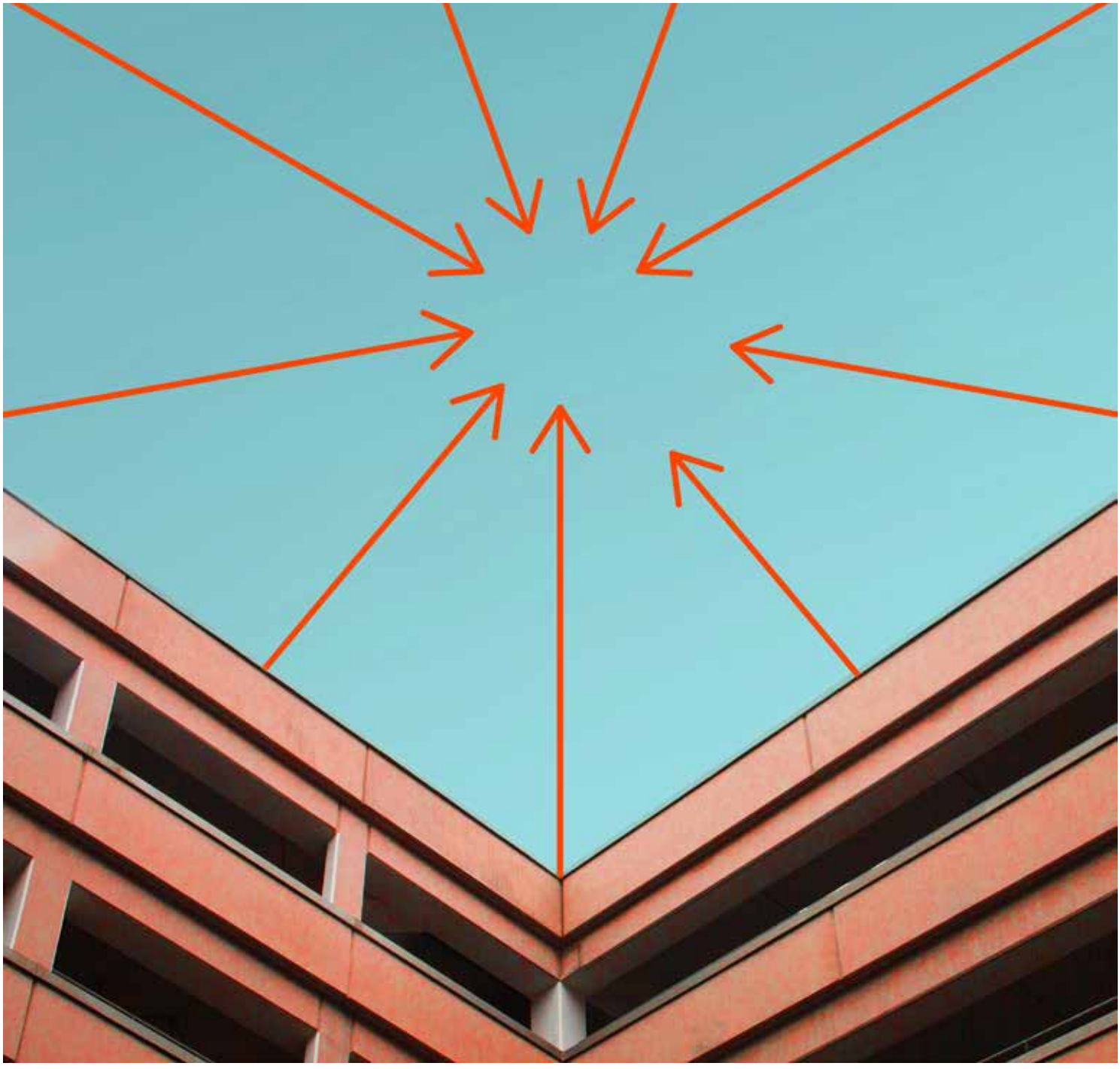
NAVEX

Northstar Series

Whistleblowing & Incident Management Benchmark Report

2024



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NAVEX | NorthStar

The Northstar Series is NAVEX's curated collection of proprietary data and unparalleled analytical insights. Within this series we explore groundbreaking analysis intersected with bespoke data, shaping strategic decision-making across the risk and compliance landscape.

Introduction

An efficient and trusted mechanism by which employees can anonymously or confidentially make inquiries and allegations of suspected or actual misconduct without fear of retaliation is the hallmark of a well-designed compliance program.

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

- Do employees and third parties 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?

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

The GRC Insights reports provide a closer cut of our data by industry, company size and more. Visit our website or reach out to an account executive to learn more about this service.

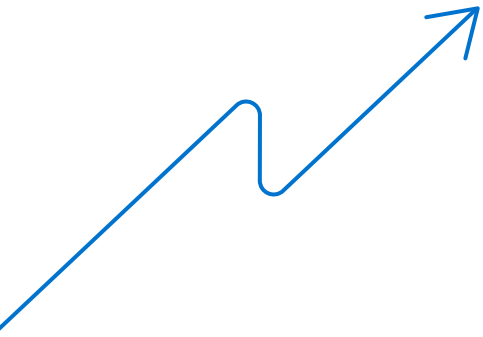
Tracking internal data to help answer these questions is important. Getting a broader perspective on how your performance matches up to market and industry norms is invaluable.

To help, NAVEX 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. Because we have the world's largest and most comprehensive database of reports and outcomes, risk and compliance professionals trust our benchmarks to help guide decision making and better understand how their programs stack up. This 2024 report represents data collected from reports received in calendar year 2023, and includes a number of brand-new metrics throughout. For each benchmark provided in this report you'll find:

- A description of the benchmark
- Instructions on how to calculate the benchmark
- The 2023 combined data for all industries in the NAVEX database with prior year comparisons
- 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 2023. The resulting database includes **3,784** organizations that received a total of **1.86 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 to provide organizations with benchmarking data that is not skewed by organization size.

In some cases, we provide the **mean** value as additional information. We also have some data presented using **frequencies** (percentages of total). Keep in mind, frequencies have been rounded, and may not add up to exactly 100%. All data presented is clearly marked with the calculation methodology. A more detailed discussion of the calculation methodology, distributions, assumptions and implications of each is presented in the appendix to this report.

There are no "right" outcomes in benchmarking reporting data. By definition, a median or midpoint means that half the organizations are higher and half are lower than the MRV. Where appropriate in this report, we provide what we consider to be an acceptable range of results to provide context for your own data.

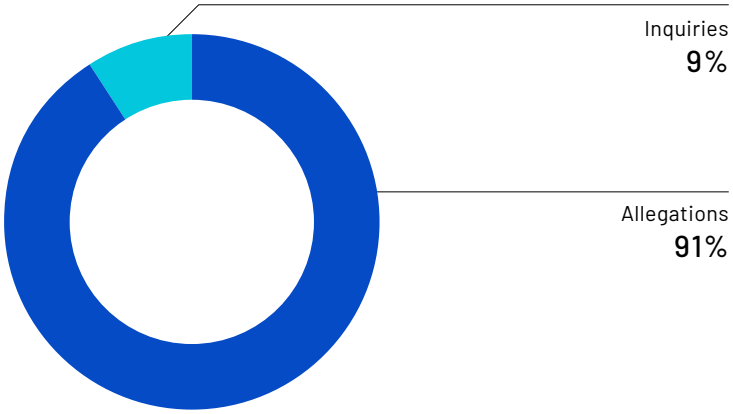
Falling within the range generally indicates an organization is on par with medians for the organizations within our database. Falling outside the normal range, in either direction, is a good prompt to take a closer look at whether there is an issue that needs more attention from the organization.

New to this year's report:

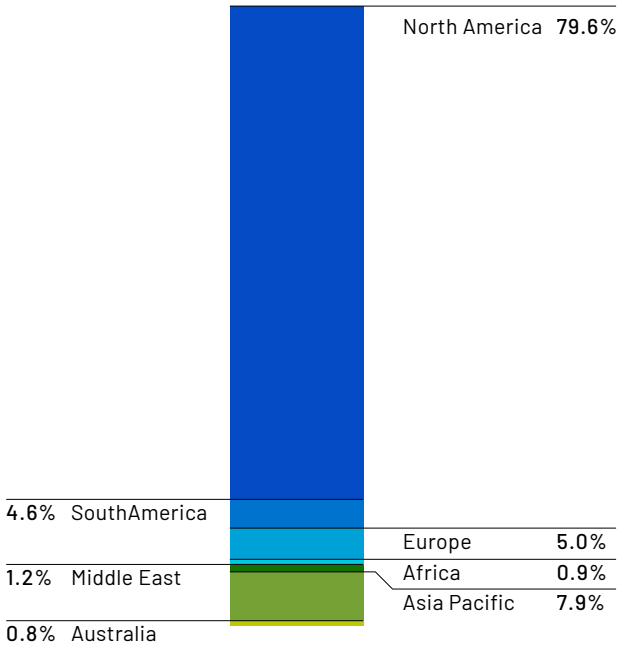
- Data by employee and third-party reporters
- Report *Risk Category* distributions grouped by organizational report volume tiers
- *Report Outcomes* by *Risk Category* and organization employee count

INTAKE METHODS (FREQUENCY)

ALLEGATIONS VS INQUIRIES (FREQUENCY)



REPORTS BY REPORT LOCATION (FREQUENCY) 2023



SNAPSHOT OF OUR DATABASE

3,784
Number of Organizations

1.86 Million
Number of Reports

57 Million
Number of Employees

Top Industries:

01 Retail Trade
02 Finance and Insurance
03 Health Care and Social Assistance
04 Transportation and Warehousing
05 Administrative and Support Services
06 Food Services and Drinking Places
07 Transportation Equipment Manufacturing
08 Professional, Scientific, and Technical Services
09 Information
10 Educational Services
11 Food Manufacturing
12 Wholesale Trade

Executive Summary

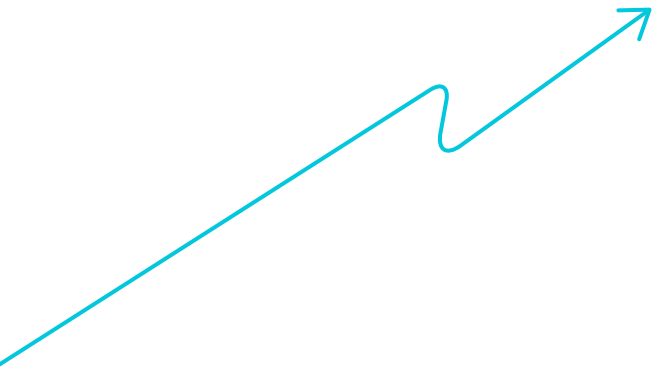
For many of the 3,784 organizations represented in this NAVEX Whistleblowing & Incident Management Benchmark Report, 2023 was a busy year. Internal reporting programs saw a record level of use, revealed through our global database's highest-ever *Reports per 100 Employees* metric. In addition, the *Substantiation Rate* metric reached an 11-year high, meaning more reports were received AND more were found to be true. For those with trusted and effective internal reporting programs, this added up to greater visibility into the trends of risk, ethics and culture playing out in their organizations' operations – real-time intelligence to inform business decision-making.

To see usage of internal reporting channels rising is a good thing. When reporters trust internal resources and use them to raise concerns and make inquiries without fear of retaliation, they shine a light on places where the organization may need to act before a potential issue escalates to a bigger problem. A rise in substantiated report volume may not signal a shift toward more unethical behaviors within organizations, but rather, that compliance teams are more successful in encouraging reporters to speak up while equipping them with the knowledge of how to make a high-quality report. For many organizations in 2023, it appears that dynamic was healthy.

Yet with reporters more likely to speak up, it's important to recognize that they often have multiple avenues to raise their concern – internal and external. The United States Securities and Exchange Commission Whistleblower Program, for example, received a record number of tips in its fiscal year 2023. This exceeded records set by the program in the prior two years. Effective internal reporting programs are increasingly competing against outside alternatives, and those programs need ongoing focus to earn and keep trust as the go-to channel for reporters who want to make a positive difference. Efficient *Case Closure Times* and ethical *Report Outcomes* are just some of the measures that help programs build that reputation. As readers will see in this report, internal reporting programs can become that trusted go-to channel for third parties and employees alike.

Many workplaces experienced significant operational shifts in 2023 as debates over return-to-office mandates were a regular media focus and topic of internal discussions and concerns. We may have seen this play out with the increase in human resources-related reports filed in 2023. Organizations increasingly settled into more permanent plans for their workforces and business operations, and workers may have been in the best position in years to pivot attention from global disruption and toward the day-to-day dynamics of their working lives. In addition, supply chains and third parties continue to be more integrated with business outcomes. And there has been no shortage of new regulations impacting organizations. Amid these trends and others, internal reporting programs were at the forefront of understanding what these developments and others mean for their organizations, informing strategies to foster ethical cultures and reduce compliance risk.

The metrics and analyses in this report are intended to help compliance professionals and their leadership teams understand what is working – and areas that may need work – in their internal reporting programs. In reviewing our 2023 data, we found the following themes for consideration.



Report volume and case substantiation reach milestones

Report volume, and the substantiation rates of the reports received, are two of the most highly benchmarked metrics of our annual publication. This year, both were at the highest levels ever – and both are good news. In 2023, organizations received a median 1.57 *Reports per 100 Employees* across organization internal reporting systems, exceeding the previous record of 1.47 set in 2022. More organizations (23%) received five or more *Reports per 100 Employees*, making this population the largest in our data set. And while year-over-year values fluctuated, every size of organization – from the smallest companies to enterprises with over 100,000 employees – has seen report volumes rise comparing 2021 and 2023.

It's not just the sheer volume of reports that is noteworthy. At 45%, the overall median share of substantiated or founded reports in 2023 reached an 11-year high.

Anonymous reports accounted for a median of 56% of all reports received in 2023, and the *Substantiation Rate* of these reports has been flat at a median of 33% since 2020. In contrast, for those matters where the reporter chose to provide their name, the *Substantiation Rate* increased to 50% in 2023 after remaining around 47% for several years. Organizations where reporters feel confident identifying themselves without fear of retaliation are likely to be among those seeing the greatest benefit from this trend.

These dynamics – more high-quality reports of actual misconduct – add up to an important moment for internal reporting programs and the organizations they support. Research has shown higher rates of internal reporting translate to

better business outcomes. Programs that are successful in encouraging reporters to speak up have direct visibility into how these pressures are impacting their organizations, offering the opportunity to detect and mitigate risk.

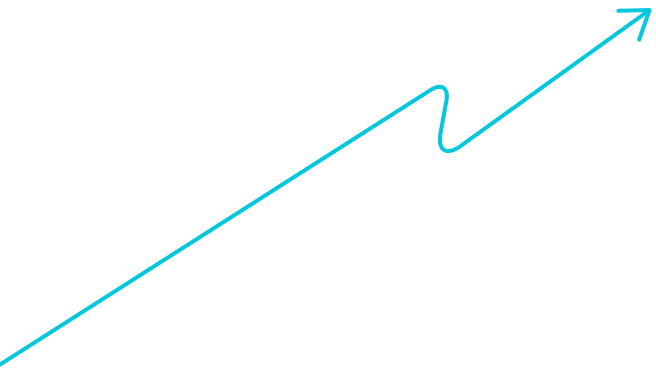
Story emerging on accounting-related reporting – internally and externally

Those familiar with the U.S. Sarbanes-Oxley Act of 2002 know that it was designed to protect investors from fraudulent financial reporting and impose stiff penalties for wrongdoing. Those in the compliance field also know its impact on the now-ubiquity of hotlines, as publicly traded organizations were required to provide clear reporting channels to report financial misconduct.

Accounting-related reports, while lower in overall percentage of reports received internally by organizations at a median of 4.3.% in 2023, often receive an outsized share of attention due to potential for regulatory action and the well-publicized bounty program offered by the SEC and their Office of the Whistleblower. The SEC program is continuing to see record growth in the number of tips reported to the agency, and is paying out record rewards to those with compelling information. Now the U.S. Department of Justice will also be piloting a rewards program for tips on corporate crime.

In light of opportunities and incentives for individuals to take these accounting-related reports elsewhere, a deeper dive into our data shows an emerging story about these types of reports, organization findings when receiving them, and how reporters are using the system. Specifically, reports related to *Accounting, Auditing and Financial Reporting*:

- Showed the longest time between when an incident was observed and when it was reported to the organization
- By a large margin, were least likely to be reported anonymously
- Comprised an outsized share of cases for organizations that receive very few *Reports per 100 Employees* – meaning while these organizations received well below the benchmark number of reports, they had a much more significant percentage of accounting-related reports
- Experienced the longest time to investigate and close the case
- Had among the highest median *Substantiation Rates*, at 50%
- Were most likely to cause an employment separation event as a result of a substantiated case
- Accounted for twice as many of the reports submitted by third parties than the reports submitted by employees



Given that reporters are waiting longer to report these issues, and they are more likely to provide their name, this could be an indication that some reporters are considering filing an external report and are getting all documentation in order. While the longer duration of *Accounting, Auditing and Financial Reporting* case investigations is no doubt reflective of their inherent complexity, it is important to ensure that reporters receive periodic updates so they know that their matter is being addressed.

Third parties more likely to report business integrity and financial misconduct issues

In a first for this report, NAVEX analyzed our substantial reporting database by both employees and third-party reporters. Our analysis shows these two groups are distinct across several metrics, showing the insight organizations realize from promoting their reporting program not just internally, but externally as well.

In terms of *Risk Categories*, third parties as a group made a far greater median share of reports related to *Business Integrity* than employees in 2023 (50% versus 17%). Encompassing topics like conflicts of interest, vendor issues, fraud, global trade and human rights, this *Risk Category* can manifest in several elements of a supply chain where it may be an employee of a completely different organization, a customer, or someone with a relation to an employee that uncovers misconduct. As noted above, third-party reporters also showed twice the median share of *Accounting, Auditing & Financial Reporting* reports as employees in 2023 (10% versus 4.5%). Meanwhile, reports from third parties showed a lower *Substantiation Rate* than that of employees, likely reflecting their decreased proximity to the organization.

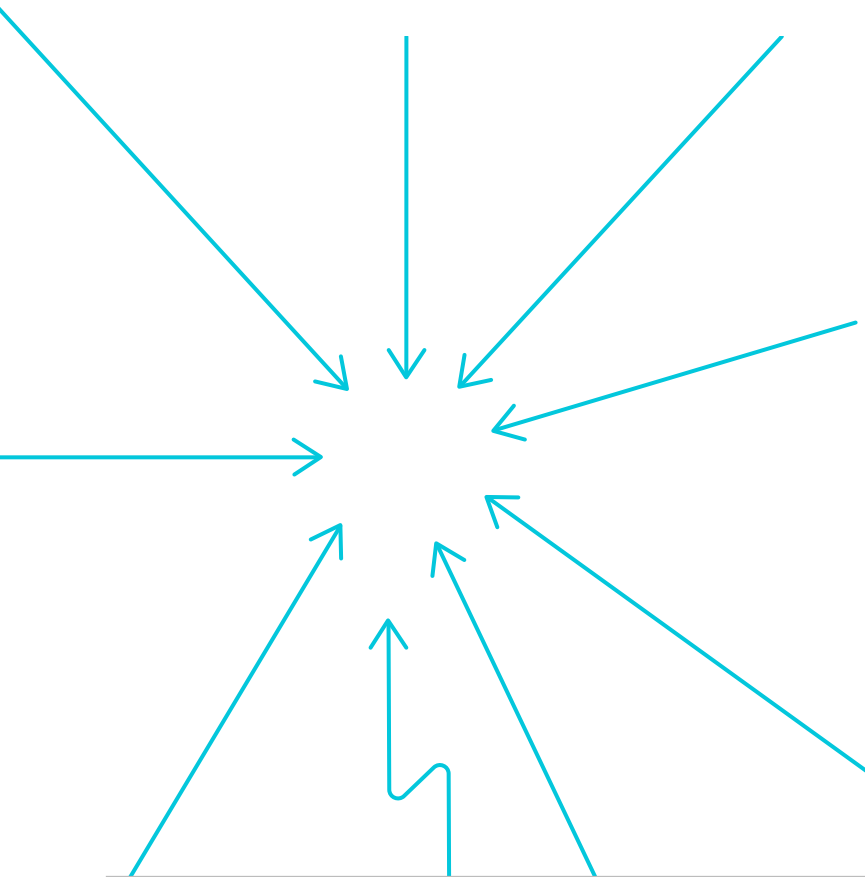
These findings point to the value of organizations making an effort to offer a reporting program outside of their own employee base. Third-party reporters in 2023 appeared to be an important source for reports about *Business Integrity* matters and financial issues, which are some of the most challenging *Risk Categories* organizations face. While reports from third parties may be harder to substantiate, or may lack nuance into context like organizational policies and culture, it is clear that they still provide valuable insight.

Small increase in report volume shows big payoff in healthy report mix

Also new for this report, NAVEX analyzed the types of *Risk Categories* organizations received based on their overall report volume. This analysis gives a sense of how organizations with higher reporting volume differ from those with lower reporting volume in terms of the

type of issues raised. Receiving a diverse mix of topics, inquiries and allegations in an internal reporting system is a sign of programmatic health, and our analysis shows organizations making even the smallest effort to encourage internal reporting achieve massive improvements in the balance of risk categories received in their systems.

For example, for organizations with the lowest report volume in our distribution (between 0.0 and 0.24 *Reports per 100 Employees*), only 8.7% of reports fell into the *HR, Diversity and Workplace Respect Risk Category*. Move up one category to the group with between 0.25 and 0.49 *Reports per 100 Employees*, and that share increases significantly to 36.3%. Frequencies of respective report *Risk Categories* fluctuate throughout the distribution, but all cohorts show a healthier mix than those with the smallest report volume.



This finding reinforces the business case for encouraging more reporting. A mix of report types demonstrates that individuals trust internal reporting as a way to elevate a range of issues. It appears even a small improvement from very limited report volume results in a much more informative inflow of reports.

Employee Separation as case outcome grows more common

Highlighting the seriousness with which organizations are taking reports received, more substantiated reports (18%) resulted in Separation from employment in 2023, up significantly from 14% in 2022 and 12% in 2021. The share of reports resulting in *No Action* – effectively the opposite end of the outcome spectrum – fell from 17% in 2022 to 14% in 2023.

Individuals are taking longer to report an incident

We noted above that reporters took longer to report accounting-related concerns. This trend was also seen in other types of matters. The share of organizations in our database with a *Time Difference Between Incident & Report Date* of fewer than five days has steadily declined by approximately four percentage points over the last three years.

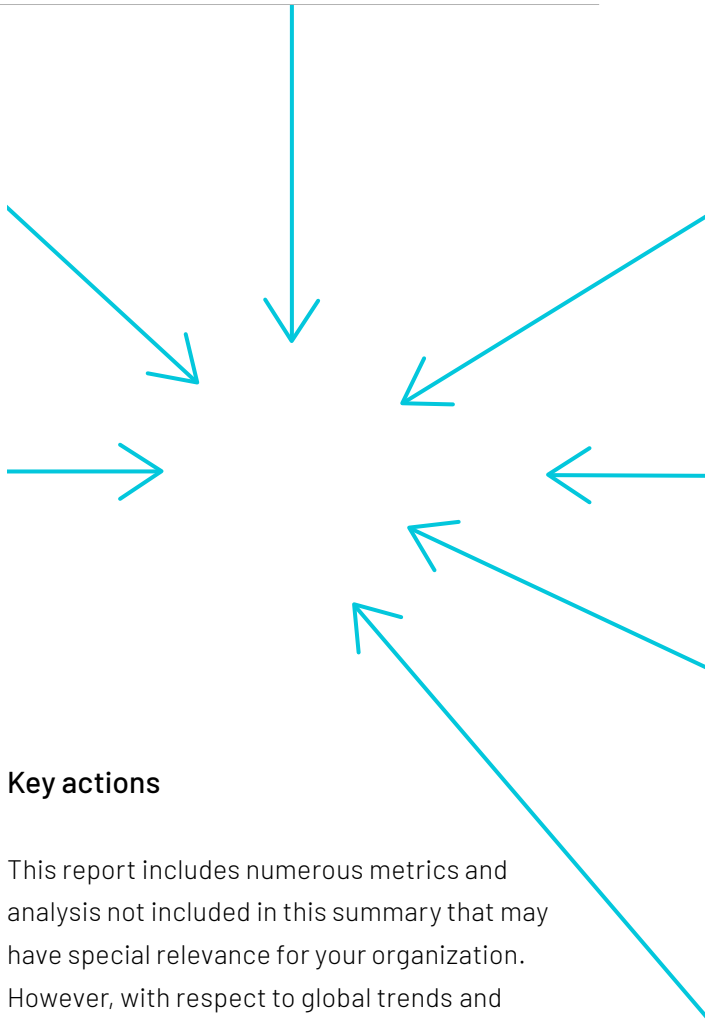
With a share of 32%, organizations with a *Time Difference Between Incident & Report Date* fewer than five days are still the largest group in our database by median analysis. Yet the decline for this group is a reason for organizations to question if they are doing enough to encourage expedient reporting.

Reports of imminent threat most likely to be substantiated

With nearly 9 out of 10 reports of I*mminent Threat to a Person, Animals or Property* proven to be substantiated in 2023, it is critical that reporters possess the training, knowledge, tools and trust that promote rapid reporting of issues. This need is made even greater by a new California workplace violence prevention law expected to go into effect this year that includes requirements for reporting, incident management and training around this *Risk Type*.

Workplace discord encompasses ever-greater share of reports

Finally, as is always the case in these reports, workplace behaviors and other human-resources related matters are by far the highest percentage of reports received by organizations. *Workplace Civility* matters continued to increase in prominence in 2023, representing a median of 18% of reports. *Workplace Civility* had the highest median reporting rate in 2023, followed by *Discrimination*, at a median 12%, *Harassment*, at a median 7.1%, then *Retaliation* at a median of 2.0%. The *HR, Diversity and Workplace Respect Risk Category* overall has seen a multi-year increase in its median share of all reports (from 50% in 2021, 54% in 2022 and to 55% in 2023).



Key actions

This report includes numerous metrics and analysis not included in this summary that may have special relevance for your organization. However, with respect to global trends and findings, consider how these key actions may help your internal reporting program.

- **Ensure your program rises to meet the growth in report volume.**
- **Equip reporters with the knowledge to make quality reports.**
- **Ensure third parties have access to an internal reporting mechanism and use it effectively.**
- **Capitalize on the value of a holistic view of risk and compliance.**
- **Act effectively in response to financial-type reports.**

01 Report Volume

01 Report Volume

Report Volume - Reports per 100 Employees

Report Volume breaks another record in 2023

The Reports per 100 Employees benchmarking metric allows organizations of all sizes to compare total unique contacts across all reporting channels (web, hotline, open door, email and more). It is key for organizations to have accurate employee counts when assessing this metric. Additionally, any significant changes in staffing levels over the course of a period should be considered.

How to calculate: Find the number that reflects all the reports gathered by all reporting channels, divide that number by the number of employees in the organization and then multiply it by 100. For this metric to accurately compare to the calculation we've provided, organizations should not exclude any reports, regardless of *Intake Method, Risk Type, Substantiation Rate* or *Risk Category.*

NAVEX methodology

Last year, NAVEX refined its analysis of 2022 data to include an additional decimal place for each metric to better differentiate year-over-year reporting.

