



NAVEX™

2022

Risk & Compliance
**Hotline &
Incident
Management**

■ Benchmark Report

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Introduction

An efficient and trusted mechanism that enables employees to report allegations of suspected or actual misconduct anonymously or confidentially is the hallmark of a well-designed compliance program.¹

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

- Do employees know about our reporting channels?
- Are our communications reaching the intended audience and having the desired effect?
- Does our culture support employees who raise concerns?
- Are our investigations thorough and effective?
- Do we need more training on risk areas, reporting processes or fear of retaliation?
- Do we need to review or update our policies?

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.

NAVEX also offers custom benchmarking reports of this data through GRC Insights[™]

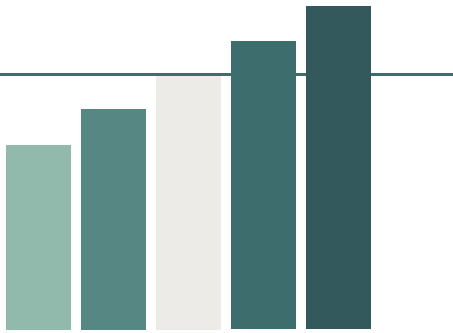
¹. Evaluation of Corporate Compliance Programs." U.S. Department of Justice, Criminal Division, June 2020, p6. <https://www.justice.gov/criminal-fraud/page/file/937501/download>.

To help achieve these goals, NAVEX anonymizes the data collected through our reporting and incident management systems every year and creates this report to share with all organizations, not just our customers, as a service to the risk and compliance community. 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 2022 report represents data collected from reports received in calendar year 2021. For each benchmark provided in this report you'll find:

- A description of the benchmark.
- Instructions on how to calculate the benchmark.
- The 2021 combined data for all industries in the NAVEX database.
- Key findings and recommendations for organizations.

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





How We Calculate Our Benchmark Metrics

For statistical accuracy, our analysis includes only those organizations that received 10 or more reports in all of 2021. The resulting database includes **3,470** organizations that received more than **1.37 million** 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. The resulting value – identified in charts throughout this report as the Median Reporting Value or MRV – 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 benchmarking reporting data. Where appropriate in this report, we provide what we consider to be

an acceptable range of results to provide context for your own data. Falling within the 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

Each year, NAVEX reviews our key benchmarking metrics to ensure sufficient context for thorough analysis. This process occasionally results in the adoption of new measures. In 2020, NAVEX created several new metrics to better understand the impacts of the COVID-19 pandemic on reporting and incident management, including month-by-month presentations of report volume, allegations by category and reports by type. We also added measures of report outcomes and revised our report intake method analysis to further address the impact of outliers.



Medians reduce the impact of outliers.

Ranges help identify extreme data points as potential areas of concern.

For 2021, we are pleased to offer two additional refinements that we hope will assist compliance officers in their benchmarking.

We have separated out those issue types that are truly “Other” in nature – meaning they do not fit into any category tracked. In the past, we have included “Other” with the Human Resources category because Human Resources is often called on to address these matters. Now, rather than five major categories, we have six:

- Accounting, Auditing & Financial Reporting
- Business Integrity
- Human Resources, Diversity & Workplace Respect
- Environment, Health & Safety
- Misuse, Misappropriation of Assets
- Other

In addition, we have further refined three of the six major categories – Business Integrity; Human Resources, Diversity and Workplace Respect; and Environment, Health and Safety – to create a total of 24 issue types listed at the right.

2022 Expanded Issues Types

■ Accounting, Auditing & Financial Reporting

1. Accounting, Auditing and Financial Reporting

■ Business Integrity

2. Industry Specific Regulations
3. Free and Fair Competition
4. Other Business Integrity
5. Conflicts of Interest
6. Data Privacy and Protection
7. Confidential Proprietary Information
8. Bribery and Corruption
9. Insider Trading
10. Political Activity
11. Product Quality and (Product) Safety
12. Human Rights
13. Global Trade

■ HR, Diversity & Workplace Respect

14. Substance Abuse
15. Other Human Resources
16. Compensation and Benefits
17. Discrimination
18. Harassment
19. Retaliation

■ Environmental, Health & Safety

20. Environmental
21. Health and Safety
22. Threat to a Person or Property

■ Misuse, Misappropriation of Corporate Assets

23. Misuse, Misappropriation of Corporate Assets

■ Other

24. Other



Executive Summary

The NAVEX 2022 Ethics Hotline Benchmarking Report finds corporate compliance functions, and their organizations, caught between two forces. On one side are organizations themselves, trying to find their footing in a nearly post-pandemic world, as the turbulence of 2020 recedes into something hopefully more stable. On the other side are employees, growing ever more sophisticated about their rights, obligations, and opportunities as employees, *and as whistleblowers*.

This year's report examines the impact of those two forces on internal reporting by studying more than 1.37 million reports made in 2021 at organizations large and small, around the world. Some of our findings, such as declining levels of anonymous reporting, are long-term trends accelerating over time. Other findings, such as rising reports of harassment, discrimination and retaliation, are sudden jolts that potentially indicate new trends. Most notable is that reports of harassment exceeded levels from the height of the #MeToo movement.

Meanwhile, it is important to recognize the effect that external events in 2021 had on employees and organizations alike. Our reporting year 2021 began with high hopes that COVID-19 vaccinations would defeat the pandemic – hopes that were subsequently dashed thanks to Delta and Omicron variants. It also brought a year of intense debate around public health measures that permeated the workplaces and led to more issues related to workplace civility.

At the same time, employers in many countries were faced with “the Great Resignation.” According to data collected by the Society of Human Resource Management (SHRM), the U.S. averaged nearly 4 million voluntary resignations per month in 2021 and topped out at 4.5 million in November; this far outpaced the previous year's average of 3.5 million per month.

The range of underlying reasons for this phenomenon is debatable. But it is clear more employees felt motivated to leave jobs they no longer wanted and felt confident they could find another that suited them better. The record number of unfilled job openings – persisting well into 2022 – bears this out. Many compliance professionals saw this expression of employee empowerment firsthand in the form of increased reporting over 2020, fewer inquiries in favor of actual allegations, and a sharp decline in anonymous reporting.

The second half of 2021 also saw the current administration place anti-corruption at the center of its national security strategy, followed by more specific policies from the U.S. Justice Department with the intent of pursuing corporate misconduct more aggressively. In addition, by the end of the year, the EU Whistleblower Directive was in force and continues through the process of being transposed by member states. The result will be stricter whistleblower protections and new obligations for employers operating in the EU going forward.

Many compliance professionals saw this expression of employee empowerment firsthand in the form of increased reporting over 2020.



This year's report includes fascinating *new* findings as well. We are pleased to highlight that, for the first time, our report includes a more detailed breakdown of reports received across 24 sub-categories to our original five categories including: conflicts of interest, bribery and corruption, data privacy, human rights, substance abuse, imminent threats and more. In the coming years, this additional detail will give compliance professionals rich new insights into exactly what risks are driving internal reports. And as we continue to expand and refine these categories, NAVEX customers will also see these sub-categories across our platform to enable even better benchmarking and cultural insights.

With this context, our analysis identified five major themes that frame this year's report.

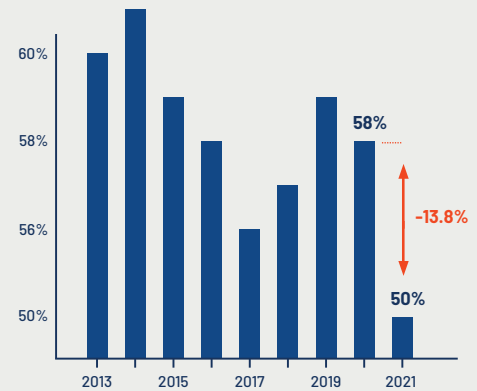
1 Whistleblowers are becoming more emboldened.

Across numerous metrics, a picture is emerging of employees more prepared to report misconduct, clearly and directly – and also externally – as the SEC’s Office of the Whistleblower, Annual Report to Congress² showed. Key findings include:

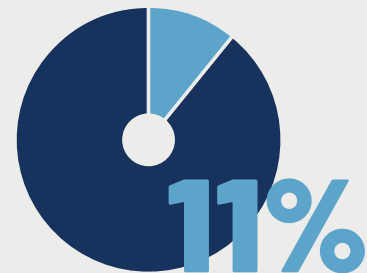
- **More actual allegations of misconduct, rather than inquiries about policies or possible misconduct.** Ninety percent of all reports in 2021 were allegations of misconduct, up from 86 percent last year and hitting an all-time high since our first benchmark report more than ten years ago. The volume of inquiries has fallen by more than half, from 21 percent in 2012, to 14 percent in 2020, to just 10 percent in 2021.
- **Fewer reports are submitted anonymously.** The median anonymous reporting rate fell in 2021 to an all-time low of 50 percent. That is a sharp drop from 58 percent in 2020 and 65 percent one decade ago. The decline in anonymous reporting is not just continuing; it is *accelerating*.
- **An appreciable number of companies receive virtually no anonymous reports at all.** The percent of companies that receive zero anonymous reports jumped to 11 percent – an all-time high. This comes with a warning though as organizations need to ensure that employees understand that they can raise a concern anonymously if they wish.

2. <https://www.sec.gov/files/owb-2021-annual-report.pdf>

Median Anonymous Reporting Rate



Percentage of Companies Receiving No Anonymous Reports



- **More employees are reporting concerns directly to managers or functional groups.** Overall, the median report volume stayed flat in 2021, at 1.3 reports per 100 employees. (Total reporting levels, while up, have not returned to pre-pandemic levels.) And as usual, median report volume was lower for companies that only tracked hotline and web reports (0.9 per 100 employees) versus those that also tracked walk-ins and other types of reporting (1.7 per 100 employees). What's notable: the spread between those numbers is *widening over time*.

This means more employees feel comfortable bringing a report to their managers or others *in person*. Ensuring that these individuals are trained to know what to do when they receive a report is more important than ever.

- **Substantiation rates continue to edge upward.** Overall substantiation rates rose from 42 percent in 2020 to 43 percent in 2021, and up from 36 percent a decade ago. The reports substantiated most often were data privacy concerns (63 percent), environmental issues (59 percent), and confidential and proprietary information (54 percent). The reports substantiated least often were about retaliation (24 percent).

2 Reports about retaliation, harassment and discrimination jumped – especially retaliation.

In 2021, reports of retaliation nearly doubled. Reports about whistleblower retaliation have always been a small portion of the total, but they shot up from 0.9 percent in 2020 to 1.7 percent in 2021. Of these reports, 24 percent were substantiated, well below the overall substantiation rate of 43 percent. Reports about harassment also rose (to 5.6 percent, an all-time high) as did reports about discrimination (to 4.7 percent).

Taken altogether, these findings suggest employees are more attuned to workplace civility issues. That would fit with external trends such as more talk about systemic racism, income inequality and political divisions; as well as increasing protection for whistleblowers and employees' awareness of those protections.

3 COVID-19 impact on reporting is lingering.

Even as the world made progress against the COVID-19 pandemic in 2021, corporate internal reporting programs had mixed results trying to return to normal – or, more accurately, to understand what the new, post-pandemic, normal might look like.

- **Reports related to COVID-19 followed the same arc as COVID-19 cases.** Starting in the latter half of 2020 and then continuing throughout 2021, report volume related to COVID-19 (defined as including keywords such as “COVID,” “pandemic,” “symptomatic,” “delta,” etc.) rose and fell in the same pattern as COVID-19 cases overall. Specifically: high in late 2020 during the second surge, down in spring 2021 as vaccines proliferated, up again

in late summer as the Delta variant arrived, and so forth. This suggests that if new variants surge again in 2022 or beyond, compliance officers may see a similar spike in their internal reports related to COVID-19 concerns.

- **Median reporting volume remains below pre-COVID-19 levels.** Median reporting volume tends to change only at incremental levels. Volume had been at 1.4 reports per 100 employees for several years in the late 2010s, but then fell to 1.3 in 2020. It remained at 1.3 in 2021, even as total number of reports began climbing back up again.
- **Employees are submitting reports more quickly again even though many are remote.** Prompt reporting helps compliance functions resolve allegations more quickly, and numerous findings suggest employees are doing just that. The median gap between an employee witnessing an incident and then reporting that incident on the hotline fell for all five major reporting categories, although in some instances the time lag was still well above norms we saw before the pandemic. For example, the median gap between seeing and reporting accounting issues fell from 36 days in 2020 to 27 days in 2021 – but that gap was only 16 days in 2019. Remote work may make it less likely for potential violations to be recognized in a timely way.

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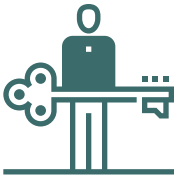


4 **Reporting on ESG-related topics is very low.**

Finally, as a result of a new deeper level of reporting, we can report on a number of categories that could be considered part of Environment, Social and Governance (ESG) reporting. It is notable that many of the reporting categories that could be included in ESG reporting, including Bribery and Corruption, Product Quality and Safety, Global Trade, Environmental and Human Rights were each less than one percent of the total reports received. Only the categories of Harassment, Discrimination and Retaliation were greater than one percent of the total reports received. It will be interesting to track these moving forward as more regulatory rigor is applied to ESG reporting.

5 **The telephone endures.**

Internal reporting programs should always embrace new technology and use intake methods that reflect employees' communication habits. That said, the telephone remains a crucial part of the internal reporting toolkit; plenty of employees simply want to raise their concerns with another person. This past year, the percentage of organizations with a majority of reports arriving via the hotline rose, to nearly pre-pandemic levels. In 2019 and years prior, at least one-third of all organizations received a majority of their reports via the hotline. That figure dropped to only 20 percent in 2020, and then back up to 30 percent in 2021.



Key Actions to Consider

These findings (and many more contained within this report) point to several actions that compliance professionals should consider for 2022 and beyond.

- 1 Assess your capability to handle more pressure and complex cases.** The shifting focus of governmental policies and introduction of unexpected regulations and sanctions, will challenge organizations' anti-corruption and export control compliance efforts even more. Compliance officers should seek to ensure they have the right expertise, policies and procedures and program structure to respond to this increased pressure.
- 2 Pay even more attention to workplace civility issues.** Reports about harassment, discrimination and retaliation are all rising; and employees now have numerous incentives to take their concerns outside the company to regulators, plaintiff lawyers or the media. Compliance officers should look at their training materials closely – including training specifically for managers, who play a crucial role receiving reports and preventing retaliation.
- 3 Keep all intake channels alive and well.** Organizations that encourage employees to speak directly to managers, and then incorporate those reports into their broader reporting system, hear more reports in total and have a better sense of the organization's issues. And don't hang up the telephone hotline yet; many employees still want to pick up the phone and talk to someone.





