2023 BENCHMARKING STUDY:
Culture, Governance, and Resources

Rethink
Compliance

At Rethink Compliance, we are dedicated to empowering real change – for our clients, in our industry, and in our clients' workplaces. Every day, we talk with compliance practitioners who are equally dedicated. They all emphasize the importance and value of benchmarking.

Our goal in this benchmarking report is to share information and combine it with insights based on our industry knowledge, in-house expertise, and decades of experience working with hundreds and hundreds of organizations around the globe. In other words, as we are regularly asked, "What is working?"

We are grateful to the more than 200 individuals who took the time to complete our survey. Their contributions were essential to making this a robust and meaningful report for the compliance and ethics industry. We hope you find it a useful tool for evaluating and shaping your program.

Overview

The word "compliance" means different things to different people. Various compliance benchmarking studies/reports in the marketplace consider compliance from different perspectives. Some focus on data protection/cyber security. Others look at compliance with regulations in the financial services sector. Others consider a broad range of enterprise risks that organizations face. Our survey was intended to investigate practices in what is often called "corporate compliance."

Corporate compliance generally encompasses those laws, rules, and regulations that apply to all organizations — large and small, public and private, for-profit and not-for-profit — as well as the ethical foundation an organization needs to underpin specific compliance efforts. A corporate compliance team typically assesses compliance risk to help pinpoint areas where efforts to mitigate risk may be lacking or inadequate. At most organizations, corporate compliance also focuses on creating an ethical and compliant culture, providing reporting channels, communicating and training on risks, and cultivating a Code of Conduct and ethics-related policies.

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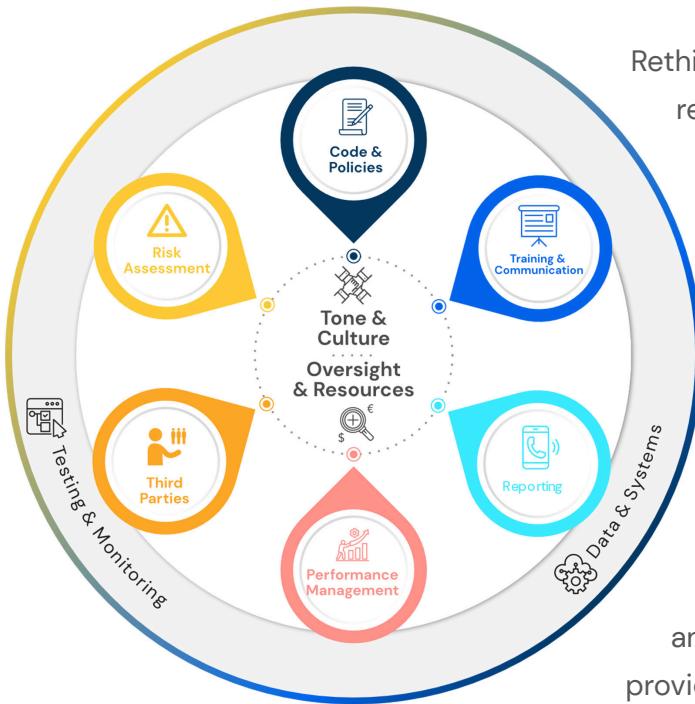
Rethink's Ethics and Compliance Program Framework recognizes that Tone & Culture and Oversight & Resources serve as the foundation of an effective compliance program. Our goal for this study is to provide ethics and compliance professionals with practical benchmarking information, trends, and analysis on tone from the top and at the middle, culture, the structure of the compliance function, and program resources. We also collected data related to participant companies' industry and size and whether the organization is public or private. Additionally, as the U.S. Department of Justice (DOJ) and other international government agencies have provided guidance on their expectations for compliance programs, we aim to align this study's findings with that guidance and those leading practices.

3

200+

Compliance and ethics professionals from a wide variety of organizations and industries participated in the survey.

<$500M–$5B+

The survey included responses from organizations with annual revenues under $500 million (about 25%) to over $5 billion (about 30%)

<1000
employees

25%

>25,000
employees

20%

▶ Small organizations (under 1,000 employees) made up about a quarter of responses. There were more than 5,000 employees at about half of the respondents' organizations.

50/50

Public/Nonpublic

Respondents were split evenly between public and nonpublic organizations. Representatives of a wide variety of industries responded, including pharmaceuticals (8.5%), industrial manufacturing (8%), technology/software (8%), business/professional services (6%), and nonprofits (3.5%).

67%

23%

4%

3%

3%

▶ More than 30% of responding organizations are headquartered outside of North America.

Keeping an Eye on Culture

It is well understood that, for a compliance program to be deemed effective by regulators, an organization must establish an ethical and compliant culture. As one survey participant commented, "Company culture is always the make or break … ." Unfortunately, 43% of respondents indicated that they are not satisfied with their organization's culture of compliance.

The DOJ expects organizations to assess culture and adjust their programs accordingly. So, what are organizations doing? According to survey participants, assessing ethical culture on a regular basis is standard practice. Over 60% of survey participants indicated they assess their organization's culture, and over 70% of those participants assess culture annually. Looking more broadly, more than 50% of all participants take steps to monitor their culture at least every three years.

How do you feel about the culture of compliance at your organization?

3%	8%	32%	42%	15%
Very Dissatisfied		Neutral		Very Satisfied
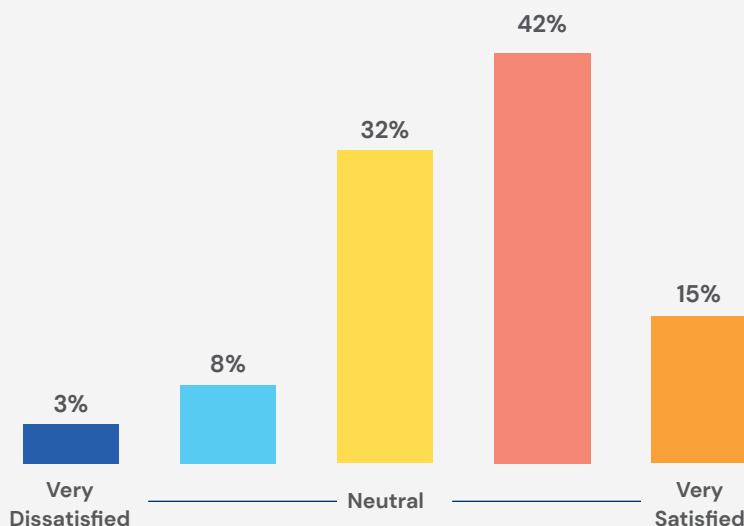
Over 80% of participants who assess their culture rely on surveys. While surveys remain the most popular cultural assessment tool, many organizations now use additional methods. About 39% of applicable participants have implemented technology to monitor internal communication channels for trends. Similarly, about 41% of applicable participants use online methods to collect comments and suggestions related to compliance. Many organizations have long used these tools to gather customer information to assess public sentiment, and the DOJ may expect the use of similar methods for monitoring ethics and compliance.

According to survey participants that use data to assess culture, organizations often use negative behaviors to indicate whether compliance is trending up or down — common data points include the number of misconduct reports (84%) and the percentage of anonymous reports (58%). That said, a new leading practice appears to be emerging — using positive behaviors to help assess culture. About a quarter of the participants who monitor culture have added analytics related to the use of organizations' Codes of Conduct and/or other compliance resources. Tracking positive behaviors related to compliance provides insights into how sources of information, tools, and mitigation processes are being used. This is valuable data to gauge whether those parts of your compliance program are effective.

What tools has your organization used in the past five years to gauge the culture of compliance, including attitudes about reporting, fairness, and the tone set by management?

Surveys
83%
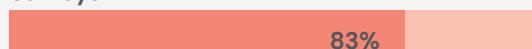
Discussions at town halls or other group meetings
46%
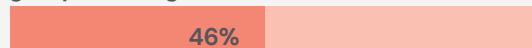
Online methods to collect comments or suggestions
41%
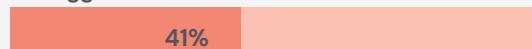
Monitoring internal communication channels for trends
39%
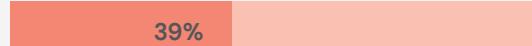
Interviews
37%
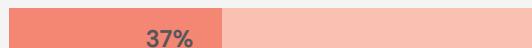
Focus groups
32%

None of the above
2%

What additional data points do you analyze to help assess the culture of compliance at your organization?

Number of misconduct reports (e.g., HR, compliance, ethics)
84%

Investigation results
79%

Types of wrongdoing alleged
62%

Percentage of anonymous report
58%

Reports and investigation results by location or department
55%
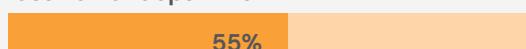
Number of other reports (e.g., safety, quality, customer complaints)
50%

Benchmarks against third-party data
45%
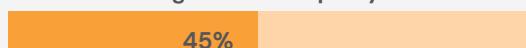
Analytics connected to use of other compliance resources
29%

Analytics connected to Code use
23%

Other
12%

None
5%

Is Management Setting the Right Tone?

The tone set by senior and middle management is key to establishing an ethical culture at any organization. Unsurprisingly, the more satisfied survey participants are with the tone set by senior and middle management, the more likely they are to be satisfied with their overall culture of compliance.

Unfortunately — much like the responses related to the culture of compliance — fewer participants than we anticipated are satisfied with the tone set by their senior and middle management. Approximately 20% of survey participants reported dissatisfaction with the tone set by senior and middle management, and another 30% were neutral. Only about half (53%) of participants are satisfied with the tone set by senior management, with even fewer respondents (37%) satisfied with the tone set by middle management.

