Benchmarking Your Policy & Procedure Management Program

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Agenda

• Highlights from the 2018 Report

• Key Findings
  - Budget & Resources
  - State of Ethics & Compliance Programs
  - Processes for Policy Management
  - Employing Policy Management Technology
  - Addressing Legal & Regulatory Risks

• Key Takeaways & Recommendations

• Q&A + Additional Resources
Our Comprehensive Ecosystem
Policy & Procedure Benchmark Statistical Snapshot

Over 1200 global participants, focusing on the 757 respondents with policy oversight
Highlights from the 2018 Report

1. Increasing awareness of policies across the organization is the top priority for E&C programs over the next 12 months

2. Few are measuring the performance of their programs

3. The Board is acting as a decision maker on policy management programs in more than one third of the responding organizations

4. Highly regulated industries are increasingly moving to automated policy management systems

5. Automated policy management systems deliver high ROI
Key Findings

Budget & Resources
Not Surprisingly, E&C Budgets Increase with the Organization Size: 31% of Large Organizations Have a Budget that Exceeds $500k
Headcount Varies Significantly by the Size of the Organization: 64% of Larger Organizations Report 5+ Full-Time Equivalents
Over Half (56%) of the Respondents Expect Their Policy Management Budget to Remain Constant in the Next Year
Key Findings

State of Ethics & Compliance Programs
Code of Conduct and Policies to Reduce Misconduct are the Top Elements Included in Ethics and Compliance Programs

<table>
<thead>
<tr>
<th>Element</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code of Conduct</td>
<td>89%</td>
</tr>
<tr>
<td>Effective Policies and Procedures that Prohibit and Reduce Misconduct</td>
<td>85%</td>
</tr>
<tr>
<td>Training Based on Your Organization’s Risks and Individual Roles</td>
<td>71%</td>
</tr>
<tr>
<td>Non-Retaliation Policies Across the Organization</td>
<td>70%</td>
</tr>
<tr>
<td>An Anonymous (e.g., Hotline) Reporting Channel with Consistent Investigations</td>
<td>67%</td>
</tr>
<tr>
<td>Buy-In, Oversight and Commitment from Senior Leadership</td>
<td>66%</td>
</tr>
<tr>
<td>Periodic Assessment of Your Organization’s Risk Profile and Program Effectiveness</td>
<td>60%</td>
</tr>
<tr>
<td>An Audit Program that Measures Compliance Program Effectiveness and Makes Improvements</td>
<td>56%</td>
</tr>
<tr>
<td>A Dedicated Chief Compliance Officer</td>
<td>52%</td>
</tr>
<tr>
<td>A Risk-Based Due Diligence Program for Third Parties</td>
<td>43%</td>
</tr>
</tbody>
</table>

Increasing Awareness of Policies Across the Organization is the Top Priority Over the Next 12 Months
Organizations Rate Program Performance Positively in a Few Surprising Areas
**POLLING QUESTION:**
What Is the Role of the Board in Your Policy Management Program?

<table>
<thead>
<tr>
<th>Role</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision Maker</td>
<td>19.7%</td>
</tr>
<tr>
<td>Influencer / Advisor</td>
<td>37.4%</td>
</tr>
<tr>
<td>No Involvement</td>
<td>26.7%</td>
</tr>
<tr>
<td>Don't know</td>
<td>16.1%</td>
</tr>
</tbody>
</table>
The Board Functions as the Decision Maker in More Than One-Third (36%) of the Responding Organizations

Base: Policy Only Respondents, n=684.
Program Maturity: 65% of Programs are Basic / Reactive

Note: Respondents did not self-select their maturity level, but were grouped according to several criteria, including frequency of updating policies, technology leveraged to improve efficiency, and metrics used to measure success.
Key Findings

Processes for Policy Management
A Quarter (23%) Are Managing More than 100 Unique Policies While a Third (35%) Are Managing More than 100 Procedures
POLLING QUESTION:
How Has Your Policy Management Program Responded to the #MeToo Movement? (check all that apply)