57 MILLION
Employees

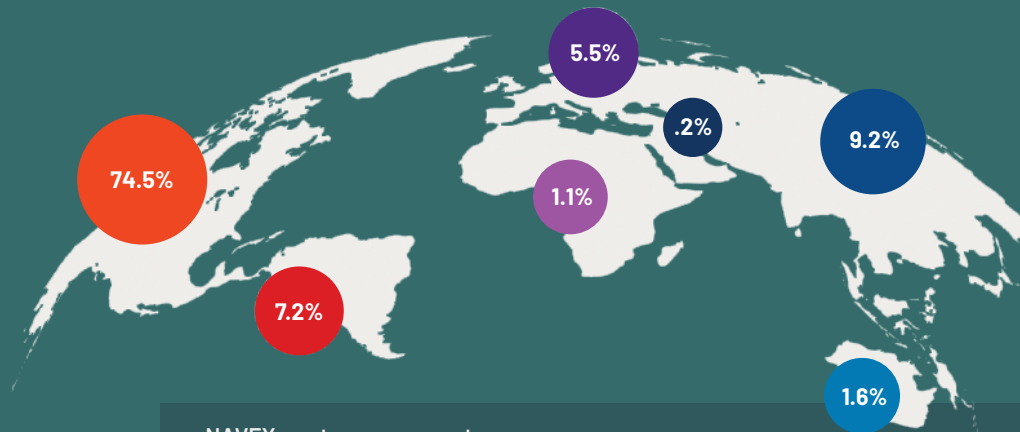


1.375 MILLION
Reports

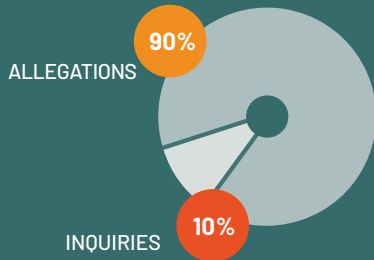


3,470
Organizations

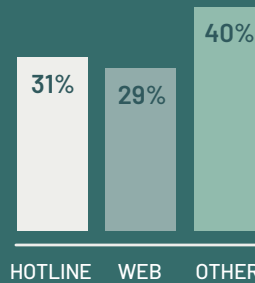
A SNAPSHOT OF OUR DATABASE



NAVEX customers generate
the world's largest database of reports



Reports are any unique contact,
including both questions and claims



NAVEX's data collection
captures all intake methods

TOP 12 INDUSTRIES



Retail Trade



Health Care
and Social
Assistance



Finance
and Insurance



Transportation
and Warehousing



Administrative
and Support
Services



Transportation
Equipment
Manufacturing



Professional,
Scientific, and
Technical Services



Food Services
and Drinking
Places



Mining, Quarrying,
and Oil and Gas
Extraction



Information



Food
Manufacturing



Educational
Services



2022

Key Findings



1 Report Volume Per 100 Employees

Overall reporting volume held steady in 2021, with higher volumes toward the end of the year

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 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

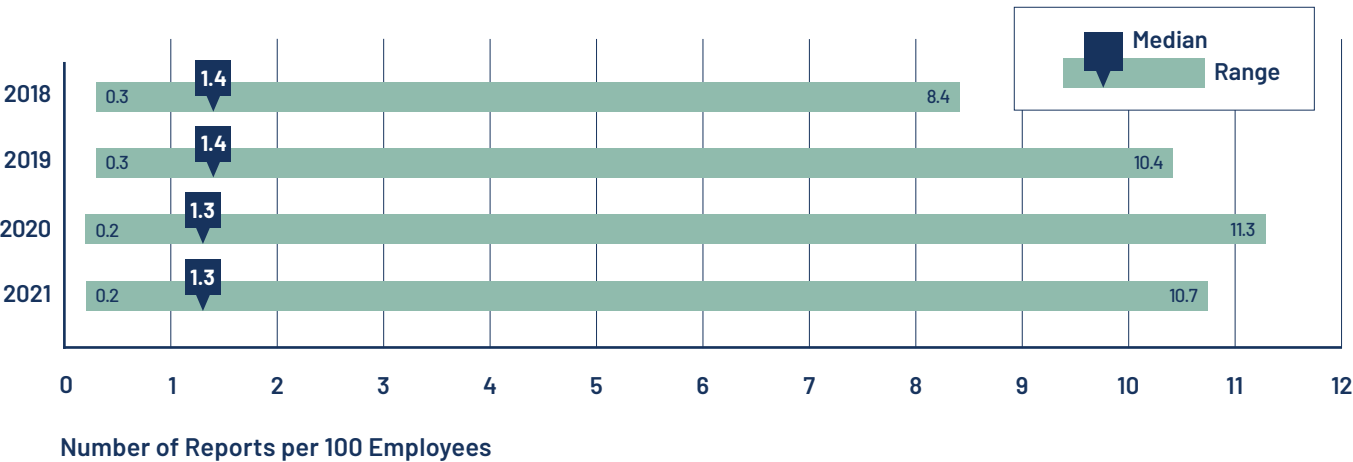
provided, do not exclude any reports, regardless of intake method, issue type, question or allegation, substantiation or category.

FINDINGS: Median report volume is a slow-moving metric, but the number crept upward steadily in the early 2010s and then stood at 1.4 reports per 100 employees for several years – until the pandemic arrived in 2020 – when the number dropped to 1.3. Median report volume remained at the lower level in 2021. However, the range of report volumes narrowed in 2021, approaching the 2019 range.

The drop in 2020 reporting (the first year of COVID-19) happened largely due to a plunge in reports during April and May of that year, when the United States,

How Does Your Report Volume Compare?

Median Reporting Value (MRV) and Range

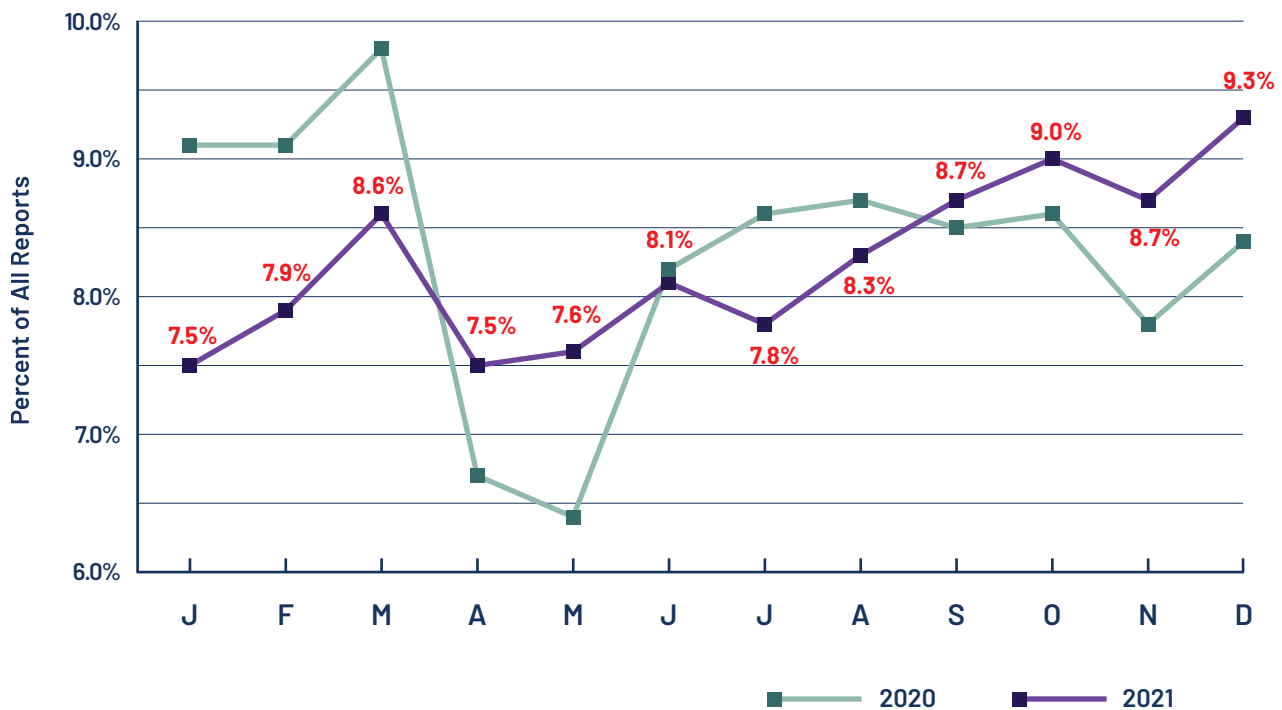


Europe and many other parts of the world went into strict lockdowns. That was the first year our benchmarking report reviewed reporting volume month by month. We have calculated monthly reporting volumes for 2021 and the pattern of a spring drop in reporting levels (as well as a November drop) surprisingly repeated.

Noting that reporting levels did increase at the end of 2021, we will also be watching to see if 2022 brings a return to pre-COVID-19 levels of 1.4 reports per 100 employees or higher.

The distribution of report volume was relatively unchanged from 2020.

Report Volume by Month



Distribution of report volume mostly steady

The group of organizations receiving five or more reports per 100 employees dropped one percentage point from 19 percent in 2020 to 18 percent in 2021, while the group receiving 0.5 to 0.99 reports per 100 rose from 18 percent to 20 percent. The rest of the distribution curve also either fluctuated by only one point or held steady.

The Report Intake Method 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.

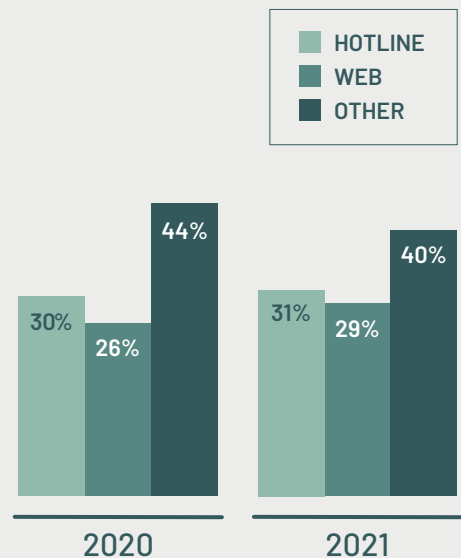
How To Calculate: First determine which group your organization falls into, then use the same Report Volume per 100 Employees calculation as described previously.

FINDINGS: The chart on the right shows the distribution of reports by intake method. Our findings showed that the median number of reports per 100 employees from organizations that only tracked web and hotline submissions had been on a slow, steady decline in the latter half of 2010s - and then jumped back up in 2020. That is unsurprising; as the COVID-19 pandemic took hold and people made the mass transition to working from home, there was less opportunity for “walk-in” reporting.

Distribution of Report Volume (per 100 Employees)

Number of Reports	2018	2019	2020	2021
0 - .24	9%	10%	11%	10%
.25 - .49	12%	12%	12%	12%
0.5 - .99	18%	18%	18%	20%
1.0 - 1.49	14%	12%	12%	13%
1.5 - 1.9	8%	9%	8%	6%
2.0 - 2.9	10%	10%	10%	11%
3.0 - 3.9	6%	6%	5%	6%
4.0 - 4.9	5%	4%	4%	4%
5 or more	17%	19%	19%	18%

Distribution of Report Intake Method



The median report volume fell from 1.3 per 100 employees in 2020, to 0.9 per 100 employees in 2021 – the sharpest drop seen since we began tracking this category in 2016.

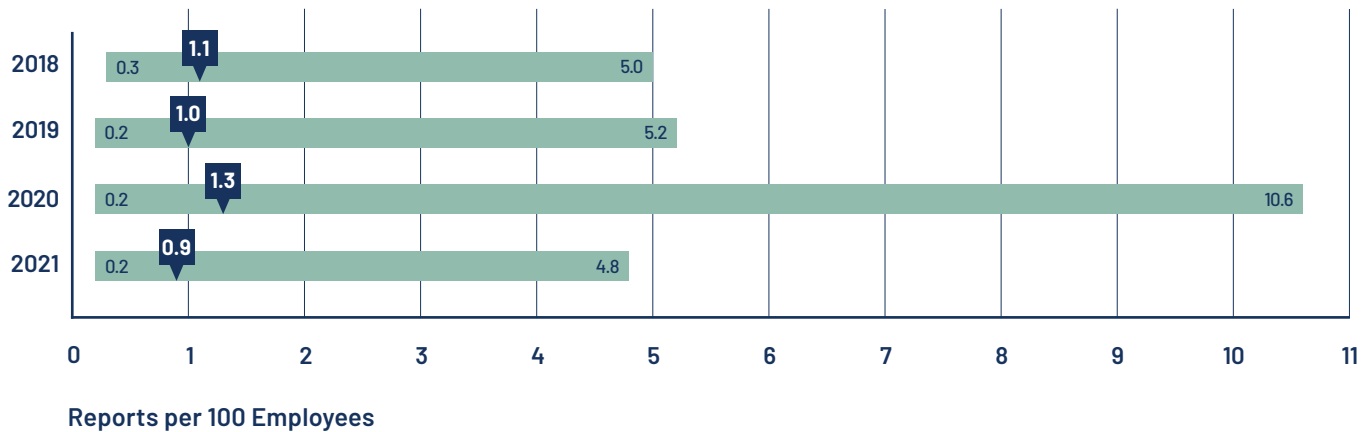
Meanwhile, the median number of reports for organizations that also tracked other intake channels

(primarily open-door communications) held steady at 1.7 reports per 100 employees.

That is still lower than pre-pandemic levels (the median was 2.0 in 2019), but the distribution range increased all the way to 15.9. This means a larger number of organizations were receiving a greater number of reports.

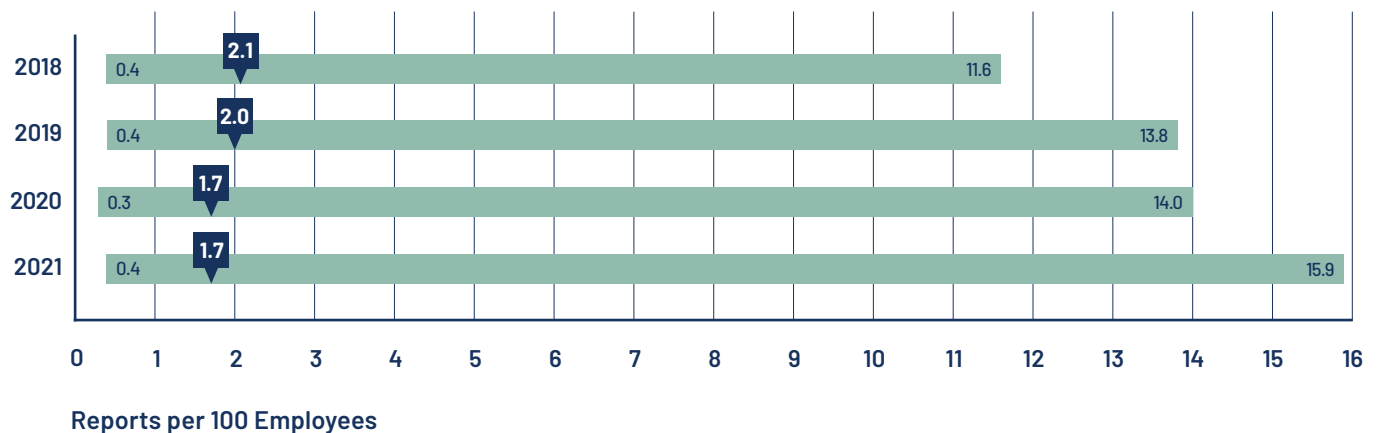
Organizations That Track Reports From Web & Hotline Only

Median Reporting Value (MRV) and Range



Organizations That Track Reports From All Sources

Median Reporting Value (MRV) and Range



Taken together, this means the spread between organizations only tracking web and hotline reports, versus those that track reports from all channels, is widening. It is becoming more important for organizations to track all reports, because companies that only track web and hotline submissions are missing an increasingly large portion of all reporting activity.

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.



2 Report Categories

As COVID-19 started to recede, so did EHS complaints; but accounting allegations rose

Receiving reports from a range 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 significantly above-typical volumes could indicate a risk area that needs attention.

Traditionally, we have organized our database into five categories by grouping similar issue types together, plus a miscellaneous “Other” category. This allows us to compare all the reports collected, even when individual organizations use unique issue types or naming conventions. The categories are defined to the right:

How to Calculate: First, ensure each report is sorted into one of the five categories plus “Other.” Then, divide the number of reports in each of the 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: The most notable changes in 2021 were an increase in reports about accounting, auditing and financial reporting; and a decrease in reports about EHS matters (although this number is still elevated above pre-COVID-19 levels). For year-over-year comparison, the chart below includes “Other” within the HR, Diversity and Workplace Respect category.

- **Accounting, Auditing and Financial Reporting** are reports that relate to these functions in an organization (such as financial statement fraud or poor internal controls).
- **Business Integrity** are reports that show how an organization interacts with third parties, legislation, patients or customers (falsification of documents, corruption, conflicts of interest, vendor/customer issues or HIPAA violations).
- **HR, Diversity and Workplace Respect** are reports that involve internal parties and often relate to employee relations or misconduct (discrimination, harassment, retaliation, compensation, substance abuse, bullying and general HR).
- **Environment, Health and Safety (EHS)** are reports that involve an element of safety typically pertaining to employees, environmental regulations or workplace health (EPA compliance, assault, safety or OSHA compliance). This is also where many of COVID-19 related reports were included.
- **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 (for example, employee theft, inaccurate expense reporting, time clock abuse).
- **Other** is a category for hard-to-classify reports, that might range from complaints about too few snacks in the breakroom to feral cats prowling the corporate parking lot. (Those are actual reports that organizations have received over the years.) Historically these reports were included with HR, Diversity and Workplace Respect issues as these issues were typically addressed by Human Resources. In 2021 we are reporting these separately to be more precise in our analysis and keep the HR category as truly HR related issues.