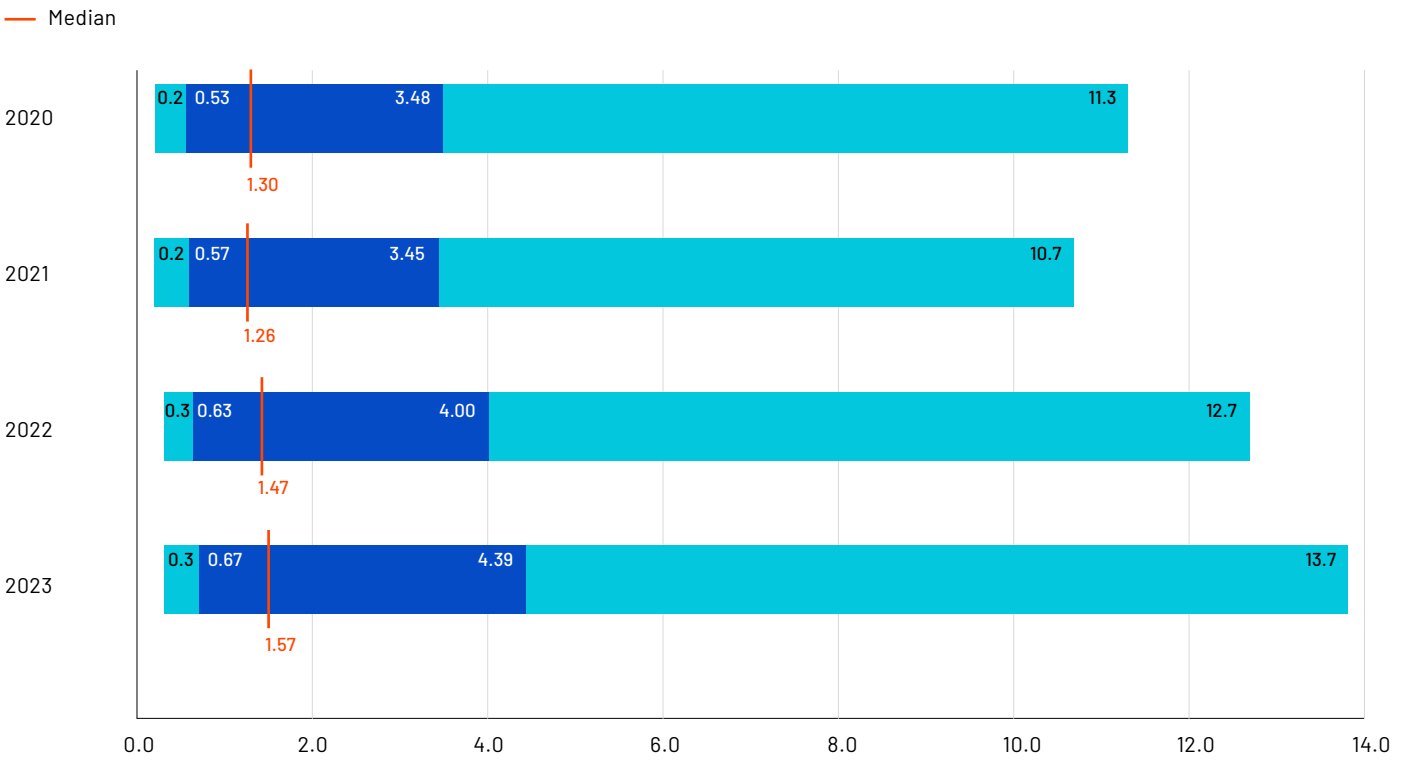
The central 50% range of the distributions were included as an additional refinement to this metric within the overall range graph to better reflect the concentration of report volumes. The smaller bars collocated within the graphs show the range of *Reports per 100 Employees* represented by the central 50%. The full bar represents the central 80% of all organizations.

Findings

The median 1.57 *Reports per 100 Employees* seen across all organizations in 2023 was an all-time record high. It shows continued upward momentum from 2022's 1.47 *Reports per 100 Employees*, which was itself a record that represented an encouraging rebound from pandemic-era dips. *Reports per 100 Employees* remained around 1.4 for several years before the pandemic but fell to 1.30 and 1.26 in 2020 and 2021 respectively. This substantial increase in internal reporting parallels findings of the SEC Office of the Whistleblower 2023 Annual Report, which also showed a significant year-over-year increase in reporting directly to the agency.

The middle 50% of organization medians has also broadened in the direction of greater reporting rates, maxing out at 4.39 *Reports per 100 Employees*. This is up from the 4.00 maximum seen for that middle distribution of organizations in 2022, and the low end also increased slightly year-over-year. This shows it is not only the highest-volume organizations in the 90th percentile that are pushing the median upward – organizations in the middle are achieving greater reporting volumes in 2023, and even those on the low end are receiving slightly more than in prior years.

REPORT VOLUME - REPORTS PER 100 EMPLOYEES
Median reporting value (MRV) and ranges

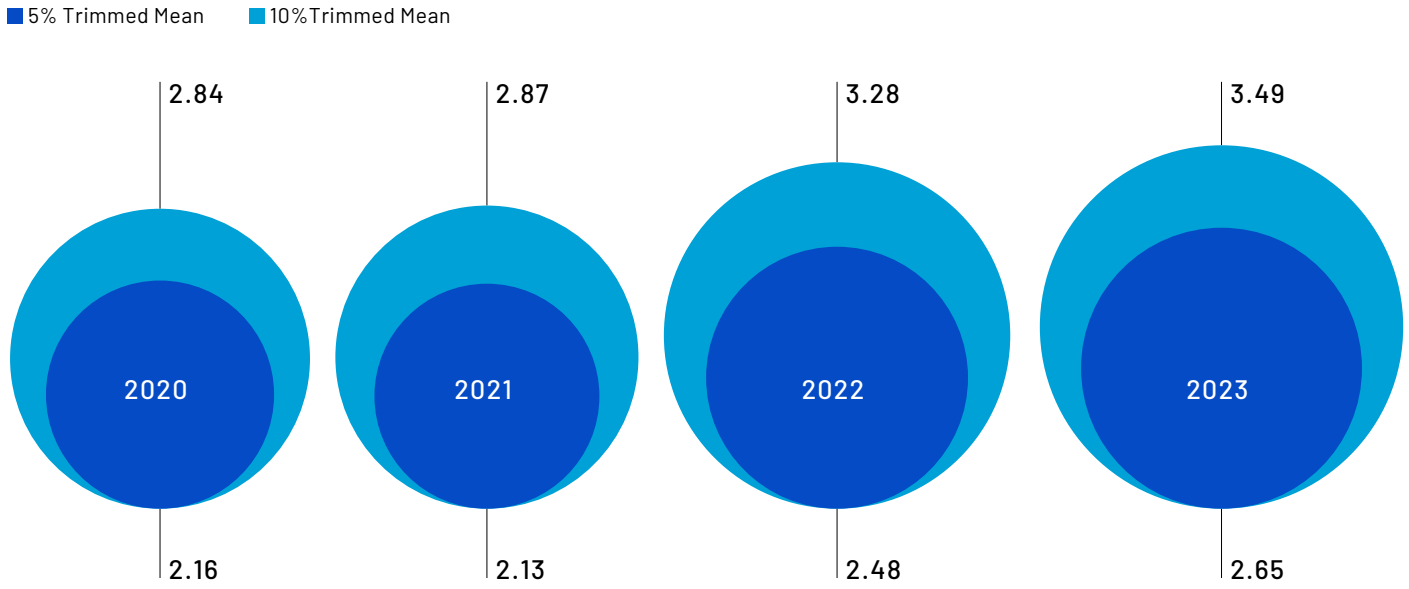


Report Volume - Reports per 100 Employees Mean Values

NAVEX generally recommends referencing median values throughout this report for comparative benchmarking purposes, as these approaches help mitigate the impact of significant outliers in our data set. However, some organizations have asked NAVEX to provide the mean in certain cases, including for *Reports per 100 Employees*. To mitigate the influence of outliers on the mean value, we present the data in two forms: with the top and bottom 5% and 10% of organizations' values removed before calculation of the mean.

Mean values are substantially higher than their median counterparts on any given year due to the impact of organizations with high *Reports per 100 Employees*. As illustrated in the charts below, the mean can also vary significantly due to the trimming of outliers.

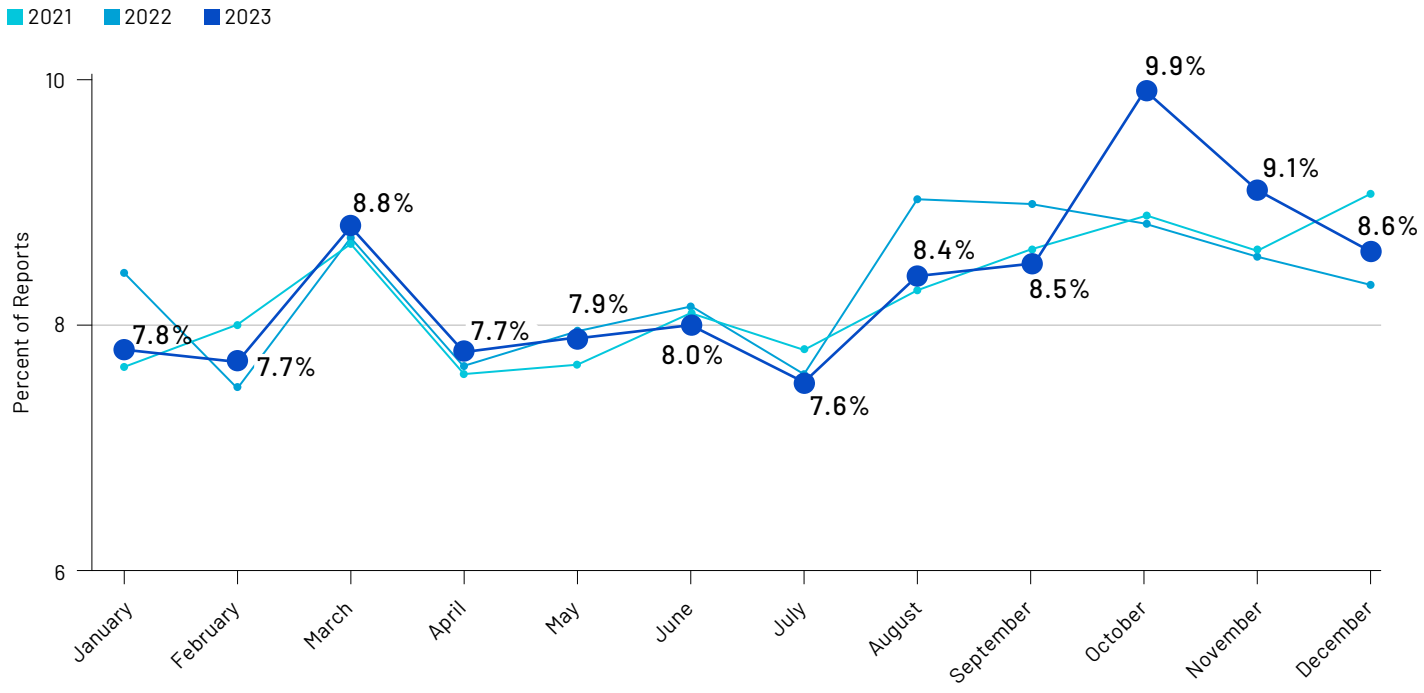
REPORT VOLUME – REPORTS PER 100 EMPLOYEES MEAN VALUES



Report Volume - Monthly Report Volume Comparison

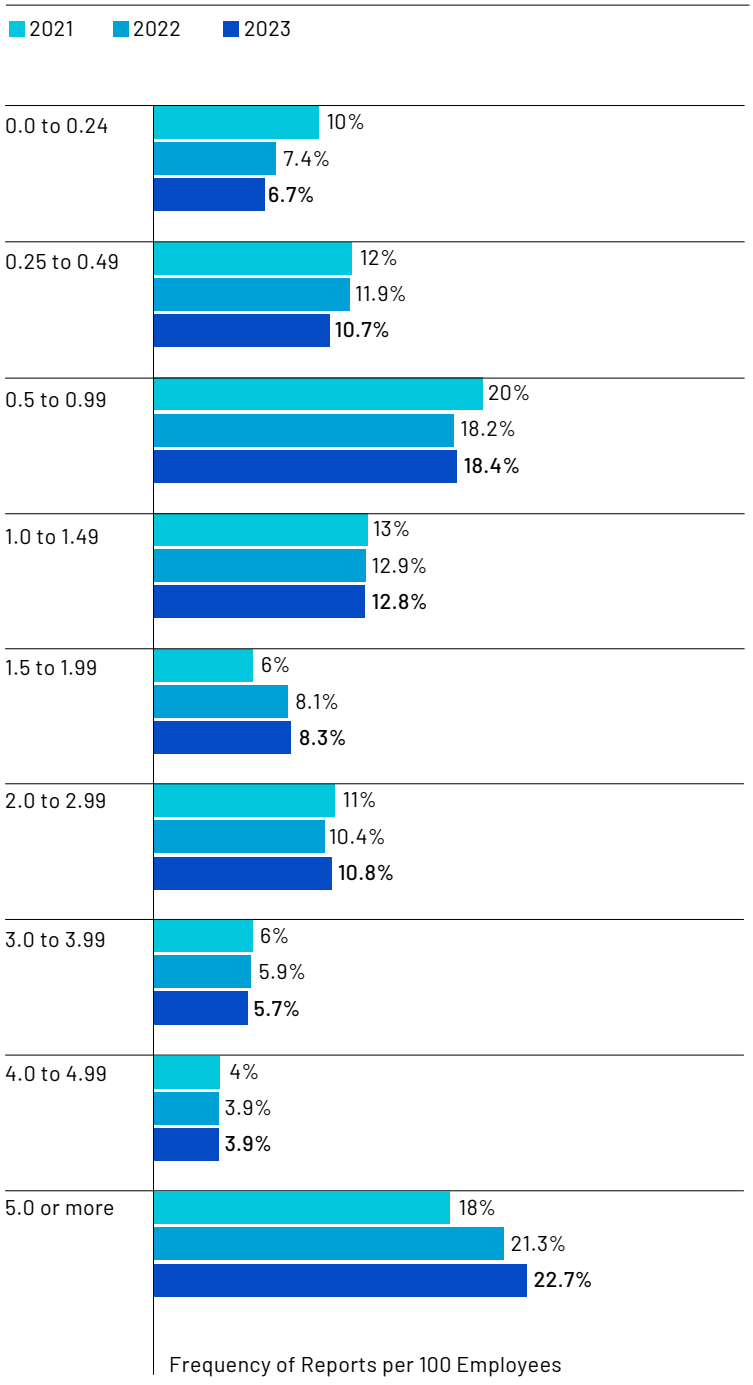
2023 saw an uptick in report volume frequency in October. Otherwise, monthly report volume in 2023 generally followed the seemingly consistent seasonal trends NAVEX has observed in the years since introducing this avenue of analysis. Volumes tend to be lower in the first two months of the year before a spike in March. Volumes settle again to lower levels from April through July but rise – and remain relatively high – through the end of the year. Readers may use this data to consider the best times to allocate program resources such as refresher training on the usage and value of an internal reporting program.

REPORT VOLUME – MONTHLY REPORT VOLUME COMPARISON
Frequency distribution



Report Volume - Frequency Distribution

REPORT VOLUME – REPORTS PER 100 EMPLOYEES
Frequency distribution



A greater share of organizations receive high report volume

The frequency distribution for *Report Volume* depicts the share of organizations receiving a median *Reports per 100 Employees* in predefined ranges, and is useful for understanding where an organization's individual metric falls within the distribution. For example, 3.9% of organizations received between 4.0 and 4.99 *Reports per 100 Employees* in 2023.

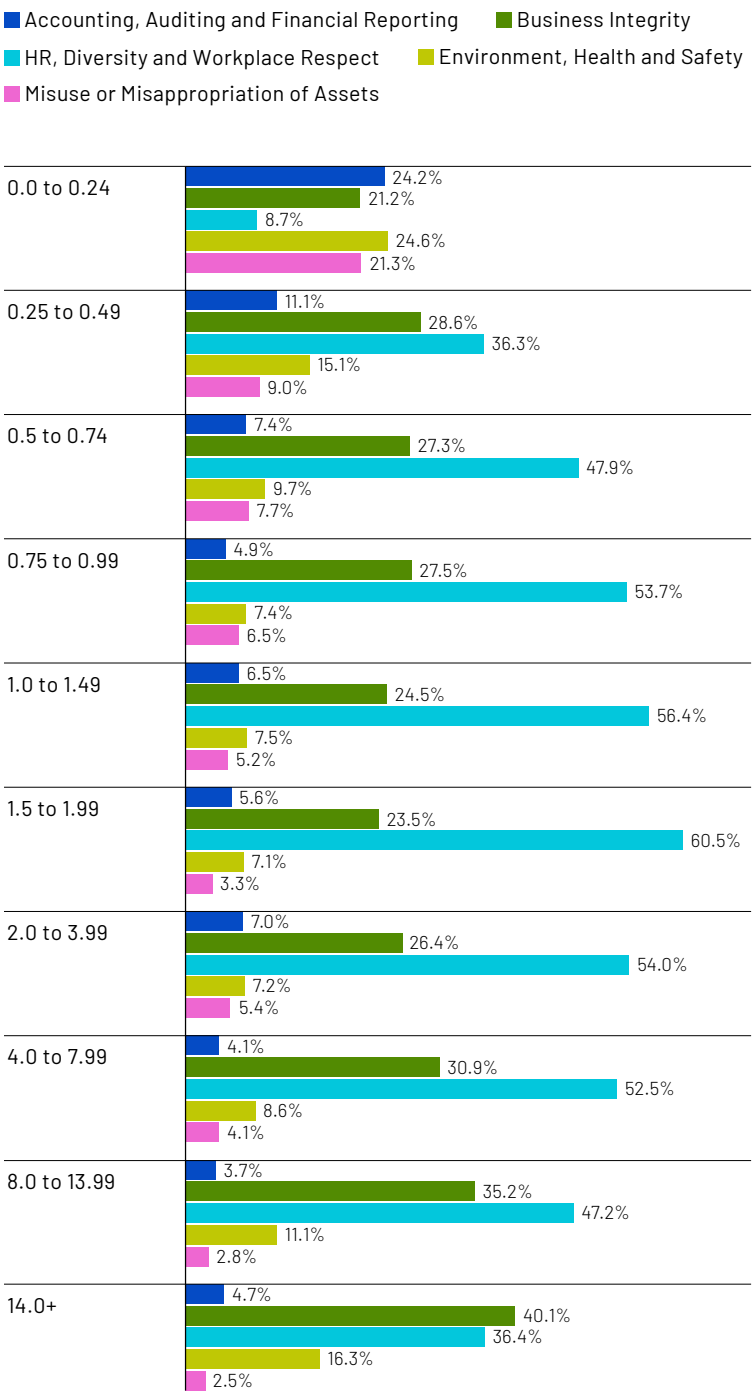
The share of organizations in a given range has historically varied little year-over-year, but 2023 showed some encouraging movement. Compared to the prior year, a greater share of organizations are now represented in the highest *Reports per 100 Employees* cohort. A smaller share now sits in the two lowest-volume cohorts.

Shifts are more pronounced when looking at the lowest and highest ends of the distribution over multiple years. In 2021, 10% of organizations had between 0.0 and 0.24 median *Reports per 100 Employees*. Only 6.7% of organizations did so in 2023. Over that same period, the share of organizations receiving 5.0 or more *Reports per 100 Employees* increased from 18% to 22.7%.

More than one-fifth of organizations received a median 5.0 or more *Reports per 100 Employees* in 2023. Indeed, low levels of reporting rarely mean the absence of actual misconduct. Research shows organizations with high levels of internal reporting achieve greater workforce productivity and lower litigation costs. Employees who trust an organization will "do the right thing" are less likely to report to an external entity, making it more efficient for organizations to investigate and resolve issues.

Report Volume - Frequency Distribution by Risk Category

RISK CATEGORY BY REPORT VOLUME GROUP
Frequency distribution (Excluding Other)



Reports relating to Accounting, Auditing and Financial Reporting, Misuse or Misappropriation of Assets, and Environment Health and Safety all elevated for organizations receiving few reports

New this year, NAVEX examined the frequency of each *Risk Category* represented in reports for organizations grouped by different ranges of *Reports per 100 Employees*. This shows the relative mix of issues organizations are hearing about from reporters, from those who receive very few reports to those with rates well above the overall global median reporting rate.

At the lowest end of the spectrum, organizations show a significantly greater frequency of *Accounting, Auditing and Financial Reporting* reports than any other size cohort. All groups receive this type of report, but to see such a concentration for the lowest-reporting-volume organizations is significant. It is also notable that this group's reporting mix shows a relatively small representation from the *HR, Diversity and Workplace Respect Risk Category*. This indicates that organizations receiving less than 0.25 *Reports per 100 Employees* may be deprioritizing people-related issue reporting via this mechanism.

Moving up just one grouping of reporting levels in report volume shows a marked increase in the frequency of HR-related reports along with a decline in the frequency of financial-type reports. Reports related to *Environment, Health and Safety* frequency drops for the middle cohorts before moving back upward for organizations with a high *Reports per 100 Employees*. Reports of *Misuse or Misappropriation of Assets* shows a steady decline in frequency as report volume increases, while *Business Integrity* generally moves upward.

Report Volume - Intake Method

More than twice as many reports shown for organizations tracking reports from all sources than those who only track phone and web reports

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 best reflects your organization's approach. Then conduct the *Reports per 100 Employees* calculation as described previously.

NAVEX methodology

Last year, NAVEX refined its analysis of the 2022 data to include an additional decimal place for this metric to better differentiate year-over-year reporting.

Central 50% distributions were included as an additional refinement to this metric within the overall range graph to better reflect the concentration of report volumes. The smaller bars collocated within the graphs show the range of *Reports per 100 Employees* represented by that central 50% group. The full bar represents the central 80% of all organizations.

Note regarding reports received via mobile intake

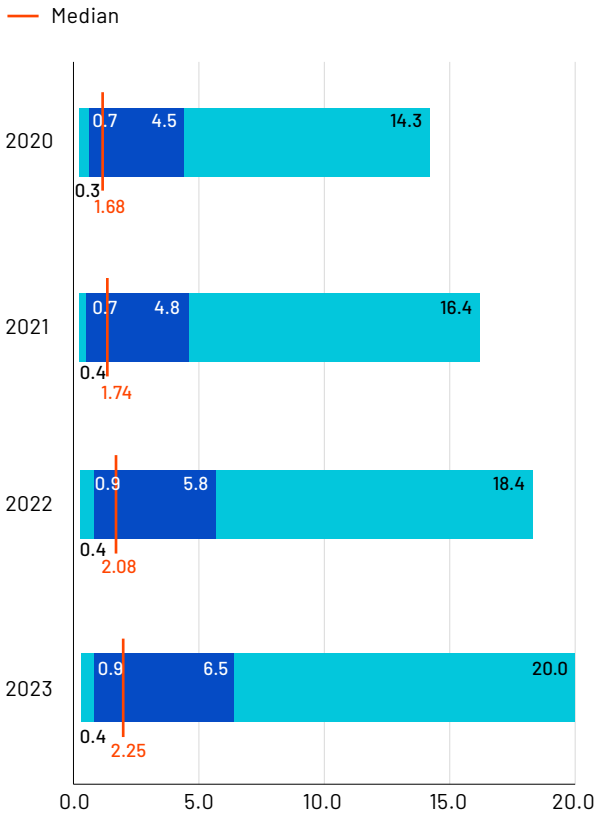
While some organizations requested a breakout of reports received via mobile intake, we found the process of anonymizing the data removes identifiers that would or could be used to flag "mobile" reports. Therefore, "mobile" reports – reports made online through a mobile device – are counted with the "web" *Intake Method.*

Findings

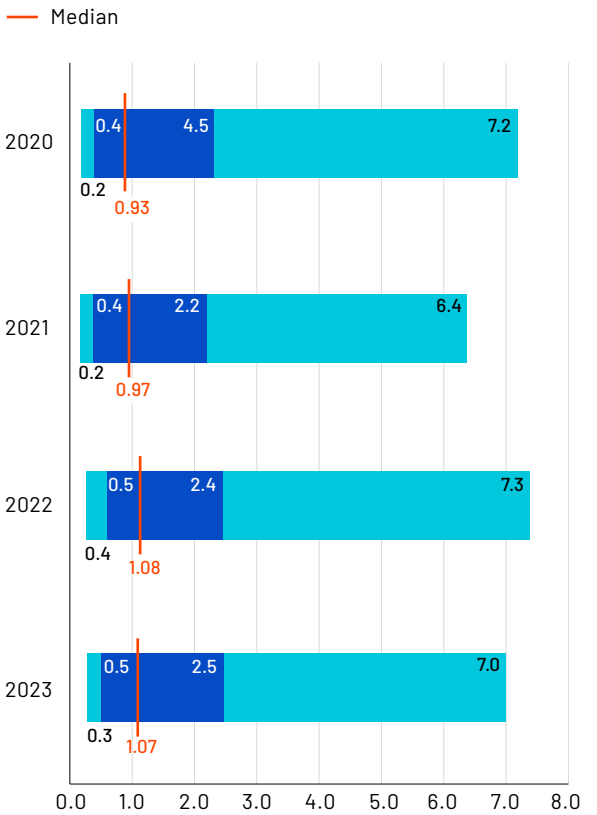
Not surprisingly, organizations that track report intake from all sources were shown to have a substantially greater median *Reports per 100 Employees* than those tracking only web and hotline. While web and hotline represent critical intake channels, sources such as face-to-face reporting to a supervisor or even physical mail also play an important role in the incident management process. By not tracking all these sources, organizations are missing the opportunity to see the full picture of what's actually happening across their organizations. The median *Reports per 100 Employees* for those tracking reports for all sources was 2.25 in 2023, compared to 1.07 for those tracking only web and hotline.

Both groups have seen their median report volume trend higher over the years, but report volume has shown a greater increase for the group tracking all intake sources. Organizations tracking all sources saw medians rise 0.57 *Reports per 100 Employees* since 2020. For those tracking only web and hotline, the median volume rose only 0.14 *Reports per 100 Employees* over the same period.

REPORT VOLUME – INTAKE METHOD: ORGANIZATIONS TRACKING ALL SOURCES
Median reporting value (MRV) and range



REPORT VOLUME – INTAKE METHOD: ORGANIZATIONS TRACKING WEB & HOTLINE ONLY
Median reporting value (MRV) and range



Report Volume – Reports per 100 Employees by Employee Count

Most ranges by employee count show increases; smaller organizations show highest report volume

NAVEX methodology

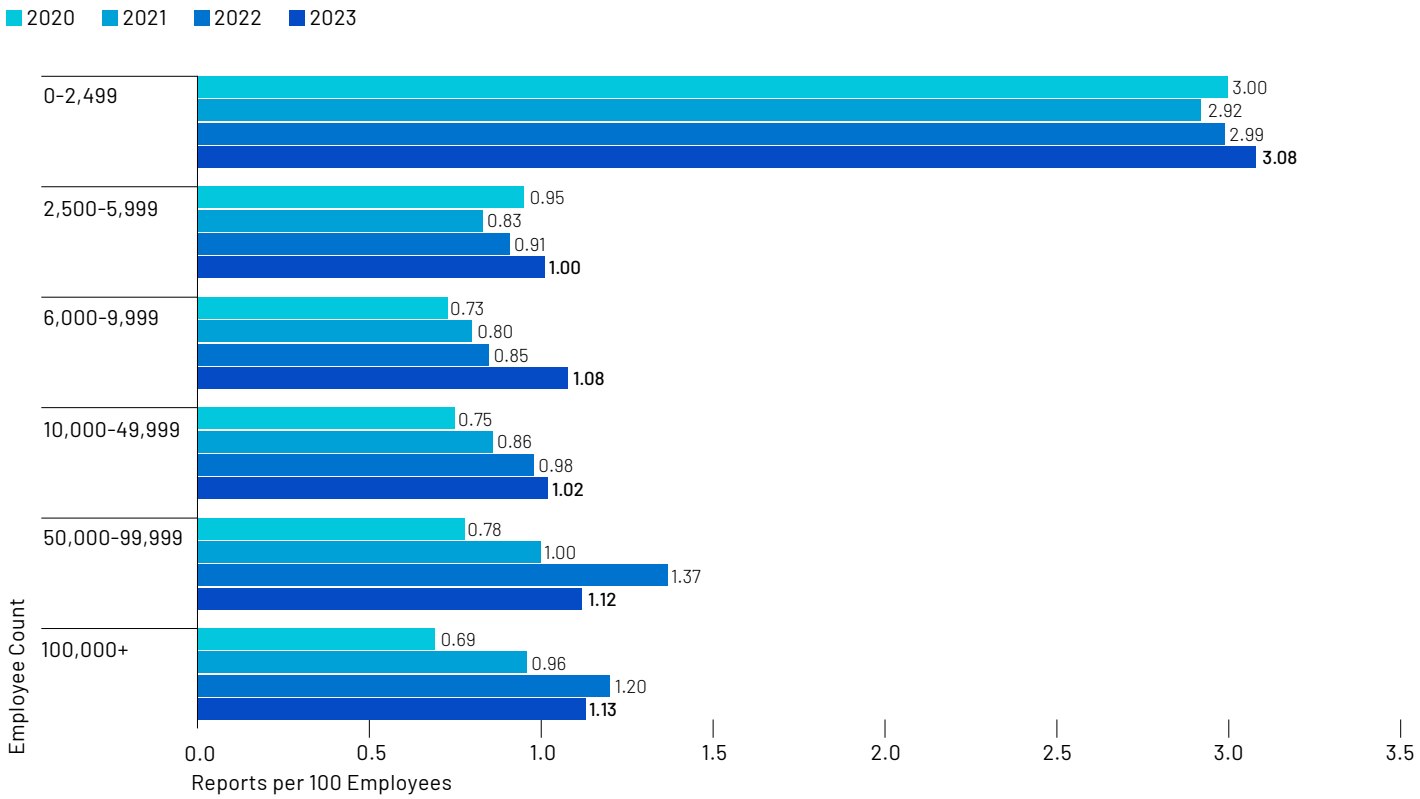
In last year's report, *Reports per 100 Employees* calculated by organization employee count was refined to reflect additional ranges of employee counts. This refinement is carried through to this year.

