NAVEX™

ESG Report for 2020
Invested in **Our Impact**

Published December 2021

ENTER

A Message From Our CEO, Bob Conlin

Our commitment to Doing the Right Things Right is a simple yet powerful statement. It informs and directs the way we build our solutions, serve our customers, support our communities and conduct ourselves as team members. This commitment remained strong even as the operational impacts of COVID-19 played out during the year and is, in fact, part of a bigger story.

In 2020, we gained an even greater appreciation for the meaningful impact we have on our customers, their employees and the communities they serve.

For many companies, their NAVEX incident reporting system (their hotline) became a lifeline for employees and management alike when COVID lockdowns forced so many to work remotely – most for the first time. We discovered that our products were used to promote discourse, distribute critical information and connect employees with their employers in ways not contemplated before. We also found our customers turning to us for guidance on topics like reporting, data benchmarking, culture-building, business continuity and maintaining an ethical workplace during a time of unprecedented disruption.

Corporate responsibility – and providing software and services that help our customers be better corporate citizens themselves – has always been a driving force for us. The acquisition of environmental, social and governance (ESG) software company CSRware in late 2020 is a manifestation of this responsibility. As both a provider and user of advanced ESG management software, our appreciation for its contribution to

sustainability and responsible business success is magnified.

In this, our first public ESG Report, you'll read more about our efforts to measure and reduce our own environmental footprint. Beyond environmental considerations, we also share our longer-term focus on social and governance initiatives that ensure our workplace is safe, legally compliant, ethical, inclusive and free from discrimination.

We recognize and embrace our role as an ESG impact multiplier in 2020 and beyond. This report is a framework for broadening our vision and increasing our impact. It also serves as a call to action: We must do our part to challenge social injustice, address climate change, ensure ethical corporate governance and prepare for future disruptions and uncertainty. Our journey is underway, we're gaining momentum, and we're intentional about ensuring success.

**Bob Conlin**
Chief Executive Officer

Our Business

NAVEX is the worldwide leader in integrated risk and compliance management software services and training. We are a team of 1,200 team members dedicated to doing the right things right and to helping our 13,000 customers, with more than 70 million employees, do the same.

Our solutions are delivered through the NAVEX One® risk and compliance platform which allows customers to confidently and successfully manage the full range of critical risks facing their organization:

BUSINESS
Unforeseen, unwanted risk destroys business value
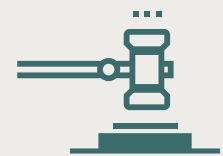
REGULATORY
Enforcement becoming more intense and increasingly complex

SUSTAINABILITY
Corporate sustainability is an expectation of all stakeholders

PEOPLE
Strong cultures attract the right people and win in the marketplace

Our suite of software solutions includes the world's most popular incident reporting and management system, policy and procedure management, enterprise-wide integrated risk management systems, ESG reporting and a full range of legally vetted compliance training courses.

WhistleB®
By NAVEX

WhistleB became part of NAVEX in December 2019. Founded in 2011 and based in Stockholm, Sweden, WhistleB provides secure, online, market-leading whistleblowing services for small and mid-sized businesses worldwide. Additional data and information for WhistleB is profiled in its *Sustainability Report 2020*.

NetClaim®

NetClaim, by NAVEX, is the largest provider of outsourced first notice of loss (FNOL) intake for the commercial property and casualty insurance claims industry.

Our Purpose, Vision and Core Values

OUR PURPOSE

Promote an ethical, inclusive and equitable workplace culture for all.

Protect our customers' brands and stakeholders from an ever-changing risk landscape.

Preserve our environment by enabling sustainable business practices.

OUR VISION

Deliver the world's smartest integrated platform that enables organizations to predict and mitigate risk.

OUR CORE VALUES

LIVE IT!
We are passionate about doing the right things right.

OWN IT!
We own our experience and results.

SAY IT!
We voice what matters.

DISCOVER IT!
We explore all possibilities.

BRING IT!
We deliver extraordinary value.

OUR IMPACT: An Interview With Carrie Penman, Our Chief Risk and Compliance Officer

Q: This is our first ESG Report – profiling a year unlike any other – how did we fare?

In the same year that we acquired CSRware - a cloud-based ESG software solution - and began tracking our own ESG metrics, all of our other social and governance solutions (and the team members who supported them) were put to the ultimate test.

In the first quarter of 2020, just like the thousands of customers we serve, we had two responsibilities: rally ourselves and support our customers. Since we couldn't address the second before quickly and effectively accomplishing the first, our business continuity plan in response to COVID disruption and restrictions was key. Like so many other organizations, ours was activated in March. The first phase included daily meetings of our emergency response team to consider and decide on operational issues related to team member health, office closures and remote working arrangements. The team also set up a regular cadence of communications both internally and with customers.

Our biggest challenge was transferring team members in five international contact center operations to remote work. It was truly a yeoman's effort to not only equip these individuals, but to transition without an interruption in service. We understood our responsibility to ensure pandemic-related workplace and supply chain issues were identified and communicated to our customers, so they could manage those issues quickly and transparently themselves.

OWN IT!

Our biggest challenge was transferring team members in five international contact center operations to remote work.

Q: NAVEX has always advocated for the use of an incident reporting system (hotline) as a tool for maintaining an ethical culture and identifying problems early, but its value as a communications vehicle changed dramatically during COVID, right?

Yes, our customers experienced unprecedented levels of environmental, health and safety (EHS) reports in March, April and May, when state-of-emergency and stay-at-home orders were first declared – in fact, a 111% increase over January/February rates.

A year later, in analyzing the data, we created new metrics to look specifically at month-by-month reporting issues.

The data is compelling. COVID-related reports jumped from 1% of overall reports at the beginning of March to 26% in the middle of March. And from that point on, reporting levels seemed to track with COVID infection and death rates.

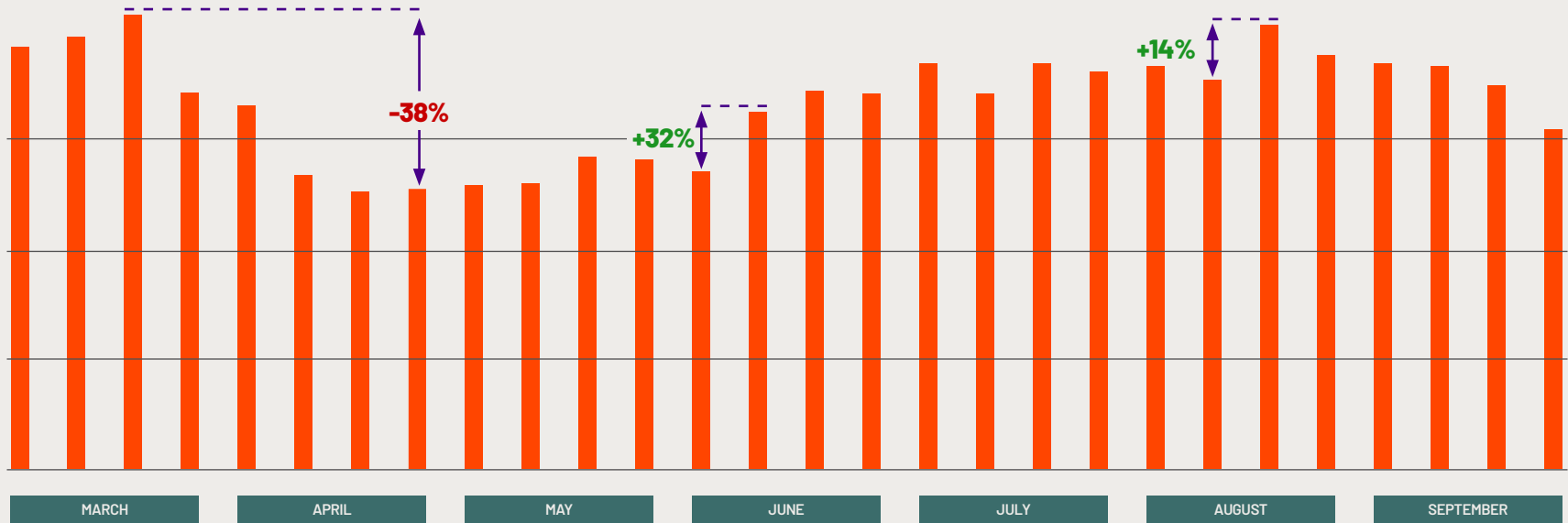**NAVEX – WEEKLY PERCENTAGE OF COVID-RELATED REPORTS TRACKED WITH U.S. INFECTION RATES**
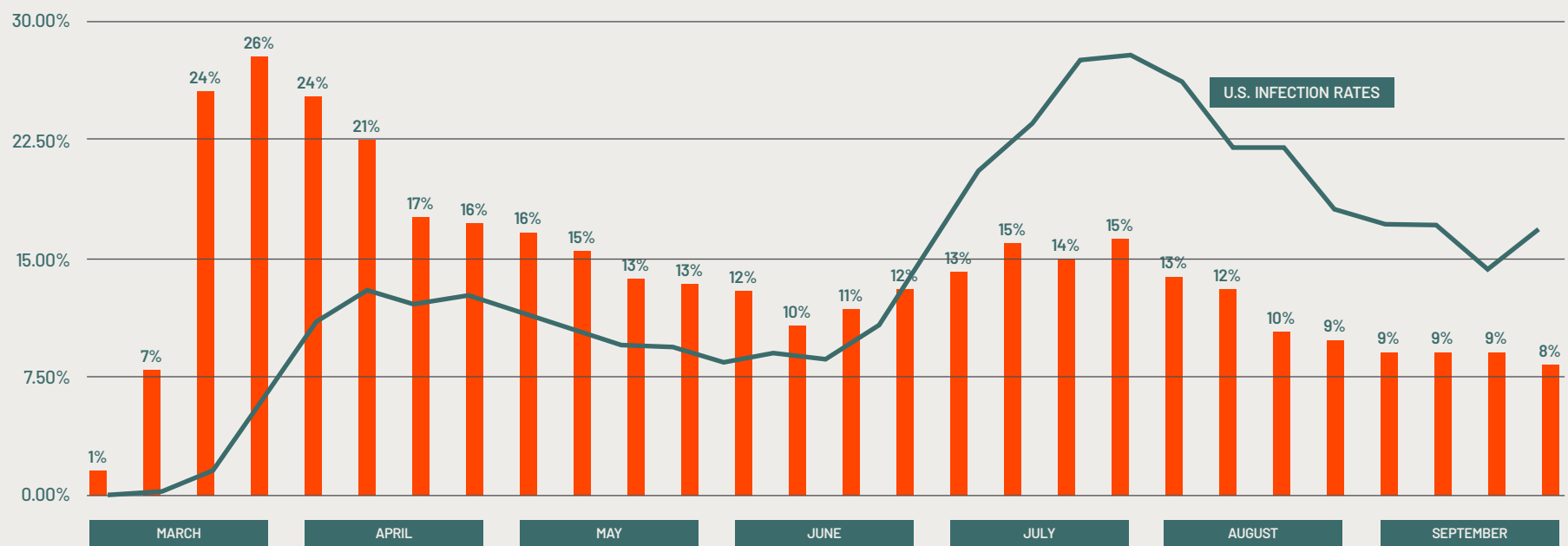
Reports received by NAVEX related to COVID reached a high during the third week of March and reporting levels track with infection rates.

