

# Hotline Reporting is More Important Than Ever: The Latest Findings From the 2018 Hotline Benchmark Report

SCCE – Atlanta Regional Conference  
June 8, 2018

Presented by  
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Senior Vice President, Advisory Services

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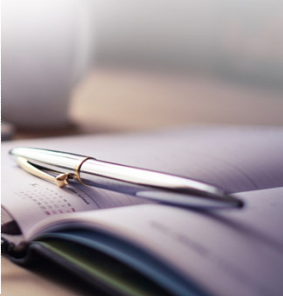
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## Agenda

- Introductions
- Our Benchmarking Methodology
- Benchmark Statistical Snapshot
- Key Findings
- Key Takeaways & Best Practice Recommendations
- Q&A
- Additional Resources



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## Benchmark Methodology

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Hotline Benchmark Statistical Snapshot

- Our database starts with **13,000+** NAVEX Global clients
- Of those **5,779 received a report** in 2017 through NAVEX Global's Hotline and EthicsPoint Incident Management solutions
- **2,479** clients received 10 or more reports in 2017 (representing **42.1 million** employees)
- These **2,400+** clients received approximately **900,000** reports in 2017
- Data reflects all reports documented in clients' EthicsPoint Incident Management system regardless of reporting channel (web, hotline, open door, mobile, email, mail, etc. )
- Data covers **31 industries**
- We use **medians** (or **midpoints**) rather than averages to reduce the impact of outliers
  - Normal ranges identify extreme data points as potential areas of concern
  - Medians and ranges provide context for benchmarks

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North American Industry Classification System (NAICS)

- 2018 Hotline Benchmark Report Industry Codes are based on the **North American Industry Classification System (NAICS)**
  - Standardized, more accurate peer-to-peer comparisons
  - 31 Total Industries Based on NAICS Sector and NAICS Sub-Sector levels
  - Use of Sub-Sectors allows differentiation of generalized sectors (manufacturing) into specific industries (e.g. machinery manufacturing, computer and electronic product manufacturing)
- <https://www.census.gov/eos/www/naics/>

1. Accommodation
2. Administrative and Support Services
3. Agriculture, Forestry, Fishing and Hunting
4. Arts, Entertainment, and Recreation
5. Beverage and Tobacco Product Manufacturing
6. Chemical Manufacturing - Pharmaceuticals
7. Computer and Electronic Product Manufacturing
8. Construction
9. Educational Services
10. Electrical Equipment, Appliance, and Component Manufacturing
11. Fabricated Metal Product Manufacturing
12. Finance and Insurance
13. Food Manufacturing
14. Food Services and Drinking Places
15. Health Care and Social Assistance
16. Information
17. Machinery Manufacturing
18. Management of Companies and Enterprises
19. Mining, Quarrying, and Oil and Gas Extraction
20. Miscellaneous Manufacturing
21. Plastics and Rubber Products Manufacturing
22. Professional, Scientific, and Technical Services
23. Public Administration
24. Real Estate and Rental and Leasing
25. Religious, Grant-making, Civic, Professional, and Similar Organizations
26. Retail Trade
27. Transportation and Warehousing
28. Transportation Equipment Manufacturing - Aerospace and Defense
29. Utilities
30. Waste Management and Remediation Services
31. Wholesale Trade

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Key Findings

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## Key Finding #1

Report Volume per 100 Employees

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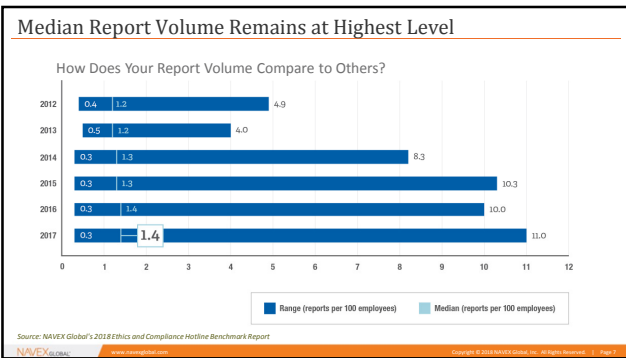
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### What do you think is the biggest driver of report volume?

