH DATA…BUT WHAT DOES IT ALL MEAN?

How many reports is the right number for a company of a given size? Is the fact that 50% of the helpline contacts received by a company are submitted anonymously a good thing or a problem? Should a company in a certain industry be getting so many HR-related reports? Data without context serves no real purpose. But what sort of context is there for this kind of information?

DEMONSTRATING PROGRAM EFFECTIVENESS

What, if anything, does a company's Helpline data say about the effectiveness of its ethics and compliance program? If a lot of reports are received related to a certain kind of issue, does this mean employees have a good grasp of the issue, or does it mean that they are grasping at straws? Was the company's training effective in educating employees about what should be reported and when? Does the fact that very few of the reports received by a company were substantiated mean that few violations are occurring?

REPORTING MEANINGFUL & ACTIONABLE DATA TO LEADERSHIP

Many Boards of Directors and senior company leaders want to know how their company's helpline data measures up. What's the best way to package the data and present it to the board? What metrics are most telling? What's the best way to use the data to bolster support for the ethics office's current strategic initiatives?

COMPARING PROGRAM PERFORMANCE TO PEERS FOR CONTEXT

Many Boards of Directors, senior company leaders, and ethics officers also want to know how their company's helpline data demographics compare to those of their peer companies. How do ethics and compliance officers answer this question? Where can a company find information about the kinds and frequencies of issues being submitted to other companies in their industry and across industries? Is it more important to compare your company to others in its industry? Does the size of the organization and geography also matter, and if so, how much?

RECOMMENDED APPROACH

One solution can help address all of these challenges: benchmarking. There is no "right" number of total reports or reports about a specific issue type. Every organization and industry faces different risks, which is reflected in the variety of concerns raised by its employees. The most useful data analysis provides "context" for the reviewer and allows the organization to focus on identified potential problem areas. Context is often best conveyed through comparisons, trend analysis, or benchmarking against both internal and external data sources. Such analysis looks for significant changes in data over time or deviations from both internal and external norms.

Comparing a company's data to internal historical results can highlight trends which might be indicative of cultural shifts or gaps in training. Robust external benchmarks help companies narrow the scope of their data reviews and provide the context companies need to assess the health of their reporting systems. Finally, a good set of benchmarks can offer insight and foresight, helping company leaders understand where a program's strengths are and where added resources are most effective.

Hotline Benchmarking Methodology

When considering comparing organizational data to a set of benchmarks, ethics and compliance officers should arm themselves with questions about how those benchmarks were generated and what they really represent.

The primary (and simplest) method that many helpline data providers use to generate their benchmarks is to create averages across a set of metrics, pooling data generally by industry and calculating the average result for each given metric. However, this method does not account for outliers, such as companies with extremely high or low call counts or large/small employee populations.

Rather than viewing an industry as one large company, at NAVEX Global we equally weigh the data of all companies to find the **median** rate among all companies of a given size or industry, which paints a more accurate picture of what's actually happening in that category.

Additionally, because there is always more than one right answer to the question "how many reports should we be getting?" for any given metric, we also provide what we consider to be a healthy range of results. If a company's data falls into that range, even if that data is 10% or more above or below the median industry rate, our opinion is that it is unlikely the data is representative of an issue.

Ethics and compliance officers also need to understand what metrics are being considered in a set of benchmarks. NAVEX Global calculates benchmarks across a set of nine metrics, and applies appropriate calculation methods and filters to the data for each.

In order to prevent skewing by companies with insufficient data, we only use companies with at least ten reports in a given year and at least one report of the type considered for each metric in our calculations. In our Integrity Diagnostic report — our expanded benchmarking service — we review the following:

- Reports per 100 employees
- Anonymous report rate
- Follow-ups to anonymous report
- Overall substantiation rate
- Anonymous substantiation rate
- Case closure
- Web report rate
- Report priority (high, medium, low)
- Allegation category

Obtaining a good set of benchmarks is only a beginning; companies still need to know what trends and outliers mean. If a company's result is higher than a given benchmark, is it too high or is it still within reason? If the result is below a certain benchmark is that good or bad?