In looking at other events throughout the year, we noticed other specific events and high-profile incidents also triggered a corresponding increase in reporting. For example, there was a 32% increase in reporting after the death of George Floyd and a 14% increase in reporting at the beginning of August, when unemployment benefits expired. Incident reporting systems reflected in a very real way the social climate and the issues that were trending throughout the year. These systems amplified employee voices and allowed their employers to address the concerns expressed.

For organizations that were navigating choppy COVID waters with no business continuity plan in place, our hotlines and digital intake solutions became lifelines – a way for employees to communicate to their employers, and for those employers to react and respond in ways that kept disruption and uncertainty under control.

NAVEX – TRENDS IN WEEKLY REPORT VOLUMES DURING COVID

Bar chart showing weekly report volumes from March to September. Annotations: −38% (decline into April/May), +32% (increase in May/June), +14% (increase in August). Months labeled: MARCH, APRIL, MAY, JUNE, JULY, AUGUST, SEPTEMBER.
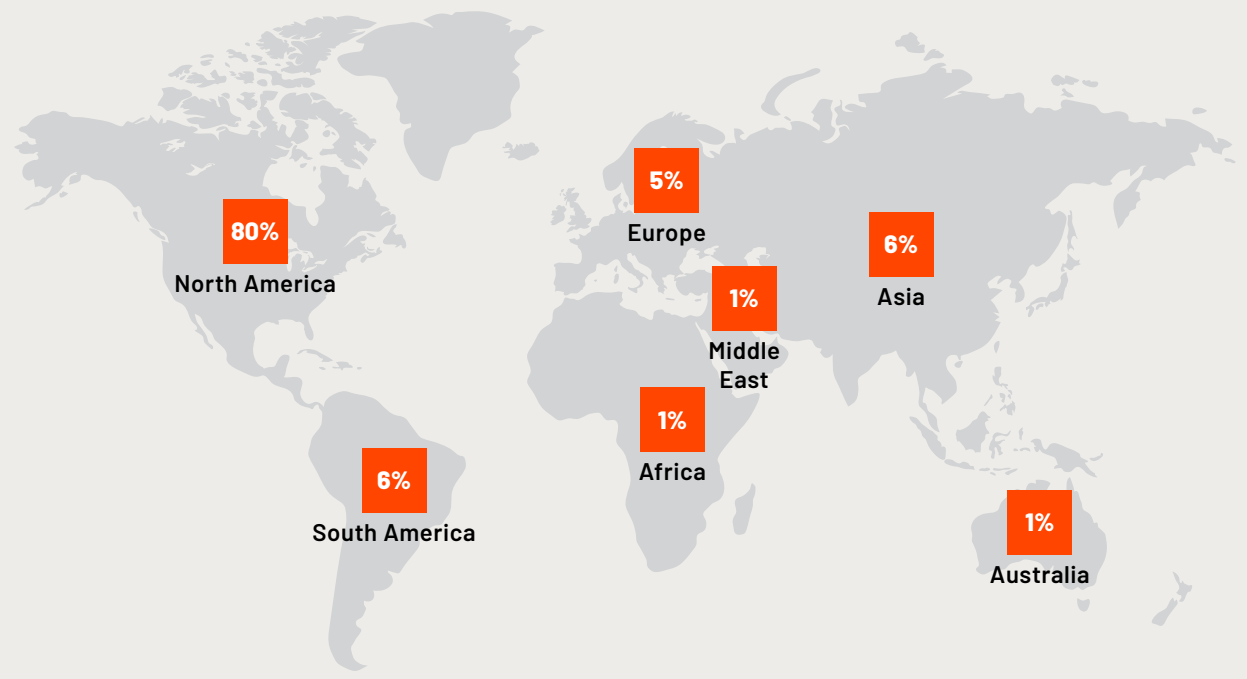
Even for those with solid business continuity plans (e.g., certain retailers, global courier services and ecommerce distributors), our systems fielded reports that contributed to frontline workers' confidence in their employer's commitment to their safety. Essential workers used our incident reporting systems to communicate about requests for additional PPE or cleaning supplies, questions about social distancing and concerns about sick coworkers and the spread of misinformation.

Employers used the data collected by our systems to allay employee concerns. In addition, this same data was used to triage and mitigate many risks before they became serious disruptions. Organizations that used their reporting data in this way were ultimately more successful in what we all know was a stressful time. They stepped up during the pandemic to take care of business and deliver essential services, and our reporting systems helped them take care of their employees.

54M

Over 54 million employees

3,027 customers
that received 10 or more reports in 2020

80%
North America

5%
Europe

1%
Middle East

6%
Asia

1%
Africa

6%
South America

1%
Australia

Q: **What were some other issues and trends you saw in terms of reporting last year?**

There were many reports related to work-from-home issues including: privacy, data security, cybersecurity and theft-of-time. There were also a number of reports related to return-to-work: When will I have to return? What if I'm not ready? Once I return, will my company provide the proper protections? Mask-related concerns were also at the fore, some challenging a mask mandate, others asking for stronger enforcement.

Business integrity reports also increased in response to COVID. Not initially – but as the EHS spikes of March and April began to ebb, governments, NGOs and academics began to raise concerns about the potential for fraud, waste and abuse arising from COVID responses, and in the months between July and September, we saw these types of reports jump by 39%.

Among the issues not directly related to COVID, concerns around diversity, equity and inclusion were a bigger part of the conversation in 2020. In addition, some new third party reporting practices emerged last year. For example, in an effort to shut down hate-based social media posts, some individuals tracked down the employers of perpetrators and filed reports through their company's internal reporting systems. One customer identified that they alone received approximately 300 of these reports.

Meanwhile, we were receiving more inquiries and requests for support with ESG data collection and management from our customers. Like us, they were trying to set up an infrastructure to analyze their environmental footprint.

Q: **What about issues related to third party business partners and suppliers – including NAVEX as a supplier?**

We've long advocated the value of knowing your third parties because issues with vendors, suppliers and other business partners can have serious repercussions throughout your operations and in the marketplace with your customers, not to mention with the regulators. The pandemic really drove this message home. An organization is only as strong as its weakest (supply chain) link.

As a trusted third party provider ourselves to more than 13,000 companies, we understood the imperative to be fully up and running for our customers. Aware that many employees were using their internal reporting systems as a communications tool, we knew the importance of being a strong, solid link.

During the height of the pandemic, we specifically prioritized talking directly with any customer who had concerns – not only about our ability to meet service levels, but also in terms of how we were managing our operations, transitioning our workforce and protecting customer data. My office was the clearinghouse, making sure we were providing accurate and consistent information and addressing all concerns. The objective was to instill confidence that our systems were operating properly, especially because so many of our customers were experiencing failures by some of their other third party suppliers.

DISCOVER IT!

*As a trusted third party provider ourselves to **more than 13,000 companies**, we understood the imperative to be fully up and running for our customers.*

Q: How does NAVEX impact the risk and compliance industry and give back to the industry professionals it serves?

The software-for-good products and services we offer help make our customers stronger, more resilient and more successful – in short, we help them be better at what they do.