EAC initiatives and training helping employees know when and what to report	37.5%
Senior leaders encouraging a "speak-up" culture	22.5%
Providing additional methods for employees to use to report	12.5%
Departments outside of Ethics & Compliance (HR, audit, security) documenting reports	5.5%
Documenting reports received from all sources (not just hotline and web - including email, walk-ins, etc.)	10.0%
A true increase in EAC issues we need to address	5.5%
Other (please use the chat window to share specifics)	5.5%



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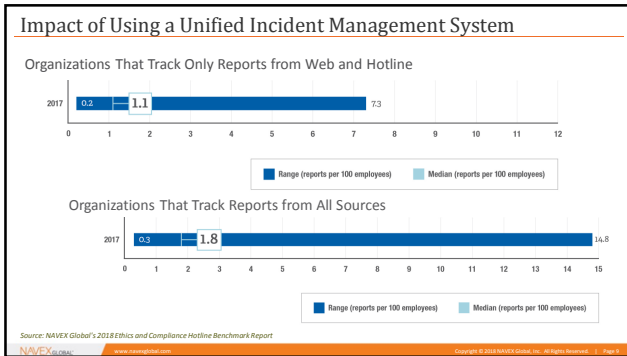
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### Key Finding #2

Report Allegation Categories

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Categories of Reports Used

1

Accounting, Auditing and Financial Reporting  
(i.e. financial misconduct, internal controls, expense reporting)

2

Business Integrity  
(i.e. bribery, falsification of documents, fraud, COI, vendor/customer issues, HIPAA)

3

HR, Diversity and Workplace Respect  
(i.e. discrimination, harassment, compensation, general HR, and cases marked as "other")

4

Environment, Health and Safety  
(i.e. EPA compliance, violence, safety, OSHA, substance abuse)

5

Misuse, Misappropriation of Corporate Assets  
(i.e. employee theft, time clock abuse)

Source: NAVEX Global's 2018 Ethics and Compliance Hotline Benchmark Report

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Categories of Reports Remain Relatively Consistent

Allegation Categories	2012 Median	2013 Median	2014 Median	2015 Median	2016 Median	2017 Median
Accounting, Auditing and Financial Reporting	3%	3%	2%	2%	2%	3%
Business Integrity	17%	18%	17%	15%	14%	17%
HR, Diversity and Workplace Respect	69%	73%	69%	71%	72%	72%
Environment, Health and Safety	7%	7%	6%	5%	7%	7%
Misuse, Misappropriation of Corporate Assets	6%	6%	6%	7%	5%	5%

Source: NAVEX Global's 2018 Ethics and Compliance Hotline Benchmark Report

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Industries with the Highest Median Reporting Rate by Allegation Category

