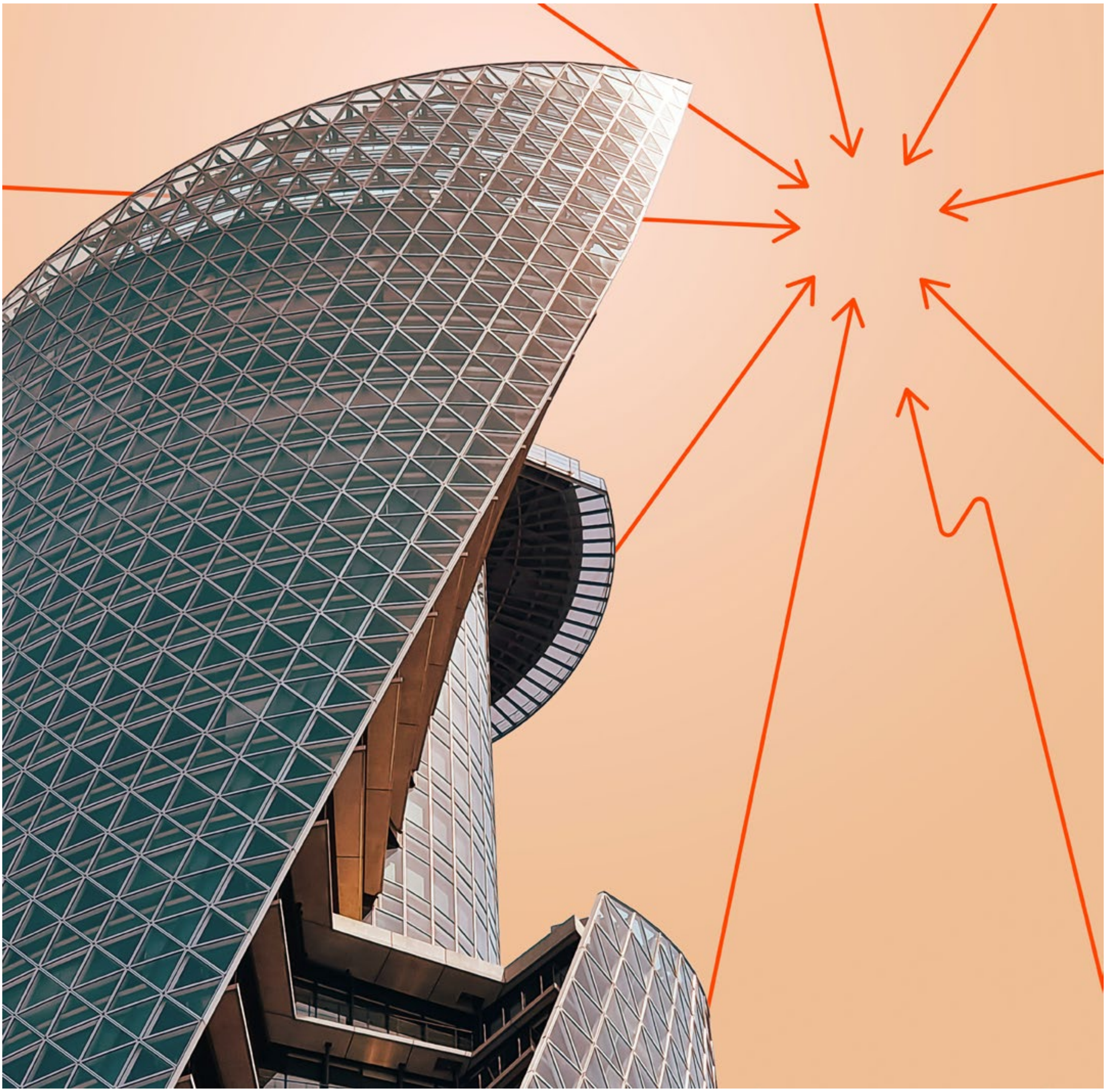
Northstar Series

The State of Risk & Compliance in Japan

2026



Foreword

Author

Nick Mitsuya, Japan Country Manager, NAVEX

This report analyzes the responses of 102 executives based in Japan and compares them with the global findings of the "State of R&C in Japan 2026" survey, conducted between January and February 2026 among approximately 1,200 senior executives worldwide.

The results indicate that Japanese companies' compliance and ethics programs are broadly aligned with international standards. Senior executives in Japan demonstrate a level of ethical awareness comparable to that of their global counterparts and generally hold positive views of the use of artificial intelligence in compliance-related activities. This suggests that Japanese organizations recognize AI's potential to improve risk management, monitoring, and compliance processes.

However, the survey also highlights several notable challenges the Japanese business face. Compared with global respondents, Japanese companies report a higher occurrence of ethics and compliance issues involving third parties, such as suppliers and distributors. In addition, Japanese organizations appear less proactive than their international peers in promoting a strong "speak-up" culture. The findings further suggest that companies in Japan invest less aggressively in strengthening and enhancing their compliance frameworks.

By understanding their specific needs and priorities, companies can make more informed decisions about where to allocate resources and investments. The report aims to support organizations in this process by providing insights that can help them develop, strengthen, and implement more effective ethics and compliance initiatives in an increasingly complex business environment.

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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.

01
The state of risk and compliance in Japan: a solid foundation and a cautious approach

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Japanese companies' risk management and compliance programs are generally aligned with the global average, but also have some weaknesses, including third-party risk

According to this survey, Japanese companies' risk management and compliance (R&C) programs, as well as their level of maturity, are generally on par with the global average.

When referencing program maturity, NAVEX aligns with the Ethics and Compliance Initiative (ECI) High-Quality Program (HQP). Japanese companies' risk management and compliance (R&C) programs are generally aligned with the global average, and program maturity levels are also broadly aligned. Survey respondents self-report their program maturity using the following five HQP maturity levels.

HQP: 5 STAGES OF MATURITY

UNDERDEVELOPED	A new program or an existing one that has not progressed far in embedding HQP elements
DEFINING	A program that contains a number of HQP elements reflecting some important attributes, but with room to further mature
ADAPTING	A program that has a few HQP elements, but still lacks many
MANAGING	A program that can be considered effective or good, but not an HQP
OPTIMIZING	A program that contains the majority of, if not all, HQP elements

The definition of HQP maturity model

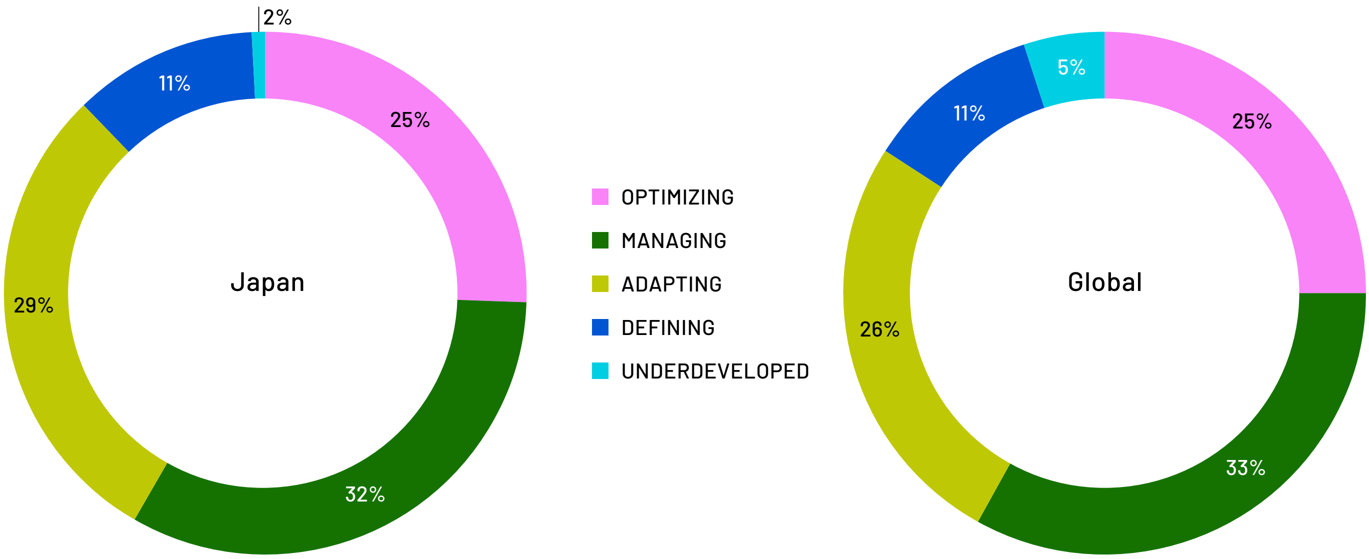
High-Quality Program (HQP): a maturity model with five levels developed by the Ethics and Compliance Initiative that identifies best practices in the following compliance program areas:

