NAVEX GLOBAL®

2020

Risk & Compliance Hotline

Benchmark Report

Benchmark Your Whistleblower Hotline
& Incident Management Program

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Contents

Introduction

A steady cadence of analysis and benchmarking of hotline data helps organizations answer crucial questions about their risk and compliance program including:

- Does our culture support employees who raise concerns?

- Are our communications reaching the intended audience and having the desired effect?

- Are our investigations thorough and effective?

- Do we need more training?

- Do we need to review or update our policies?

- Do employees know about our reporting channels?

Tracking internal data to help answer these questions is important. Getting a broader perspective on how your performance matches up to market and industry norms is invaluable.

To help, NAVEX Global anonymizes the hotline data collected through our hotline and incident management systems every year and creates this report to share with all organizations, not just our customers. Because we have the world's largest and most comprehensive database of reports and outcomes, risk and compliance professionals can trust our benchmarks to help guide decision making and better understand how their programs stack up.

This 2020 report represents data collected from reports received in calendar year 2019. For each benchmark provided in this report you'll find:

- A description of the benchmark.

- Instructions on how to calculate the benchmark.

- The 2019 combined data for all industries in the NAVEX Global database.

- Key findings and recommendations for organizations.

This annual report is an excellent resource for organizations committed to benchmarking and improving program effectiveness.

NAVEX Global offers custom benchmarking reports of this data through GRC Insights.™ The GRC Insights reports provide a closer cut of our data by industry, company size and more. Visit our website or reach out to your account executive to learn more about this service.

Trust NAVEX Global's Risk & Compliance Solutions

NAVEX Global is the worldwide leader in integrated risk and compliance management software and services that help organizations manage risk, address regulatory compliance requirements and foster an ethical workplace culture.

How We Calculate Our Benchmark Metrics

For statistical accuracy, our analysis includes only those organizations that received 10 or more reports in 2019. The resulting database includes 3,255 organizations that received a total of **1,411,158** individual reports.

To remove the impact of outliers that might skew the overall reporting data, we calculate each benchmark metric for each organization, then identify the median (midpoint) across the total population. This methodology allows us to create a clearer picture of what is happening in our customers' organizations, as well as provide organizations with benchmarking data that is not skewed by organization size.

That said, there are no "right" outcomes in hotline benchmarking data. Where appropriate in this report, we provide what we consider to be a healthy range of results to provide context for your own data. Falling within the "normal" range indicates an organization is on par with medians for the organizations within our database. Falling outside the normal range, in either direction, is a good prompt to take a closer look at whether there is an issue that needs more attention by the organization.

New to This Year's Report

We are very excited to share that in this report, we have, for the first time, provided additional context to many of our key benchmarking metrics through new analysis that shows the distribution of outcomes across our database. This data delivers some unique insights for risk and compliance professionals to consider and provides a new look for those organizations whose outcomes are different from our medians.

Also new this year, for a few metrics, we have calculated a 5-percent, trimmed mean. Like for medians, we calculate each metric for each organization in our database to start. After which, we trim the highest 5 percent of results and the lowest 5 percent of results to eliminate the impact of outliers. Then we find the average outcome of the remaining 90 percent of the values. This has allowed us find and provide additional insights into key benchmarking metrics.
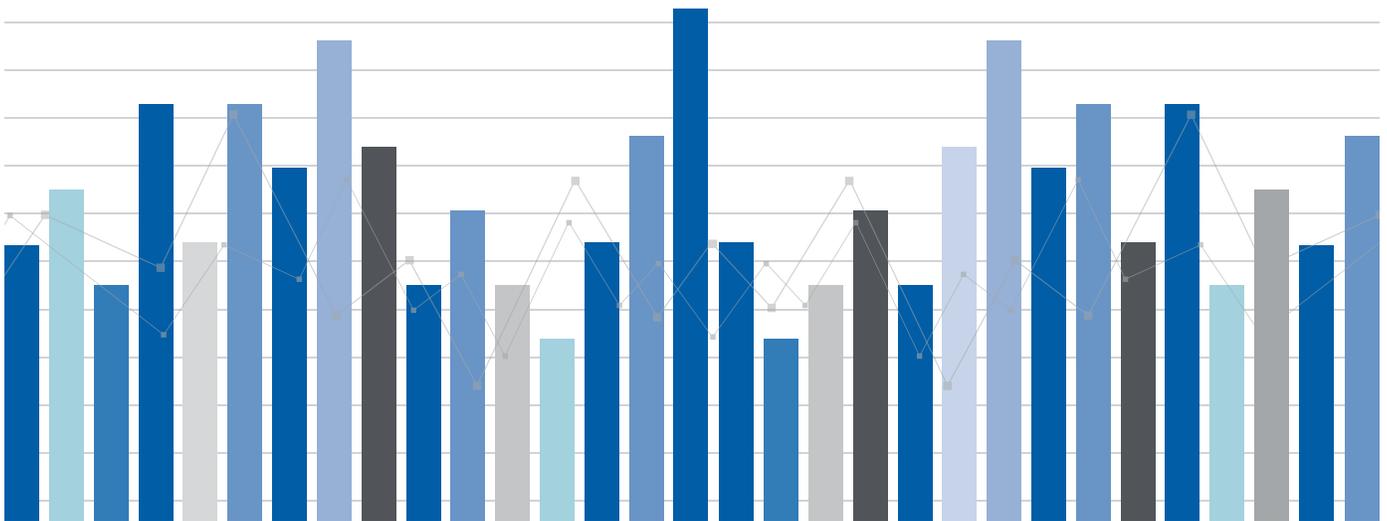
NAVEX GLOBAL CUSTOMERS GENERATE THE

A Snapshot of Our Database

50M

Over 50 million employees

generated over 1.4 million reports in 2019 representing
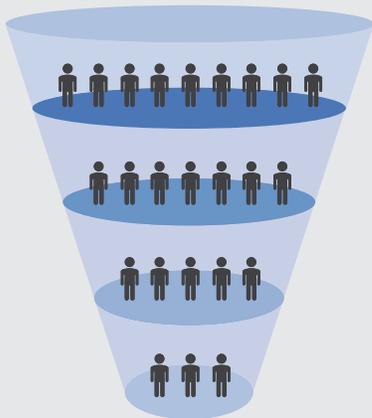
3,255 customers

that received 10 or more reports in 2019

Methodology

Our report reflects both allegations and inquiries:

Allegations

Inquiries

0   20   40   60   80   100
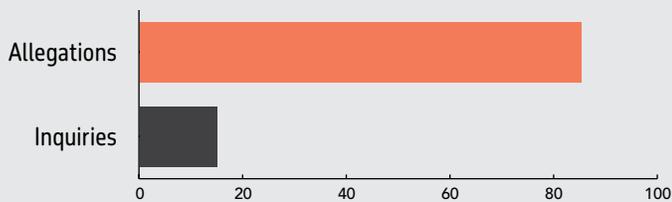
Captured via all intake methods:

Hotline

Web

Other

0   10   20   30   40   50
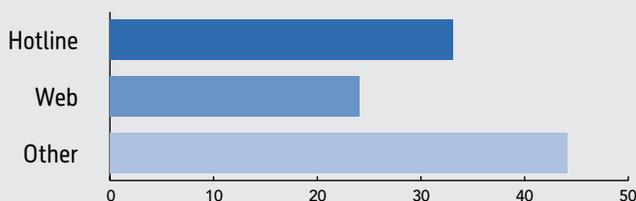
Reports From Around the World

81%
North America

4%
South America
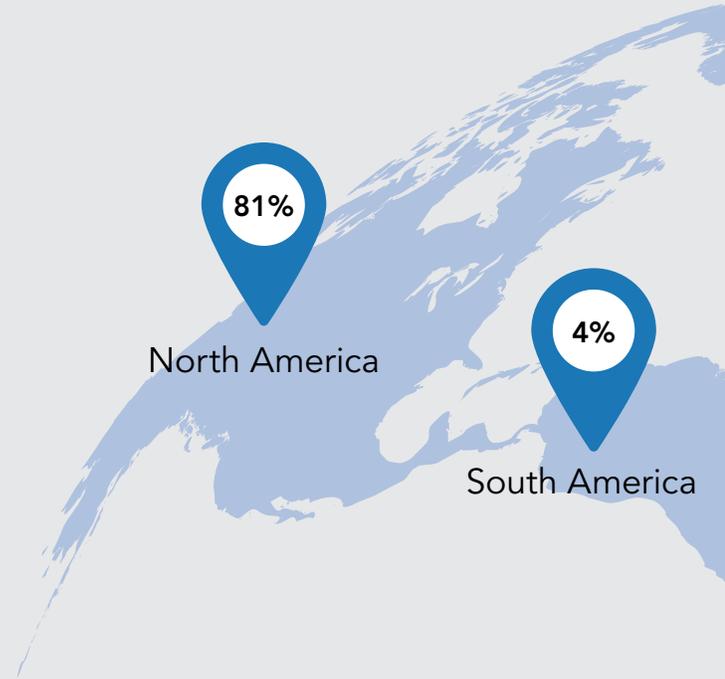
Industry Leading Approach

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

We calculate ranges to help identify extreme data points as potential areas of concern
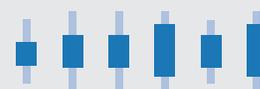
Medians and ranges provide context for your individual benchmarks

WORLD'S LARGEST DATABASE OF REPORTS

5% Europe

1% Africa

8% Asia

1% Australia

Top 12 Industries

Administrative & Support Services	Computer & Electronic Product Manufacturing
Educational Services	Finance & Insurance
Food Manufacturing	Food Services & Drinking Places
Health Care & Social Assistance	Information
Professional, Scientific & Technical Services	Retail Trade
Transportation Equipment Manufacturing	Transportation & Warehousing

Executive Summary

Our annual analysis covers hotline and incident management data from 3,255 of our customers who received ten or more reports during calendar year 2019. In addition to the metrics that our readers have come to expect, we are pleased to present several brand-new data points in this year's report which provide unique perspectives on some of the standard benchmarks. We believe compliance professionals can use our historical and new benchmark metrics to assess their program's performance and organizational culture.

For 2019, we analyzed over 36 percent more reports than in 2018. This is due in part because our acquisition of Expolink in 2019 added to our database. But after topping a million reports in 2018, 2019's report grew even more than expected – to just north of 1.4 million reports. This growing database allows us to provide these important benchmarking metrics and insights. We have also added distributions and averages in several metrics for additional insights.

Some highlights from 2019 include:

- **Reports per 100 employees remains consistent, but extended analysis provides new insights into this key benchmarking metric.** For four years the median reports per 100 employees benchmarking metric has remained steady at 1.4. Further analysis on this metric, however, identifies two new compelling findings.

First, while most of our database is receiving a report volume somewhere near the median, 19 percent of our customers are receiving 5.0 or more reports per 100 employees. These organizations may be experiencing the positive business outcomes discussed in the George Washington University study, *Evidence on the Use and Efficacy of Internal Whistleblower Systems*.

Second, the gap between organizations that track only hotline and web originated reports and those organizations tracking reports from hotline, web and other sources continues to grow. This year the latter group saw 100 percent more reports than organizations that are only tracking hotline and web intake sources. This metric continues to highlight the necessity of tracking all reports in a single, centralized database.

- **There was a 13 percent increase in case closure time, up from 40 to 45 days – a trend organizations focused on strong cultures should watch closely.** The best-practice average case closure time should be 30 to 32 days. This increase indicates that many organizations are either not prioritizing these reports, not providing enough resources to resolve them, or both. Simultaneously, we are seeing extremes in the data; while about a third of organizations perform well, a fifth take 100 days or more to close cases. Addressing employee concerns in a timely way is a critical function for a

compliance program's credibility.

- **This report covers the second full year of results since the beginning of the #MeToo movement in late 2017.** While last year's report showed an increase in harassment reporting to 5.46 percent of total reports, the category dropped to 4.81 percent this year, which is approaching the percentage of reports received prior to #MeToo. It is possible that organizations made improvements that resulted in a decline in the underlying behavior – or that there was a return to the typical level after a spike in reports in the early days of #MeToo.

  Just as likely, though, is that good-faith reporters are not as willing to come forward because they feel that preventing harassment has become less of a priority for their employers or that their employers' actions may not have instilled confidence.

- **In a new metric for 2020, analysis showed that 31 percent of reporters speak up in nine days or less after an incident has occurred.** But a surprising 20 percent of reports came in 60 days or more after the incident occurred. Organizations that see long lag times in reporting should consider possible causes, including fear of retaliation, lack of awareness, availability of reporting systems, or other factors. Long lag times can make it difficult to effectively complete an investigation.

- **Our acquisition of Expolink has slightly shifted our geographical report distribution.** While the vast majority of reports originated from North America, we are seeing a shift in the number of reports originating in Europe. With the addition of Expolink's UK-based data, this is the first year that Europe holds the third-place spot for report volume. We do believe we will see some important trends and implications with this added data set, and we will be publishing a separate, regional-based cut of this database later this year.

As risk and compliance programs continue to mature, benchmarking should always play an important role in the assessment of a compliance program's effectiveness and be used to demonstrate return on investment.
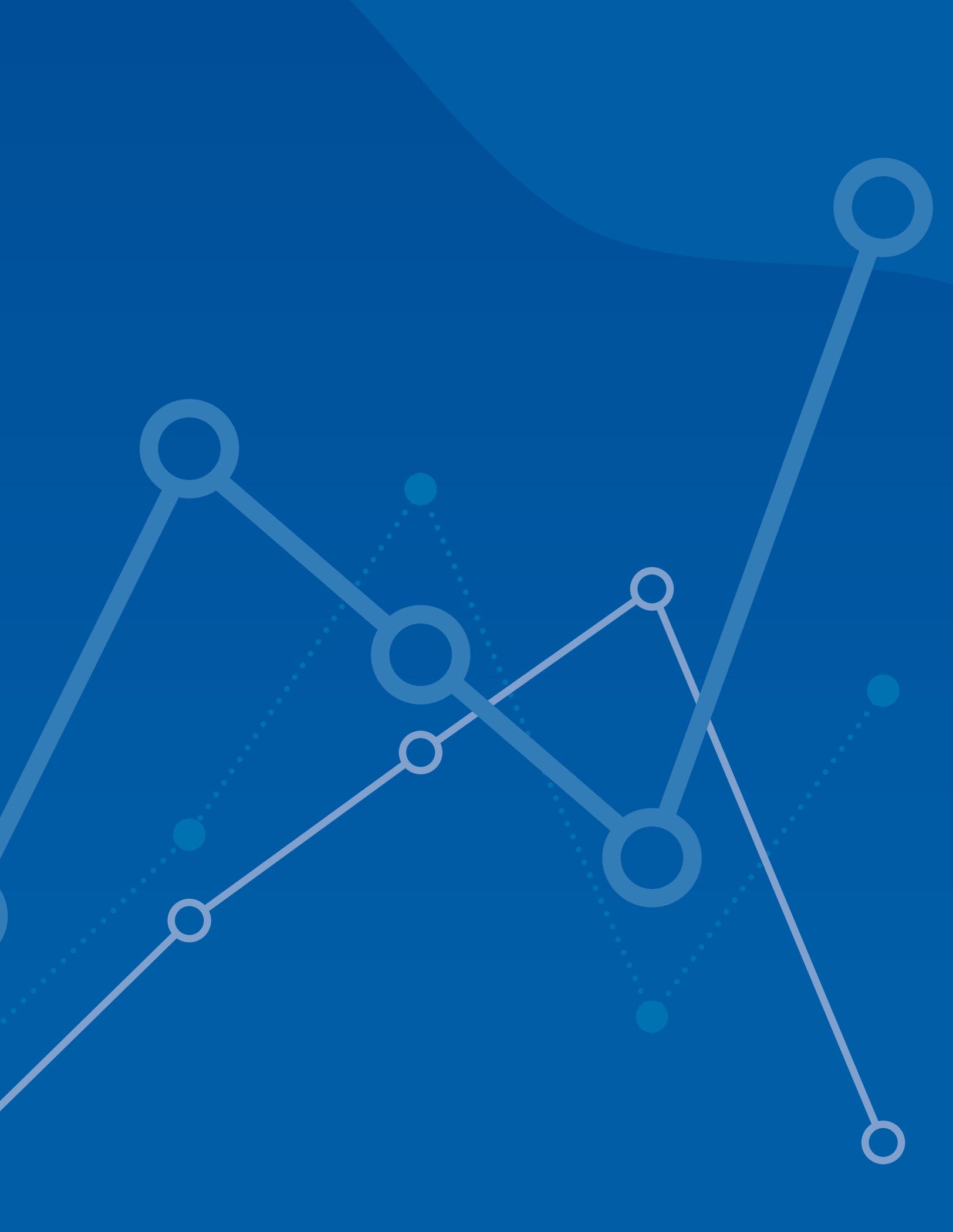
Key Findings

1. Report Volume per 100 Employees

Stable Overall Reporting Rate Reflects a Large and Mature Database

The Report Volume per 100 Employees benchmarking metric enables organizations of all sizes to compare their total number of unique contacts from all reporting channels – including web forms, hotline, open door, mobile, email, mail and more.

How to Calculate: Find the number that reflects all the reports gathered by all reporting channels, divide that number by the number of employees in your organization and then multiply it by 100. For this metric to accurately compare to the calculation we've provided, do not exclude any reports, regardless of intake method, issue type, substantiation or category.

Findings: Over the last ten years, we have seen significant growth in this benchmark. However, over the last four years, that growth has seemingly paused at a median of 1.4 reports per 100 employees. This is likely a reflection of the maturity of our data set. As we collect more reports year over year, we have likely reached a critical mass where our range of customers, and their program maturities, are reflecting the central tendency of all hotline programs.

In order to provide deeper insight into this metric, we further analyzed the distribution of medians across our database and found some insightful patterns. While a majority of our database experiences a reporting rate near our overall median of 1.4 reports per 100 employees, our largest group of customers – 19 percent of our database – received 5.0 or more reports per 100 employees in 2019. This is encouraging news. As we learned from the George Washington University study, *Evidence on the Use and Efficacy of Internal Whistleblower Systems*, there is a strong correlation between increased reporting volumes and positive business outcomes.[1] It's this group of organizations that are most likely experiencing the positive outcomes of those correlations.