Findings

Organizations in the largest two employee size groups saw year-over-year declines in median *Reports per 100 Employees* from 2022, most notably with those in the 50,000-99,999-employee range falling from 1.37 to 1.12. Organizations in the 6,000-9,999 range saw the biggest year-over-year increase, from 0.85 in 2022 to 1.08 in 2023. However, when comparing 2021 vs. 2023 figures for median *Reports per 100 Employees*, all organization size cohorts show an increase.

As in years past, the smallest organizations, those with 2,499 or fewer employees, showed by far the greatest *Reports per 100 Employees* in 2023.

REPORT VOLUME – REPORTS PER 100 EMPLOYEES BY EMPLOYEE COUNT
Median reporting value (MRV)



02 Report Intake Method

02 Report Intake Method

Report Intake Method - Frequency and Median Comparisons

Median trends consistent year-over-year in split between hotline, web and other intake; frequency calculations show web reporting is increasing while "other" intake declines

It is important to offer a variety of intake channels to employees and to track all reports received in a single, centralized database. This includes hotline, web intake and all other intake sources such as open-door conversations, letters to leadership, emails and walk-ins to the compliance office or Human Resources.

Monitoring the methods individuals choose for reporting can help determine which are preferred or easy to access, and which methods reporters may not know are available to them. Individual choice will vary depending on the makeup of the workforce and reporter access to phones, computers or onsite resources.

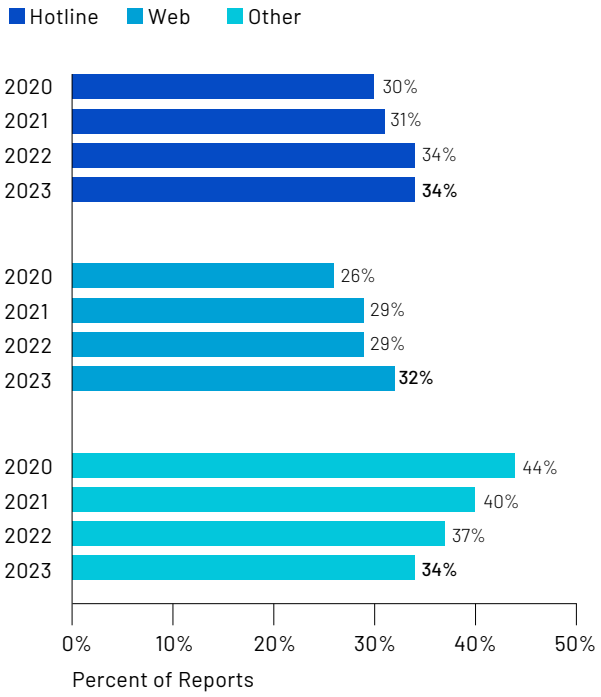
How to calculate: When calculating your report frequency by intake method, group all non-hotline and non-web intake reports such as open-door, email, postal mail, fax and manager submissions together as other intake. Then total up the number of reports received by each channel—hotline, web intake and other methods, and divide each by the total number of reports.

Findings

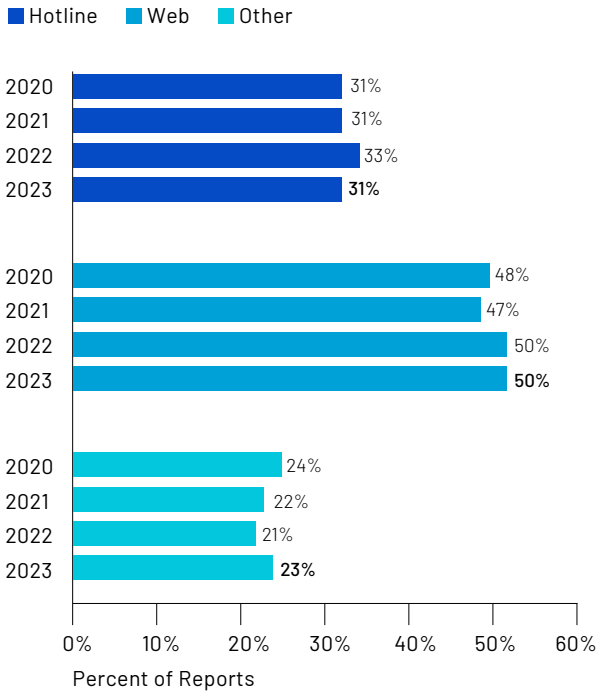
Apart from slight percentage-point fluctuations, little change is apparent over multiple years when looking at the median *Report Intake Method* of organizations globally. For what can be seen as something of a statistical "typical organization," half of reports generally came in through a web channel, with the remaining having medians of 31% (phone hotline) and 23% (other intake) in 2023.

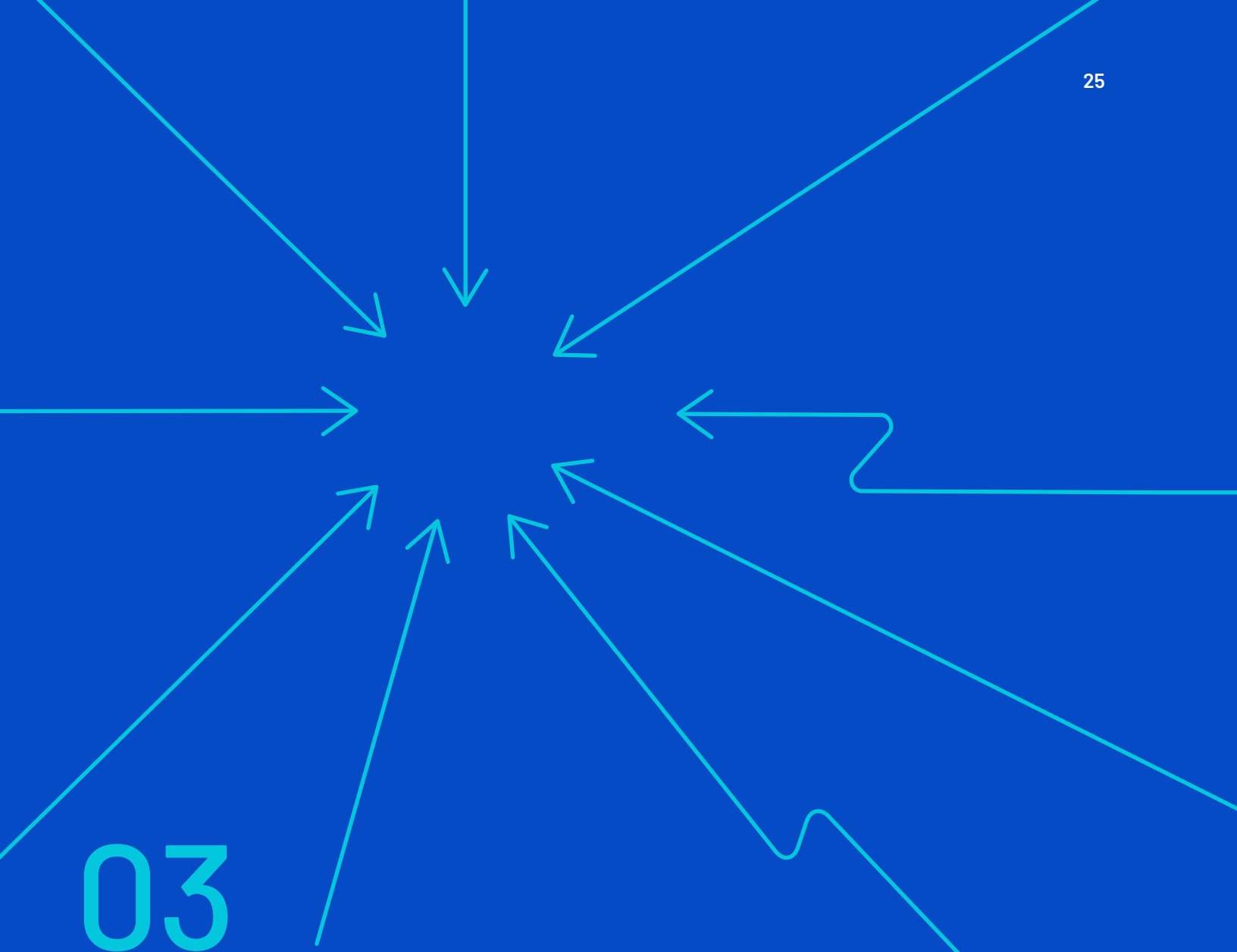
Individual organizations will vary in the balance of channels through which individuals will seek to access their reporting systems, and all channels remain important. This is evident when looking at the population of all reports made globally – in 2023, the frequency of hotline, web and other intake showed a nearly even three-way split. Providing different reporting channels is critical to ensure organizations encourage all potential reporters to speak up in a manner that befits their preference and individual situation.

REPORT INTAKE METHOD
FREQUENCY COMPARISON
Frequency distribution



REPORT INTAKE METHOD
MEDIAN COMPARISON
Median reporting value (MRV)





03 Report Risk Categories & Risk Types

03 Report Risk Categories & Risk Types

Report Risk Categories & Risk Types – Risk Categories, Frequency and Median Comparisons

Human Resources-type reports continue rise amid decline of Environment, Health and Safety

Receiving reports in a variety of categories can be an indication of program effectiveness, and is an indicator of an organization's risk profile. Tracking the reports collected for each of the *Risk Categories* and *Risk Types* can reveal program gaps and successes. Receiving below-typical volumes could speak to a need for more training or awareness, while receiving above-typical volumes could indicate an area where there is risk that may need to be addressed through policy updates and training.

We organize our database into five primary *Risk Categories*, as well as an *Other* category, by grouping together like reports. These are the six *Risk Categories*. This allows us to compare all the reports collected, even when individual organizations are utilizing unique labels and naming conventions. We further break down the *Risk Categories* into 24 *Risk Types*.

At NAVEX, we believe the standardization of *Risk Categories* and *Risk Types* across the ethics and compliance industry is important for effective benchmarking. It is more meaningful to understand, and report on, the true nature of issues impacting an organization when *Risk Categories* and *Risk Types* are more standardized.

The appendix to this report provides a list of the *Risk Categories* as well as the 24 *Risk Types*. It also includes the definitions we use for each of the 24 *Risk Types*. We hope all organizations will consider adopting a standardized taxonomy going forward to aid consistency and clarity in both benchmark data and their own internal reporting.

> ***NOTE:*** *"Risk Category" and "Risk Type" replace the previous NAVEX nomenclature of "Benchmark Category" and "Issue Type."*

Report Risk Categories

The Risk Categories are defined below

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

Business Integrity are reports address how an organization interacts with third parties, data, legislation, regulations, patients or customers. Risk Types include bribery and corruption, conflicts of interest, vendor/customer issues, fraud/waste/abuse, HIPAA, data protection, global trade, human rights, free and fair competition, product quality/safety, and insider trading.

Human Resources (HR), Diversity and Workplace Respect are reports that involve internal parties and often relate to employee relations or misconduct. Risk Types include discrimination, harassment, workplace civility, retaliation, compensation and benefits, substance abuse, and general or other HR.

Environment, Health and Safety are reports that involve an element of safety typically pertaining to employees, environmental regulations, workplace health, or an imminent threat to persons, animals or property (e.g., EPA compliance, assault or threat of an assault, workplace safety, OSHA).

Misuse or Misappropriation of Assets are reports that specify company assets or time is being wasted or used in a manner other than what is expected (e.g., employee theft, 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 organizations have received over the years).

Historically these *Other* reports were included with *HR, Diversity and Workplace Respect* issues, as these issues were typically addressed by Human Resources. Starting in 2021, we report these separately to be more precise in our analysis and keep the Human Resources category as truly HR-related issues.

How to calculate: First, ensure each report is sorted into one of the six *Risk Categories* or the 24 *Risk Types* as defined in the appendix. Then, divide the number of reports in each of the six categories by the total number of reports. Please note, when we are using the median for each category, the total won't necessarily add up to 100%. In calculations involving *Risk Category* or *Risk Types* frequency, we categorize the reports and find the frequency among all reports without grouping by organization. Frequency values should total 100%, or close to it due to rounding.

> ***NOTE:*** *Recently, NAVEX included the option for customers to track data related to cases that have multiple Risk Types and their associated multiple outcomes. As customers embed this feature in their tracking, there is limited data available for analysis in this year's report. Therefore, this report is only benchmarking against the primary issue or Risk Type. We encourage customers to make the most important or serious matter as the primary Risk Type in cases with multiple issues even when using multiple Risk Types. More information related to the limited number of cases that currently contain a secondary Risk Type is available through the webinar associated with this report, archived at www.navex.com.*

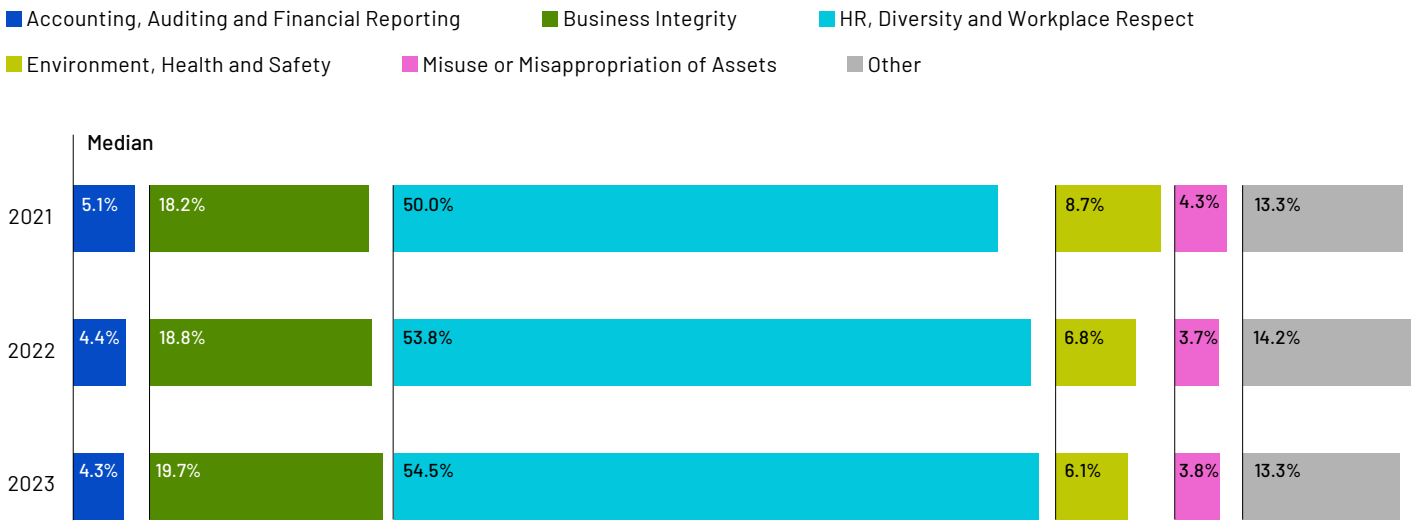
Findings

The mix of *Risk Categories* each year serves as an indicator of areas where organizations could consider focusing the resources of their programs. During the first years of the COVID-19 pandemic, for example, the spike in *Environment, Health and Safety* reports was a broad indicator that this issue was a relative priority for reporters. Looking at data for 2023, it appears trends have shifted significantly.

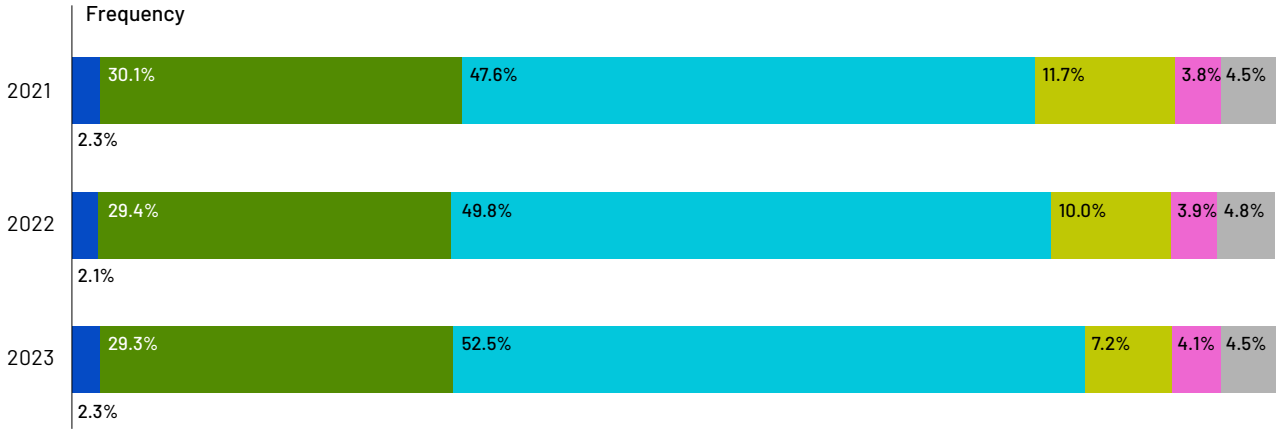
While organizations saw a median 8.7% of reports in *Environment, Health and Safety* in 2021, the category had a median 6.1% in 2023. Meanwhile, the median for *HR, Diversity and Workplace Respect* grew from a median 50.0% to a median 54.5% of reports over the same period. It seems reasonable to conclude that, as the pandemic recedes in prominence and more workers return to office and settle in to stable working arrangements, HR-type issues are returning to the forefront.

These two categories showed similar trends when viewed through frequency as a share of all reports made globally. Other categories showed some variance between the two methodologies, but overall, no shifts were as substantial as those for EHS and HR-type reports.

REPORT RISK CATEGORIES & RISK TYPES – RISK CATEGORIES BY CATEGORY
Median reporting value (MRV)



REPORT RISK CATEGORIES & RISK TYPES – RISK CATEGORIES BY CATEGORY
Frequency distribution

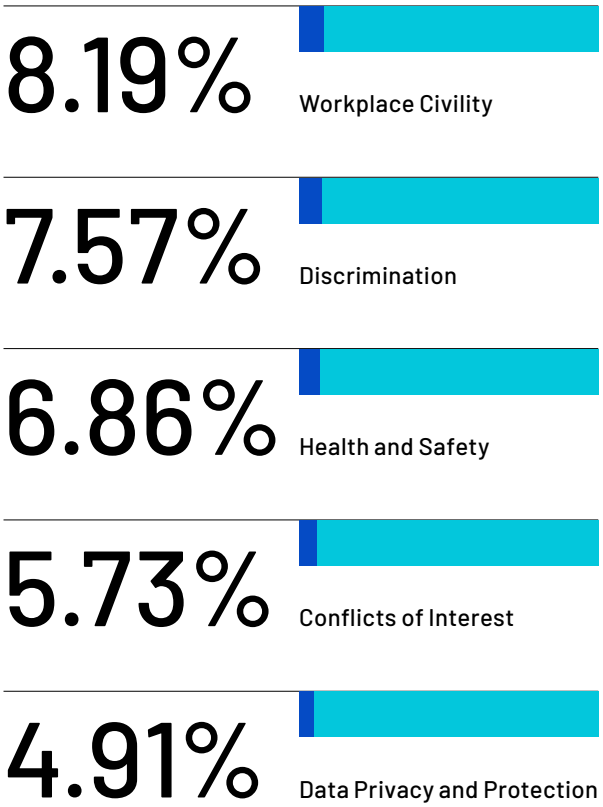


Report Risk Categories & Risk Types – Risk Types

Workplace Civility issues increase

As noted earlier, a full description of all 24 *Risk Types* is provided in an appendix to this report.

Excluding the *Risk Types* of *Other*, *Other Human Resources*, and *Other Business Integrity*, the five *Risk Types* with the greatest frequency across all reports in 2023 were:



2022 marks the last year since the onset of the pandemic where *Health and Safety* took up the largest share of all reports – this *Risk Type* fell to the third spot in 2023. *Workplace Civility* rose from 6.88% to 8.19% of all reports year-over-year to occupy the top of the list. *Discrimination*, while down, occupied the position of second-most-common *Risk Type*.

The increase in share of frequency for *Workplace Civility* is even more pronounced when compared to 2021, with substantial increases also seen during that period for *Harassment* (1.01 percentage points) and *Retaliation* (0.34 percentage points). All *Risk Types* within the category of *HR, Diversity and Workplace Respect* increased in their share of total reports in the two-year period apart from *Compensation and Benefits*, which was steady.

Other shifts include a significant drop in the share of reports flagged as *Conflicts of Interest*; a decline in *Global Trade reports*; an uptick in *Human Rights* reports; and a significant multi-year decrease in the share of reports flagged as *Imminent Threat to a Person, Animals or Property*.

NOTE: *NAVEX introduced a separate service in 2023 to accommodate conflict of interest disclosure, which is likely accountable for declines seen for this Risk Type in internal reporting data.*

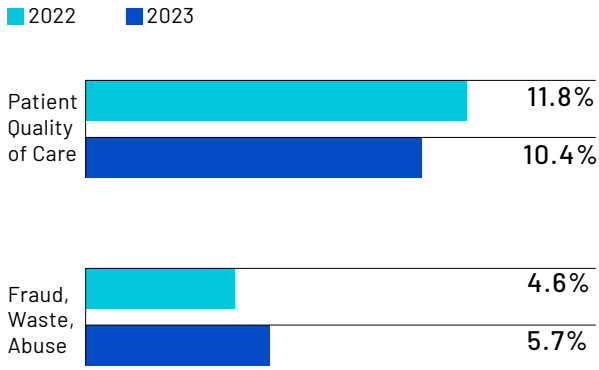
REPORT RISK CATEGORIES & RISK TYPES – RISK TYPES
Frequency distribution

Risk Category	Risk Type	2021	2022	2023
Accounting, Auditing and Financial Reporting	Accounting, Auditing and Financial Reporting	2.28%	2.12%	**2.31%**
Business Integrity	Bribery and Corruption	0.54%	0.69%	**0.60%**
	Confidential and Proprietary Information	0.56%	0.47%	**0.48%**
	Conflicts of Interest	10.11%	7.87%	**5.73%**
	Data Privacy and Protection	5.37%	4.90%	**4.91%**
	Free and Fair Competition	0.11%	0.10%	**0.09%**
	Global Trade	0.14%	0.13%	**0.08%**
	Human Rights	0.08%	0.10%	**0.14%**
	Insider Trading	0.03%	0.03%	**0.03%**
	Other Business Integrity	12.75%	14.54%	**16.67%**
	Political Activity	0.02%	0.02%	**0.01%**
	Product Quality and Safety	0.47%	0.52%	**0.59%**
HR, Diversity and Workplace Respect	Compensation and Benefits	2.28%	2.23%	**2.28%**
	Discrimination	7.39%	7.91%	**7.57%**
	Harassment	3.64%	4.39%	**4.65%**
	Other Human Resources	26.57%	26.67%	**28.04%**
	Retaliation	0.78%	0.96%	**1.12%**
	Substance Abuse	0.56%	0.71%	**0.68%**
	Workplace Civility	6.37%	6.88%	**8.19%**
Environment, Health and Safety	Environment	0.13%	0.12%	**0.13%**
	Health and Safety	10.76%	9.53%	**6.86%**
	Imminent Threat to a Person, Animals or Property	0.78%	0.37%	**0.24%**
Misuse or Misappropriation of Assets	Misuse or Misappropriation of Assets	3.82%	3.94%	**4.10%**
Other	Other	4.46%	4.80%	**4.49%**
	Total	100%	100%	**100%**

Impact of healthcare-related issues on Risk Type frequency

Note that we have a significant representation of healthcare organizations within our dataset. Our healthcare customers have a number of report types related to *Patient Quality of Care* and reporting of *Fraud, Waste and Abuse* under the U.S. government Medicare programs. We map these report types to the *Other Business Integrity Risk Type* as part of our analysis. In the interest of mitigating their influence when interpreting reports by *Risk Type*, we have included an additional table of report frequency by *Risk Type* excluding *Patient Quality of Care* and *Fraud, Waste and Abuse*. We have also included a table for how much of *Patient Quality of Care* and *Fraud, Waste and Abuse* constitute *Other Business Integrity*.

RISK CATEGORIES & RISK TYPES – PATIENT QUALITY OF CARE AND FRAUD, WASTE AND ABUSE AS PERCENT OF OTHER BUSINESS INTEGRITY



Risk Type Medians

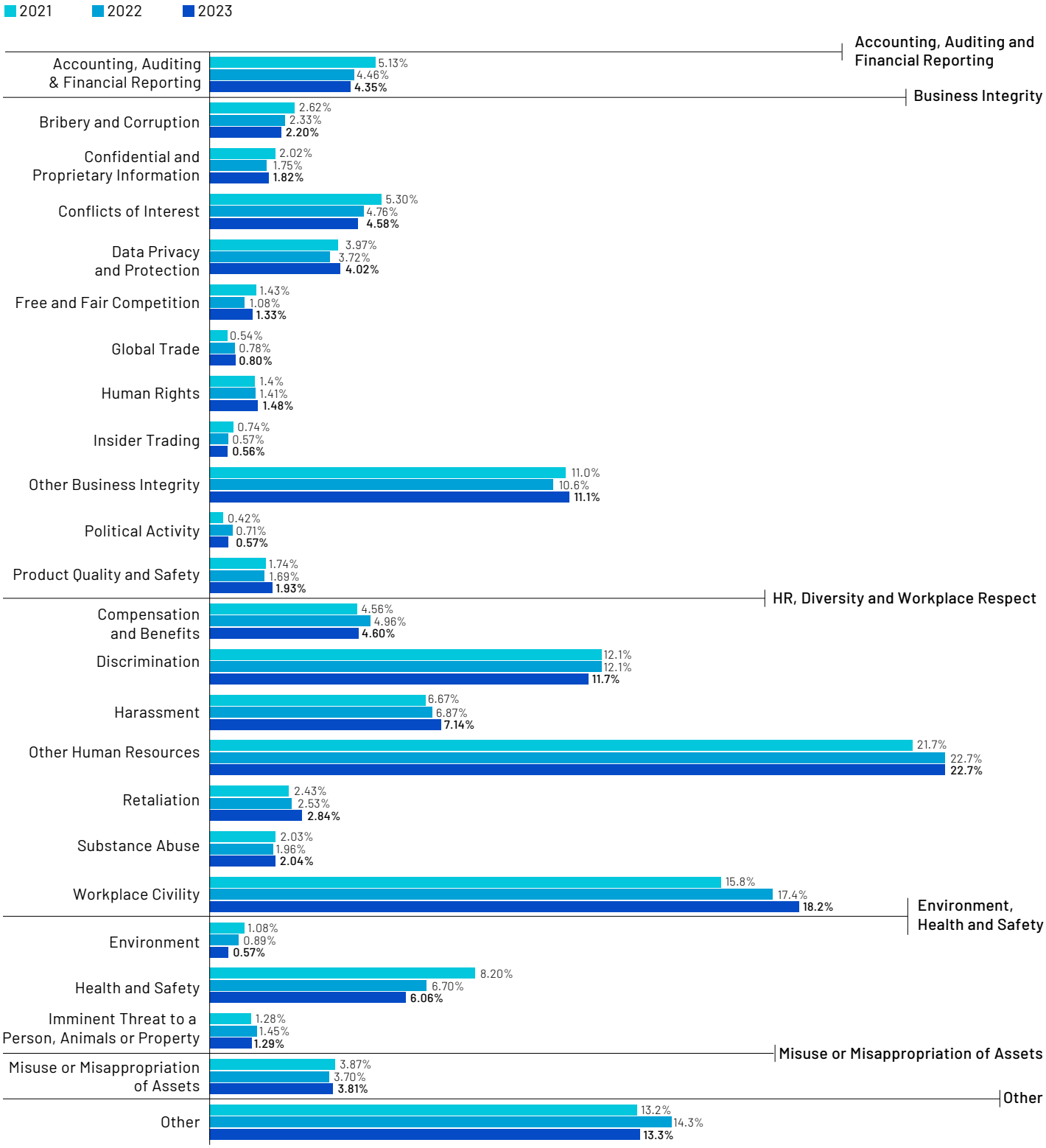
While the previous charts represent frequency, the Report Risk Categories & Risk Types – Reports by Risk Type, median reporting value (MRV) chart presents the median of each of the 24 *Risk Types*. Some variation is evident when compared to frequency values, but many of the trends are the same. One notable shift is an uptick in median levels of reporting for *Retaliation* – the workplace behavior that can significantly damage trust in an internal reporting system. Also, while we saw an increase in the frequency of *Accounting, Auditing and Financial Reporting* reports, median levels have trended down.