HIGH-QUALITY COMPLIANCE PROGRAM: 5 CORE AREAS

1	Ethics and compliance is central to business strategy
2	Ethics and compliance risks are identified, owned, managed, and mitigated
3	Leaders at all levels across the organization build and sustain a culture of integrity
4	The organization encourages, protects, and values the reporting of concerns and suspected wrongdoing
5	The organization takes action and holds itself accountable when wrongdoing occurs

ETHICS AND COMPLIANCE PROGRAM MATURITY, Japan and Global

'Which of the following statements best describes your organization's Ethics and Compliance program?' (select all applicable)



Japanese organizations report a strong level of program maturity, closely mirroring global benchmarks, with the majority at the Managing or Optimizing stage. Notably, fewer Japanese companies describe their programs as underdeveloped compared to the global average, suggesting a solid foundation across the region.

57%

Japanese organizations report a strong level of program maturity (Managing & Optimizing)

The R&C team's influence within the company

While Japan's R&C teams are generally well-positioned within their organizations, the findings suggest there remains an opportunity to strengthen their role as proactive strategic advisors. Although 70% of Japanese respondents indicated that compliance teams were consulted on AI implementation – a high number at the first glance – this still trails the global average of 78%.

"As ethics and compliance continue to evolve in response to emerging technologies such as AI and rising stakeholder expectations, the role of Japanese R&C teams must likewise expand beyond traditional oversight to become a strategic partner across the organization," says Nick Mitsuya, Japan Country Manager at NAVEX. "Recent developments – including the growing presence of unmanaged AI within companies – highlight how a single governance gap can quickly escalate into an enterprise-wide risk. Against this backdrop, strengthening collaboration and establishing robust cross-functional partnerships with every department is no longer optional; it is a business imperative for effective risk management and sustainable corporate governance," he continues.

70%

of Japanese compliance teams are involved in decision-making on AI implementation

Japanese companies shy away from aggressive investment in compliance programs

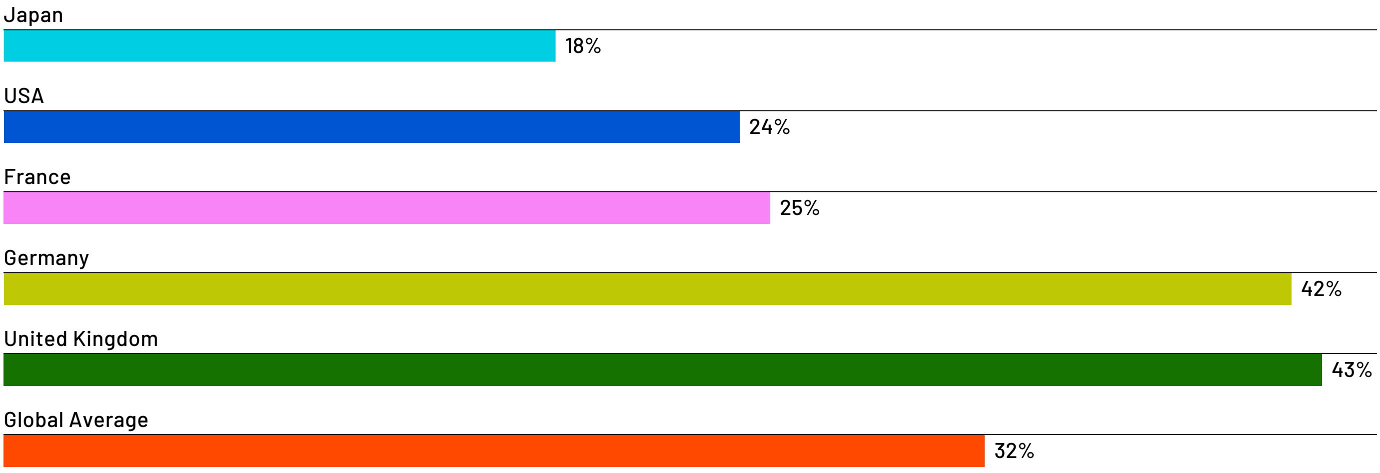
Budget allocation represents a notable area of divergence between Japanese organizations and their global peers. While 32% of organizations globally expect to increase compliance program budgets by 10% or more over the next 12 months, only 18% of Japanese organizations report similar investment plans.

“At first glance, Japanese companies appear to be reluctant to invest in compliance programs compared to companies in other countries. However, only 2% of Japanese companies reported expecting budget cuts of 10% or more, while 80% stated that their budgets would “remain flat or increase slightly. This suggests the majority of Japanese companies are aiming to maintain the status quo rather than cut their compliance programs,” says Nick Mitsuya.

“However, as global investment in ethics and compliance continues to expand, failing to invest aggressively now could lead to a further widening of the gap between Japan and the rest of the world. Before the gap with companies in other countries becomes too wide to bridge, it is advisable to determine the direction of the company’s programs and its priorities and proceed with proactive investment.”

ETHICS AND COMPLIANCE PROGRAM’S EXPECTED CHANGE FROM 2025 TO 2026

The proportion of respondents who answered ‘an increase of 10 per cent or more’ to the question:
“How much is the budget for the Ethics and Compliance Program expected to change from 2025 to 2026?”



Third-party risk: how should organizations tackle the issue?

What compliance challenges are Risk and Compliance (R&C) functions within Japanese organizations facing? To what extent do these challenges differ from those encountered by organizations globally, and what compliance challenges are emerging that are unique to the Japanese market?

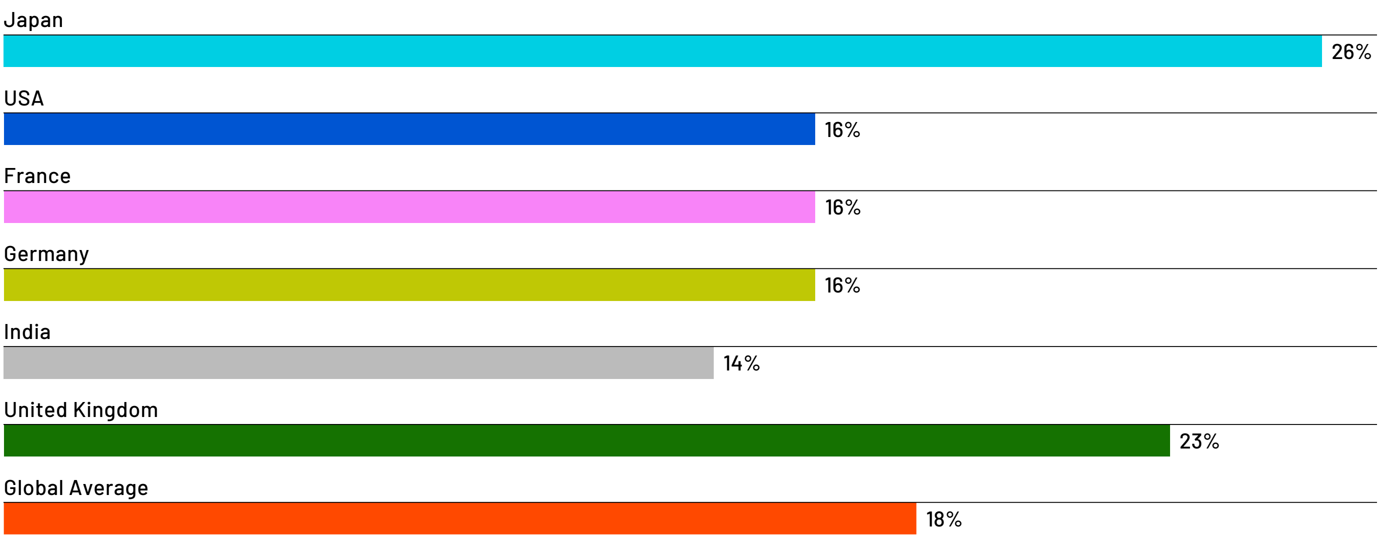
Survey findings indicate that the compliance challenges reported by Japanese organizations are broadly consistent with the global average. No statistically significant differences were observed in the incidence of "cyber-attacks", "employee-initiated litigation", or "disputes with regulatory authorities".