Additionally, we calculated the average reports per 100 employees[2] for 2018 and 2019 and found in 2018 our database collected an average 3.0 reports per 100 employees and in 2019 that average grew to 3.4 reports. This growth reflects the number of customers that are receiving a level of reports per 100 employees that is increasingly further away from our median.

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[1] Stubben, Stephen and Welch, Kyle T., Evidence on the Use and Efficacy of Internal Whistleblowing Systems (October 26, 2018). Available at SSRN: http://ssrn.com/abstract=3273589

[2] All averages discussed in this report were calculated with a five-percent trim to limit the impact of outliers as stated in the "How We Calculate Our Benchmarking Metrics" section.

Report Volume per 100 Employees Continued

How Does Your Report Volume Compare to Others?

Year	Min	Median	Max
2012	0.4	1.2	4.9
2013	0.5	1.2	4.0
2014	0.3	1.3	8.3
2015	0.3	1.3	10.3
2016	0.3	1.4	10.0
2017	0.3	1.4	11.0
2018	0.3	1.4	8.4
2019	0.3	1.4	10.4

■ Range (reports per 100 employees)   ■ Median (reports per 100 employees)
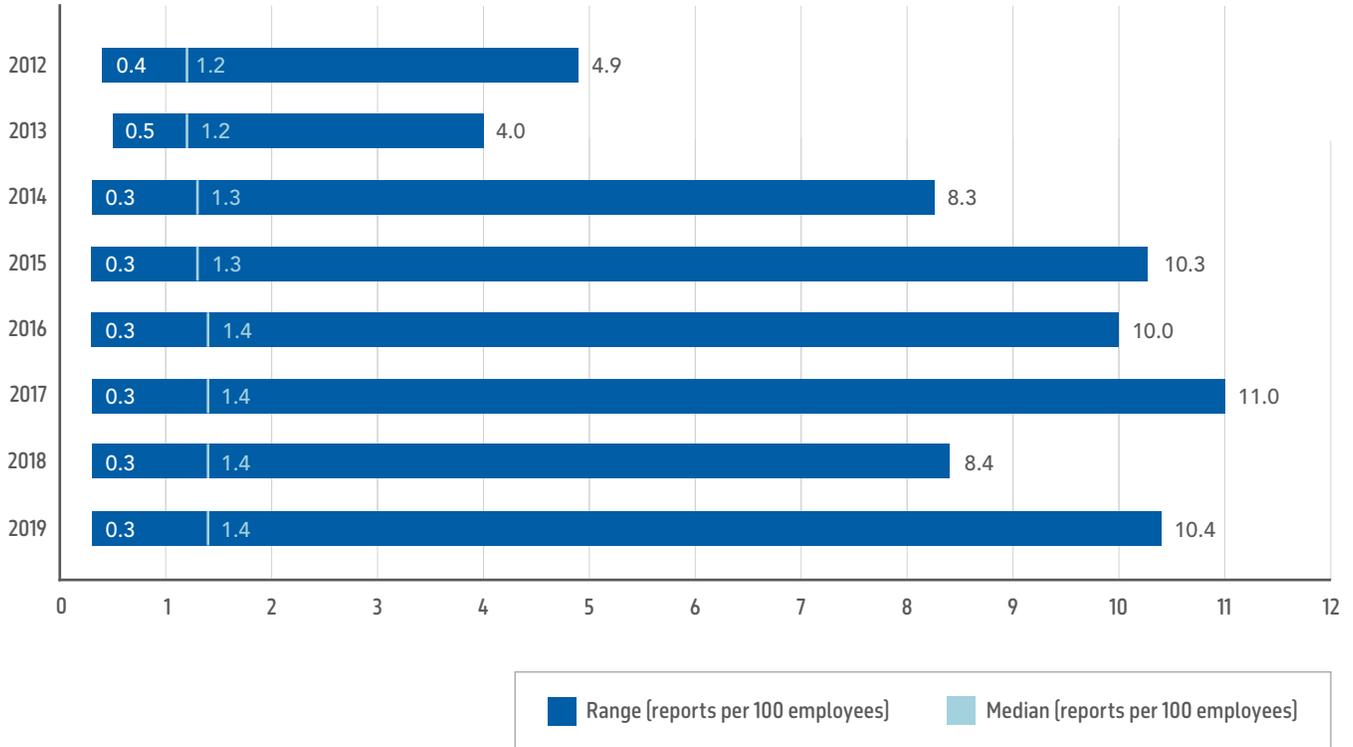
Report Volume per 100 Employees Continued

Distribution of Report Volume per 100 Employees Medians[3]

Category	2018	2019
0.0 to 0.24 Reports per 100	9%	10%
0.25 to 0.49 Reports per 100	12%	12%
0.5 to 0.99 Reports per 100	18%	18%
1.0 to 1.49 Reports per 100	14%	12%
1.5 to 1.9 Reports per 100	8%	9%
2.0 to 2.9 Reports per 100	10%	10%
3.0 to 3.9 Reports per 100	6%	6%
4.0 to 4.9 Reports per 100	5%	4%
5.0 Reports or More per 100	17%	19%
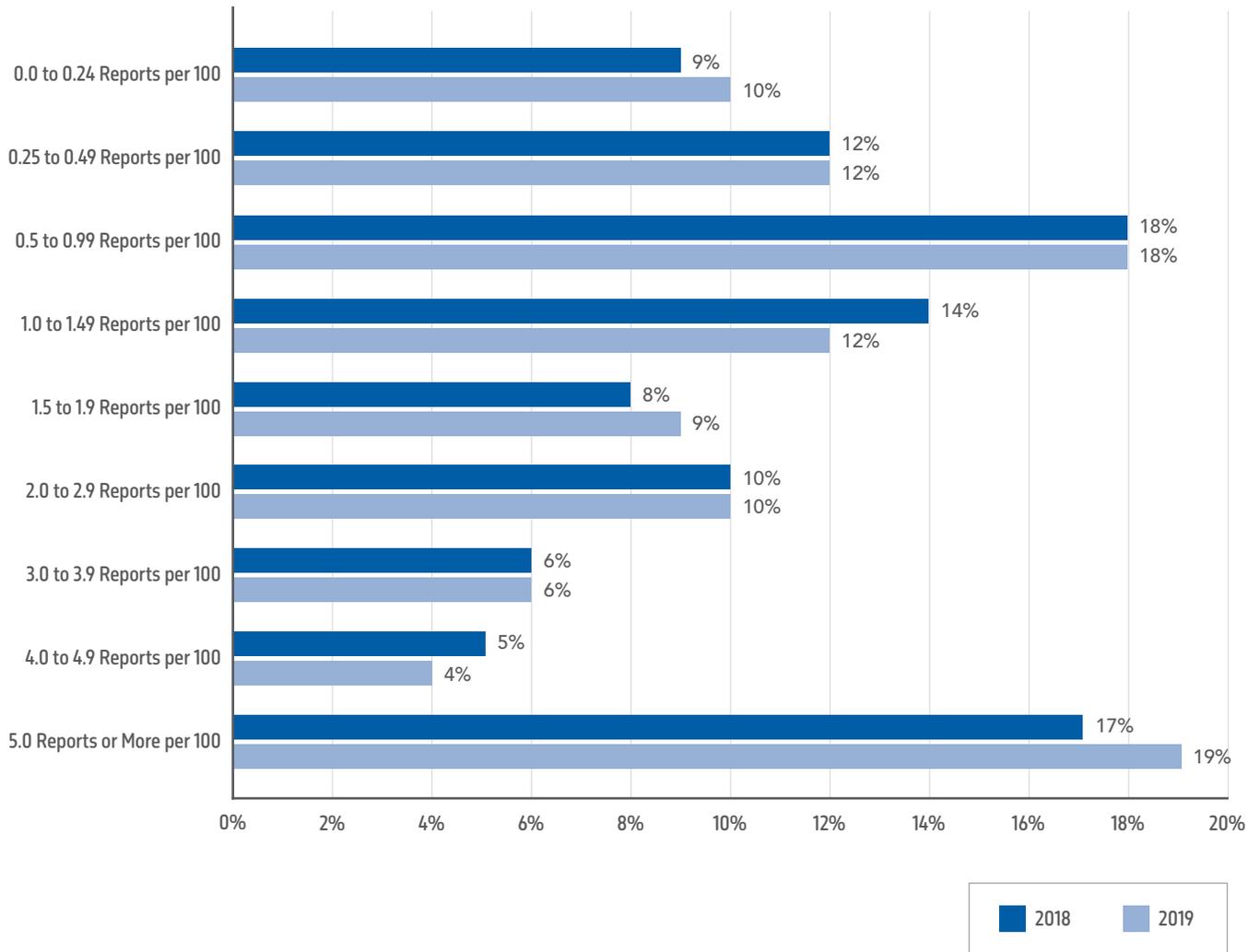
[3] Please note, we excluded organizations that received less than 10 reports in 2019 from all metrics in this report as stated in the "How We Calculate Our Benchmarking Metrics" section.

Impact of Using a Unified Incident Management System on Total Volume of Reports

This metric compares the level of reporting received by two groups of organizations. The first group only tracks reports received from their hotline and web reporting channels. The second group tracks reports gathered by other means (open-door conversations, email, mail, mobile and more) in their incident management system in addition to the reports received via their hotline and web reporting channels.

We have been watching this metric change over time. In 2017, organizations documenting reports from all channels captured 64 percent more reports than organizations that only documented reports made through web and hotline channels. In 2018, that difference rose to 91 percent. This year, in 2019, it rose again to 100 percent more reports.

This means that for every report our first group captures, our second group captures two reports. The implications of this growing delta of uncaptured information continue to grow. Organizations that are only collecting hotline and web intake reports are missing the insights that a fully utilized incident management system could provide. Not only does a single source of truth provide a simplified view of

a program overall, it also allows for automation of reporting and dashboards. Instead, in the best-case scenario, these organizations are manually combining disparate sources of reporting information. Worst case, these organizations are not collecting information on reports made through other intake methods at all. Not collecting this information leaves their organizations, leaders and programs without complete data and reporting that could allow them to proactively address and mitigate potential risks.

We continue to encourage organizations to collect reports from all intake methods in a single, centralized incident management system. Doing so significantly increases visibility into reported issues and risks. It also provides a more disciplined, systematic method for tracking, investigating, analyzing and resolving these issues. Cross-departmental reporting can be achieved when additional groups such as human resources and security capture reports in separate tiers of the same incident management system. This ensures that, regardless of departmental ownership, the organization is tracking a holistic view of issues, concerns and risk across the organization.

Report Volume per 100 Employees Continued

Organizations That Track Only Reports from Web & Hotline

Year	0.x	1.x	Max
2016	0.3	1.2	6.9
2017	0.2	1.1	7.3
2018	0.3	1.1	5.0
2019	0.2	1.0	5.2

Axis: 0 1 2 3 4 5 6 7 8 9 10 11 12

- Range (reports per 100 employees)
- Median (reports per 100 employees)
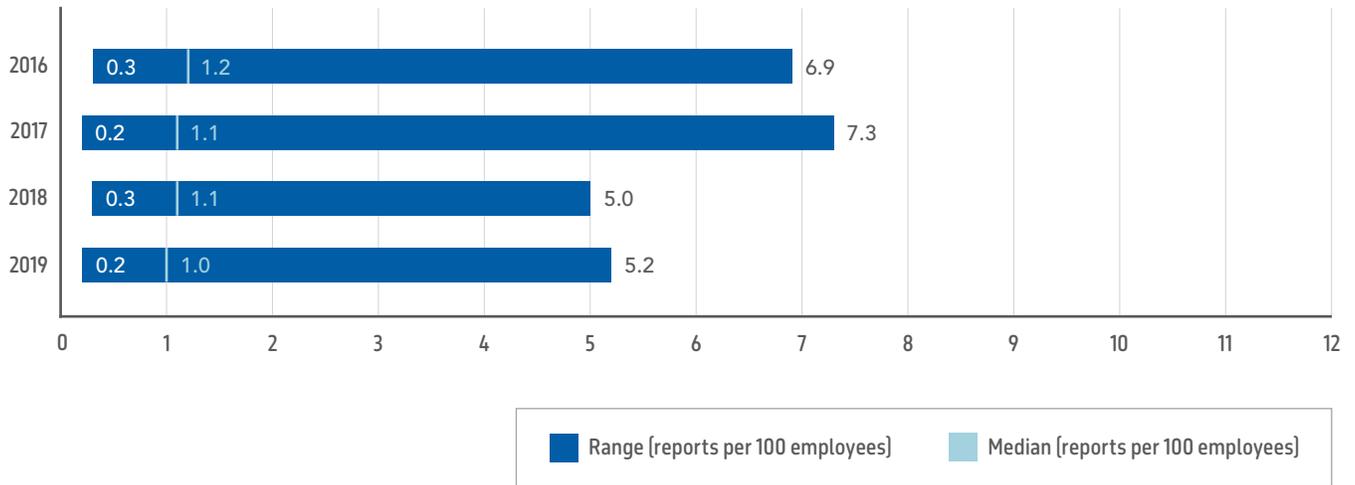
Organizations that Track Reports from All Sources

Year	0.x	x.x	Max
2016	0.4	1.9	14.6
2017	0.3	1.8	14.8
2018	0.4	2.1	11.6
2019	0.4	2.0	13.8

Axis: 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

- Range (reports per 100 employees)
- Median (reports per 100 employees)
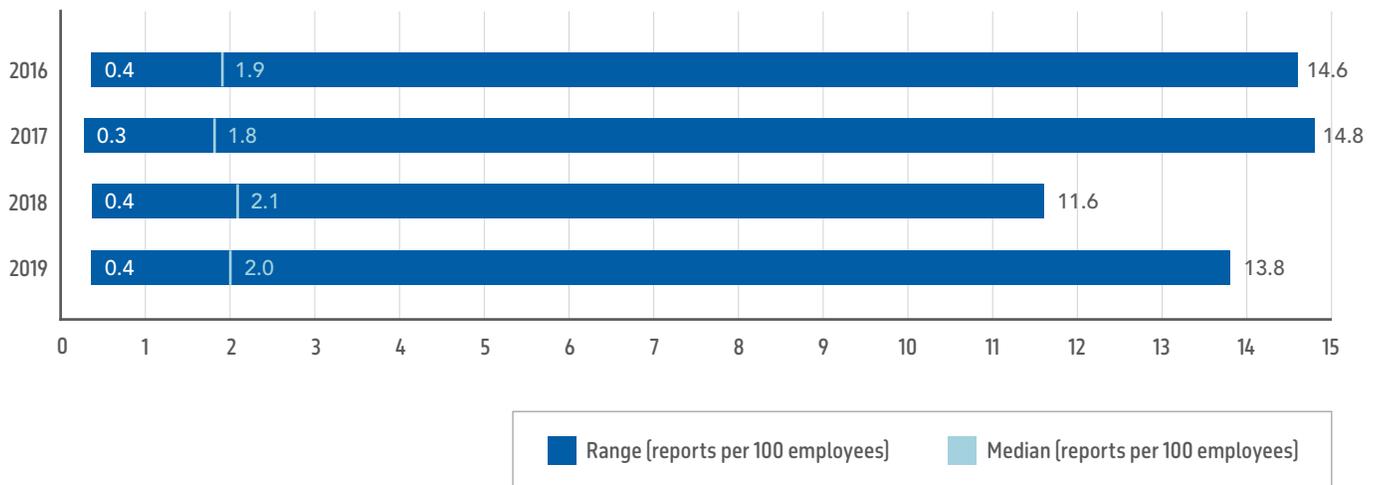
2. Report Categories

HR, Diversity & Workplace Respect Category Drops to a Record Low

Receiving reports from a variety of different categories can be a strong indication of program effectiveness. Tracking the reports collected for each of your issue types or our reporting categories can reveal program gaps and successes. Receiving below typical volumes could speak to a need for more training or awareness, while receiving above typical volumes could indicate an area where there is risk to be addressed. We organize our database into five categories by grouping together like issue types. This gives us a way to compare all the reports collected, even when individual organizations are utilizing unique issue types or naming conventions. The categories are defined below:

- **Accounting, Auditing and Financial Reporting** are reports that pertain to these functions in an organization (e.g., financial misconduct, internal controls or expense reporting).

- **Business Integrity** are reports that show how an organization interacts with third-parties, legislation, patients or customers (e.g., bribery, falsification of documents, fraud, COI, vendor/customer issues or HIPAA).

- **HR, Diversity and Workplace Respect** are reports that involve internal parties and often relate to employee relations or misconduct (e.g., discrimination, harassment, retaliation, compensation, general HR and all cases classified as "other").

- **Environment, Health and Safety** are reports that involve an element of safety typically pertaining to employees, environmental regulations or workplace health (e.g., EPA compliance, assault, safety, OSHA or substance abuse).

- **Misuse, Misappropriation of Corporate Assets** are reports that specify company assets or time is being wasted or used in a manner other than what is expected (e.g., employee theft or time clock abuse).

How to Calculate: First, ensure each report is sorted into one of the five categories. Then, divide the number of reports in each of the five categories by the total number of reports. Please note, because we are using the median for each category, the total won't necessarily add up to 100 percent.

Findings: Over the last nine years, the percentage breakdowns in our five categories have remained roughly the same with most of the reports received falling into the HR, Diversity and Workplace Respect category. While the HR-related category still contains the bulk of our database, its median took an unexpected decline in 2019 to an all-time low of 65 percent. We have consistently said HR-related reports – and, in particular, changes in the levels and types of these reports – are important indicators of potential cultural issues.

While we don't have the answer to why this is the case, we could speculate that it reflects the times in which the data was collected for this report – moving away from the spark that was lit by the #MeToo movement and into the fray of the 2019 political environment. It could also speak to the wider global population this report now covers with the addition of our operations in the UK to this report. Either way, it will be an important metric to watch. These types of reports will always hold key indications of the cultural climate and health within each of our organizations.