As the keepers of the largest helpline database in the world and insight into the data of thousands of companies, NAVEX Global is uniquely positioned to answer these questions. Our experience has demonstrated which factors need to be considered when reviewing a given metric. Utilizing our Integrity Diagnostics service provides our clients with recommendations for how to determine whether an issue exists and what to do to correct that issue going forward.

NAVEX Global knows the importance that the ethics and compliance industry places on high quality benchmark data. This data drives important program decisions and leadership reporting practices. Because of this, and the fact that we have access to the most comprehensive database in the world, we take very seriously our responsibility to clients and the industry to provide the most statistically accurate and relevant benchmarking information possible. Would you want to approach your Board with anything less?

NAVEX GLOBAL™

The Ethics and Compliance Experts

Integrity Diagnostics

Insights from the world's largest repository of ethics and compliance data

Integrity Diagnostics is NAVEX Global's proprietary advanced diagnostic tool designed to help you understand your program's historical issue reporting patterns and benchmark them against your industry as well as other related industries.

Integrity Diagnostics provides an analysis of your company's ethics and compliance data gathered from the use of NAVEX Global's compliance telephone, web and mobile reporting channels, as well as issues input directly into the case management system. The results are compared to the aggregate data of the nearly 4,000 organizations in the NAVEX Global database, which contains more than 3 million reports. Your results are also compared to the aggregate data of other companies within your industry, to show how your company compares to its peers.

NAVEX Global's Ethical Leadership Group (ELG) provides expert data analysis to deliver insight on underlying issues and your organizational culture. Integrity Diagnostics enables you to identify variances from the usual call report patterns of your peers, and to track key metrics over time. The high level analysis of reports is an excellent tool to understand your performance. The deliverables, which include tangible recommendations and actionable program suggestions to improve ethics and compliance program effectiveness, is delivered in a format designed to be shared with your executive leadership team, board of directors and audit committee.

Integrity Diagnostics™ Details

Invaluable insights to enhance your program and reduce risk

Integrity Diagnostics delivers tangible metrics, but also recommendations based on those metrics to help strengthen your ethics and compliance program. You receive quarterly diagnostic reports that include:

- Benchmarking of your organization's specific hotline/helpline data against the data in NAVEX Global's database.

- Analysis of your reporting data with recommendations for reviewing and addressing outlying data.

## KEY METRICS PROVIDED BY INTEGRITY DIAGNOSTICS

Patterns can be monitored over time by studying the following standard key metrics:
NAVEX Global provides ongoing monitoring for the duration of the agreement and continued recommendations for program implementation and improvement. We also communicate findings to government agencies.

- How many reports are you receiving?
- How quickly are you resolving reports?
- Are reporters identifying themselves?
- Are anonymous reporters following up on their initial reports?
- What types of allegations are being reported?
- What is the severity of the allegations being reported?
- How many allegations are being substantiated?
- Are your anonymous reporters making their reports "in good faith"?
- What intake methods are reporters using to submit allegations?

HOW DO INTEGRITY DIAGNOSTICS WORK?

NAVEX Global's experienced Ethical Leadership Group consultants have identified normal ranges and medians for both your specific industry and all industries based on the aggregate data in our database, which includes more than three million reports.
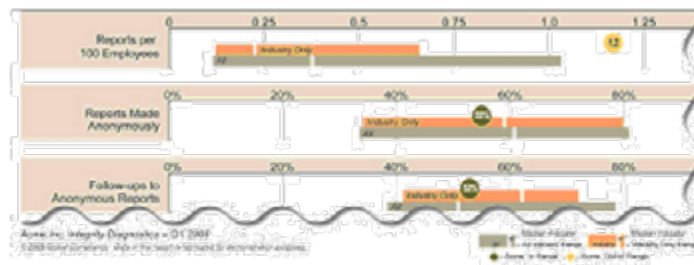
In order to analyze the reports your company gets, the data from all your report intake methods are compared to those ranges and medians, providing context for your numbers and types of reports.

Unlike many industry analyses which use averages, Integrity Diagnostics utilizes the median or middle point of the data as the main reference point in each metric. The median best represents the heart of the data for a particular measure and avoids the skewing which can occur in the calculation of an average.