In addition, 33% of respondents indicated that they had experienced no compliance-related issues, a result that aligns with the global benchmark. Overall, the findings suggest that the compliance risk profile of Japanese organizations does not materially differ from that of the broader global respondent base.

In contrast, Japanese organizations reported a higher incidence of ethics and compliance issues involving third parties than the global average. Specifically, 26% of respondents in Japan indicated that they had experienced third party-related ethics or compliance incidents within the past two years, compared with 18% globally. This suggests that third-party risk may represent a comparatively more significant compliance challenge for organizations operating in Japan.

ETHICAL AND COMPLIANCE BREACHES BY THIRD PARTIES

Percentage of respondents who answered 'Ethical and compliance breaches by third parties' to the question 'Has your organization experienced any of the following compliance issues in the past two years?' (by country / multiple answers permitted)



On the other hand, only 36% of Japanese organizations actively encourage reporting of third-party-related misconduct. Prioritizing improvements in this area has the potential to increase the return on investment (ROI) of compliance programs.

"One reason why third-party compliance issues appear to occur more frequently is that Japanese business culture places a strong emphasis on developing long-term relationships with suppliers," says Mitsuya. "While this approach can promote stability and trust, it may also reduce the frequency with which third-party due diligence and risk assessments are refreshed. As a result, organizations may be slower to identify emerging compliance risks within established supplier relationships. Against this backdrop, Japanese R&C teams should consider third-party risk management a priority area for ongoing oversight."

COMPLIANCE ISSUES EXPERIENCED IN THE PAST TWO YEARS

Has your organization experienced any of the following compliance issues in the past two years? (multiple answers permitted)

	Japan	Global
None	33%	33%
Privacy/cybersecurity breach	32%	30%
Third-party	**26%**	**18%**
Adverse media coverage	21%	20%
Substantiated employee litigation	18%	17%
Difficultly with regulator' s obligations	16%	19%
Action from regulator	13%	16%
Reputational damage from executive misconduct	10%	12%

02
Leadership attitudes and disconnects

02 Leadership attitudes and disconnects

Leaders set a good example, but still feel anxious about pressure

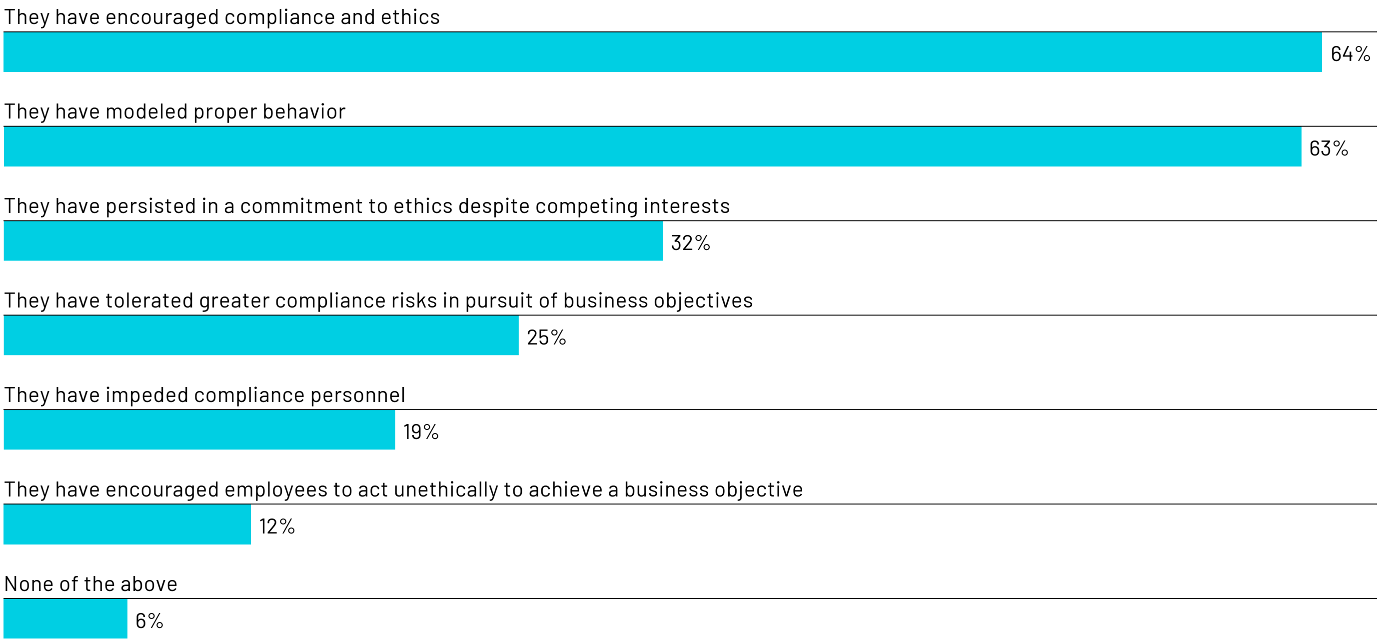
Eighty-eight percent of respondents from Japanese companies stated they have not witnessed senior managers encouraging employees to engage in unethical behavior to achieve business objectives. This figure aligns with global standards.

Respondents in this survey included CEOs, other senior executives, and senior managers in departments such as risk management, ethics, legal, and human resources – individuals who are in a position to be the first to detect unethical behavior among top management.

In Japan, 63% of respondents said that senior executives set a good example of appropriate behavior, exceeding the global average of 55%.

PERCEPTIONS OF SENIOR LEADERS

'Which of the following statements is true regarding your organization's senior leadership?' (Multiple answers permitted)



Does the commitment to compliance hold up under pressure?

But the business imperatives and internal/external pressure might reveal a different side of the attitude towards compliance.

Asked if senior executives have maintained a commitment to ethics when faced with conflicting interests, 32% of respondents in Japan said yes. That's much lower than the 50% global average.

Also, a significant gap is observed between companies that have not experienced any compliance issues in the past two years and those that have experienced two or more. According to our research, while 36% of executives at companies with two or more compliance issues maintain their commitment to ethics even when faced with conflicts of interest, this figure drops to just 18% at companies with no such issues.

Although this finding may appear contradictory, it suggests that organizations that have experienced compliance issues may have a greater awareness of the potential tensions between ethical standards and business objectives.