Highest Median Report Rate per Industry

Accounting, Auditing and Financial Reporting

6%

Mining, Quarrying, and Oil and Gas Extraction

Business Integrity

27%

Health Care and Social Assistance

HR, Diversity and Workplace Respect

85%

Accommodation and Food Services

Environment, Health and Safety

12%

Fabricated Metal Product Manufacturing

Misuse, Misappropriation of Corporate Assets

14%

Agriculture, Forestry, Fishing and Hunting

0%

10%

20%

30%

40%

50%

60%

70%

80%

90%

100%

Source: NAVEX Global's 2018 Ethics and Compliance Hotline Benchmark Report

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Key Finding #3

Anonymous vs. Named Reporters

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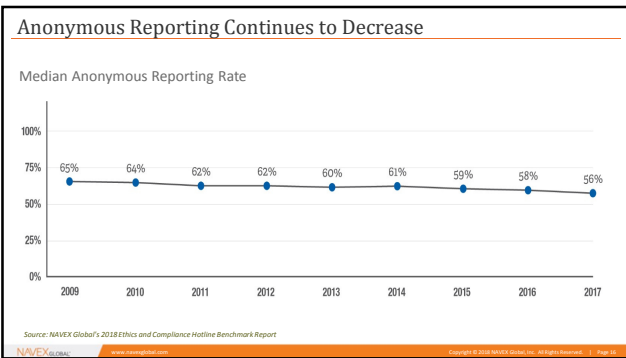
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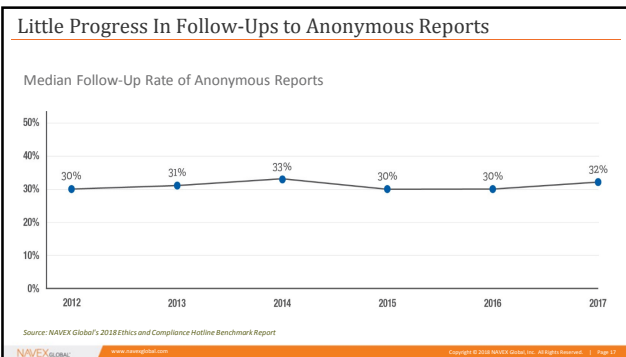
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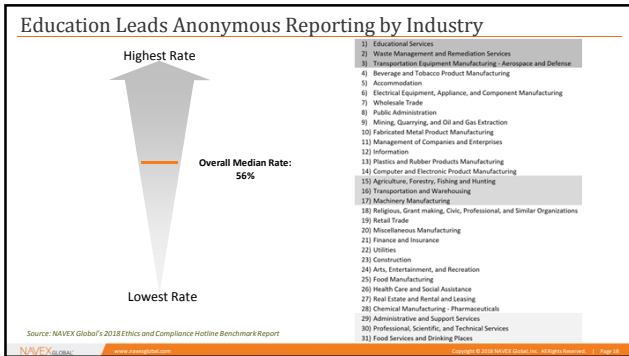
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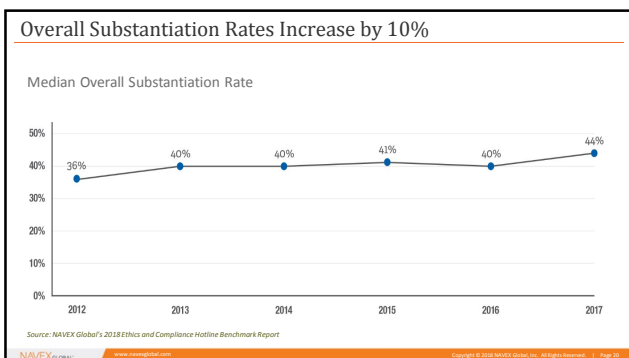
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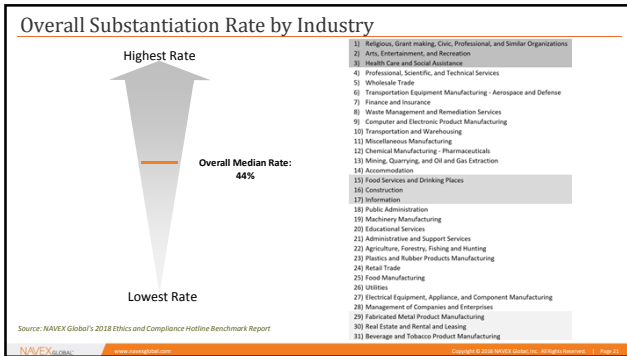
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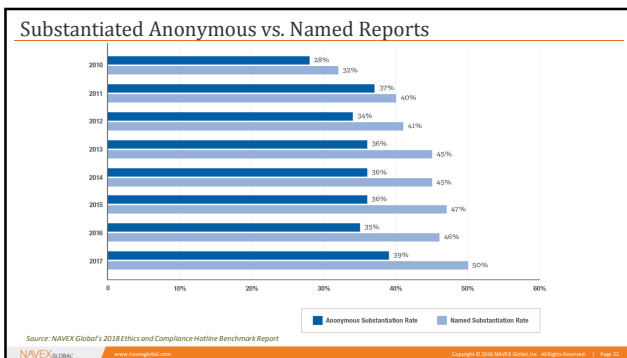
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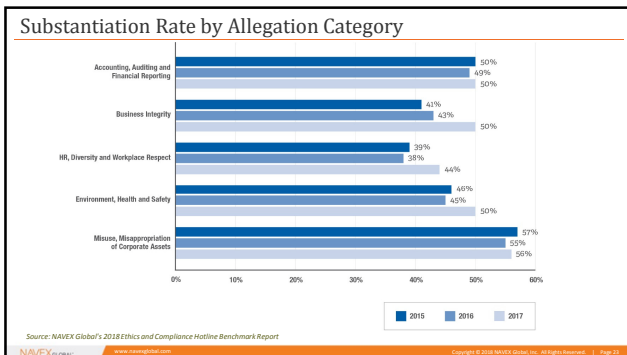
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### Key Finding #5