How tone at the top and middle impacts culture

Legend: ■ Senior ■ Middle

| TONE	Very Dissatisfied	Dissatisfied	Neutral	Satisfied	Very Satisfied
Senior	2.0	2.06	2.89	3.87	4.62
Middle	1.57	2.25	2.77	3.42	4.14

COMPLIANCE CULTURE
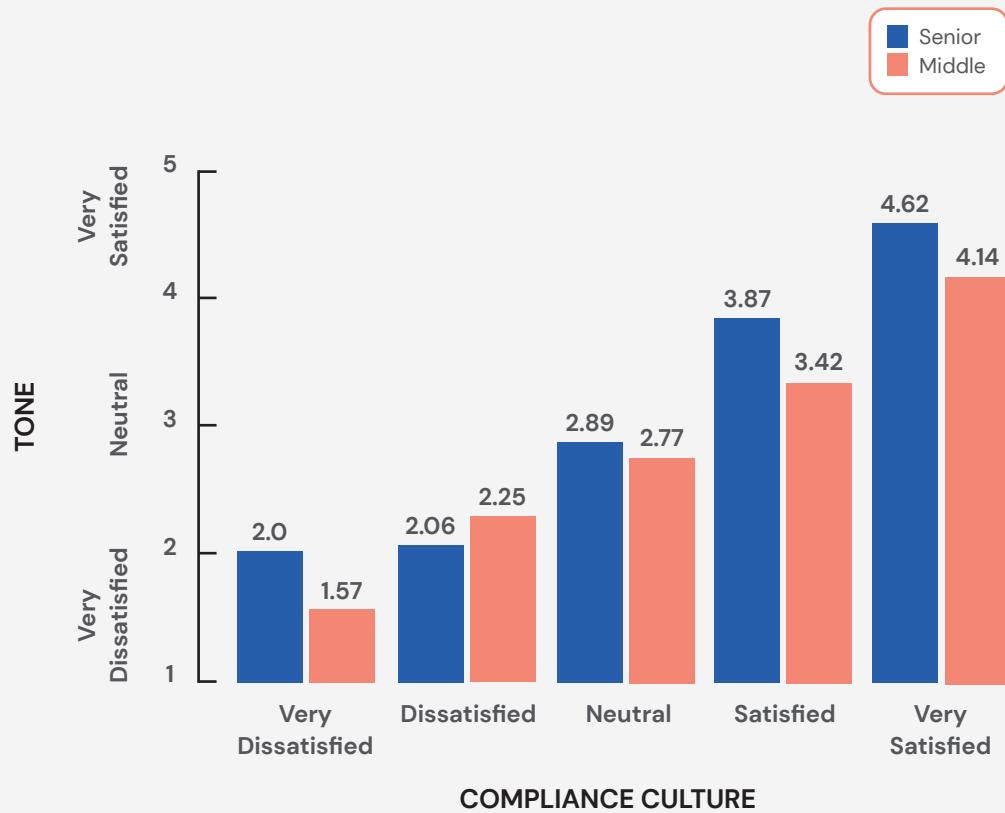
Participants' ratings of the tone set by middle management and their rating of the capability of middle management to identify and manage compliance and ethics risks are similar. These results suggest that a focus on assisting middle management with its role in compliance risk management may help improve an organization's overall culture of compliance.

We know that frequent reinforcement is needed for compliance–related messaging to resonate with employees. Unfortunately, 35% of participants indicated their organizations provide compliance–related communications from senior management on only an annual basis. With only 5% of participants reporting that employees receive monthly compliance–related messages from leadership, there appears to be ample room for improvement in this area. Senior leadership's assistance in "beating the drum" is imperative for fostering a culture of compliance — after all, it is well established that employees will follow their leaders. If senior management is cooperative, drafting communications and assisting in their dissemination is an easy way to increase compliance messages from the top of the organization.
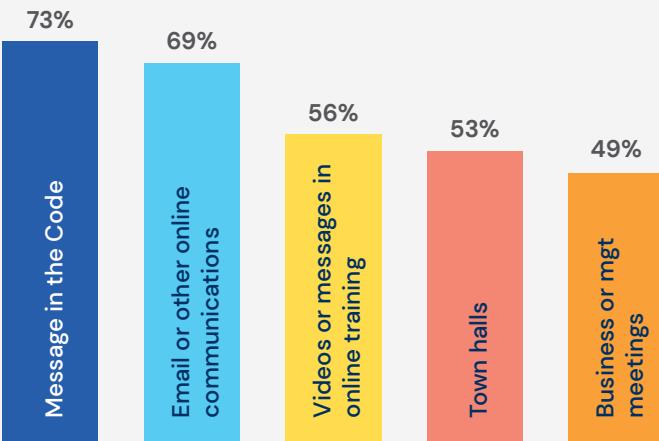
Regardless of the frequency of messaging from senior leadership, organizations must demonstrate to the DOJ how management sets the proper tone. About 70% of organizations keep records of management's compliance–related communications, which is both a leading practice *and* a simple way to help demonstrate an effective program.

How does management communicate expectations for business integrity at your organization?

Category	Percentage
Message in the Code	73%
Email or other online communications	69%
Videos or messages in online training	56%
Town halls	53%
Business or mgt meetings	49%

Structure Compliance Leadership for Success

What is the title of the highest-ranking person with day-to-day management responsibilities for compliance?

CCO or CECO	VP Compliance	Compliance Officer	Director of Compliance	Manager of Compliance	Chief Legal Officer or General Counsel	Other
44%	13%	11%	9%	9%	6%	8%
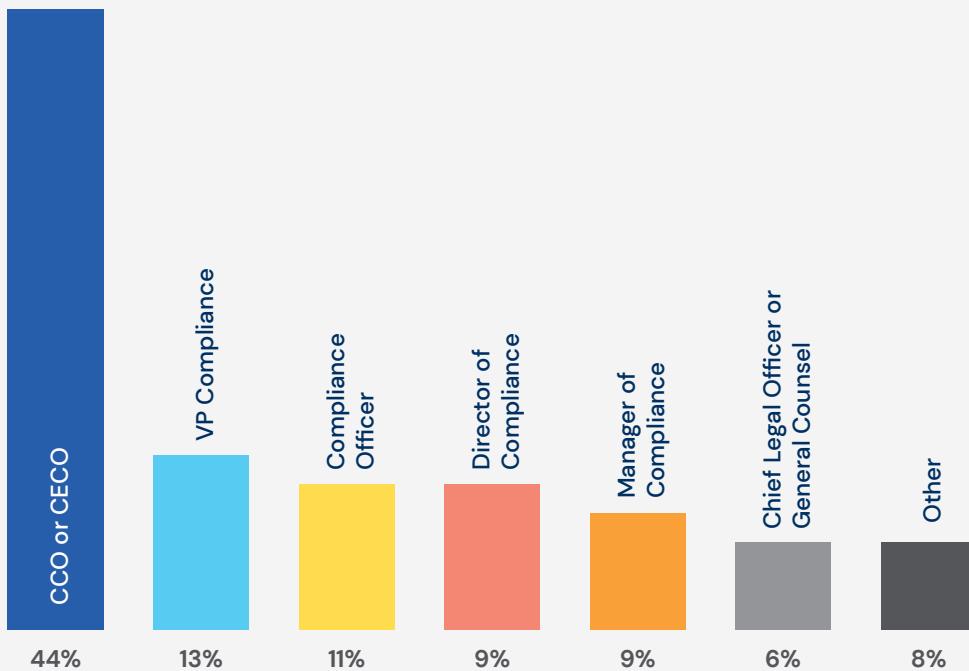
Head of Compliance

Approximately 65% of survey participants indicated that the person with day-to-day responsibilities for compliance (head of compliance) at their organization is devoted full-time to compliance. Interestingly, we found no significant difference between public and private companies.

Full-time devotion to compliance trends up the larger the employee population but is not as clearly tied to revenue. The head of compliance is dedicated full-time to compliance in 70% of organizations with 10,000 to 49,999 employees. That number increases to 80% in organizations with over 50,000 employees. At the smallest organizations — those with under 1,000 employees — the head of compliance is devoted full-time to compliance only 55% of the time.

Nearly 44% of participating organizations title the head of compliance "Chief Compliance Officer" or "Chief Ethics and Compliance Officer." Public companies (54%) are more likely to use these titles than nonpublic organizations (36%).

It is worth noting that there appears to be some correlation between title and an organization's culture of compliance. Those participants whose organizations have a "Chief Compliance Officer" or "Chief Ethics and Compliance Officer" rate the culture at those organizations as satisfactory 71% of the time. On the other end, only 32% of organizations with a lower-level "Compliance Officer" rate the culture as satisfactory.

Culture is, of course, impacted by many factors, and we suspect that the more senior the head of compliance is, the more "weight" that person has in an organization. More weight means more potential to influence the C-suite and the authority to implement effective and meaningful changes in the organization. Simply changing someone's title is, of course, not likely to make a difference unless the stature and authority of the title accompany it.

The DOJ encourages autonomy of compliance departments. Reporting through business operations (or the "first line") can increase the risk of compliance being "overruled" by the first line. We are pleased to report that heads of compliance clearly report through a non-operational officer at about 95% of participating organizations.

The most common reporting structure for the head of compliance is either reporting directly to the CEO/President (36%) or the Chief Legal Officer/General Counsel (35%). Seeing such a large percentage reporting directly to the CEO is encouraging. This type of reporting structure allows the CEO to have an unfiltered assessment of compliance issues, increases the stature of the function, and is indicative — both internally and to regulators — of how seriously an organization takes compliance. Reporting through the CEO or President is most common at nonpublic companies (45%) while reporting to the Chief Legal Officer or General Counsel is most common at public companies (53%). The Audit Committee or other Board Committee is a distant third at about 8%.

Management Committees

Over half the participating organizations have implemented compliance committees at a management level. Public companies appear to charter such committees slightly more often than private companies. A compliance committee at the vice-president level is a strong preference at about 70% of participating organizations, while another 20% include a mix of senior leaders and middle management on their compliance committees.

Our study suggests that compliance committees are a benefit to a culture of compliance. Sixty-nine percent (69%) of participants who report being "very satisfied" with their culture of compliance also report that their organizations have a management-level compliance committee. Conversely, 71% of participants who are "very dissatisfied" with their culture of compliance work at organizations that do not have a management-level compliance committee. This correlation to the culture of compliance may well be related to providing education to — and gaining support from — a broader group of senior-level management. Formally including upper management in compliance efforts likely results in more attention and investment by leadership — a powerful type of compliance ambassador.