In the chart that follows, we also show the categories with “Other” separate for 2021. With “Other” separated out, HR, Diversity and Workplace Respect drops to a median of 50 percent and “Other” shows a median of 13 percent. If the two categories had been together as usual, there would have been no change in the volume of HR related reporting from 2020 to 2021. (Note that this will be the format in our reporting going forward.)



Reports by Allegation Category

Median Reporting Value (MRV); Other Previously Included in HR



Percent of All Reports*



*Note: Due to use of median reporting values, reports by allegation category may not sum to 100%. To learn more, please refer to “How We Calculate Our Benchmark Metrics”

Reports about accounting, auditing and financial matters rose from a median of 3 percent in 2020 to 5 percent in 2021. While that is a small fraction of all reports in absolute terms, a jump from 3 to 5 percent in one year is quite large in relative terms. Moreover, accounting and financial reports can be more time-consuming to investigate; they might require forensic expertise from outside advisers, and often need close oversight from the board's audit committee.

We also note that external reporting related to this issue type also jumped significantly as shown in the chart below from the Securities and Exchange Commission 2021 Annual Report from the Office of the Whistleblower.

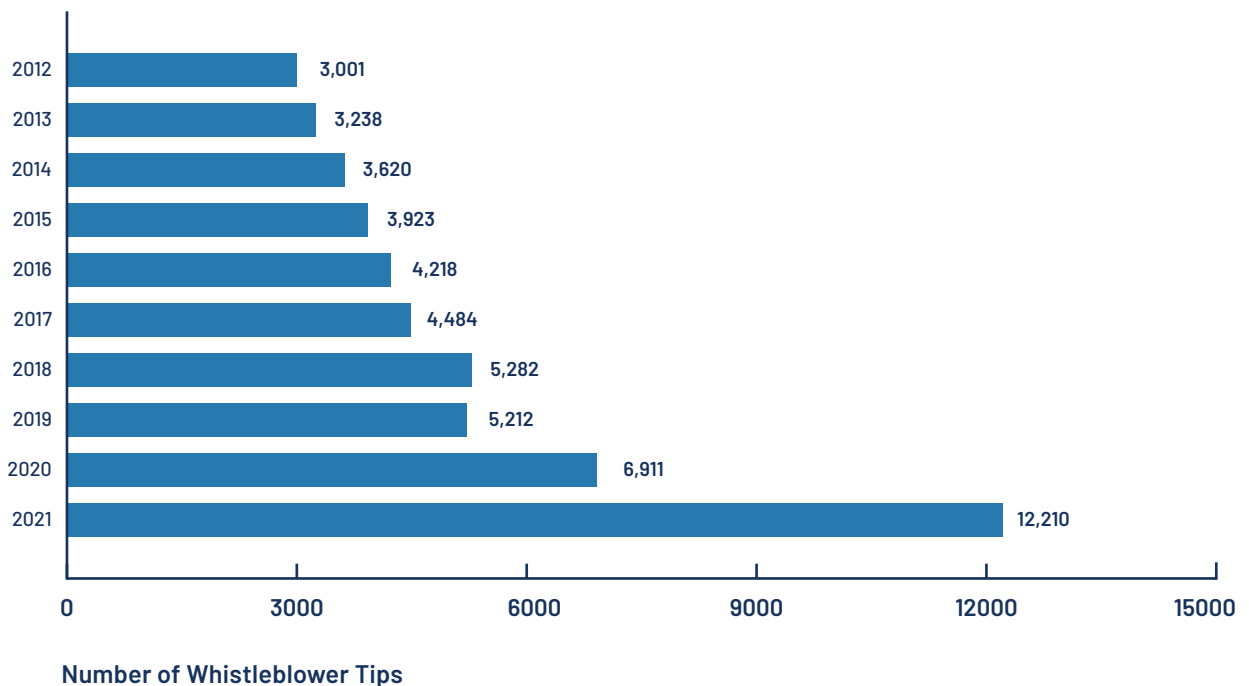
We expected to see an increase in Accounting, Auditing and Financial Controls reports both internally and externally given the amount of money

that was flowing related to COVID-19 relief. That said, the significant growth in external reporting is an important warning for organizations and compliance officers that employees are taking their concerns beyond the company and that more work may be needed to ensure employees are aware of, and are comfortable using, internal reporting channels.

Although still elevated, reports about EHS matters fell from a median of 11 percent in 2020, to 9 percent in 2021 with nearly all of the reporting here specifically related to Health and Safety. This is likely due to organizations developing a stronger grasp over health and safety measures related to COVID-19. EHS reports jumped sharply in 2020, when the pandemic caught so many businesses unprepared.

Reports relating to business integrity and misappropriation of corporate assets held steady.

Number of Whistleblower Tips to the SEC Jumped Significantly



Sub-Categories as a Percentage of Total Reports

From Highest to Lowest

Other Human Resources	35.5%
Other Business Integrity	12.1%
Health & Safety	11.3%
Conflicts of Interest	9.39%
Other	5.62%
Data Privacy & Protection	5.12%
Discrimination	4.39%
Asset Misuse or Misappropriation	4.15%
Harassment	3.21%
Compensation & Benefits	2.37%
Accounting, Auditing & Financials	2.21%
Retaliation	1.11%
Substance Abuse	0.71%
Immediate Threat to A Person or Property	0.65%
Confidential & Proprietary Info.	0.60%
Bribery & Corruption	0.52%
Product Quality & Safety	0.46%
Global Trade	0.13%
Environmental	0.13%
Free & Fair Competition	0.09%
Human Rights	0.07%
Political Activity	0.05%
Industry Specific Regulations	0.04%
Insider Trading	0.03%

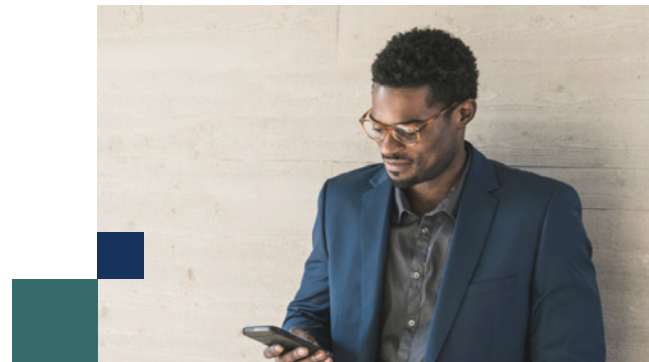
New report sub-categories

This year NAVEX also began tracking issues more precisely while still maintaining the original hierarchy of high-level issues. We identified 24 specific issue types within the five broad categories we have always studied, and then asked: How many reports did we receive for each issue type, and what percentage of total reports were they? The five most common issue types (excluding "Other" subjects) were:

- Health and safety reports: 11.3 percent
- Conflicts of interest: 9.39 percent
- Data privacy and protection: 5.12 percent
- Discrimination: 4.39 percent
- Misappropriation of assets: 4.15 percent

A complete analysis of all 24 sub-categories is provided in the chart to the left. Figures are straight percentages (not medians), and are presented from highest to lowest.

Finally, as a result of the new deeper level of reporting, we can report on a number of categories that could be considered part of Environment, Social and Governance (ESG) reporting. It is notable that many



of the reporting categories that could be included in ESG reporting, including Bribery and Corruption, Product Quality and Safety, Global Trade, Environmental and Human Rights, were each less than 1 percent of the total reports received. Only the categories of Harassment, Discrimination and Retaliation were greater than 1 percent of the total reports received. It will be interesting to track these moving forward as more regulatory rigor is applied to ESG reporting.

Allegations vs. inquiries

This benchmarking metric categorizes reports made by employees as either an allegation or an inquiry.

Reporter Allegations vs. Inquiries

Type of Report	2018	2019	2020	2021
Allegations	85%	85%	86%	90%
Inquiries	15%	15%	14%	10%

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 additional training may be needed, or policies that may need to be refreshed. In addition, inquiries are often a precursor to a potential allegation as reporters may be asking questions in attempt to clarify a policy before filing a report.

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 2021, the percentage of allegations rose to 90 percent of all reports received, an all-time high. Only 10 percent of reports were inquiries – down from 14 percent in 2020, and less than half of where this metric stood a decade ago.

We could interpret these findings in several ways:

- Employees are more confident that what they are reporting is an actual violation, and feel no need to submit an inquiry.
- Organizations are discouraging the use of the hotline system as an intake method for questions.
- Compliance programs are not capturing inquiries in their systems.

The first possibility fits with other findings in this year's report that suggest employees are becoming more emboldened to speak up about potential misconduct. The latter two, however, speak to a potential gap in program oversight and insights. Organizations that discourage employees from asking questions through the reporting channels, or that don't track inquiries in the incident management system, may be missing key insights into concerns or uncertainties your employees have about workplace activities. Chief compliance officers may wish to do a close analysis of the benchmarking data here to determine which answer is most likely for your own organization if questions to the office are dropping.

3 Anonymous vs. Named Reporting

The decline in anonymous reports accelerates

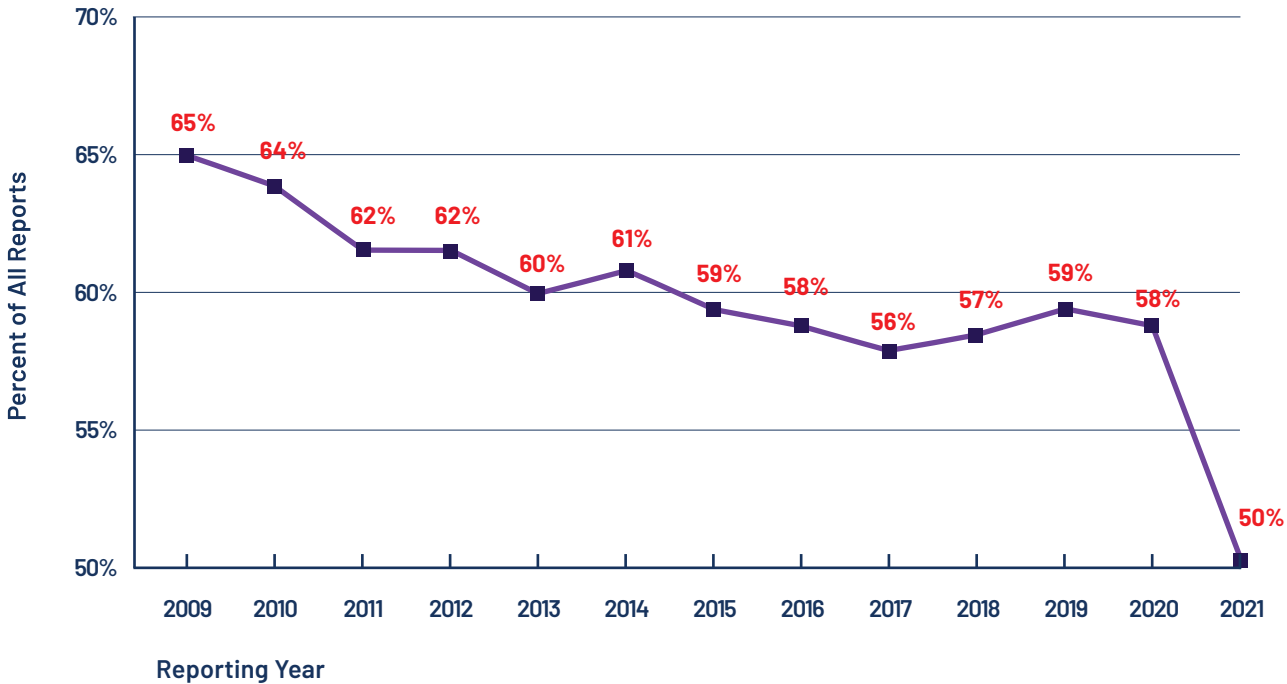
The Anonymous Reporting benchmarking metric shows the percentage of all reports submitted by reporters who chose to not disclose their identity.

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

FINDINGS: The median anonymous reporting rate has been falling for more than 10 years. In 2021, however, the rate of anonymous reporting dropped by the largest amount we have ever seen: from 58 percent in 2020 to an all-time low of only 50 percent last year.

The decline in anonymous reporting rates was wide-ranging. Anonymous reports fell in every category except Accounting, Auditing and Financial Reporting, where they jumped from 36 percent of all reports to 50 percent. The biggest drop in anonymous reporting happened in the Misuse and Misappropriation of Corporate Assets category, which plunged from 50 percent to 38 percent.

Anonymous Reporting Rate Median Reporting Value (MRV)



EHS reports, which jumped to 74 percent in 2020 as employees reported more concerns about health and safety, fell to 63 percent in 2021; this may suggest that health concerns are returning to level in step with historical norms.

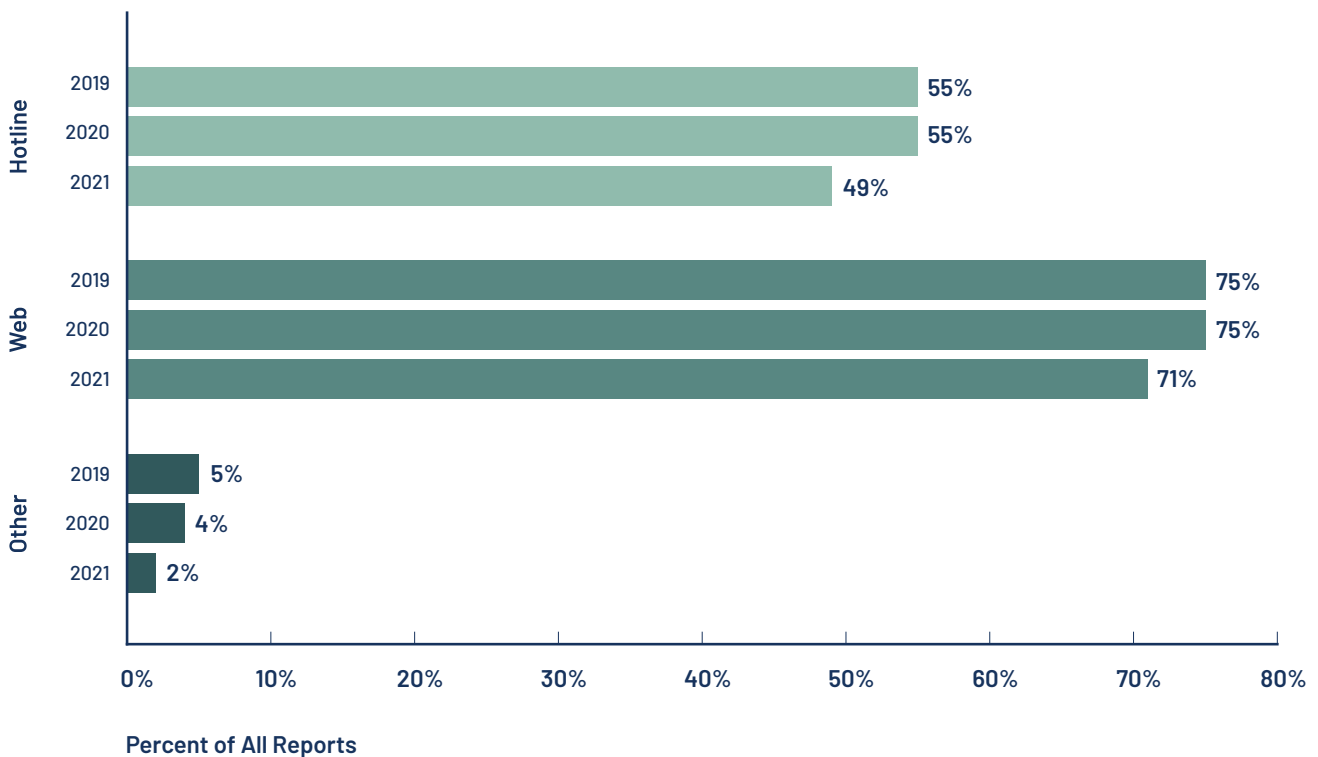
Anonymous reporting also fell across all three intake methods. For web submissions, anonymous reports dropped from 75 percent to 71 percent. On the telephone hotline, anonymous reports dropped

from 55 percent to 49 percent. Anonymous reporting also fell in “other” intake channels from 4 percent to 2 percent – but anonymous reporting has always been a tiny fraction of this channel, since these reports are mostly in-person discussions employees have with managers or directly with the compliance team.