Ranges are shown in addition to the median because the data being examined is not necessarily "good" or "bad." We define the range of each metric as the span containing 80% of results, with 10% of companies falling above the maximum of the range and 10% below its minimum. In this way we account for the inherent variation in the cultures, environments and methods of the different companies in our database.

Trust NAVEX Global's Ethical Leadership Group
Put 100+ years of ethical leadership to work for you. Contact us today to speak with one of our risk assessment advisory specialists.

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www.navexglobal.com

NAVEX GLOBAL™

The Ethics and Compliance Experts

INTEGRITY DIAGNOSTICS℠

Turning Metrics Into Action
Example Report Excerpt

ACME

Q1 2012 Comparisons
and Historical Trends

Analysis by
The Ethical Leadership Group™

NAVEX Global's
In-house team of Expert Advisors

TURNING METRICS INTO ACTION

OVERVIEW

Integrity Diagnostics ℠ provides an analysis of Acme's report data, drawn from Acme's use of NAVEX Global telephone, web and mobile reporting channels, as well as issues input into the case management system. The results are compared to the aggregate data of the nearly 4,000 organizations in the NAVEX Global database, which contains more than 3 million reports. Acme's results are also compared to the aggregate data of other companies within its industry, to show how the company compares to its peer companies.

Integrity Diagnostics enables Acme to identify variances from the usual call report patterns of its peers, and to track key metrics over time. High level analysis of reports is an excellent tool to understand Acme's performance, but it should not be considered a substitute for a program assessment.

RANGES AND MEDIANS

Acme's results are compared to a range of data from other companies and the median of that data. The median, or middle point of the data, is used rather than the average because the average can be easily skewed. In some cases, the average is artificially inflated or deflated by a few large companies with many more reports than the typical company in a given metric. In other cases, extreme results for a few companies can draw the average away from the results of the bulk of companies. The median best represents the heart of the data in a particular metric.

Ranges are shown in addition to the median because the results being examined are not inherently right or wrong. One company's reporting system may be operating optimally with 40% anonymous reports, while another's with 60% anonymous reports might also be functioning perfectly normally.

The Ethical Leadership Group™ defines the ranges of the metrics shown in this report as the span containing 80% of organizations' results, with 10% of companies falling above the maximum of the range and 10% below the range minimum.

How *Integrity Diagnostics* looks at the data
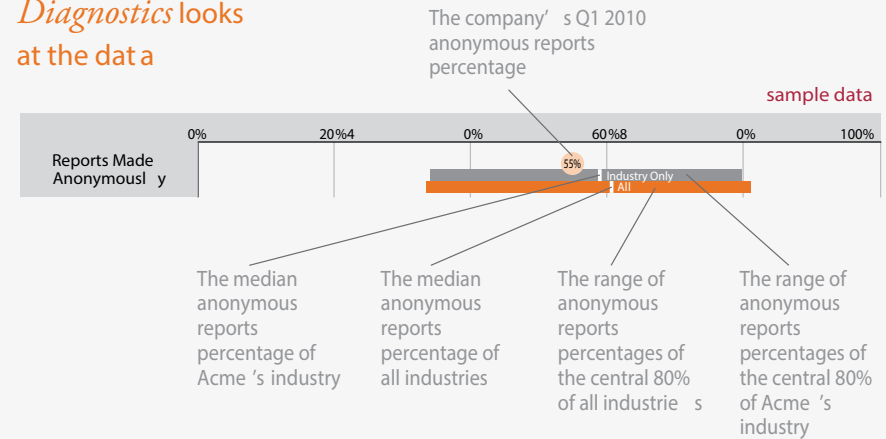
How *Integrity Diagnostics* looks at historical trends
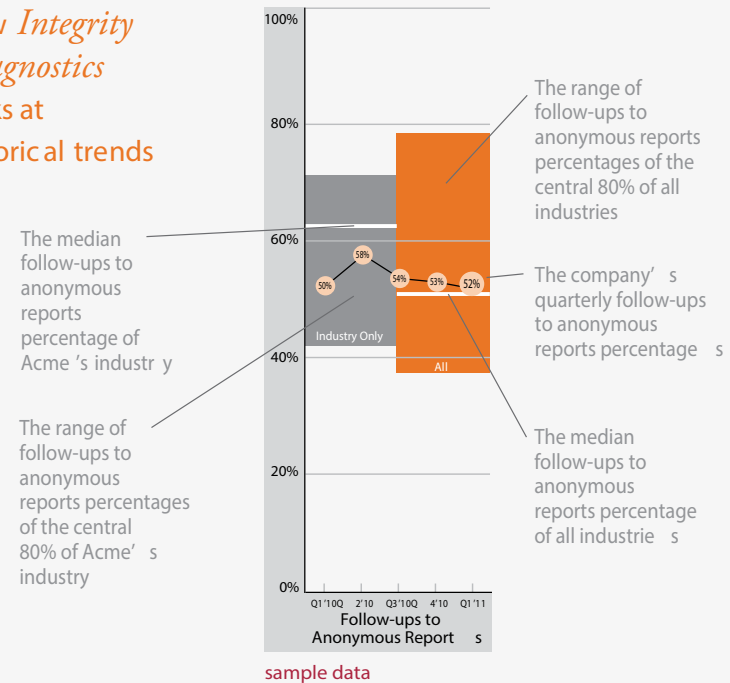
Reports Per 100 Employees