In the social and governance space, our solutions promote better policy and procedure management, codes of conduct, ethics and compliance training, incident management, disclosure management and third party monitoring and screening. Our risk management programs take good governance even a step further, helping organizations with critical processes like business continuity and IT risk management. Good governance has been at the heart of our business from the start.

We've always provided a safe place for employees to raise issues about workplace topics, including concerns about ESG issues.

And now, we also help organizations do better in the environmental space, with ESG software solutions that improve environmental sustainability and supply chain management.

Our impact on the risk and compliance management industry goes far beyond our products and services. We have always considered it our responsibility to provide risk management awareness and expertise for the industry and for those who chose this as a profession. For example, every year we analyze over 1.3 million incident reports generated by our customers' systems to help companies benchmark their programs against others.

Every year we analyze over **1.3 million incident reports** *generated by our customers' systems.*

Our annual "Risk and Compliance Incident Management Benchmark Report" has become the de facto standard in the industry, as well as in board rooms, and is highly anticipated by practitioners and academics alike. We have always widely distributed this report free of charge. More than a simple tally of reporting and trends, the report gives practitioners the information they need to make better decisions about the effectiveness of their reporting systems.

Further, this benchmark report is only one of many thought leadership and educational deliverables we produce annually. From white papers, toolkits and case studies to webinars, master classes and our virtual conference – we help move the needle in advancing our industry and helping organizations and government regulators think about issues like whistleblowing, transparency, third party risk and sustainability in a more disciplined, actionable way.

We consider it part of our responsibility to help all those interested in risk and compliance issues keep up with emerging trends, adopt best practices and be better equipped to respond to their employees, customers and investors.

Carrie Penman has served in various executive-level compliance roles for almost three decades and was the recipient of Compliance Week's first-ever Lifetime Achievement in Compliance award in 2020. Ms. Penman is not only responsible for risk, compliance and ESG at NAVEX, she also serves as an advisor to many of the world's largest organizations, providing best-practice guidance for building an ethical culture and maintaining a better, more responsible, high-performance workplace.

At the onset of the COVID pandemic, she assumed an additional role as our lead customer liaison, providing both actionable information and a port in the storm.
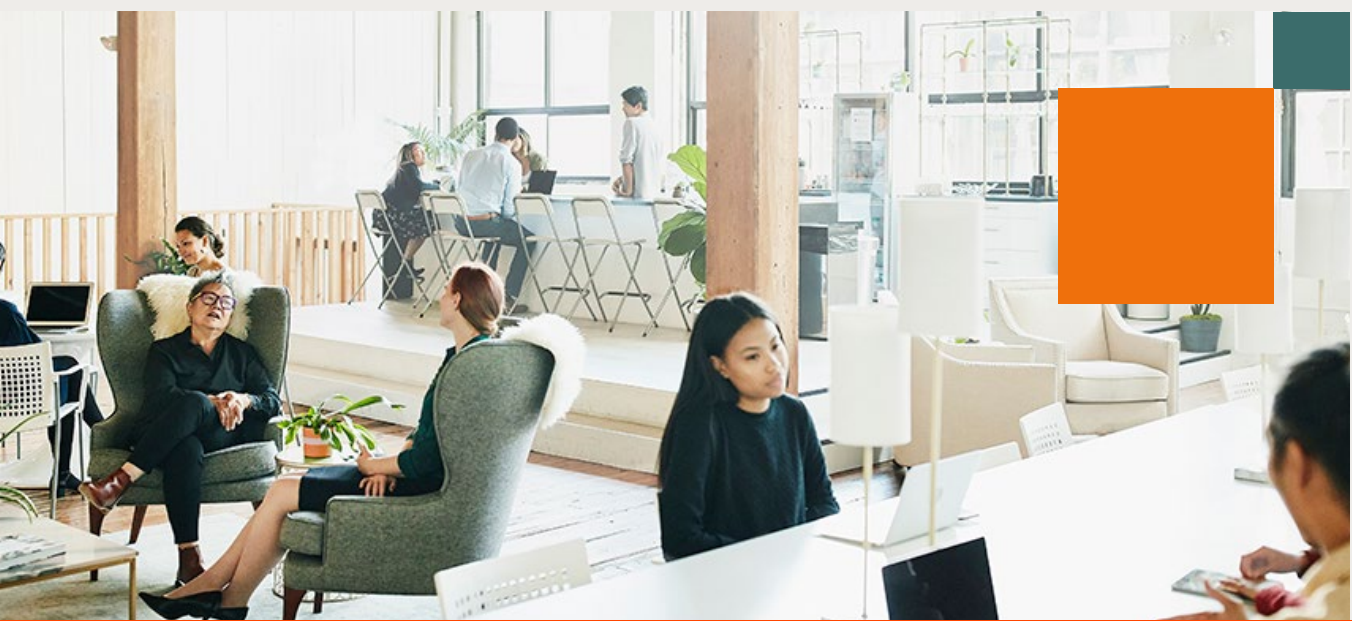
THOUGHT LEADERSHIP BY THE NUMBERS

9,782

Downloads of Our 2020 Benchmark Reports

Annual analyses of anonymized data that helps companies level-set their compliance programs

8,233

Registrations for Our 9th Annual Virtual Conference
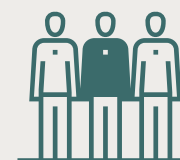
Free, full-day, multi-track program of expert risk and compliance thought leadership conference

15,116

Registrations for Our Master Class Webinars

Free professional training and development sessions on a variety of risk and compliance topics

9,000+

Members of Compliance Next

Free online community promoting new ideas and best practices for risk and compliance professionals

ESG AT NAVEX

Recognizing that our collective future is tied to the everyday actions taken to protect the planet today, the NAVEX ESG journey began in 2020 with a review of company actions and activities. We collected baseline data using our ESG software and the Sustainability Accounting Standards Board (SASB) Software and IT Services Standard (now the Value Reporting Foundation).

Keeping our overall objective in mind – minimizing the impact of our operations on the environment – this "actions and activity audit" allowed us to assess how we're doing and where we can do better.

The environmental part of our report reflects a first-look, a starting point in terms of moving from a nascent state to a mature set of defined goals and objectives. The events of 2020 (and now, even 2021) have impeded efforts to establish a clear ESG baseline. We know we have some ground to cover in the years ahead, but with our new ESG software, we have a tool that will get us where we need to be.

Of course, our ESG program goes beyond environmental considerations, and a focus on the social and governance factors has been integral to what we do and who we are for many years.

From a social perspective, our go-forward vision is to deepen our commitment and further expand our outreach. From a governance perspective, we have been — since inception — not only advocates for a strong governance framework, but early adopters, putting into practice the same solutions we sell in the marketplace.

Based on data collected and analyzed through this process, we have identified the following areas of focus, with more information about specific initiatives detailed in the sections that follow.

NAVEX Environmental Principles

- **Commit** to developing a science-based target to reduce greenhouse gas emissions at our global offices and data centers

- **Reduce** waste to landfills from operations

- **Complete** digital transformation with reduction in paper, ink and other materials

- **Recycle**, reuse and repurpose across operations

- **Select** offices and data centers that are LEED and Energy Star certified

NAVEX Social Principles

- **Create** a workplace that enables people to be their true selves

- **Invest** in our local communities

- **Promote** hiring opportunities across diverse groups

- **Develop** underprivileged youth with key community partners

- **Build** unity through education and training

- **Enable** possibility for each team member

## NAVEX Governance Principles

- **Advance** our ESG framework

- **Keep** pace with security best practices

- **Engage** with suppliers that have ethical business practices

- **Publish** a supplier code of conduct

- **Safeguard** customer privacy

Multiplying Our Impact

As we work to meet our own ESG reporting and management goals, we offer solutions that help our customers do the same. These include the NAVEX ESG suite of products specifically designed to empower our customers to monitor and report on ESG factors.
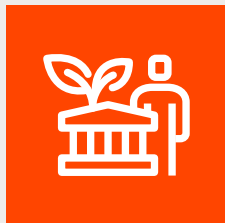
ESG Disclosures which helps organizations manage and integrate their data (about natural resource, human capital and supply chain metrics) into formatted reports for ESG rating service providers
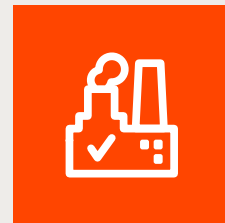
Responsible Supply Chain which assesses third parties to determine their sustainability efforts and allows for benchmarking results against a broader pool of suppliers

Resource Footprint which specifies and aggregates natural resource impact – including water use, energy consumption and waste generation – from an organization's facilities and calculates greenhouse gas footprints for comparing its environmental sustainability initiatives against its targets
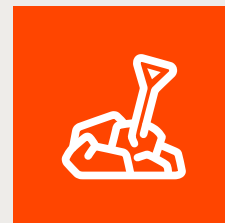
Conflict Minerals which manages sourcing of conflict minerals and ensures an organization's suppliers are Dodd-Frank Conflict Mineral compliant

Building on our software-for-good vision, we've aligned with key ESG standards and frameworks organizations - Value Reporting Foundation, Global Reporting Initiative, Carbon Disclosure Project and the Responsible Minerals Initiative - along with our own internal ESG Report, to utilize these metrics as a standard best practice.