REPORT RISK CATEGORIES & RISK TYPES – RISK TYPES WITHOUT PATIENT QUALITY OF CARE AND FRAUD, WASTE AND ABUSE

Frequency distribution

Risk Category	Risk Type	2022	2023
Accounting, Auditing and Financial Reporting	Accounting, Auditing and Financial Reporting	2.18%	**2.37%**
Business Integrity	Bribery and Corruption	0.71%	**0.62%**
	Confidential and Proprietary Information	0.48%	**0.50%**
	Conflicts of Interest	8.06%	**5.89%**
	Data Privacy and Protection	5.02%	**5.05%**
	Free and Fair Competition	0.10%	**0.09%**
	Global Trade	0.13%	**0.08%**
	Human Rights	0.11%	**0.14%**
	Insider Trading	0.03%	**0.03%**
	Other Business Integrity	12.46%	**14.36%**
	Political Activity	0.02%	**0.01%**
	Product Quality and Safety	0.53%	**0.61%**
HR, Diversity and Workplace Respect	Compensation and Benefits	2.29%	**2.34%**
	Discrimination	8.10%	**7.78%**
	Harassment	4.50%	**4.78%**
	Other Human Resources	27.32%	**28.81%**
	Retaliation	0.98%	**1.15%**
	Substance Abuse	0.72%	**0.70%**
	Workplace Civility	7.05%	**8.42%**
Environment, Health and Safety	Environment	0.13%	**0.13%**
	Health and Safety	9.77%	**7.05%**
	Imminent Threat to a Person, Animals or Property	0.38%	**0.25%**
Misuse or Misappropriation of Assets	Misuse or Misappropriation of Assets	4.04%	**4.21%**
Other	Other	4.92%	**4.62%**

REPORT RISK CATEGORIES & RISK TYPES – REPORTS BY RISK TYPE
Median reporting value (MRV)



Risk Categories & Risk Types – Allegations vs. Inquiries

Inquiries steady at lower percentage

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

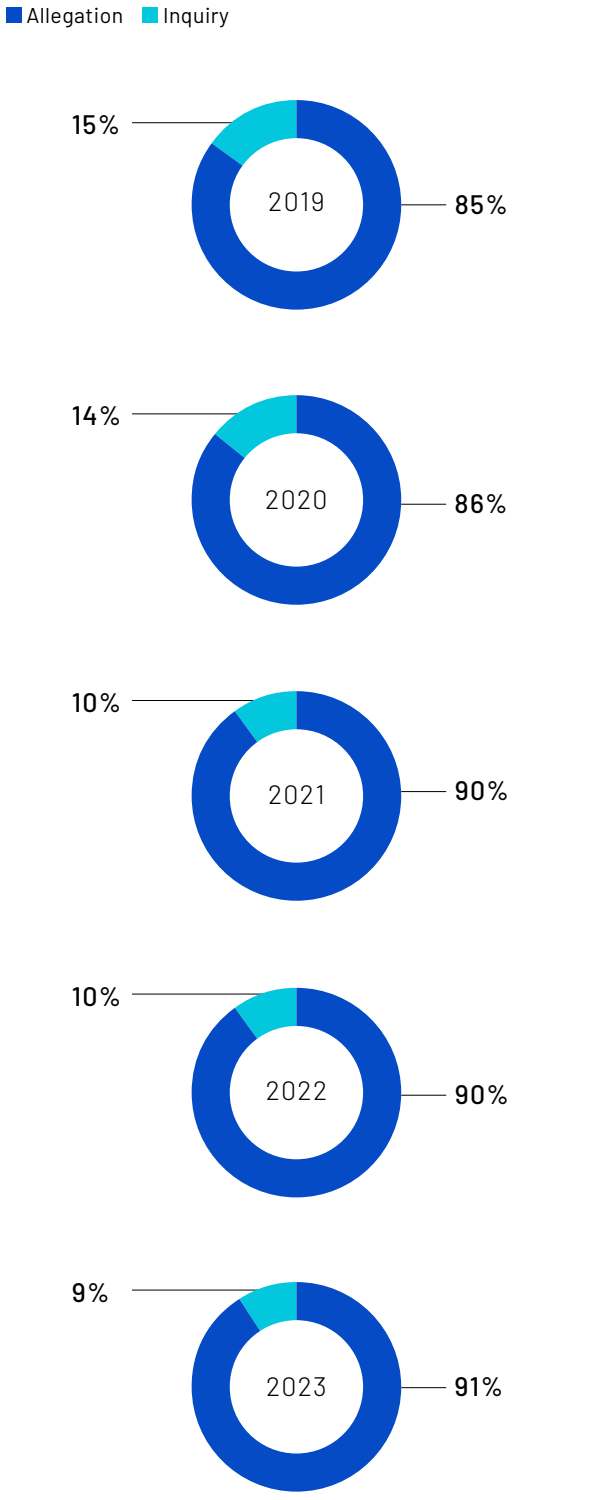
How to calculate: Categorize each of your reports as either an inquiry or an allegation. To find your percent of inquiries, divide the number of inquiries by the total number of reports received in the period. Repeat this process for your allegations.

Findings

At 9% of the total frequency, Inquiries continued to represent a relatively small share of reports compared to allegations in 2023. This was largely consistent with 2022 and 2021.

Inquiries are a signal of health for any program, and organizations should be doing everything they can to ensure reporters feel comfortable asking questions about topics including potential misconduct and internal policies. Yet this *Allegations vs. Inquiries* metric may not tell the whole story – as referenced elsewhere in this report, total reporting overall is up year over year.

REPORT RISK CATEGORIES & RISK TYPES – ALLEGATIONS VS. INQUIRIES
Frequency distribution



04 Anonymous vs. Named Reporting

04 Anonymous vs. Named Reporting

Anonymous vs Named Reporting – Anonymous Reporting Rate

Anonymous reporting leveling off

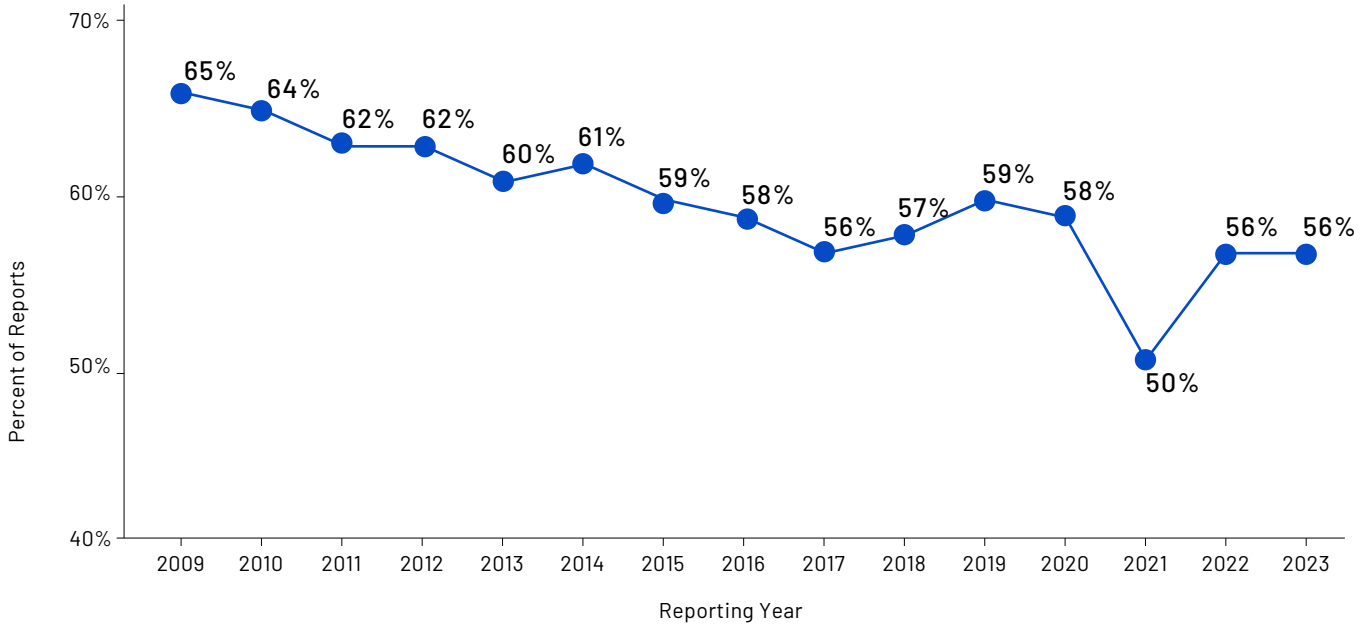
The *Anonymous Reporting Rate* benchmarking metric shows the percentage of all reports submitted by reporters who chose not to disclose their identity. The *Named Reporting Rate* benchmarking metric shows the percentage of all reports submitted by reporters who chose to provide their name.

How to calculate: To calculate the percentage of anonymous reports, divide the number of reports submitted by an anonymous reporter by the total number of anonymous and named reports received. To calculate the percentage of named reports, divide the number of reports submitted by a named reporter by the total number of anonymous and named reports received.

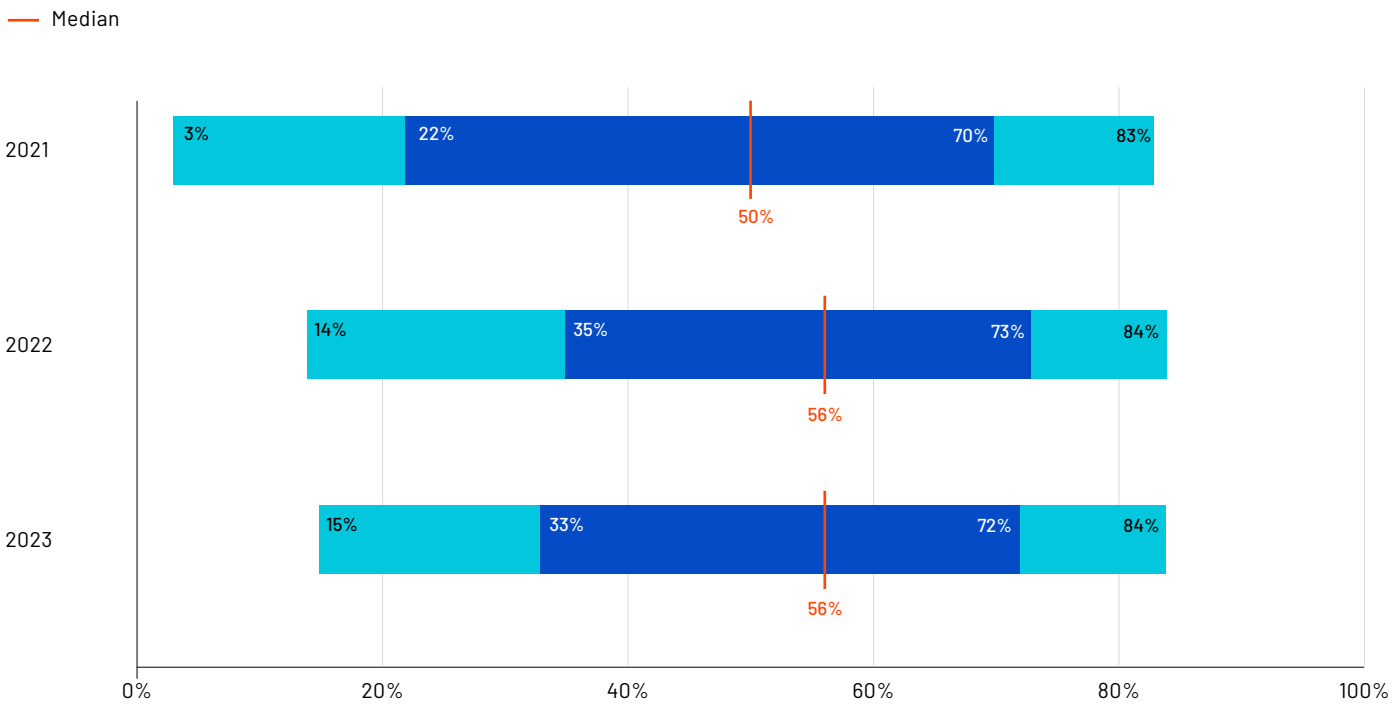
Findings

Data for 2023 shows the median *Anonymous Reporting Rate* has returned to pre-pandemic levels at 56%. After declining for more than a decade – and rebounding from a notable dip in 2021 – the *Anonymous Reporting Rate* was flat across all organizations year-over-year. Additionally, the middle 50% and full range of the distribution were consistent year-over-year, and narrower than in 2021. Generally, a lower anonymity rate signals reporters trust the system without fear of retaliation – to see anonymous rates generally declining overall since 2009 is a positive sign.

ANONYMOUS VS. NAMED REPORTING – ANONYMOUS REPORTING RATE
Median reporting value (MRV)



ANONYMOUS VS. NAMED REPORTING – ANONYMOUS REPORTING PERCENTILE COMPARISON
Median reporting value (MRV)

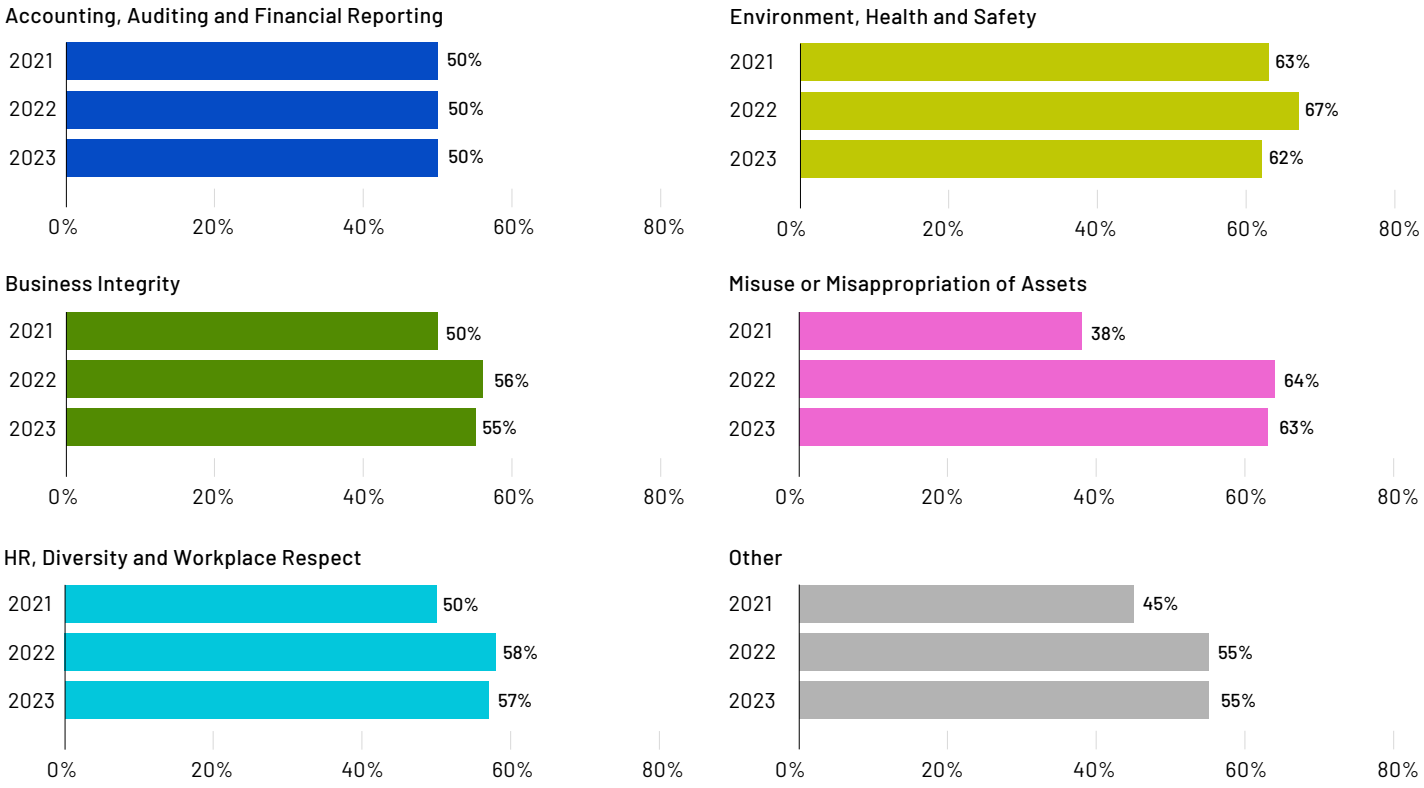


Anonymous vs. Named Reporting – Anonymous Reporting Rate by Risk Category

Accounting-related reports most likely to be named again in 2023

Median anonymity rates across most *Risk Categories* were largely consistent year-over-year apart from *Environment, Health and Safety*, which saw a decline. At a 50% median *Anonymous Reporting Rate*, reporters were most likely to put their name behind a report in the *Accounting, Auditing and Financial* Reporting category in 2023. Reporters were least likely to do so for *Environment, Health and Safety* and *Misuse or Misappropriation of Assets*, at 62% and 63% anonymity respectively.

ANONYMOUS VS. NAMED REPORTING – ANONYMOUS REPORTING BY RISK CATEGORY
Median reporting value (MRV)

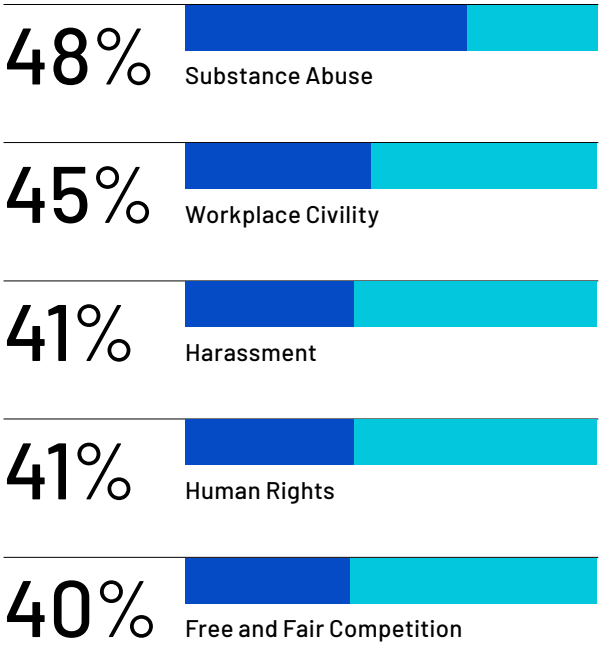


Anonymous vs. Named Reporting - Anonymous Reporting Rate by Risk Type

HR-related matters are most likely to be anonymous with two Business Integrity Risk Types in the top five

As noted above, the following table shows the frequency of anonymity rates across the 24 *Risk Types*. Due to smaller report volumes for some *Risk Types*, NAVEX calculates frequency for these metrics rather than using median values.

Excluding the Risk Types of *Other, Other Human Resources*, and *Other Business Integrity*, the five *Risk Types* with the greatest frequency of anonymous reporting across all reports in 2023 were:



Interestingly, with *HR, Diversity and Workplace Respect* cases taking a greater share of overall reports in 2023, three of the associated *Risk Types* are also among the most frequent types of reports globally to be made anonymously.

ANONYMOUS VS. NAMED REPORTING – ANONYMOUS REPORTING BY RISK TYPE
Frequency distribution

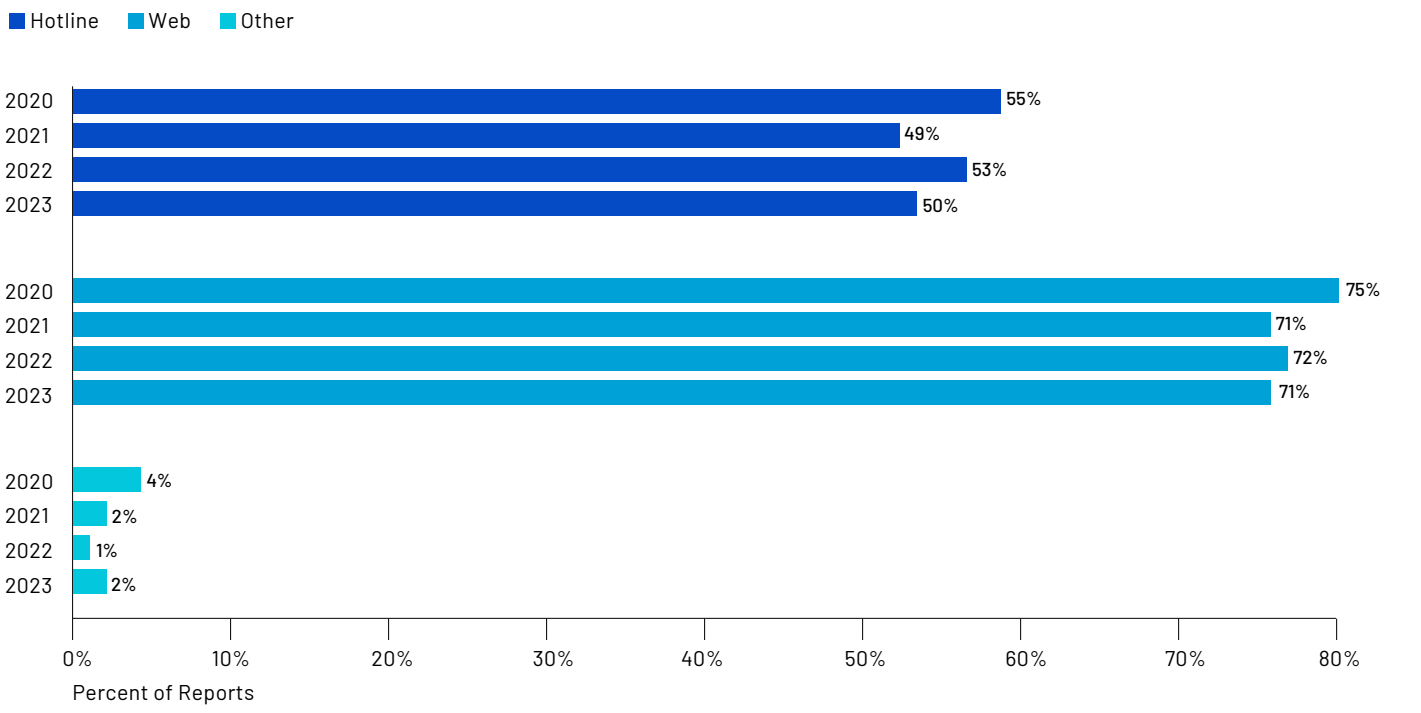
Risk Category	Risk Type	2021	2022	2023
Accounting, Auditing and Financial Reporting	Accounting, Auditing and Financial Reporting	32%	35%	**32%**
Business Integrity	Bribery and Corruption	36%	24%	**30%**
	Confidential and Proprietary Information	20%	24%	**25%**
	Conflicts of Interest	14%	17%	**22%**
	Data Privacy and Protection	8%	11%	**10%**
	Free and Fair Competition	35%	41%	**40%**
	Global Trade	13%	12%	**17%**
	Human Rights	54%	42%	**41%**
	Insider Trading	32%	31%	**31%**
	Other Business Integrity	22%	25%	**23%**
	Political Activity	30%	21%	**22%**
	Product Quality and Safety	21%	22%	**21%**
HR, Diversity and Workplace Respect	Compensation and Benefits	28%	34%	**32%**
	Discrimination	36%	40%	**39%**
	Harassment	40%	41%	**41%**
	Other Human Resources	33%	35%	**34%**
	Retaliation	31%	34%	**34%**
	Substance Abuse	44%	42%	**48%**
	Workplace Civility	46%	44%	**45%**
Environment, Health and Safety	Environment	21%	23%	**24%**
	Health and Safety	38%	34%	**33%**
	Imminent Threat to a Person, Animals or Property	2%	4%	**6%**
Misuse or Misappropriation of Assets	Misuse or Misappropriation of Assets	22%	25%	**24%**
Other	Other	35%	41%	**40%**

Anonymous vs. Named Reporting – Anonymous Reporting Rate by Intake Method

Web reporting most likely to be anonymous

At a 71% median *Anonymous Reporting Rate*, *Web Intake* continued to show the highest anonymity among all reporting channels in 2023. *Hotline Intake* followed at a median of 50%. Other methods, which includes walk-in reporting, showed minimal anonymous reporting which is not surprising given the nature of these reports.

ANONYMOUS VS. NAMED REPORTING - ANONYMOUS REPORTING BY INTAKE METHOD
Median reporting value (MRV)

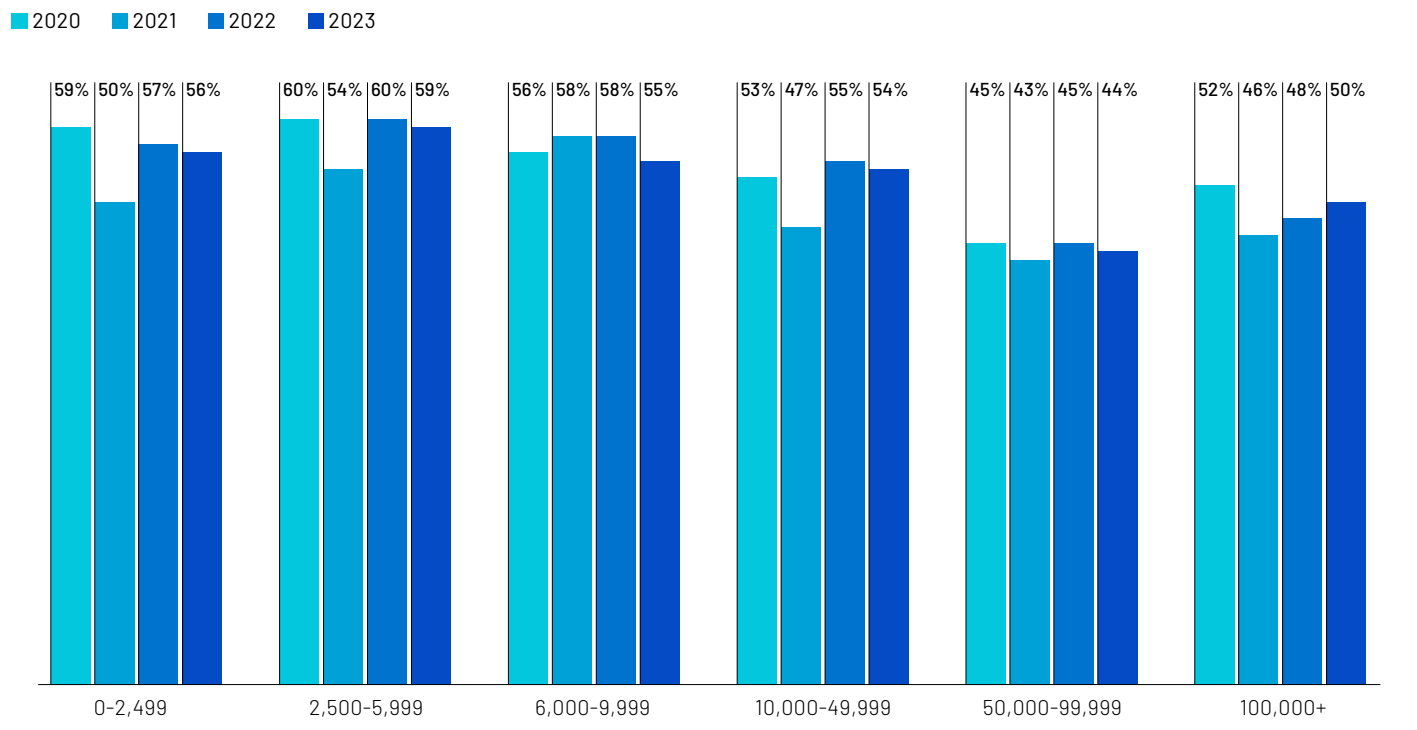


Anonymous vs. Named Reporting - Anonymous Reporting Rate by Organization Employee Count

Anonymous Reporting Rate generally steady by organization employee count

Historically, the largest organizations – those with 50,000 or more employees – have had lower median anonymity rates than their smaller peers. That was certainly true in 2023, yet at the very largest 100,000-plus employee range, anonymity rates have increased slightly every year since 2021.

ANONYMOUS VS. NAMED REPORTING - ANONYMOUS REPORTING BY EMPLOYEE COUNT
Median reporting value (MRV)



05

Follow-Up Rate to Anonymous Reports

05 Follow-Up Rate to Anonymous Reports

Follow-Up Rate to Anonymous Reports remain consistently low

The ability for individuals to use an internal reporting system anonymously and still follow up on their report is a powerful tool to encourage engagement in the process and support better program outcomes.

The *Follow-Up Rate to Anonymous Reports* benchmarking metric indicates the percentage of reports that were submitted anonymously and subsequently followed-up on by the reporter.

How to calculate: Find the number of reports where the anonymous reporter returned to the system at least once. Divide this number 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, that report would be counted once.