And perhaps the clearest evidence of a decline in anonymous reporting is this: a big jump in the number of organizations receiving essentially no anonymous reports at all.

Anonymous Reporting Rate by Intake Method

Median Reporting Value (MRV)



This is determined by studying the distribution of anonymous reports, and 2021 saw the percentage of organizations with a median reporting value of zero (that is, they were receiving almost no anonymous reports at all) hit 11 percent – up from 7 percent in 2020, and only 1 percent in the years before that. The percentage of organizations that had less than one-quarter of reports arrive anonymously also ticked up slightly, from 16 percent to 17 percent. Conversely, the percentage of organizations that had most reports arrive anonymously fell from 23 percent in 2020 to 18 percent in 2021.

Altogether, these findings suggest that the decline in anonymous reporting is real, pronounced and potentially permanent. We do have a word of caution related to those organizations that receive few to no anonymous reports. It is important to ensure that employees know that they do, in fact, have the option to report anonymously.

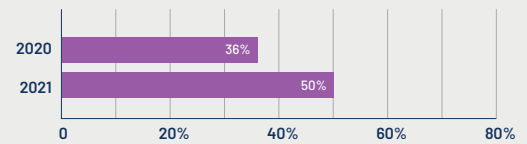
Distribution of Anonymous Reports Median Reporting Values (MVR)

Reporting Ranges	2018	2019	2020	2021
0%	1%	1%	7%	11%
< 25%	14%	14%	16%	17%
25% – 50%	24%	22%	20%	21%
50% – 75%	39%	38%	31%	31%
75% – 100%	21%	23%	23%	18%
100%	2%	2%	2%	2%

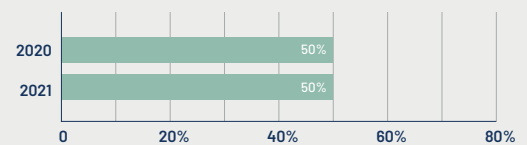
Anonymous Reporting Rate by Category

Median Reporting Value (MRV)

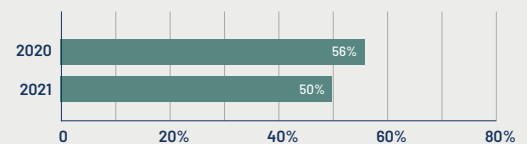
Accounting, Auditing & Financial Reporting



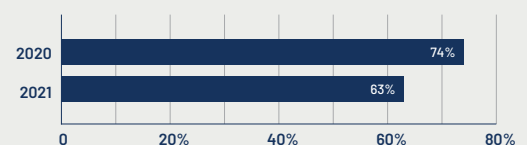
Business Integrity



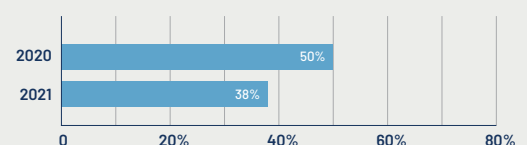
HR, Diversity & Workplace Respect



Environmental, Health & Safety



Misuse, Misappropriation of Corporate Assets



4 Follow-Up Rate to Anonymous Reports

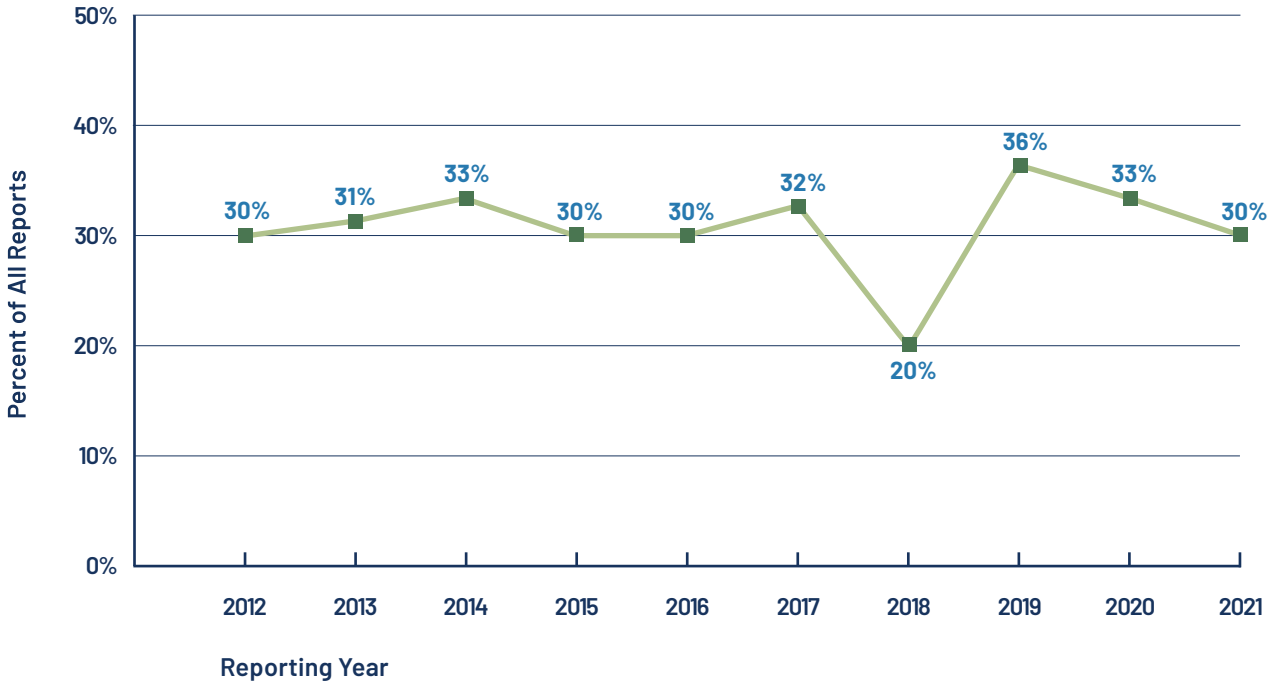
Follow-up rates to anonymous reports are still too low and edging downward

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 at least once. We also track the percentage of reporters who make changes to the report by providing additional information or feedback on the case.

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 accessed the case after it had been submitted. For the second metric, only include instances where the anonymous reporter made changes by adding additional information or feedback 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 only once in both calculations.

Follow-Up Rate of Anonymous Reports

Median Reporting Value (MRV)



FINDINGS: The follow-up rate for anonymous reports (as shown in the chart above) seesawed in the late 2010s, going from a low of 20 percent (2018) to a high of 36 percent (2019) and then back to 33 percent (2020). In 2021, however, we saw the follow-up rate decline to 30 percent. That is within historical ranges over the past decade, but 30 percent is still the lowest we've seen this number since 2016.

2021 also saw a continued decline in follow-up reports where the reporter added information or made changes to the original report.

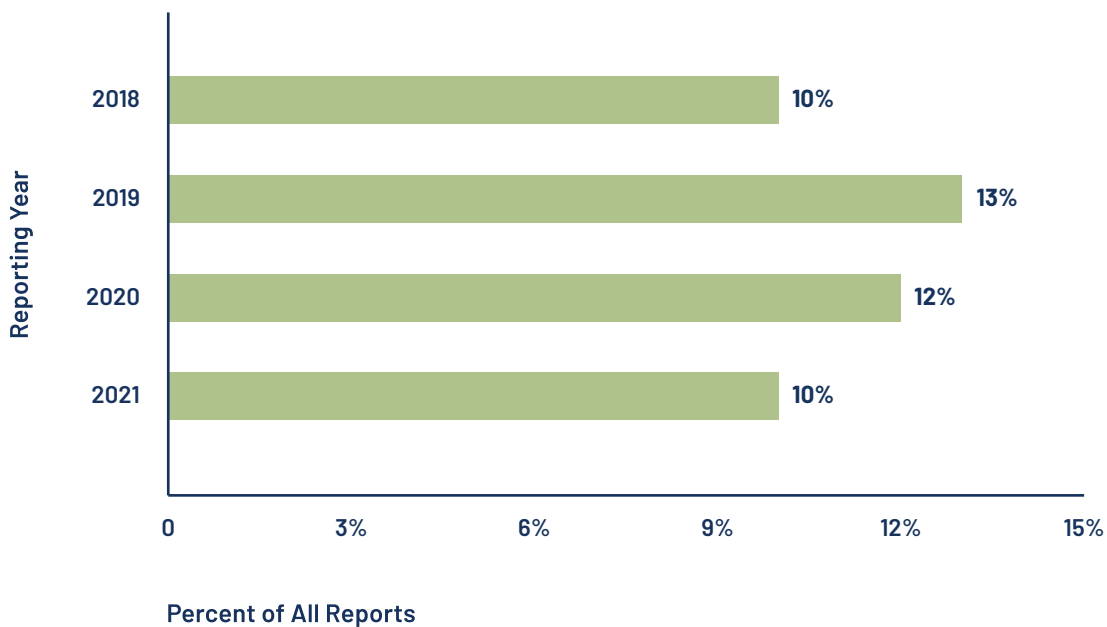
The follow-up rate for anonymous reports with changes to the case fell from 12 percent in 2020

to 10 percent in 2021. That is still on par with follow-up rates from 2018, but down notably from the 13 percent follow-up rate in 2019.

Organizations should continue to communicate the importance of anonymous report follow-up. Considering the necessity of keeping communication channels open to accurately and successfully investigate a report, we continue to strongly encourage organizations to educate employees on all the steps required for successful anonymous reporting – most critically, the responsibility to check back on their report. This message should be “multimedia” and covered in all training and communications related to the reporting system and options available.

Follow-Up Rate of Anonymous Reports With Changes Made to the Case

Median Reporting Value (MRV)



5 Substantiated Reports

Overall substantiation rates hold steady

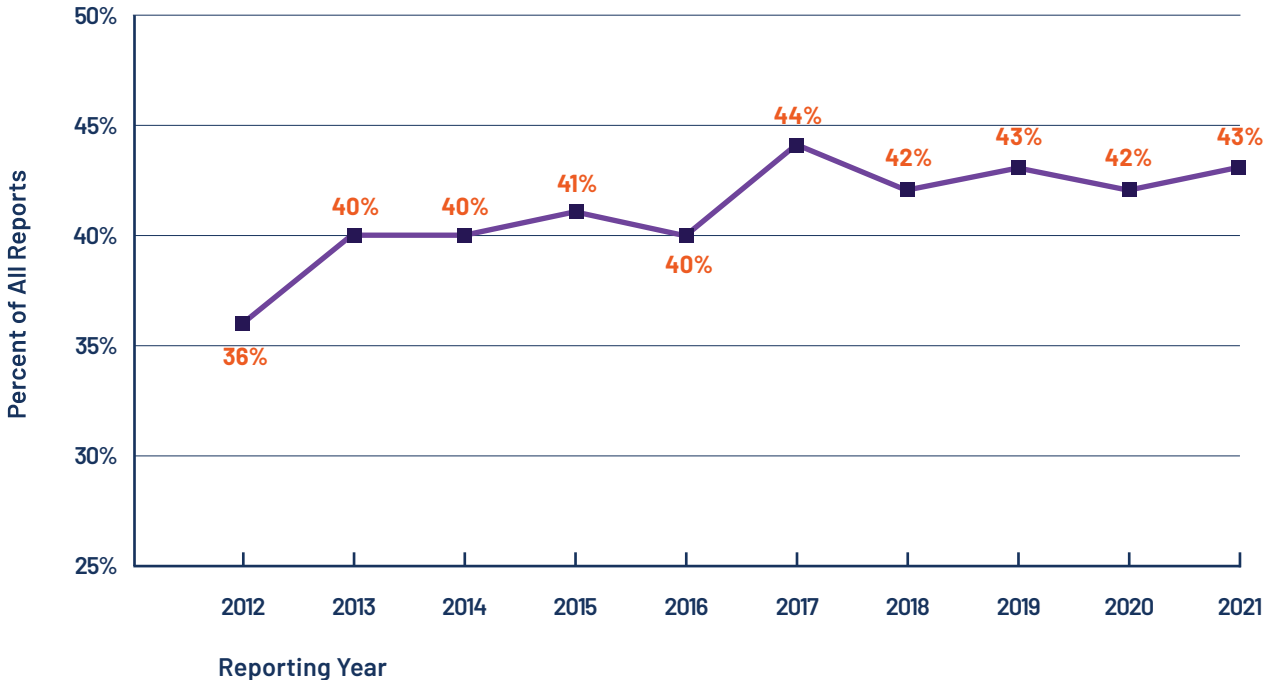
The “overall substantiation rate” reflects the median rate of reports from both named and anonymous reporters that were closed as substantiated or partially substantiated. A high substantiation rate reflects a well-informed employee base making high-quality reports, coupled with effective investigation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

How to Calculate: For overall substantiation rates: Divide the number of all reports that are (fully 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 cannot be proven to be true.

For substantiation rate by category: First, ensure each report is sorted into one of the five categories. Then, within each category, divide the number of

Overall Substantiation Rate



reports that were closed as substantiated or partially substantiated by the total number of reports that were closed as substantiated, partially substantiated and unsubstantiated.

FINDINGS: The median overall substantiation rate has held remarkably steady over the years, and 2021 held true to pattern: this year’s rate ticked up one point, to 43 percent. What’s more notable is that the median overall rate has fluctuated in a narrow band of 40 to 44 percent for nine years – so the pandemic and its disruptions in 2020 apparently had little bearing on overall substantiation rates.

Median substantiation rates by category also showed remarkable consistency.

Substantiation rates held steady in all major categories except one: environmental, health and safety or “EHS” reports, where the substantiation rate jumped from 46 percent in 2020 to 50 percent in 2021. This is likely because the pandemic has driven employees and management alike to pay more attention to EHS issues. Substantiation rates for all other categories held steady at 2020 levels, and generally have only fluctuated by a point or so, if that, for the last four years.

Substantiation Rate by Category

Median Reporting Value (MRV)

	Accounting, Auditing & Financial Reporting	Business Integrity	HR, Diversity & Workplace Respect	Environmental, Health & Safety	Misuse, Misappropriation of Corporate Assets
2018	50%	50%	40%	50%	50%
2019	49%	50%	41%	50%	50%
2020	50%	50%	40%	46%	50%
2021	50%	50%	40%	50%	50%

Gap between anonymous and named substantiation rates narrows

The comparison of substantiation rates between anonymous and named reporters benchmarking metric shows the percentage of all reports submitted by reporters who chose to remain anonymous versus the percentage of all reports submitted by reporters who did disclose their identity.

How to Calculate: For 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.