ENVIRONMENTAL

Establishing a Baseline

Assessing Our Business Operations

Creating a More Sustainable Workplace

Environmentally Responsible Purchasing

"2020 was a year of discovery for us – helping us to see where we are ... and where we need to go."

- Karen Alonardo, Vice President, ESG Solutions

Establishing a Baseline

Our environmental footprint is light, but that does not eliminate our awareness or aspiration. We are proud to be headquartered in a LEED Gold certified building and to run our operations substantially paper-free. Additionally, we track energy consumption and greenhouse gas emissions across our offices and data centers. As a company that occupies leased space in buildings shared with other tenants, collection of data represents a challenge, but we have a continuing initiative to track and report metrics that illustrate our usage, including:

- Total energy consumed

- Grid electricity as a percentage of total energy consumed

- Renewable energy as a percentage of total energy consumed

To establish a baseline and prepare for peer benchmarking in the future, we are tracking key performance indicators as measured by the Value Reporting Foundation SASB Software and IT Services Standard and our private equity firm owners.

The general focus was on our internal operational footprint, analyzing the use of our software products in the market, assessing resource consumption and costs in our data centers and understanding the risks associated with the current state of our business operations.

Environmental impact will remain a consideration as our business evolves and expands.

VALUE REPORTING FOUNDATION SASB STANDARDS

SASB Data Center/Office Location Metrics

- TC-SI-130a Environmental Footprint of Hardware

- TC-SI-550a Managing Systemic Risks From Technology Disruptions

See *Appendix* for more detailed data.

Resource Management

In 2020, we tracked natural resource patterns across office and data center locations, taking into account:
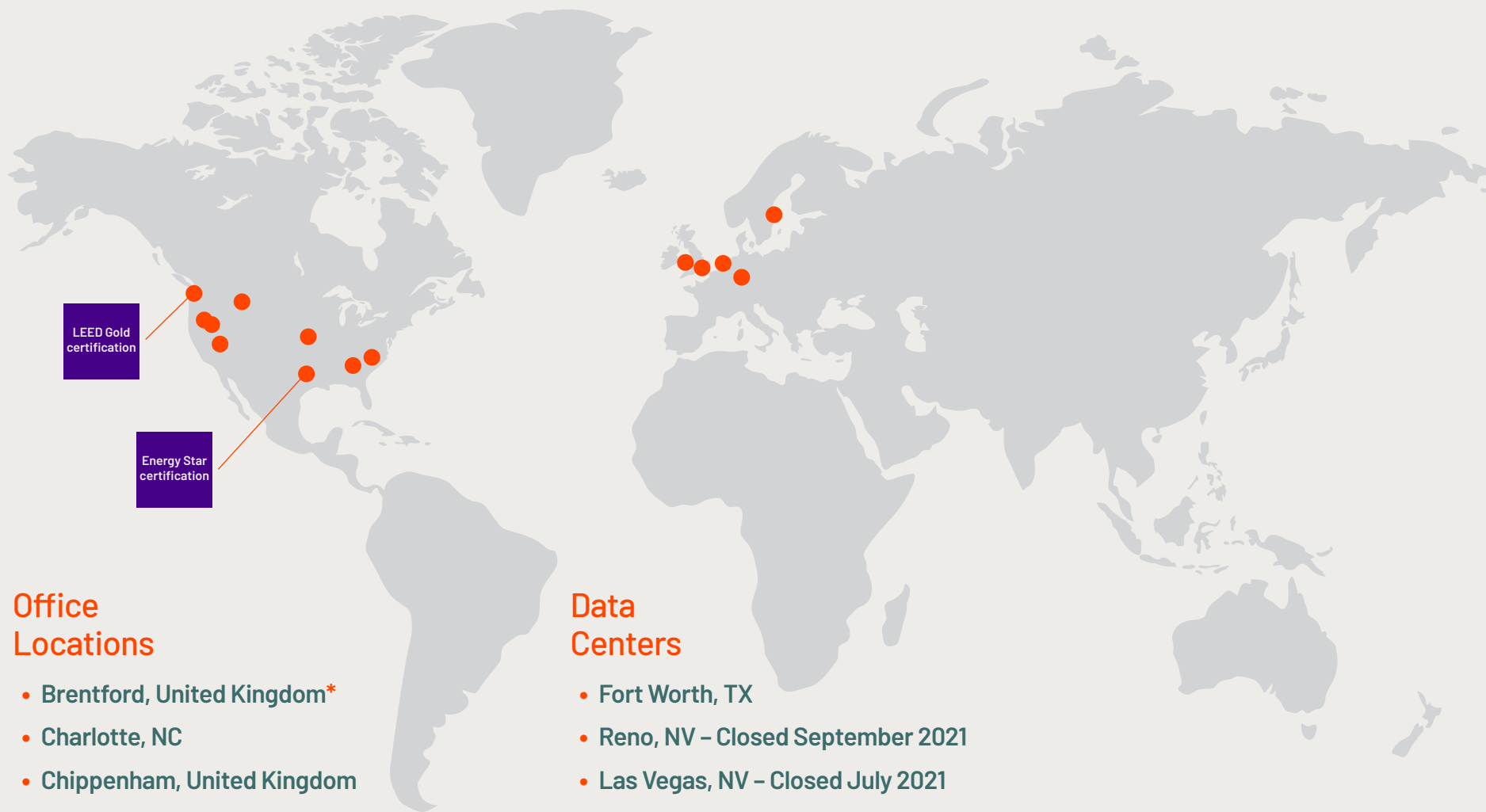
- Energy mix usage and cost

- GHG emissions calculations for each location

- Business travel

Moving forward, we will focus on our ability to gather data to track and measure:

- Water consumption and cost

- Waste generation and cost

- Cloud-based services

Assessing Our Business Operations

LEED Gold certification

Energy Star certification

Office Locations

- **Brentford, United Kingdom***
- **Charlotte, NC**
- **Chippenham, United Kingdom**
- **Lake Oswego, OR – World Headquarters**
- **Norcross, GA**
- **Overland Park, KS**
- **Rexburg, ID**
- **Stockholm, Sweden***

Data Centers

- **Fort Worth, TX**
- **Reno, NV – Closed September 2021**
- **Las Vegas, NV – Closed July 2021**
- **Alpharetta, GA – Closed November 2021**
- **Frankfurt, Germany**
- **Amsterdam, Netherlands**

* Note that 2020 SASB reporting did not include data collection in this location.

Assessing Our Business Operations

Our Global Office Locations

As a software-as-a-service (SaaS) provider, the biggest sources of energy and water consumption are in our eight global office locations and six data centers. We measure usage across all facilities and are focused on capturing more information on energy consumption in the future, as well as better tracking of water usage and waste from our operations.

Although COVID ushered in work-from-home, buildings were still operational in 2020 and continued to account for CO2 emissions in locations across the United States and in the United Kingdom.

To understand our impact, we use our software to analyze intensity metrics and determine if we are making improvements based on the number of team members and square footage. This yields data on emissions per team member or per square footage.

Future Initiatives

- Request a renewable energy mix from our utility providers

- Remove and replace antiquated equipment

- Request LEED certification on all occupied office buildings

Our Data Centers

In 2020, NAVEX operated in six global data centers responsible for running the software products sold to NAVEX customers. Since that time, we have consolidated to three. The data centers represent a percentage of consumption, costs and carbon emissions as they run the cloud-based solutions offered by our company.

Assessing Our Business Operations

One of the SASB metrics focuses on how a company manages and measures performance across software products and services offered to its customer base. With the baseline data we are collecting, we will be well-positioned to benchmark performance against competitors in our industry going forward.

Future Initiatives

- Add a renewable energy mix

- Request energy-efficient servers

- Identify and remove antiquated equipment

Aligning With the Digital Transformation

Our legal department took the first steps toward a paperless office in 2016, and the initiative is now expanding to offices throughout our organization. Together, we are working toward fully digitizing our operations in the years to come.

Leveraging Lessons Learned in 2020

As an organization with a large salesforce impassioned about serving its customer base, restrictions on air travel were initially met with some resistance. But we found alternative ways of connecting during the pandemic, ways that translated into a win for the environment while keeping us face-to-face with our customers. Of course, commuting to the office was curtailed, too – score even more points for the environment.

As we move into a post-pandemic phase, we are reflecting on our experience, assessing the impact of less travel on our operations and, to the extent possible, leveraging the conferencing platforms that served us so well in 2020. We're also developing a return-to-office strategy with some flexibility that will both meet the needs of our team members and reduce vehicle emissions.

Our **NAVEX Next Virtual Conference** – which we've conducted annually *and virtually* for nine years – serves as an enduring reminder that an online, interactive experience continues to reap rewards for our customers and our planet. From 2018 to 2020, we had a 61% increase in the number of attendees at our virtual conference alone.

CO_2 240 metric tons

Estimated number of metric tons of CO_2 saved in 2020 by attendees who did not travel to attend our annual conference in 2020

Creating a More Sustainable Workplace

The environment and the economy benefit from buildings that, in their design, construction or operation, promote sustainability and energy efficiency. As an organization that leases space for its offices and data centers, we benefit, too.

Our global headquarters is housed in a LEED Gold certified building, and one of our three current data centers is Energy Star certified. We're proud to be associated with green building owners who are reducing carbon emissions, energy and waste and supporting the health and well-being of our team members and our planet.

