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Abridged

DEFINITIVE GUIDE TO

INCIDENT MANAGEMENT

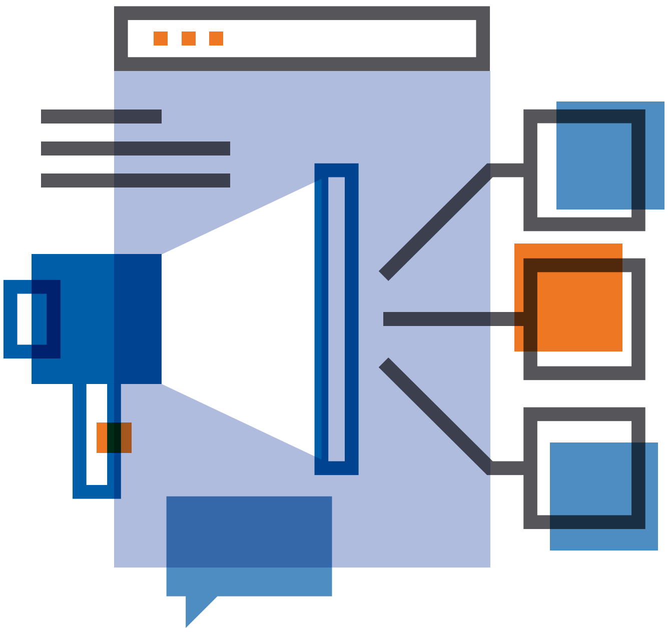
DEFINITIVE GUIDE SERIES

Going Beyond the Whistleblower Hotline

This version of our Definitive Guide to Incident Management is your first-step resource to start or improve effective ethics and compliance intake and reporting programs.

Supplied by NAVEX GLOBAL®

Why is an Incident Management Program Important?



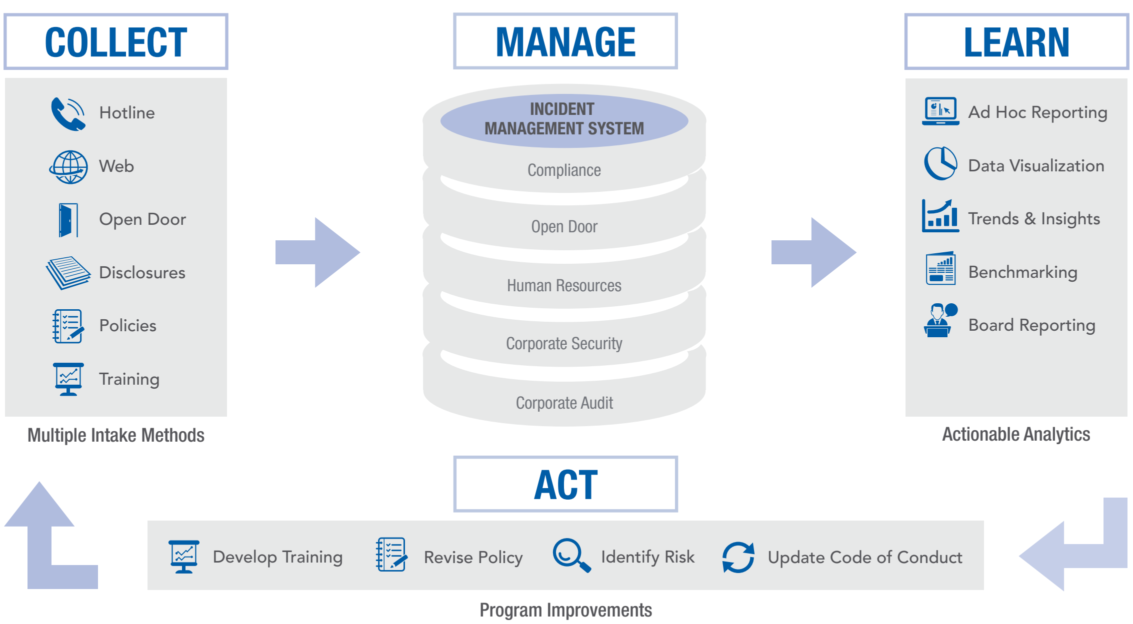
A comprehensive incident management system allows an organization to capture, investigate and manage ethics and compliance reports from across the organization in a centralized database, regardless of reporting channel.