Report Categories Continued

Median Percentage of Accounting, Auditing & Financial Reporting

Year	Percentage
2016	2%
2017	3%
2018	2%
2019	3%

0   10%   20%   30%   40%   50%   60%   70%   80%
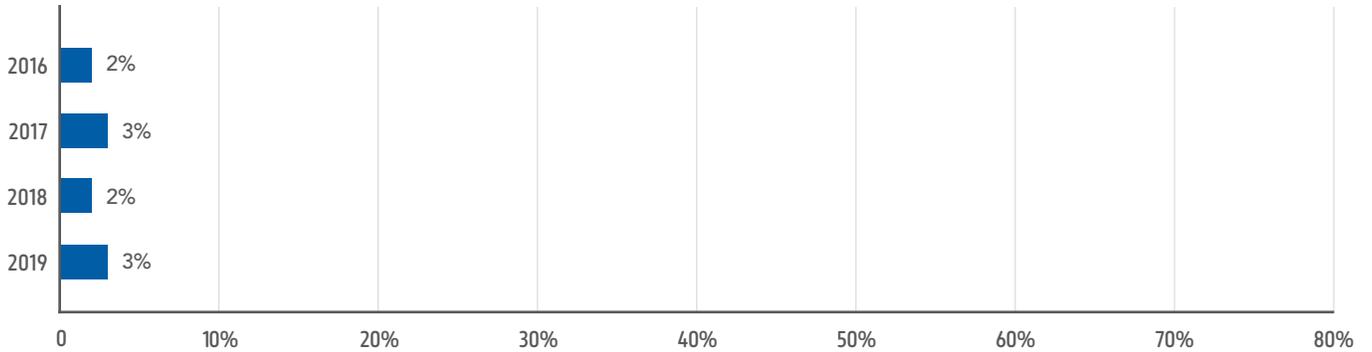
Median Percentage of Business Integrity

Year	Percentage
2016	14%
2017	17%
2018	16%
2019	21%

0   10%   20%   30%   40%   50%   60%   70%   80%
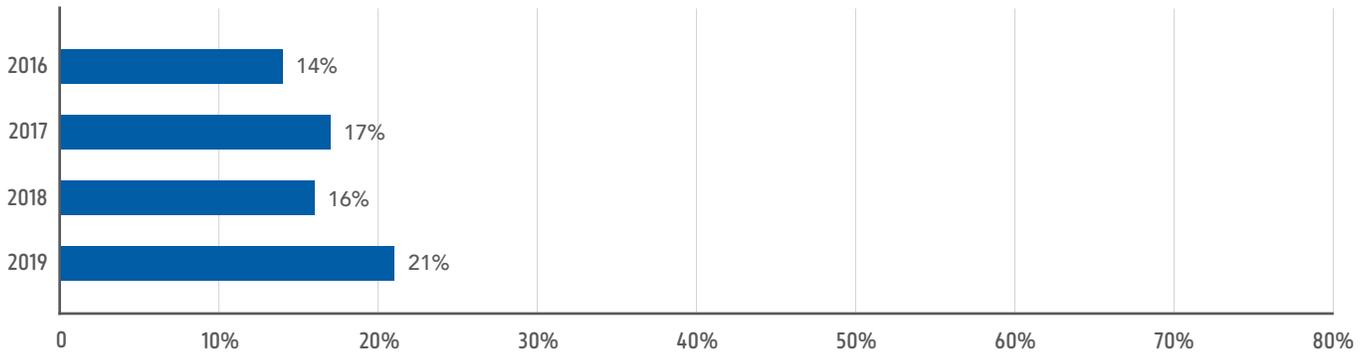
Median Percentage of HR, Diversity & Workplace Respect

Year	Percentage
2016	72%
2017	72%
2018	70%
2019	65%

0   10%   20%   30%   40%   50%   60%   70%   80%
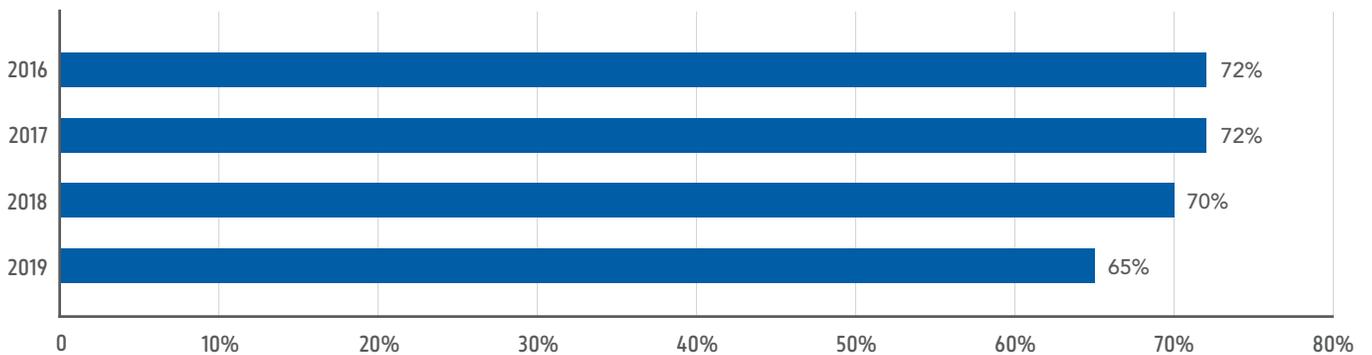
Report Categories Continued

Median Percentage of Environment, Health & Safety

Year	Percentage
2016	7%
2017	7%
2018	6%
2019	7%
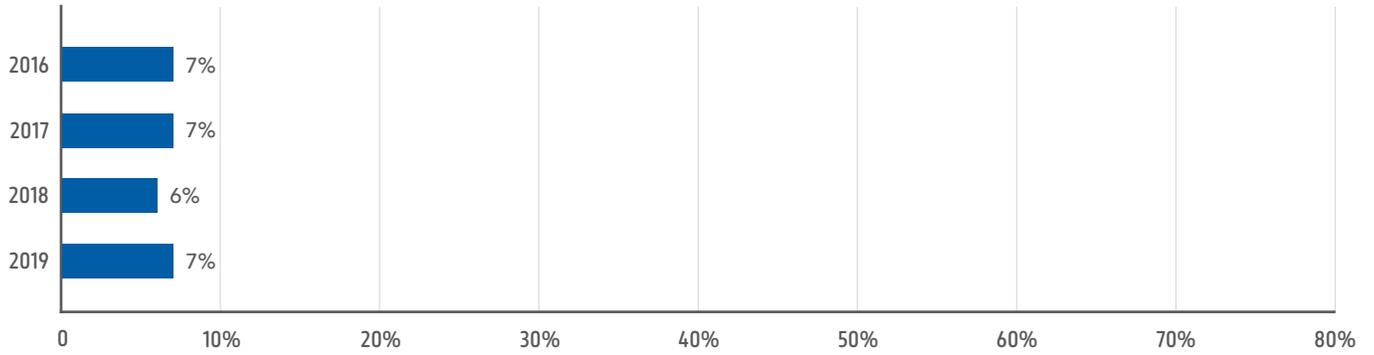
Median Percentage of Misuse, Misappropriation of Corporate Assets

Year	Percentage
2016	5%
2017	5%
2018	5%
2019	4%
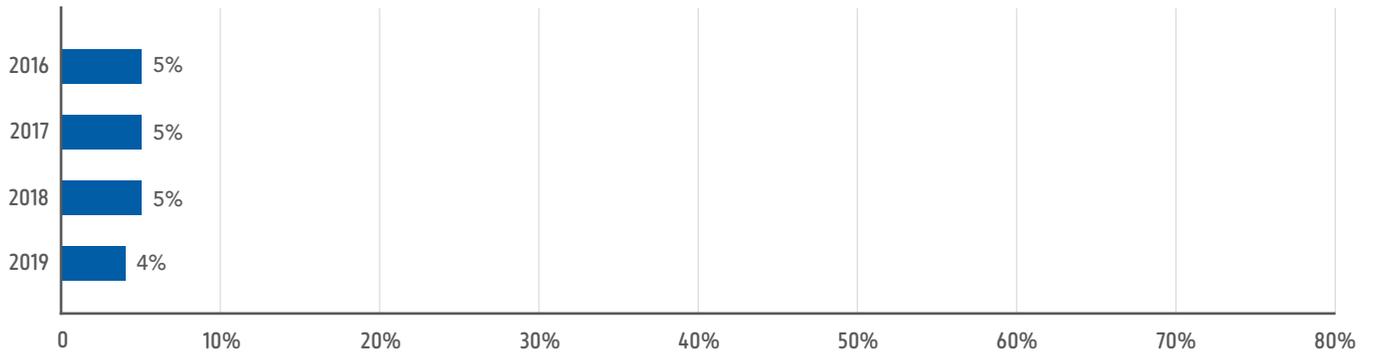
Reporter Allegations vs. Inquiries

This benchmarking metric categorizes reports made by employees as either an allegation or an inquiry. Both types of reports provide valuable insight. Allegations are important points of concern or incidents employees have trusted their organization to investigate. However, inquiries are questions, requests for guidance, etc. Inquiries are not any less important and can highlight key areas where more training may be needed, or policies that may need to be refreshed.

How to Calculate: Categorize each of your reports as either an inquiry or an allegation. To find your percent of inquiries, divide the number of inquiries by the total number of reports received in the period. Repeat this division problem for your allegations.

Findings: In 2018, allegations rose to an all-time high of 85 percent of all reports received. The rest were inquiries. In 2019, allegations remained at the high level with too few inquiries. This could indicate:

• Organizations are discouraging the use of the hotline system as an intake method for questions.

• Compliance programs are not capturing inquiries in their systems.

• Employees are finding the answers outside of methods captured by their incident management system.

Each of the possibilities listed speaks to a potential gap in program insights. If you are actively discouraging employees from asking questions through your hotline channels, we recommend reconsideration of this practice. The questions your employees ask could prevent them from making a choice counter to policies or procedures. They could highlight a risk area not clearly covered in your Code, policies or employee handbook, or they could lead to an allegation you would not have otherwise heard about. If you are collecting and responding to questions, but not tracking them in your incident management system, your program reports and analysis are lacking key insight into the areas your employees are seeking guidance on when they are asking questions. Finally, if employees are finding or are being given answers to their more important policy questions in a manner that your program is not tracking – you may want to be working to capture that insight. This could help ensure that the answers they receive are in line with company policies and procedures, and to have the insight as discussed above.

Report Categories Continued

Reporter Allegations vs. Inquiries

Year	Allegation	Inquiry
2012	79%	21%
2013	80%	20%
2014	79%	21%
2015	78%	22%
2016	83%	17%
2017	80%	20%
2018	85%	15%
2019	85%	15%

Legend: Allegation, Inquiry
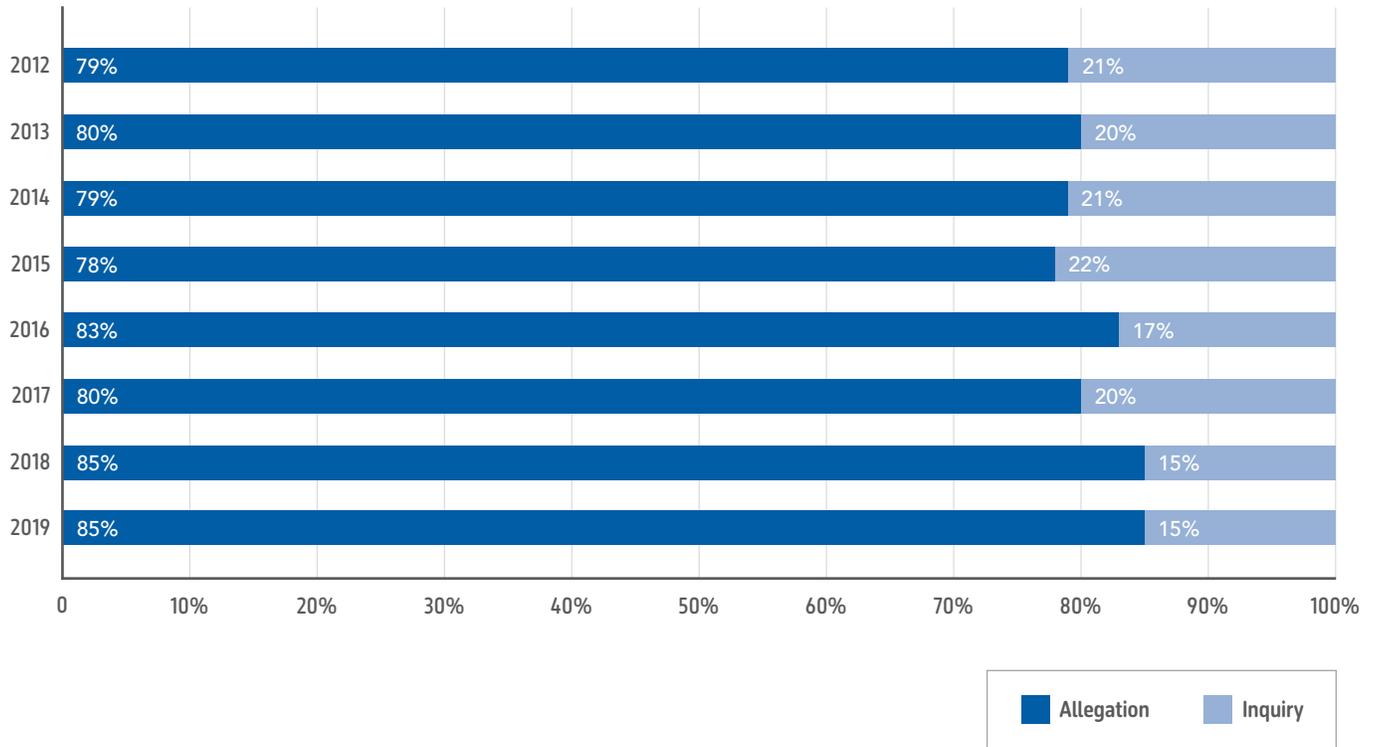
3. Anonymous vs. Named Reporters

Anonymous Reporting is Up After Years of Steady Decline

The Anonymous Reporting benchmarking metric shows the percentage of all reports submitted by reporters who chose to not disclose their identity.

How to Calculate: Divide the number of reports submitted by an anonymous reporter by the total number of reports received.

Findings: Until 2017, we saw a slow but steady decrease in the rate of anonymous reporters from the 2009 peak of 65 percent to the 2017 low-point of 56 percent. In 2018, we found 57 percent of reports were anonymous, and in 2019 we see that slight increase grow to 59 percent. This will be important to watch as growing anonymous reporting levels could indicate a reduced level of trust between the reporter and the compliance program in their organization. We believe that the reason this level had been dropping was because more organizations were tracking reports from all sources as previously discussed. However, it is possible now that with the addition of more reports from the EU market, that this number is experiencing a shift.

We also looked at the distribution of anonymity levels across our database and found most of our customers receive between 50 and 75 percent of their reports anonymously. Only 15 percent of our database receives 75 percent or more of their reports with the reporter's identification provided. This indicates a need for strong follow-up communication procedures and tools so anonymous reports can be investigated and substantiated as often as a named report.

Anonymous vs. Named Reporters Continued

Median Anonymous Reporting Rate

Year	Rate
2009	65%
2010	64%
2011	62%
2012	62%
2013	60%
2014	61%
2015	59%
2016	58%
2017	56%
2018	57%
2019	59%
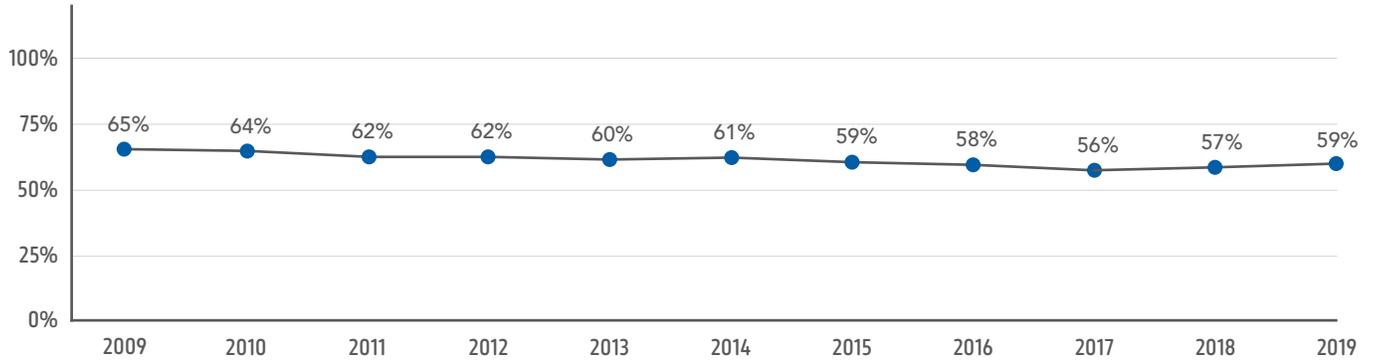
Distribution of Anonymous Reporting Medians

Range	2018	2019
0%	1%	1%
<25%	14%	14%
25% to <50%	24%	22%
50% to <75%	39%	38%
75% to <100%	20%	23%
100%	2%	2%

Legend: 2018 / 2019
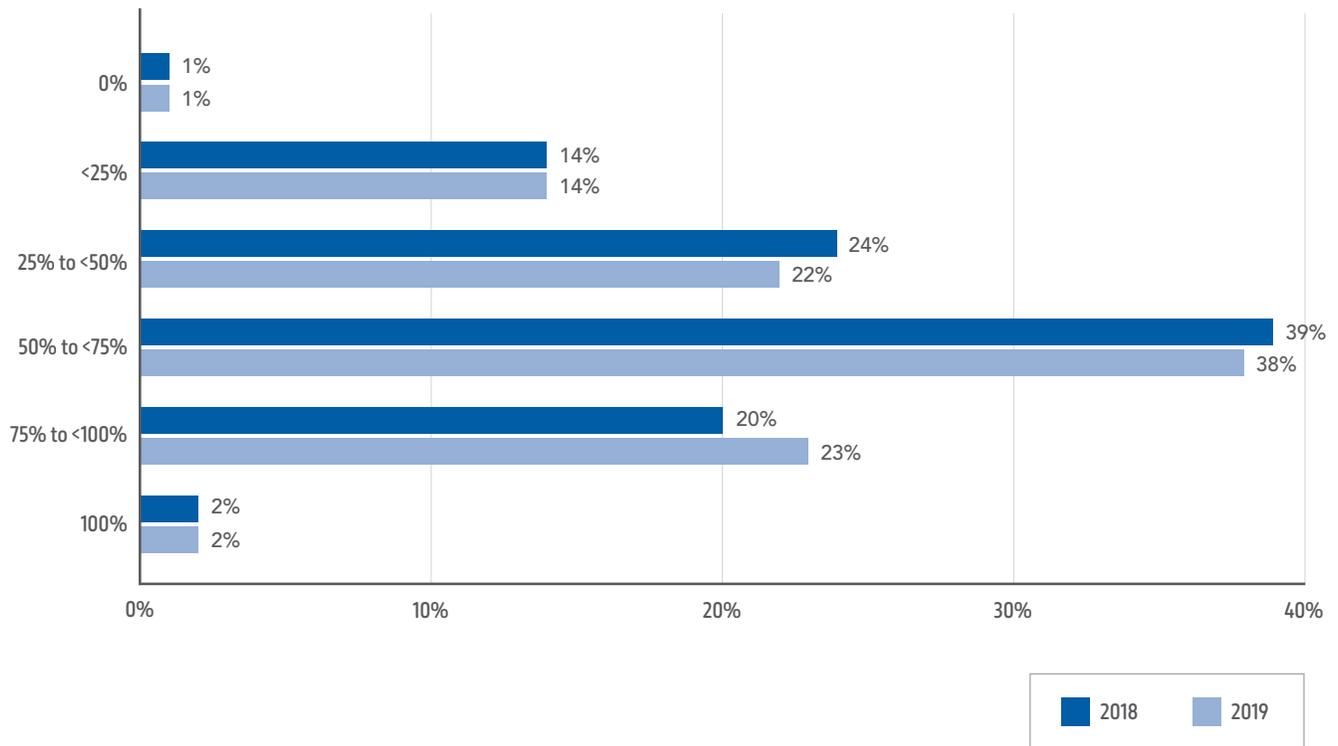
4. Follow-Up Rate to Anonymous Reports

Follow-Up Rates Bounce Back from a Record Low to a Record High

Hotline training and communication should always highlight the capabilities provided for anonymous reporters to follow up on their reports while maintaining their anonymity. The Reporter Follow-Up Rate to Anonymous Reports benchmarking metric indicates the percentage of reports that were submitted anonymously and subsequently followed-up on by the reporter.