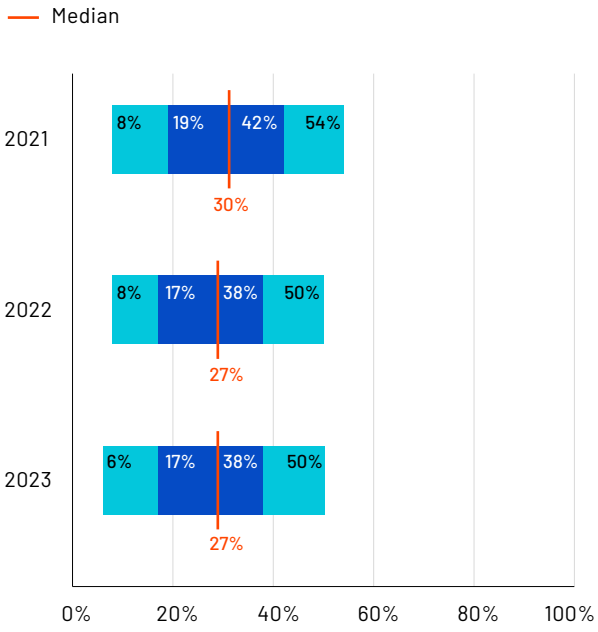
Findings:

Now at 27% for the second year in a row, the median *Follow-Up Rate to Anonymous Reports* remains below a 30% threshold. The highest this metric has ever achieved was 36% in 2019, and it has been declining since.

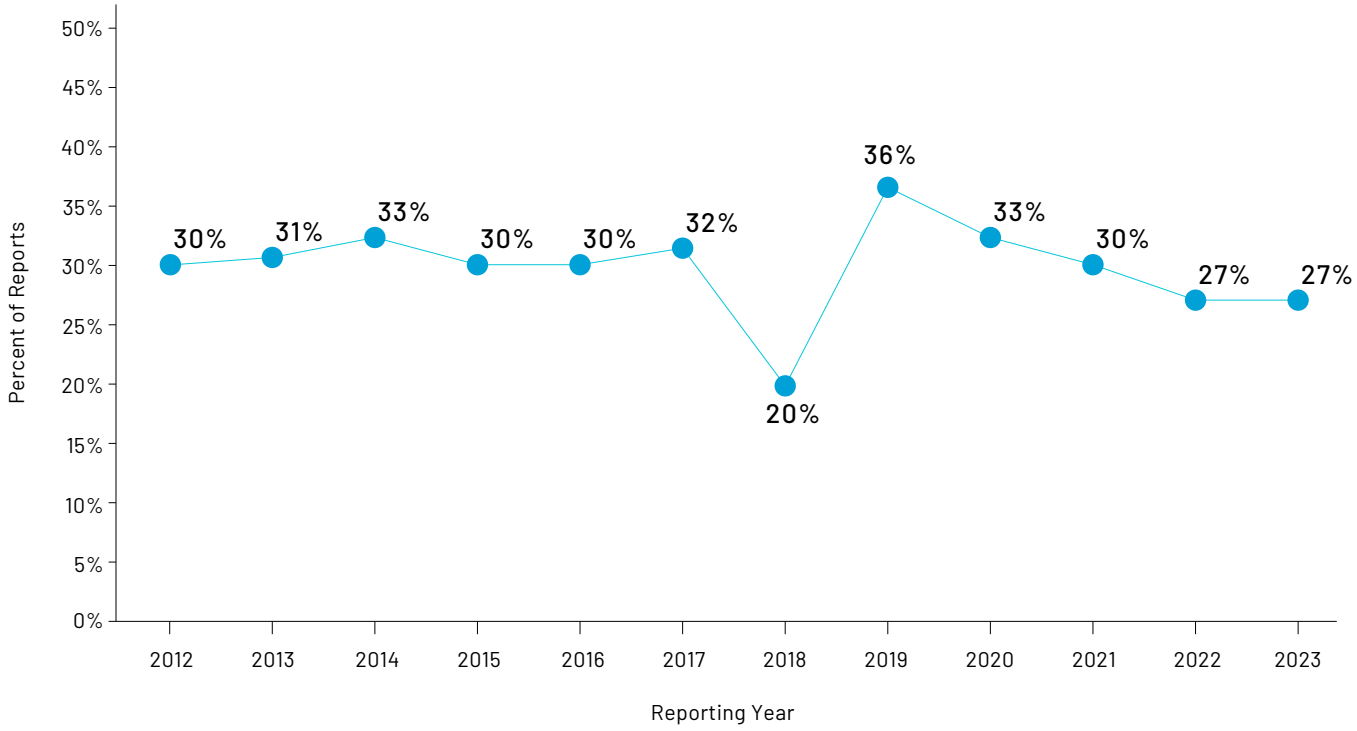
We also noted that the distribution of the *Follow-up Rate to Anonymous Reports* remained the same over the last two years.

As we said in last year's report, organizations should continue to communicate the importance of anonymous report follow-up. Educating employees about the steps to effectively make and follow-up on an anonymous report is one significant way to affect this metric.

FOLLOW-UP RATE TO ANONYMOUS REPORTS - PERCENTILE COMPARISON



FOLLOW-UP RATE TO ANONYMOUS REPORTS
Median reporting value (MRV)



06 Substantiation Rate

06 Substantiation Rate

Substantiation Rate reaches 11-year high

The overall *Substantiation Rate* reflects the median rate of allegations 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 Rate*: divide the number of allegation reports that were closed as substantiated or partially substantiated by the total number of allegation reports that were closed as substantiated/ partially substantiated or unsubstantiated as defined. We also note that there is a category described as "insufficient information" which is excluded from these calculations.

1. Substantiated:

Reports that when investigated prove to be correct or partially correct as reported

2. Unsubstantiated:

Reports that when investigated prove to be inaccurate as reported

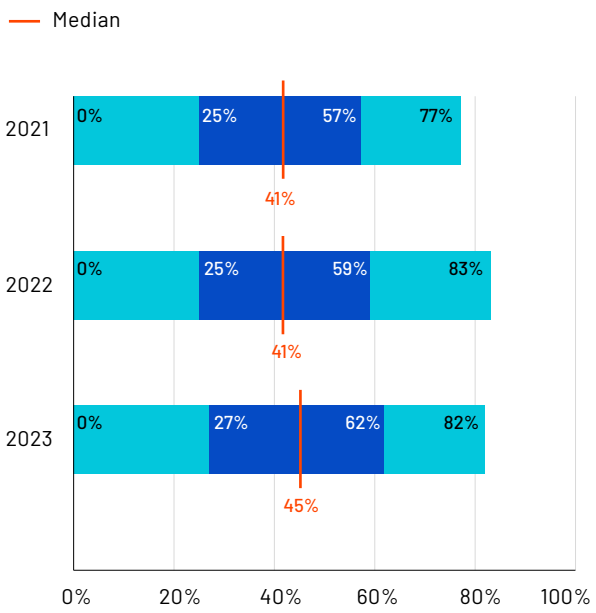
NOTE: *Due to smaller reporting levels for some of the 24 Risk Types, we are using overall frequency to calculate the Substantiation Rate by Risk Type rather than using median values.*

Findings:

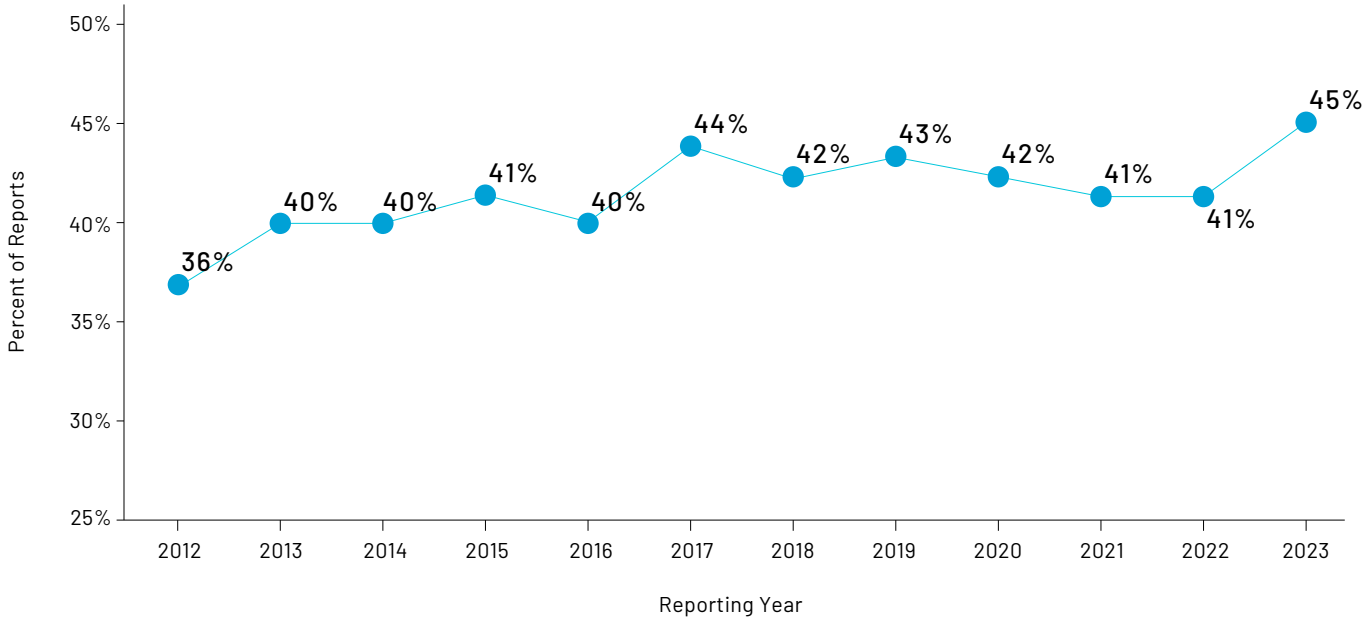
After largely plateauing between 2018 and 2022,median *Substantiation Rate* increased from 41% in 2022 to 45% in 2023 – an 11-year high. As mentioned elsewhere in this report, this high *Substantiation Rate* comes amid an all-time record report volume, meaning more programs are receiving more reports that reveal actual misconduct.

For additional information, we have also included the distribution of substantiation rates by organization.

SUBSTANTIATION RATE PERCENTILE COMPARISON



SUBSTANTIATION RATE - OVERALL SUBSTANTIATION RATE
Median reporting value (MRV)

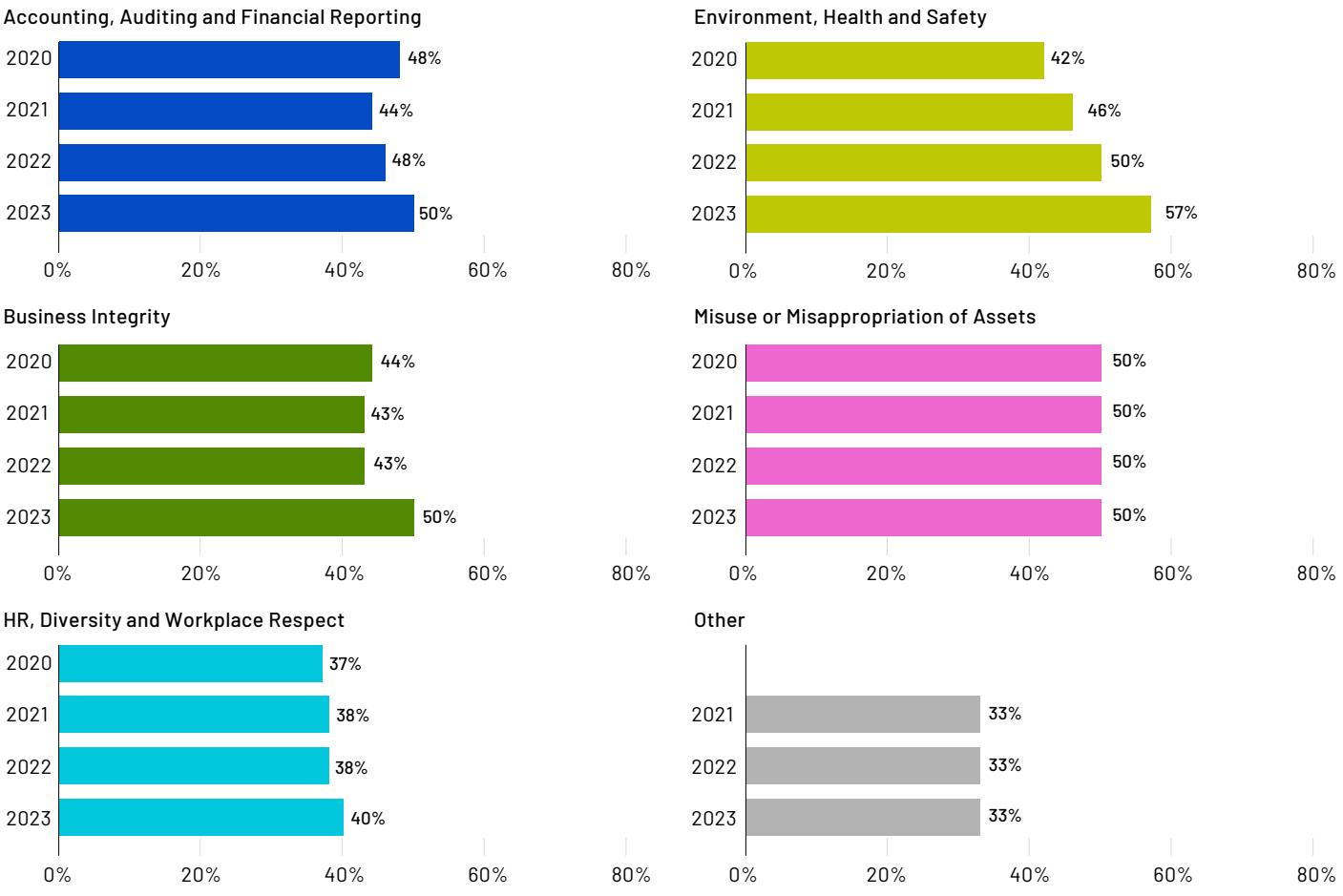


Substantiation Rate – Substantiation Rate of Allegations by Risk Category

Environment, Health and Safety reports show the highest Substantiation Rate with a significant increase

The median *Substantiation Rate* across all *Risk Categories* was either up or flat between 2022 and 2023, with *Business Integrity* and *Environment, Health and Safety* showing the largest year-over-year increase. At 57%, *Environment, Health and Safety* also showed the single-greatest *Substantiation Rate* in 2023. Excluding *Other, HR, Diversity and Workplace Respect* reports had the lowest *Substantiation Rate* of 40%. Notably, this *Risk Category* represented the greatest share of all reports made across the globe in 2023.

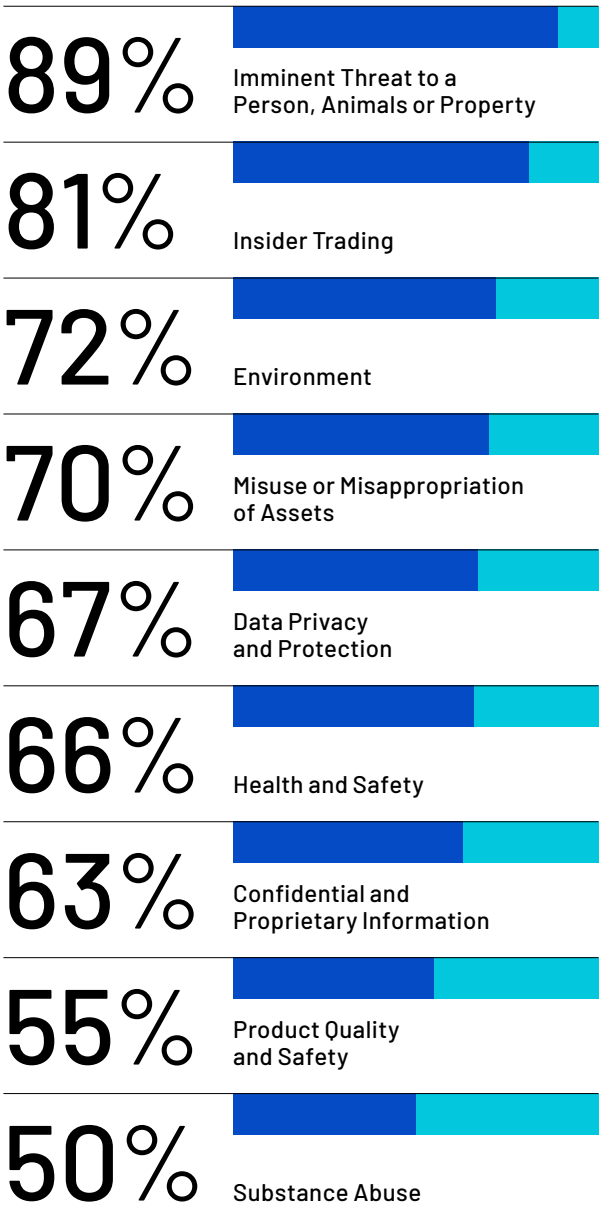
SUBSTANTIATION RATE - SUBSTANTIATION RATE OF ALLEGATIONS BY RISK CATEGORY
Median reporting value (MRV)



Substantiation Rate – Substantiation Rate by Risk Type

Imminent Threat shows highest Substantiation Rate

Metrics reflecting substantiation by *Risk Type* invite ample opportunity for interpretation. Areas with a 50% or higher frequency of substantiation (excluding "other" risk types) in 2023 data were:



All *Risk Types* under the category of *Environment, Health and Safety* exceeded a frequency of *Substantiation Rate* of 65%.

Insider Trading has seen significant increases in *Substantiation Rate* in recent years: 45% in 2021, 61% in 2022 and 81% in 2023. *Confidential and Proprietary Information* has also seen steady increases. *Human Rights* has reached a 49% *Substantiation Rate* in 2023 – this has been a major area of focus across supply chains by regulators and consumers.

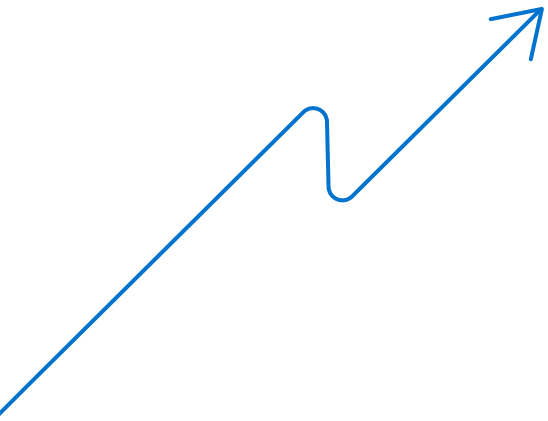
Some other *Risk Types* have seen declines in *Substantiation Rate*. *Accounting, Auditing and Financial Reporting* has ticked downward – this decline to 48% frequency of substantiated reports is notable.

Keep in mind that *Global Trade* and *Human Rights* cases make up a small proportion of total reports and are more prone to fluctuations in their aggregate figures.

SUBSTANTIATION RATE - SUBSTANTIATION RATE OF ALLEGATIONS BY RISK TYPE
Frequency distribution

Risk Category	Risk Type	2021	2022	2023
Accounting, Auditing and Financial Reporting	Accounting, Auditing and Financial Reporting	53%	53%	**48%**
Business Integrity	Bribery and Corruption	41%	40%	**37%**
	Confidential and Proprietary Information	45%	57%	**63%**
	Conflicts of Interest	39%	41%	**38%**
	Data Privacy and Protection	70%	68%	**67%**
	Free and Fair Competition	54%	40%	**37%**
	Global Trade	93%	76%	**22%**
	Human Rights	42%	43%	**49%**
	Insider Trading	45%	61%	**81%**
	Other Business Integrity	51%	53%	**59%**
	Political Activity	46%	17%	**16%**
	Product Quality and Safety	57%	46%	**55%**
HR, Diversity and Workplace Respect	Compensation and Benefits	51%	49%	**45%**
	Discrimination	31%	31%	**31%**
	Harassment	43%	43%	**45%**
	Other Human Resources	46%	44%	**47%**
	Retaliation	15%	17%	**16%**
	Substance Abuse	40%	49%	**50%**
	Workplace Civility	43%	45%	**45%**
Environment, Health and Safety	Environment	57%	71%	**72%**
	Health and Safety	65%	65%	**66%**
	Imminent Threat to a Person, Animals or Property	82%	75%	**89%**
Misuse or Misappropriation of Assets	Misuse or Misappropriation of Assets	66%	67%	**70%**
Other	Other	41%	44%	**43%**

Substantiation Rate – Substantiation Rate of Anonymous vs. Named Reports

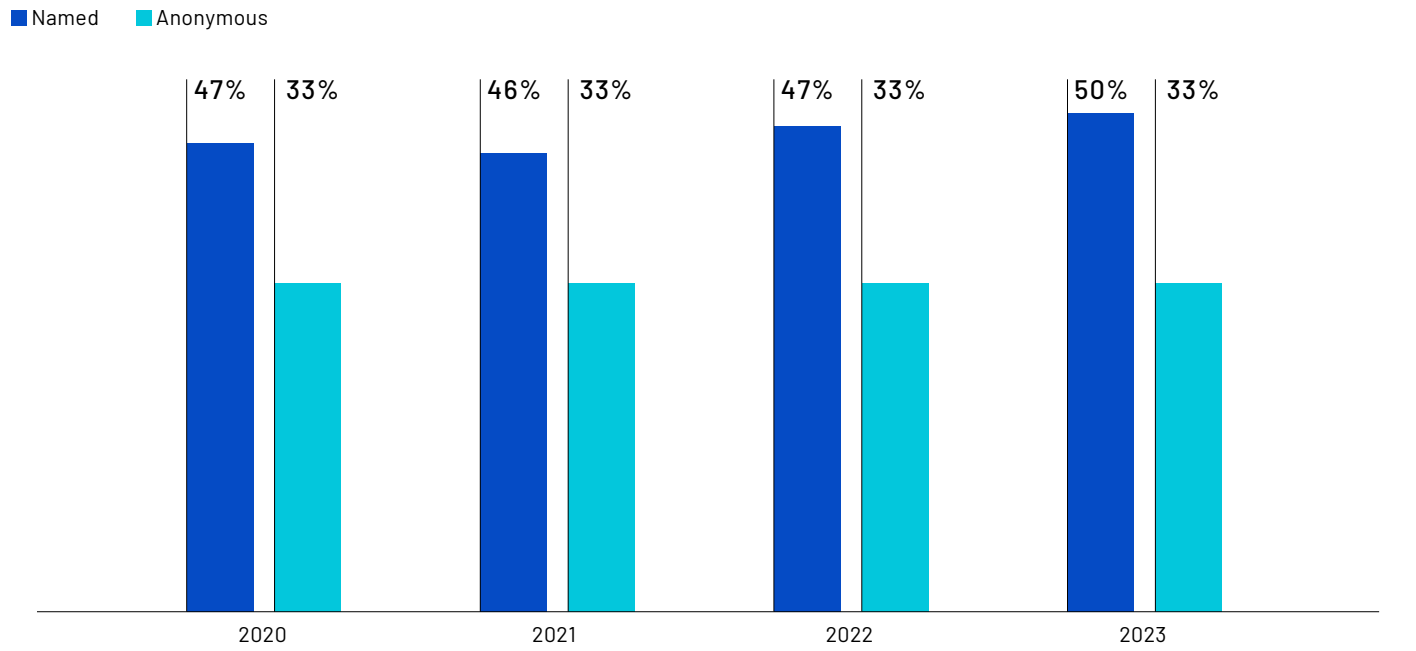


Substantiation Rate increases for named reports while anonymous remains steady

Named reports have always been more likely to be substantiated. This is not surprising given the clear ability organizations have to follow up directly with the reporter. At 50%, median *Substantiation Rate* for named reports edged upward in 2023 after hovering between 46% and 47% for several years.

The median *Substantiation Rate* for anonymous reports has been flat for several years, again showing 33% in 2023. This highlights the benefit of educating reporters about the ability to follow up after making an anonymous report.

SUBSTANTIATION RATE - SUBSTANTIATION RATE OF ANONYMOUS VS. NAMED REPORTS
Median reporting value (MRV)

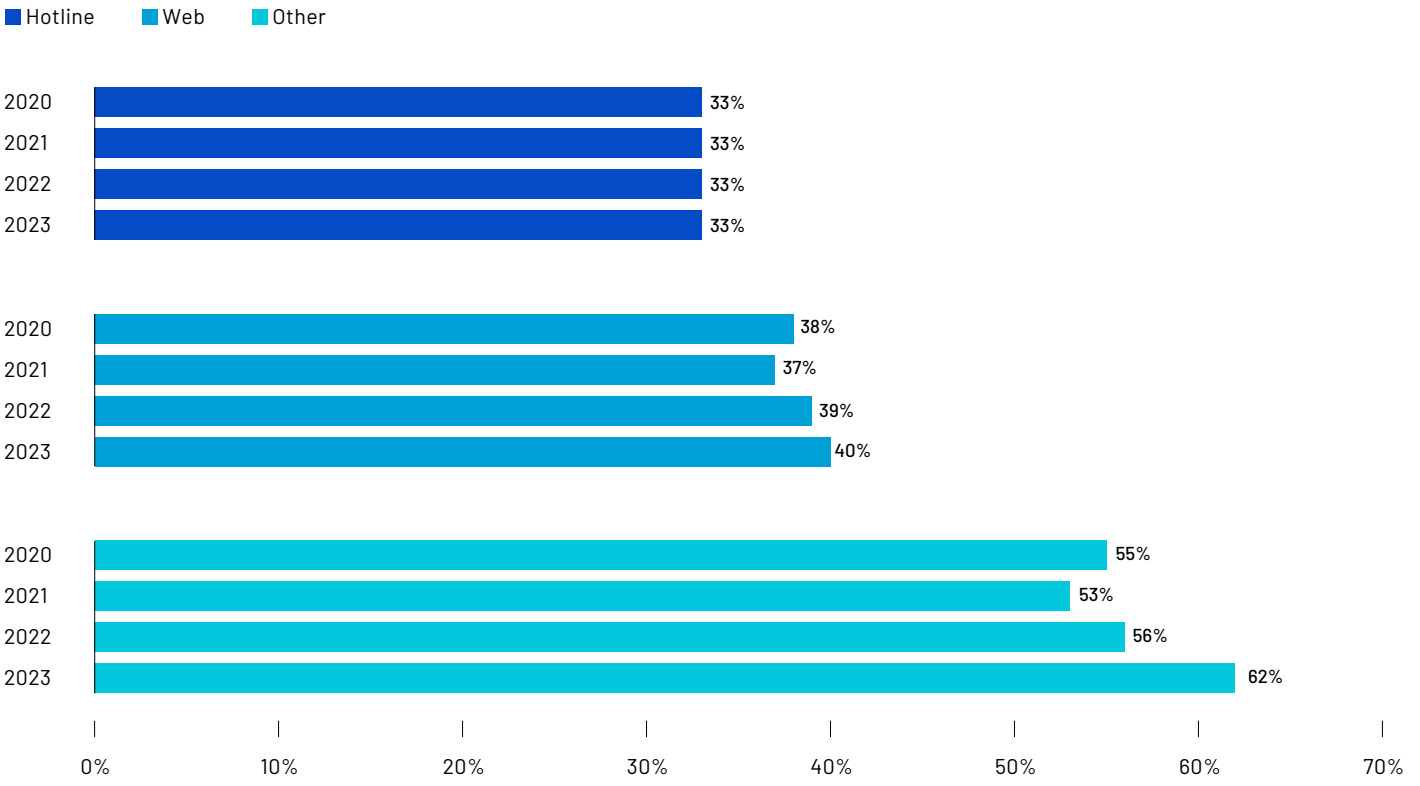


Substantiation Rate – Substantiation Rate by Intake Method

Substantiation Rate for Web Intake and Other Intake Methods increases while Hotline Intake holds steady

Reports in the *Other Intake* category, which primarily includes walk-in reports, have the greatest median *Substantiation Rate* at 62%. This is not surprising given the rarity of these reports being anonymous. Substantiation for *Other Intake* reports has grown every year since 2021. The same goes for *Web Intake*, where a median 40% of reports were substantiated in 2023. The median *Substantiation Rate* for *Hotline Intake* was consistent at 33% – the level it has held at for several years.