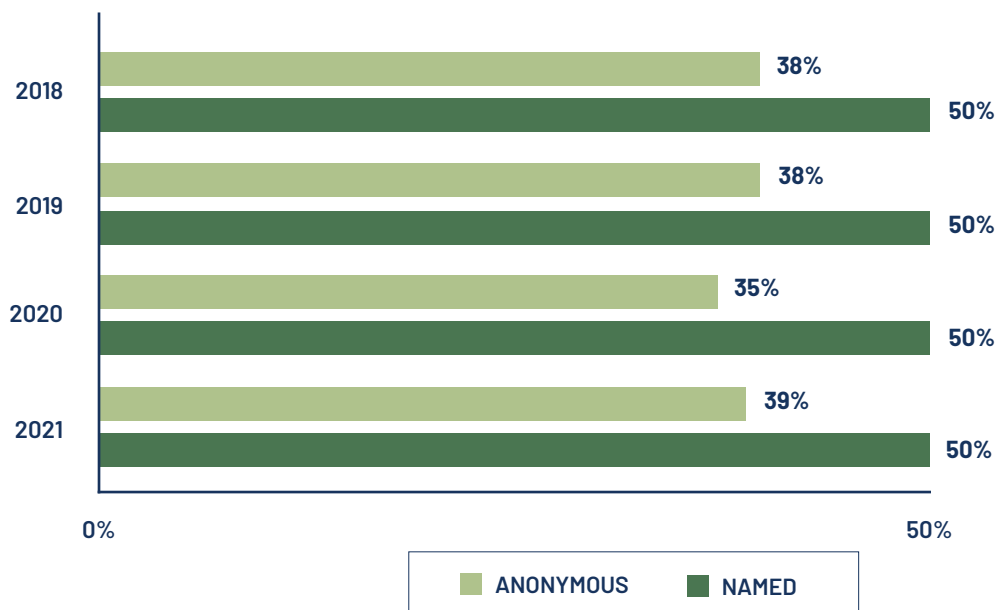
For substantiated named reports: Divide the number of reports from named reporters that were closed as fully or partially substantiated by the total number of reports that were closed as substantiated, partially substantiated and unsubstantiated.

FINDINGS: Anonymous reporting has its critics, especially in Europe where cultural taboos about anonymous reporting have endured for decades. Still, anonymous reporting channels can provide valuable insights to organizations. Even those not enthused about anonymous reporting will want to closely monitor anonymous substantiation rates as a measure of program effectiveness.

The substantiation rate for anonymous reports did rise in 2021 to 39 percent, compared to 35 percent in 2020 (the lowest it had been since 2016). Substantiation rates for named reports held steady at 50 percent – where the number has been for four straight years.

Comparison of Substantiation Rates Between Anonymous & Named Reporters

Median Reporting Value (MRV)



6 Case Closure Time

Case closure times went up, and more companies are struggling with longer closure times

Case closure time metrics measure the number of calendar (not business) days it takes an organization to close a case. This benchmark is a key indicator of employees' perception of an organization's ethics and compliance program: prompt investigation and closure of cases inspires more confidence that the organization takes complaints seriously.

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: Median case closure times rose from 39 days in 2020 to 42 days in 2021. That is a significant jump in year-over-year terms, but the 42 days is still lower than what we saw in 2019 (45 days) and is on-par with median closure times in the late 2010s, which ranged from 40 to 46 days.

When reviewing case closure time by issue category, median case closure time in the Accounting, Auditing and Financial Reporting category fell from 50 days to 45 days, the lowest we have seen in seven years. This is an intriguing development because such cases are sometimes difficult to unravel, and we saw an increase in the number of Accounting, Auditing and

Financial Reporting reports in 2021. So, it remains to be seen whether 2021's improvement in case closure times was a one-year fluke, or the beginning of a longer trend.

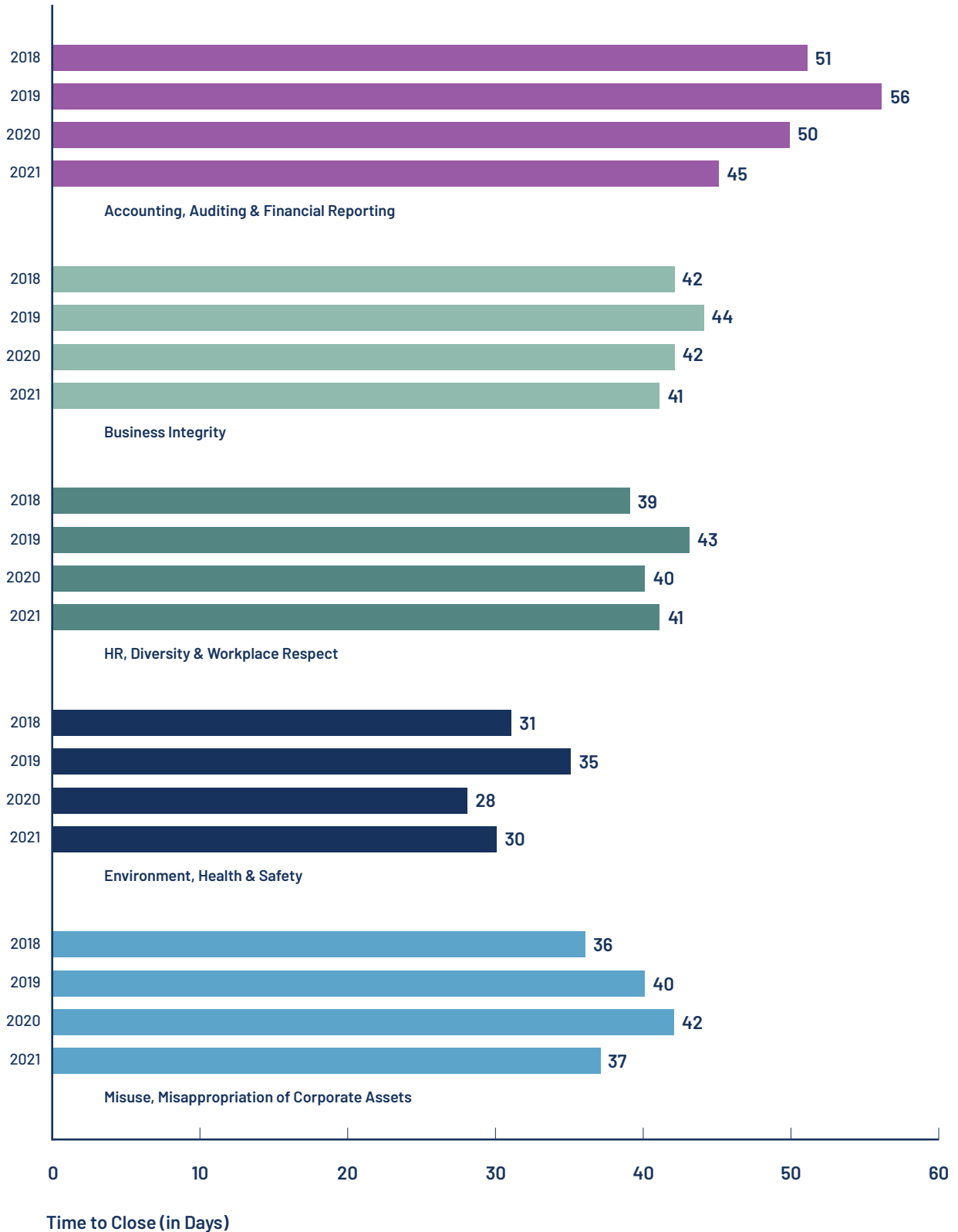
Case closure time in the other categories was mixed. Misuse and Misappropriation of Corporate Assets fell from 42 to 37 days, and business integrity cases fell from 42 to 41 days. Meanwhile, case closure times for EHS reports rose from 28 to 30 days, and times for HR, Diversity and Workplace Respect reports rose from 40 to 41 days.

That said, because HR, Diversity and Workplace Respect reports are such a large portion of all reports, even a modest increase in case closure times for this specific category (such as the one-day increase we see this year) can translate to an increase in case closure times overall.



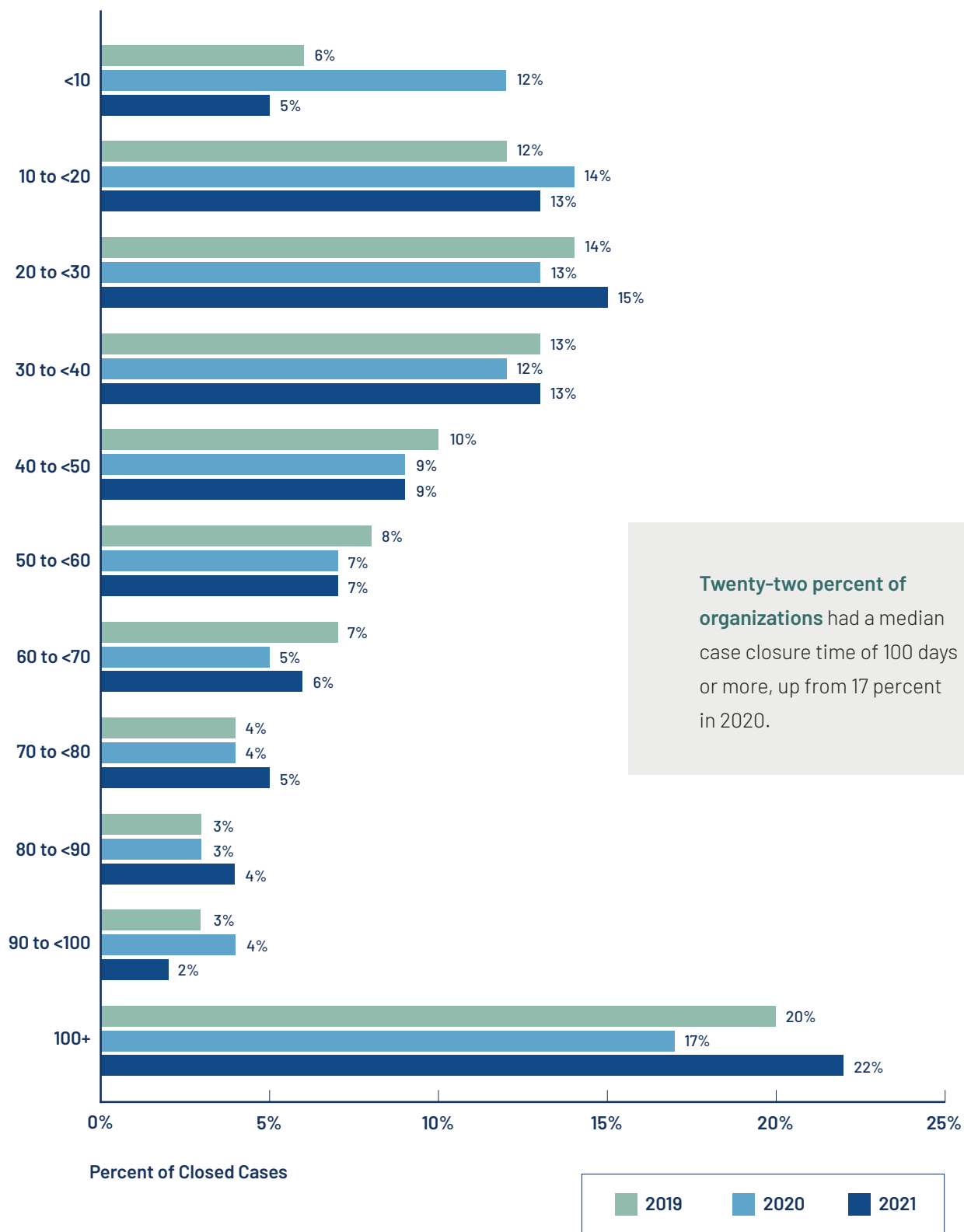
Case Closure Time by Report in Days

Median Reporting Value (MRV)



Distribution of Case Closure Times

Median Reporting Value (MRV)



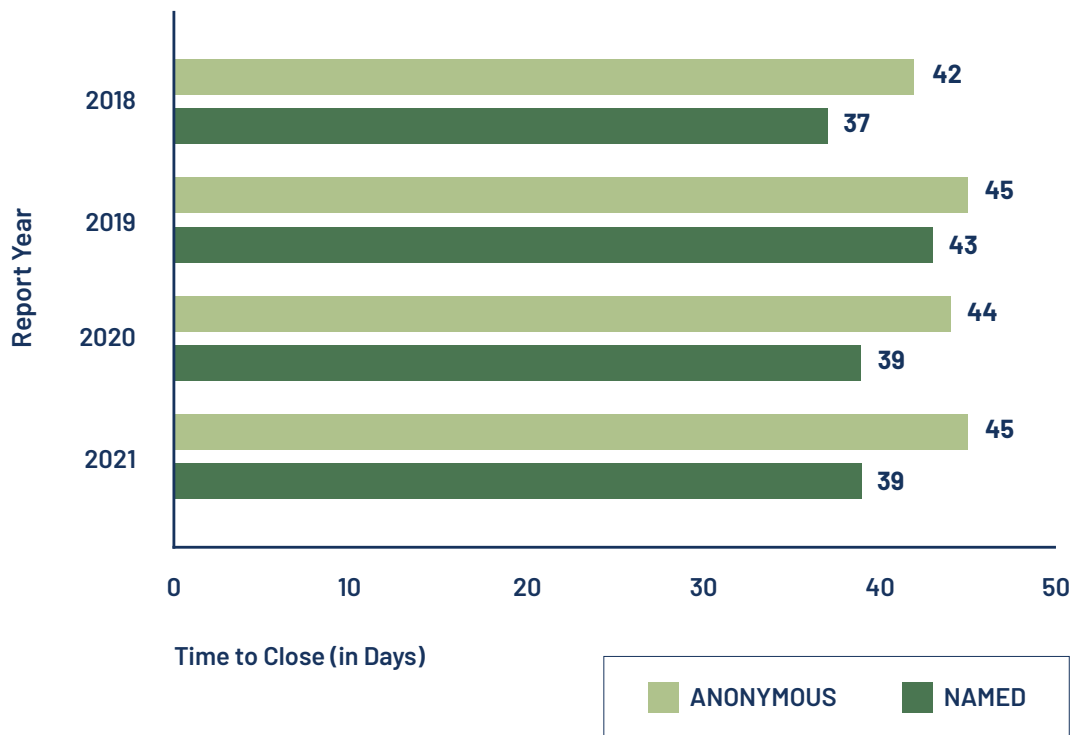


As the chart above shows, 22 percent of organizations had a median case closure time of 100 days or more, up from 17 percent in 2020. Meanwhile, the percentage of organizations with a median case closure time of 10 days or less fell, from 12 percent in 2020 to only 5 percent in 2021.

Median case closure time for anonymous reports ticked upward from 44 days in 2020 to 45 days in 2021. Median closure time for named reports held steady at 39 days.

Case Closure Times for Anonymous vs. Named Reports

Median Reporting Value (MRV)



Difference Between Incident & Report Date

Time between seeing an incident and reporting it is improving

This metric measures the days between the date on which an alleged incident occurred and the date on which the reporter chose to report it. This gap can help assess an organization's culture, particularly around fear of retaliation. It can also be a red flag that reporters may be seeking outside guidance or reporting externally first.

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: The ideal for internal reporting programs is a short period of time between when an employee sees misconduct and when they report it. The corporate culture and speak-up training should inspire employees to think, "I need to report this right away."

In the first year of the pandemic we saw a significant jump in the time between witnessing an incident and reporting it: from 21 days in 2019 to 28 days in 2020. In 2021, however, the median time between the occurrence and reporting of an incident fell back to 23 days. This suggests that 2020 was an outlier year since so many employees were acclimating to the routines of remote work.

More good news: the distribution of the gap between incident and report dates is also tilting toward shorter time lags. The percentage of organizations with a median gap of five days or fewer rose from 13 percent in 2020 to 17 percent in 2021. Meanwhile, the percentage with a median gap of 60 days or more fell from 28 percent to 23 percent.

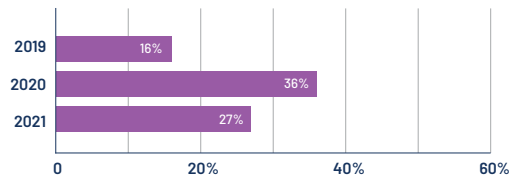
The gap between incident and report dates fell for all categories of reports. For example, the Accounting, Auditing and Financial Reporting category saw its median gap fall from 36 days to 27 days. Reports in the Business Integrity category fell from 26 to 20 days, and in the HR, Diversity and Workplace Respect category, they fell from 21 to 18 days. And the gap for Environment, Health and Safety fell below pre-pandemic levels, from 9 days to 7 days. (This was the only category to fall back to pre-pandemic levels.) It is not surprising that this category had the lowest gap given that nearly all reports in this category were specifically about safety issues.