Maintaining compliance under pressure – the middle manager dilemma

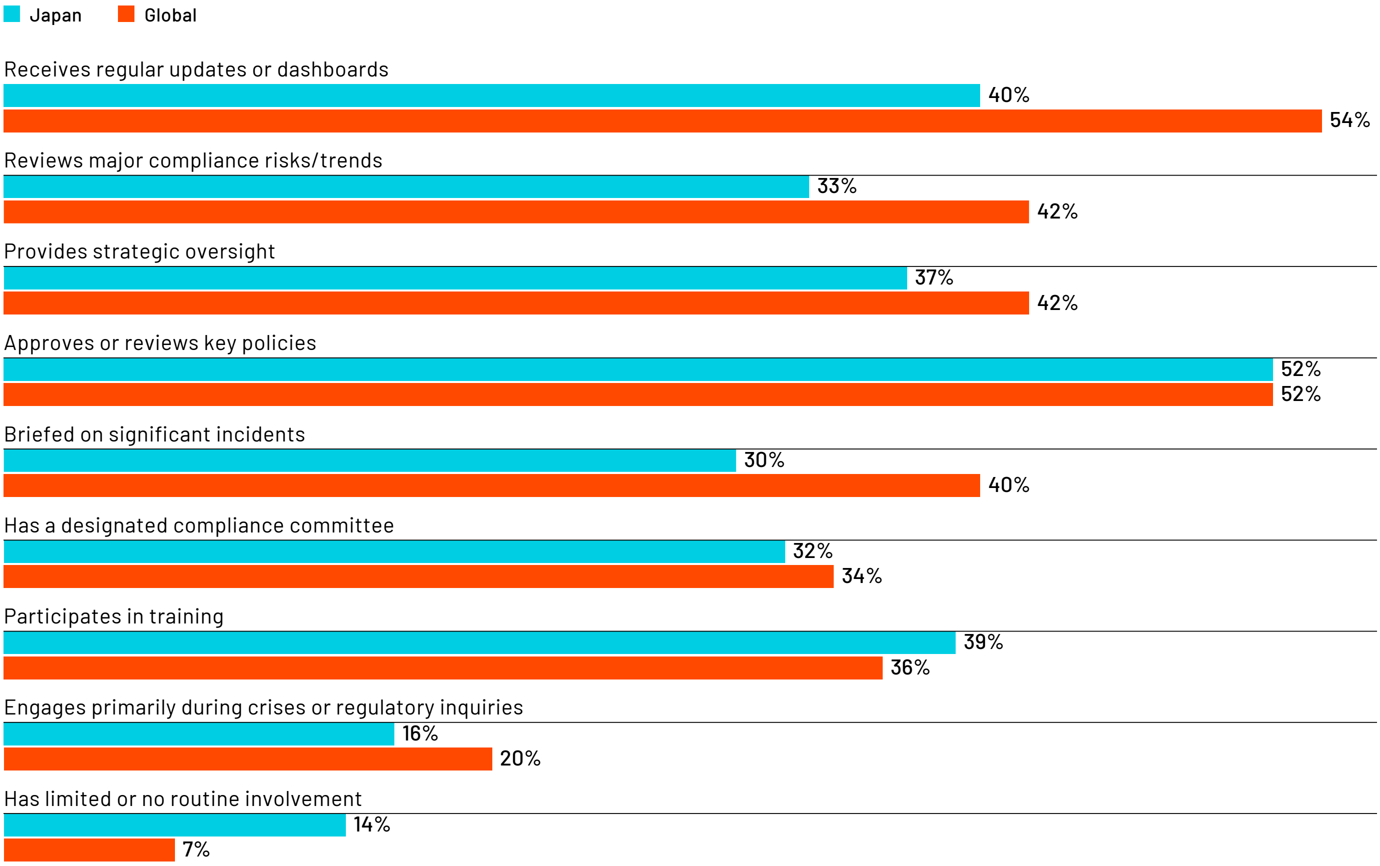
Middle managers experience this conflict most acutely. In this regard, Japanese corporate culture is on par with that of global competitors. Forty-seven percent of respondents say their middle managers are committed to ethical standards when faced with conflicting interests, in line with global averages.

The power of board involvement

The survey results indicate that board-level engagement in compliance program is lower among Japanese organizations than the global average across most governance activities; only 40% of respondents in Japan reported that their boards receive regular compliance updates or performance dashboards, compared with a global average of 54%. Similarly, board involvement in reviewing key compliance risks and emerging risk trends was reported by 33% of Japanese respondents, versus 42% globally.

BOARD ENGAGEMENT IN COMPLIANCE PROGRAMS

How is your board of directors currently involved in your compliance program? (Multiple answers permitted)

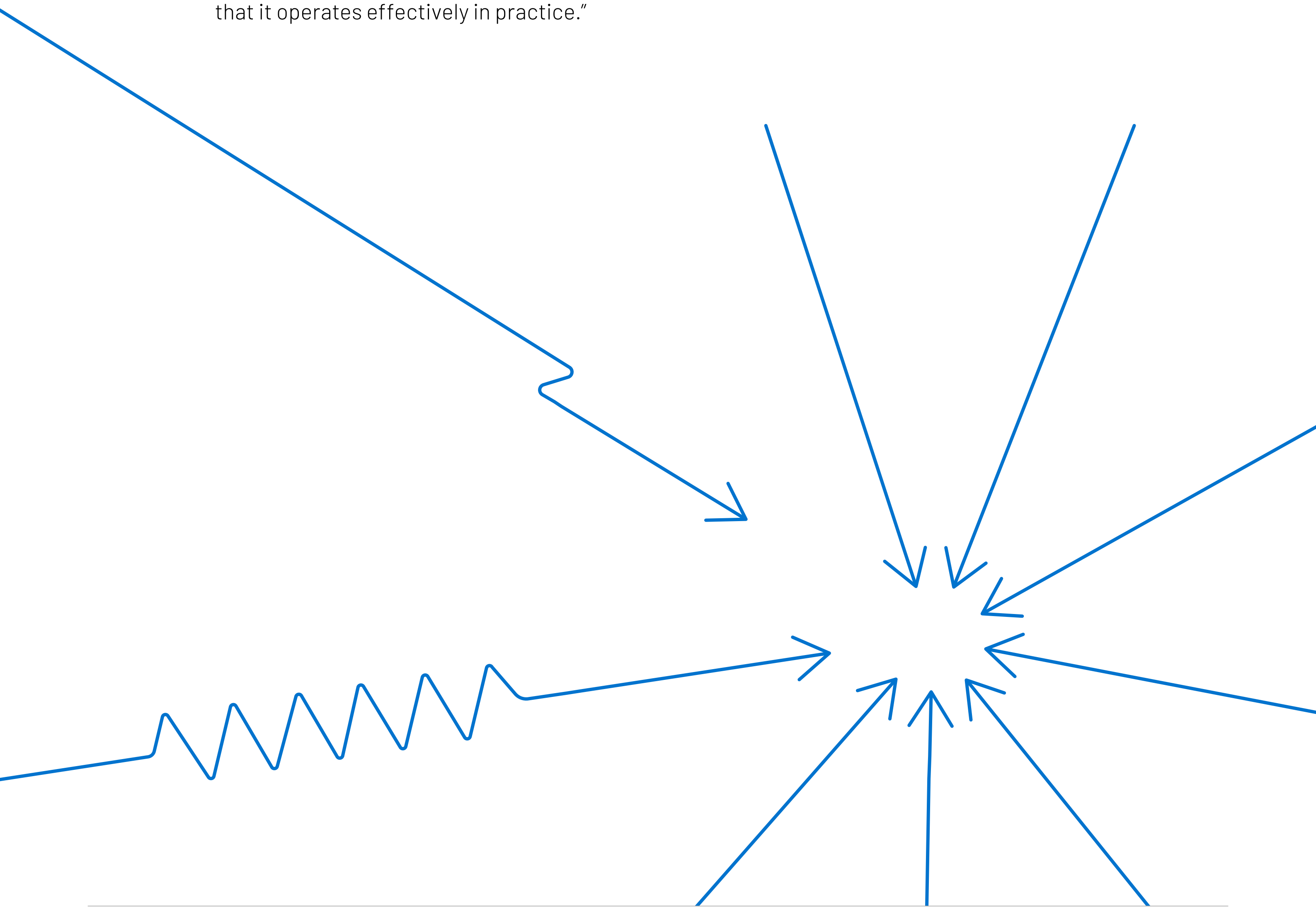


Additionally, 86% of respondents stated that their company's board of directors is involved in compliance. While this figure may appear high at first glance, it still falls short of the global average of 93%.