What are the responsibilities of your organization's management compliance committee?					
TOPIC	OVERSIGHT	PRIMARY	SHARED	NO RESPONSIBILITY	DON'T KNOW
Assessing business risks and their impact on compliance	25%	22%	47%	2%	4%
Identifying compliance-related risks	23%	24%	45%	5%	3%
Reviewing effectiveness of the compliance program	32%	28.5%	30.5%	5%	4%
Compliance risk management activities	32%	25%	31%	9%	3%
Approving corporate-level policies and significant revisions	25%	15%	34%	22%	4%
Approving annual compliance work plans	26%	21%	28%	16%	9%
Reviewing reports by auditors	24%	13%	36%	24%	3%
Approving annual plan for compliance training	23%	20%	24%	28%	5%
Overseeing the reporting system and investigation process	25.5%	9%	23.5%	37%	5%
Determining and enforcing disciplinary action	19%	5%	28%	42%	6%
Approving annual compliance budget	12%	13%	17%	51%	7%
Providing input re: ethical background of senior positions	18%	7%	17%	45%	13%
Vetting compliance staff and changes	15%	5%	18%	56%	6%

The most common roles of management compliance committees are to help identify, assess, and manage compliance risks in the organization, followed by assessing the compliance program's effectiveness. These are two areas where senior leadership's attention and support are important to help set an ethical tone and implement strategic improvements to the compliance program.

Leading practices suggest that the compliance function should play a role in deciding discipline, providing ethical input into senior-level performance management decisions, and approving the compliance budget. Given the sensitivity of the information involved in performance management, limiting the exposure of disciplinary, career advancement, and compensation decisions among a peer group is wise. Providing a high-level analysis of most performance issues to a management compliance committee is sufficient in our view.

Equip Oversight Functions

Oversight of the compliance program by the Board of Directors — or a Board committee — is expected at public companies and is becoming more standard at nonpublic organizations, with 95% of participating public companies reporting Board oversight and 65% of participating nonpublic organizations reporting the same. Executive sessions for the head of compliance are provided at about 75% of the participating organizations with Board-level oversight.

We are pleased to see the rise of Compliance Committees at the Board level. Currently, an Audit Committee of the Board (38%) is still most likely to have oversight of the compliance program, followed by a Compliance Committee of the Board (19%) and the full Board (18%). We note that Audit Committee oversight remains the top choice at public companies (54%).

Historically, the Audit Committee has overseen compliance in the U.S. as a result of the Sarbanes–Oxley Act (SOX). SOX added a requirement for companies listed on a U.S. stock exchange to provide a system for gathering whistleblower reports regarding financial improprieties — and the Audit Committee was tasked with overseeing that system. In the intervening years, the role of compliance functions has matured and expanded. Meanwhile, Audit Committees have assumed more responsibilities — to the point of becoming overburdened. A Board-level committee dedicated to ethics

What is the highest governing body at your organization with oversight of the compliance program?

Other subcommittee of the Board of Directors – 3%

Don't know – 3%

Other – 5%

Executive or Management Committee/team (non–board level) 13%

Full Board of Directors – 18%

Personnel or Compensation Committee of the Board of Directors – 1%

Audit Committee of the Board of Directors – 38%

Compliance Committee of the Board of Directors – 19%
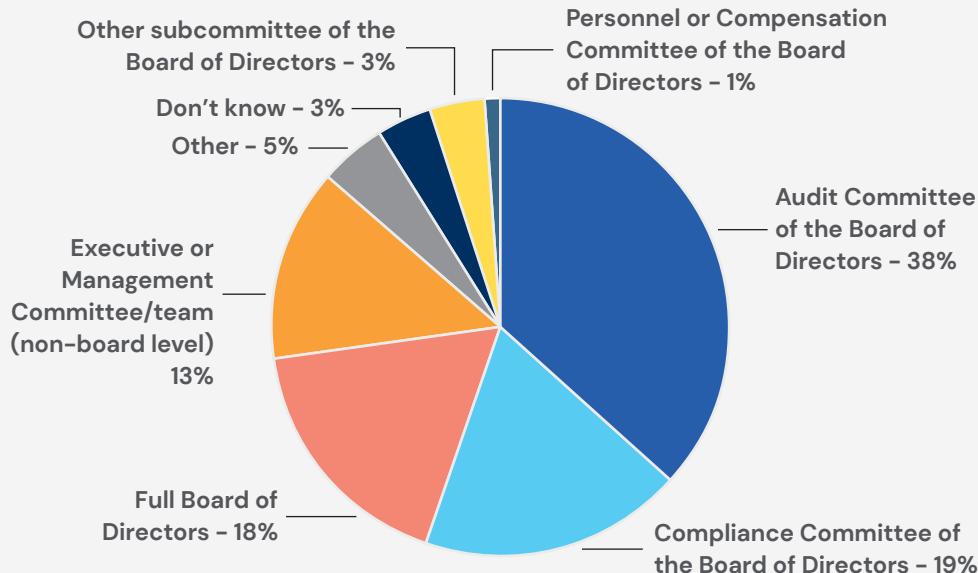
and compliance helps keep those issues from being overshadowed by other business concerns and will, in all likelihood, help demonstrate to regulators an organization's commitment to compliance.

On the other hand, at nonpublic organizations, there is no clear "winner" when it comes to oversight. The Audit Committee, the full Board, and a non–Board management committee are each responsible for compliance oversight in just over 20% of participating nonpublic organizations. A Compliance Committee of the Board follows, at about 15%.

For the smallest organizations — those with under 1,000 employees — the most popular choice for oversight is the full Board, at 30%. The next most popular choices are the Audit Committee or a non–Board management committee, each at 20%.

To assist these governing bodies with their oversight responsibilities, it is critical to provide them with relevant and insightful information. Doing so will also help the compliance department obtain support and direction for its initiatives. Over 80% of participating organizations report to their governing body at least annually, and over 60% provide the governing body with quarterly reports. Those are very good trends from a compliance governance perspective.

In what format does your organization provide compliance training to its Board of Directors?

Live training provided by internal compliance resources	Online training	A combination of live training and online training	Live training provided by an external third party	Don't know
37%	27%	21%	12%	3%
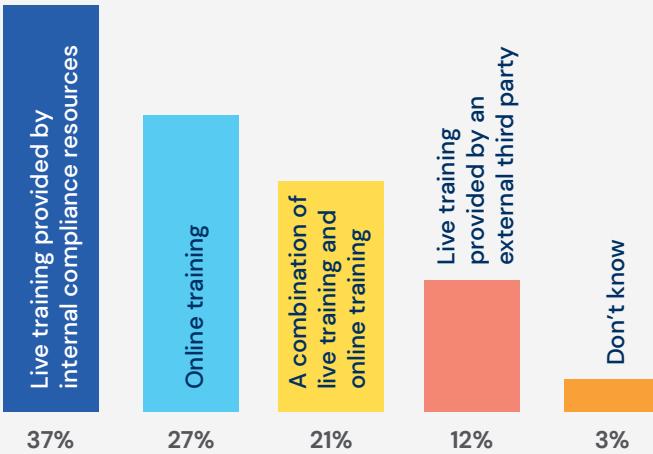
It is always beneficial when the governing body includes members with legal and/or compliance experience. Board members have not typically had this type of experience. That said, more than half of participating organizations with board–level oversight reported a Board member with legal or compliance expertise. These results indicate that Board members with this type of experience are becoming more of a standard practice, which is welcome news for our industry.

Over 80% of those who provide training to their Board provide compliance training to their Board members annually, with 95% providing Board training at least every three years. Live and online training are the clear preferences, with 85% of those who provide training to their Board using live training provided by internal compliance resources, online training, or a combination of those methods.

Making the Most of Compliance Resources

Staffing

Although not surprising, our survey results demonstrate that compliance programs are running with a smaller staff than we would hope. It is no wonder that the compliance industry suffers from burnout.

Over 50% of participating organizations employ one to four full-time employees (FTEs) in their compliance functions. The number of FTEs correlates most closely with the number of employees in the organization. The vast majority (83%) of participating organizations with fewer than 1,000 employees have between one and four FTEs dedicated to compliance — that is, frankly, to be expected. Surprisingly, however, 10% of the largest organizations — those with over 50,000 employees — reported only one to four FTEs in their compliance functions.

Number of FTEs dedicated to compliance department by number of employees

Legend:
- One to four
- Five to 10
- 11 to 25
- 26 to 45
- 46 to 100
- More than 100

Under 1,000: One to four 84%, Five to 10 8%, 11 to 25 6%, 46 to 100 2%

1,000–4,999: One to four 58%, Five to 10 31%, 11 to 25 7%, 26 to 45 2%, More than 100 2%

5,000–9,999: One to four 57%, Five to 10 19%, 11 to 25 24%

10,000–24,999: One to four 26%, Five to 10 41%, 11 to 25 22%, 26 to 45 7%, 46 to 100 4%

25,000–49,999: One to four 50%, Five to 10 11%, 11 to 25 11%, 26 to 45 11%, 46 to 100 6%, More than 100 11%

Over 50,000: One to four 10%, Five to 10 13%, 11 to 25 17%, 26 to 45 13%, 46 to 100 20%, More than 100 27%

Y-axis: NUMBER OF FTES DEDICATED TO COMPLIANCE DEPARTMENT

X-axis: **NUMBER OF EMPLOYEES**

Compliance budget by number of employees

Legend:
- Under $99,999
- Between $100,000 and $249,999
- Between $250,000 and $499,999
- Between $500,000 and $999,999
- Over $1 million

COMPLIANCE BUDGET

Under 1,000: 41%, 37%, 12%, 5%, 5%

1,000–4,999: 14%, 24%, 24%, 22%, 16%

5,000–9,999: 19%, 19%, 44%, 6%, 13%

10,000–24,999: 5%, 5%, 15%, 35%, 40%

25,000–49,999: 19%, 13%, 44% (values: 19%, 13%, 44%)