How to Calculate: Find the number of reports where the anonymous reporter returned to the system. For the first metric, include instances where the reporter made changes to their report as well as instances where they did not make changes. For the second metric, only include instances where the anonymous reporter made changes or added information to their original report. Divide each of these numbers separately by the total number of anonymous reports received. Please note, we do not count multiple follow-ups to the same report per metric. If an anonymous reporter returned to the system two times, once where they did not make a change and once when they did make a change, that report would be included once in both calculations.

Findings: This metric dropped alarmingly from 32 percent in 2017 to 20 percent in 2018. However, our 2019 data indicates a recovery and growth to a follow-up median rate of 36 percent. We also analyzed the median of those follow-ups where the reporter added information or made changes to their original report and found this is climbing steadily. In our last report, we calculated this metric for 2017 at 9 percent and 2018 at 10 percent. This year, we found a median 13 percent of anonymous reporters are returning and making changes to their original reports.

This is good news for compliance professionals who are experiencing our median level, 59-percent anonymous reporting levels. Follow-ups, especially when changes are made, are empowering them to investigate, substantiate and mitigate reported risk. Organizations should continue to communicate the importance of anonymous report follow-up.

# Follow-Up Rate to Anonymous Reports Continued

Median Follow-Up Rate of Anonymous Reports
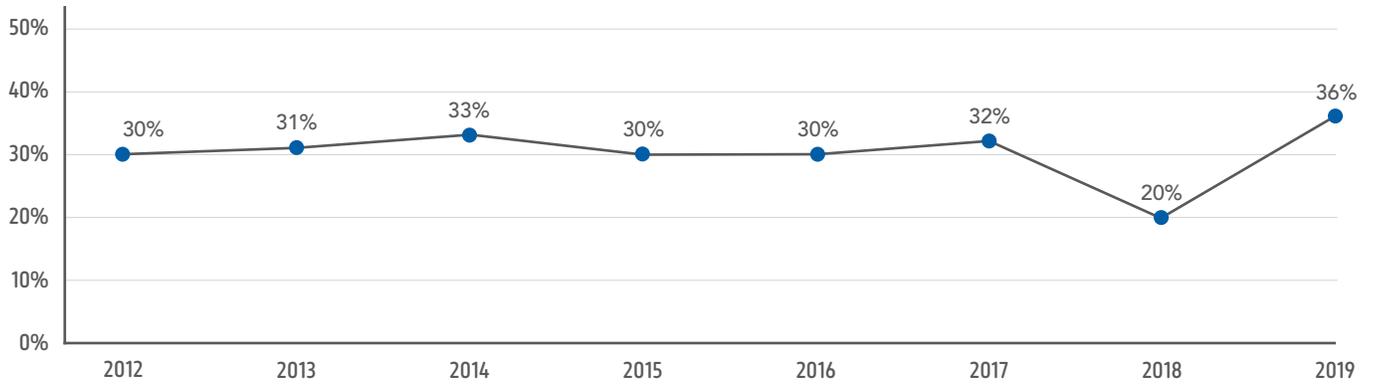
Median Follow-Up Rate of Anonymous Reports with Changes Made to the Case
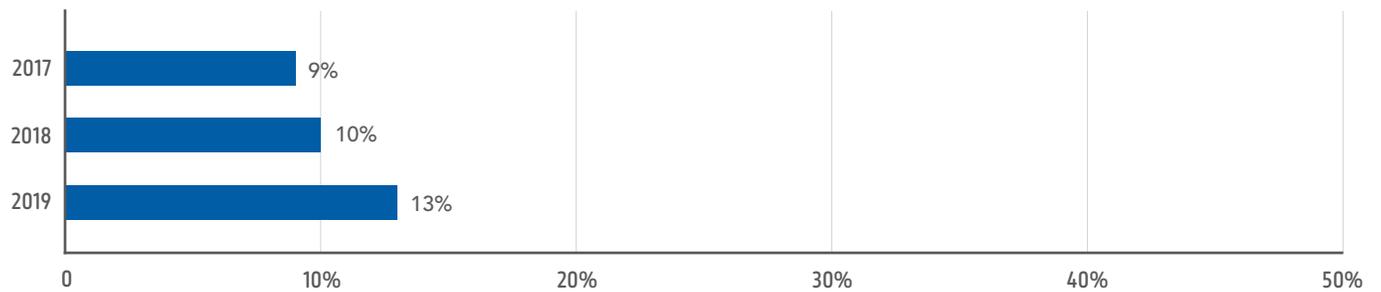
5. Substantiated Reports

Minimal Change in Substantiation Rates

The *Overall Substantiation Rate* reflects the median rate of reports from both named and anonymous reporters that were closed as substantiated or partially substantiated. A high substantiation rate reflects a well-informed employee base making high-quality reports, coupled with effective investigation processes.

How to Calculate: Divide the number of reports that were closed as substantiated or partially substantiated by the total number of reports that were closed as substantiated, partially substantiated and unsubstantiated as defined below.

- **Substantiated:** Reports that when investigated prove to be correct as reported.

- **Partially Substantiated:** Reports that when investigated prove to be at least in part factual as reported.

- **Unsubstantiated:** Reports that when investigated prove to be inaccurate as reported or reports that cannot be proven to be true.

Findings: Over the last seven years, we've seen the median substantiation rate fluctuate between 36 percent and 44 percent. In 2019, it was calculated at 43 percent. Overall, these findings are an indication of positive program communication and investigative efforts.

Substantiated Reports Continued

Median Overall Substantiation Rate

Year	Rate
2012	36%
2013	40%
2014	40%
2015	41%
2016	40%
2017	44%
2018	42%
2019	43%
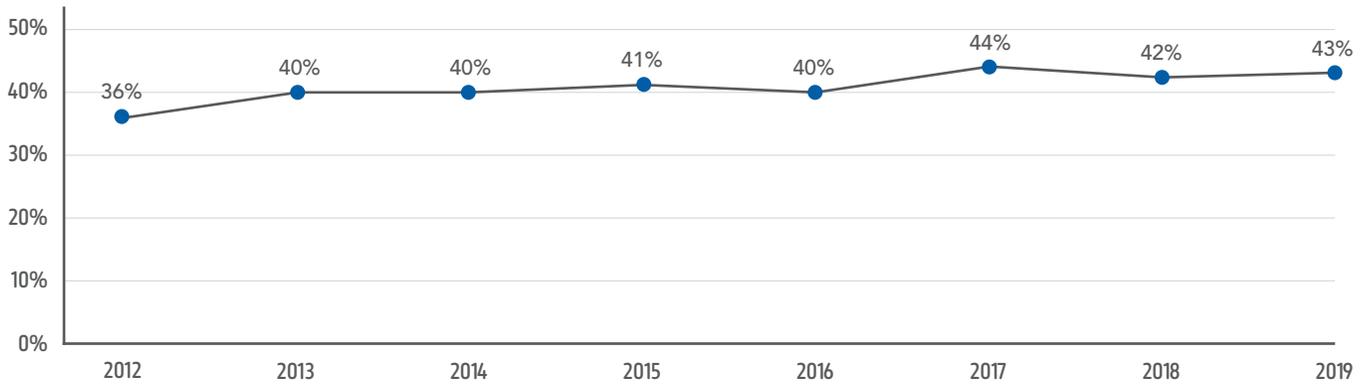
Median Substantiation Rate by Category

Category	2015	2016	2017	2018	2019
Accounting, Auditing and Financial Reporting	50%	49%	50%	50%	50%
Business Integrity	41%	43%	50%	50%	50%
HR, Diversity and Workplace Respect	39%	38%	44%	40%	41%
Environment, Health and Safety	46%	45%	50%	50%	50%
Misuse, Misappropriation of Corporate Assets	57%	55%	56%	50%	50%
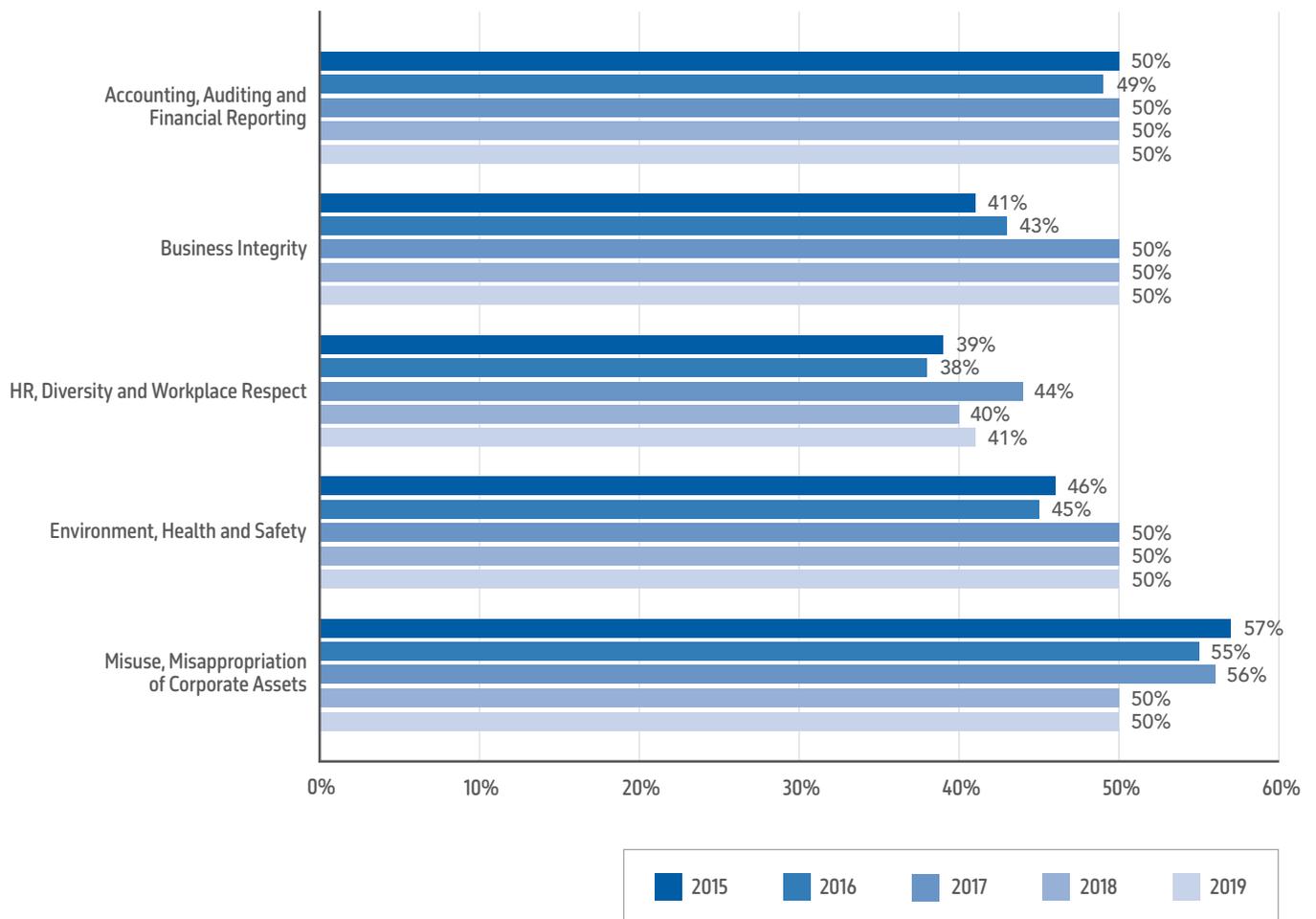
Substantiated Anonymous vs. Named Reports

In 2019, we witnessed the weight an anonymous report can have, as well as a vigorous debate on the importance and value of anonymous reports. From our perspective, and the perspective of compliance officers and regulators, anonymous reporting channels continue to prove valuable insights and substantiated allegations as shown in the following data.

How to Calculate Substantiated Anonymous Reports: Divide the number of anonymous reports that were closed as fully or partially substantiated by the total number of reports that were closed as substantiated, partially substantiated and unsubstantiated.

How to Calculate Substantiated Named Reports: Divide the number of reports from named reporters that were closed as fully or partially substantiated by the total number of reports that were closed as substantiated, partially substantiated and unsubstantiated.

Findings: The median substantiation rates for anonymous and named reports held steady between 2018 and 2019. We found a median substantiation rate of 38 percent for anonymous reports and of 50 percent for named reports.

Substantiated Reports Continued

Comparison of Substantiation Rates Between Anonymous & Named Reporters

Year	Anonymous Substantiation	Named Substantiation
2010	28%	32%
2011	37%	40%
2012	34%	41%
2013	36%	45%
2014	36%	45%
2015	36%	47%
2016	35%	46%
2017	39%	50%
2018	38%	50%
2019	38%	50%

Legend: ■ Anonymous Substantiation   ■ Named Substantiation
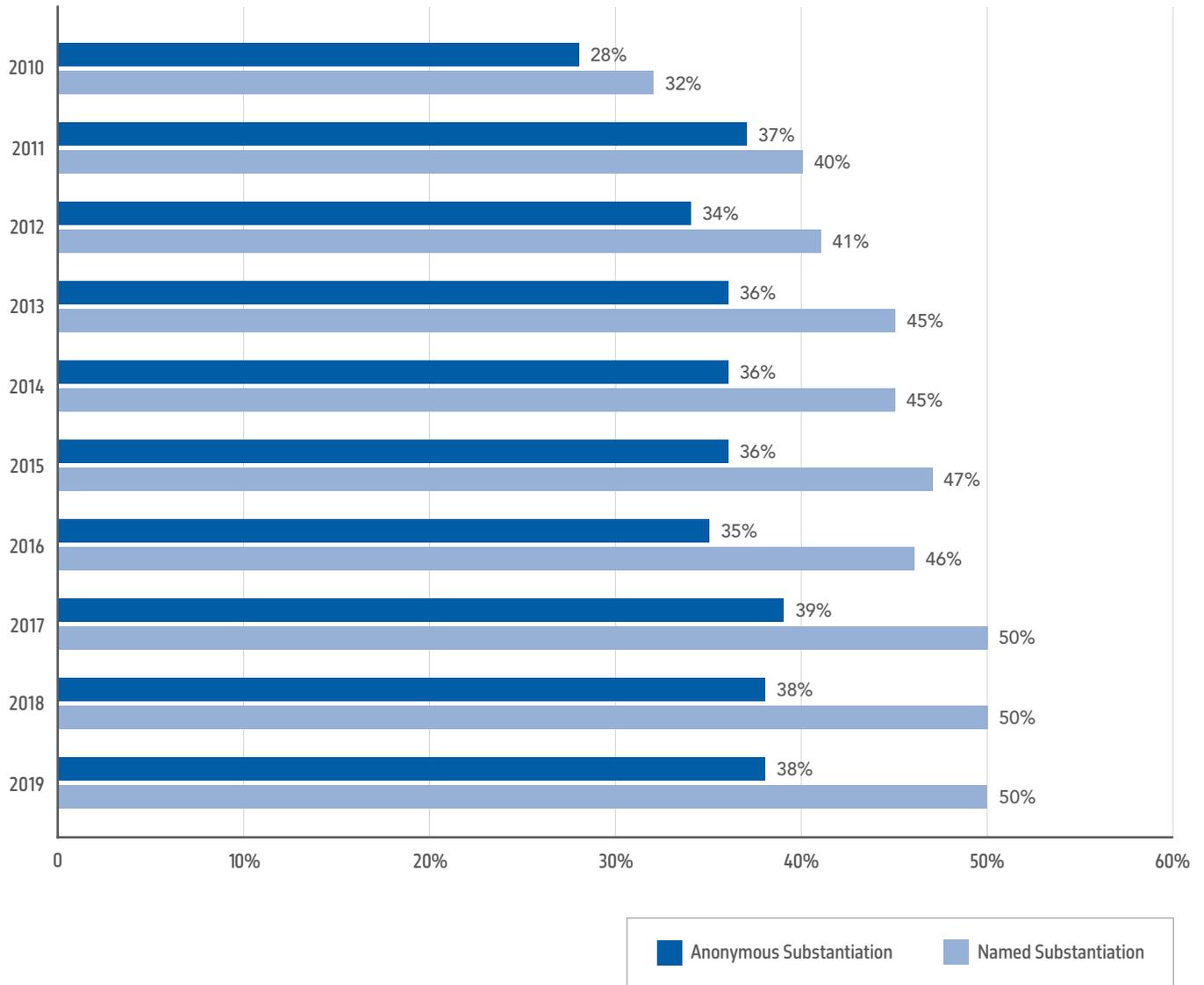
6. Case Closure Time

Case Closure Time Back up to Near Record Levels

Our Case Closure metrics measure the number of calendar (not business) days it takes an organization to close a case. Responding to and investigating the concerns and allegations that employees bring to you is the key to showing employees that their concerns are important and are taken seriously. If months go by without resolution, or weeks go by without an indication of action, the credibility of the program can be lost.

