



**YOUR REPORTING RATE:  
WHAT IT SAYS ABOUT YOUR COMPANY**

INSIGHTS ON HOW TO INTERPRET THE  
NUMBER OF REPORTS RECEIVED

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# Introduction

## A lack of reports can be a symptom of an unhealthy compliance program

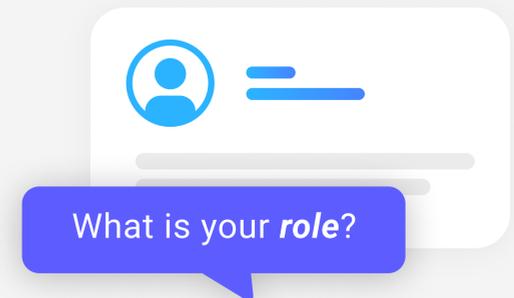
When a compliance officer from a well-sized company of 600 employees boasted about how she had not received a compliance report for a year, she had no idea how this was not a good thing. Statistically for a company her size there should have been over a dozen reports every year. To have no reports indicated her company either had not furnished its company with adequate means of reporting ethics and compliance violations or else was not promoting these reporting avenues.

Measuring your company's reporting rate will allow you to discover whether you're adequately **furnishing** and **promoting** methods for employees to report potential violation and misconduct.

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## WHO THIS E-BOOK IS FOR

- CEOs, General counsels
- Chief Compliance Officers
- Reporting Hotline Coordinators
- Compliance Analysts



## The Benefits of a Good Program

Receiving reports means your workforce trusts the compliance program and has confidence that leadership cares about what they are saying. A well-run compliance reporting program allows compliance officers to focus on key issues to:



Clearly promote a culture of **safety, compassion, and equality**



Identify **trends in behavior**



Address one-off problems



Assess **effectiveness** of compliance team efforts



Recognize misconceptions among the workforce



Protect you from **legal, government, or reputational costs**

Best Practice:

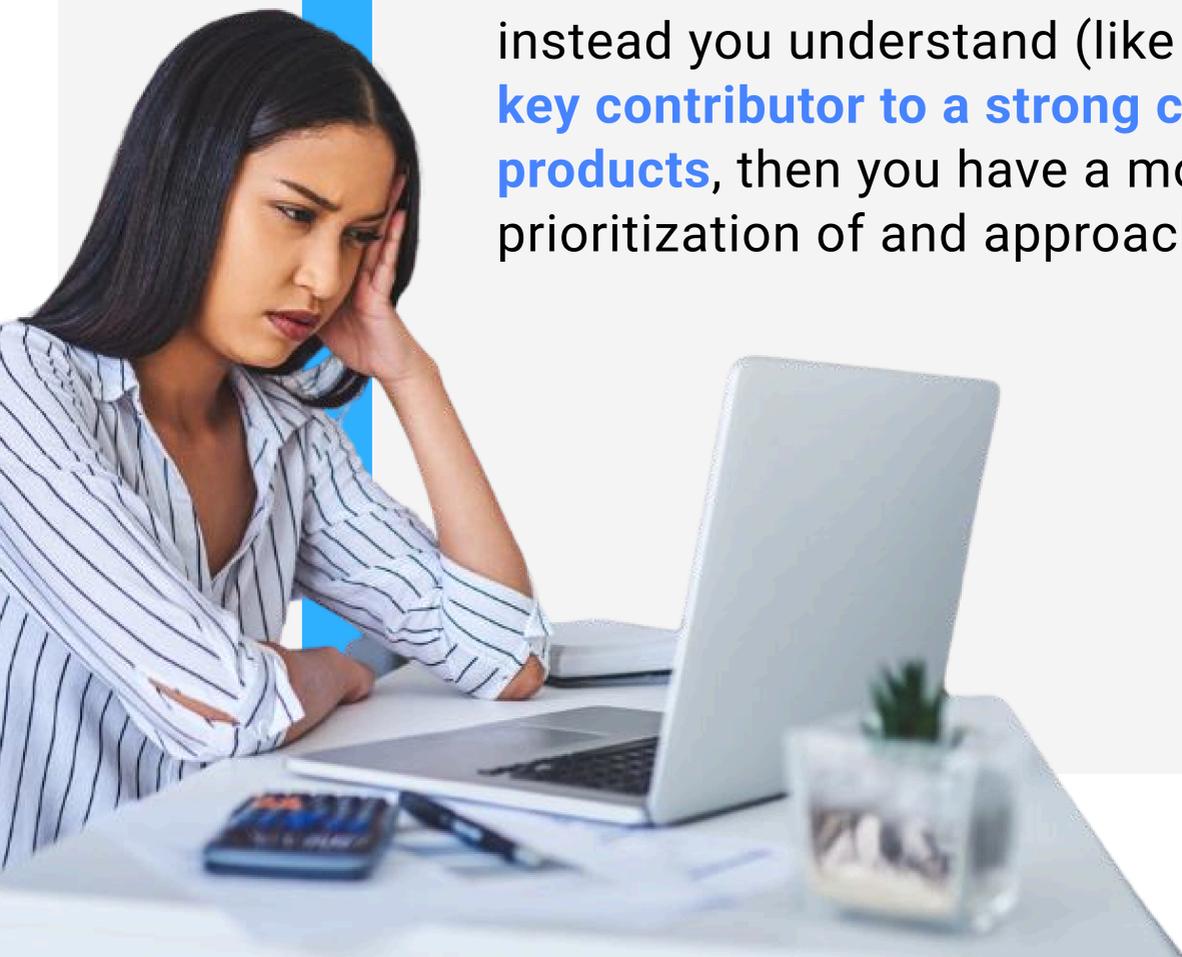
## Periodic Review

Strong compliance programs are run by compliance officers and company leaders who care about managing financial, employee, and reputational risk while holding the safety and satisfaction of employees as a high priority. While compliance programs are as varied as the employees and companies they manage, a **periodic review** (Ethico suggests at least annual) of internal trends and external benchmarks can provide clarity on what your team should be doing better to serve your employees and achieve your mission.

# Start with the **WHY**

Consider Simon Sinek's (profoundly simple) leadership principle to always "Start with Why." Before sizing up and considering improvements to your compliance program, you should ask, "**Why do we do this?**" You can focus that question on the reporting systems themselves or zoom out to include the whole of your compliance efforts or even your company's reason to exist.

Let's consider the *why* of your compliance program. If your *why is 'because someone (like a regulator) forced me to'* then you may be well suited to get legal or leadership advice on what the absolute minimum requirements are to satisfy your mandate. If instead you understand (like Ethico's clients do) that **a good compliance program is a key contributor to a strong company culture and high quality delivery of services and products**, then you have a more thoughtful and meaningful *why* that can inform your prioritization of and approach to potential improvements.



# Analyzing Your Report Metrics

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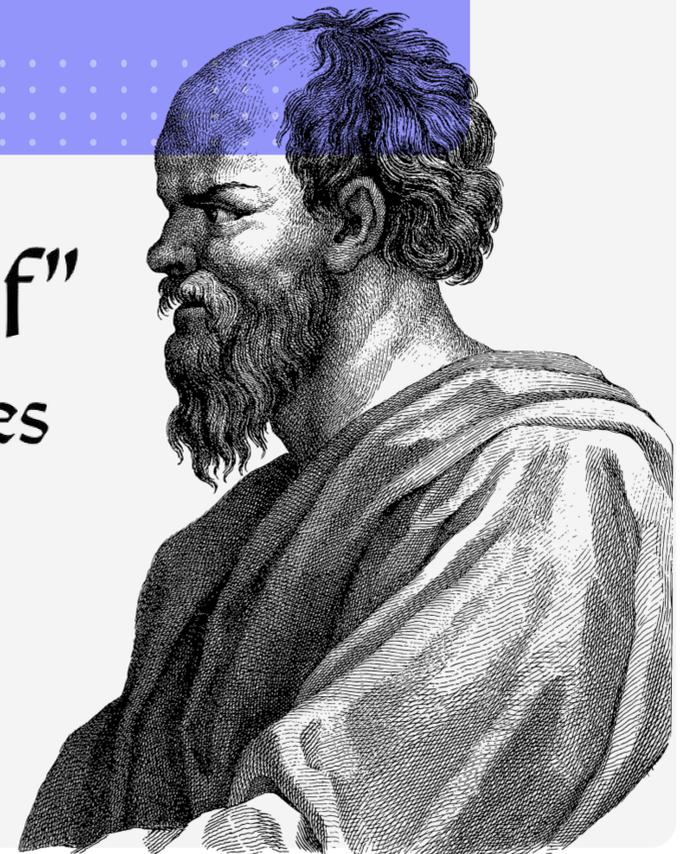
Your team should have easy, regular access to trend reports for your organization that describe changes in the rate of issues over time across a range of metrics. This is a great start to assessing how you compare to prior periods and can **indicate whether new concerns are popping up or whether existing efforts are making headway.**