Over 50,000: 5%, 15%, 15%, 65%

NUMBER OF EMPLOYEES
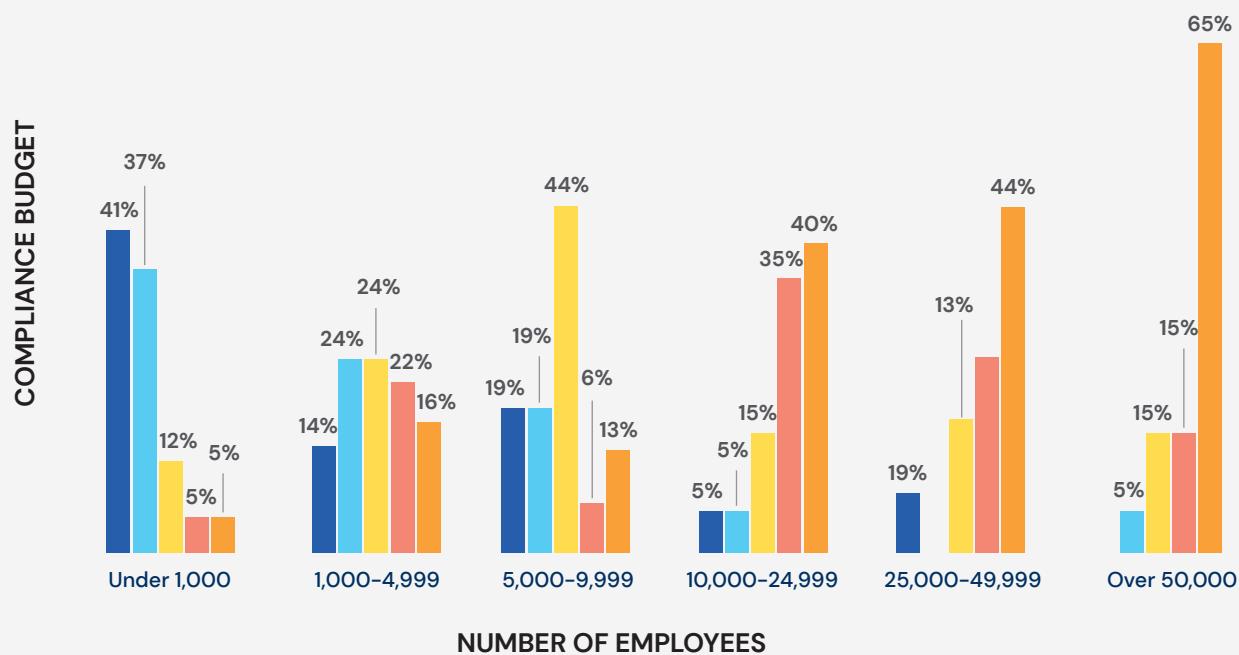
Budgets and Shared Resources

There appears to be significant variation in compliance budgets. Generally, budgets also correlate most closely to the number of employees at an organization. For example, a majority (62%) of participating organizations with fewer than 1,000 employees have an annual budget of less than $250,000, which, again, is to be expected. The majority of organizations with between 1,000 and 10,000 employees have budgets that are fairly evenly spread, reporting budgets of as little as $250,000 to up to $1 million. And 54% of organizations with at least 10,000 employees have budgets of $500,000 or more.

Compliance functions often share tools with other groups in their organizations. At over 60% of participating organizations, the compliance function utilizes a learning management system (LMS) not funded by compliance. Similarly, for approximately 40% of respondents, some or all investigators are outside the compliance team budget. Twenty-four percent (24%) of participants report using specialized software — such as GRC systems, policy management software, and due diligence systems — funded by other groups.

What is the approximate annual budget of your compliance department?

| Under $99,999	Between $100,000 and $249,999	Between $250,000 and $499,999	Between $500,000 and $999,999	Over $1,000,000
20%	19%	19%	17%	25%
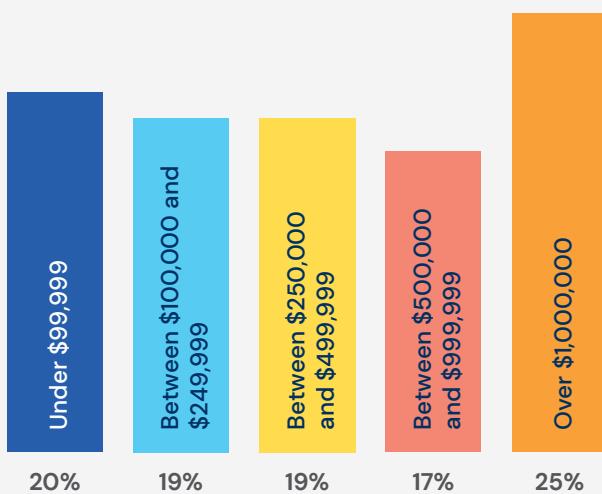
Sharing resources can pay unexpected dividends. Shared tools and staff save the organization money, and the necessary interactions with other internal teams often increase awareness of compliance issues. Communal tools, such as those related to due diligence, save time by integrating compliance into existing processes, enabling employees to complete compliance tasks or find information in a streamlined manner.

Outside resources are another option for compliance functions to consider as they manage budgets and staffing. It is wise to document the rationale behind those decisions to outsource and how the organization oversees the outsourced area(s). Not surprisingly, over half of participating organizations use outside vendors to help with online training and whistleblower reporting. Using vendors to help with third-party due diligence is also popular (33%). Twenty-four percent (24%) of responding organizations use outside resources to help with investigations, 22% use outside resources to help with other types of compliance training, and 16% use outside resources to help with compliance risk assessments.

Percentage of respondents leveraging outsourced resources in their compliance programs

Online compliance training	Whistleblower/report management	Compliance-related third-party due diligence (e.g., bribery, OFAC/trade)	Investigations	Other compliance training	Compliance risk assessment
54%	51%	33%	24%	22%	16%
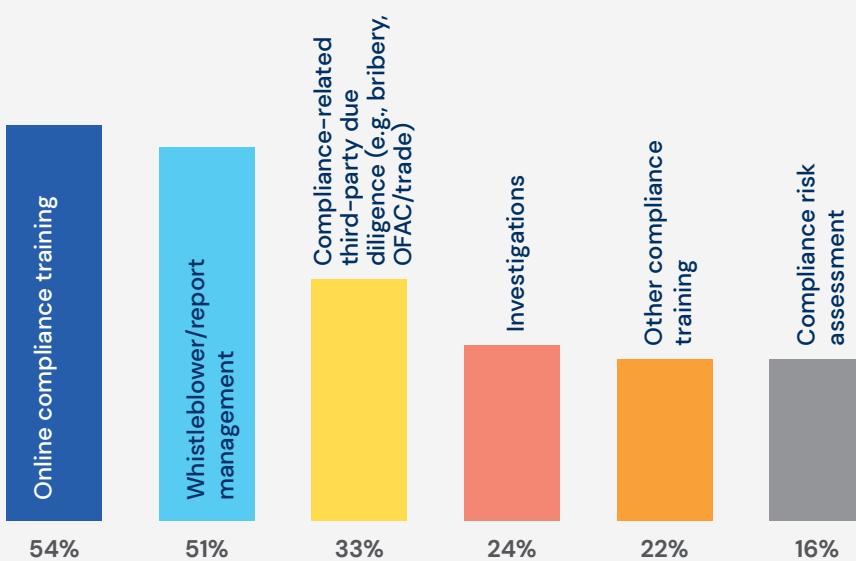
Responsibilities and Skills of the Compliance Function

Responsibilities

On the whole, compliance functions have a role in the most critical areas of compliance risk management. Our survey results highlight a few areas of concern, however. Eighty-eight percent (88%) of respondents indicated that the compliance department participates in investigations at their organizations, while only 70% reported that their compliance departments participate in the disciplinary process. Historically, Human Resources has been slow to allow compliance to have a seat at the table in determining discipline. While there are always sensitive issues involved, and confidentiality is critical, we also know that insular processes with no additional oversight are prone to failure or abuse. DOJ expectations may lend motivation to include compliance in the disciplinary process as well as investigations.

Our study reveals a notable number (13%) of organizations in which the compliance function does not have a role in the third-party due diligence process. Given the risks involved in third-party relationships, as well as mergers and acquisitions, this may be a concern. Many organizations may have skilled control groups who participate in the due diligence process and simply use compliance as a subject matter expert when potential ethical concerns arise.

Compliance's Responsibilities				
TOPIC	SOLELY COMPLIANCE	SHARED	ANOTHER GROUP	OTHER OR DON'T KNOW
Compliance Training	57%	36%	3%	4%
Policy Management	42%	50%	6%	2%
Conflict of Interest or Gift Process	59%	32%	5%	4%
Compliance Risk Assessment	62%	28%	6%	4%
Investigations	34%	54%	9%	3%
Whistleblower and Report Management	64%	24%	7%	5%
Code Management	65%	21%	8%	6%
Compliance Testing and Monitoring	51%	34%	5%	10%
Compliance Related third-party Due Diligence	41%	42%	10%	7%
Disciplinary Process and Outcomes	9%	60%	26%	5%
M&A Compliance Due Diligence	27%	39%	14%	20%

Skills

As our field has matured, compliance departments are embracing different disciplines. However, legal still has a stronghold in compliance risk management. Although the Chief Legal Officer or General Counsel is the person with day-to-day responsibility for compliance in only 6% of participating organizations, in approximately 35% of them, the person with day-to-day responsibility for compliance *reports through the head of legal*. Additionally, legal is the most common skill set represented in compliance staff, at 70%.

It is encouraging, however, to see other skill sets on the rise, indicating that the compliance function is losing its history of a focus solely on legal skills. About 45% of participants reported team members with project management skills. Data analytics and communications/marketing skills are represented on about 35% of participating compliance teams. These skills are at the leading edge of bringing compliance into the digital workplace and reaching remote workers.

What skill sets do compliance teams possess?