"Several of the major corporate scandals in Japan over the past two decades occurred at organizations that had formally established codes of conduct and were widely regarded as having mature compliance programs," says Nick Mitsuya. "This suggests that, at critical decision-making moments, fundamental compliance practices were not effectively embedded in day-to-day operations. Establishing a compliance framework alone is insufficient – organizations must ensure that it operates effectively in practice."

Compared to global standards, Japanese management appears less proactive regarding responsibility and accountability issues. One possible reason for this is that Japanese management may view ethics as an "ideal state" rather than something to be "managed." This seems to stem from the "traditional" view that boards of directors are responsible only for high-level oversight, with their primary role being to set an example.

At the same time, this highlights the opportunity for Japanese boards of directors to further increase the value of compliance programs by taking a more practical and execution-oriented approach," Mitsuya concludes.



03

A culture of open communication: unique pressures

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Speak-up culture is widely seen as a strong tool to drive compliance. But employees' fear of retaliation for reporting is real.

A "speak-up" culture represents a broader organizational approach that empowers employees to take a more active role in identifying and addressing issues by raising concerns through the internal reporting channels available. This approach creates value for both the organization and its workforce while strengthening overall organizational resilience. In addition, fostering an environment that promotes open communication can contribute to reducing employee turnover. This is particularly significant in Japan, where labor shortages are intensifying due to demographic challenges, including a declining birthrate and an aging population.

Mechanisms for raising concerns within Japanese organizations appear to remain relatively underdeveloped. However, the survey findings indicate that, even where such mechanisms are in place, significant challenges persist.

Among organizations that have experienced compliance breaches, respondents reported not only deficiencies in the mechanisms themselves but also a lack of trust in their effectiveness. In addition, managers appear to face challenges in responding appropriately to employee concerns.

Consistent with findings in other countries, senior executives in Japan recognise the challenges associated with fostering a speak-up culture. In particular, respondents indicated that employees may be reluctant to raise concerns because they fear retaliation or other adverse consequences.

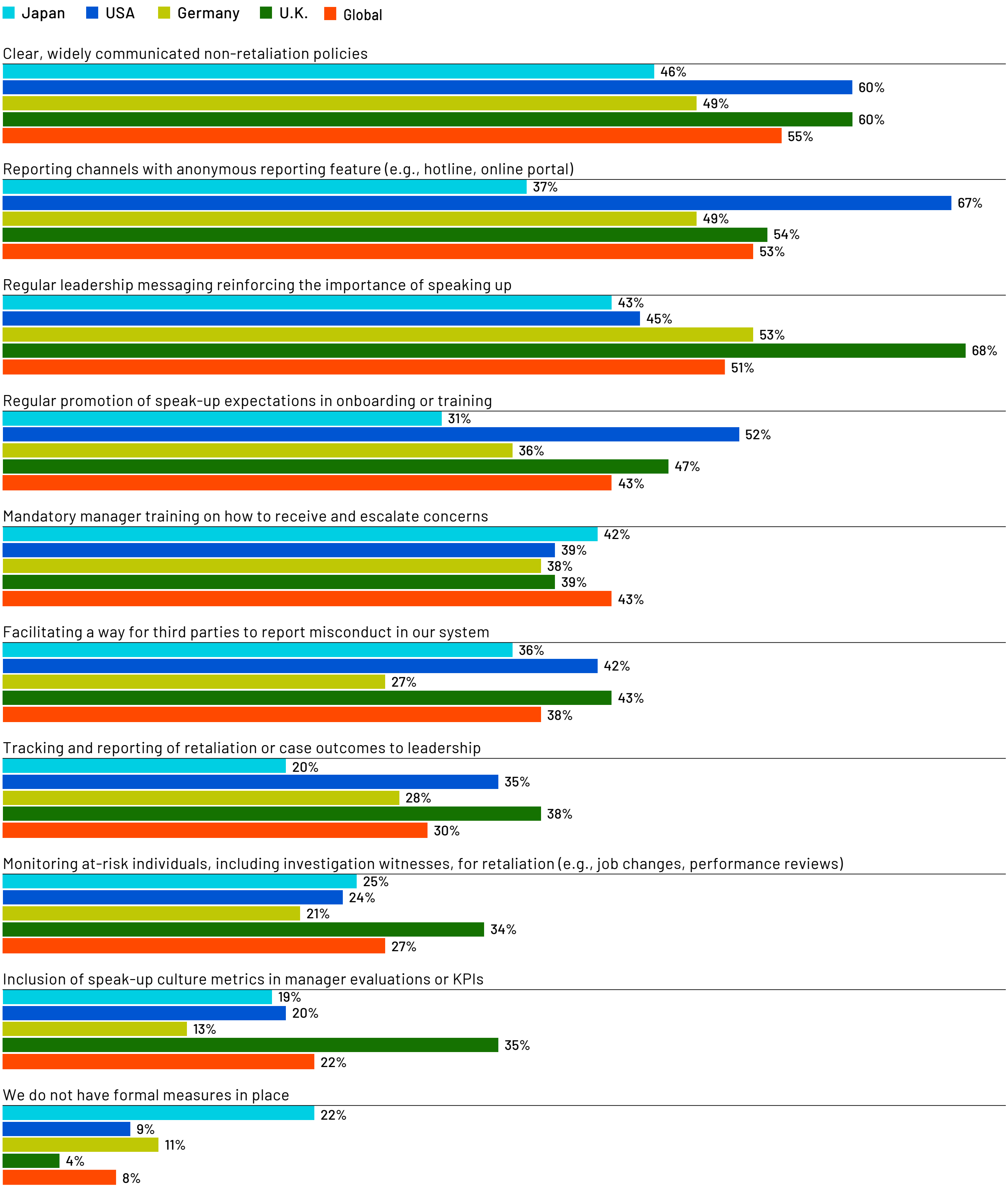
In Japan, 56% of respondents stated that "employees fear their careers will be negatively impacted if they report," as the top reason for not speaking up. This figure is aligned with the global average of 57% and the U.S. figure of 60%. Additionally, 19% responded that there are no issues with their company's speak-up program, also consistent with the global average.

It is worth noting that the respondents in this survey were not frontline employees, but rather senior managers and above. This data not only indicates the existence of problems but also shows that senior managers are aware of them.

That said, Japanese companies have room to further strengthen their commitment to addressing these challenges.

EFFECTIVE MEASURES TO PROMOTE A STRONG SPEAK-UP CULTURE

Which of the following measures (if any) does your organization have in place to promote a strong speak-up culture?