Externally, as legislation continues to affect whistleblower programs – limiting time to complete internal investigations, providing incentives for whistleblowing to external agencies and more – earning and retaining employees' trust will continue to rely heavily on their perception of programs and case closure times.

How to Calculate: Calculate the number of days between the date a report is received and the date it is closed for each report. Then, calculate your average case closure time by dividing the total sum of all case closure times by the total number of cases closed.

Findings: Since we began tracking it, case closure time has generally been trending upward – from 32 days in 2011 to a high of 46 days in 2015. In 2019, this data point is closer to the all-time high at 45 days.

To further refine and understand this metric, we took a closer look at the 2018 and 2019 data sets to provide more details on case closure time, and the data we found was not encouraging. Between 2018 and 2019, the average (not median) days for closing a case rose from 60 days to 66 days. When we looked at the distribution of average case closure times, we found 20 percent of our database takes more than 100 days to close investigations – that's up from 17 percent in 2018.

While there are cases that require lengthy investigations – especially ones with legal ramifications – an average across all reports of 100 or more days far exceeds the best practice recommendation of 30 days. When we ask compliance officers why closure times are increasing, the answer we most often hear is lack of resources.

Case Closure Time Continued

Median Case Closure Time in Days

Year	Days
2011	32
2012	34
2013	36
2014	39
2015	46
2016	42
2017	44
2018	40
2019	45
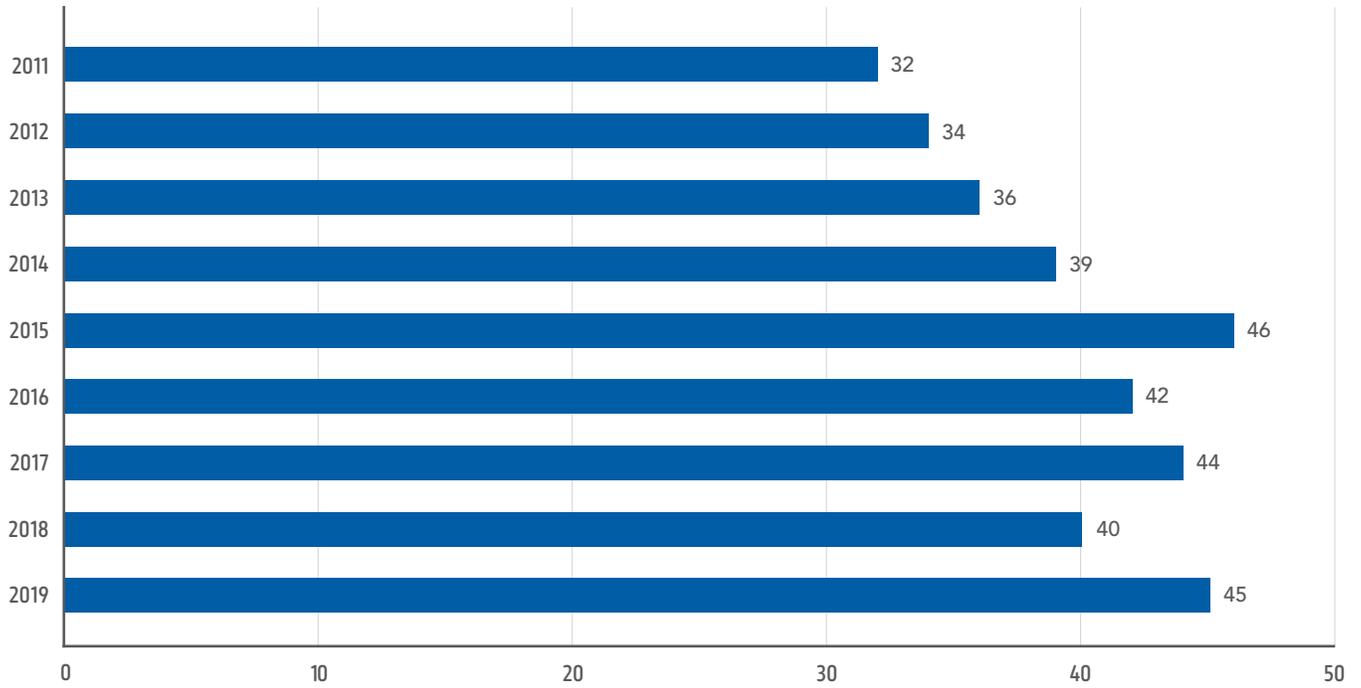
Case Closure Time Continued

Distribution of Case Closure Time Medians

Category	2018	2019
Less than 10 Days	9%	6%
10 Days to <20 Days	14%	12%
20 Days to <30 Days	14%	14%
30 Days to <40 Days	13%	13%
40 Days to <50 Days	9%	10%
50 Days to <60 Days	7%	8%
60 Days to <70 Days	5%	7%
70 Days to <80 Days	5%	4%
80 Days to <90 Days	4%	3%
90 Days to <100 Days	3%	3%
100 Days or More	17%	20%

Legend: 2018, 2019

Case Closure Times by Report Category & Anonymous vs. Named

HR, Diversity and Workplace Respect Reports continue to maintain the majority share of reports received, and therefore their influence over case closure times.

This category contains harassment, discrimination and retaliation reports as well as employee relations, payroll and FMLA issues. It is likely that the increased visibility and scrutiny of these reports has resulted in some of the longer case closure times we are seeing in the 2019 data. However, the improvements noted in the 2018 case closure time of 39 days have been lost

and this metric is back at 43 days for all HR-related cases in 2019.

It is also interesting to note that in 2017 and 2018, we found a difference of a week in the median time it took to close named versus anonymous reports. In 2019, this gap dropped to just two days. This is an important observation related to anonymous reporting, and further demonstrates that anonymous reporting is less of a driver in case closure time delays.

Case Closure Time Continued

Case Closure Time by Report Category (In Days)

Accounting, Auditing and Financial Reporting
- 55
- 54
- 50
- 51
- 56

Business Integrity
- 48
- 46
- 46
- 42
- 44

HR, Diversity and Workplace Respect
- 47
- 41
- 41
- 39
- 43

Environment, Health and Safety
- 36
- 34
- 35
- 31
- 35

Misuse, Misappropriation of Corporate Assets
- 42
- 44
- 45
- 36
- 40

Legend: 2015 | 2016 | 2017 | 2018 | 2019

(Axis: 0, 10, 20, 30, 40, 50, 60)
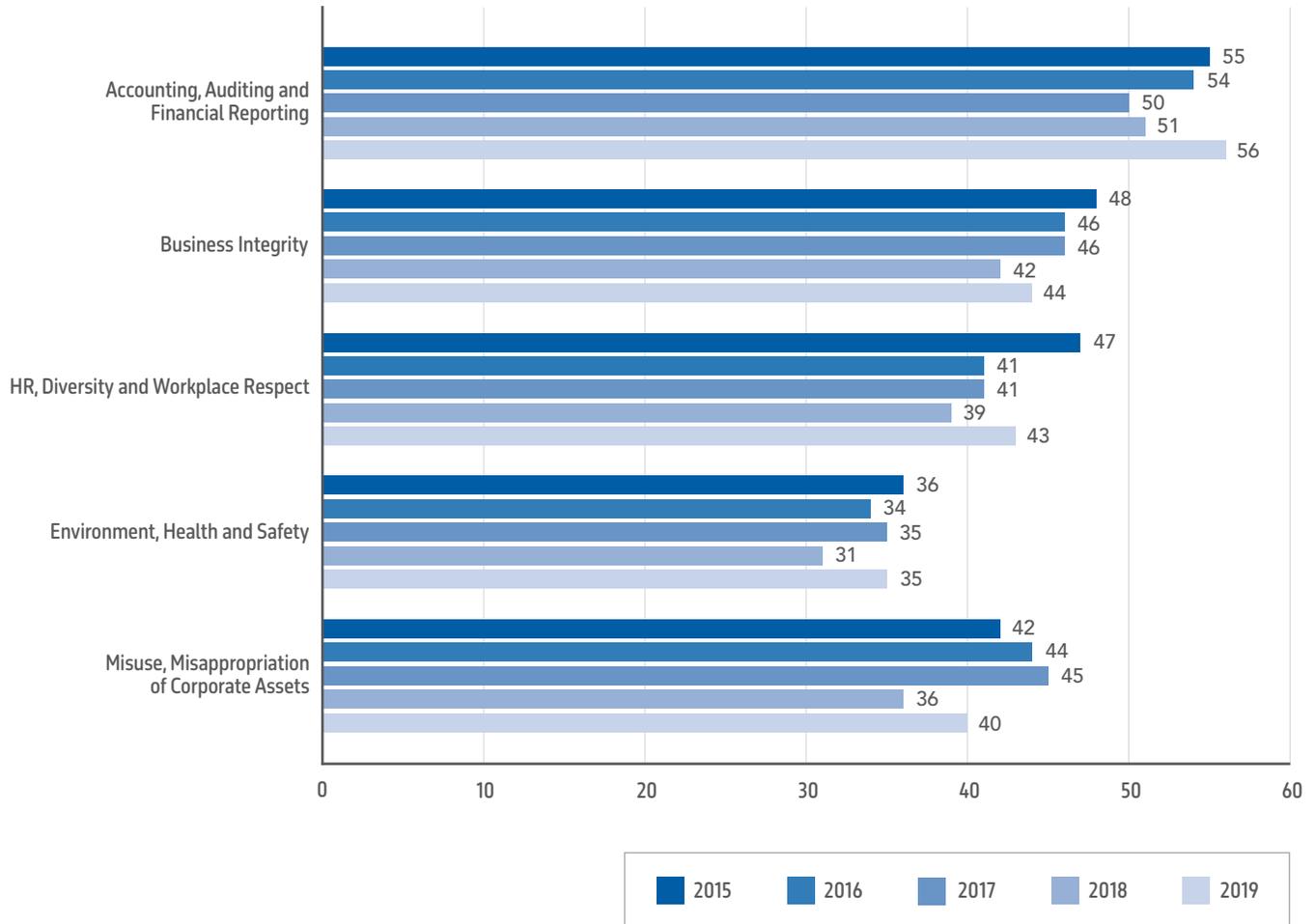
Median Case Closure Time (In Days) by Anonymous vs. Named Reporting

2017
- 45
- 40

2018
- 42
- 37

2019
- 45
- 43

Legend: Anonymous Reports | Named Reports

(Axis: 0, 10, 20, 30, 40, 50)
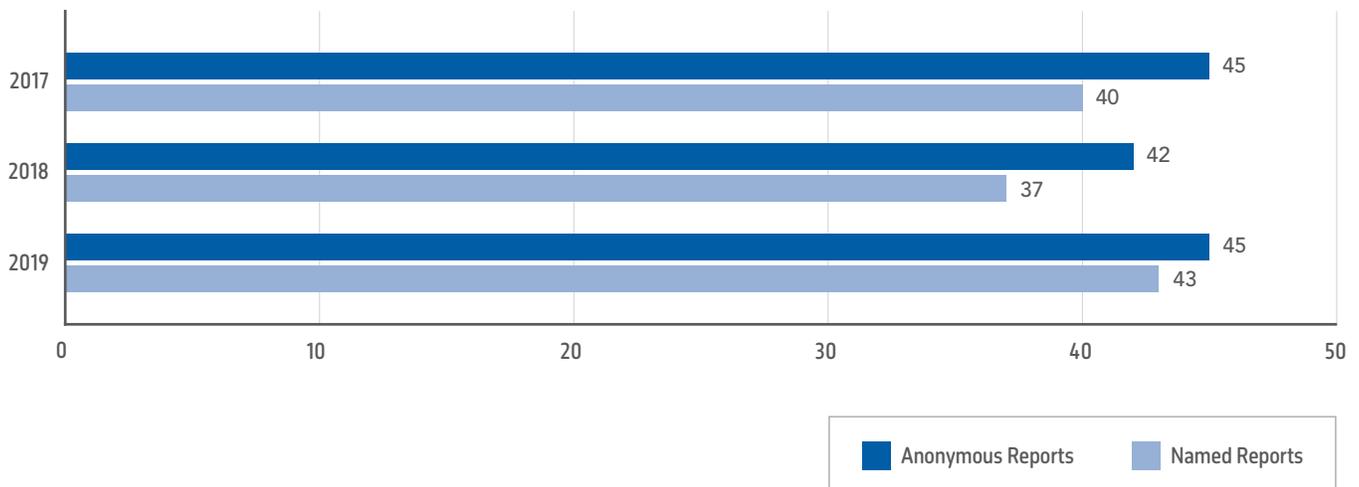
7. Difference Between Incident & Report Date

A Brand-New Benchmarking Metric

How to Calculate: Find the difference between the alleged incident date and the date the report was made for each report. Then, calculate your average difference by dividing the total sum of all the differences between alleged incident dates and report dates divided by the total number of cases closed.

Findings: For 2019, we found a median gap of 21 days between the date the incident occurred and the date the reporter chose to report it. We found an average gap of 37 days. This gap is important to understand, especially in context of longer case closure times and in assessing the culture – particularly around fear of retaliation.

We also looked at the distribution of the average gap times our customers were experiencing and found 20 percent of our customers average 60 or more days between incident occurrence and report. This is a significant amount of time. We also found that 19 percent have average differences of less than five days.

As shown in the charts on the following page, we looked into the types of reports that were taking longer than 60 days to report and found that the biggest difference existed in the Business Integrity category. This category includes reports on topics such as HIPPA, anti-bribery, fraud, third party relationships, product quality, processes, procedures and more.

Difference Between Incident & Report Date Continued

Difference Between Alleged Incident & Report Date

2019	21 (Median)
	37 (Average)

Axis: 0, 10, 20, 30, 40

Legend:
- Median Gap Between Incident and Report Date
- Average Gap Between Incident and Report Date
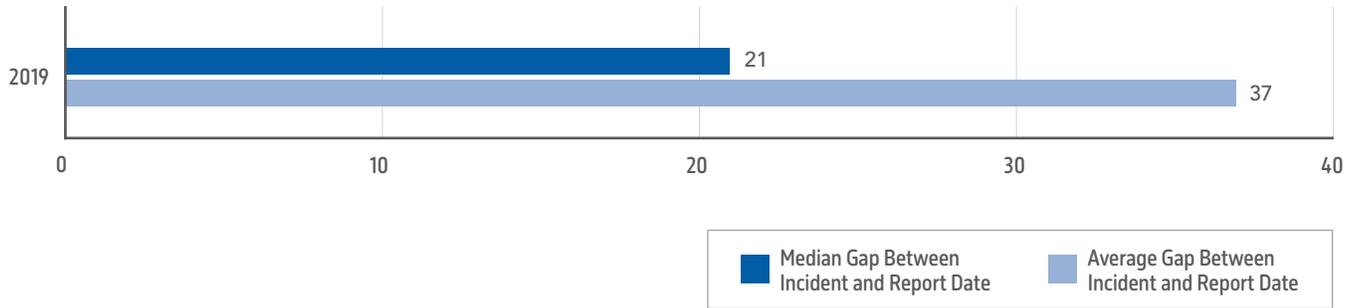
Distribution of Average Difference Between Incident & Report
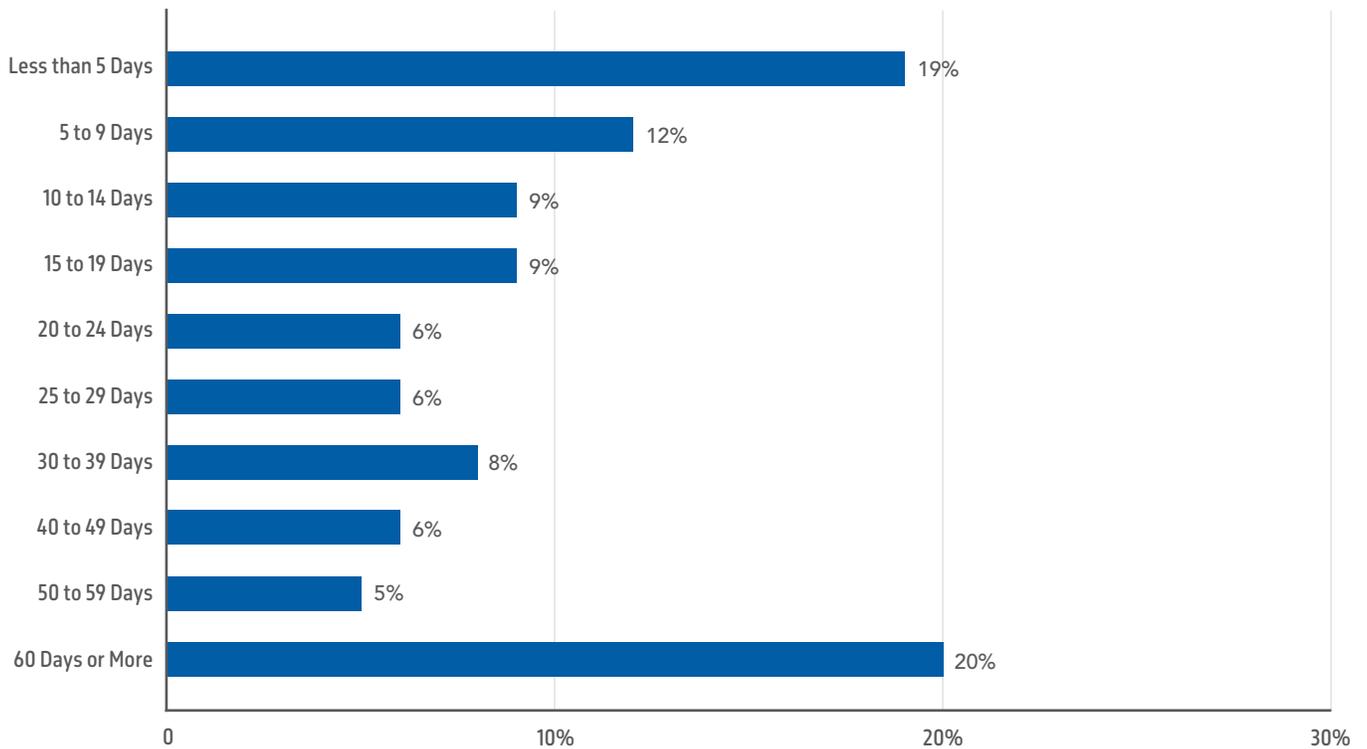
Category	Percentage
Less than 5 Days	19%
5 to 9 Days	12%
10 to 14 Days	9%
15 to 19 Days	9%
20 to 24 Days	6%
25 to 29 Days	6%
30 to 39 Days	8%
40 to 49 Days	6%
50 to 59 Days	5%
60 Days or More	20%