REPORTS PER 100 EMPLOYEES

ANALYSIS

Acme's reporting rate spiked significantly in the first quarter of 2010. This could be an anomaly given that reporting was within range for 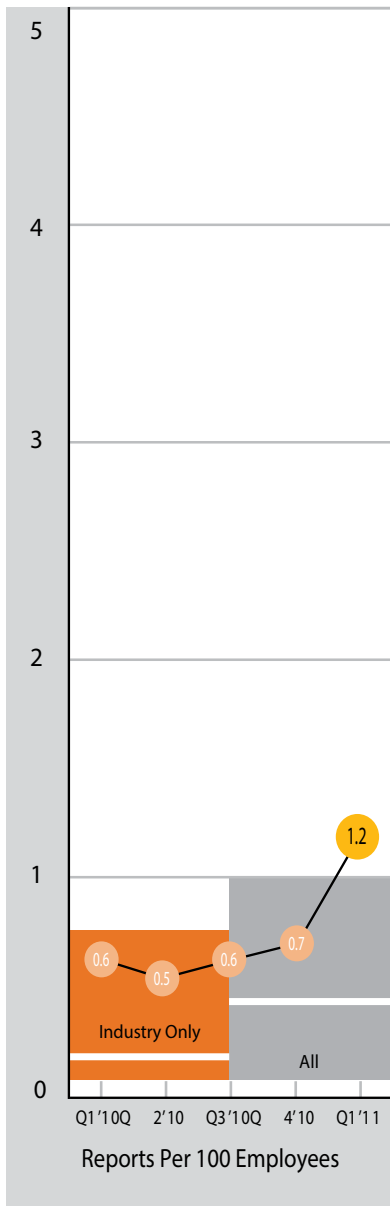the previous four quarters. However, this spike might also indicate a heightened awareness of Acme's reporting options, an increase in potential violations, or a drop in trust in other reporting channels.

RECOMMENDATIONS

Acme could consider two courses of action based on the high volume of calls:

- If training or a publicity campaign related to reporting awareness has recently been conducted, then a spike in call volume is not unusual. No action is recommended other than monitoring over the next three quarters.

- If there has not been increased training or awareness activities, or if the rates remain at a high level, we recommend that Acme conduct a deeper review of the types of calls and locations of the issues raised to determine if there are specific issues or locations requiring focused management attention.

GLOSSARY

Report – An allegation, concern or issue submitted to NAVEX Global by hotline, web or mobile report, or received internally by other means and entered directly into the company's information management system by ethics and compliance program administrators.

Data in this report is fabricated for demonstration purposes.