Research continues to show that organizations with strong ethical cultures have lower rates of witnessed misconduct. By implementing an incident management program, organizations are asking and encouraging employees and third parties to report potential unethical behavior.

The National Business Ethics Survey revealed that 41 percent of all employees have personally witnessed misconduct. When those events of misconduct show a repetitive pattern, it is a key indicator of a weaker culture. That's why every organization needs a centralized, consistent way to learn about issues.

An effective incident management program does more than reduce organizational risk. Requesting and addressing employee concerns and potential misconduct creates a culture of trust and respect. As employees are able to raise concerns confidentially or anonymously, and see those issues addressed, they build confidence that their requests will be handled and resolved using a consistent and fair process.

Incident Management: The Core of an E&C Program



The Benefits of a Comprehensive Incident Management Program

A comprehensive incident management system allows an organization to capture, investigate and manage ethics and compliance reports from across the organization, regardless of reporting channel, in a centralized database.

With a strong incident management program, organizations are well positioned to:

Create a strong ethical culture. Resolving incident reports consistently and updating policies as a result improves employee trust in the organization.

Get better visibility into risk. More reports being captured means more risk visibility—and more opportunity to spot trends and take action on emerging problem areas.

Go deeper. The real value in analytics is looking at variances across the organization and highlighting those locations, operating units, or geographies that are varying significantly higher or lower than the norm of the organization.

Offer tailored training. Use data about where concerns and misconduct are occurring to offer specific training to individuals or groups as needed.

Update policies and code of conduct. A strong centralized program allows the compliance officer to see when policies or the code of conduct have become outdated or are unclear.

Bring consistency and uniformity to a core compliance process. From a reporter's perspective, working within a comprehensive incident management system provides a more structured and predictable overall experience.

Be audit-ready. A comprehensive program—supported by centralized software—ensures the organization has a defensible audit trail should there be any question about how cases were consistently investigated and resolved.

Handle a rising reporting rate. There is a significant rise in the reporting rate over the last five year. The consistency of the elevated rate indicates this higher level is becoming the new norm and organizations need to be prepared to manage a higher level of total reports.

View the Full Definitive Guide to Get a Broader Perspective on Incident Management

A Strong Incident Management Program Must Have Multiple Components

40% of employees who see misconduct never report it.

*Ethics Resource Center (2014).

82% of reports are made directly to the manager, with only a small portion going through an anonymous hotline.

*Ethics Resource Center (2014).

Organizations are at a disadvantage when it comes to learning about misconduct within their ranks. First of all, there are many reasons employees are reluctant to share their questions or concerns: fear of retaliation and cynicism that a report will not be taken seriously are among the top reasons employees don't report. An effective incident management program can track reports from all channels to provide an accurate, holistic view of E&C cases and the cultural health of the organization.

Organizations should offer at least three reporting options:

1. Hotline. Whether a hotline reporting program is mandated for the organization or not, it is still a standard and expected practice component of any ethics and compliance program. Think of it as a "canary in the coal mine." It is often through their hotlines that employers find out whether training is effective, where they have gaps in their policies and whether there are critical cultural issues that need to be addressed so that misconduct does not take root.

2. Web-based reporting. Some employees do not feel comfortable speaking with a live operator about their issue or do not have a private location available to make a call. With web-based reporting, employees can type information into an online form and take time to think about and review what they have written before submitting. A web-based portal should be accessible from any computer, and be secure, confidential and accessible 24 hours a day.

3. Open door intake. This is a web-based tool that allows every manager and some departments, such as HR and legal, to input issues reported and actions taken into an organization's ethics and compliance (E&C) incident management system. Since research shows that most reports are captured during in-person meetings with managers, this is one of the most critical components of a reporting system.