Our corporate office in Lake Oswego, OR, is housed in a LEED Gold certified building operated by San Francisco-based Shorenstein Properties. With an EPA Energy Star score of 85, some of the eco-friendly benefits it affords include:

- Reduced energy and water usage
- Lower operating costs
- Less construction waste
- More durable buildings
- Support for the local economy
- Greater resale value
- Improved indoor air quality
- Increased employee productivity

Environmentally Responsible Purchasing

We are committed to exploring the concept of an environmentally responsible purchasing program that will encourage the selection of vendors that:

- Provide Energy Star certification for servers, equipment and office equipment
- Offer a vendor buyback program to address e-waste

Future Initiative

Develop and implement a company-wide responsible purchasing program

SOCIAL

Cultivating Diversity,
Equity and Inclusion

Developing Every
Team Member

Supporting Freedom
of Expression

Building Bridges to
Our Communities

Recognizing That Customer
Success Is Our Success

"We believe people deserve more than a place to work; they deserve opportunities that enable them to thrive in life."

– Cindy Raz, Senior Vice President, Human Resources and Organizational Development

Cultivating Diversity, Equity and Inclusion

A workplace that is built on a commitment to providing a safe place to be and the entirety of each individual's experiences is, in turn, inclusive and free from discrimination. We promote belonging, the sense that every individual is not only welcomed, but valued. Promoting diversity, equity and inclusion (DEI) lifts up our business, the communities where we live and work, and the world we live in. Initiatives we introduced and advanced in 2020 reflected this conviction.
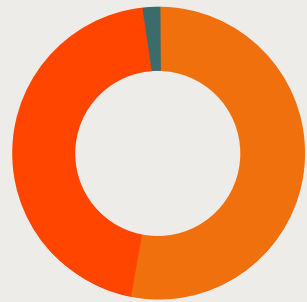
1,200 Team Members

- 53% Male
- 45% Female
- 2% Not Disclosed
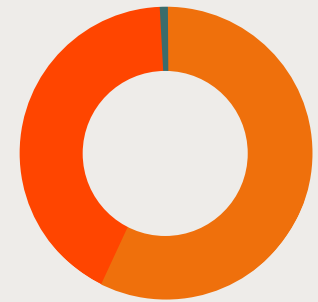
Managers/Supervisors

- 60% Male
- 39% Female
- 1% Not Disclosed
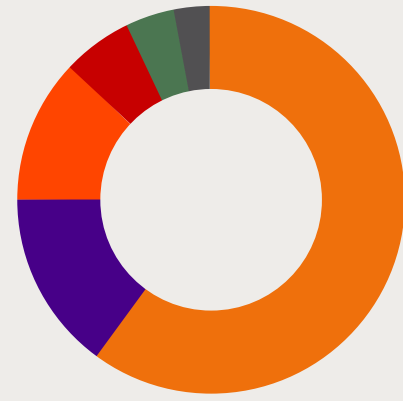
1,200 Team Members

- 60% White
- 15% Black
- 12% Not Disclosed
- 6% Asian
- 4% Hispanic
- 3% Two or More Races

Managers/Supervisors

- 77% White
- 7% Black
- 6% Not Disclosed
- 4% Asian
- 3% Hispanic
- 3% Two or More Races

Cultivating Diversity, Equity and Inclusion
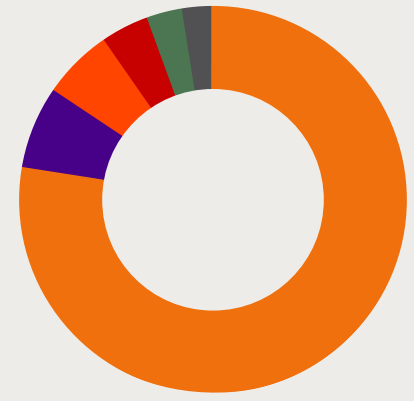
Attracting Top Talent

We have refined our recruiting practices to attract, develop and retain strong teams that reflect the customer base we serve. Our commitment to diversity, equity and inclusion is woven into our recruitment efforts, too. Headed into 2021:

- Our **Discover Your Extraordinary Internship Program** was developed to draw talent from underserved and diverse community groups and inspire career potential within the field of technology.

- A **Youth Development Program** was initiated to specifically support an inclusive pathway to success for underrepresented youth.

- NAVEX established a partnership with a SaaS-based workforce development organization to **post job openings across 500 diversity-specific job sites**.

Global Pay Equity

We are committed to compensating team members fairly and equitably. We partner with an outside organization to analyze our pay structures and address any disparities.

In 2020, we formalized a new **Step Program** for 2021 roll out that brought full transparency to wages our Sales professionals and Communication Specialists were able to earn, based on their performance and the pay parameters associated with their role.

We are planning to expand the Step Program to other teams within the organization as a means for not only ensuring pay equity, but also giving team members a line of sight to their earning potential.

LIVE IT!

Each hiring manager is required to complete training to ensure biases they may have do not adversely affect their responsibility to fairly and objectively evaluate people at all stages of their engagement with NAVEX.

2020 Initiatives

Racial Equality Task Team

Chartered with advancing racial equality within our company and our local communities, this team identifies ways to better learn about and support communities of color.

DEI Resource Center

This hub of resources and tools is aimed at unleashing meaningful change for underprivileged groups.

Inclusive Therapy

A set of resources supporting health, wellness and DEI, team members can access inclusive therapists, the National Queer and Trans Therapists of Color Network, Pride Counseling and Women's Health specialists.

Developing Every Team Member

Our message to customers about building an ethical culture is based on the investment we make in building our own. Our team members are innovators, collaborators, ambassadors and advisors. They are the drivers of our success, so we are committed to providing resources and opportunities that enable them to be at their very best. We recognize that the level of engagement with our team members not only stokes our corporate culture but is directly tied to the service we provide our customers.

- Our **Live Well Program** educates and incentivizes team members to live a healthy lifestyle.

- A monthly outreach, our **Mental Wellness Mondays** initiative provides team members with tips, suggestions and activities designed to promote mental health and overall wellness.

- Through our **Managing Life Realities** training, we equip managers to recognize and support team members experiencing mental wellness issues, and we provide team members with a safe space to raise their concerns.

- **Belonging Community Groups** encourage team members to connect with people who share similar experiences and then explore and implement ideas that support their work life at NAVEX.

- One hundred percent of team members' premiums for **short- and long-term disability** are paid by NAVEX to ensure team members are financially cared for in the event of an extended illness.

- Our **time-off programs exceed industry standards** and allow team members to step away from the job to rejuvenate.

Developing Every Team Member

Pivoting for COVID

Within 10 days …

1,200 team members were successfully transitioned to work from their homes across all of our offices around the world. This included moving contact center operations on three continents, with no disruption of service to our customers.

Within 30 days …

Managers received training and support to help them effectively lead teams of people used to working in the same office but who now were all remote. Part of this training included strategies for modifying work schedules and processes to accommodate at-home/online schooling as well as childcare and care for other family members.

Multiple communication channels were established, including monthly online town halls with our CEO, daily team check-ins and Mental Wellness Mondays to ensure people felt connected, informed and supported.

SAY IT!

Asked: *"How would you rate NAVEX executive leadership in terms of providing a clear plan of action in response to the pandemic?"*

93%

of the workforce responded favorably.

Developing Every Team Member

Talent Development

- **Talent Calibration Sessions**, held twice a year, ensure performance ratings are calibrated fairly, successors for key roles are identified and managers receive feedback to support the development of their teams.

- Team members receive a minimum of **five hours of training per year**, with many in job-specific roles receiving additional training. Team members also had the opportunity to participate in Learning Circles, Management Training and the NAVEX Next leadership program, team members have many paths to advancing their professional development.

Engagement Survey

Through our annual survey, we invite team members to provide feedback on their experience at NAVEX. The tool – managed through a third party that specializes in employee survey distribution and reporting and ensures anonymity of responses – provides a snapshot in time of team member perspectives on job satisfaction, leadership and workplace culture.

In 2020, we also used the survey to take our team members' pulse on returning to the office and how our company was doing in terms of progressing our goal of building an engaged and inclusive workplace. Eighty-nine percent of our workforce participated in the survey, and scores reflected questions that were scored favorably 87% of the time.

96%
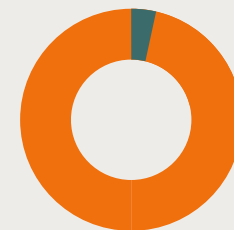
"I TRUST OUR CEO IS COMMITTED TO OUR COMPANY AND OUR CULTURE."

95%
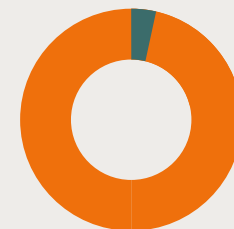
"I CARE ABOUT MY WORK."

92%
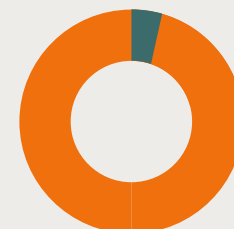
"NAVEX IS MADE UP OF PEOPLE COMMITTED TO DOING GREAT WORK."