Beyond indicating what location or issue is causing the most trouble across your company, your internet reporting (which should be easily delivered by your case management system in this digital age) should **clearly, visually, and with sufficient backup detail** tell you where you're making progress or where you're stalling out.

## Range of Metrics to Analyze

- Total Reports
- Total Follow-Ups
- Location/Region/Division
- Anonymous vs. Identity supplied comparison
- Category (eg. compliance, HR, legal)

**“Know Thyself”**  
~ Socrates



# Analyzing Your Report Metrics

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**You can get a lot of value out of setting internal compliance goals each quarter and measuring your progress against prior periods.** At some point, though, your internal metrics need to be compared to peer benchmarks so you are not evaluating your internal reports in a vacuum.

Much can be gained by comparing some simple metrics against your peers. While Ethico's clients have access to proprietary benchmarking reports from our over 6 million employees monitored worldwide, the statistic to the right is a great place for you to begin your comparison.

**IF YOUR COMPLIANCE PROGRAM IS PROMOTED AND WELL-ORGANIZED YOU CAN EXPECT:**

**25**

**Issues Reported  
Annually Per**

**1000**

**Employees**

How To:

# Calculate Your Reporting Rate

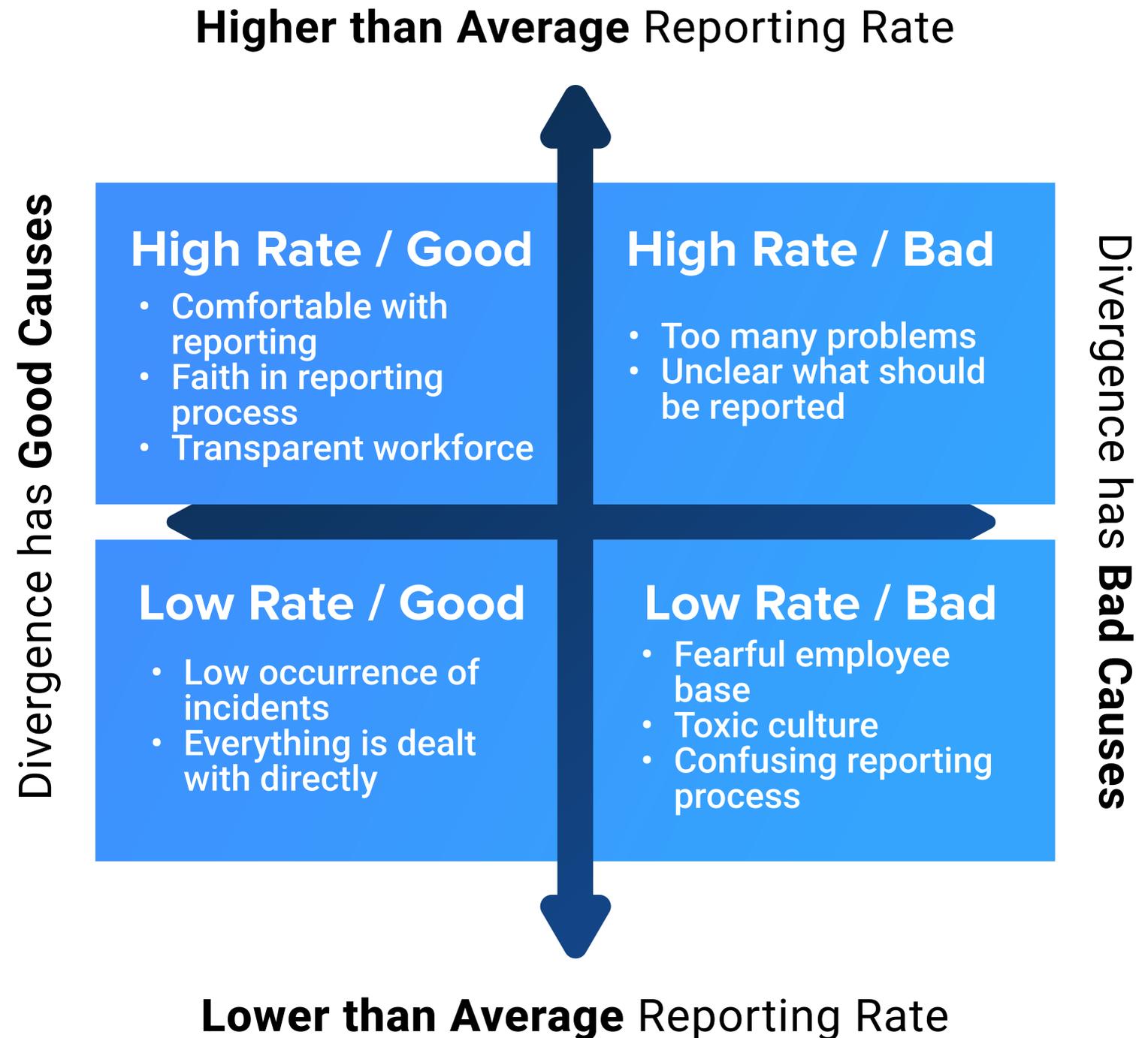
1. Add the total number of issues reported through all reporting avenues within the past 12 months. (Hotlines, Webforms, Speaking to a Compliance Officer, etc.)
2. Divide this by your total (or average) number of employees.
3. Multiply the result by 1000 and you're done!