Human Resources	Communication/ Marketing	Legal (attorneys and paralegals)	Investigations	Audit	Project Management	General Support Staff	Learning and Development	Data Analytics	IT	Other
18%	37%	72%	60%	49%	46%	45%	42%	35%	16%	20%
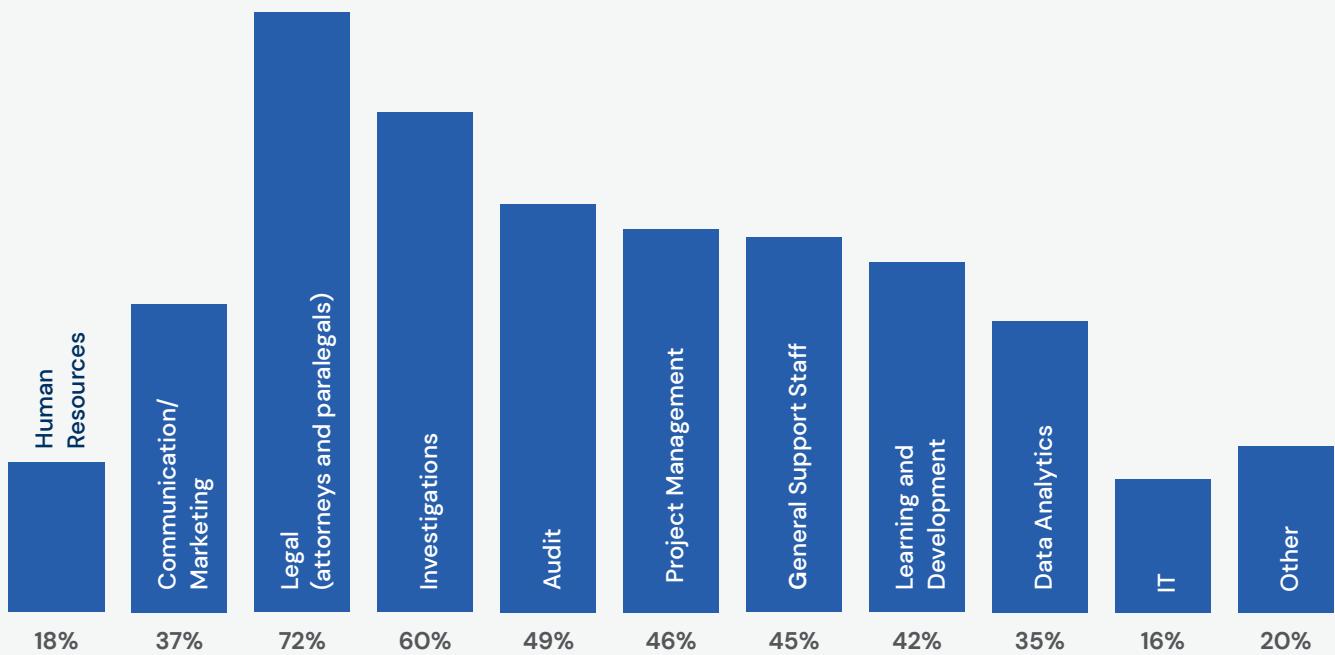
Conclusions

Setting the tone for ethical behavior by leadership, cultivating a culture that supports ethical and compliant behavior, and appropriately structuring and resourcing compliance functions are foundational to an effective compliance program. Compliance programs continue to mature as common best practices become standard and new activities emerge as leading practices.

Senior-level management committees appear to help improve culture and buy-in by the organization's leaders. The use of Compliance Committees of the Board is on the rise. Boards generally provide oversight of the compliance function at all but the smallest organizations. While compliance functions continue to deal with limited resources, there is clear progress in expanding the compliance staff's skill sets, which is helping address challenges related to digital processes/business and remote workforces.

Overall, compliance is being given a seat at the table or is responsible for areas of high ethical risk, including discipline, due diligence, and conflicts of interest, at many organizations. However, there is still room for improvement in these areas. Variations in shared responsibilities, shared or outsourced resources, skill sets of staff, and reporting structures show that compliance professionals continue to move their programs forward with limited resources by creatively staffing their programs and sharing responsibilities and tools within their organizations.

▶ About Rethink Compliance

Rethink Compliance is an industry leader empowering real change. We put people at the center of all we do, and it shows through our unparalleled passion, dedication to service, and tangible results.

We pair decades of compliance experience with global communications expertise, providing expert guidance and tailored products and services that get results. Our service is unmatched in the industry, with a modern, hands-on approach that makes the process easy on you.

We work with organizations of all sizes and across industries, from Fortune 100 companies to small businesses, nonprofits, and start-ups. Our growing client roster includes 140+ of the world's great organizations representing millions of global employees.

Empowered compliance – from people as passionate as you

WOMEN OWNED™ | certified WBENC WOMEN'S BUSINESS ENTERPRISE | Inc. 5000

Let's Rethink Compliance, together.

We know true progress requires partnership and collaboration. We'd love to learn more about your needs and how we can help empower you.

Get in touch at **hello@rethinkcompliance.com** or visit us at **rethinkcompliance.com.**

Appendix

2023 Benchmarking Survey

In what region is your organization headquartered?

UNITED STATES — 62.5%

EUROPE — 22.5%

NORTH AMERICA
(Excluding United States) — 5.0%

ASIA PACIFIC
(Excluding Australia/NewZealand/Oceania) — 3.0%

AFRICA — 2.5%

CENTRAL OR SOUTH AMERICA — 2.5%

MIDDLE EAST — 1.5%

AUSTRALIA/NEW ZEALAND/OCEANIA — 0.5%

Which of the following most closely describes your organization's industry?

Industry	Percentage
HEALTHCARE PROVIDER	12.0%
OTHER	9.5%
PHARMACEUTICALS/BIOTECHNOLOGY	8.5%
INDUSTRIAL MANUFACTURING	8.0%
TECHNOLOGY/SOFTWARE	8.0%
BANKING/FINANCIAL SERVICES	6.0%
BUSINESS/PROFESSIONAL SERVICES	6.0%
AUTOMOTIVE	4.5%
AEROSPACE AND DEFENSE	3.5%
ENERGY/UTILITIES	3.5%
NON-PROFIT/CHARITABLE/INDUSTRY GROUP	3.5%
CONSTRUCTION/PROPERTY MANAGEMENT/REAL ESTATE	3.0%
GOVERNMENT	3.0%
TELECOMMUNICATIONS	3.0%
MEDICAL DEVICE	2.5%
OIL AND GAS	2.5%
RETAIL AND CONSUMER	2.5%
CHEMICALS	2.0%
HEALTHCARE PAYER	2.0%
INSURANCE	2.0%
TRANSPORTATION AND LOGISTICS	2.0%
TRAVEL AND LEISURE	1.5%
FOOD AND BEVERAGE	1.0%
METALS AND MINING	0.0%

What is the approximate annual revenue of your organization in U.S. dollars?

UNDER $500 MILLION	24.0%
$500 MILLION TO $1.99 BILLION	18.0%
$2 BILLION TO $4.99 BILLION	13.0%
$5 BILLION TO $14.99 BILLION	15.5%
$15 BILLION OR ABOVE	15.5%
DON'T KNOW	14.0%

How many employees work in your organization, globally?

OVER 50,000	16.5%
25,000–49,999	9.0%
10,000–24,999	13.5%
5,000–9,999	11.5%
1,000–4,999	22.5%
UNDER 1,000	26%
DON'T KNOW	1.0%

Are shares of your organization sold on a public stock exchange?

YES	NO
48.0%	52.0%

Does your organization formally assess its culture of compliance?

YES	NO	DON'T KNOW
60.5%	34.5%	5.0%

How often does your organization formally assess its culture of compliance?

- ANNUALLY — 50.0%
- EVERY TWO TO THREE YEARS — 24.2%
- MORE THAN ONCE A YEAR — 20.0%
- LESS THAN EVERY FIVE YEARS OR AD HOC — 5.8%
- EVERY FIVE YEARS — 0.0%

What tools has your organization used in the past five years to gauge the culture of compliance, including attitudes about reporting, fairness, and the tone set by management?

- SURVEYS — 82.6%
- DISCUSSIONS AT TOWN HALLS OR OTHER GROUP MEETINGS — 46.3%
- ONLINE METHODS TO COLLECT COMMENTS OR SUGGESTIONS — 40.5%
- MONITORING INTERNAL COMMUNICATION CHANNELS FOR TRENDS — 38.8%
- INTERVIEWS — 37.2%
- FOCUS GROUPS — 32.2%
- NONE OF THE ABOVE — 1.7%

What additional data points do you analyze to help assess the culture of compliance at your organization?

Data Point	Percentage
NUMBER OF MISCONDUCT REPORTS (e.g., HR, compliance, ethics)	84.3%
INVESTIGATION RESULTS	79.3%
TYPES OF WRONGDOING ALLEGED	62.0%
PERCENTAGE OF ANONYMOUS REPORTS	57.9%
REPORTS AND INVESTIGATION RESULTS BY LOCATION OR DEPARTMENT	55.4%
NUMBER OF OTHER REPORTS (e.g., safety, quality, customer complaints)	49.6%
BENCHMARKS AGAINST THIRD-PARTY DATA	44.6%
ANALYTICS CONNECTED TO USE OF OTHER COMPLIANCE RESOURCES	28.9%
ANALYTICS CONNECTED TO CODE USE	23.1%
OTHER	12.4%
NONE	5.0%

How do you feel about the culture of compliance at your organization?

3.6 AVERAGE RATING

3.5%	8.0%	32.2%	41.7%	14.6%
1	2	3	4	5

VERY DISSATISFIED	NEUTRAL	VERY SATISFIED

How does management communicate expectations for business integrity at your organization?

INTRODUCTION TO THE CODE OF CONDUCT FROM OUR CEO OR OTHER SENIOR LEADER	73.0%
EMAILS OR ONLINE POSTS	68.5%
VIDEOS OR MESSAGES IN TRAINING	55.5%
TOWN HALLS OR OTHER BROAD ORGANIZATIONAL MEETINGS	52.5%
BUSINESS/MANAGEMENT MEETINGS	49.0%
VIDEO COMMUNICATIONS	35.0%
AUDIO COMMUNICATIONS	12.5%
OTHER	8.0%
MANAGEMENT DOESN'T COMMUNICATE REGARDING BUSINESS INTEGRITY	7.5%

Generally, how often does your senior management communicate ethics and compliance expectations?