It remains to be seen whether the larger gaps in 2020 were a one-time phenomenon caused by the pandemic – but for now, the numbers are moving in the right direction.

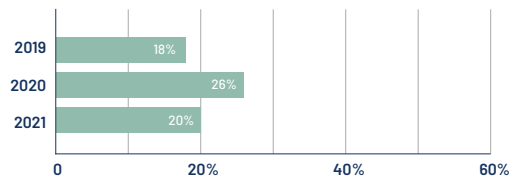
Gap Between Incident and Report Dates by Category

Median Reporting Value (MRV)

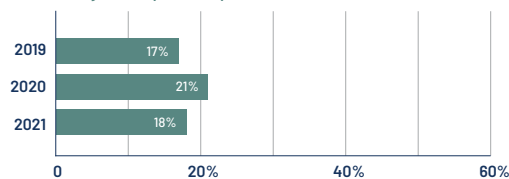
Accounting, Auditing & Financial



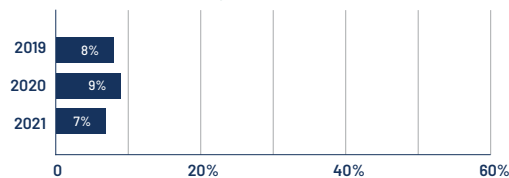
Business Integrity



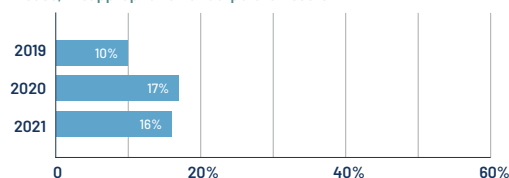
HR, Diversity & Workplace Respect



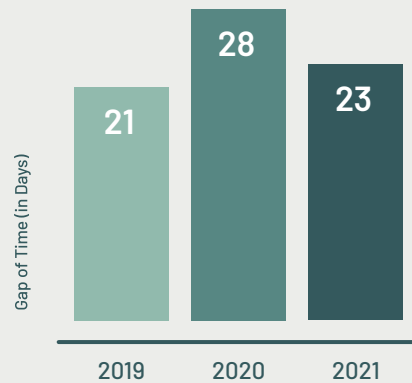
Environmental, Health & Safety



Misuse, Misappropriation of Corporate Assets



Gap Between Incident and Report Dates



Distribution of Gap Between Incident and Report Dates

Number of Reports	2019	2020	2021
<5	19%	13%	17%
5 – 9	12%	10%	12%
10 – 14	9%	9%	10%
15 – 19	9%	8%	8%
20 – 24	6%	6%	6%
25 – 29	6%	5%	5%
30 – 39	8%	9%	8%
40 – 49	6%	6%	7%
50 – 59	5%	5%	4%
60+	20%	28%	23%

In-person reporting is best, but the telephone hotline remains a trusted and important tool

It is important to offer a variety of intake channels to employees and to track all the reports received in a single, centralized database to maximize the impact of data analytics and trend-spotting. 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 also help determine which methods 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.

Last year, NAVEX expanded our Report Intake Method metrics to include both the unweighted (traditional percentage) and weighted median (MRV) measures of reports received by hotline, web portal or other means.³ We also included two new metrics: the Median Anonymous Reporting

Rate by Intake Method and the Customer Majority Intake Method Comparison. Understanding the relative predominance of intake method and their comparative anonymity rates allows us to identify industry trends and enables programs to make informed decisions.

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: Using the traditional overall percentage method, we see that in 2021, web submissions continued their upward trend as a percentage of all reports to an all-time high of 29 percent – but that was still below the percent of reports from the hotline (31 percent) and all other intake methods. Indeed, “All Other Methods” continued its run as the most common intake method (40 percent), even though that number is below 2020 and 2019 levels.

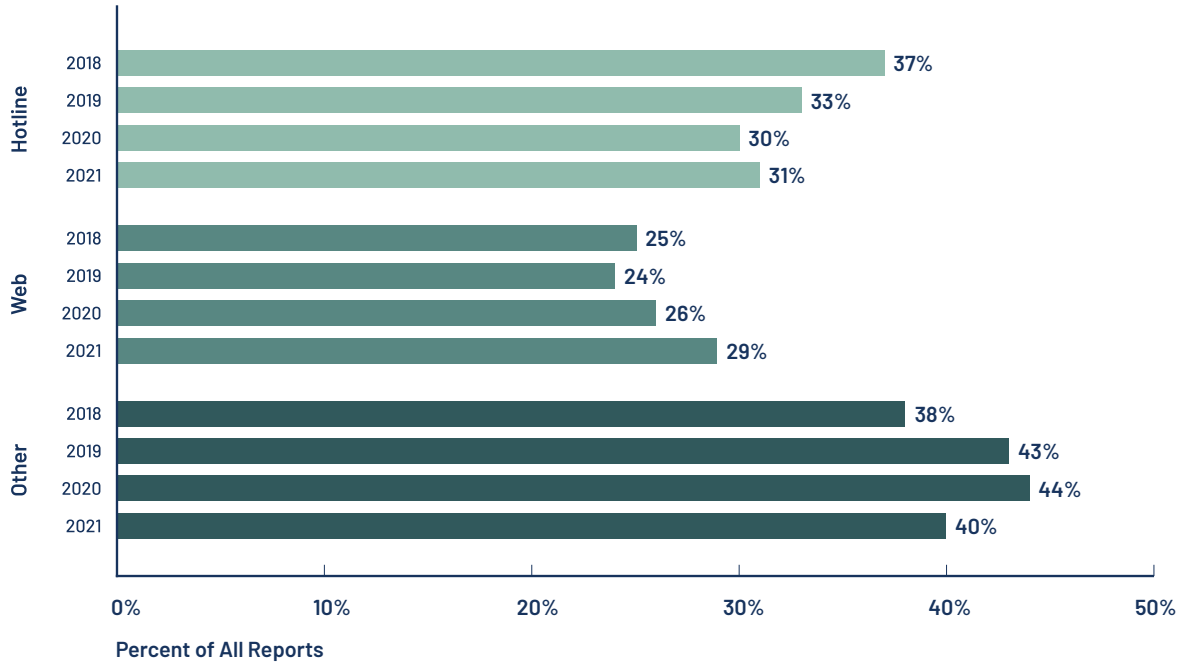
However, when looking at the median of all organizations, the results show that close to **half of the reports (47 percent) were taken via web reporting**, far ahead of Hotline (31 percent) and All Other Methods (22 percent).



³ For more information on our Median Report Value (MRV), please refer to “How We Calculate Our Benchmark Metrics,” p.3.

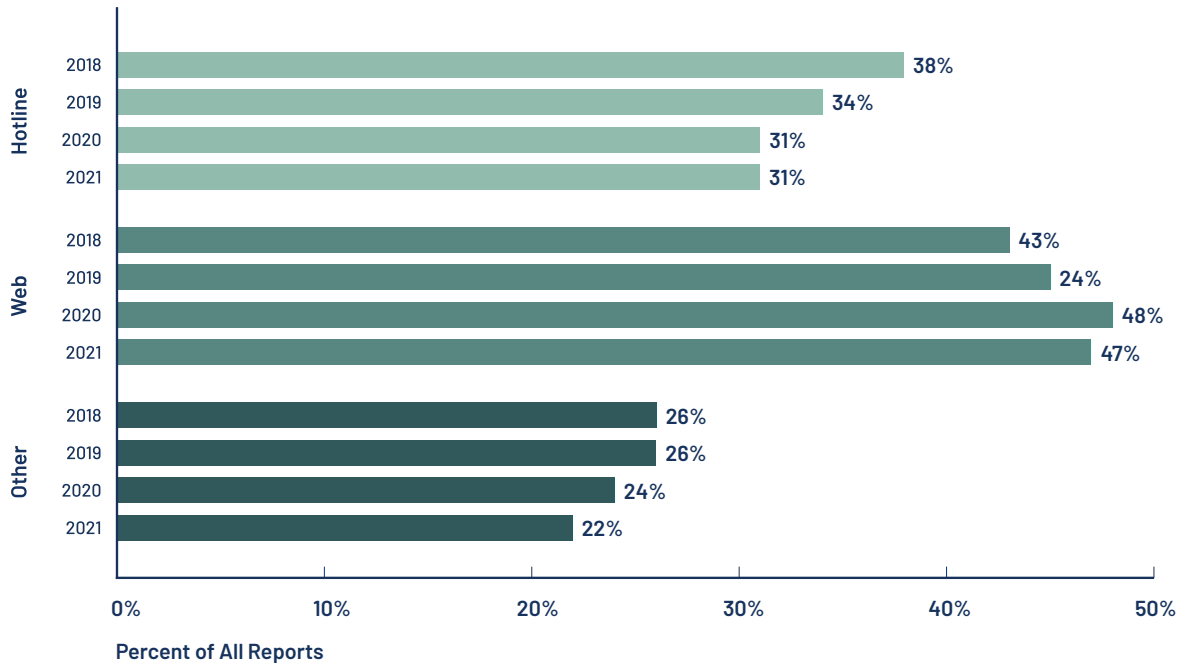
Report Intake Method Comparison by Percentage

Median Reporting Value (MRV)



Report Intake Method Comparison (Median)

Median Reporting Value (MRV)



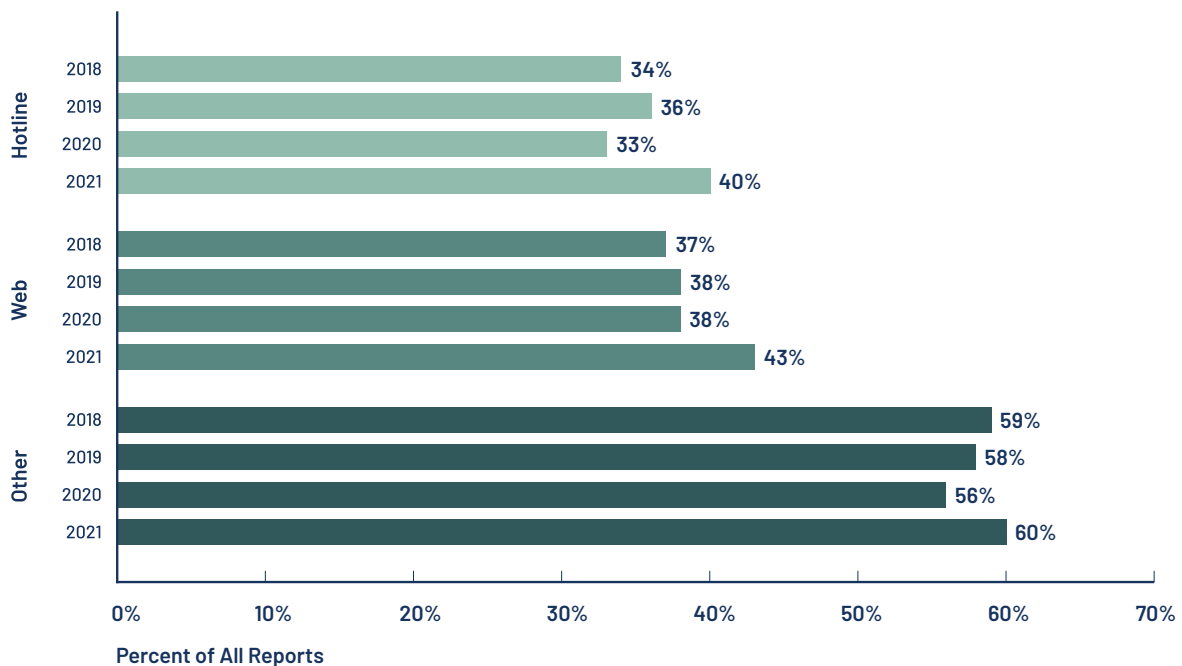
Median overall substantiation rates rose for all three intake channels in 2021. The biggest jump came in the substantiation rate for hotline calls, which rose from a low of 33 percent in 2020 to 40 percent in 2021. This is the highest we've seen the hotline substantiation rate since the mid-2010s. The substantiation rate for web submissions rose to 43 percent, and for all other methods to 60 percent.

Compliance officers also benefit from knowing the substantiation rates for named and anonymous reports arriving through each intake channel, simply to have a good sense of which reports tend to be more substantiated than others.

The intake channel with the highest median substantiation rate for named reports was All Other Methods, which rose to 62 percent in 2021. For named reports arriving via web submissions, the substantiation rate was 50 percent; and for those arriving via the hotline, it was 43 percent. All three statistics rose from 2020 levels, and for web and hotline reports specifically, the substantiation rate for named reports hit all-time highs.

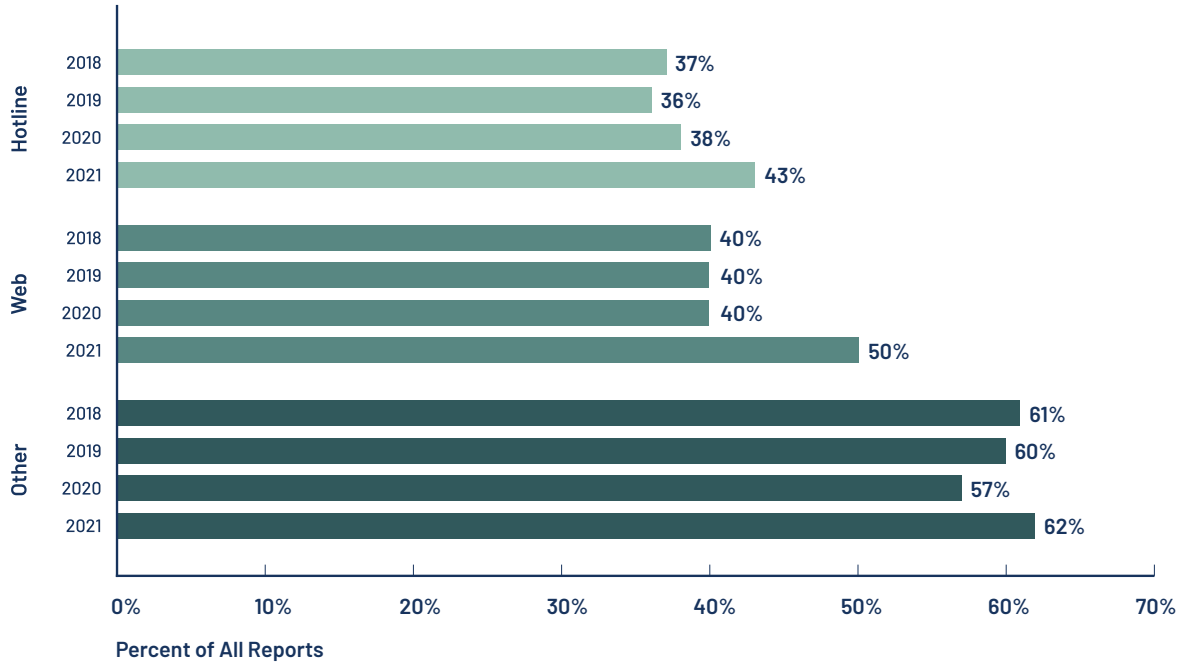
A similar pattern existed for anonymous reports in 2021: the median substantiation rates rose for all three intake methods, with all other methods leading the way followed by web submissions and then the hotline. The substantiation rates were lower in all three categories than those for named reports, but still trending upward overall compared to 2020.