Case Closure Time

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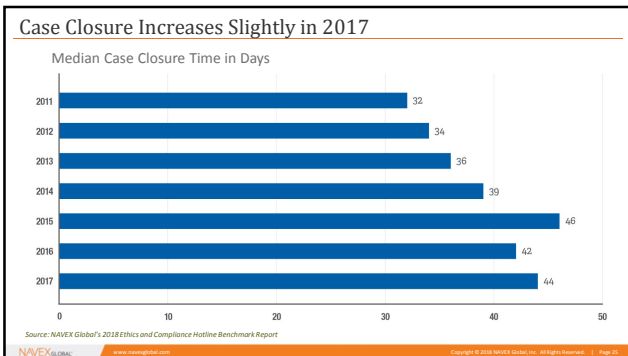
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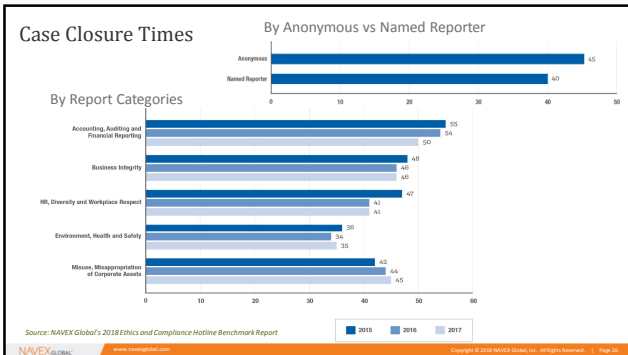
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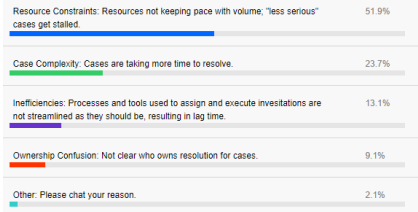
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What do you think is the biggest factor in case closure times increasing?



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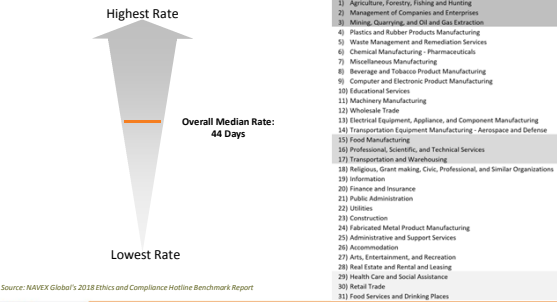
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Industry Case Closure Times