ANNUALLY	35.7%
AD HOC COMMUNICATIONS ARE OFTEN PART OF THEIR MEETINGS	29.2%
QUARTERLY	23.2%
MONTHLY	5.9%
OTHER	5.9%

Are communications by senior management regarding ethics and compliance tracked and documented?

YES We track formal communications that are created in cooperation with the ethics and compliance function.	35.9%
NO	25.0%
OCCASIONALLY	20.1%
YES We track both formal communications and ad hoc communications.	12.0%
DON'T KNOW	7.1%
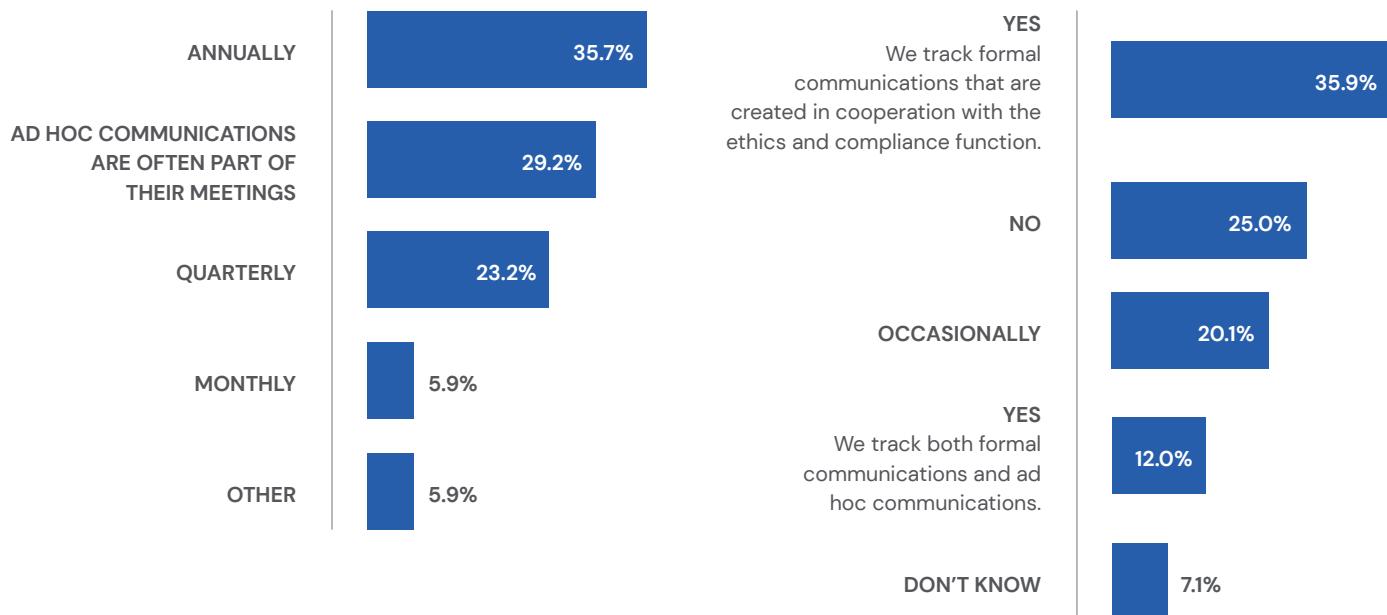
How do you feel about the tone set by **senior management** at your organization?

3.5 AVERAGE RATING

1	2	3	4	5
6.5%	12.5%	27.5%	35.5%	18.0%

VERY DISSATISFIED — NEUTRAL — VERY SATISFIED
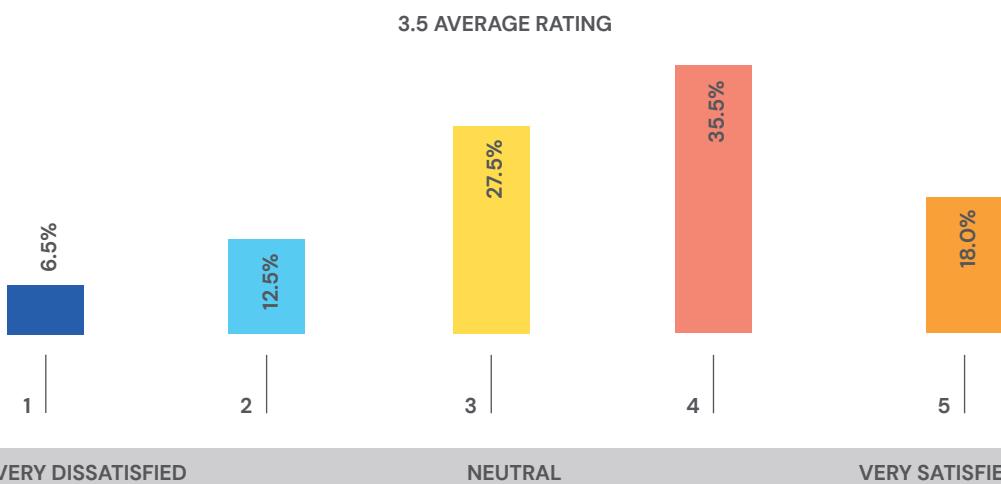
How do you feel about the tone set by **middle management** at your organization?

3.2 AVERAGE RATING

6.5%	15.0%	41.5%	30.0%	7.0%
1	2	3	4	5

VERY DISSATISFIED   NEUTRAL   VERY SATISFIED
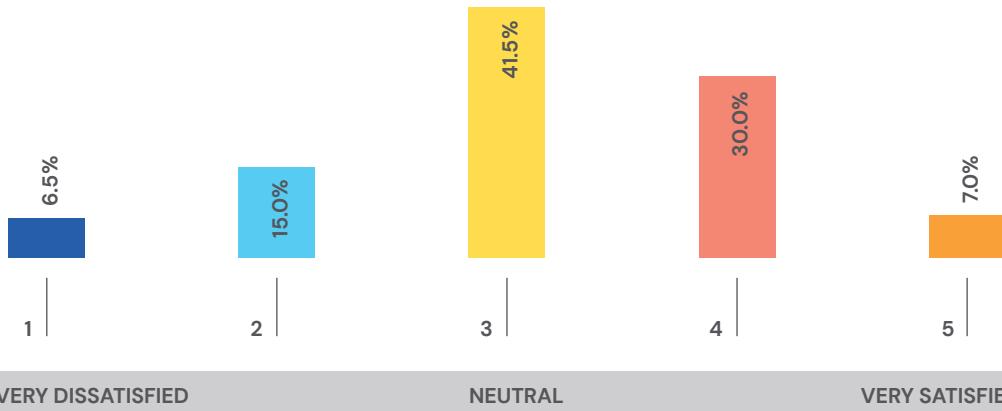
How capable do you feel your organization's middle management is at identifying and managing compliance and ethics-related issues?

3.1 AVERAGE RATING
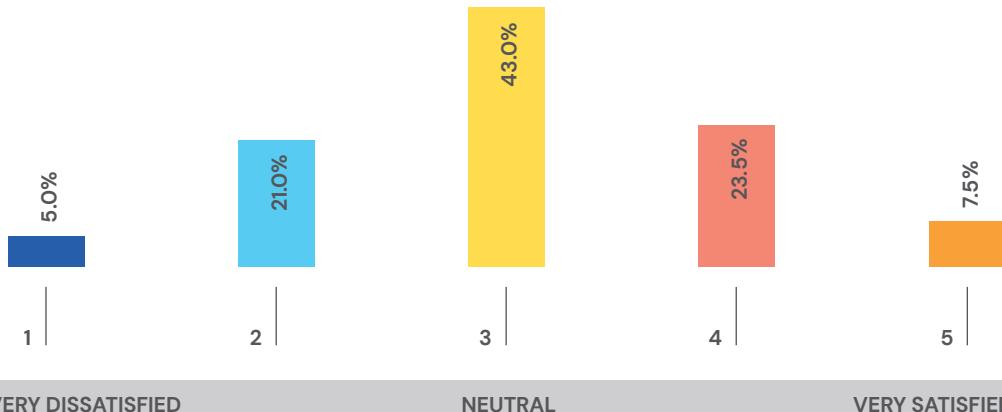
5.0%	21.0%	43.0%	23.5%	7.5%
1	2	3	4	5

VERY DISSATISFIED   NEUTRAL   VERY SATISFIED

What is the approximate annual budget of your compliance department?

OVER $1 MILLION	19.0%
BETWEEN $100,000 AND $249,999	14.5%
BETWEEN $500,000 AND $999,999	12.5%
UNDER $99,999	15.0%
BETWEEN $250,000 AND $499,999	14.5%
DON'T KNOW	24.5%

Which of the following shared resources does your compliance department leverage that are **not** reflected in the compliance department's budget?

|	
LEARNING MANAGEMENT SYSTEM	62.3%
SOME OR ALL INVESTIGATORS	37.7%
SPECIALIZED SOFTWARE USED BY COMPLIANCE (e.g., ERM or GRC system; policy management software; electronic monitoring systems; third–party due diligence software)	23.6%
COMPENSATION FOR BUSINESS UNIT/BUSINESS GROUP COMPLIANCE REPRESENTATIVES	18.1%
HOTLINE/CASE MANAGEMENT SYSTEM	18.1%
DON'T KNOW	11.1%
OUR COMPLIANCE DEPARTMENT DOES NOT LEVERAGE ANY SHARED RESOURCES THAT ARE NOT REFLECTED IN ITS BUDGET	9.0%
OTHER	4.5%

Indicate the approximate number of full-time equivalents (FTEs) dedicated to the centralized compliance department.