$$\frac{\text{Total Issues In A Year}}{\text{Total Employees}} \times 1000 = \text{YOUR REPORTING RATE}$$

# Numbers Don't Lie

Unless you're the poster child for an average compliance program, your Incident Rate likely varies from this benchmark. That's OK. While it's true that numbers don't lie, they sure can tell a lot of stories. It's important that you get that story straight, so let's look at what you can interpret if your Incident Rate is higher or lower than the benchmark.

Once you assess whether you have a high rate or low rate (compared to the 2.5% or 25 per 1,000 employees benchmark), ask yourself if you think your reporting program diverges for good or bad reasons. Choose a box in the matrix to the right. Then read the corresponding notes to see if they describe the state of your organization and its culture.



**Note:** There are many nuances to a calculation like this. You may consider concerning issues reported to managers in addition to compliance officers: include follow up conversation that include new issues; list several issues reported in one conversation as one or several for your count; and more.

# Conclusion

It's important to remember that many factors converge to get to that one simple Incident Rate. Some good questions to emerge from this exercise:

- How you define an incident
- How you publicize your reporting avenues
- How comfortable employees are reporting

If you're not clear where you stand, or are not sure how to assess or improve your program, we're here to help. Ethico has been the expert in building and serving high performing, specialized compliance reporting programs since the 1990s. It's all about accomplishing our mission of **Making the World a Better Workplace.**

# About Ethico

For over 25 years Ethico has provided leaders who care with corporate integrity solutions that help to crowdsource risk intelligence at scale, improve the bottom line, and reinforce an authentic culture of integrity.

The Ethics & Compliance Optimization System (ECOsystem) is our next-gen integrated risk management platform informed by people working every day to make their workplaces better. It has actually-integrated modules for each of your major goals.

Next-gen workflows eliminate busy work and automatically prioritize your most important risks. Flexible analytics turn data into insights so you know what's working and what's not.

This single integrated platform, supported by our award winning customer service, gives your team the leverage it needs to reduce risk efficiently, gather smart risk intelligence at scale, and reinforce an authentic culture of integrity.

From case management and conflicts of interest/disclosure software, to issue intake and e-learning focused on the human element, to sanction monitoring and exit/stay interviews that drive a positive culture, and incident and third party risk management streamlined to make your life easier -- we are committed to helping you find the right risks while working smarter to make your world better for everyone.

We serve over 9 million employees in more than 150 countries. Our team of highly-trained, compliance-minded professionals has helped E&C leaders investigate over 10 million reports, using leading-edge tech that enables employees to report misconduct without fear of retaliation.

Ethico makes ethics easy by empowering those who care most to **Make The World A Better Workplace.**