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reviewed your policies</td>
<td>44.4%</td>
</tr>
<tr>
<td>Revised your policies</td>
<td>18.6%</td>
</tr>
<tr>
<td>Increased training on policies</td>
<td>29.5%</td>
</tr>
<tr>
<td>We have taken no action</td>
<td>42.8%</td>
</tr>
<tr>
<td>Other (please use chat window)</td>
<td>3.6%</td>
</tr>
</tbody>
</table>
Most Commonly Managed Policies and Procedures

- Code of Conduct: 88%
- HR, Labor and Employment: 79%
- IT Security / Data Privacy: 78%
- Disclosures (e.g., Conflict of Interest, Gifts, Entertainment): 70%
- Safety: 68%
- Harassment: 62%
- Whistleblower: 57%
- Financial: 51%
- Anti-Bribery and Anti-Corruption: 49%
- Forms: 47%
- Social Media: 44%
- OSHA Regulations: 44%
- Certifications and Attestations: 43%
- Third Parties: 37%
- ISO Standards: 28%

Base: Policy Respondents Only; n=750
Most (86%) Require All Employees to Formally Attest to At Least One Policy & Almost Half (48%) Require Annual Re-Certification

Do You Require All Employees to Formally Attest to One or More Policies?

- Yes: 86%
- No: 5%
- Don’t Know / Unsure: 9%


How Often Are Current Employees Required to Re-Read and Re-Acknowledge Policies?

- Annually: 21%
- Occasionally: 31%
- Within a Set Number of Days After Hiring: 48%

Base: Respondents whose organizations require employees to formally attest to policies at Q48, n=652.
More than Half (53%) of Larger Organizations with More Than 5,000 Employees Require Attestation from Third Parties
Training Employees on Policies is a Top Concern, Highlighting the Need to Create Clear Policies That Are Easy to Locate in “Real Time”
Workflow Between Writers and Approvers Has the Lowest Performance Rating for Policy Management Programs

<table>
<thead>
<tr>
<th>Category</th>
<th>Poor</th>
<th>Fair</th>
<th>Average</th>
<th>Good</th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Access (The Degree to Which Information is Easy for Team Members to View and Use)</td>
<td>6%</td>
<td>11%</td>
<td>30%</td>
<td>37%</td>
<td>16%</td>
</tr>
<tr>
<td>Policy Quality (Completeness, Accuracy, Consistency)</td>
<td>5%</td>
<td>8%</td>
<td>29%</td>
<td>46%</td>
<td>12%</td>
</tr>
<tr>
<td>Policy Compliance (Version Tracking, Adherence to New Laws, Regulations and Control Standards)</td>
<td>6%</td>
<td>13%</td>
<td>31%</td>
<td>38%</td>
<td>12%</td>
</tr>
<tr>
<td>Policy Contribution to Culture (Employees are Aware of Our Policies and View Them as Integral to Our Daily Operations and to Our Overall Mission)</td>
<td>9%</td>
<td>17%</td>
<td>32%</td>
<td>33%</td>
<td>9%</td>
</tr>
<tr>
<td>Policy Defensibility (Violation Tracking, Attestations / Signature Collections)</td>
<td>9%</td>
<td>14%</td>
<td>32%</td>
<td>37%</td>
<td>8%</td>
</tr>
<tr>
<td>Communication to Employees and Outside Third Parties (Distribution of New Information Quickly and Easily)</td>
<td>7%</td>
<td>15%</td>
<td>34%</td>
<td>37%</td>
<td>7%</td>
</tr>
<tr>
<td>Workflow Between Writers and Approvers (Length of Time for Review Cycles and Alerts for Outdated Policies)</td>
<td>10%</td>
<td>21%</td>
<td>35%</td>
<td>27%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Key Findings

Employing Policy Management Technology
POLLING QUESTION:
Do You Currently Use an Automated Policy Management System?
Note on Respondents For This Section

• For the next several questions, only those Organizations currently using an automated policy management software solution were asked to evaluate how that system impacts the quality and efficiencies of their program.