ONE TO FOUR	50.5%
FIVE TO 10	19.5%
11 TO 25	12.0%
26 TO 45	4.5%
46 TO 100	4.5%
MORE THAN 100	5.5%
DON'T KNOW	3.5%
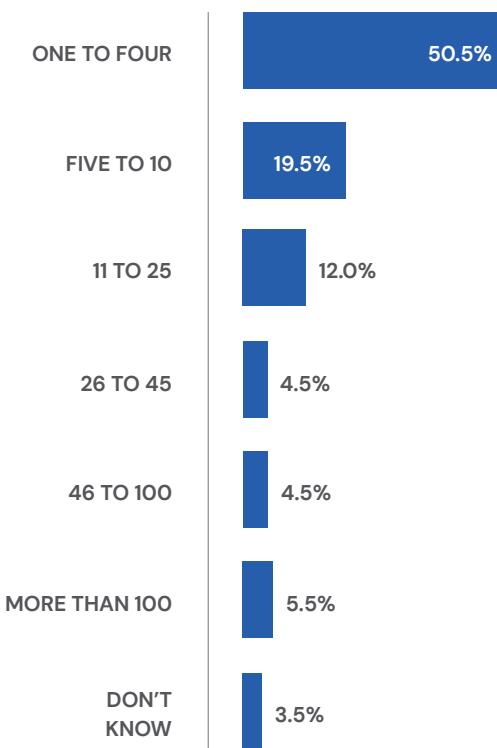
Indicate the skill sets held by the individuals counted in the prior question.

LEGAL (attorneys and paralegals)	71.7%
INVESTIGATIONS	59.7%
AUDIT	49.2%
PROJECT MANAGEMENT	45.5%
GENERAL SUPPORT STAFF	44.5%
LEARNING AND DEVELOPMENT	42.4%
COMMUNICATION/MARKETING	36.6%
DATA ANALYTICS	34.6%
OTHER	20.4%
HUMAN RESOURCES	18.3%
I.T.	15.7%
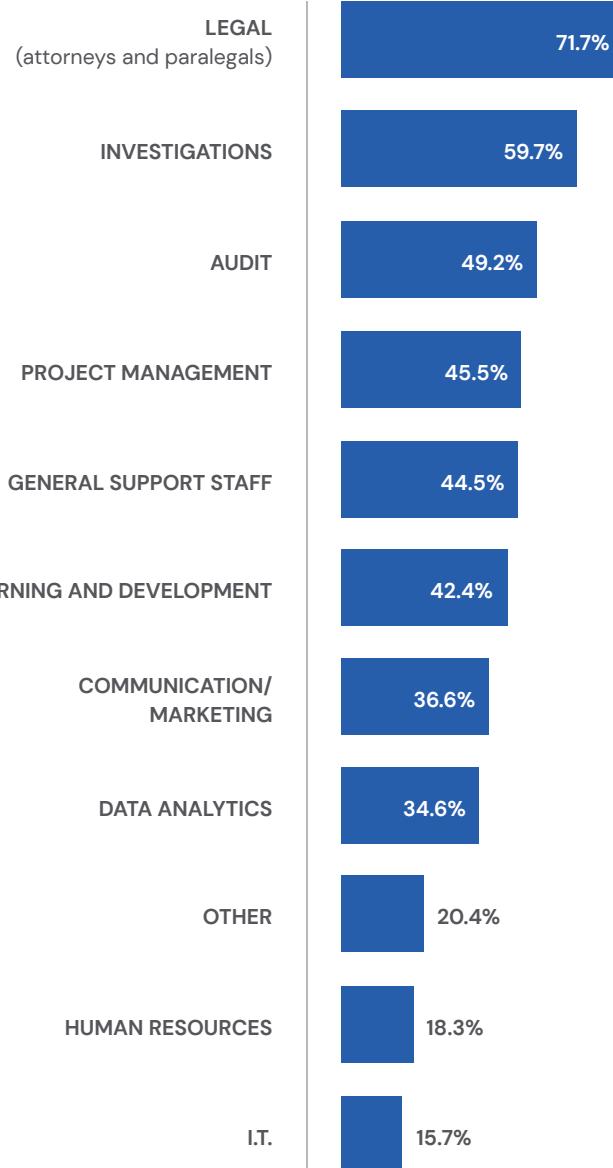
Indicate where responsibility resides for each of the areas listed below.

| TOPIC	SOLELY COMPLIANCE	SHARED	ANOTHER GROUP	OTHER OR DON'T KNOW
Compliance Training	57%	36%	3%	4%
Policy Management	42%	50%	6%	2%
Conflict of Interest or Gift Process	59%	32%	5%	4%
Compliance Risk Assessment	62%	28%	6%	4%
Investigations	34%	54%	9%	3%
Whistleblower and Report Management	64%	24%	7%	5%
Code Management	65%	21%	8%	6%
Compliance Testing and Monitoring	51%	34%	5%	10%
Compliance Related third-party Due Diligence	41%	42%	10%	7%
Disciplinary Process and Outcomes	9%	60%	26%	5%
M&A Compliance Due Diligence	27%	39%	14%	20%

Do you leverage **outsourced** resources for any of the following areas of your compliance program?

ONLINE COMPLIANCE TRAINING	54.0%
WHISTLEBLOWER/REPORT MANAGEMENT	50.5%
COMPLIANCE-RELATED THIRD-PARTY DUE DILIGENCE (e.g., bribery, OFAC/trade)	33.3%
INVESTIGATIONS	23.7%
OTHER COMPLIANCE TRAINING	22.2%
COMPLIANCE RISK ASSESSMENT	16.2%
NONE OF THE ABOVE	16.2%
COMPLIANCE TESTING AND MONITORING	12.1%
CONFLICTS OF INTEREST/GIFTS PROCESS	7.6%
POLICY MANAGEMENT	7.6%
DON'T KNOW	5.6%
CODE MANAGEMENT	4.5%

What is the title of the highest-ranking person with
day-to-day management responsibilities for compliance?

Title	Percentage
CHIEF COMPLIANCE AND/OR ETHICS OFFICER	44.5%
VICE PRESIDENT, COMPLIANCE	12.5%
COMPLIANCE OFFICER	11.0%
DIRECTOR OF COMPLIANCE	9.5%
MANAGER OF COMPLIANCE	8.5%
CHIEF LEGAL OFFICER OR GENERAL COUNSEL	6.0%
OTHER	5.5%
RISK OFFICER OR CHIEF RISK OFFICER	2.0%
CHIEF AUDIT EXECUTIVE OR HEAD OF AUDIT	0.5%

Is the person with day-to-day responsibilities devoted full-time to compliance responsibilities?

YES — 64.3%
NO — 33.2%
DON'T KNOW — 2.5%
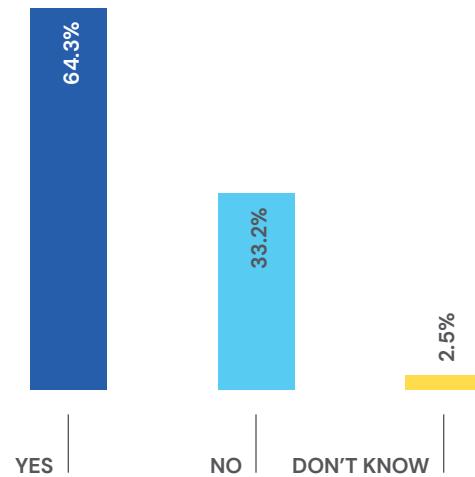
To whom does the person with day-to-day responsibilities report?

CEO OR PRESIDENT	36.5%
CHIEF LEGAL OFFICER OR GENERAL COUNSEL	35.5%
AUDIT COMMITTEE OR OTHER BOARD COMMITTEE	8.5%
OTHER	6.5%
CHIEF FINANCIAL OFFICER	5.5%
CHIEF COMPLIANCE AND/OR ETHICS OFFICER	4.0%
CHIEF HUMAN RESOURCES OFFICER OR HEAD OF HR	1.5%
HEAD OF RISK MANAGEMENT	1.5%
CHIEF AUDIT EXECUTIVE OR HEAD OF AUDIT	0.5%
HEAD OF I.T.	0.0%

What is the highest governing body at your organization with oversight of the compliance program?

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS	38.0%
COMPLIANCE COMMITTEE OF THE BOARD OF DIRECTORS	18.5%
FULL BOARD OF DIRECTORS	17.5%
EXECUTIVE OR MANAGEMENT COMMITTEE/TEAM (non–board level)	13.5%
OTHER	5.0%
DON'T KNOW	3.5%
OTHER SUBCOMMITTEE OF THE BOARD OF DIRECTORS	3.5%
PERSONNEL OR COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS	0.5%

How often does this governing body typically receive reports on the compliance program?