View the Full Definitive Guide to Learn More about the Multiple Components of Incident Management

A comprehensive incident management program provides:

- **Multiple Methods for Reporting.**
  A variety of mechanisms for employees to ask questions or raise issues. These include reporting to a manager or higher up in the organization, as well as to human resources, legal and the ethics and compliance office via a 24/7/365 phone or web intake process.
- **Tracking and Management Processes.**
  Tracking and case management processes to make sure reported incidents are collected in a centralized location, resolved in a timely manner and accurately reported—no matter where they originate.
- **"Hot Spot" Identification.**
  Access to a centralized data source to identify trends and gaps in the ethics and compliance program, determine where training is needed, locate "hot spots" within the organization and update any unclear or outdated policies.

Does your organization have a strong incident management program that utilizes multiple components? This handy checklist will help you see how you rate.

- [ ] Are employees comfortable sharing questions or concerns without fear of retaliation or cynicism that their report will not be taken seriously?
- [ ] Will every employee report make it onto the radar of your compliance professionals?
- [ ] Are in-person reports to managers documented and tracked?
- [ ] Are incident reports collected in a centralized location?
- [ ] Does your organization have policies or processes that enable managers to capture reports they receive?
- [ ] Are incidents resolved in a timely manner?
- [ ] Does your organization provide the tools and training managers need to properly address these reports and support a speak-up culture?

PLAN

Define Program Goals and Create a Strategy

The first step in developing a strong incident management program is to define the goals and objectives, as these will vary among organizations and impact the implementation and communication strategies. When creating and planning for the incident management program, consider the following critical components to help ensure success.

1. **Secure top down support.** Visible support from top executives is critical in any program seeking to influence or modify employee behavior.
2. **Offer a variety of methods for report intake that do not require "chain of command" reporting.** While some people feel comfortable coming forward through an open door policy, others may not.
3. **Consider offering one reporting 'ecosystem.'** Having multiple reporting numbers or sites for different issues is not only a burden from an administrative perspective, it can confuse employees, suppliers, consumers and other stakeholders. An organization can quickly alienate potential reporters if complaints regarding discrimination and sexual harassment—both high liability issues—are turned away because the website or hotline is "for corruption and bribery complaints only." It is better to learn about high liability issues as early as possible so that the organization can investigate and remediate to avoid legal action. Therefore, having a single, unified system in place gives organizations a better opportunity to limit their liability.
4. **Take anonymous reports seriously.** Occasionally, senior leaders and board members can be biased against the acceptance of anonymous reports. However, research has shown that names are withheld typically out of fear of retaliation or a desire to not be involved—not because the issue reported is deliberately false or frivolous.
5. **Be prepared to train on, manage and monitor for retaliation.** Every organization should have a written formal policy against retaliation for reporting misconduct and for participating in investigations into misconduct. If retaliation happens, there should be a clear process for investigating and addressing it.

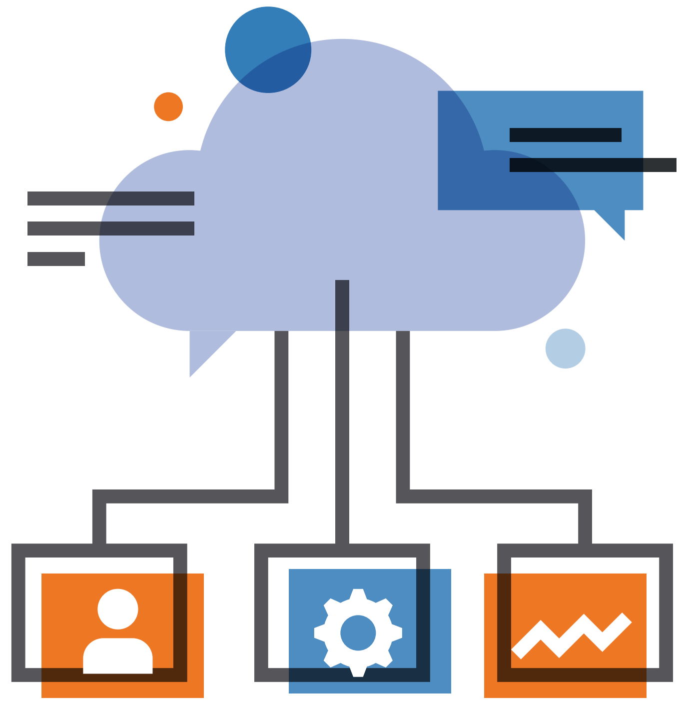
View the Full Definitive Guide to Start Planning Your Incident Management Strategy