Median Indicator

All – All Industry Range Industry Only – Industry Only Range – Out of Range – In Range
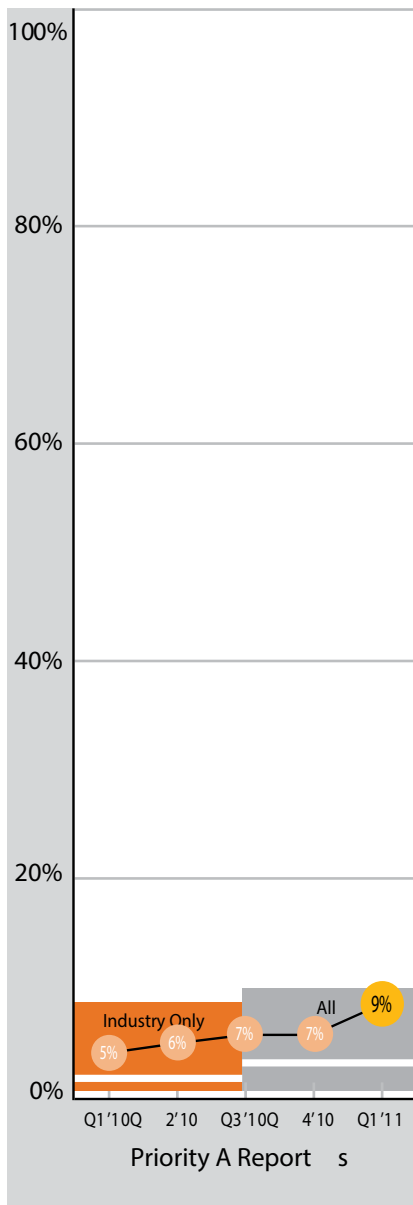
Priority A Reports

REPORT PRIORITY

ANALYSIS

Acme's percentage of Priority B and C allegations is within range for the widget industry. However, its rate of serious allegation reports (Priority A) in the first quarter of 2010 is higher than the top end of the widget industry range, and has been rising steadily over the last five quarters. This could be the case for several reasons:

- There has been an increased rate of serious code violations this quarter.

- Recent training has made employees better able to spot higher priority violations and this number is indicative of the actual rate of serious violations.

- This is an atypical data point and the average over a four quarter span will be within range.

- Monitor this trend over the next four quarters.

RECOMMENDATIONS

Acme should consider the following in relation to this out-of-range statistic: Review the types of Priority A cases that were received this quarter (and perhaps the most recent two to three quarters) to evaluate whether the issues are coming from one or more specific locations or deal with a specific issue type. Based on any findings, deeper level audits may be necessary to determine if a larger issue is "in-play" at a location or business area. Additional training or communication on specific subject matter may be indicated if the calls relate to one specific issue type.

GLOSSARY

Priority A Report – Serious/urgent allegations of misconduct – allegations which must be addressed within 24 hours.

Median Indicator

All – All Industry Range Industry Only – Industry Only Range – Out of Range – In Range

	Q1-10 # of reports	Q1-10 Metric	Q2-10 # of reports	Q2-10 Metric	Q3-10 # of reports	Q3-10 Metric	Q4-10 # of reports	Q4-10 Metric	Q1-11 # of reports	Q1-11 Metric
Reports per 100 employees	100	0.6	83	0.5	100	0.6	117	0.7	200	1.2
Anonymous reports	56	56%	42	50	54	54%	62	53%	110	55%
Followups to anonymous reports	28	50%	24	58%	31	54%	36	53%	64	52%
Substantiated reports	25	42%	21	38%	22	36%	17	35%	28	32%
Substantiated anonymous reports	10	29%	9	31%	11	26%	12	29%	19	26%
Case closure time (days)	-	65	-	71	-	68	-	73	-	77
Reports submitted via web	18	18%	15	18%	15	15%	15	13%	30	15%
Priority A reports	5	5%	5	6%	7	7%	8	7%	18	9%
Priority B reports	13	13%	12	14%	18	18%	18	15%	34	17%
Priority C reports	82	82%	66	80%	75	75%	91	78%	148	74%
Accounting, auditing, financial services	2	2%	2	3%	1	1%	1	1%	4	2%
Business integrity	30	30%	29	35%	31	31%	41	35%	71	36%
Diversity, workplace respect, HR	59	59%	42	50%	56	56%	66	56%	108	54%
Environment, health, safety	5	5%	3	4%	6	6%	4	3%	6	3%
Misuse/misappropriation of corporate assets	4	4%	7	8%	6	6%	6	5%	11	6%