|	
QUARTERLY	61.5%
NEARLY EVERY MEETING	12.0%
ANNUALLY	11.0%
DON'T KNOW	9.0%
AS NEEDED (e.g., less than annually)	6.5%
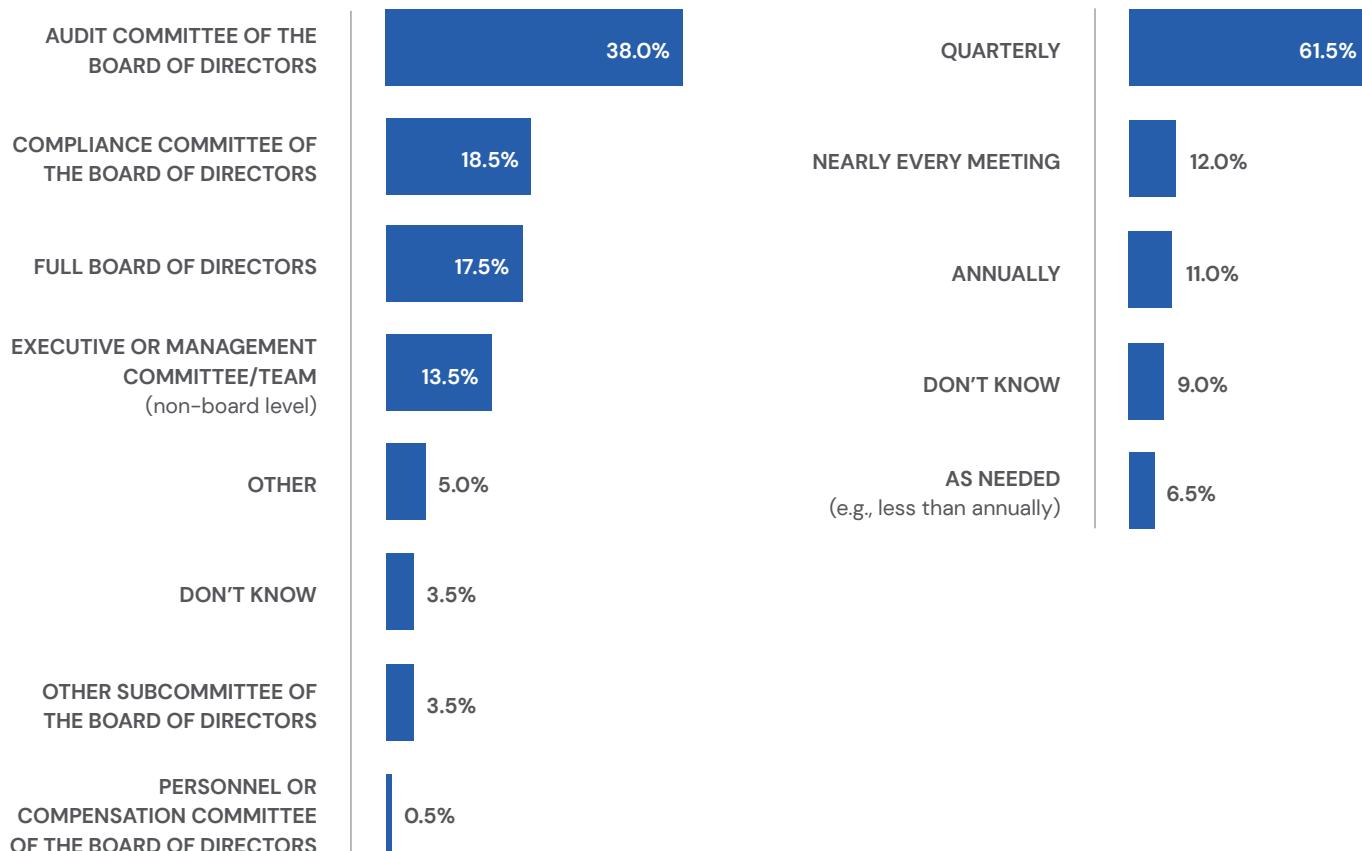
Is an executive session with the Board or a Committee of the Board available to the person with day-to-day responsibilities?

74.4% YES

**14.7%** NO

10.9% DON'T KNOW
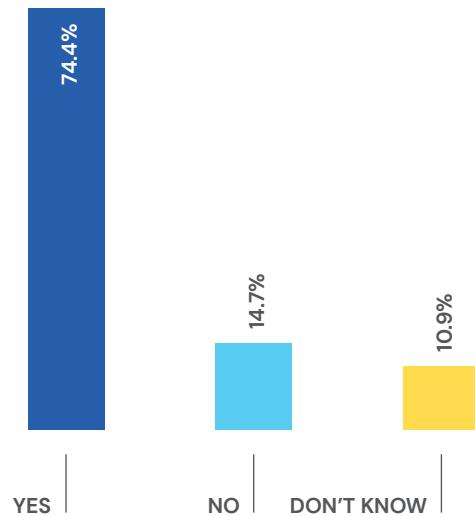
Is there at least one member of your organization's Board of Directors with legal and/or compliance experience/expertise?
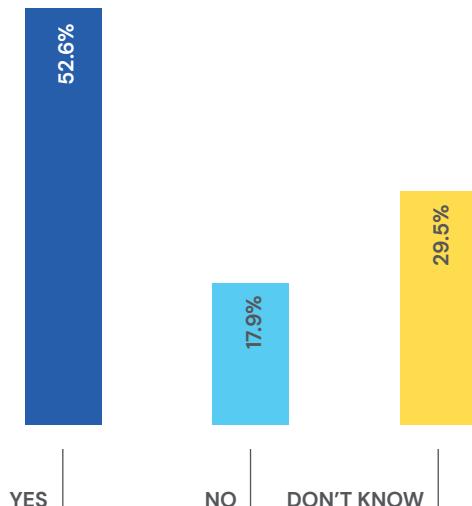
52.6% YES

**17.9%** NO

29.5% DON'T KNOW

Does your organization provide compliance training to its Board of Directors?

60.3% YES

23.1% NO

16.7% DON'T KNOW

How often does your organization provide compliance training to its Board of Directors?

ANNUALLY	63.8%
MORE OFTEN THAN ONCE A YEAR	19.1%
EVERY TWO TO THREE YEARS	13.8%
LESS THAN EVERY FIVE YEARS OR ON AN AD HOC BASIS	3.2%
EVERY FIVE YEARS	0.0%

In what format does your organization provide compliance training to its Board of Directors?

LIVE TRAINING PROVIDED BY INTERNAL COMPLIANCE RESOURCES	37.2%
ONLINE TRAINING	26.6%
A COMBINATION OF LIVE TRAINING AND ONLINE TRAINING	21.3%
LIVE TRAINING PROVIDED BY AN EXTERNAL THIRD PARTY	11.7%
DON'T KNOW	3.2%
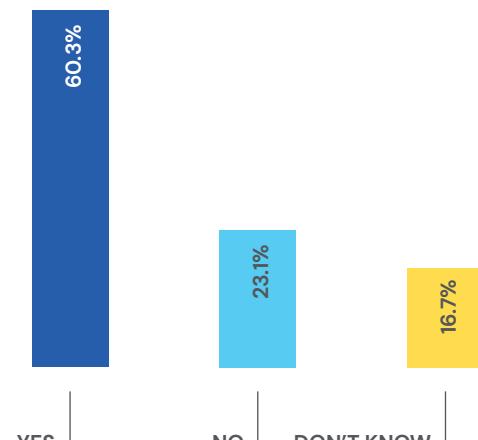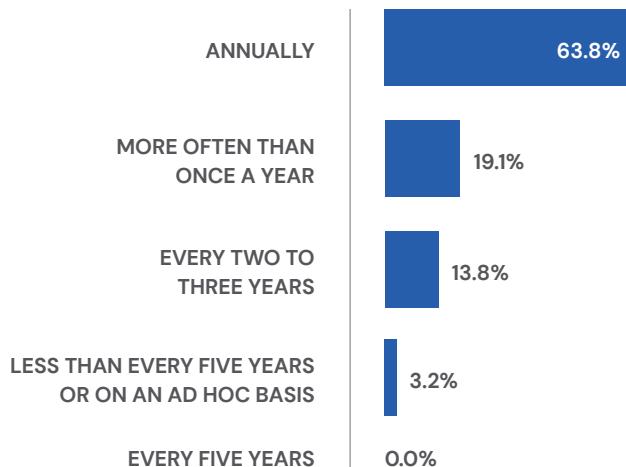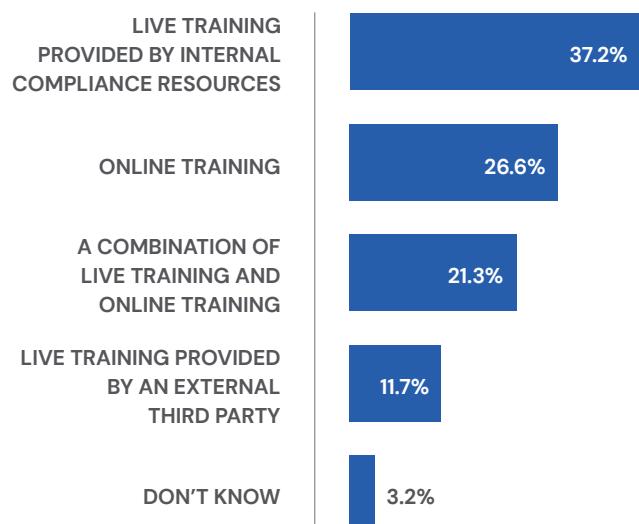
Is there a management-level compliance committee at your organization?

YES	NO	DON'T KNOW
52.0%	39.0%	9.0%
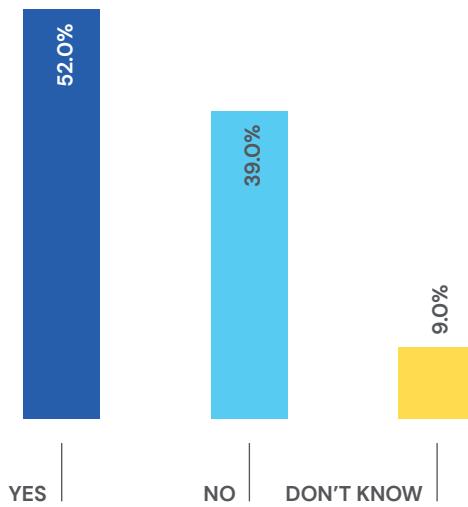
At what level are the members of your organization's management compliance committee?

SENIOR LEADERSHIP (VP or above)	68.3%
A MIXTURE OF SENIOR LEADERSHIP AND MIDDLE MANAGEMENT	21.2%
MIDDLE MANAGEMENT (Below VP)	8.7%
SENIOR STAFF OF APPROPRIATE GROUPS	1.0%
OTHER	1.0%

What are the responsibilities of your organization's management compliance committee?

TOPIC	OVERSIGHT	PRIMARY	SHARED	NO RESPONSIBILITY	DON'T KNOW
Assessing business risks and their impact on compliance	25%	22%	47%	2%	4%
Identifying compliance-related risks	23%	24%	45%	5%	3%
Reviewing effectiveness of the compliance program	32%	28.5%	30.5%	5%	4%
Compliance risk management activities	32%	25%	31%	9%	3%
Approving corporate-level policies and significant revisions	25%	15%	34%	22%	4%
Approving annual compliance work plans	26%	21%	28%	16%	9%
Reviewing reports by auditors	24%	13%	36%	24%	3%
Approving annual plan for compliance training	23%	20%	24%	28%	5%
Overseeing the reporting system and investigation process	25.5%	9%	23.5%	37%	5%
Determining and enforcing disciplinary action	19%	5%	28%	42%	6%
Approving annual compliance budget	12%	13%	17%	51%	7%
Providing input re: ethical background of senior positions	18%	7%	17%	45%	13%
Vetting compliance staff and changes	15%	5%	18%	56%	6%