Axis: 0, 10%, 20%, 30%

Difference Between Incident & Report Date Continued

Difference Between Alleged Incident & Report Dates by Report Category

Category	Value
Accounting, Auditing and Financial Reporting	16
Business Integrity	18
Environment, Health and Safety	8
HR, Diversity and Workplace Respect	17
Misuse, Misappropriation of Corporate Assets	10

Axis: 0, 2, 4, 6, 8, 10, 12, 14, 16, 18, 20
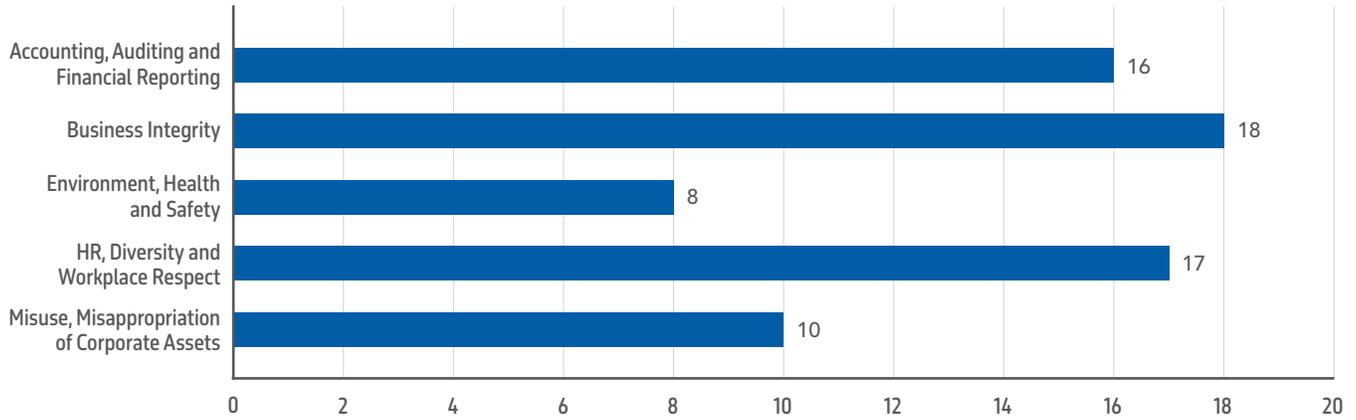
Distribution of Difference Between Incident & Report Date by Report Category

Category	59 Days or Less Gap	60 Days or More Gap
Accounting, Auditing and Financial Reporting	1%	4%
Business Integrity	28%	40%
Environment, Health and Safety	12%	12%
HR, Diversity and Workplace Respect	52%	41%
Misuse, Misappropriation of Corporate Assets	5%	5%

Axis: 0%, 10%, 20%, 30%, 40%, 50%, 60%

Legend:
■ 59 Days or Less Gap
■ 60 Days or More Gap
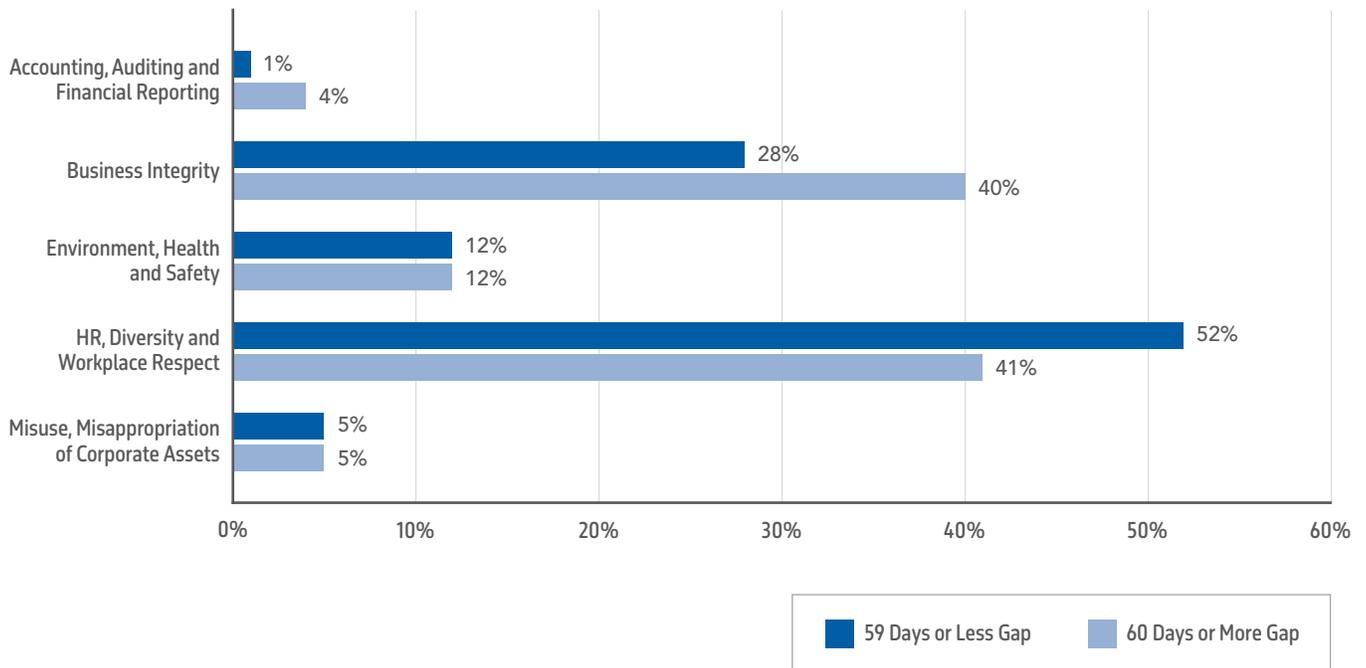
8. Report Intake Method & Substantiation

## Other Methods of Intake Maintain Importance

It is important to offer a variety of intake channels to employees and to track all the reports received in a single, centralized database. This includes hotline, web intake and all other intake sources such as open-door conversations, letters to leadership, emails and walk-ins to the compliance office. Monitoring the methods employees choose can help determine which are preferred or easy to access, and which methods employees may not know are available to them. Employee choice will vary depending on the makeup of the workforce and their access to phones, computers or onsite human resources.

How to Calculate: Group all non-hotline and non-web intake reports such as open door, email, postal mail, fax and manager submissions together as "All Other Methods." Then total up the number of reports received by each channel, hotline, web intake and all other methods, and divide each by the total number of reports.

Findings: All Other Methods of report intake continues to hold the largest share of the reports in our database; this year they were 44 percent of the reports collected. Interestingly, about 10 percent of these reports were submitted into the incident management system anonymously.

Report Intake Method & Substantiation Continued

Report Intake Method Comparison

Year	Hotline	Web Submission	All Other Methods
2013	36%	20%	44%
2014	32%	23%	45%
2015	34%	24%	42%
2016	34%	26%	40%
2017	38%	23%	39%
2018	37%	25%	38%
2019	33%	24%	43%

■ Hotline   ■ Web Submission   ■ All Other Methods
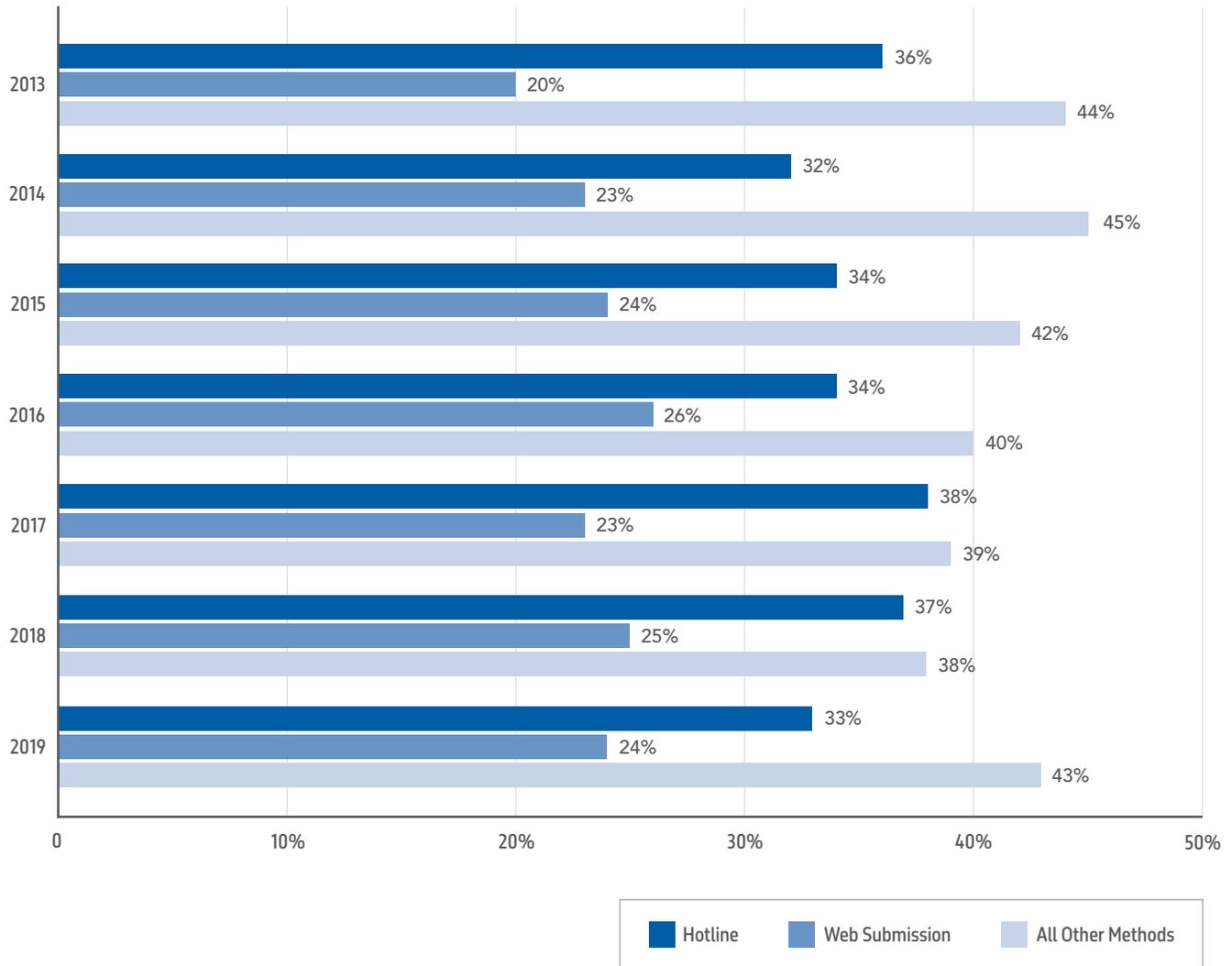
Report Intake Method & Substantiation Continued

## Substantiation Rates by Report Intake Method

Reports received via other intake methods continue to be substantiated at a median rate significantly higher than reports received via hotline and web intake methods – both overall and when the report is made anonymously. This finding continues to highlight the importance of gathering and tracking these reports in the same system as hotline and web reports so problems can be detected and addressed.

Median Overall Substantiation by Intake Method

Year	Hotline	Web Submission	Other
2016	35%	34%	46%
2017	37%	42%	61%
2018	34%	37%	59%
2019	36%	38%	58%

Legend: Hotline, Web Submission, Other
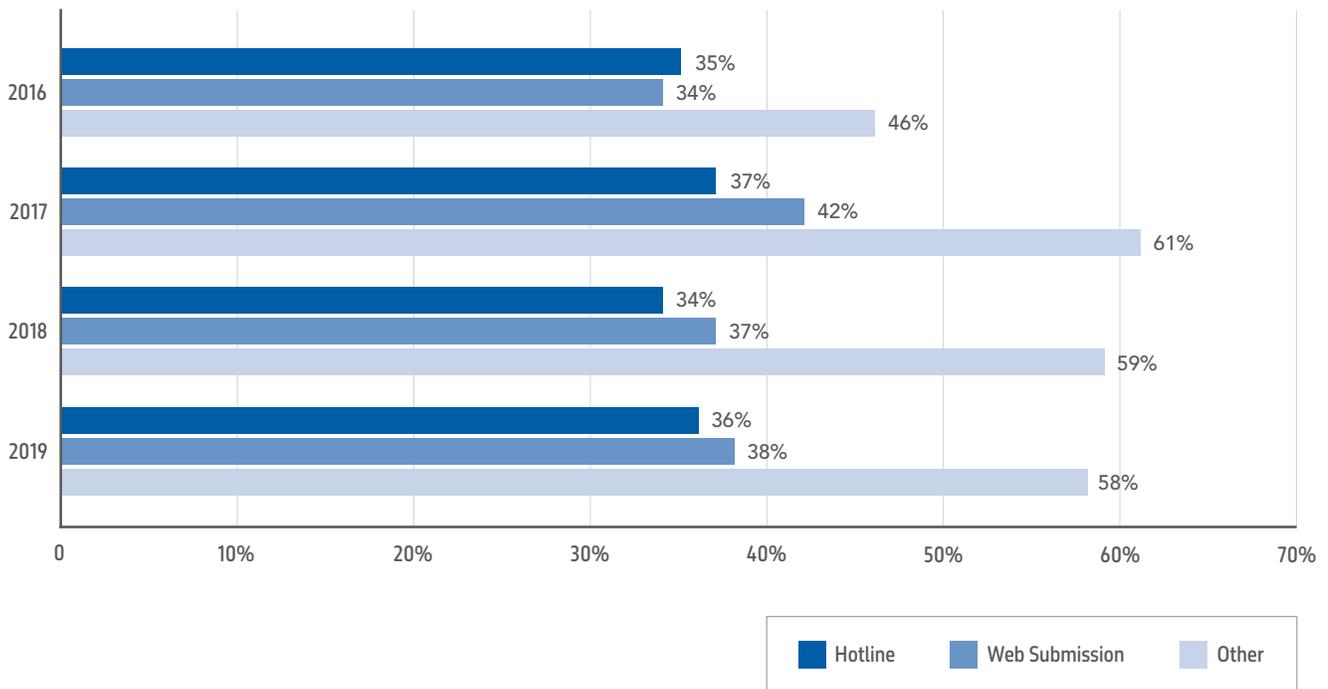
Report Intake Method & Substantiation Continued

Median Named Substantiation by Intake Method

Year	Hotline	Web Submission	Other
2016	35%	37%	48%
2017	40%	48%	61%
2018	37%	40%	61%
2019	36%	40%	60%

Legend: Hotline | Web Submission | Other
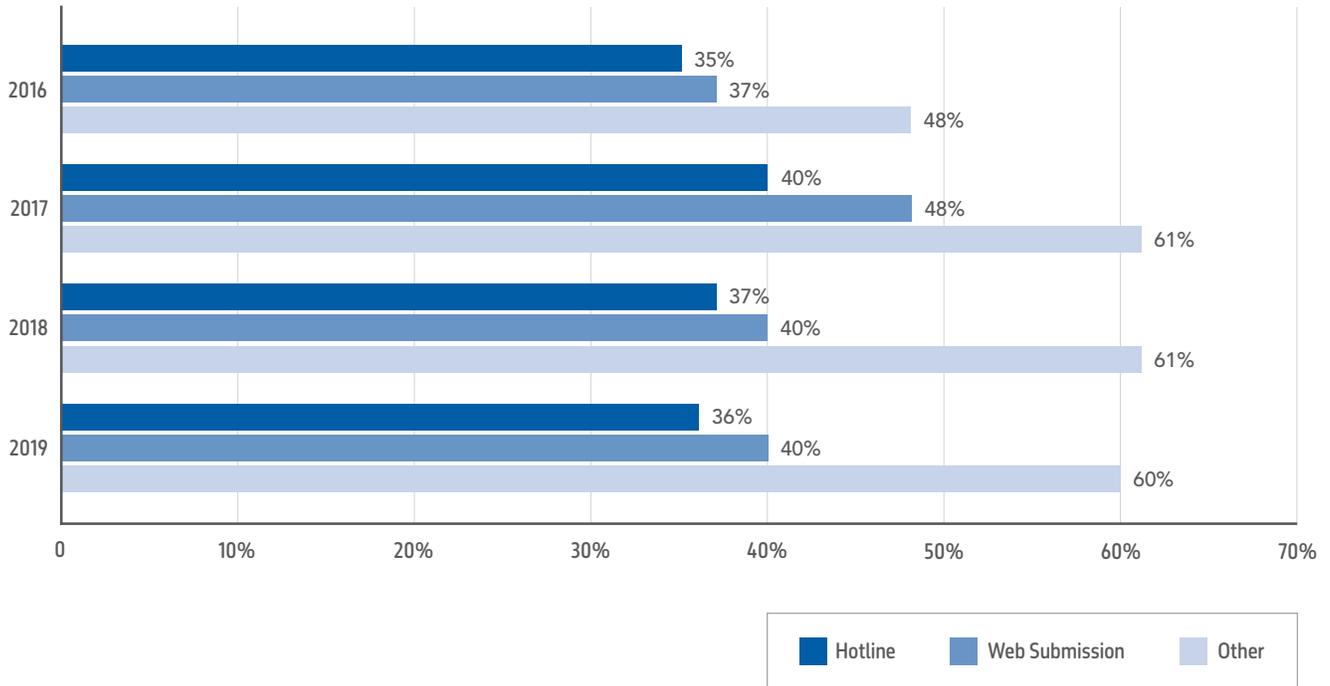
Median Anonymous Substantiation by Intake Method