IMPLEMENT

Promote Use of the Incident Management Program

Once an organization defines and agrees on a plan, it is time to implement, which includes driving awareness of the program with employees and relevant stakeholders.

Communication about the incident management program is a critical part of building and maintaining an ethical culture. Communication that encourages use of the program not only help detects issues, it can *prevent* them by reinforcing the organization's values and its commitment to operating ethically.



Reporting potential misconduct is everyone's responsibility. Executive, mid- and entry-level, contract and support personnel alike may be aware of unethical behavior, so it's important to communicate clearly to everyone working with the organization about unacceptable behaviors, and their responsibility to report what they observe.

Use Multiple Delivery Methods for Awareness

Communication campaigns should be designed to educate target audiences and motivate them to report concerns. Adult learning theory is clear that people learn differently, so use a variety of delivery methods to ensure that the message is received.

Delivery methods could include posters in break rooms, e-mails, screen savers, web meetings, articles in employee newsletters, wallet cards, brochures and corporate intranet sites, and burst or micro-learning messages. Reinforce key messages at team-building meetings and other face-to-face events. Include mechanisms that will be relevant to millennials through baby-boomers.

Key campaign messages should reinforce:

Key messages	Provide examples of...
Behaviors that are expected	» Conducting business in a legal and ethical manner » Reporting known or suspected wrongdoing » Asking questions when not sure of the right decision or action
Behaviors the organization does not condone	» Illegal and/or unethical behavior
How to report witnessed or suspected misconduct	» Explain all of the avenues by which someone can report and how they operate
The defined process after making a report	» What employees can expect before, during and after they make a report » What to do if employees believe they are experiencing retaliation

Key Phases of Implementation:

1. **Program Launch.** Like any new initiative, an incident management program requires an organized and thoughtful launch to be successful. Begin with an employee announcement about the program that comes from the President or CEO. Showing support from top leadership establishes a "tone from the top" early in the process.
2. **After the Call – Responding to Reports.** Once an allegation is reported, it must be addressed, and when necessary, fully investigated. The organization should critically assess whether it has the available resources to support an investigative process or whether it should seek the services of an independent, third-party investigator.
3. **Allegation Investigation.** A strong incident management program tracks the quality and timeliness of completed investigations. Organizations should watch the metrics for specific investigating units and personnel. For example, watch for a certain team or person that consistently takes much longer to complete an investigation or has a consistently high or low substantiation rate. Follow up and take appropriate action for process deviations or inadequate skills.
4. **Reporting Progress and Outcomes of Reports.** A sophisticated incident management solution allows an organization to document every report, as well as the actions taken to investigate each allegation, the final disposition of the investigation and the nature of any disciplinary or other resulting corrective action. This documentation may be required in the event of litigation and can be used to demonstrate consistency in approach and actions taken.
5. **Recognition and Information Publication.** There has been much discussion over the last 20 years about whether or not reporters should be recognized and/or rewarded for raising issues. Some organizations have done this successfully and believe that this type of recognition has had a positive impact on culture and the reporting environment. Others believe that this practice is either not needed because reporting is an expectation of all employees or worry that highlighting specific individuals could backfire on the person or the organization.