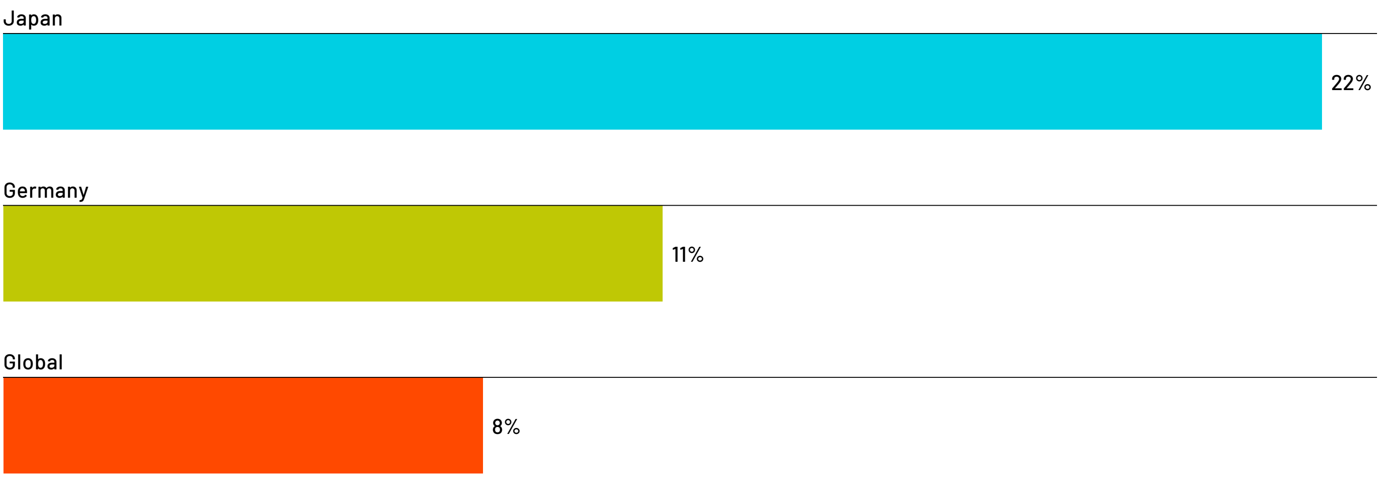
Measures to promote speak-up culture and address third-party-related deficiencies are not being prioritized

The top two most common measures are educating employees on the importance of "speaking up" and increasing opportunities to use reporting channels.

Meanwhile, the percentage of companies that have "taken no measures at all" to strengthen their speak-up culture is much higher (22%) compared to global standards (8%).

SHARE OF COMPANIES WITH NO FORMAL MEASURES TO PROMOTE SPEAK-UP CULTURE IN JAPAN, GERMANY AND GLOBAL

"Which of the following measures does your organization have in place to promote a strong speak-up culture?"



ACTIONS ORGANIZATIONS HAVE TAKEN TO SIGNIFICANTLY STRENGTHENING SPEAK-UP CULTURE

"Which of the following actions have been taken by your organization significantly strengthened internal reporting culture in the past 12 months?" (Multiple answers permitted)

Trained employees on the importance of speaking up	46%
Increased visibility or accessibility of internal reporting channels	40%
Updated internal policies or processes to improve trust in reporting systems	**38%**
Conducted anonymous employee sentiment or surveys	37%
Trained managers on how to receive or handle reports with care and without retaliation	32%
Updated anti-retaliation policies or delivered training on anti-retaliation protections	**23%**
Promoted internal success stories or positive case outcomes	**22%**
Offered recognition, financial or non-financial incentives for speaking up	21%
None, we have not taken any specific actions in the last 12 months	21%
Switched or upgraded hotline or intake systems	**19%**
Involved unions or employee representatives in redesigning reporting processes	14%

The findings highlight several challenges in establishing an effective speak-up culture. In addition, a significant difference was observed between the responses of organizations that had experienced two or more compliance incidents in the past and those that had not experienced any compliance incidents.

Managers do not have a consistent understanding of how to handle concerns or escalate them to senior management: Only 12% of respondents reported "no" compliance issues, compared with 62% who reported "two or more" issues, representing a 50 percentage-point difference.

Employees' concerns that raising concerns, regardless of whether they are justified or not, may result in career disadvantages : While 29% of respondents reported "no" compliance issues, 67% reported "two or more," resulting in a 38 percentage-point gap.

Issues raised by employees have not been addressed or resolved (either in reality or as perceived): with 24% reporting "no" compliance issues compared with 51% reporting "two or more," a 27-percentage-point difference.

"Encouraging employees who hesitate to speak up due to concerns about retaliation remains a common challenge for organizations worldwide. In Japan, this challenge may be further amplified by traditional business practices that emphasize 'thorough deliberation' and 'consensus-building,' which can discourage the open expression of differing opinions," says Mitsuya.

"Another challenge is the low level of trust that employees have in existing reporting mechanisms. Of the measures currently being implemented, initiatives aimed at building employee trust appear to receive relatively low priority. While training and the promotion of reporting channels remain important, addressing the issue at its source requires organizations to consider how they can foster a corporate culture in which employees feel confident raising concerns without hesitation or mistrust."

Investigations time – Japan takes longer on average to investigate and close cases

The issue of response time is complex. According to NAVEX data, the time taken to resolve cases in Japan is long, averaging 73 days – significantly higher than the Asia-Pacific average of 51 days and the global average of 28 days.

"Based on our discussions with Japanese client organizations, one factor that may explain why investigations take longer than the global average is the level of organizational involvement in the investigation process," says Mitsuya. "In Japanese organizations, it is common for multiple stakeholders and functions to participate in internal investigations to ensure that all relevant facts are considered before conclusions are reached. While this approach may result in more thorough and comprehensive investigations, it may also contribute to longer investigation timelines."

"Another factor to consider is the role of informal problem-solving," says Mitsuya. "In many Japanese organizations, employees tend to raise concerns through line managers, HR, or other internal channels before using formal reporting mechanisms. As a result, formal reports are often submitted only when issues are particularly serious or cannot be resolved through normal dialogue. However, with the decline of lifetime employment and the increasing focus on employee experience (EX), this approach may be becoming less effective. Organizations should therefore avoid dismissing reports that appear minor at first. When considered collectively, such reports can provide valuable insight into broader issues relating to workplace culture, management practices, or labour-management relations."

04

Regulation: an important force for change

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J-SOX: still influential even now, nearly 20 years after it took effect. It is important to use regulatory changes as a tailwind.

Regulation is driving the transformation of risk management and compliance. The Financial Instruments and Exchange Act (J-SOX) continues to exert influence 20 years after its enactment. However, this law is not compelling Japanese companies to address the critical issues, suck as third-party risk.

In Japan, regulations do encourage investment in compliance, but they are not the primary driver as seen in other markets. This difference is significant. Respondents were asked what was the biggest reason for driving investment in compliance. In Japan, the top responses were "results of internal audits and risk assessments" (56%) and "regulatory changes and future enforcement" (39%).

In contrast, in France, Germany, and the UK, "regulatory changes" ranked first (or tied for first) with 45%, 39%, and 53%, respectively.

The 2025 amendment to the Whistleblower Protection Act highlighted clear disparities among companies, leading to a moment of reckoning for companies with compliance issues and forcing them to make belated improvements. Among companies that had two or more compliance issues in the past two years, only 3% reported they were already compliant. These companies appear to have been compelled to strengthen their processes and communication systems ahead of the legal amendments taking effect on December 1, 2026 and the Consumer Affairs Agency's new guidelines.

56%

of Japanese respondents say results from internal audits or risk assessments are the biggest driver of compliance investment

The primary measures taken by companies with two or more compliance issues in the last two years in response to Japan's amended Whistleblower Protection Act were:

44%

"formally established investigation or escalation processes"

21%

"improved communication regarding retaliation protections"

18%

"appointed a designated contact person for whistleblowing reports"

On the other hand, sixty-eight percent of companies with no compliance issues report that they were already in compliant with the law.

J-SOX continues to drive change even 20 years after its enactment. Like its U.S. model, the 2002 Sarbanes-Oxley Act, it continues to shape corporate behavior broadly and substantially regardless of the severity of a company's compliance issues.