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Key Finding #6

Report Intake Methods

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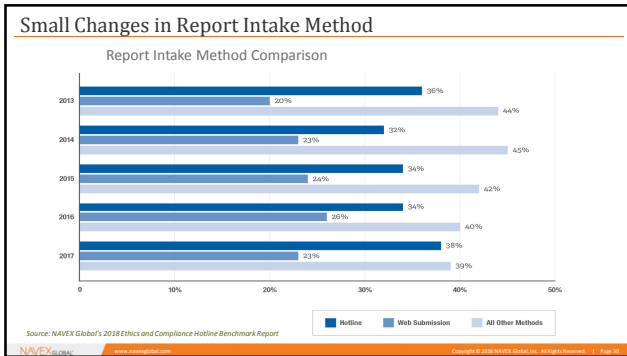
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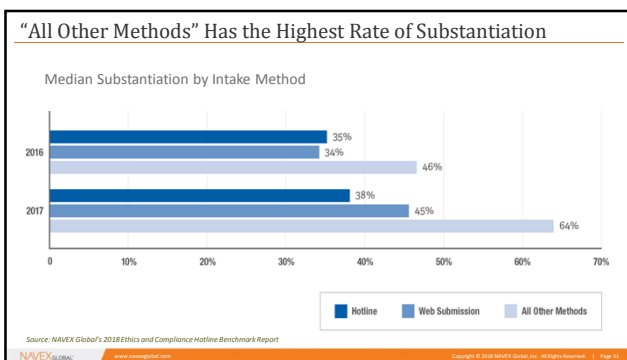
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### Key Finding #7

Reports of Retaliation

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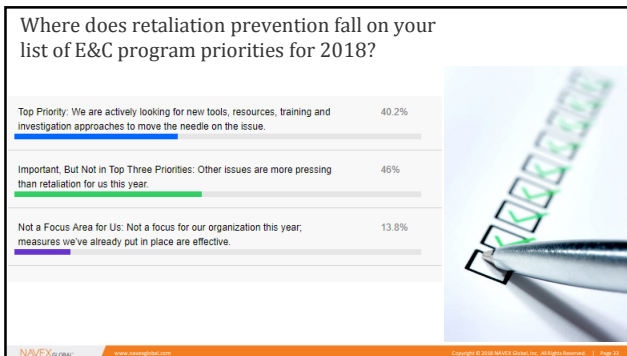
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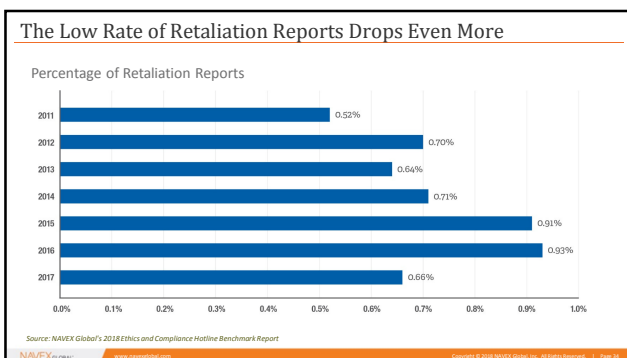
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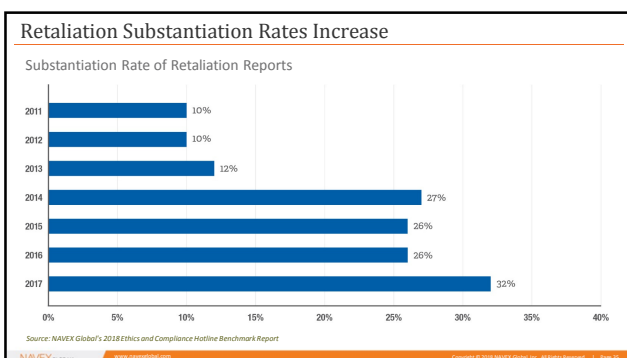
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## Key Finding #8