– Percentage of team members who responded favorably (rating of 4 or 5) on the NAVEX 2020 Annual Engagement Survey

Supporting Freedom of Expression

Our Global Commitment

Freedom of expression is a foundational philosophical element of our most widely used marketplace offerings: hotline and incident management. Comprised of call centers, web-based intake portals and incident management software, these channels of communication are available to our customers' stakeholders around the clock every day of the year. These solutions **amplify and empower the voices of individuals worldwide** to speak up on matters affecting individuals' legal and human rights, from pay equity to humane working conditions, in a manner that protects personal privacy at every step.

Among our most sacred commitments is to **safeguard the personal data entrusted to us** for secure processing in our systems. In 2020, reporters filed 1,325,957 reports (representing 3,027 organizations) on a vast array of issues, including discrimination, retaliation, conflicts of interest and harassment. Each report was handled in alignment with our robust privacy and security policies, contractual commitments and *Privacy Statement* and processed through a software application replete with safeguards designed to protect personal privacy and data security. **We never sell or make secondary use of personal data**, nor do we allow our third party sub-processors to do so. Moreover, if desired by the reporter and enabled by the customer's configuration, these reporting channels allowed each reporter to report anonymously in order to facilitate the information flow.

Further **empowering free expression**, we have established policies and procedures for the narrow circumstances under which data may be shared with third parties, such as litigants and government representatives. Likewise, we have never created a backdoor or master key to any of our products or services, nor have we ever allowed any government body direct access to our applications or production servers. We will soon publish our inaugural Transparency Report, which will more thoroughly address our handling of third party requests for customer data, such as investigative and litigation subpoenas. For now, please see the transparency tables in the *Appendix*.

SAY IT!

In 2020, reporters filed **1,325,957 reports** *(representing 3,027 organizations) on a vast array of issues.*

Supporting Freedom of Expression

Supporting Free Expression at NAVEX

Within our own organization, we are committed to fostering **a culture that inspires and values free expression**. In fact, we understand that our organization's viability requires that our 1,200 team members worldwide are empowered to raise concerns so that the concerns may be properly addressed. Our internal reporting channels are fortified by the same safeguards that protect our marketplace offerings, as we use the same proprietary reporting and incident management solution internally.

Among these safeguards are functionality enabling reporter anonymity and **our resolute policy of non-retaliation** against reporters and those participating in an investigation. Moreover, we make no secondary use of personal data disclosed in our reporting processes – any personally identifying information in a report is used only to the extent necessary to investigate and resolve the report. And when reports are submitted through our proprietary incident management system, which is the same system used by our customers, the same administrative, physical and technical safeguards protecting the marketplace version of the application are in place for our internal system.

At NAVEX, we understand how critical trust in reporting channels is to the free flow of information and remain **committed to building this trust** in organizations worldwide and especially in our own.

BRING IT!

*At NAVEX, we understand how critical **trust in reporting channels** is to the free flow of information and remain committed to building this trust in organizations worldwide and especially in our own.*

Building Bridges to Our Communities

We believe in improving lives, not only through the solutions we offer, but also through participation in, and support of, local and global initiatives – we want the communities where we operate to thrive. As a company, we strive to be a good neighbor, and we encourage team members to engage in causes they are passionate about.

- NAVEX is committed to the support of local nonprofits. Volunteers in each geographic region where we operate bring people together for drives, events and volunteer opportunities that make a difference in communities around the world.

- Every team member is given an opportunity to engage in **16 hours of paid Days of Service** each year.

  - Eight hours may be used to support our ACT Program (Acting and Changing Together) – organizations that are supporting underprivileged communities.

  - Eight hours may be used to volunteer time to an organization that matters most to the team member.
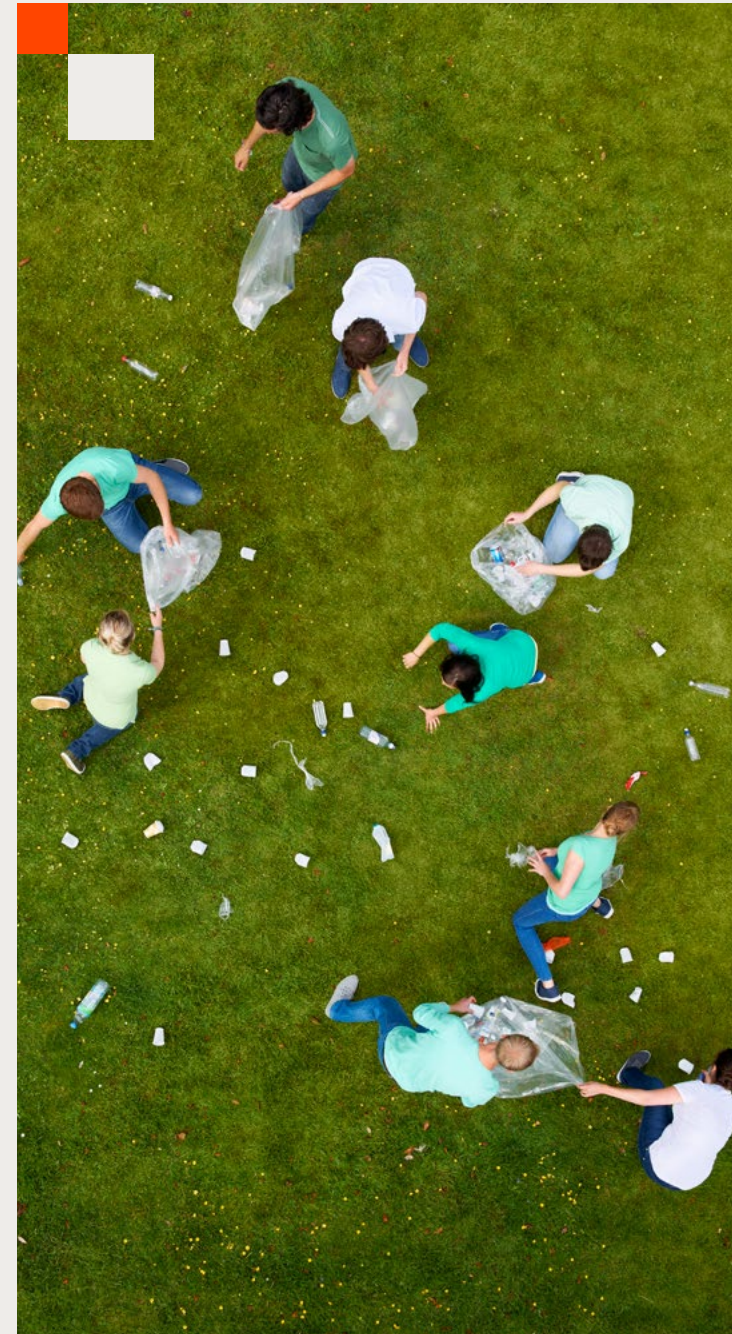
Recognizing That Customer Success Is Our Success

One of the best ways to gauge our impact is to ask our customers how we're doing. We have teams and tools that are dedicated to measuring customer experience, and we use the data we collect to inform the development, deployment and enhancement of our solutions. This cycle of continuous improvement aligns with our company's 2020 Rally Cry: Integrate, Innovate, Accelerate.

Customer Service Organization

We partner with our customers post-sale to ensure long-term success with all NAVEX solutions. From implementation to the realization of the customer's strategic business objectives, our Customer Service Organization (CSO) teams drive our customers' success. This dedicated team of more than 100 team members, protects the investment our customers have made in us and our solutions.

As customer advocates, the CSO team goals and objectives are to:

- Maximize adoption of our software and services

- Create awareness of products and functionality

- Mitigate risks when things don't go as planned

- Transcend the customer-vendor relationship to become each customer's trusted partner

Team **KPIs are tied directly to their success** in meeting these goals as well as metrics tracked monthly on a variety of measures, including scores for Customer Satisfaction and response times for Customer Support.

The CSO team delivers training and customer education resources designed to:

Support/optimize their use of our solutions

Integrate resources and make it easy to find what they need

Provide more consistent product onboarding and education

Make it easier to interact with NAVEX team members

Provide the information and resources they need to expand their programs

Recognizing That Customer Success Is Our Success

Maintaining Program Responsiveness

We understand the critical importance of being available when our customers need us. A breakthrough solution doesn't provide value if there is confusion about how to implement it or if the product is not operating as expected. We maintain performance metrics and set aggressive goals designed to **minimize wait time** for both the implementation of our solutions and requests for support.

For customers who purchase multiple solutions, we **establish a unified contact**, a centralized project team and a comprehensive project plan to keep it simple.

Customer Satisfaction Survey

We proactively seek **feedback from our customers** at the completion of every engagement using a robust survey tool and then aggregate the data into a monthly report that is distributed across our organization. We solicit both quantitative ratings and qualitative feedback and devise an actionable plan for reaching out to any customer dissatisfied with our solutions or their experience in working with us.

NAVEX Advisory Council

We engage **50 executive-level thought leaders** from our customer base to participate in our NAVEX Advisory Council. These leaders represent diverse businesses and industry sectors, maintain industry-leading compliance programs and demonstrate a penchant for innovation. Together, members of this external leadership body review, discuss, vet and shape our ethics and compliance programs and world-class software platforms.

DISCOVER IT!