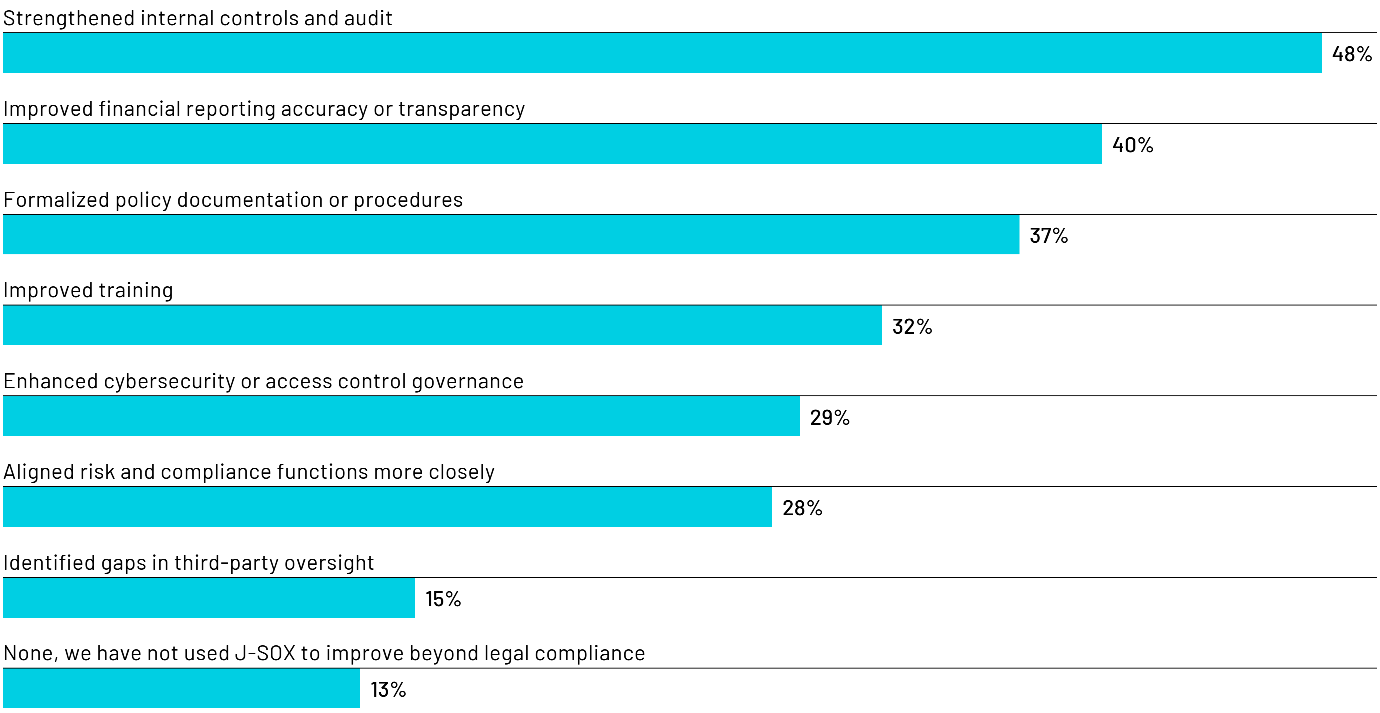
Organizational circumstances can change over time. Companies that initially faced challenges in complying with newly introduced legislation may have since developed the structures and processes required to achieve full compliance.

"The survey findings, which show that internal audit results are a stronger driver of compliance maturity than legislative requirements, suggest that a compliance culture is becoming established within many Japanese organizations," says Mitsuya.

"However, they also highlight a potential challenge in situations requiring rapid responses to regulatory changes, where organizations may be slower to adapt. For example, within the divisional structures commonly found in large Japanese enterprises and conglomerates , individual divisions may operate with a high degree of autonomy, resulting in compliance measures being addressed on a case-by-case basis. This can increase compliance risk. Organizations should consider implementing compliance initiatives at an enterprise-wide level, while leveraging regulatory changes as an opportunity to strengthen compliance practices."

HOW J-SOX HAS BEEN CHANGING COMPLIANCE IN THE LAST 12 MONTHS

Over the past 12 months, how has your company utilized J-SOX requirements to improve internal processes and risk management? (multiple answers permitted)



05

AI in R&C in Japan: expectations and uncertainty

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There is optimism about the use of AI in compliance, even though the impact remains uncertain.

There is a certain level of expectation regarding the use of AI in risk and compliance. There are few concerns that the introduction of AI will lead to significant budget cuts. However, AI has not yet solved the biggest problems facing R&C programs.

When asked about the factors required to significantly improve their Ethics and Compliance (R&C) programmes over the next 12 months, 42% of Japanese respondents identified advancing technology and analytics capabilities as a key priority, compared with 33% who cited stronger support from senior management. Globally, the proportion of respondents selecting technology and analytics capabilities was higher, at 54%, indicating continued momentum towards the adoption of technology across the R&C function.

However, while perceptions of AI's potential role in compliance programs are generally positive, broad-based confidence remains limited. Approximately 54% of respondents believe that AI will deliver either significant or some improvements to the operations of risk and compliance departments.

54%

of respondents believe AI adoption will "significantly" or "somewhat" improve their compliance program

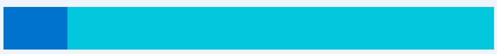
At the same time, consistent with global trends, 34% indicated that they "do not know" or that "it is too early to tell", suggesting that many organizations remain cautious in their assessment of AI's impact. Only 3% of respondents expressed concerns that AI would result in reductions in staff or resources.

The adoption of AI is progressing. However, the most common uses currently are those with the lowest complexity and easiest implementation, such as risk scoring, training, and report generation.

For more advanced applications, such as program analysis and privacy risk management, adoption rates remain at around 20% to 30%, a modest level consistent with global trends.

The adoption rate of AI for third-party screening – an area identified as a weakness in Japanese compliance programs – remains low at 13%.

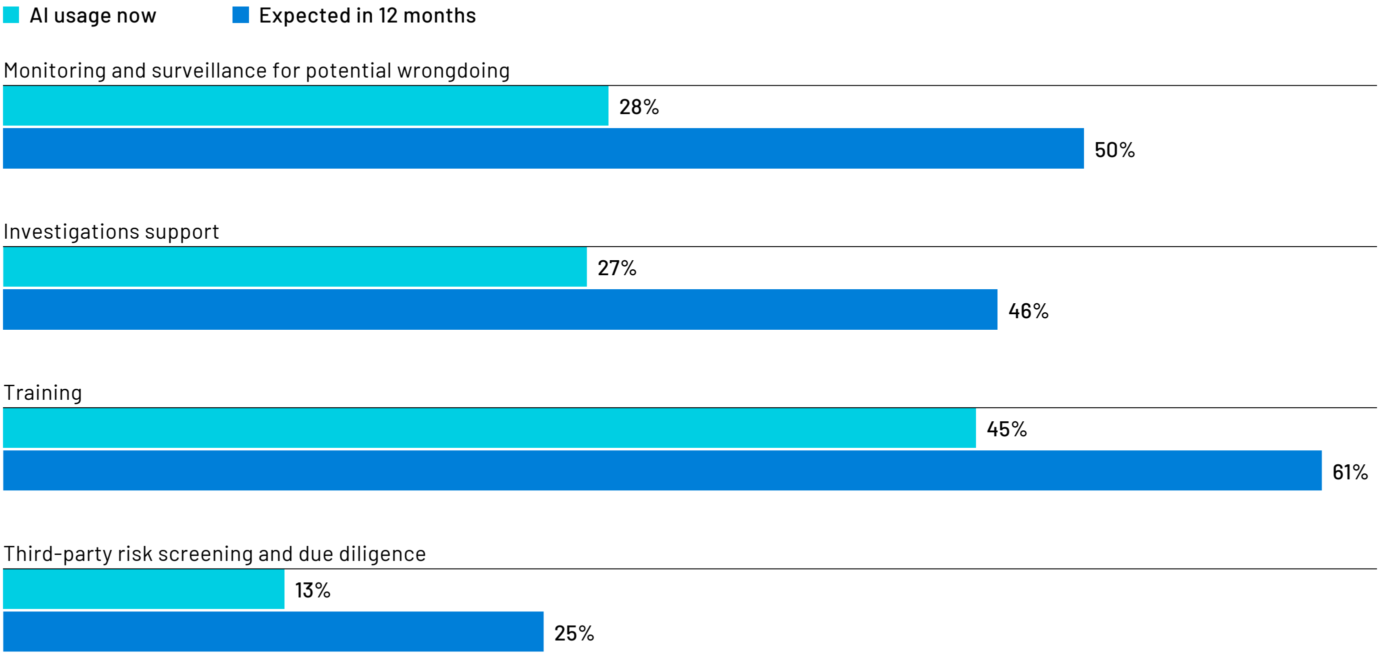
13%



Only 13% of respondents indicated that AI is used for third-party risk screening and due diligence

AI USAGE IN COMPLIANCE PROGRAMS

Which of the following areas of your compliance program currently use AI?
Which of the following areas of your compliance program will use AI in the next 12 months?