• Organizations that do not use any technology solution as well as those using a system that is not specifically designed for policy management functions (e.g., a content management system like SharePoint® or spreadsheets) were not asked to evaluate the features of the policy management software.
Almost Two-Thirds (63%) of Respondents Are Satisfied With Their Automated Policy Management Software
Automated Software Has Improved Efficiencies: Search Time, Cross-Functional Collaboration and the Policy Lifecycle

- Increased Efficiency in Document Creation, Review and Distribution: 9% Strongly Disagree, 32% Disagree, 41% Neutral, 14% Agree
- Saved Employee Time in Search: 5% Strongly Disagree, 34% Disagree, 45% Neutral, 12% Agree
- Enhanced Employees’ Knowledge and Understanding of Policies and Procedures: 7% Strongly Disagree, 39% Disagree, 40% Neutral, 11% Agree
- Improved the Quality of Our Policies and Procedures: 10% Strongly Disagree, 35% Disagree, 40% Neutral, 11% Agree
- Improved Collaboration Across Different Functional Areas / Departments That Are Responsible for Managing Policies and Procedures: 8% Strongly Disagree, 29% Disagree, 51% Neutral, 8% Agree
- Ensured Alignment with Third Parties on Policies and Expectations: 6% Strongly Disagree, 14% Disagree, 49% Neutral, 25% Agree, 8% Strongly Agree
- Resulted in a Reduction in Personal Injuries or Employee Complaints: 5% Strongly Disagree, 14% Disagree, 57% Neutral, 18% Agree, 6% Strongly Agree

Base: Organizations using an automated policy management software, n=208.
More than Two-Thirds of Organizations (68%) Using an Automated System Use Metrics to Measure Their Policy Management Program
Senior Management’s Decision to Purchase an Automated Policy Management System Mirrors the Priorities From the 2017 Report

- To Centralize Policies / Procedures: 51%
- To Better Manage Policy / Procedural Documents (e.g., Ensure Correct Versioning, etc.): 47%
- To Improve Employee Access to Policies / Procedures: 44%
- To Improve Accountability / Audit Trails: 39%
- To Reduce Risk: 34%
- To Improve Collaboration Among Departments / Functional Areas: 29%
- To Reduce Costs or Legal Fees: 16%
- Don’t Know: 25%

*Base: Organizations using an automated policy management software, n=236. Multiple responses possible.
Key Findings

Addressing Legal & Regulatory Risks
Nearly half (43%) of Respondents Have Incurred Some Damage Resulting from an Ethics Issue
About Half of the Respondents Credit Training (54%) & Policies (48%) to Help Prevent Misconduct or Ethical Violations in the Past 3 Years.
POLLING QUESTION:
Do You Have Documented Guidelines on How to Create & Distribute New or Updated Policies (i.e. a Policy on Policies)?

- Yes: 49.3%
- No: 38.8%
- I don’t know: 12%
64% of Organizations Have a Policy on Policies
Half of the Organizations Have Legal Review 50% or More of their Policies Before They’re Published
Key Takeaways &
Best Practice Recommendations
Key Takeaways

1) Effective policy and procedure management is a shared responsibility for business units across the organization

2) Connect your compliance program to the conduct you are trying to impact

3) Lack of resources is not an excuse for regulators

4) Realize a significant ROI for the entire organization when you prioritize budget for E&C program development and automation
Additional Resources

NAVEX Global offers many valuable resources for helping you build an effective and efficient policy management program. Visit our website www.navexglobal.com to find these resources and more:

Learn More About Policy Management :

• Definitive Guide to Policy Management
• PolicyTech® Policy Management Software
• Building vs. Buying Policy Management Software

Policy Management Use Cases:

• How to Simplify Regulatory Edits & Audits
• How to Track Readership to Ensure Employee Compliance
• How to Automate Policy Management Workflows
• How to Easily Access Important Procedures

More Benchmarking Resources From NAVEX Global:

• Hotline & Incident Management Report
• Third Party Risk Benchmark Report
• Training Benchmark Report

Free 14 Day PolicyTech Trial

• Test Drive Automated Policy Management Software

Join the growing community of nearly 6,000 Compliance Professionals
Thank You for Your Participation

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