"Product is good and well-tested. Implementation support we have received is **EXCELLENT***, well-planned and insightful. Also appreciate that* **NAVEX** *combines products with research."*

– Customer feedback
 Voice of the Customer Newsletter

GOVERNANCE

Forging Our ESG Framework

Setting the Bar: Our Risk and Compliance Program

Responsible Sourcing

Safeguarding Privacy

"Together, we embrace a culture that encourages us to Do the Right Things Right."

– Sean Thompson, President and Chief Operating Officer

Forging Our ESG Framework

Our ESG Purpose and Policy

Any ESG journey must start with a clear sense of direction. To that end, we maintain an **Environmental, Social and Governance Policy Statement** that starts with this purpose:

At NAVEX, we strive to conduct business in a responsible and socially conscious way. This spirit is manifest both in our marketplace offerings, which are used by thousands of companies worldwide to enhance their operations, and within our own organization. Our commitment to doing the right things right guides our decisions and actions in everything we do, including in environmental, social and governance (ESG) matters.

This statement is our proclamation of ESG first principles. It outlines the primary components of each of the three ESG pillars that are implicated by our operations and describes key areas of our organization that contribute to our ESG program.

We believe that in articulating and adhering to these principles, NAVEX can better contribute to the world's community of responsible corporate citizens, to the ultimate benefit of those within our sphere of influence, customers and stakeholders alike.

Forging Our ESG Framework

ESG Accountability: Our ESG Team

We manage and oversee our ESG activities via **a cross-functional team of senior leaders** with oversight, guidance and input provided by our Chief Executive Officer and our board of directors. This team includes:

- **Chief Executive Officer – Bob Conlin** is the visionary behind the build-out of our ESG offering. With more than 22 years of experience in creating software-for-good solutions that support better governance and better businesses, he has dedicated the resources needed to fully integrate ESG management into our operations and into our suite of software offerings.

- **Chief Risk and Compliance Officer –** As someone who recognized the social imperative of assessing the environmental impact of a company's operations long before the term "ESG" was coined, **Carrie Penman** leads the internal NAVEX ESG management team. Her early work in the sustainability realm tracks back to her years at Westinghouse leading environmental management programs and then as the architect of their first ever corporate-wide global ethics program.

- **Senior Vice President, Human Resources and Organizational Development – Cindy Raz** champions the NAVEX investment in social initiatives aimed at building powerful experiences in the workplace, the neighborhoods where we operate and society at large.

- **Vice President, ESG Solutions –** Formerly the founder and CEO of CSRware (acquired by NAVEX in 2020), **Karen Alonardo**, MSEM, brings insight – and rigor – to the process of managing and integrating natural resource, human capital and supply chain metrics, supporting both our customers and our own ESG journey.

- **Deputy Compliance Officer and Senior Counsel – Mark Robertson** monitors the governance landscape and advises our organization so that our internal system of controls, policies and procedures are best practice.

- **Data Privacy Officer and Senior Counsel – Jessica Wilburn** leads our data privacy team, advising on compliance across all aspects of global privacy law and regulations.

In addition, subject matter experts from our product and leadership teams (including our President and Chief Operating Officer; Chief Technology Officer; Vice President Information Technology; General Counsel and Chief Customer Officer) support our understanding of **best practices and standards**.

Setting the Bar: Our Risk and Compliance Program

Three senior level committees maintain formal oversight:

- Risk and Compliance Committee

- Privacy and Security Committee

- Security Council

As a privately held organization, our board members include our Chief Executive Officer, our President and Chief Operating Officer and key representatives of our owners, BC Partners and Vista Equity Partners. **Our board meets at least quarterly** and receives reports related to our initiatives and programs from our Chief Risk and Compliance Officer, who participates in all board meetings.

As the world's foremost provider of risk and compliance solutions, we have a duty to shape the governance landscape and model strong ethical practices. To this end, **we hold ourselves to high ethical standards** in all aspects of our business. These ethical standards are broadly described in our code of conduct, *Doing the Right Things Right*, and are embedded in the actions of our team members around the world every day.

Setting the Bar: Our Risk and Compliance Program

Our code of conduct describes our overarching commitment to engaging in ethical business practices and is something to which each NAVEX team and board member annually attests.

Our code of conduct also anchors a comprehensive framework of internal policies, alongside our team member handbook, *People Programs and Practices*.

To educate our team members and reinforce items of importance or risk mitigation to our organization, we administer **regular and topical trainings** accompanied by leadership messaging in both written and town hall forums. Our team members also have a duty to report any suspected issues of noncompliance through any available channel, including our anonymous and confidential web-based portal. We adhere to a strong non-retaliation policy.

NAVEX E&C™

NAVEX ESG™

NAVEX One™

NAVEX IRM™

Regulatory   Business   Sustainability   People
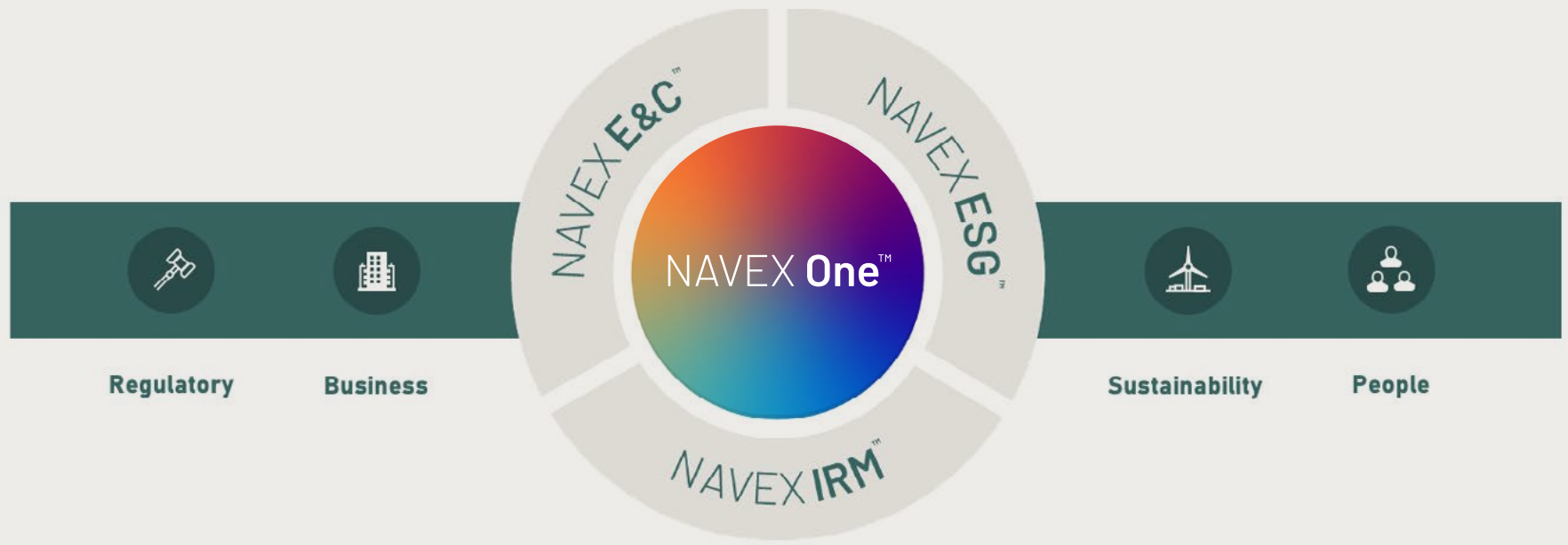
Setting the Bar: Our Risk and Compliance Program

Further, we don't just recommend our solutions to others; we leverage them ourselves. Specifically:

- Our **NAVEX Incident Risk Management** solution helps us identify, assess and prioritize risk throughout our organization. A foundational element of all risk and compliance programs – and all ESG programs – is a strong risk assessment process that identifies risk areas, current mitigation strategies and any gaps. Through this process, we build mitigation plans, assign owners and track the plans to completion.

- We use our **NAVEX E&C** solutions to manage many aspects of our compliance program:

  - Our PolicyTech® tool provides **easy access to all our policies** and captures team members' annual attestations to key documents, like our code of conduct, our team member handbook and other policies applicable to each team members' role.

  - Using our **library of online training content**, we not only mitigate compliance risks, but also communicate expectations and set the tone for a respectful and inclusive workplace.

  - We promote **a speak-up culture** and offer multiple channels for reporting. Our NAVEX4NAVEX web reporting tool provides team members and third parties with a means for anonymously sharing concerns about unethical or illegal conduct.

- Finally, our **NAVEX ESG** solution helps us track and report on key ESG metrics.

Setting the Bar: Our Risk and Compliance Program

Our Commitment Against Bribery and Corruption

Our commitment includes an absolute prohibition on bribery, corruption and anticompetitive behavior. As an organization serving a global customer base, we stay alert to – and compliant with – the laws in the locations where we operate. We have no tolerance for acts of bribery and corruption, and we communicate that policy via annual training and attestation to team members in roles and in countries where there is a heightened risk of bribery or corruption.

*"**Put simply:** We do not pay or accept bribes, facilitation payments or kickbacks at any time or for any reason in any jurisdiction in which we operate."*

– Excerpt from the NAVEX Anti-Bribery and Corruption Policy

Business Continuity Planning Protects Our Operations and Our Customers

To reliably support our customers, we maintain a Business Continuity Plan (BCP) to protect against disruption of our operations. We continuously monitor for system downtime and strive to **keep downtime to an absolute minimum**. Our teams systematically identify and address performance issues and will continue to build upon these processes, the efficacy of which drives customer confidence in our offerings.