	Widget industry media	Widget industry range	All industry median	All industry range
Reports per 100 employees	0.2	0.1 - 0.7	0.4	0.1 - 1.0
Anonymous reports	59%	36% - 80%	61%	34% - 82%
Followups to anonymous reports	63%	42% - 72	51%	37% - 78%
Substantiated reports	-	-	29%	14% - 40%
Substantiated anonymous reports	-	-	28%	14% - 47%
Case closure time (days)	32%	10 - 61	28	10 - 66
Reports submitted via web	21%	15% - 37%	16%	8% - 37%
Priority A reports	2%	0.4% - 8%	3%	0.4% - 11%
Priority B reports	14%	5% - 26%	18%	7% - 46%
Priority C reports	82%	68% - 91%	83%	54% - 95%
Accounting, auditing, financial services	2%	1% - 6%	3%	1% - 16%
Business integrity	11%	4% - 37%	16%	4% - 38%
Diversity, workplace respect, HR	57%	36% - 84%	62%	32% - 88%
Environment, health, safety	11%	4% - 19%	8%	3% - 23%
Misuse/misappropriation of corporate assets	7%	4% - 18%	5%	3% - 18%

NAVEX GLOBAL™

The Ethics and Compliance Experts

CORPORATE OVERVIEW
NAVEX Global

The Ethics and Compliance Experts

NAVEX Global provides an array of GRC services to capture and respond to business risk, improving the economic and social value of organizations around the world.

We work with clients to manage ethics and compliance programs through a deep portfolio of solutions including management software, services and expert advisory consulting. Our fully integrated offering provides key learnings and actionable data to inform change management.

NAVEX Global delivers an integrated ethics and compliance platform that includes:

PRODUCTS	SERVICES
Hotline/Helpline	Risk Assessments
Web Intake Sites	Culture Assessments
Case Management	Ethics & Compliance Program Assessments
Policy Management	Code of Conduct Assessment & Writing Services
Online Training	On-Demand Expertise
Third Party Risk Management	In-Person Training
Premium Analytics	Quickstart
Integrity Diagnostics	Investigation & Validation Services
Custom Report Forms	Data Privacy Consulting
	Employee Awareness Programs

SHRM
SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

ACUA

Littler
Employment & Labor Law Solutions Worldwide

OCEG

SCCE
Society of Corporate Compliance and Ethics

ECOA

Endorsed by   In Partnership with   Proud member/supporter of

COMPANY PROFILE

Everything we do is grounded in unmatched industry expertise and more than a decade of experience servicing the largest client base in the industry. Our actions solutions are informed by rigorous data and analytics, allowing clients to shift from reactive risk management to proactive and integrated risk mitigation.

- More than **8,000 customers** trust us to help manage their compliance needs.

- Our clients comprise **75% of the Fortune 100** and more than half of the Fortune 1000 companies.

- **More than 40,000,000** individual employees and stakeholders are accessing NAVEX Global products and services.

- The **first and still the largest hotline/helpline** provider in the world.

- In addition to a fast return on their investment, our hotline and case management clients have documented better employee relations, improved brand equity and **higher share value** than they had prior to our engagement.

- Our policy management solution provides clients with a fully automated, centralized solution for authoring, approving, distributing and tracking policies and procedures across the extended enterprise. It **empowers more organizations and users worldwide** than any other policy management system.

- Our online training courses tap into the real-world, practicing expertise from Littler, the world's largest employment law firm. No other online training provider has a **fully integrated, long term relationship with a major global law firm**. Together, we ensure every course is designed to the highest legal standards and vetted prior to release. The result is rock solid content addressing the latest trends, and powerful legal defenses that withstand intense regulatory and courtroom scrutiny.

- Our expert ethics and compliance consultants have **unmatched experience**, including serving on the U.S. Sentencing Commission Advisory Panel that guided a rewrite of the Sentencing Guidelines in 2004; serving as prosecutors for the Department of Justice; acting as corporate monitors on behalf of the U.S. government; serving as ethics and compliance officers; and leading the Ethics and Compliance Officer Association.