SUBSTANTIATION RATE - SUBSTANTIATION RATE BY INTAKE METHOD
Median reporting value (MRV)

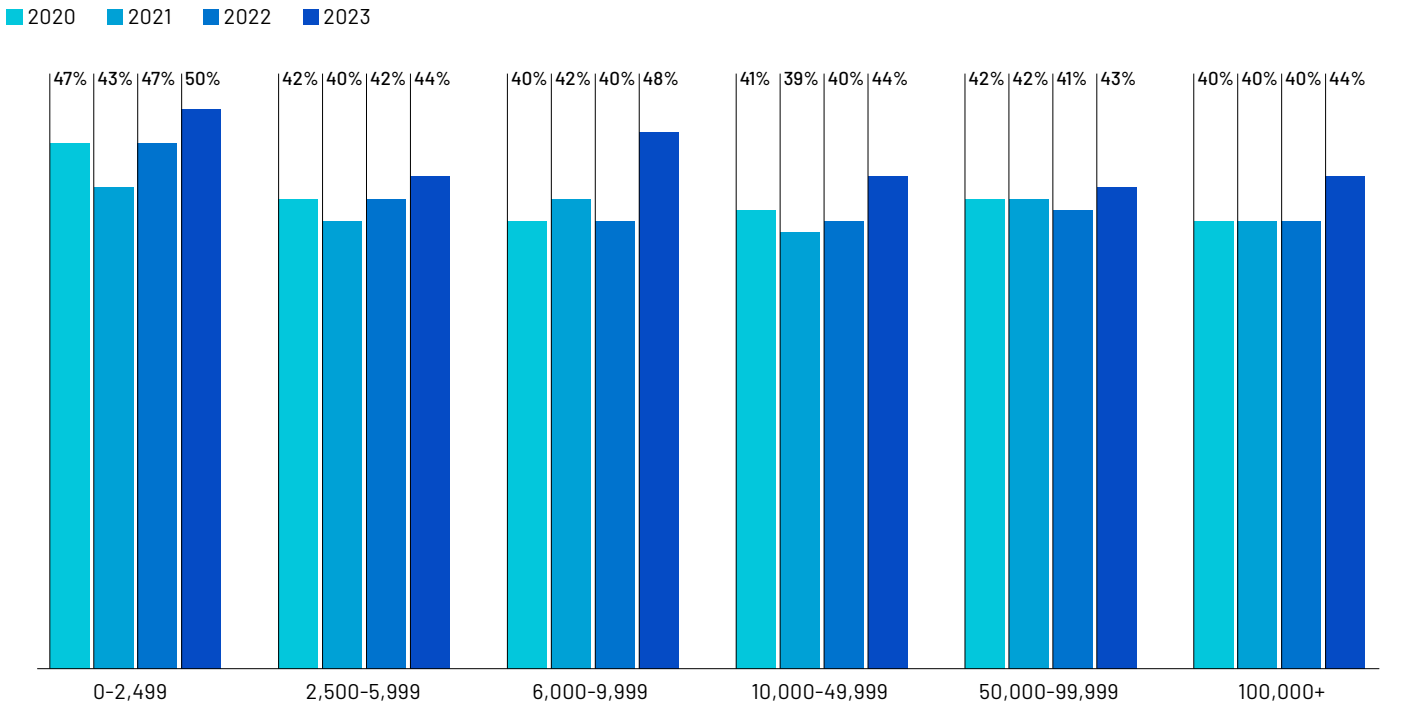


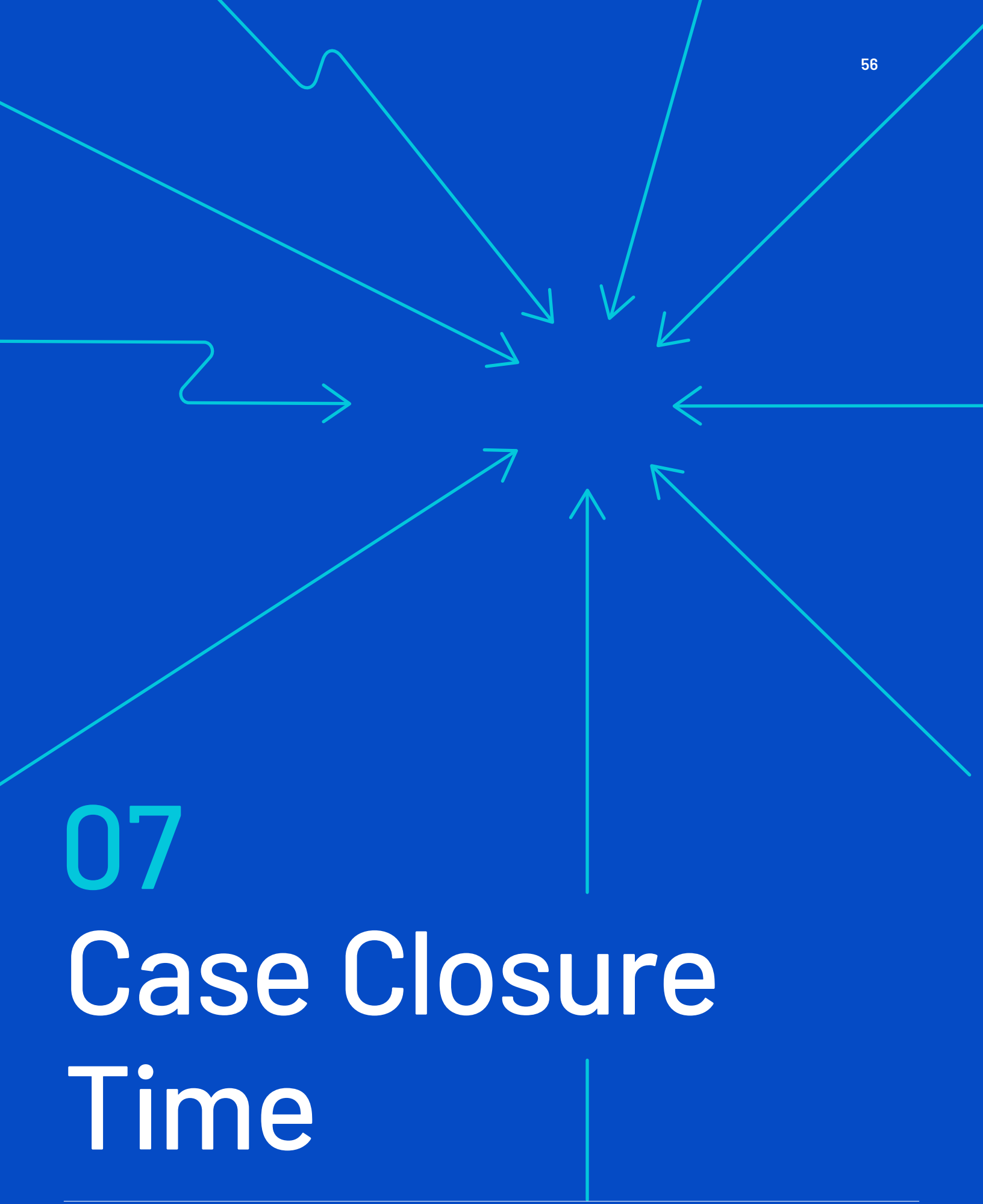
Substantiation Rate – Substantiation Rate by Employee Count

Substantiation increases seen at all levels since 2021, with greatest substantiation among smallest organizations

The smallest organization size cohort in our distribution, from zero to 2,499 employees, showed a 50% median *Substantiation Rate* in 2023. This cohort has consistently shown the highest *Substantiation Rate* among others. All cohorts showed increased *Substantiation Rates* since 2021, with the largest increases seen in organizations with 0-2,499 employees, 6,000-9,999 employees and 10,000-49,999 employees.

SUBSTANTIATION RATE - SUBSTANTIATION RATE BY EMPLOYEE COUNT
Median reporting value (MRV)





07 Case Closure Time

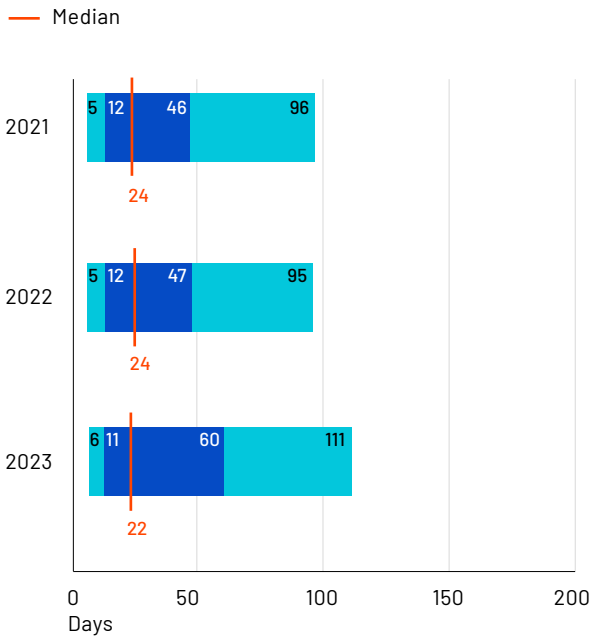
07 Case Closure Time

Case Closure distribution widens while medians hold steady

Case Closure Time metrics measure the number of calendar (not business) days it takes an organization to close a case (report). This benchmark is a key indicator of program effectiveness and impacts employees' perception of the process.

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 mean *Case Closure Time* by dividing the total sum of all *Case Closure Times* by the total number of cases closed. For median values, find the middle point of the data – this is an important metric to explore, as it helps lessen the impact of outliers that can have a major impact on overall metrics.

CASE CLOSURE TIME – ORGANIZATION MEDIAN VALUES PERCENTILE COMPARISON



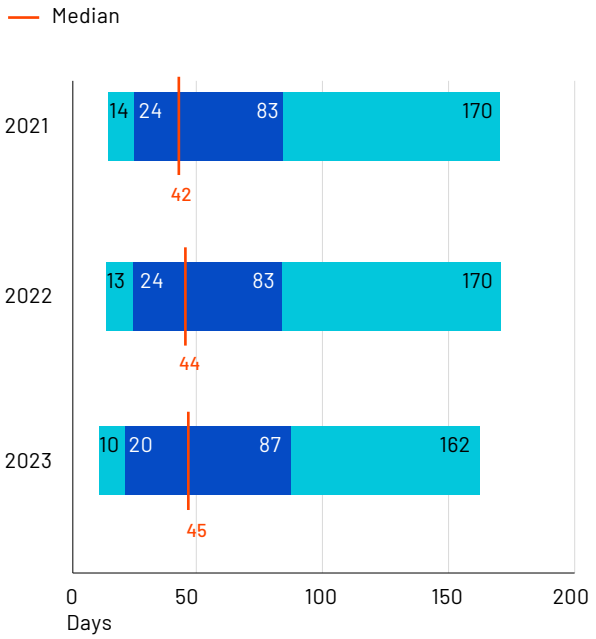
MEDIAN CASE CLOSURE TIMES USING ORGANIZATION MEDIAN VALUES
Median reporting value (MRV) in days

Findings:

For the second year, NAVEX examined *Case Closure Time* through two methodologies – median of organization means and median of organization medians. Cases with very high or very low closure times influence figures for the median of organization means more heavily than figures for the median of organization medians. The median of organization medians values mitigate the effect of outliers.

It's evident when viewing *Case Closure Time* through these two methodologies that outliers have a significant impact. Median *Case Closure Time* using organization median values was 22 days. The same measure using organization means was 45 days. The distribution using organization means skewed to the right comparing 2023 against 2022, showing the impact of longer cases. The distribution using median values was generally consistent for the lower half of the distribution, but did exhibit a rightward skew in the upper half.

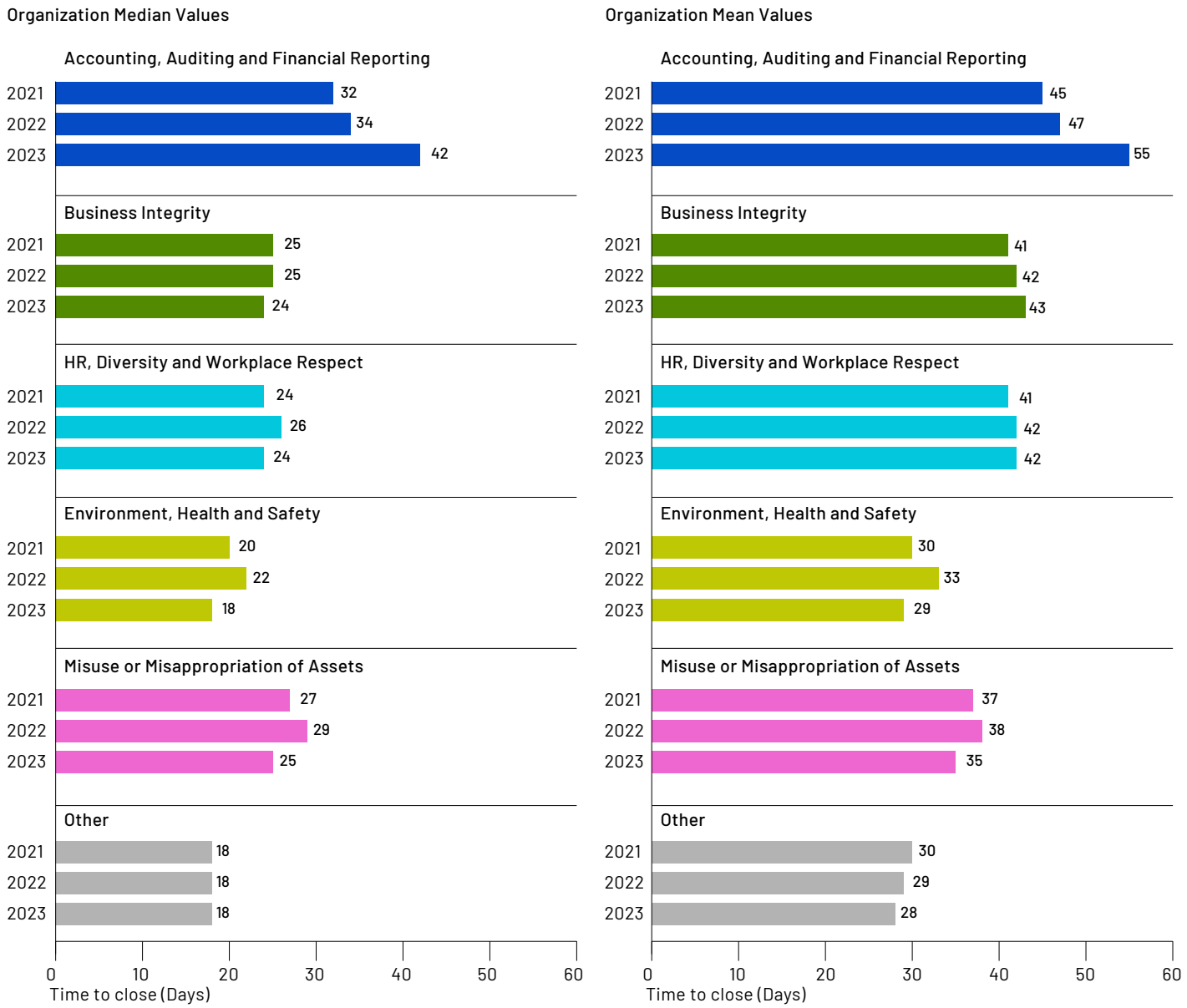
CASE CLOSURE TIME – ORGANIZATION MEAN VALUES PERCENTILE COMPARISON



CLOSURE TIME – ORGANIZATION MEAN VALUES PERCENTILE COMPARISON
Median Reporting Value (MRV) in days

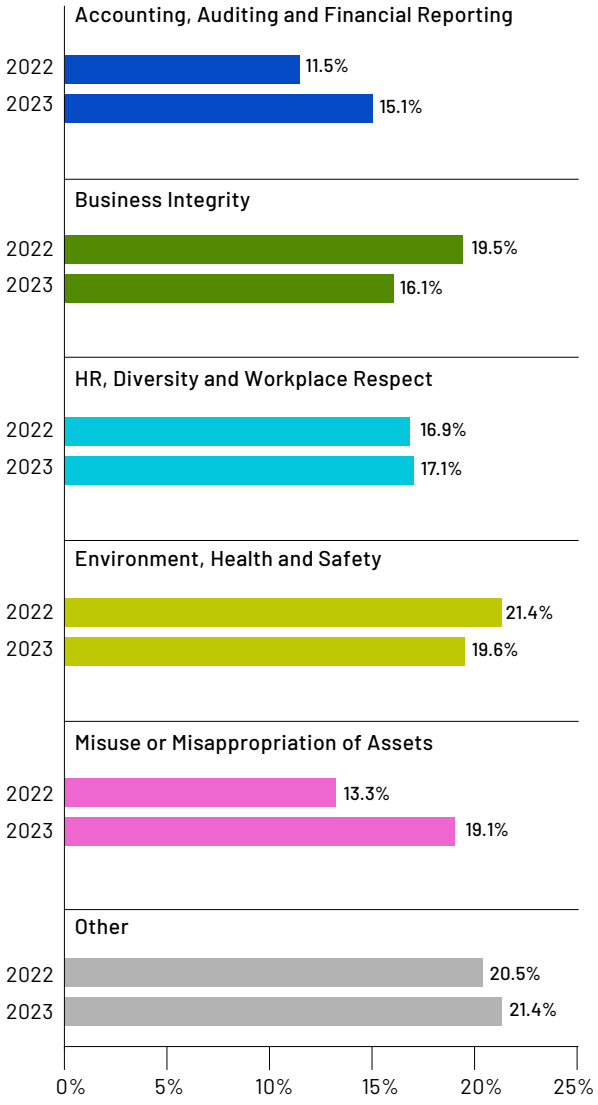
In both methodologies, most *Risk Categories* have shown relatively stable *Case Closure Time* apart from one glaring exception – the significant year-over-year increase for *Accounting, Auditing and Financial Reporting*. While this category has consistently shown the longest *Case Closure Time*, the increase of eight days seen in both methodologies comparing 2022 and 2023 was far greater than the minor deviations seen in other categories over the last three years. Demonstrating effective and efficient investigation of cases is one way organizations can build trust in an internal reporting system, but it is recognized that these *Accounting, Auditing and Financial Reporting* issues may be more complex to investigate.

CASE CLOSURE TIME – COMPARISON IN DAYS BY RISK CATEGORY
Median reporting value (MRV)



Case Closure Time – Distribution of Cases Closed Same Day by Risk Category

CASE CLOSURE TIME – PERCENT OF CASES CLOSED SAME DAY BY RISK CATEGORY
Frequency distribution



Same-day closures increase for accounting-related and misuse of assets cases

This metric shows the frequency of cases closed within 24 hours of being submitted, organized by *Risk Category*. This is an indicator of cases that may have been referred and marked "closed" in the incident management system yet remain active under oversight of another department.

How to calculate: Take the number of reports closed within 24 hours of being submitted in each category and divide by the total number of reports received in that category.

Introduced in last year's report, this metric can be a signal that reports marked as "closed" in the incident management system may have been referred to another department. Some cases are indeed closed within the same day, but all too often, a case closed same day remains under investigation and only appears as "closed" in the incident management system. This provides an incomplete view of actual active risk throughout the organization to stakeholders charged with overseeing the internal reporting system.

Data from 2023 shows an increase in the share of reports made in the *Risk Categories of Accounting, Auditing and Financial Reporting* and *Misuse or Misappropriation of Assets* which were closed on the same day. It is not surprising that cases from the *Other* category are more likely to be closed on the same day, as these represent an assortment of minor matters.

Case Closure Time – Case Closure Time by Risk Type

Bribery and Corruption and Free and Fair Competition median Case Closure Time increases to above 80 days

NAVEX provides this metric by median of organization medians and median of organization means. *Case Closure Time* shown by the median of organization median method helps to control for the impact of outliers.

Using the median of medians approach, in 2023, the six *Risk Types* representing the highest median *Case Closure Times* were:

88 days
Bribery and Corruption

83 days
Free and Fair Competition

61 days
Insider Trading

59 days
Global Trade

42 days
Accounting, Auditing and Financial Reporting

42 days
Product Quality and Safety

Bribery and Corruption reports showed a significant increase in *Case Closure Time* by the median of medians methodology comparing 2022 and 2023, from 57 days to 88 days.

The increase maintained the designation of this *Risk Type* having the longest *Case Closure Time*. Major increases were also seen for *Free and Fair Competition* (from 48 to 83 days), *Insider Trading* (from 27 to 61 days) and *Product Quality and Safety* (from 18 to 42 days). This may be due to the involvement of third-party investigators in these cases, increased case complexity, or a mismatch with the resources organizations have devoted to investigating these cases.

One positive development is the decrease seen by the median of medians methodology in *Case Closure Time for Workplace Civility* year-over-year, from 28 days to 23. We called out *Case Closure Time* in this *Risk Type* in last year's report as an important metric for organizations to consider given the impact allowing these cases to linger can have on workplace morale. Given the increase in the median share of reports organizations are receiving in this *Risk Type*, the decrease in *Case Closure Time* is notable.

CASE CLOSURE TIME—CASE CLOSURE TIME BY RISK TYPE
Median Reporting Value (MRV)

		Median (in Days)		Mean (in Days)	
Risk Category	Risk Type	2022	2023	2022	2023
Accounting, Auditing and Financial Reporting	Accounting, Auditing and Financial Reporting	34 days	**42 days**	48 days	**55 days**
Business Integrity	Bribery and Corruption	57 days	**88 days**	73 days	**96 days**
	Confidential and Proprietary Information	27 days	**26 days**	34 days	**36 days**
	Conflicts of Interest	30 days	**32 days**	45 days	**42 days**
	Data Privacy and Protection	21 days	**20 days**	30 days	**33 days**
	Free and Fair Competition	48 days	**83 days**	56 days	**86 days**
	Global Trade	41 days	**59 days**	46 days	**68 days**
	Human Rights	31 days	**37 days**	37 days	**44 days**
	Insider Trading	27 days	**61 days**	24 days	**61 days**
	Other Business Integrity	24 days	**23 days**	39 days	**40 days**
	Political Activity	15 days	**20 days**	17 days	**38 days**
	Product Quality and Safety	18 days	**42 days**	35 days	**59 days**
HR, Diversity and Workplace Respect	Compensation and Benefits	16 days	**14 days**	24 days	**22 days**
	Discrimination	31 days	**28 days**	43 days	**40 days**
	Harassment	29 days	**25 days**	38 days	**40 days**
	Other Human Resources	21 days	**21 days**	36 days	**37 days**
	Retaliation	32 days	**28 days**	42 days	**37 days**
	Substance Abuse	21 days	**14 days**	27 days	**16 days**
	Workplace Civility	28 days	**23 days**	40 days	**37 days**
Environment, Health and Safety	Environmental	18 days	**29 days**	34 days	**34 days**
	Health and Safety	22 days	**18 days**	32 days	**29 days**
	Imminent Threat to a Person, Animals or Property	16 days	**14 days**	28 days	**18 days**
Misuse or Misappropriation of Assets	Misuse or Misappropriation of Assets	28 days	**25 days**	40 days	**35 days**
Other	Other	18 days	**18 days**	32 days	**28 days**

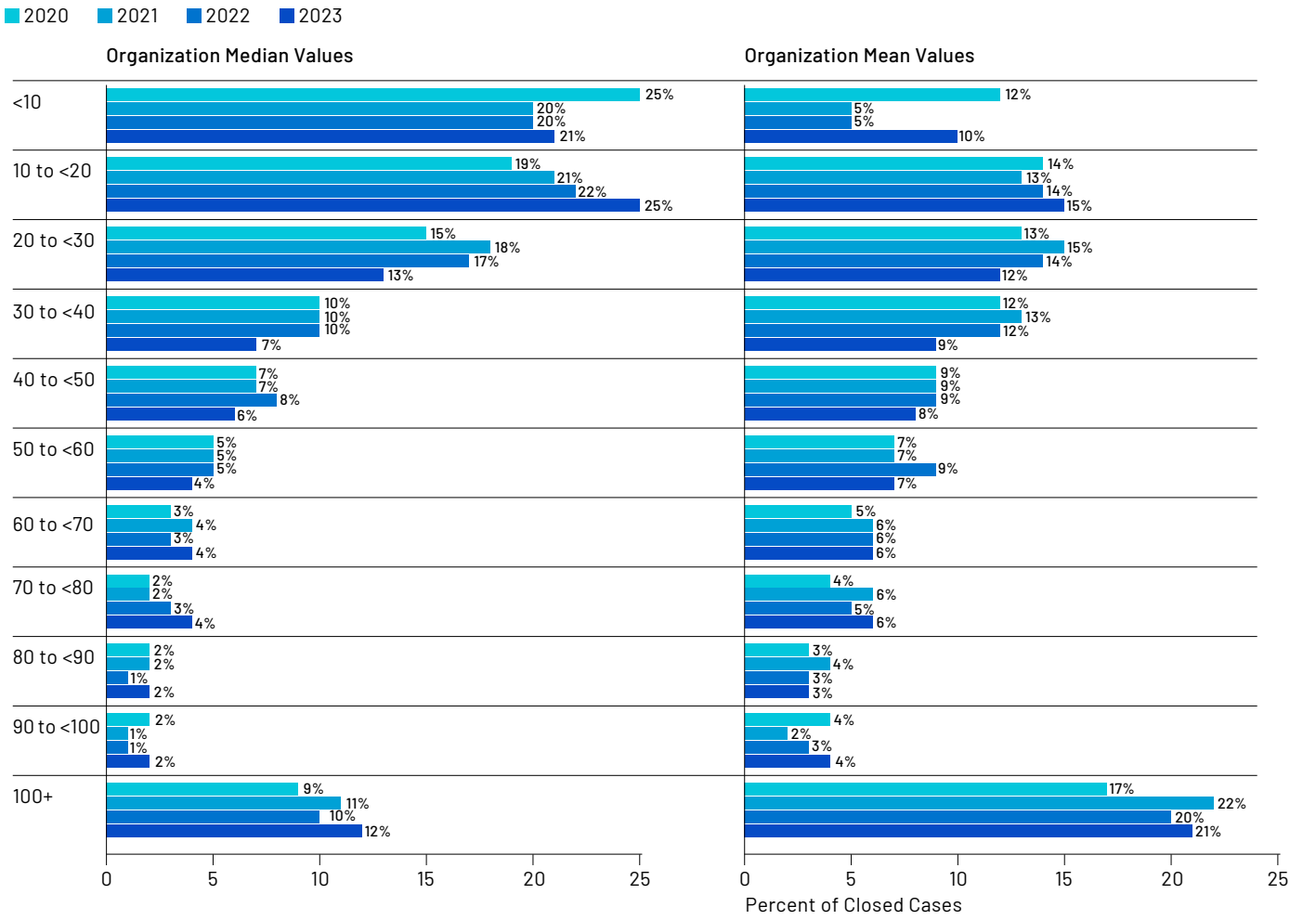
Case Closure Time – Distribution of Case Closure Time

Cases open for over 100 days continue to skew the distribution of Case Closure Time

As in prior years, outliers significantly influence analysis of the data. This is evident in the median of organization means, where outliers cause organizations with a mean *Case Closure Time* over 100 or more days to be the largest cohort in the distribution.

When viewed through the lens of the median of organization medians methodology, the influence of those outliers is diminished. Much more of the population falls under 30 days compared against median of organization means. The cohort with a median closure time of 100 or more days is still a significant portion of the distribution, but this metric better represents case behavior across the population of organizations.

CASE CLOSURE TIME – DISTRIBUTION OF CASE CLOSURE TIME
Frequency distribution



Case Closure Time – Case Closure Time for Anonymous vs. Named Reports

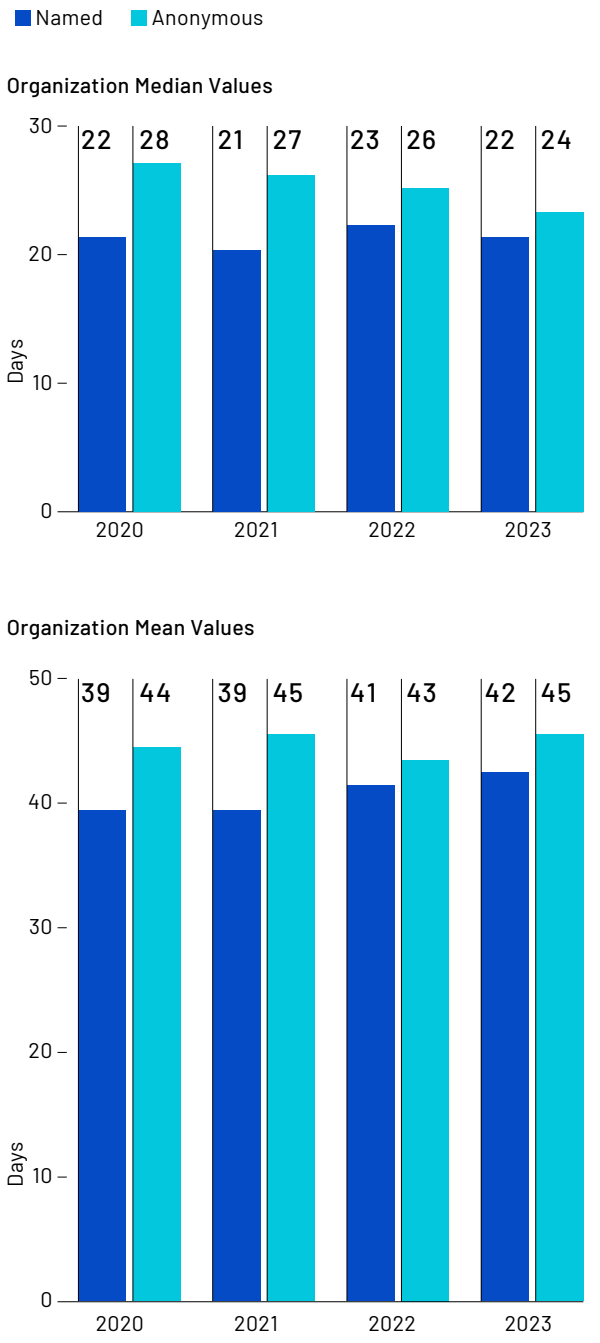
Median of organization median Case Closure Time trending down for anonymous reports

Looking at the median of organization medians, *Case Closure Time* for anonymous reports has moved steadily downward over recent years. Yet in both mean- and median-focused assessments, *Case Closure Time for Anonymous* vs. *Named* Reports was largely consistent comparing 2022 and 2023.