Overall Substantiation Rate by Intake Method Median Reporting Value (MRV)



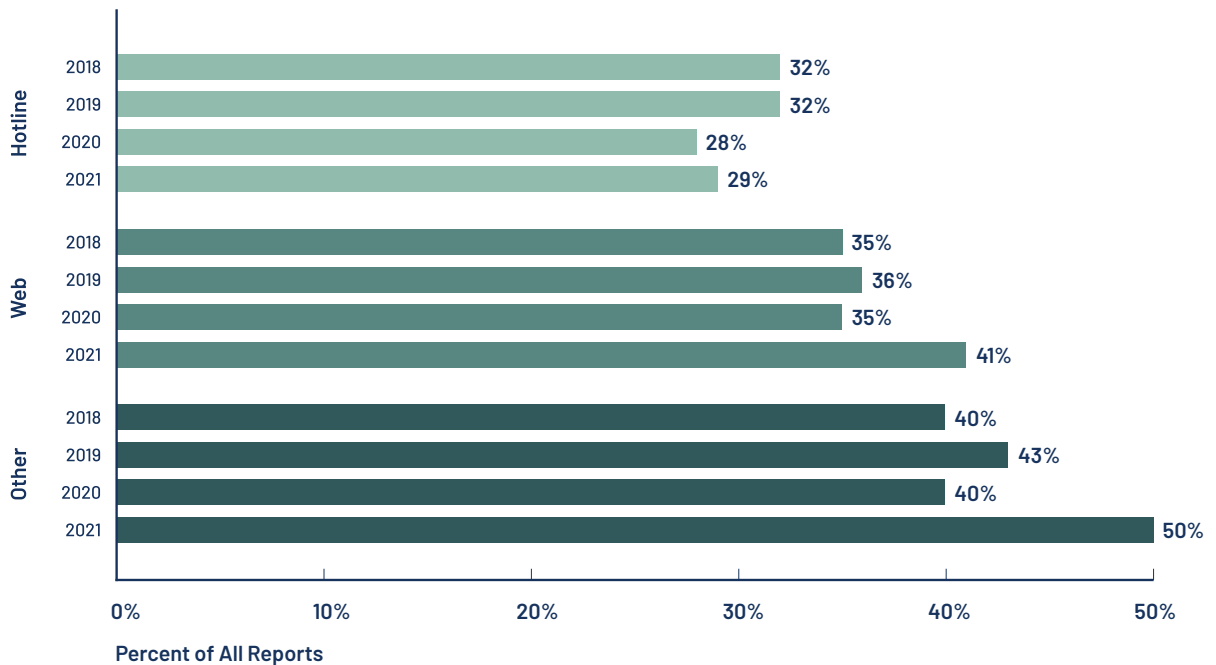
Named Substantiation Rate by Intake Method

Median Reporting Value (MRV)



Anonymous Substantiation Rate by Intake Method

Median Reporting Value (MRV)



Reports of retaliation are up sharply, but substantiation rates of those reports remain steady at significantly lower rates than other issue types

Reports of retaliation are an important metric to track as effectively protecting reporters and promoting safe reporting are key to an organization's cultural health. Reports of retaliation have always been a small fraction of total reports – but given the gravity of the allegation and the potential risks (higher regulatory fines, civil litigation, bad press, employee morale), it is important to keep a close watch on this statistic.

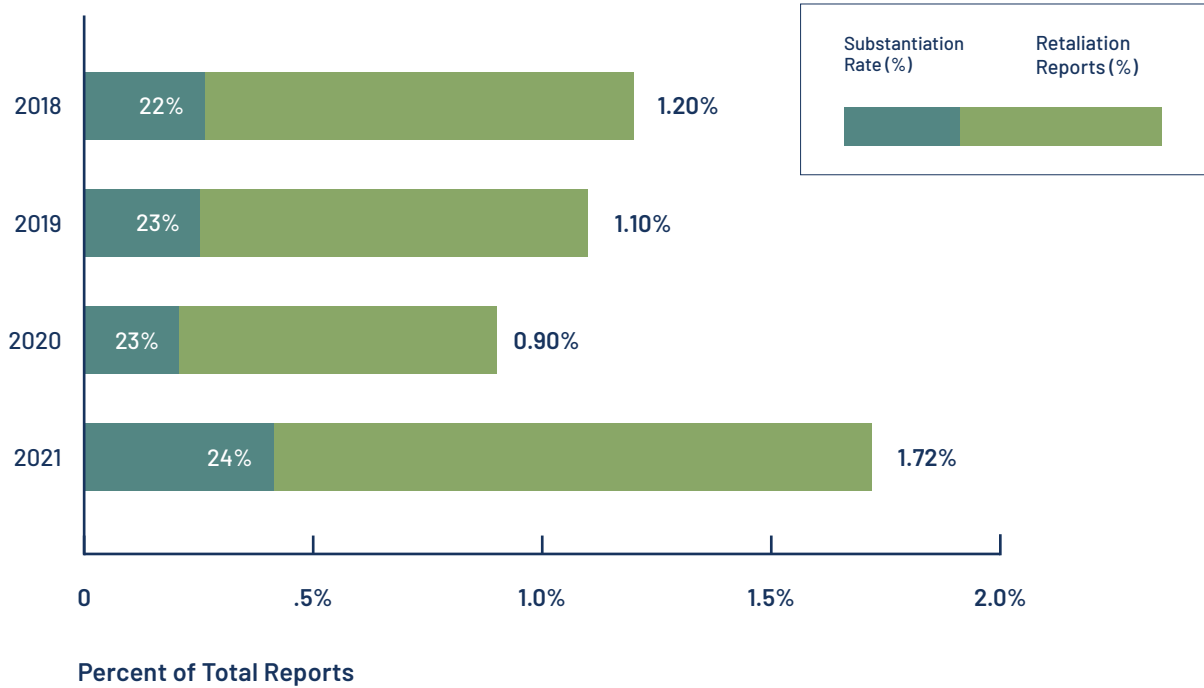
How to Calculate: Take the total number of reports made with retaliation as the primary allegation and then divide by the total number of reports.

FINDINGS: Retaliation reports accounted for 1.72 percent of all reports in 2021. This is nearly double the 0.9 percent seen in 2020, and the highest percentage we have seen in the last decade. Employees may be more comfortable raising concerns about retaliation as the changes in the job market and intense competition for talent in 2021 offered more comfort that it would be easier to find a new job.

The substantiation rate for reports of retaliation also went up slightly, from 23 percent in 2020 to 24 percent in 2021 – the highest substantiation rate seen since 2016. While steady, this substantiation rate is significantly below the overall median case substantiation rate of 43 percent in 2021. These cases, though difficult to prove, warrant attention.



Percentage of Retaliation Reports



These numbers are a mixed blessing for corporate ethics and compliance professionals. The results paint a picture of more employees less afraid to report incidents of retaliation, a good indicator of a stronger speak-up culture. Still, the numbers also suggest that retaliation is a persistent problem at many organizations that will need both attention in training (especially for first line and middle managers) and stronger messaging from senior leadership.



Reports of Harassment & Discrimination

Harassment and discrimination reports are reaching new highs

As with reports of retaliation, reports of harassment and discrimination are important measures of an organization's cultural health.

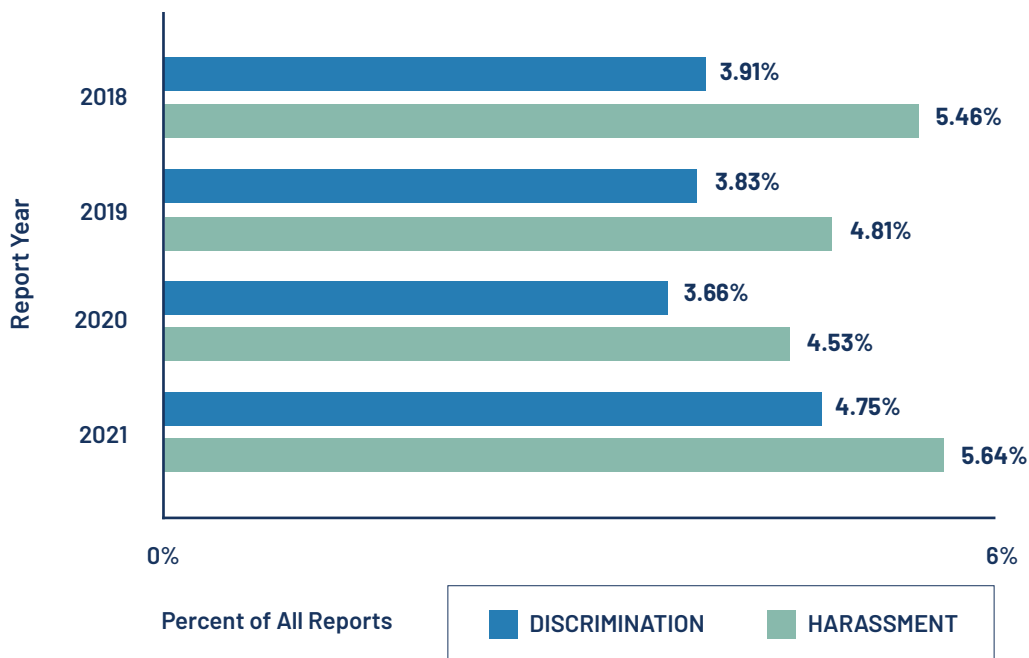
How to Calculate: Take the number of reports made with harassment as the primary allegation and then divide that by the total number of reports. Repeat this process with reports that have discrimination as the primary allegation.

FINDINGS: Reports of harassment and discrimination surged to new heights in 2021, reversing a two-year decline in reporting rates and even surpassing the high rates of reporting we saw in the late 2010s when the #MeToo movement was at its peak.

Harassment reports rose to 5.64 percent in 2021, up from 4.53 percent in 2020 and even above the 5.03 percent reported in 2017, the first year the #MeToo movement dominated headlines. Discrimination reports rose to 4.75 percent – well above the 3.66 percent reported in 2020, also an all-time high.

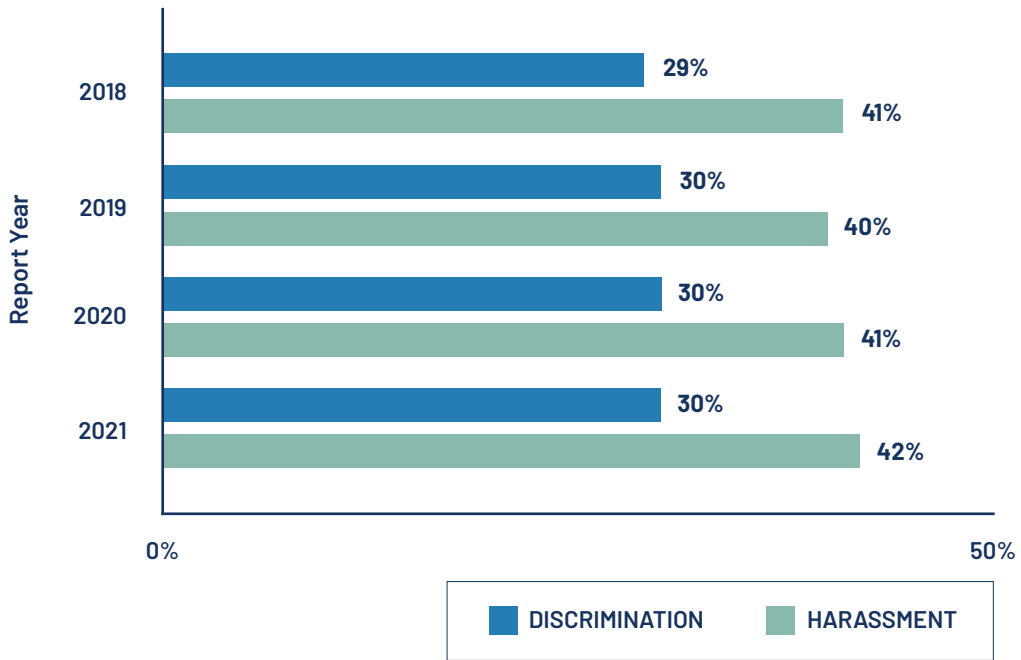
Substantiation rates for harassment and discrimination complaints largely held steady in 2021. Harassment reports only rose one point, to 42 percent; the rate for discrimination reports held at 30 percent, where it has been since 2019.

Percentage of Harassment & Discrimination Reports



Substantiation Rates of Harassment & Discrimination Reports

Median Reporting Value (MRV)



Nearly half of all reports resulted in no action but this includes unsubstantiated reports

An analysis of report outcomes, that is, how many reports result in discipline, training, a policy change, separation of the employee or no action at all, is a useful metric. Report outcomes are especially useful when analyzed against the level of the employee who has been accused of wrongdoing. Unfortunately, most organizations do not track this information, so we are unable to provide more data comparing outcomes to employee level.

Also important to a complete analysis is the Median Substantiation Rate by Outcome, which reflects the percentage of reports in a given outcome category *that were substantiated*.

How to Calculate: For report outcomes: First ensure each report is sorted into one of the seven (7) outcomes. Then, divide the number of reports in each of the five (5) categories by the total number of reports.

For substantiation rate by outcome: First, ensure each report is sorted into one of the seven outcomes. Then, within each outcome, divide the number of reports closed as “substantiated” or “partially substantiated” by the total number of closed reports.

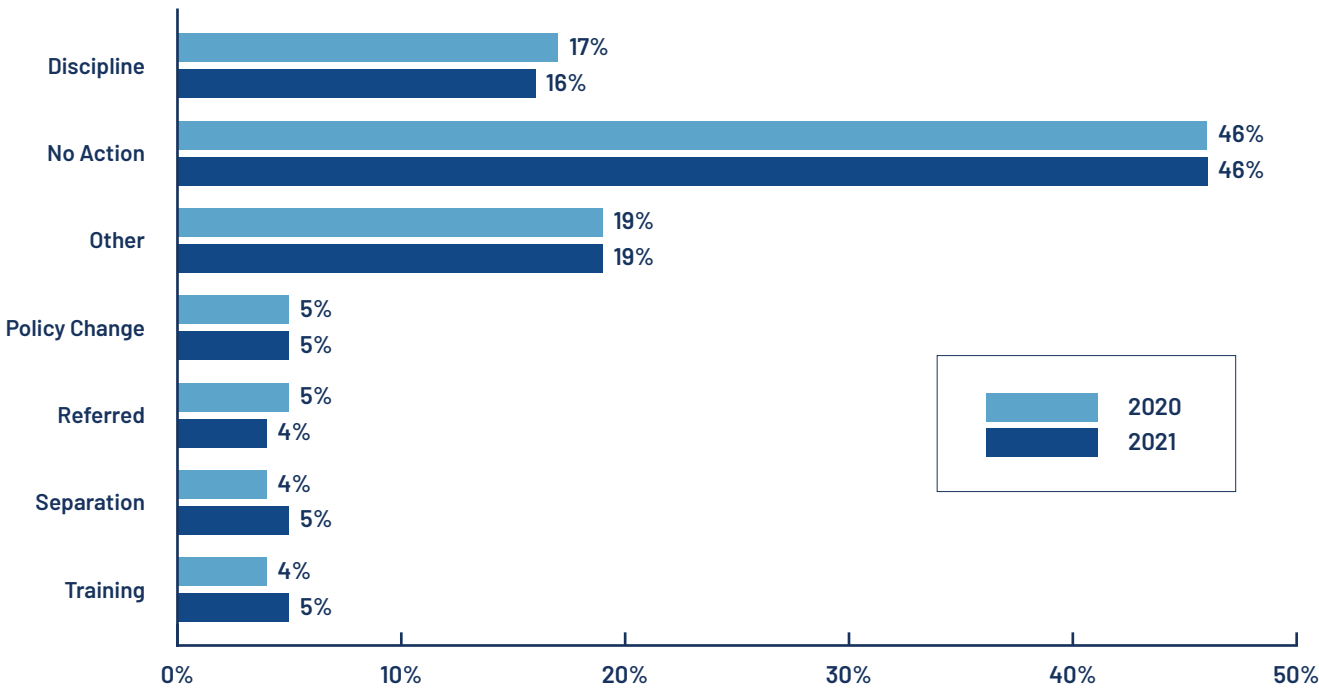
FINDINGS: Total Report Outcomes did not change much between 2020 and 2021. The most common outcome was no action at all, at 46 percent, the same as 2020. Note however that overall a median of 57 percent of reports were not substantiated (the overall Substantiation Rate is 43 percent), so it makes sense that these cases may not lead to further action. The data also suggests that some actions are still being taken when a case is not substantiated, such as training or policy changes, to ensure that expectations are understood.

Just 16 percent of all reports resulted in disciplinary action, down one point from 2020; outcomes such as additional training, referral, and employee separation were all in the mid or low single digits in 2021 and were unchanged from 2020.