Year	Hotline	Web Submission	Other
2016	35%	32%	39%
2017	34%	38%	39%
2018	32%	35%	40%
2019	32%	36%	43%

Legend: Hotline | Web Submission | Other
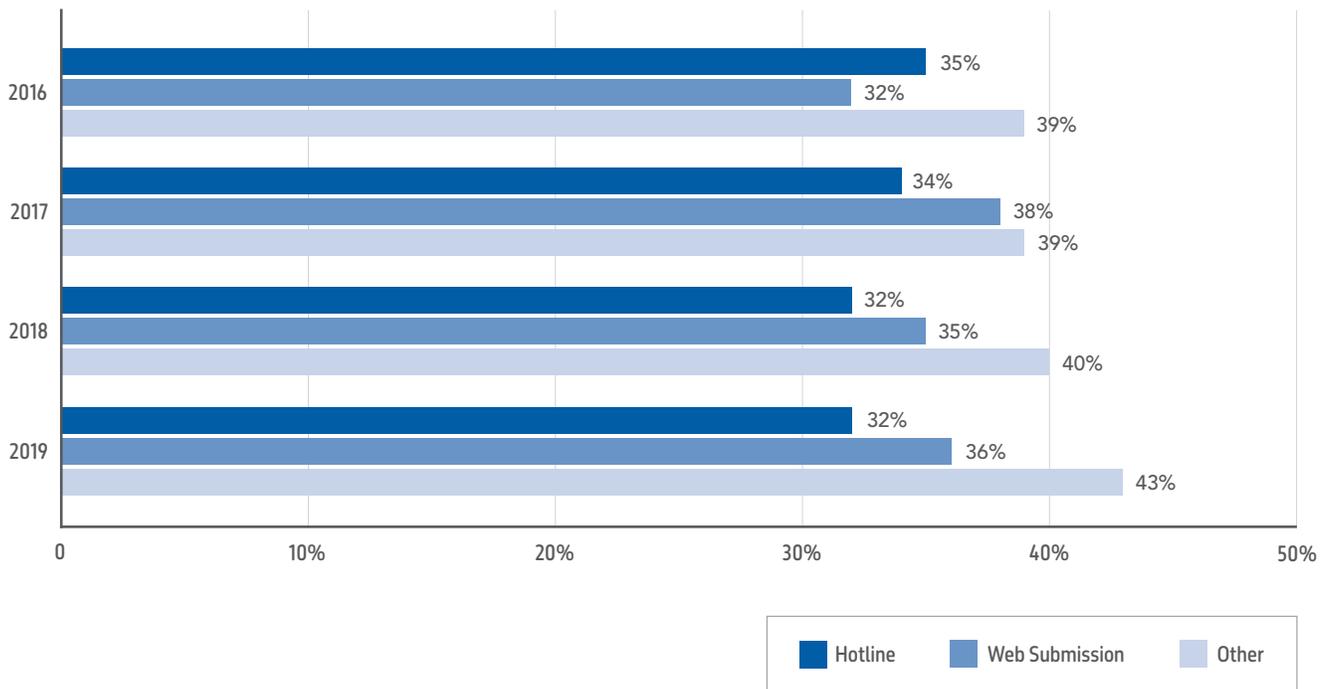
9. Reports of Retaliation

The First Drop in Reports of Retaliation

How to Calculate: Take the total number of reports made with retaliation as the primary allegation and then divide that by the total number of reports.

Findings: In the eight years we have been reporting retaliation metrics, this is the first year that number has dropped. The drop is minimal, but we know that there is a significant difference between internal reporting of retaliation and external reporting of retaliation. Substantiation of allegations of retaliation remains lower than the overall median substantiation rate for all cases. Because retaliation remains a top concern for regulatory agencies and employees, it needs to be a top concern for compliance programs as well. Training, awareness, mitigation and demonstrated actions are needed to address this concern. Progress is needed on this important topic. These key efforts can help:

- Define retaliation – Empower your managers, leaders and employees to recognize and understand retaliation when they see it through clear definitions and real-world examples in your Code of Conduct and retaliation policy.

- Carefully manage investigations of these allegations – When an allegation is made pointing to retaliation, it is essential that the resulting investigation is conducted in a way that provides clear communication with the reporter, anonymous or named, and protects the reporter from further retribution to every extent possible, whether the allegation is substantiated or not.

Reports of Retaliation Continued

Percentage of Retaliation Reports

Year	Percentage
2011	0.52%
2012	0.70%
2013	0.64%
2014	0.71%
2015	0.91%
2016	0.93%
2017	1.10%
2018	1.20%
2019	1.10%

Substantiation Rate of Retaliation Reports

Year	Rate
2011	10%
2012	10%
2013	12%
2014	27%
2015	26%
2016	26%
2017	21%
2018	22%
2019	23%
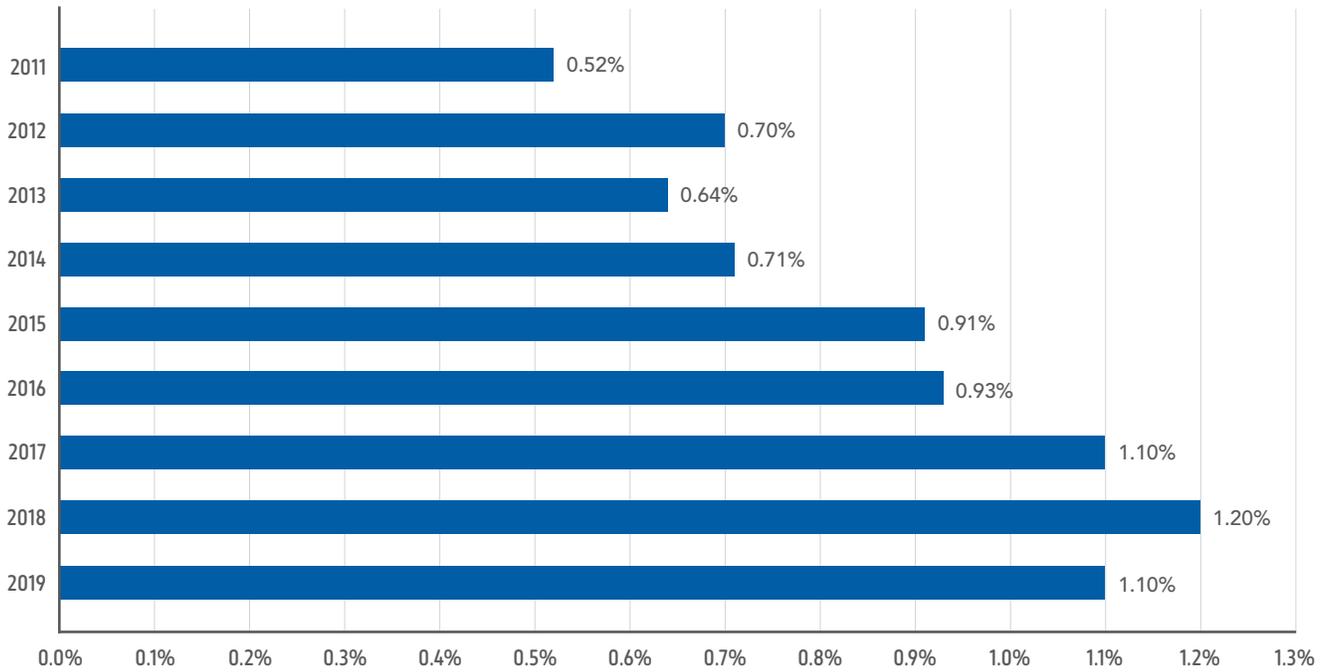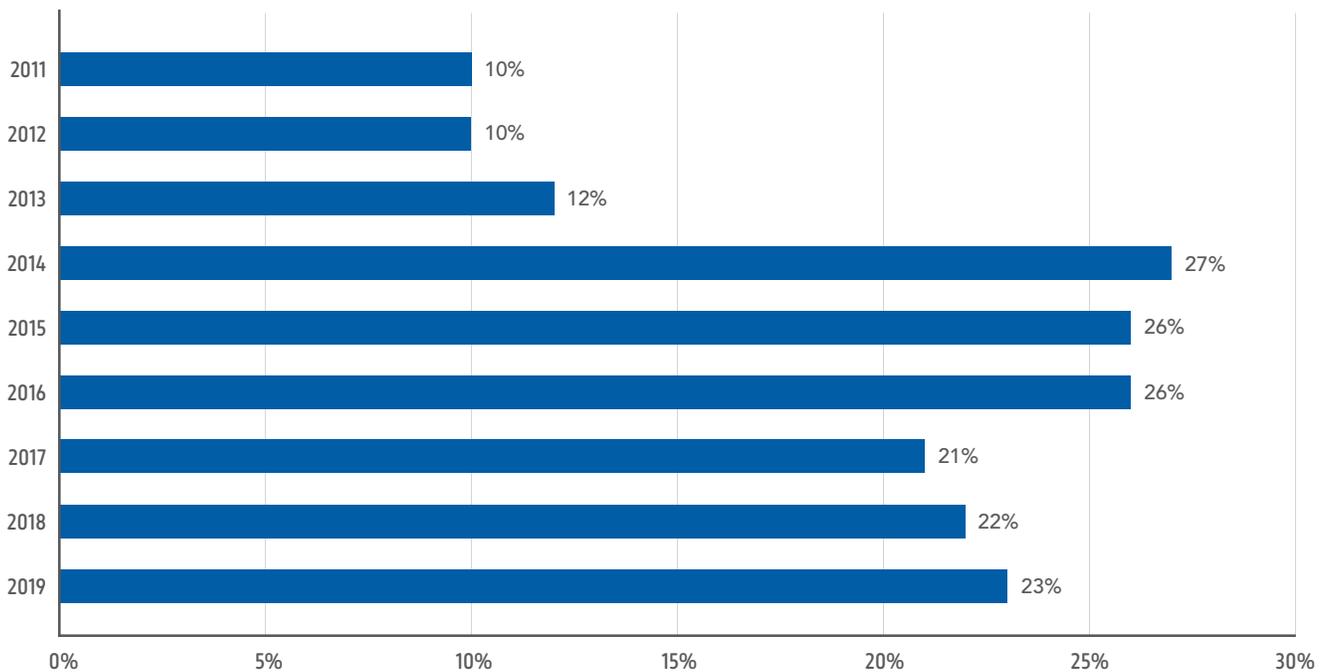
10. Reports of Harassment & Discrimination

A Tiny Drop for Harassment & Discrimination Too

Since the emergence of the #MeToo movement, harassment and discrimination have been top-of-mind topics of conversation and benchmarking metrics.

How to Calculate: Take the number of reports made with harassment as the primary allegation and then divide that by the total number of reports. Repeat this process with reports that have discrimination as the primary allegation.

Findings: In 2019, the level of harassment and discrimination reports, an already very small subset of our database, dropped slightly. Generally, slight drops like the one we see here are not cause for concern, as reporting and incidents fluctuate year over year. However, given the spotlight these categories have been under for the past couple of years, it is notable. As we move away from the energy the 2017 whistleblowers brought to this topic, we need to remain diligent in our efforts. Training is not a one-and-done exercise. And as previously noted, more reports are always correlated with better business outcomes, so reporting on this topic will be important to watch.

In 2019, we continue to see consistency in substantiation rates for both harassment and discrimination reports. The Substantiation Rates of Harassment Reports is consistent with our Overall Substantiation Rate. However, the Substantiation Rate of Discrimination Reports was much lower, closer to the Substantiation Rate of Retaliation Reports.

Reports of Harassment & Discrimination Continued

Percentage of Harassment vs. Discrimination Reports
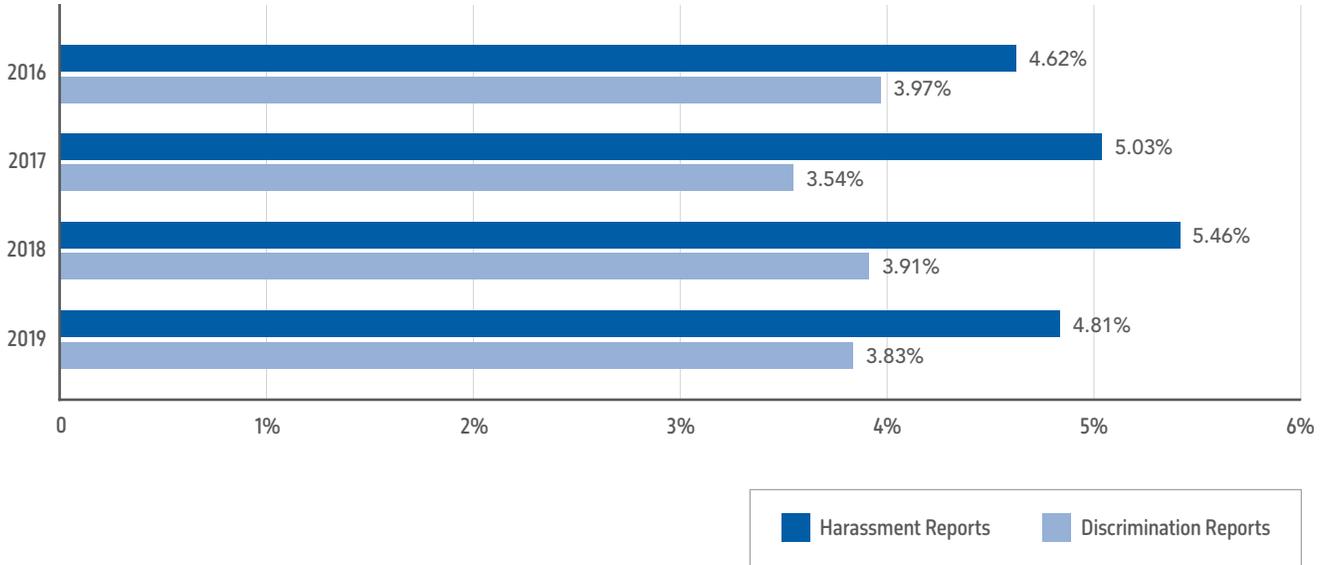
Year	Harassment Reports	Discrimination Reports
2016	4.62%	3.97%
2017	5.03%	3.54%
2018	5.46%	3.91%
2019	4.81%	3.83%

■ Harassment Reports   ■ Discrimination Reports

Substantiation Rates of Harassment vs. Discrimination Reports

| Year	Harassment Reports	Discrimination Reports
2016	38%	27%
2017	40%	27%
2018	41%	29%
2019	40%	30%

■ Harassment Reports   ■ Discrimination Reports
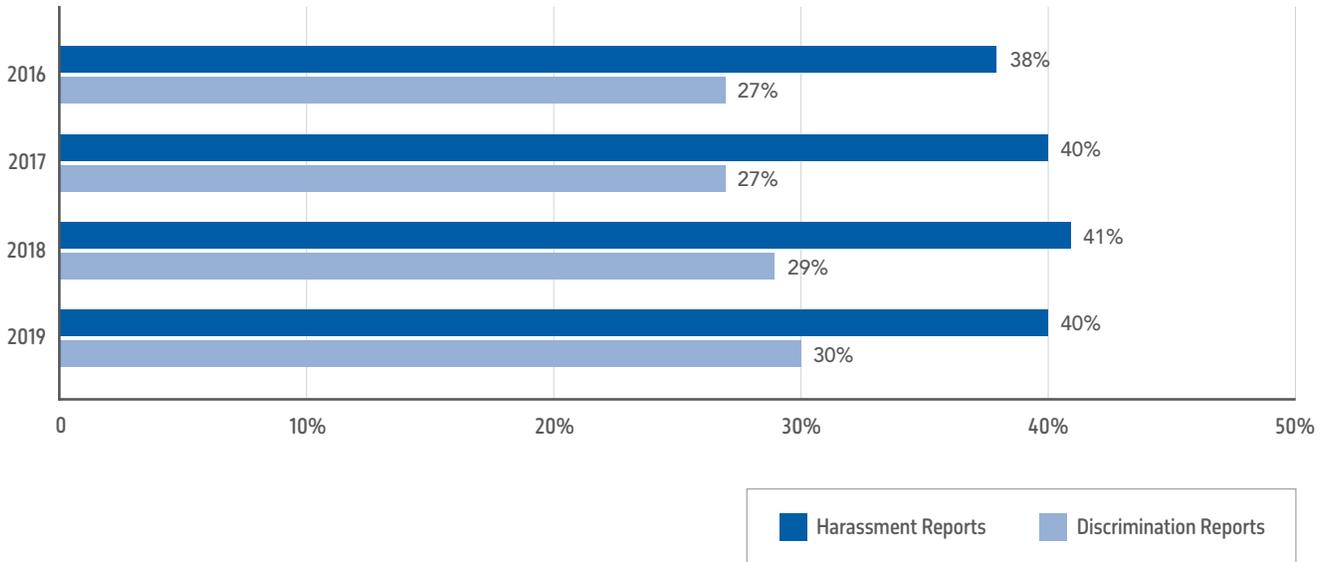
Minor Changes in the Geographical Data

How to Calculate: Identify the geographical location for each report, then categorize that location by continent. To determine the report distribution, divide the total number of reports from each continent by the total number of reports received in the period.

Findings: North America's majority slice of our database was reduced slightly in 2019, likely due to the addition of the Legacy Expolink system data to our historical EthicsPoint and AlertLine data sets. The drop corresponded with an uplift in European-based reports, moving Europe to third place by reporting volume. We do believe we will see some important trends and implications with this added data set, and will be publishing a separate, regional-based cut of this database later this year. Asia maintained second place.