While named reports have always closed faster than anonymous reports, by both methodologies, named and anonymous reports differed by only a handful of days in *Case Closure Time* in 2023.

This was consistent with the convergence in *Case Closure Time* observed in 2022 data, which followed periods in 2020 and 2021 in which the time to close an anonymous report appeared to be stretching longer than that of a named report amid pressures from the COVID-19 pandemic.

CASE CLOSURE TIME – CASE CLOSURE TIME FOR ANONYMOUS VS. NAMED REPORTS
Median reporting value (MRV)



Case Closure Time – Case Closure Time by Employee Count

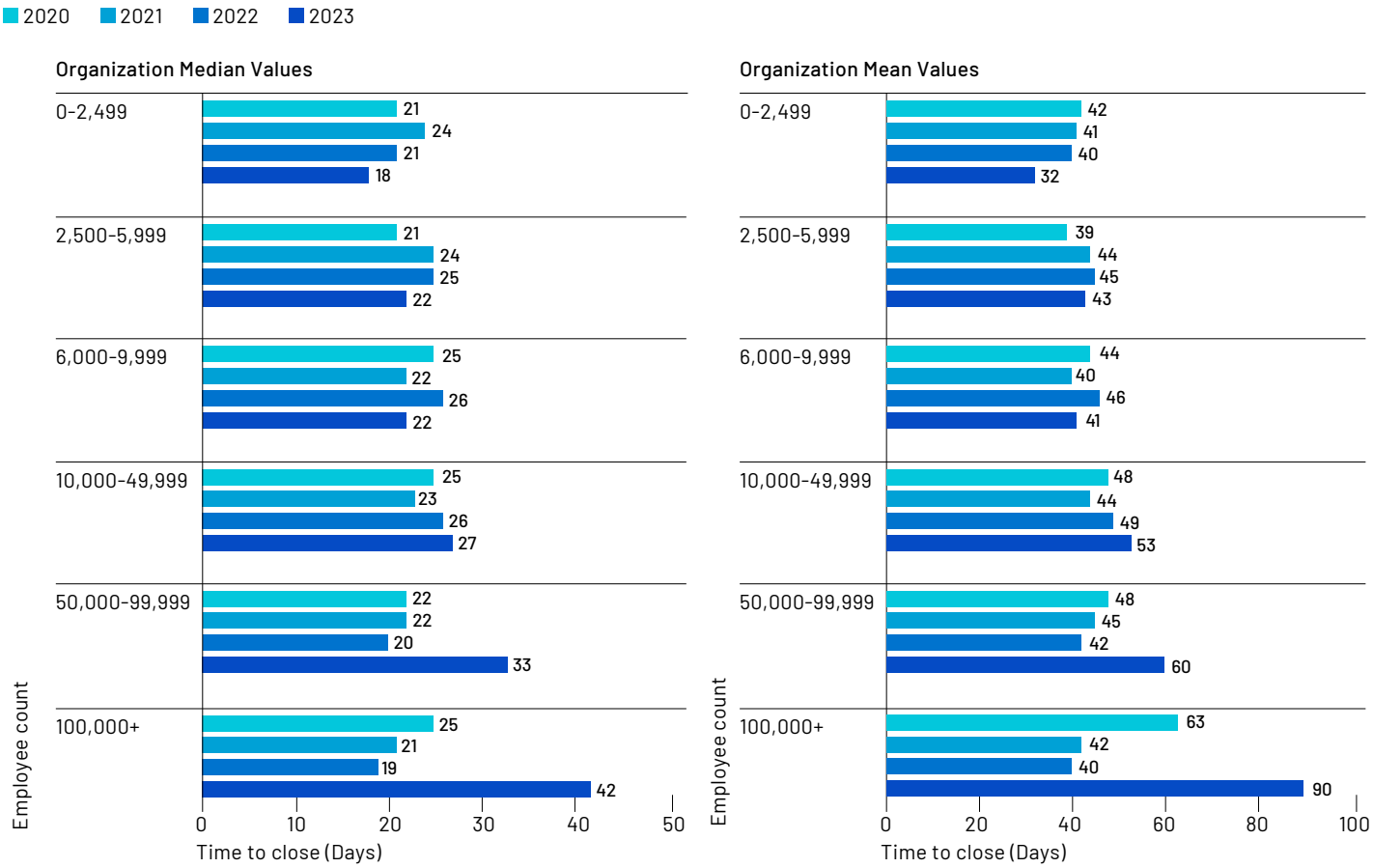
Case closure lengthens for largest organizations

After representing the shortest median *Case Closure Time* by the median of organization medians methodology in 2022, the largest-sized organizations in our analysis – those with 100,000 or more employees – took the longest among size cohorts to close a report in 2023.

Organizations in this group saw median *Case Closure Time* expand from 19 days to 42 days year-over-year, while the next-smallest cohort, those with between 50,000 and 99,999 employees, saw expansion from 20 days to 33 days. Other organization size groups showed decreases or generally level closure time by the same methodology. Larger organizations appear to be facing more case complexity and a larger volume of outliers, possibly influenced by batch closing cases – this is a finding NAVEX will be following closely in the coming years.

Trends appeared to be relatively consistent when viewed through the median of organization means methodology, though the impact of outliers in extending median case closure times is evident.

CASE CLOSURE TIME – CASE CLOSURE TIME BY EMPLOYEE COUNT
Median reporting value (MRV)



08

Time Difference Between Incident & Report Date

08 Time Difference Between Incident & Report Date

Slight increase in overall Time Difference Between Incident & Report Date in 2023

Introduced in 2019, this metric measures the days between the date on which an alleged incident occurred and the date the report was made. This gap can help assess an organization's culture, particularly around fear of retaliation.

How to calculate: Find the time difference between the alleged incident date and the date the report was made for each report. Then, calculate your mean 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. For median values, find the middle point of the data – this is an important metric to explore, as it helps lessen the impact of outliers that can have a major impact on overall metrics.

NAVEX methodology

Previously, *Time Difference Between Incident & Report Date* was based only on organization mean values. Starting with last year's report, the median of organization mean values and median of organization median values are calculated for additional data comparisons.

It's important for individuals to have easy access to an internal reporting system and to feel comfortable making a report in a timely manner. The sooner an incident comes to light, the less time actual misconduct has available to cause damage to the organization and its cultural health.

Findings

The *Time Difference Between Incident & Report Date* increased slightly between 2022 and 2023. Looking at organization medians, which helps control for outliers, the time difference increased from seven to eight days. Looking at means, which are more heavily impacted by outliers, the time difference increased from 23 to 25 days.

TIME DIFFERENCE BETWEEN INCIDENT & REPORT DATE—ORGANIZATION MEDIAN OF MEDIANS COMPARISON

Median Reporting Value (MRV) in Days

TIME DIFFERENCE BETWEEN INCIDENT & REPORT DATE—ORGANIZATION MEDIAN OF MEDIANS COMPARISON

Median Reporting Value (MRV) in Days

Time Difference Between Incident & Report Date – Distribution of Time Difference

Median time difference shows it is taking longer for people to report

The overall share of organizations with a median or mean *Time Difference Between Incident & Report Dates* of fewer than five days has steadily declined over the last three years, both decreasing by about four percentage points.

The impact of outliers in this analysis is substantial. By the median of organization means for *Time Difference Between Incident & Report Date*, which is more impacted by outliers, those with a mean time difference of 60 or more days represent the largest group in our distribution. By median of organization medians, which helps control for outliers, those with a fewer than a five-day time difference are the largest group. It's key that organizations are mindful of the impact of outliers in their own analysis when seeking to understand how their programs compare to global benchmarks.

By our median-centric methodology – generally our preferred method to determine a value for benchmarking – well over half of organizations have a median *Time Difference Between Incident & Report Date* of under nine days.

TIME DIFFERENCE BETWEEN INCIDENT & REPORT DATE - DISTRIBUTION OF TIME GAP BETWEEN DATES
Frequency distribution

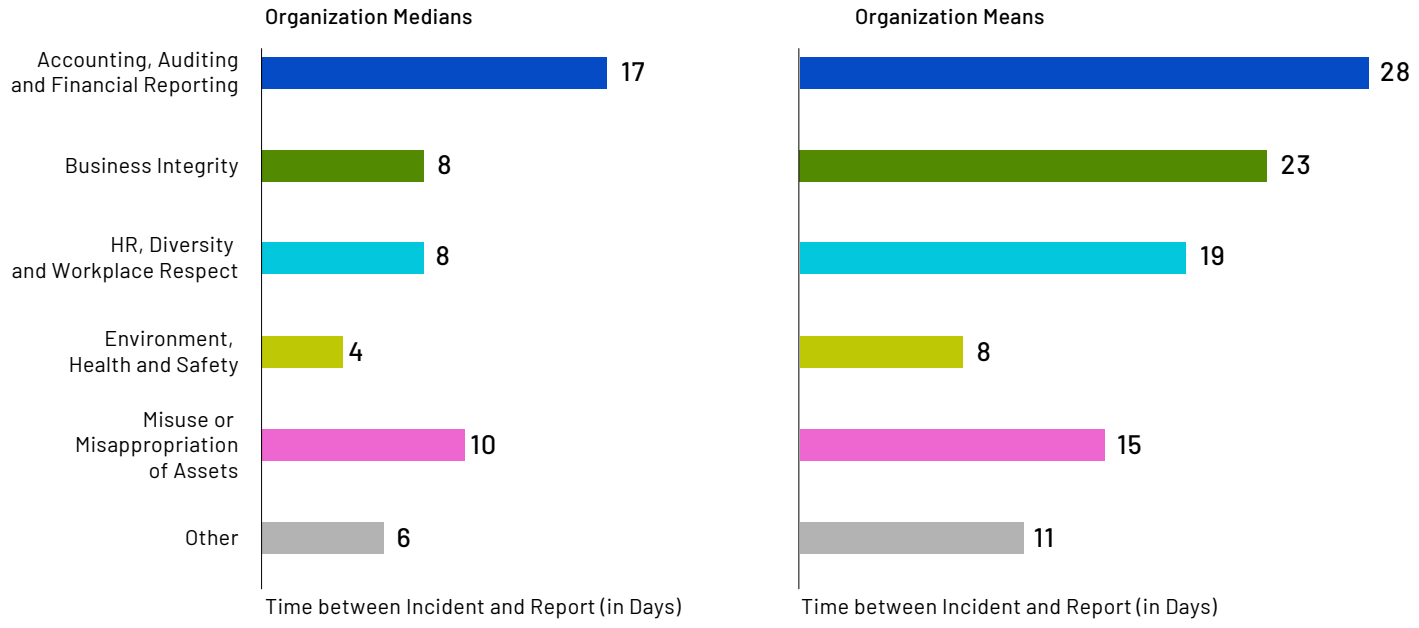
	Organization Medians			Organization Means		
Category	2021	2022	2023	2021	2022	2023
<5	35.8%	33.7%	**31.8%**	16.8%	13.7%	**12.2%**
5-9	22.0%	24.7%	**23.1%**	11.6%	12.5%	**11.5%**
10-14	10.0%	10.3%	**11.5%**	10.2%	10.8%	**10.1%**
15-19	6.7%	7.6%	**7.3%**	8.2%	8.9%	**8.7%**
20-24	4.3%	4.5%	**5.8%**	5.8%	6.9%	**7.5%**
25-29	3.7%	2.9%	**3.1%**	5.6%	6.8%	**6.2%**
30-39	4.1%	3.7%	**4.4%**	7.8%	8.1%	**9.4%**
40-49	3.1%	1.8%	**2.5%**	7.0%	5.5%	**6.2%**
50-59	1.6%	1.8%	**1.6%**	4.5%	5.1%	**5.1%**
60+	8.6%	8.9%	**8.8%**	22.6%	21.7%	**23.1%**

Time Difference Between Incident & Report Date – Risk Category Comparison

Across the distribution of organization means and organization medians for *Time Difference Between Incident & Report Dates, Accounting, Auditing and Financial Reporting* is consistently much higher than any of the other *Risk Categories*.

In contrast, the time difference for reporting *Environment, Health and Safety* issues is shorter than all other *Risk Categories* across all points in the distributions for both medians and means. This suggests that accounting issues may be harder to detect or more seriously considered, but *Environment, Health and Safety* issues are more visible.

TIME DIFFERENCE BETWEEN INCIDENT & REPORT DATE BY RISK CATEGORY
Median reporting value (MRV) in days



TIME DIFFERENCE BETWEEN INCIDENT & REPORT DATE BY RISK CATEGORY – ORGANIZATION MEDIAN VALUES PERCENTILE COMPARISON
Median reporting value (MRV) in days

Category	10th	25th	Median	75th	90th
Accounting, Auditing and Financial Reporting	1 day	5 days	**17 days**	56 days	166 days
Business Integrity	1 day	3 days	**8 days**	25 days	75 days
HR, Diversity and Workplace Respect	1 day	3 days	**8 days**	21 days	49 days
Environment, Health and Safety	1 day	2 days	**4 days**	12 days	34 days
Misuse or Misappropriation of Assets	1 day	4 days	**10 days**	26 days	69 days
Other	0 days	2 days	**6 days**	20 days	62 days

TIME DIFFERENCE BETWEEN INCIDENT & REPORT DATE – ORGANIZATION MEAN VALUES PERCENTILE COMPARISON
Median reporting value (MRV) in days

Category	10th	25th	Median	75th	90th
Accounting, Auditing and Financial Reporting	2 days	10 days	**28 days**	82 days	223 days
Business Integrity	2 days	7 days	**23 days**	59 days	147 days
HR, Diversity and Workplace Respect	3 days	8 days	**19 days**	41 days	92 days
Environment, Health and Safety	1 day	3 days	**8 days**	23 days	65 days
Misuse or Misappropriation of Assets	2 days	6 days	**15 days**	43 days	98 days
Other	1 day	3 days	**11 days**	32 days	88 days

09 Report Outcomes

09 Report Outcomes

Employment Separation and Training increase, Policy Change and Discipline decrease for substantiated case outcomes

To analyze this metric, we organized *Report Outcome* results to include: Discipline, No Action, Policy Review/Change, Referral, Separation, Training and Other.

How to calculate: Sort substantiated reports into one of the seven outcomes. Divide the number of reports in each of the outcomes by the total number of reports.

Findings

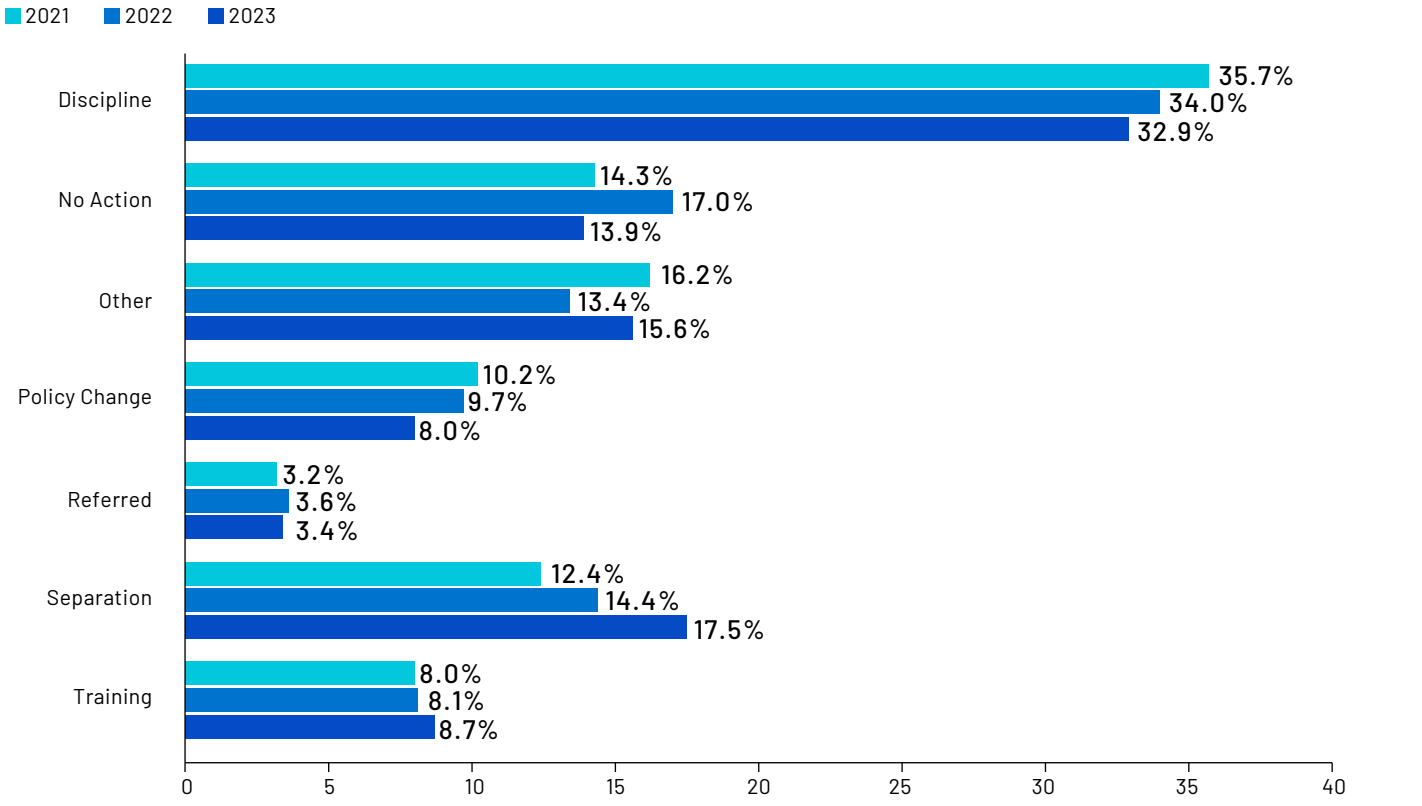
Separation has grown in its share of all *Report Outcomes* over multiple years – from 12.4% in 2021, 14.4% in 2022 and to 17.5% in 2023. Seen another way, more than one out of every six substantiated reports in 2023 resulted in Separation. Training outcomes increased as well, though to a lesser degree. The increased frequency of Separation as an outcome may signal that either organizations are taking misconduct more seriously or the misconduct itself is more serious.

Discipline, while still the most common outcome overall, has steadily declined, from 35.7% in 2021, 34.0% in 2022 and to 32.9% in 2023. An additional notable outcome which has decreased is Policy Change, decreasing just over 2 percentage points between 2021 and 2023. This is of some concern as a policy change is an indicator of performing a root cause analysis, which is expected under guidance from the U.S. Department of Justice.

"... a hallmark of a compliance program that is working effectively in practice is the extent to which a company is able to conduct a thoughtful root cause analysis of misconduct and timely and appropriately remediate to address the root causes."

Evaluation of Corporate Compliance Programs,
U.S. Department of Justice

REPORT OUTCOMES – REPORT OUTCOMES FOR SUBSTANTIATED REPORTS
Frequency Distribution



Report Outcomes - Report Outcome by Risk Category

Accounting, misuse of asset reports most likely to result in Separation

Substantiated *Accounting, Auditing and Financial Reporting* and *Misuse or Misappropriation of Assets* reports were far more likely to result in Separation than those in other *Risk Categories*. *Environment, Health and Safety* reports were most likely among the *Risk Categories* to result in a Policy Change, though Discipline was a more frequent outcome.

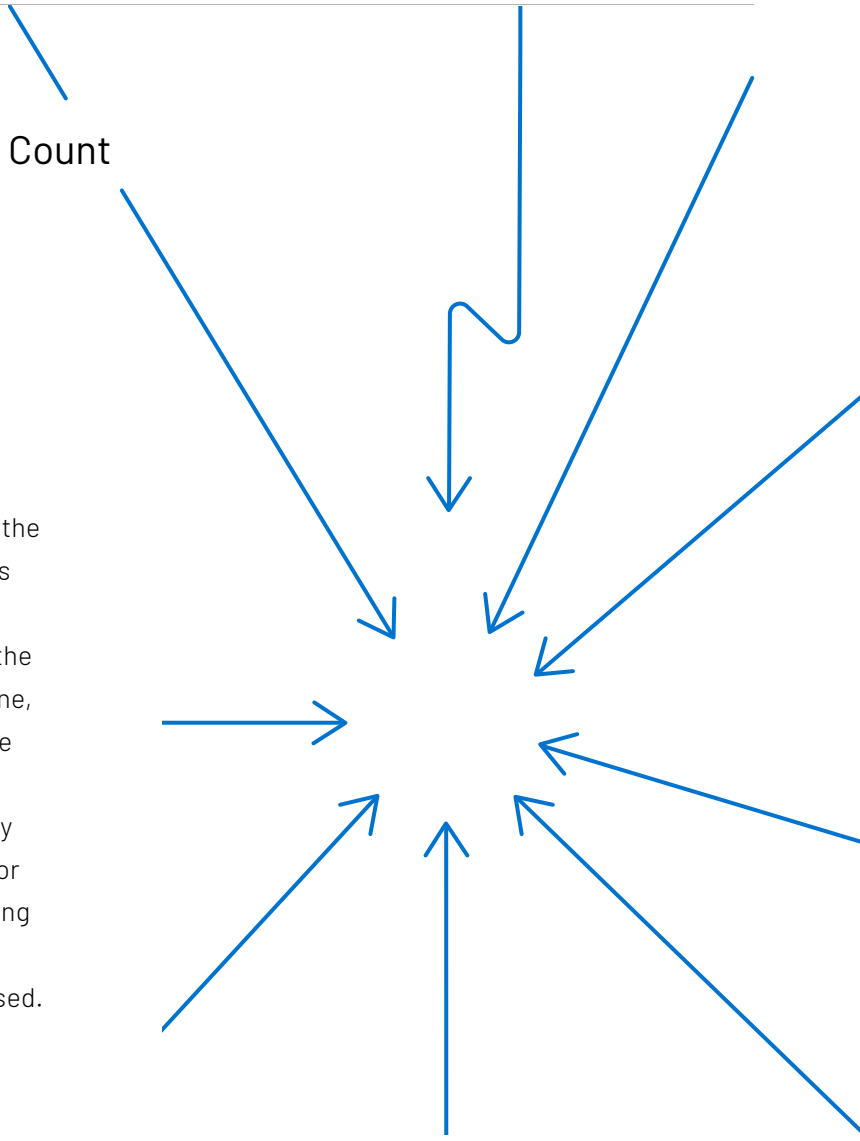
Business Integrity reports were most likely to result in Training, though, again, Discipline was more frequent. *HR, Diversity and Workplace Respect* and *Misuse or Misappropriation of Assets* reports were both most likely to result in Discipline.

Of note, nearly 20% of all substantiated *Business Integrity* reports resulted in No Action. This is surprising given potential severity of *Business Integrity* reports.

REPORT OUTCOMES – REPORT OUTCOME BY RISK CATEGORY
Frequency distribution of actions taken

Risk Category	No Action	Other	Referred	Policy Change	Training	Discipline	Separation
Accounting, Auditing and Financial Reporting	8.7%	17.6%	5.1%	5.6%	4.2%	25.4%	33.4%
Business Integrity	19.8%	18.1%	2.4%	9.9%	13.2%	26.3%	10.3%
HR, Diversity and Workplace Respect	10.1%	15.2%	2.3%	5.6%	8.6%	38.5%	19.7%
Environment, Health and Safety	16.6%	18.9%	6.5%	17.1%	5.0%	21.4%	14.5%
Misuse or Misappropriation of Assets	6.9%	5.9%	8.2%	3.9%	3.7%	38.3%	33.1%
Other	32.6%	14.0%	2.9%	10.9%	10.4%	21.3%	7.9%

Report Outcomes – Report Outcome by Employee Count



No Action most common for smallest organizations

Our cohort representing the smallest organizations – those with fewer than 2,500 employees – took No Action nearly a third of the time in the face of a substantiated case. This was more than double the frequency of any other group. Cases for this group were also the least likely to result in Separation or Discipline, and were most likely to result in Training. The largest organizations, those with 100,000 or more employees, have the highest frequency of both Discipline and Referred and lowest for Policy Change and Training. Generally, Training became less common as a share of *Report Outcomes* as the size of organization increased.

REPORT OUTCOMES – REPORT OUTCOME BY EMPLOYEE COUNT
Frequency distribution

Category	No Action	Other	Referred	Policy Change	Training	Discipline	Separation
0-2,499	32.2%	14.4%	2.2%	11.3%	16.2%	14.3%	9.3%
2,500-5,999	14.5%	8.8%	1.6%	9.1%	16.0%	29.1%	20.9%
6,000-9,999	10.8%	9.5%	3.1%	9.8%	9.5%	35.6%	21.8%
10,000-49,999	9.9%	16.2%	4.1%	11.5%	10.0%	32.1%	16.2%
50,000-99,999	13.4%	27.3%	0.7%	5.0%	7.5%	24.6%	21.6%
100,000+	15.0%	10.4%	4.8%	3.9%	5.7%	42.7%	17.5%

10 Reporter Category

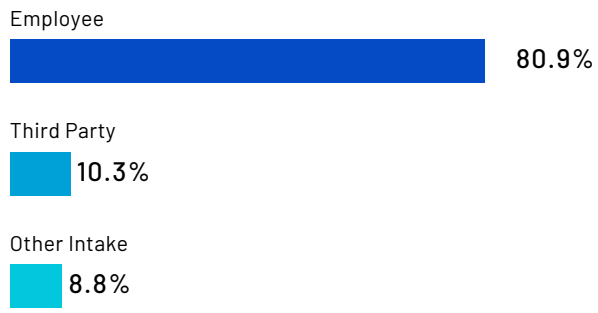
10 Reporter Category

Comparing reporting by employees versus third parties shows unique differences in each metric tested

For the first time, this year we have been able to calculate data based on the relationship of the reporter to the organization. *Reporter Category* shows benchmarking metrics by employee, third-party reporters or other (unidentified).

How to calculate: For reports with an indicated reporter relationship, group reports by employee or third party. Group reports where the reporter either did not disclosure their *Reporter Category*, or the category was unclear, as other.

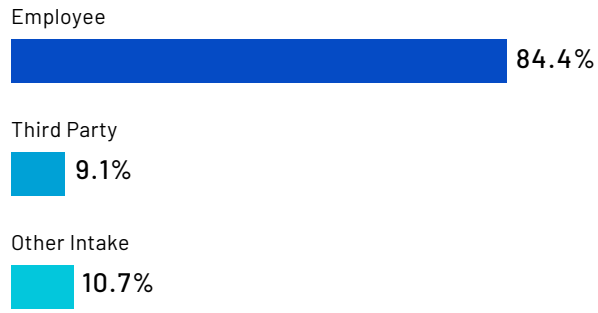
REPORTER CATEGORY
– FREQUENCY COMPARISON
Frequency Distribution



Findings

Reporting by third parties (outside an organization's employee base) represented over 10% of the identified relationships by frequency in 2023. When calculating by median, we still see 9.1% of reports coming from third parties, compared to 84.4% by employees (with a frequency of 8.8% or a median of 10.7% as other/unidentified).