Respondents were presented with a list of nine areas where AI could be utilized. On average, Japanese respondents selected two to three areas, consistent with the global average.

However, when asked about their adoption outlook for the next 12 months, a more ambitious stance emerged. Japanese companies plan to significantly expand their use of AI and further advance its implementation in compliance operations. Its use in monitoring and surveillance is expected to nearly double. Similarly, significant growth is anticipated in investigative support, such as evidence review, pattern detection, and report generation.

Although the baseline is low, the use of AI for third-party risk screening and due diligence is expected to nearly double in the next 12 months. However, only one-quarter of Japanese companies expect to leverage AI to address this critical gap in their own programs, even 12 months from now.

"As indicated by the fact that Japanese companies identify "technology" as a key investment area for their R&C programs, significant resources are being allocated to technology initiatives. However, investments made without a clear understanding of the organization' s underlying challenges may result in ineffective resource allocation," says Mitsuya. "Introducing technology without first establishing a strong corporate culture, including an environment that encourages employees to speak up, may lead to a continuous cycle of reactive problem-solving rather than sustainable improvement. Therefore, organizations should prioritize investments in technologies that enable and support employee reporting and open communication."

06
Final thoughts

05 Final thoughts

Need for compliance measures that build on our company's strengths and address areas for improvement

Based on the findings of a global survey conducted from January to February 2026, this report examines the current state of compliance among Japanese companies by comparing their practices with global trends.

The survey results indicate that Japanese companies' compliance programs are generally aligned with global standards, including in terms of program maturity. At the same time, the findings highlight several areas that require further improvement, including issue-resolution timelines, the development of a speak-up culture, and third-party compliance management.

These challenges extend beyond the establishment of policies, systems, and processes; they are closely linked to organizational culture. To further enhance compliance programs, companies must not only secure strong leadership and commitment from senior management and the board of directors but also cultivate an environment in which employees feel empowered to raise concerns.

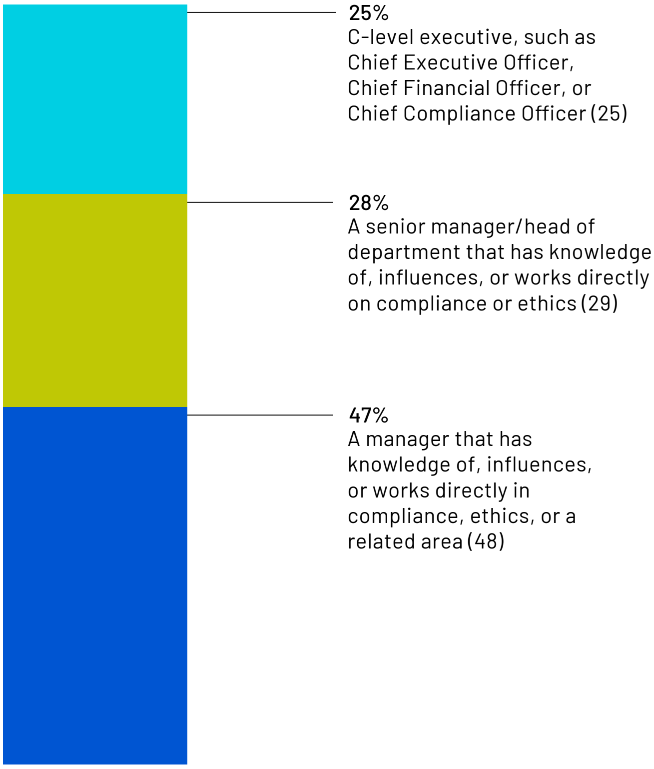
The survey demonstrates that Japanese companies have established a strong foundation for compliance, supported by mature programs and a high level of ethical awareness among senior leaders. However, maintaining this foundation requires continuous evolution. By monitoring global trends, responding to a rapidly changing business environment, and implementing initiatives that reflect their unique strengths and areas for improvement, Japanese companies can build resilient governance structures that support sustainable growth and competitiveness in the global market.

Survey methodology

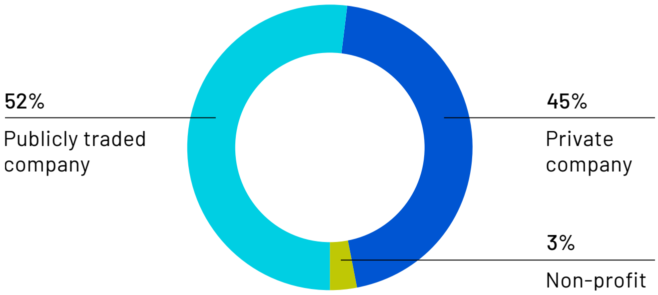
NAVEX and alan, a leading B2B marketing and branding agency, conducted a survey of 1,179 corporate executives across various industries worldwide, including healthcare and social welfare, manufacturing, scientific and technical services, retail, and utilities. The findings regarding Japan are based on 102 respondents residing in Japan. The fieldwork was conducted by iResearch Consulting Group from January 5 to February 5, 2026.

Due to rounding, the total may not add up to 100%.

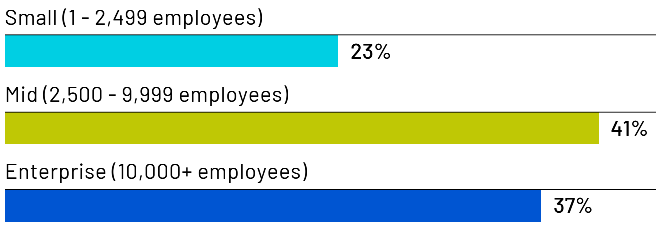
JOB ROLES IN JAPAN SAMPLE



OWNERSHIP

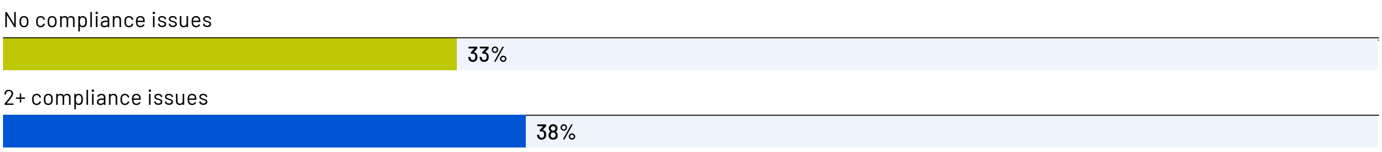


COMPANY SIZES***



***Note: company sizes were in-part determined to ensure data stability when comparing across the three groups

NUMBER OF COMPLIANCE OUTCOMES EXPERIENCED IN THE LAST TWO YEARS**



**Note: This report treats one compliance issue as the midpoint (i.e., broadly average performance) which means zero issues represents better-than-average outcomes and two or more represents worse-than-average. This threshold also produces balanced group sizes to ensure a statistically stable comparison.

The relevant compliance issues are listed in Q13: data privacy or cybersecurity breaches, difficulty meeting regulatory obligations, substantiated employee litigation, adverse media coverage on ethics or compliance, third-party ethics or compliance failures, reputational damage due to executive misconduct, or legal or regulatory action taken by a governing body.

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NAVEX is a governance, risk and compliance software provider that brings reporting, training, policy management, regulatory change and risk oversight together in one system. Shaped by more than 35 years of GRC expertise, the NAVEX One platform combines efficient, automated workflows with renowned benchmarking and industry-pioneering data intelligence to help teams identify patterns, manage regulatory obligations and strengthen risk oversight.

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