TRUST NAVEX GLOBAL

NAVEX Global is the trusted ethics and compliance expert for more than 8,000 clients in over 200 countries – the largest ethics and compliance community in the world. A merger of industry leaders ELT, EthicsPoint, Global Compliance Services and PolicyTech, NAVEX Global provides a comprehensive suite of solutions to manage governance, risk and compliance, providing critical cross-program insights through unmatched expertise and actionable data.

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NAVEX Global Benchmarking Webinar Follow-up

QUESTIONS	ANSWERS
Do you have any return-on-investment information that could be used to persuade an organization to establish a helpline?	In January of 2012, Hobson & Company published a report evaluating our case management system, the backbone of the helpline. Click here to download a summary of their findings.
Can you give an example of characteristics of anonymous calls?	By "characteristics of anonymous calls" we mean you should look for segments of employees (business units, locations, employee levels) whose anonymous report rate is especially high.
Specific to issue types (categories) – do authoritative organizations (e.g. SEC, DOJ, etc.) require companies to capture /report hotline calls by specific categories? Is there a best practice regarding standard issue type (categories)?	There is no requirement by any regulatory authority to capture reports on specific categories; however, many companies use categories similar to the ones presented. What is most important to government agencies is that reports are captured and properly investigated in a timely manner.
Would the reporter assign priority or the helpline administrator?	The priority is assigned by the helpline administrator, and the ethics office can adjust it.
Approximately 1/3 of the reports we see are unsubstantiated and [do not seem] worth investigating. Is that a norm?	The median company substantiation rate among all NAVEX Global clients is 38%. Be careful with making the assumption that reports are not worth investigating. Even these reports may be sending a message to corporate that something is going on at a particular location.
Are you in any way differentiating between public entities (that must account for public records laws) and private entities?	No, we do not track data along these lines. Many private companies strive to meet public company standards.
What do you think about inputting cases into the system that come to HR through channels other than the website & call-in line? We are considering this, so we can get a better overall picture of our integrity issues?	Best practice would be to track all reports entered via all channels (ethics office, HR, Safety, etc.) in a single case management system. This would provide the most complete picture of an organization's culture.

Would it be helpful to release this information and data (once it is gathered) as a sign of an ethical corporate culture? Or should the data be used internally. Why or why not? thanks	We do advocate sharing some sanitized version of helpline data with employees. Doing so can both bolster confidence that the company is taking concerns seriously and demonstrate that leadership is serious about adhering to applicable laws as well as the organization's values.
Do you see the value in normalizing data by calculating a data point per 1, 000 employees?	We calculate reporting volume per 100 employees to normalize the data among companies of different sizes.
What are some effective solutions to ensure that persons who report follow up on their reports to ensure administrators' questions are answered?	We recommend reviewing the helpline intake script to ensure that the importance of follow-up is properly emphasized. Additionally, we recommend that companies include clear language about the importance of follow-ups in Codes of Conduct, policies, training, and any other materials which advertise the helpline.
Are there general rules of thumb regarding the volume of reports (i.e. 1% of employee population)?	In 2012 the median company (including all industries) had 1% of its employee population make reports to the helpline or web portal.
What percent of companies communicate this type of benchmarking data to their employees?	We do not have any data on the percent of companies who report benchmarking data to their employees.
How do you find information to benchmark against other companies within your industry? Are we able to look at the stats by industry only?	Several third-party report intake services offer some form of industry-related data. NAVEX Global's Integrity Diagnostics^{TM} report service has data on 65 industries or sub-industries from which you can compare your data.
When you say employees reporting, does this account for employees that make multiple reports?	Our data counts each discreet contact by employees who report a single new issue/question or multiple new issues/questions. When multiple issues or questions are raised in one contact, we use only the primary issue or question in our calculations.
Do many companies offer their helpline number to suppliers or customers?	This is a common and best practice. Many companies include the helpline info on their public website. We recommend that companies do this as suppliers or customers may have substantive issues to report about actions of company employees.
Do you find that repeat reporters are calling about the same types of issues?	This is a good question. We have not explored this idea, but we will evaluate adding this to our report.
Is there any info regarding the number of repeat reporters that are retaliation reports?	This is a good question. We have not explored this idea, but we will evaluate adding this to our report.