REPORTER CATEGORY
– MEDIAN COMPARISON
Median reporting value (MRV)

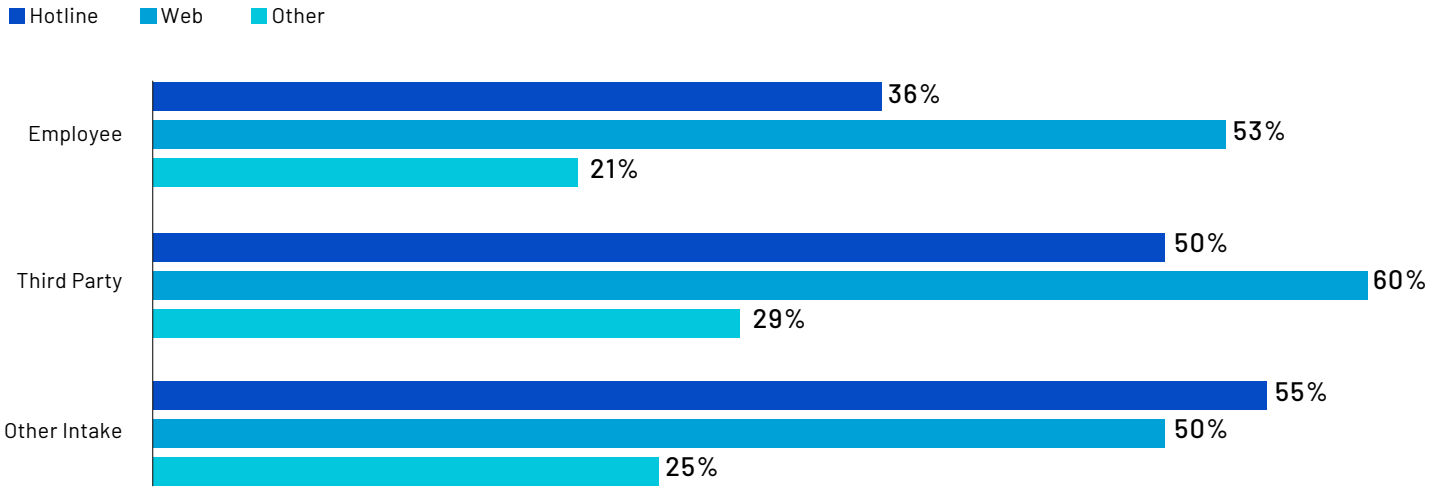


Reporter Category – Intake Method

Both phone and web reporting are needed for third-party reporting

Medians for the share of reports in each intake method show third-party reporters turning to *Hotline Intake* more than employees. This highlights the importance of having hotlines that individuals outside of the organization can use. *Web Intake* showed the highest median use for both groups, however, which also emphasizes the importance of this channel for both internal and external users. Overall, having multiple intake methods is important for both internal and external users.

REPORTER CATEGORY – INTAKE METHOD
Median reporting value (MRV)

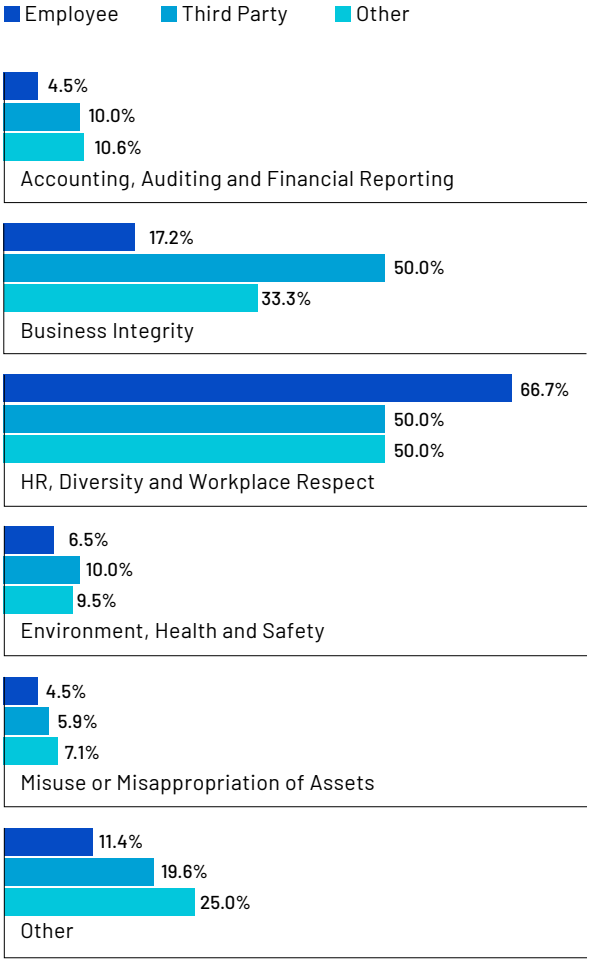


Reporter Category – Risk Category

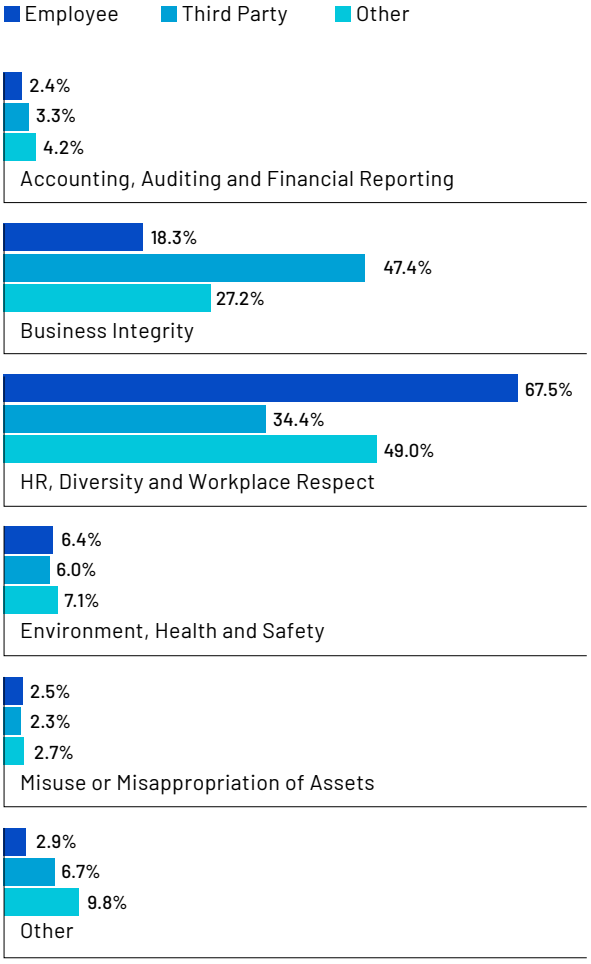
Third parties more likely to report accounting-related and Business Integrity issues

Median share of reports by *Risk Category* shows third parties far more likely in 2023 to report *Business Integrity* Issues than employees, and over twice as likely to report issues around *Accounting, Auditing and Financial Reporting*.
This highlights the importance of having availability of a reporting avenue for third parties.

REPORTER CATEGORY – RISK CATEGORY
Median reporting value (MRV)



REPORTER CATEGORY – RISK CATEGORY
Frequency Distribution

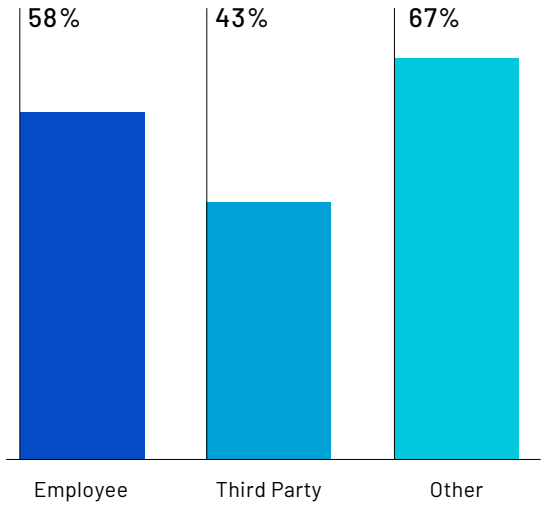


Reporter Category – Anonymous vs. Named Reports

Third-party reports more likely to be named

A median 43% of reports made by third parties in 2023 were anonymous, compared to 58% from employees. While some suppliers or contractors may be concerned about giving their name, customers and less job-dependent reporters are likely driving the lower anonymity rate for third parties.

REPORTER CATEGORY
– ANONYMOUS VS. NAMED REPORTS
Median reporting value (MRV)

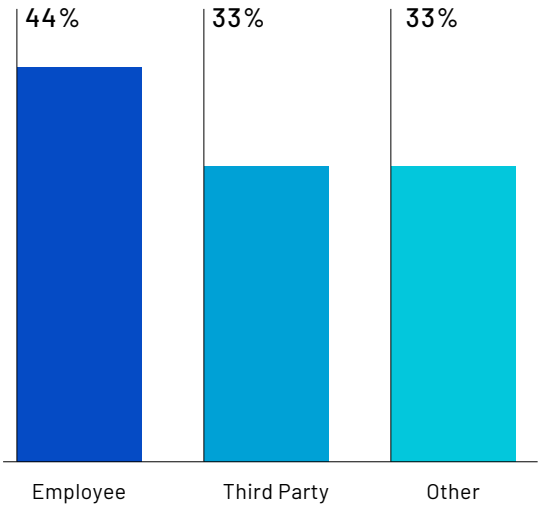


Reporter Category – Substantiation Rate

Substantiation higher for employee reporting than third parties

Median *Substantiation Rate* was higher for employees than third-party reporters in 2023, at 44% and 33% respectively. This may come as no surprise given the additional training, resources and proximity to the organization employees have when making a report, yet third parties are still flagging credible issues.

REPORTER CATEGORY
– SUBSTANTIATION RATE
Median reporting value (MRV)



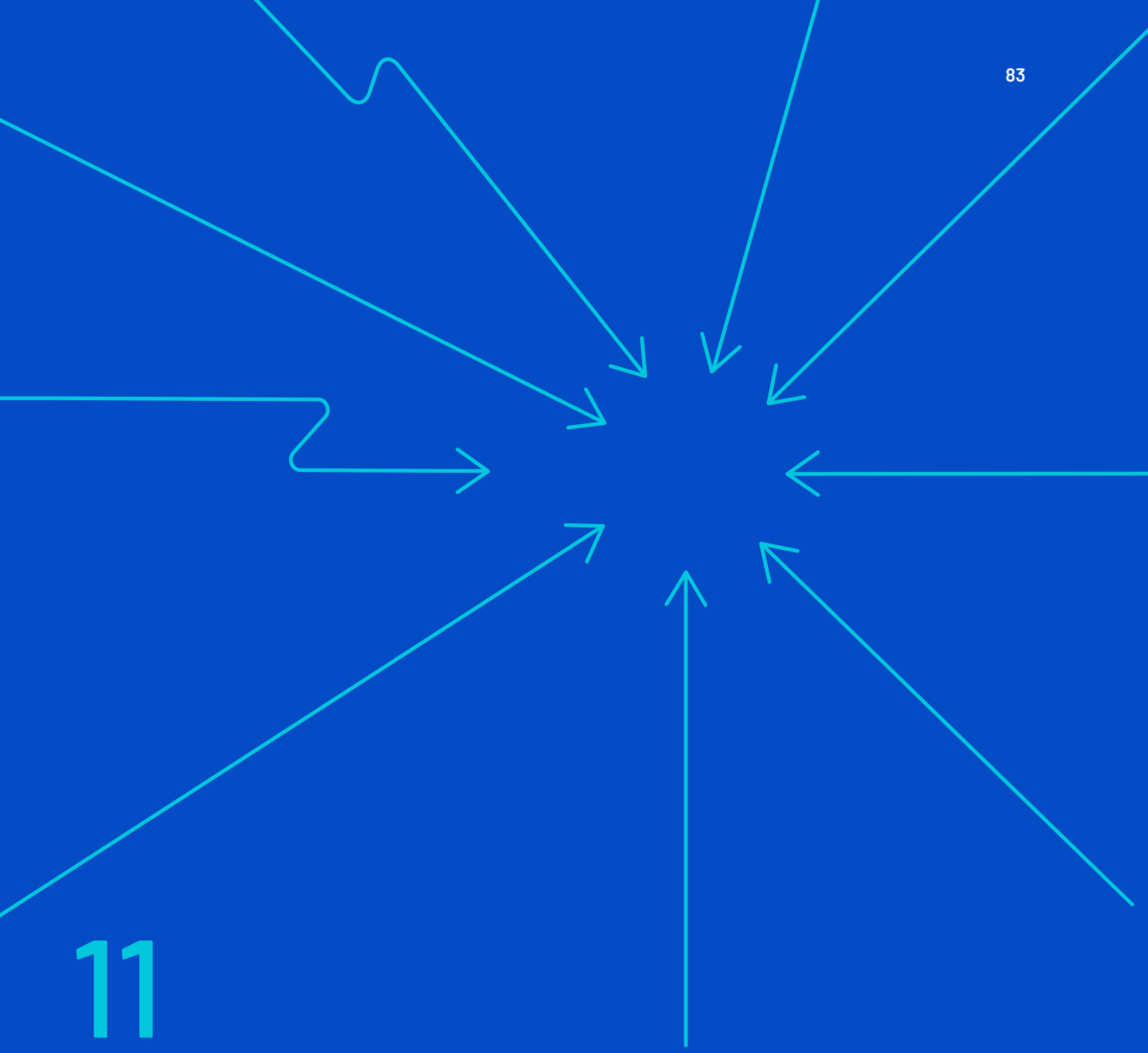
Reporter Category – Report Outcome

Mixed picture, with fewer punitive actions for third-party reports

A smaller share of third-party reports resulted in the punitive actions of Discipline or Separation than those from employees. A greater share of third-party reports resulted in No Action, or Other. Third-party reports were more likely than those from employees to result in Policy Change or Training.

REPORT OUTCOME BY REPORTER CATEGORY
Frequency distribution

Category	No Action	Other	Referred	Policy Change	Training	Discipline	Separation
Employee	10.0%	15.0%	2.0%	6.7%	10.6%	38.2%	17.4%
Third Party	22.0%	18.0%	2.1%	7.9%	12.9%	29.5%	7.6%
Other	17.4%	19.9%	2.6%	5.3%	7.9%	36.9%	10.0%



11 Conclusion and Key Takeaways

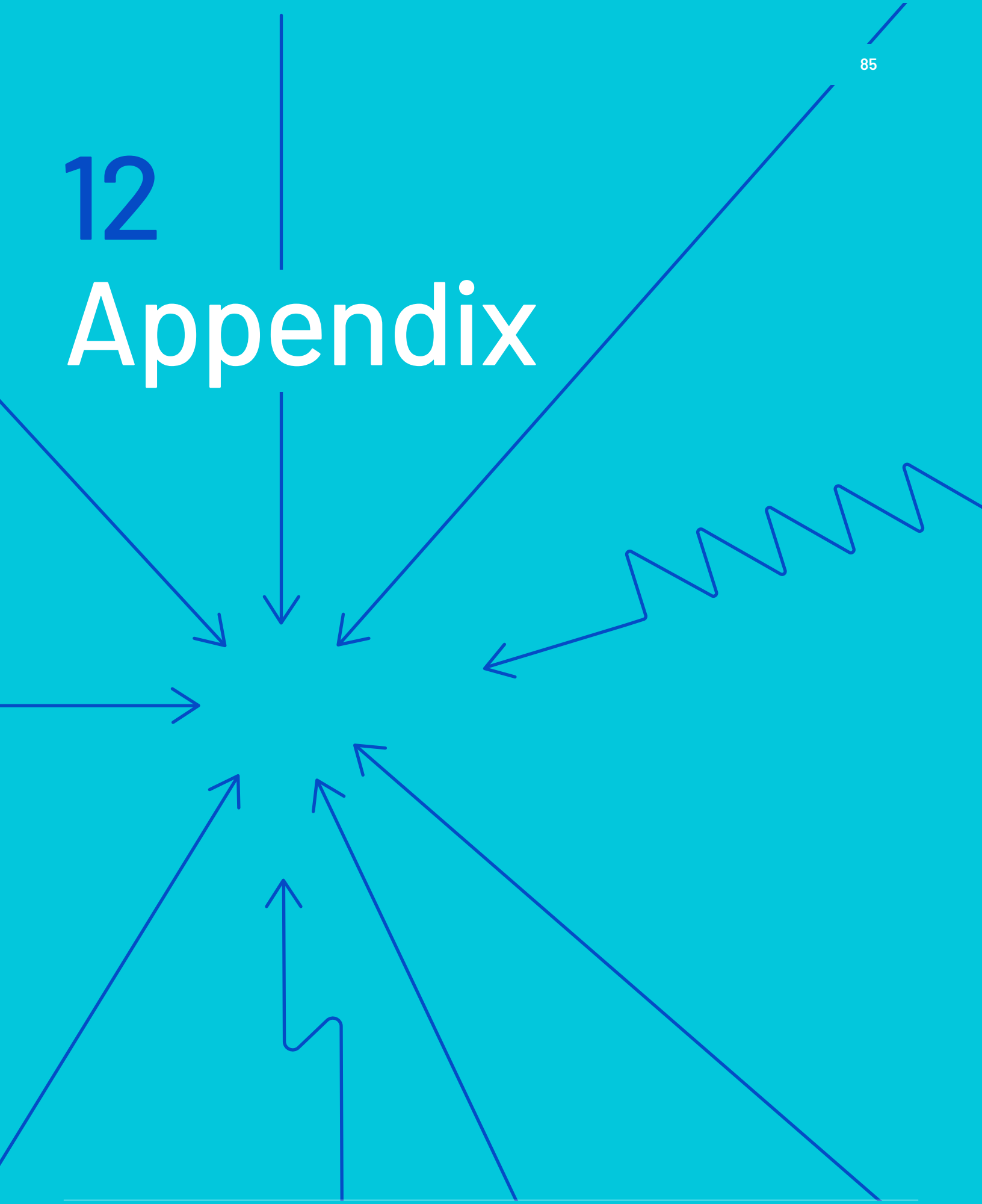
11 Conclusion and Key Takeaways

The metrics in this report provide a powerful opportunity for organizations to understand how to grow and improve their internal reporting programs. Our analysis suggests some high-level trends to keep in mind.

- Data for 2023 showed reporters to be eager to speak up, and when reporters trust an internal system, they are more likely to use it. Higher volumes are also shown to correspond with richer reporting across categories. Ensure training and messaging build trust, affirm retaliation is never tolerated, and make sure the system itself presents the lowest barriers possible for an individual to make a report.
- The overall rise in *Substantiation Rate* may signal that reporters are growing more informed before making a report. Organizations should continue to help reporters to understand what constitutes actual misconduct – this includes training, making policies easy to access and understand, and encouraging inquiries through an internal reporting system.
- Third parties in 2023 provided a different mix of reports to organizations than those organizations' own employees. By encouraging outside individuals to make reports, organizations can achieve a better understanding of the issues that may require action to reduce risk and maintain organizational ethics and compliance.
- The rise in substantiated reporting is putting more information into Compliance's hands about the health of their organizational culture and associated business risks. Program leaders and managers can leverage that intelligence to inform risk management across other areas of the business,
- The record levels of tips received by the SEC in its fiscal year 2023 is a signal that reporters have alternatives outside of internal programs. Internal reporting programs should demonstrate that they take *Accounting, Auditing and Financial Reporting* issues seriously.

As stated earlier in this report, there are no "right" outcomes in benchmarking reporting data. Yet by comparing their own programs against these global metrics, organizations can gain a better understanding of their culture and risks - and how to positively impact both.

12 Appendix



12 Appendix: Guide to Risk Categories, Risk Types and Statistics

HR, Diversity and Workplace Respect

Risk Type	Risk Type Definition
Harassment	Reports of harassment that are linked to a protected characteristic (such as race, gender, sex, religion, disability, age, etc.) and includes allegations of unwelcome behavior that is offensive to a reasonable person, and is related to, or done because of, a protected characteristic.
Discrimination	Reports of discrimination or concerns relating to accommodation requests. Discrimination generally occurs when there is a negative employment action impacting a term or condition of employment, that action is taken by the employer (which can include managers as well as others who have control over terms or conditions of work such as team leads), or the action was taken because of protected characteristic. A workplace accommodation involves a request to adjust something relating to work linked to either a religious practice/belief or a disability. This includes allegations or reports related to religious practices or beliefs or speaks to a workplace modification or leave request linked to a medical condition or disability.
Substance Abuse	Reports related to impairment resulting from use of substances (drugs/alcohol – legal or illegal) impacting the workplace or violating a policy – can be on or off-duty and on- or off-premises including at company events.
Compensation and Benefits	Reports related to matters of compensation, pay, insurance, time-off, retirement benefits, leaves of absence (paternity, maternity, other medical) and other common employee benefits. Examples could include incorrect paycheck or inaccurate recording of vacation/time-off/sick time.
Workplace Civility	Reports related to abusive or disrespectful behavior connected to work that are not harassment or discrimination.
Other Human Resources	Reports that cannot be categorized elsewhere and likely involve Human Resources. Examples include performance management, discipline, immigration, labor relations, grievances, job eliminations, arrests and convictions, and the sale or distribution of drugs.
Retaliation	Reports of retaliation/reprisal of any kind against an employee including claims of any action taken to punish or dissuade an employee from making a report or participating in an investigation either internally or externally. Retaliation claims most often involve allegations against a manager, supervisor or some other person with control and power over the reporting person. However, retaliation can also involve conduct by a coworker.

Business Integrity

Risk Type	Risk Type Definition
Conflicts of Interest	Reports about a conflict of interest, either a self-report or a report involving the behavior of others. A conflict of interest can arise in any situation where an employee's financial or personal interest could potentially or actually interfere, or even appear to interfere, with their business judgement or the interests of the organization.
Confidential and Proprietary Information	Reports related to confidential and proprietary information or intellectual property. Confidential information is any non-public information that is not intended or permitted to be shared beyond those with a genuine business need to know the information. Confidential information can include information about people or companies and specifically includes business plans, trade secret information, customer lists, sales and marketing strategies, pricing, product development plans, and any notes or documentation of the foregoing. Intellectual property refers to an original, intangible creation of human intellect that is legally protected from unauthorized use. Intellectual property includes patents, trademarks and copyrighted works of authorship, like photographs, music, literary works, graphic design, source code, and audio and audiovisual recordings.
Data Privacy and Protection	Reports related to the rights and responsibilities relating to data held or processed by an organization. This data can include data about employees, customers, consumers or others. Examples include allegations of data misuse, loss or theft of data, breaches or attempted breaches or requests by an individual relating to their own data.
Free and Fair Competition	Reports involving activities that undermine free and fair competition in the marketplace. These activities frequently involve any agreement with a competitor to fix prices or otherwise limit competition. Even the appearance of such agreement is problematic.
Bribery and Corruption	Reports of public or private instances of bribery. Bribery occurs when a person offers money or something else of value – to an official or someone in a position of power or influence – for the purpose of gaining influence over them. Corruption includes dishonest or illegal behavior – especially of people in authority – using their power to do dishonest or illegal things in return for money or to get an advantage over someone else.

Risk Type	Risk Type Definition
Insider Trading	Reports that a person is buying or selling any company's (employer's or any other company's) securities/stock based on non-public information as well as passing (tipping) this information on to someone else who then buys or sells stock.
Global Trade	Reports related to the import and export of goods and services globally. It can include imports (bringing goods or services into a country) or exports (sending goods or services – including software – from one country to another). This category also includes reports relating to sanctions/trade sanctions (people or countries) which make it unlawful to do business with sanctioned people or countries.
Political Activity	Reports of improper use of employer resources (time, assets, brand, etc.) for political activity (by an individual or an organization) such as using work time for political activities, pressuring colleagues to give money or time to a political action committee (PAC) or associating organization name with a political candidate/official/group. It can also include misuse of company funds for political activities, using company resources to create or distribute political messages and violations of lobbying regulations and restrictions.
Human Rights	Reports related to human rights which generally refer to the basic rights and freedoms of individuals. Examples include reports relating to human trafficking or modern-day slavery that involve the use of force, fraud or coercion to obtain labor or sex for money, drugs or other goods.
Product Quality and Safety	Reports about quality and safety issues related to products. Examples include allegations that a product is not safe for intended use, is putting others at risk of harm or that it fails to meet industry standards.
Other Business Integrity	Reports related to business integrity that cannot be categorized elsewhere. Examples include industry-specific policies, regulations or laws.

Accounting, Auditing and Financial Reporting

Risk Type	Risk Type Definition
Accounting, Auditing and Financial Reporting	Reports related to accounting, financial reporting or auditing. Examples include the unethical or improper recording and analysis of the business and financial transactions associated with generally accepted accounting practices. Examples include misstatement of revenues, misstatement of expenses, misstatement of assets, misapplications of GAAP principles, and wrongful transactions.

Misuse or Misappropriation of Assets

Risk Type	Risk Type Definition
Misuse or Misappropriation of Assets	Reports that the organization's assets are being wasted, inappropriately used, abused, or not properly protected. This category can include a wide array of assets such as property, tools, money/credit cards, facilities, company vehicles, employee time and even abuse of employer provided benefits.

Environment, Health and Safety

Risk Type	Risk Type Definition
Imminent Threat to a Person, Animals or Property	Reports of imminent or immediate threat of harm to a person or people, animals or property. Reports may or may not involve a weapon and generally are the kind of incident where authorities (such as police or fire) are called to assist.
Environmental	Reports about impact to the environment. This could include intentional, negligent or accidental acts or omissions that harm the environment or violate policy, regulatory or legal requirements. It can also include acts or omissions that otherwise present a risk to the climate. Examples can include such things as spills, mismanaged wastewater or resources, release of harmful materials or substances into the atmosphere or improper disposal of hazardous waste.
Health and Safety	Reports about workplace safety. This can include employee safety and facilities or equipment. Each employee is responsible for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Reports about concerns such as a threat of assault or violence (not including an imminent threat). Reports about physical security in a facility.

Other

Risk Type	Risk Type Definition
Other	Reports that do not fit any of the other categories listed.

Let's talk statistics: distributions, assumptions and their implications

Throughout this report we reference a number of statistical terms when discussing calculation methodologies.

What is a distribution?

A distribution is a set of numbers considered as a whole.

Defining average: mean vs. median vs. mode

There are three primary calculations when considering what is "average" for a set of numbers:

- **Mean**: the sum of all values divided by the number of values summed
- **Median**: the number at the exact middle point of a sorted distribution
- **Mode**: the most repeated value in a distribution. Mode is not used for any of the statistics presented in this report.

This report primarily presents medians because it mitigates the influence of extremely high and low values in the distribution, called outliers. To illustrate the impact of outliers, we can consider the following two distributions:

DISTRIBUTION A: {1, 2, 3, 4, 5}

DISTRIBUTION B: {1, 2, 3, 4, 490}

If you take the mean of Distribution A, you will get 3. If you take the mean of Distribution B, you will get 100. In both of cases, the median is 3. That median value is much closer to the values of 1, 2, 3 and 4 than the mean.

We consider both median and mean values for select metrics. Doing so allows our readers to both ensure they are comparing against the correct metric for their internally calculated statistics and affords insight into how skewed the distributions of those metrics are.

Skewed distributions

A distribution is said to be skewed when the values are not evenly spread in both directions from the median. A skewed distribution can make it more challenging to analyze the data in the distribution. In fact, out of the three calculations of what is "average" in a distribution, the mean is most affected by a skewed distribution.

If there are some values above the median that are comparatively high, that distribution is said to be skewed high and the mean will be higher than the median. The converse is true when you have a distribution which is skewed low.

A classic example of distribution which is skewed high is income in the United States; as of 2021, the mean income was $97,962, while the median was $69,717. This gap in median and mean income calculations is due to a relatively small number of very high incomes.

Examples and implications of altering a distribution

Let's consider the following distribution:

{1, 2, 3, 5, 6, 8, 9, 12, 17}

We can see that the median is the highlighted figure 6 and calculate the mean as (63 / 9) = 7. This implies that the distribution is skewed high, which makes sense when considering the values 12 and 17 in relation to the rest of the distribution.

Now let's trim the top and bottom values, leaving us with this distribution:

{2, 3, 5, 6, 8, 9, 12}

The median does not change, however when we calculate the mean, we get ~6.42, lower than the value calculated on the distribution before trimming off the top and bottom values. Methods like this are used to reduce the influence of very high and very low values on the calculation of means while leaving the median unchanged.

There are times when using rules to remove values from a distribution can have unintended consequences for calculated statistics. Let's consider a situation where we have a rule to exclude values of 0 and 1 when calculating statistics and this distribution:

{0.1, 0.2, 0.3, 0.4, 0.5, 0.6, 0.7, 0.8, 0.9}

With the distribution as it stands, this has no impact on median or mean, both of which are 0.5. Now let's say that a situation arises which decreases the values in the distribution to this:

{0, 0, 0, 0.3, 0.4, 0.5, 0.6, 0.7, 0.8}

If we take the median and mean of this distribution excluding the zero values, we get a mean and median of 0.55, higher than the calculations on the original distribution with overall higher values. Taking the zeroes into account, the median comes out to 0.4 and the mean to ~0.367, much more reflective of the new situation.

Hopefully, this appendix has illustrated the need for careful consideration and research of a distribution, and a solid fundamental understanding of what statistic is needed when asking questions about compliance or any other data.

- There are three ways to consider what is average in a distribution: mean, median and mode.
- Skewed distributions affect means much more than medians.
- Making changes to a distribution will almost always change calculated statistics.

About the authors

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As one of the earliest ethics officers in the industry, Carrie Penman has been with NAVEX since 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 employing many of the best practices that 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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