Geographical Data Continued

Report Origination Breakdown by Geography

Geography	2016	2017	2018	2019
Africa	1.4%	1.3%	1.4%	1.5%
Asia	8.2%	8.6%	7.0%	7.7%
Australia	0.71%	0.7%	0.7%	0.9%
Europe	3.1%	3.2%	3.9%	4.7%
North America	82.0%	82.2%	82.5%	80.8%
South America	4.6%	4.0%	4.5%	4.4%

Legend: 2016, 2017, 2018, 2019
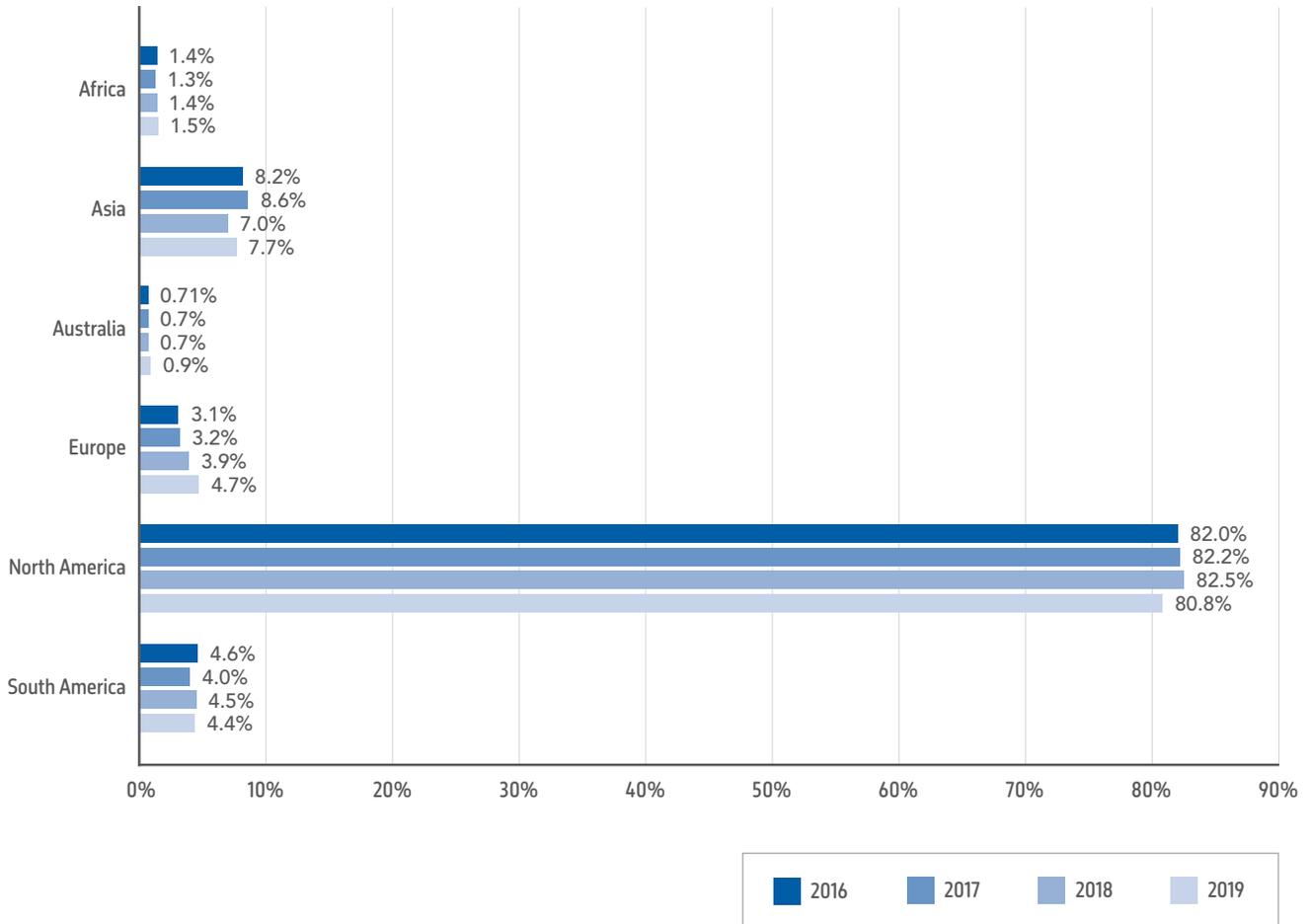
12. Data by Employee Count

Employee Count Impacts Report Volume & Anonymous Reporting

We intentionally calculate our metrics in a way to alleviate the impact outliers have on our benchmarking metrics, relying on measures such as report per 100 employee medians and, new to this year's report, a few trimmed averages. However, we do know that small organizations and their hotline programs are somewhat different from their larger counterparts. In 2019, we analyzed a few key metrics to shed some light on these differences.

Findings: First, we looked at the distribution of reports, and as we expected, there is a strong correlation between the number of employees an organization has and the amount of reports they receive.

When we took a closer look at the median reports per 100 employees received, we found organizations with less than 10,000 employees received 1.6 reports per 100 employees, while organizations with 10,000 or more employees only received 0.9. This is significant and true for both 2019 and 2018, and highlights something we may inherently understand but have not quantified before – that it takes more effort, resources and energy to build trust across a larger, more diverse and dispersed workforce.

It is notable that smaller organizations with less than 10,000 employees receive 61 percent of their reports anonymously. Organizations with 10,000 or more employees see 56 percent anonymous reports. Finally, substantiation rates were generally consistent across the groups we analyzed.

Data by Employee Count Continued

Report Distribution by Employee Count

Employee Count	2016	2017	2018	2019
0-999	2%	3%	3%	3%
1,000-5,999	11%	13%	11%	9%
6,000-9,999	7%	8%	7%	7%
10,000-49,999	35%	30%	31%	29%
50,000-99,999	17%	16%	17%	17%
100,000+	28%	30%	31%	35%

Legend: 2016 · 2017 · 2018 · 2019
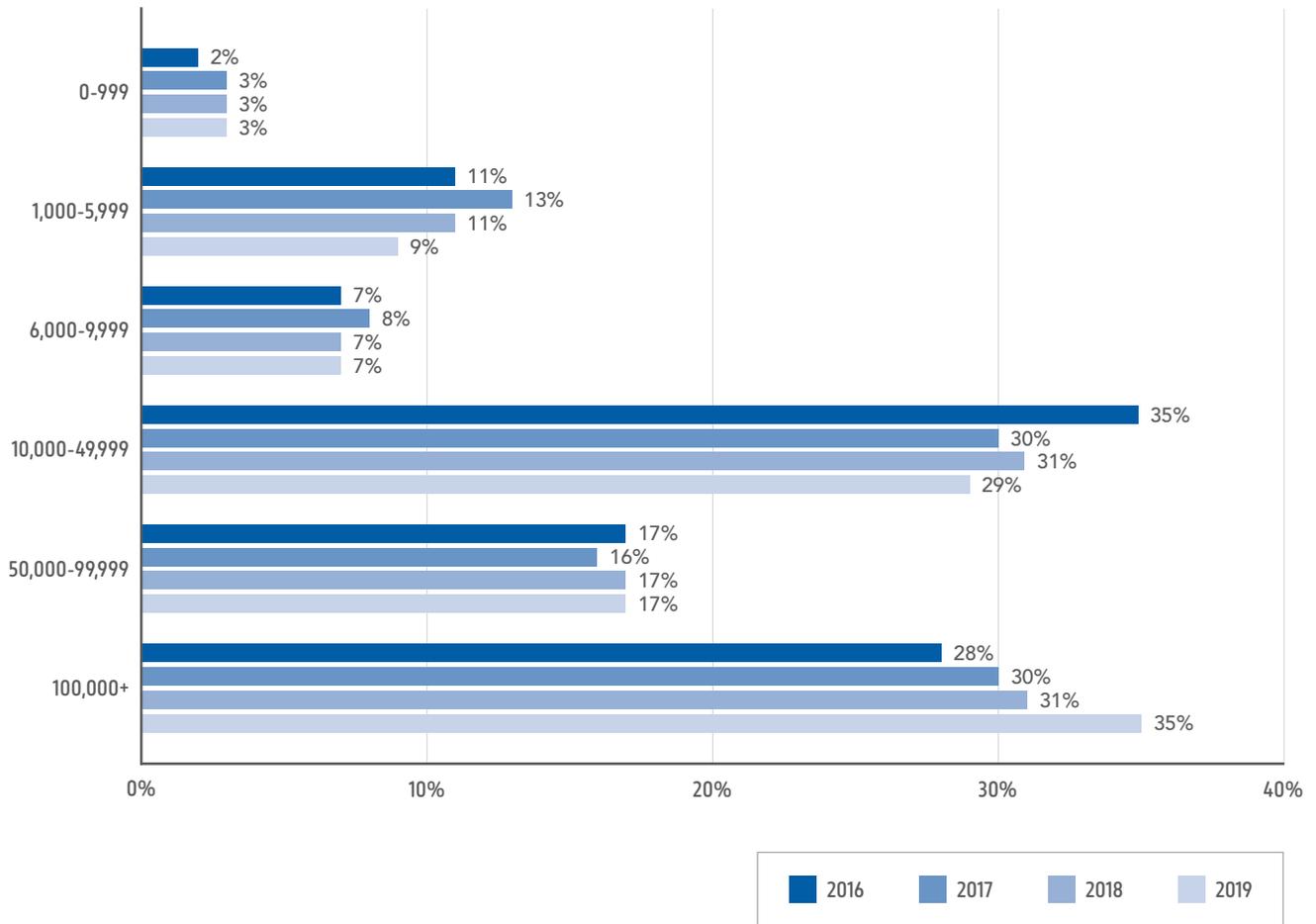
Median Reports per 100 Employees by Employee Count

| Employee Count	2018	2019
0-9,999	1.6	1.6
10,000+	0.9	0.9

Legend: 2018 · 2019
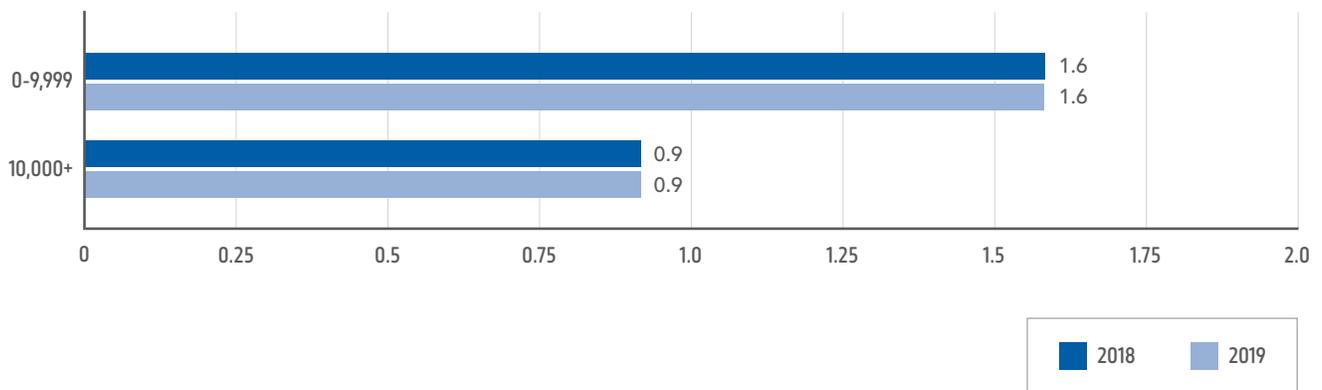
Data by Employee Count Continued

Median Anonymous Reporting Rate by Employee Count
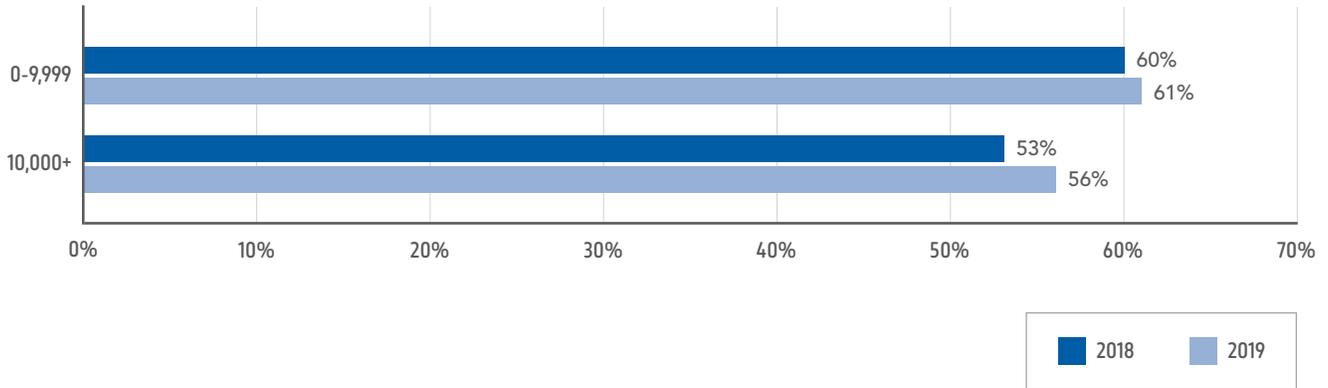
Median Overall Substantiation Rate by Employee Count
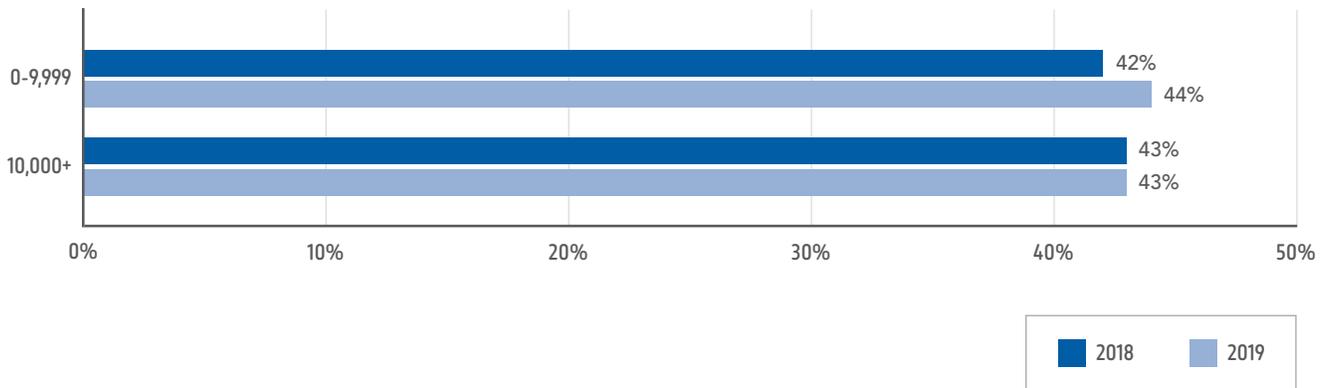
Conclusion

Risk and compliance officers have many opportunities to leverage the data in their hotline and incident management systems to improve their compliance programs – and their organizational culture of integrity and respect. This year's benchmarks point to several opportunities to increase program effectiveness:

- **Focus on Case Closure Time.** We have discussed this issue over a number of our reports and remain concerned that this metric remains a challenge for many organizations. When we poll compliance officers on the reason for this, the answer most often is a lack of resources. Timely responses to issues raised are crucial to trust in compliance programs.

- **Get a more complete picture of your risks by documenting all reports in one centralized incident management system.** With high substantiation rates for reports received from sources beyond hotline and web reporting, documenting reports from all channels in an incident management system is more important than ever. Documenting all cases creates a more accurate, comprehensive and holistic view of risk and compliance reports – and the cultural health of the organization. It also increases the rigor with which you can track, investigate, analyze and resolve those reports. And finally, it provides a more realistic estimate of the resources needed to address all of the matters the organization is receiving.

- **Encourage employees to see your hotline as a resource for information, not just a channel for reporting.** This year, the percentage of reports that were inquiries and not allegations remained at an all-time low. Awareness of the ability to use the hotline as a helpline can give employees permission to call when they need advice or assistance, not just to report an issue. Tracking these questions closely, regardless of intake channel, can provide valuable insight into areas where more training may be needed, policies should be updated, or procedures could be reviewed.

- **Train and communicate consistent definitions for key reporting topics like retaliation, harassment and discrimination.** While we know that discrimination or retaliation reports are often based on a perception that a manager is acting in a certain way, rather than a clear statement or evidence, increased reporting medians for these key topics – paired with fluctuating and low substantiation rates – point to higher organizational risk. Proactively addressing these sensitive and top-of-mind topics through refreshed training can help shrink the gaps we are seeing.

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 hope this report is helpful to your organization and we welcome any feedback on these findings.

NAVEX Global is the worldwide leader in integrated
risk and compliance management software and services that
help organizations manage risk, address regulatory compliance
requirements and foster an ethical workplace culture.
For more information visit www.navexglobal.com.

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Carrie Penman is the Chief Compliance Officer and Senior Vice President for NAVEX Global. Carrie has been with NAVEX Global since 2003 after serving four years as deputy director of the Ethics and Compliance Officer Association. Carrie was one of the earliest ethics officers in America. She is a scientist who developed and directed the first corporate-wide global ethics program at Westinghouse Electric Corporation. She has been studying how and why employees use company hotlines since 1995. Since joining NAVEX Global, 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 has also served as a corporate monitor and independent consultant for companies with government agreements. As Chief Compliance Officer, she oversees NAVEX Global's internal ethics and compliance activities employing many of the best practices that NAVEX Global recommends to our customers. Carrie is the author of numerous compliance related articles and commentary and is regularly quoted as a compliance expert in press and publications. Carrie has been featured in the Wall Street Journal and on the cover of Compliance Week magazine. In 2017, Carrie received the Ethics & Compliance Initiative Carol R. Marshall Award for Innovation in Corporate Ethics for an extensive career contributing to the advancement of the ethics and compliance field worldwide. In 2020, Compliance Week magazine awarded Carrie with their inaugural Lifetime Achievement Award for Excellence in Compliance.

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