### Geographical Data


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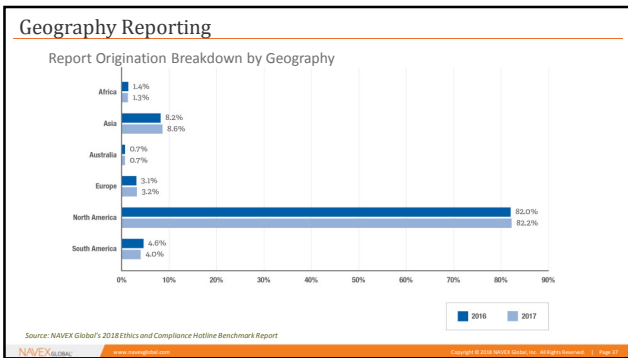
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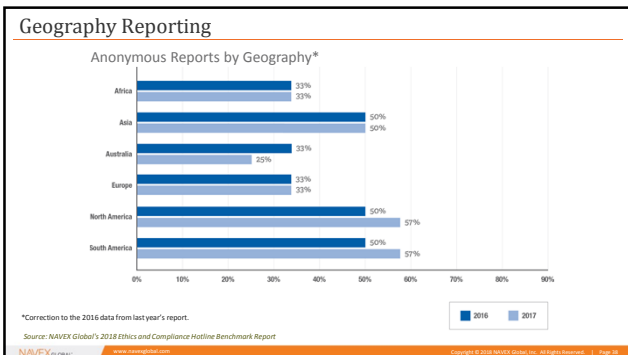
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Key Finding #9

Impact of the #MeToo Movement

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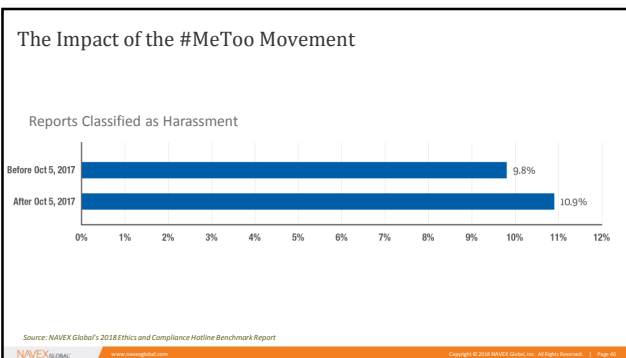
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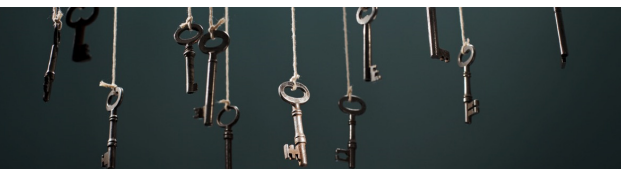
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Key Takeaways & Best Practice Recommendations

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## 5 Key Takeaways

- 1) Increase focus on anti-retaliation efforts
- 2) Continue work on getting case closure times back within best practice ranges
- 3) Get a more complete picture of your risks by documenting all reports in one centralized incident management system
- 4) Make the business case for matching your report volume with appropriate resources
- 5) Encourage employees to see your hotline as a resource for information, not just a channel for reporting

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## Moving Beyond the Basics

### Incident Management Systems Enhance Your Visibility & Program Effectiveness

- **Know Your Risk:** Collecting reports from all intake channels (not just web & hotline) into an incident management system creates nearly twice as much visibility into potential E&C risks
- **Processes that Work for You:** Ensure standard operating procedures with customized workflows, allowing you to capture, assign and resolve incidents consistently and expeditiously
- **Identify Trends:** Analytics give you the insight to proactively spots trends, address issues, measure program effectiveness and enhance your E&C program
- **Gather More Information:** Custom web forms provide a simple way to capture and route reports, and make it easy for your employees and managers a simply to document issues
- **Protect Your Organization:** Consistent documentation also provides a stronger legal defense in the event of a lawsuit or regulatory action

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## Thank You



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