Our BCP calls for annual testing via a table-top exercise; however, in 2020, we tested the plan with a real-time activation. Shortly after the COVID outbreak occurred in China, we began reviewing and implementing provisions of our established **Pandemic Response Plan**, which is a part of our overall BCP. The Pandemic Response Plan outlines specific steps we take to safeguard team members' health and well-being during a pandemic, while ensuring the company's ability to maintain essential operations and continue providing essential services to our customers.

Setting the Bar: Our Risk and Compliance Program

At that time, in alignment with the threat assessment protocols of the World Health Organization and the Centers for Disease Control and Prevention, we activated our emergency management team, as outlined in the BCP. This team addressed active and ongoing disease surveillance, workforce protection and management, supply chain management and risks, travel and facility access restrictions and quarantine measures, as defined in the BCP. **We quickly and smoothly completed a global migration** to a work-from-home model for all team members, including those in our contact centers.

During this time, we issued **regular and ongoing customer communications** and, as noted earlier in this report, our Chief Risk and Compliance Officer was appointed to be the primary liaison with customers to address any questions or concerns.

OWN IT!

"In the event of a disaster, which interferes with our ability to conduct business from one of our offices, this plan is to be used to coordinate the business recovery responsibilities and tasks necessary to continue to support NAVEX operations. The plan is designed to contain, or provide reference to, all of the information that might be needed at the time of a business recovery."

- Excerpt from the NAVEX Business Continuity Plan

Responsible Sourcing

We recognize that responsible, reliable vendors, suppliers, contractors, consultants and others who work for us ("suppliers") are intrinsic to our success today and instrumental in our growth tomorrow. So, we hold them to the same high standards we set for ourselves and communicate our expectation that they will conduct business in a way that is consistent with our company practices and values.

- We perform **due diligence** using our RiskRate©solution to vet our suppliers up front and flag subsequent reputational risks – both of which help us protect our own reputation in the marketplace.

- We strive to work with suppliers that share our **respect for human rights** and have published a *Modern Slavery Statement*, which we review and update annually.

We expect our suppliers' business conduct to align with our core values, and we monitor their performance in key areas to ensure our standards and customer commitments are met, particularly as they relate to information security. We are committed to publication of a **supplier code of conduct in 2022**.

Safeguarding Privacy

Data privacy and security are among our highest and most impactful priorities. To support these priorities, we are proud to **operationalize data privacy and security principles throughout our product, customer and processing lifecycles**. These principles guide decisions and strategy across our organization to ensure we are safeguarding the data entrusted to us and in the manner expected of us.

*"At NAVEX, we align **our privacy vision** to our core values. At the heart of our privacy messaging is the principle that data protection requirements exist to protect people."*

– Jessica Wilburn, Data Privacy Officer and Senior Counsel

Data Governance

Our commitment to data privacy and security begins with our approach to data governance. Our privacy function is led by our Data Privacy Officer who, along with **a dedicated team** of privacy attorneys, advises and leads the organization on privacy matters affecting all aspects of our business. Together, our privacy team monitors international legislative, judicial and policy developments and guides responsive actions throughout the enterprise.

Our governance structure also includes a Privacy and Security Committee comprised of leaders representing the privacy, legal, compliance, information security, production engineering, hosting and customer support functions of our business. This committee meets quarterly to ensure sustained organizational and executive awareness of key privacy and security matters.

Safeguarding Privacy

Operationalization of Core Privacy Principles

We adhere to and are guided by several core privacy tenants, taking into consideration global and local perspectives. In the design and engineering stages of our solutions, **our privacy-by-design approach** to products and functionality ensures data protection measures become ingrained in our solutions early on.

Once live, our solutions and services likewise follow the **principles of data minimization and least privilege** to restrict the amount of data collected to that which is necessary and to limit access to that data to only those who have a bona fide need to access it.

While our steadfast commitment to these principles exists now, we fully expect our practices and programs to mature, improve and become more refined over time.

Data Security

We believe that data security is an indispensable component of our solutions and services and an area of our business for which we expect continuous improvement. To this end, we annually engage third party auditors to perform a SOC 2 Type 2 audit that reviews our controls in relation to several trust principles, including security and confidentiality. The primary data centers we employ to support our production environments are ISO 27001 certified.

Internally, our dedicated information security team maintains a standardized packet of security information as well as a comprehensive suite of policies and documented procedures detailing a collection of safeguards. We also routinely make commitments to our customers in contractual documents through which NAVEX agrees to maintain numerous data security measures, including encryption of customer data.

LIVE IT!

Our solutions and practices are also designed to:

- *Enable correction of inaccuracies in personal data*

- *Allow for the deletion of such personal data as our customers may be directed by data subjects*

Appendix

SASB Standard: Software & IT Services

VALUE REPORTING FOUNDATION

SASB STANDARDS

Topic	Item no.	Accounting Metric	Response
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.0.1	1 Total energy consumed 2 Percentage grid electricity 3 Percentage renewable	Total energy consumed was 426,928.13 tons of oil equivalent of which 100% was non-renewable grid electricity
	TC-SI-130a.0.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	Please refer to the *Assessing Our Business Operations* section in the discussion of our environmental initiatives in this report
Data Privacy & Freedom of Expression	TC-SI-220a.1.1	Description of policies and practices relating to behavioral advertising and user privacy	Please refer to our *Privacy Statement*
	TC-SI-220a.1.3	Number of users whose information is used for secondary purposes	NAVEX does not track this metric in the manner described, but please refer to our *Privacy Statement* for discussion of our privacy practices
	TC-SI-220a.1.5	Total amount of monetary losses as a result of legal proceedings associated with user privacy	None
	TC-SI-220a.1.8–10	1 Number of law enforcement requests for user information 2 Number of users whose information was requested 3 Percentage resulting in disclosure	Please refer to our *Transparency Appendix*
	TC-SI-220a.1.11	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering or censoring	None

Appendix

SASB Appendix

Topic	Item no.	Accounting Metric	Response
Data Security	TC-SI-230a.2.1–3	1 Number of data breaches 2 Percentage involving personally identifiable information (PII) 3 Number of users affected	NAVEX does not report on these metrics
	TC-SI-230a.2.5	Description of approach to identifying and addressing data security risks, including use of third party cybersecurity standards	Please refer to the *Data Security* section of this report
Recruiting & Managing a Global, Diverse & Skilled Workforce	TC-SI-330a.3.3	Percentage of employees that are located offshore	**11%**
	TC-SI-330a.3.5	Employee engagement as a percentage	**87%**
	TC-SI-330a.3.8–13	Percentage of gender and racial/ethnic group representation for management, technical staff and all other employees	Please see *detailed breakdown*
	TC-SI-330a.3.14	Description of policies and programs for fostering equitable employee representation across global operations	Please refer to the *Cultivating Diversity, Equity and Inclusion* section in the discussion of our Social impact
Intellectual Property Protection & Competitive Behavior	TC-SI-520a.4.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	None

Appendix

SASB Appendix continued

VALUE REPORTING FOUNDATION

SASB STANDARDS

Topic	Item no.	Accounting Metric	Response
Managing Systemic Risks From Technology Disruptions	TC-SI-550a.5.1–4	1 Number of performance issues 2 Number of service disruptions 3 Total customer downtime	We do not report on this metric
	TC-SI-550a.5.6	Description of business continuity risks related to disruptions of operations	We do not report on this metric

TC-SI-330a.3.8–13: Detailed Breakdown

	Percentage in Management	Percentage in Technical Roles	Percentage in All Other Roles
Female	39	22	49
Male	60	78	49
Not Disclosed	1	0	2
	100	100	100

	Percentage in Management	Percentage in Technical Roles	Percentage in All Other Roles
Asian	4	9	6
Black or African American	7	4.5	18
Hispanic or Latino	3	3	5
White	77	76	59
Other	3	4.5	3
Not Disclosed	6	3	9
	100	100	100

Appendix

Transparency

INFORMATION REQUESTS — GOVERNMENT

Year	Number of Requests	Identity of Authorities	Location of Data Subjects
2010	2	United States Department of Justice	United States
		United States Department of Homeland Security	United States
2011	0		
2012	0		
2013	1	United States Department of Justice	United States
2014	0		
2015	0		
2016	1	Federal Bureau of Investigations	United States
2017	0		
2018	0		
2019	0		
2020	3	City of Chicago	United States
		US Army Criminal Investigation Command	United States
		United States Department of Justice	United States, China

INFORMATION REQUESTS — PRIVATE INDIVIDUALS/ENTITIES

Year	Number of Requests	Number of Customer Accounts Specified	Location of Data Subjects
2010	1	1	United States
2011	2	1	United States
2012	5	1	United States
2013	3	1	United States
2014	5	1	United States
2015	6	1	United States
2016	9	1	United States
2017	5	1	United States
2018	8	1	United States
2019	6	1	United States
2020	6	1	United States

NAVEX™

NAVEX.com

WhistleB®
By NAVEX

WhistleB.com

NetClaim®

NetClaim.com