View the Full Definitive Guide to Learn More about Implementing Your Incident Management

MEASURE

Monitor and Improve Program Effectiveness

An incident management program is dynamic. Reporting activity will naturally ebb and flow and each organization will develop its own "norm." The introduction (or elimination) of a training program, having the CEO and top management speak with renewed emphasis on the organization's commitment to ethical behavior, or even a lapse in written communications about ethics—and many other factors—can contribute to the number and pattern of reports that an organization receives at any given time.

The best reporting programs take advantage of available data and use it to gauge the effectiveness of campaigns, assess the need for additional training, track trends and evaluate the overall health of the organizational culture.

A third-party incident management vendor provides access to reporting tools that help organizations detect problems, analyze trends and manage the program. Incident management tools provide both a high-level summary as well as detailed information when filtered by incident type, volume, time frame and location.

The formatting and display of the data is important; a graphical format can make it easier to interpret the data and make educated business decisions. For organizations that use incident management tools, reporting should include details about the status, volume and resolution of investigations.

Reporting allows organizations to look for "hot spots." For example:

» Is there a division that seems to have more issues than others? If so, is additional management attention needed to review the culture or leadership style in that division?

» Are there additional training needs?

» Is there an investigator or department whose number of past-due cases is consistently high? There may be a need to evaluate the investigator's caseload or skills.

» Is there one location where very few calls are made? Perhaps this location requires better or more hotline awareness communications. Or is this a location with a higher level of fear of retaliation?

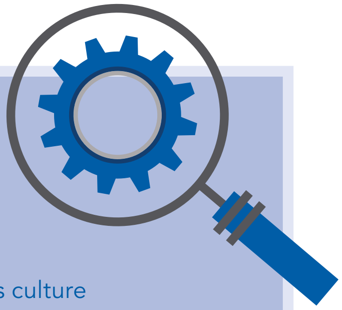
Four Benefits of Monitoring the Incident Management Program

Ensure the Program Is Up-to-date. Organizations must track regulatory changes and whether or not those changes impact the operation of the program. Do changes in whistleblower or data privacy laws in geographies of operation require new language on the hotline greetings? Has a new regulation caused a spike in hotline activity?

Link Reporting Trends to Training and Awareness Needs. Ongoing monitoring of reporting data allows an organization to identify where additional training and awareness are needed. For example, when anti-bribery training is delivered, is there a spike in reports or questions for all incidents or just bribery-related incidents?

Be Prepared for Predictable Changes. Many organizations have predictable changes in reporting activity during times of the year when employees are asked to attest to policies or take training. An example of this is during gift-giving season. Many companies choose to distribute a NAVEX Global training vignette called "Can I Keep It?" This is a short animated communication tool on gift and entertainment policy, best offered in November before the holiday season. Employees will often see an increase in program activity related to gifts and entertainment-related reports or questions.

Track Employee Engagement. Many companies monitor reporting activity after a significant organizational change, such as new senior leadership or organizational restructuring. This gives leaders a sense of how employees are faring after a major transition and whether specific action needs to be taken for example, to prevent burnout and keep the culture strong.



CONCLUSION

A growing body of research continues to confirm the benefits of having an ethical business culture and its impact on organizational success. Giving employees a variety of ways to report misconduct and violations of policy—including hotline, web reporting and open door intake—reinforces the organization's commitment to ethical business practices.

NAVEX Global recommends using software, like EthicsPoint® Incident Management, for a consistent approach to data collection and enterprise-wide tools to manage multiple reporting programs. This enables users to easily identify actionable trends, mitigate risk and manage a successful incident management program anywhere in the world, while being audit-ready and current with the ever-changing business environment.

A strong incident management system is not only critical to engaging employees and building trust within an organization—it is a vital component to protecting an organization's people, reputation and bottom line.

Download the Full Definitive Guide for a Comprehensive View of Incident Management

Download the 2016 Ethics and Compliance Hotline Benchmark Report

ABOUT NAVEX GLOBAL

NAVEX Global's comprehensive suite of ethics and compliance software, content and services helps organizations protect their people, reputation and bottom line. Trusted by 95 of the FORTUNE 100 and more than 12,500 clients, our solutions are informed by the largest ethics and compliance community in the world.

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