Substantiation Rate by Reporting Outcome also showed little change from 2020 to 2021. As one might expect, the substantiation rate for disciplinary action was 98 percent – meaning, 98 percent of all reports that resulted in employee discipline had been substantiated; this was the same figure as 2020. The substantiation rate for an outcome of new training rose from 67 percent to 70 percent; the substantiation rates for various other outcomes did not fluctuate to any meaningful extent.

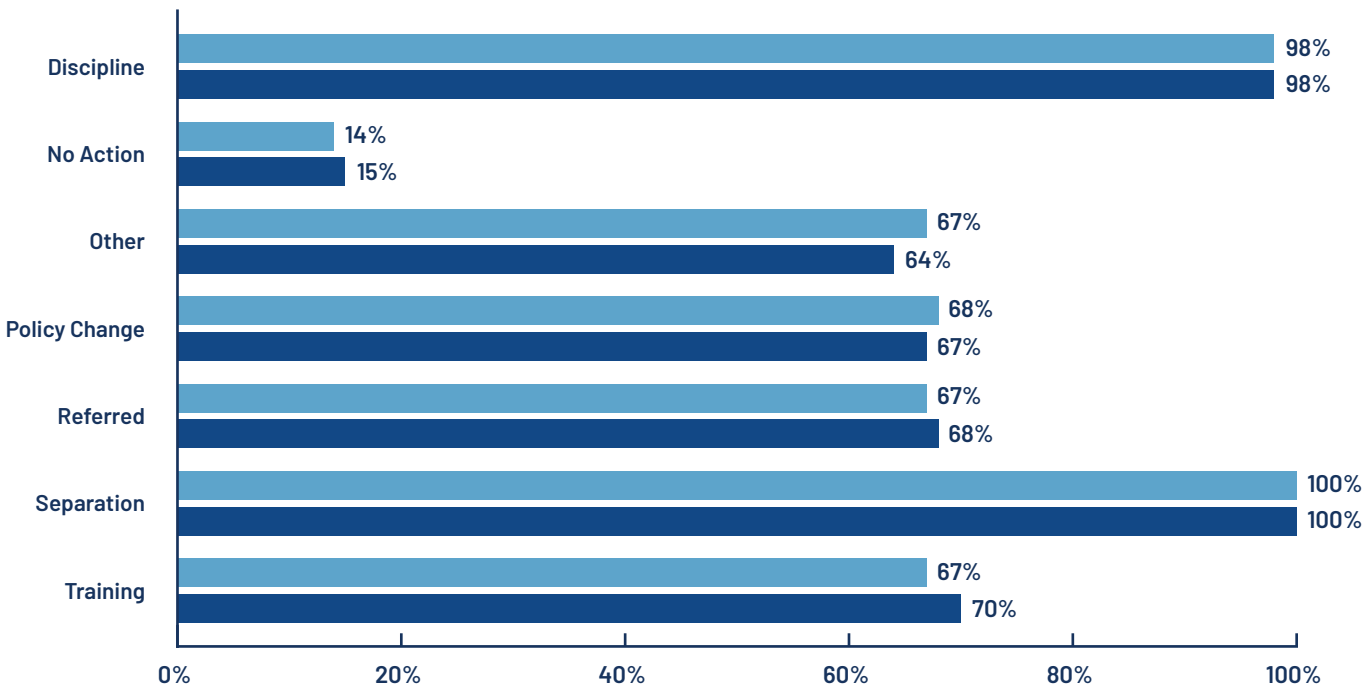


Report Outcomes



Substantiation Rate by Reporting Outcome

Median Reporting Value (MRV)



12 Data by Employee Count

Median reporting volume at large companies fell considerably

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. That said, we know that small organizations and their hotline programs are somewhat different from their larger counterparts. Hence, we analyze a few key metrics by employee count to further examine these differences.

How to Calculate: For each metric below, we grouped organizations by their employee count, and then calculated each metric in its standard fashion.

Reports per 100 Employees

Median Reporting Value (MRV)

Employee Count	2018	2019	2020	2021
0-9,999	1.6	1.6	1.7	1.6
10,000+	0.9	0.9	0.8	0.5

FINDINGS: Most notably, median reporting volume at large organizations (those with 10,000 employees or more) fell precipitously last year, from 0.8 reports per 100 employees in 2020 to only 0.5 reports in 2021. While a difference of 0.3 reports per 100 employees may seem small, in relative terms the median report rate fell nearly in half – and is the lowest rate we’ve seen for large companies since we began tracking this metric in 2018. It suggests that fostering trust across a large, dispersed workforce is challenging, and the shift to remote work due to the pandemic probably made matters even worse.

Median reporting volume at smaller organizations (fewer than 10,000 employees) also fell, but only from 1.7 reports per 100 employees in 2020 to 1.6 reports in 2021; which is in line with median reporting volumes we saw in smaller organizations pre-pandemic.

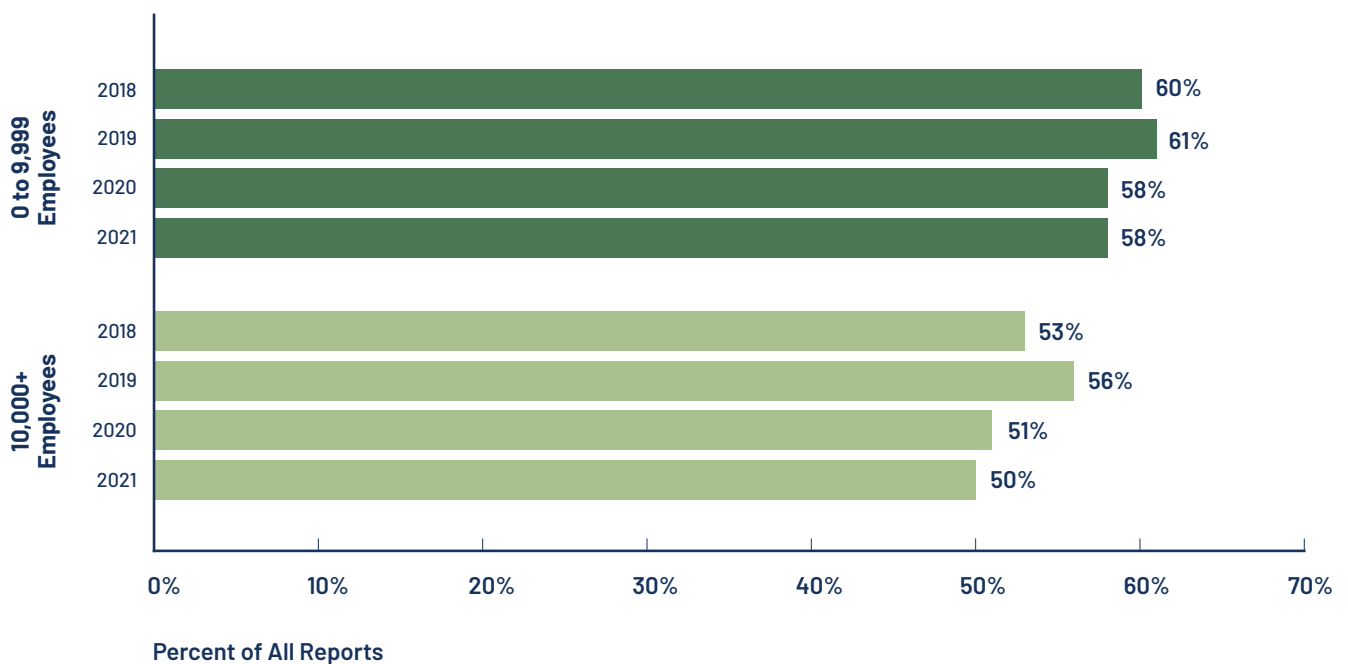


Rates of anonymous reporting dropped slightly among large organizations, from 51 percent to 50 percent; but held steady at 58 percent for smaller organizations. In both cases, however, those numbers are still below pre-pandemic levels, and support the broad trend of a decline in anonymous reporting overall.



Anonymous Reporting Rate by Employee Count

Median Reporting Value (MRV)



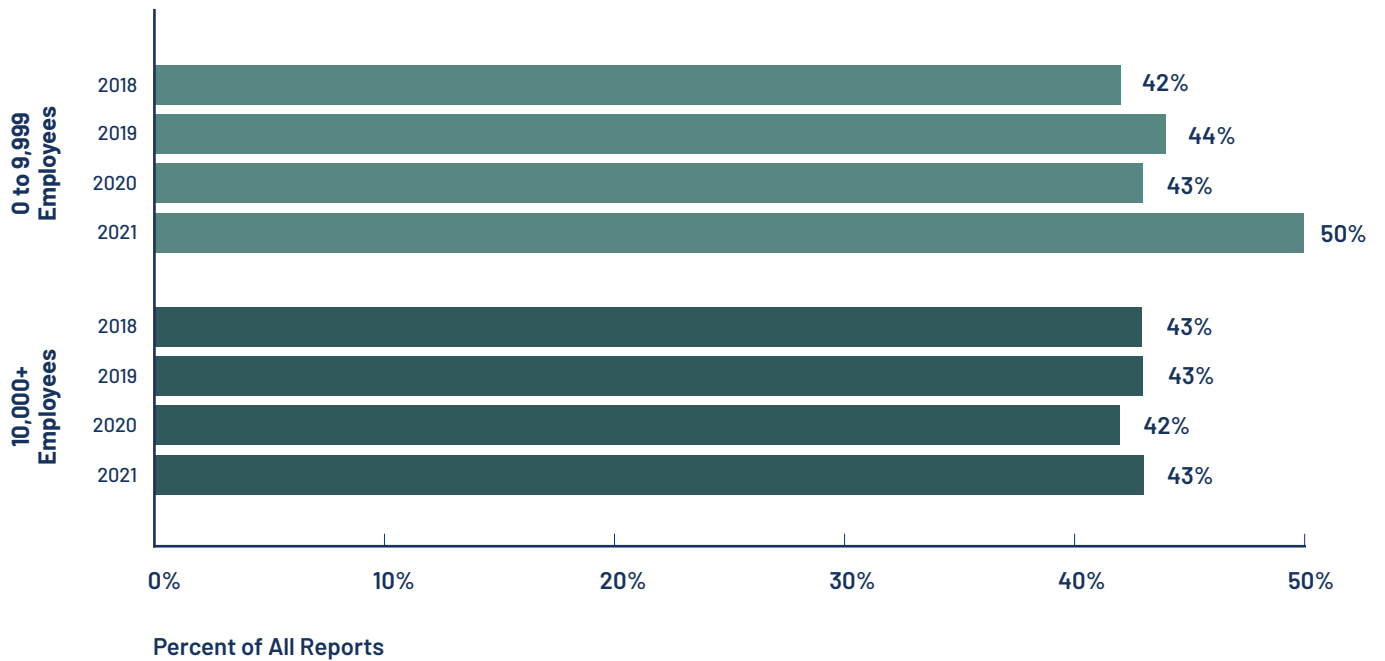


The substantiation rate for smaller organizations did jump markedly, from 43 in 2020 to 50 percent in 2021. This increase brings it above pre-pandemic levels.



Substantiation Rate by Employee Count

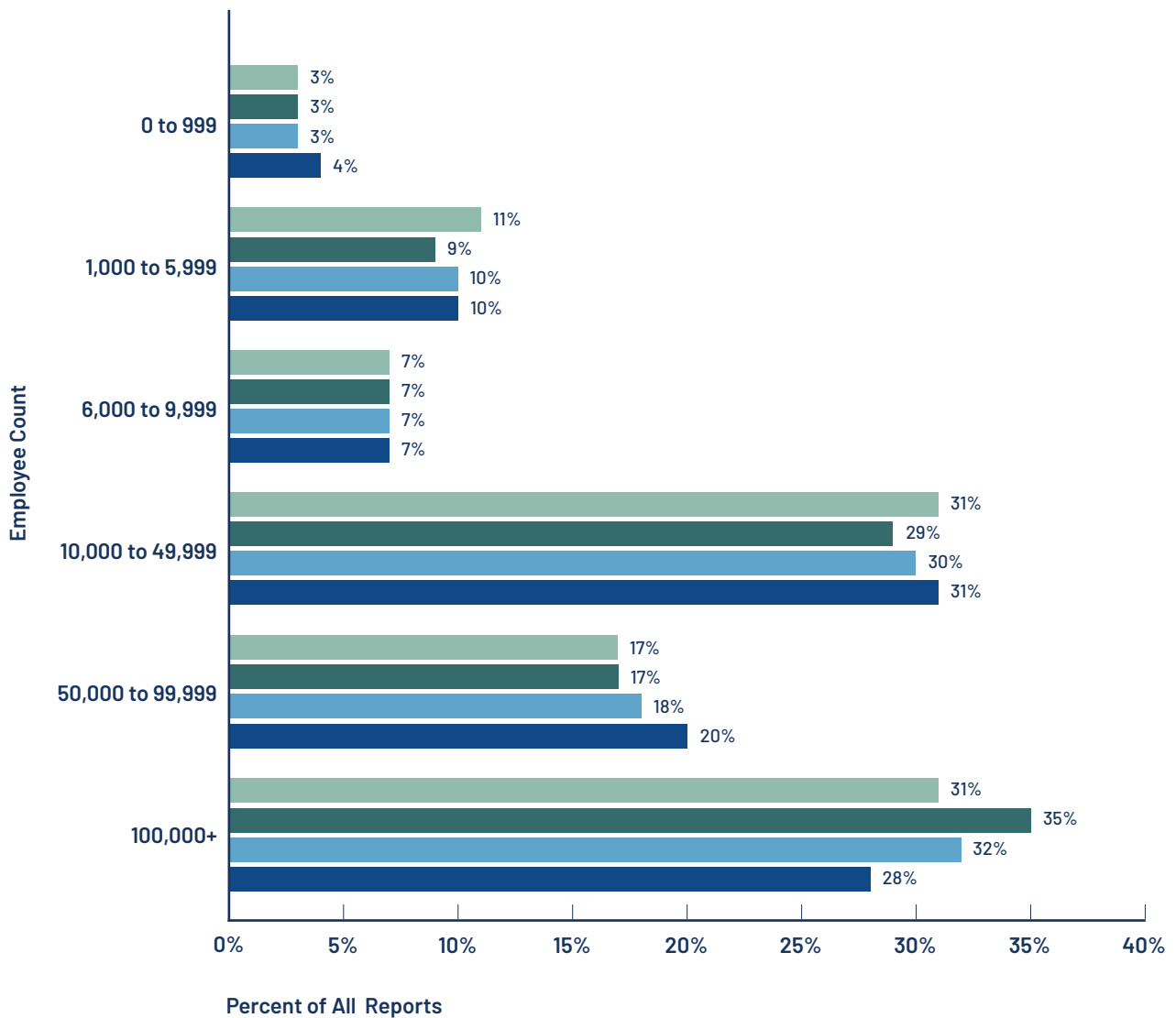
Median Reporting Value (MRV)



Finally, we provide the Report Distribution by Employee Count in the chart below.



Report Distribution by Employee Count



About the Authors

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As one of the earliest ethics officers in the industry, Carrie Penman joined NAVEX in 2003 after serving four years as deputy director of the Ethics and Compliance Officer Association (ECOA) now ECI. A scientist by training, she developed and directed the first corporate-wide global ethics program at Westinghouse Electric Corporation from 1994-1999.

As Chief Risk and Compliance Officer for NAVEX, Carrie leads the company's formal risk management processes. She also oversees its internal ethics and compliance activities while employing many of the best practices NAVEX recommends to its customers.

Carrie has extensive client-facing risk and compliance consulting experience, including more than 15 years as an advisor to boards and executive teams; most recently as NAVEX's SVP of Advisory Services. She has also served as a corporate monitor and independent consultant for companies with government settlement agreements.

Carrie was awarded the inaugural Lifetime Achievement Award for Excellence in Compliance 2020 by Compliance Week magazine. In 2017, Carrie received the ECI's Carol R. Marshall Award for Innovation in Corporate Ethics for an extensive career contributing to the advancement of the ethics and compliance field worldwide.



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