What are the best practices for promoting the helpline? Do you have any data on the best method to publicize the Helpline/Webline?	In the intake process reporters are asked how they learned of the helpline or the web portal. In 2012, the responses to that question broke down as follows: • Awareness Posters - 26% • Training - 8% • Other - 25% • Handout - 6% • Other Person - 13% • Internal Communications - 2% • Intranet - 9% • Compliance Office - 2% • Code - 8% Manager - 1%
Is the data just from companies that are clients of NAVEX?	Yes, all of our benchmarks are created using only NAVEX client data.
What is the annual number of calls that make up the database for 2012?	In 2012 there were approximately 370,000 discreet reports/inquiries submitted to NAVEX Global.
Do you have any volume benchmarking figures that consider and/or break out contractor headcounts/report rates?	Not currently.
How do you address "substantiation" when the matters are inquiries?	We only include allegations clearly labeled as being substantiated (all or in part) or unsubstantiated in our benchmarks for this metric.
Does this slide imply that High-tech isn't included in the benchmarking?	High-tech companies are part of Industrial Manufacturing.
Our company guideline benchmark is 1 "SpeakUp" call for every 100 employees -- does this sound accurate?	Report volume varies by industry but your data is consistent with the benchmark for all industries.
Why is the Healthcare industry at the bottom of Rate of Reports?	In 2012 the healthcare industry had one of the lowest median company reporting rates among all industries we review.
We have an option to use substantiated vs. validated...is there a difference?	Not for our purposes, no.
How many companies are included in this study?	1,650 companies had sufficient data to be included in our benchmarks in 2012.
Have you found that there is an industry practice for how to count reports? Do companies generally count by allegations or reports (where there can be multiple allegations in each report)?	There are few accepted standards when it comes to helpline benchmarking, but we count each contact only once.

Are anonymous and named reports processed within the same timeframe?	We have not explored this idea, but we will evaluate doing so.
Is it possible to get specific stats on our organization for comparison purposes if we are a NAVEX Global customer?	Absolutely, yes. You should contact your account executive to review.
What is the shortest number of days and what is the longest if the median was 32?	It varies widely. Cases close in anywhere from zero days (the case is addressed the day it's submitted) to several hundred days or more.
Just to clarify, these data include multiple NAVEX products and not just EthicsPoint?	The benchmarks include data from the EthicsPoint^{TM} database as well as the Alertline^{TM} (formerly Global Compliance) database.
In addition to a well-publicized phone webline, we also provide drop-off boxes in our main headquarters. These drop-off boxes do not allow for a possible exchange with the anonymous reporters. But, we are uncertain about eliminating this option. Thoughts?	This is a good question. If you receive any valuable information from these boxes, we would encourage you to keep them. If you decide to eliminate them, we would recommend publicizing the alternative reporting mechanisms.
Would you recommend that an organization have separate helplines for employees and customers or would it be fine to use the same helpline?	It is fine to use the same line. Reporters are typically asked if they are an employee or not during the intake process.
Can a case have multiple investigation categories in your tool?	No, we include only the category related to be the primary issue being reported.
What types of companies are included in Healthcare and Social Assistance?	Healthcare and social assistance includes hospitals, nursing services, ambulance services, diagnostic labs, etc. It does not include pharmaceuticals, health insurance, or medical device manufacturing.
In what category is Telecommunications?	Information and Publishing
Which category does government contracting fit into?	Professional, Scientific, and Technical Services
What industry does hospitality (hotels) fall into?	Accommodation and food services
I see you have "confidential & Proprietary" at the foot of your slides. Can we use some of the data on your slides in our own presentations to leadership?	Yes, you may use this information for presentations to leadership with attribution to NAVEX Global. Thank you for asking.

For the folks that do use a case management system, it would be interesting to see how they enforce data entry/good data input?	This is a good question. This could be the subject of an ethics office quality audit to ensure consistency. We know that data out is only as good as the data in so we agree that this is worth validating.
Do you have sample Board reports which you could share?	The Integrity Diagnostics™ Sample Report is one example. To download this report click here.
Is there enough data in the NAVEX database to benchmark Oil & Gas companies?	Yes, Oil and Gas is one of the sub-industries for which we can provide benchmarks.