

**2006 CORPORATE ETHICS & COMPLIANCE STUDY:**

# **Top Ethics & Compliance Concerns of Major Companies in 2006**

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Integrity Interactive®

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## **About the Study**

Integrity Interactive® Corporation, a leading provider of web-based tools to large organizations and business corporations seeking to manage and mitigate ethics and compliance risk, conducted a comprehensive study of millions of employee compliance-training records that reveals the Top 12 ethics-and-compliance concerns of leading companies today.

Since January 2000, more than 2.5 million employees have completed online ethics and compliance courses made available by Integrity Interactive to approximately 350 corporate clients operating in the United States and Europe. Integrity's corporate clients include major companies in virtually every industry, including (but not limited to): High Technology; Pharmaceuticals; Chemical Manufacturing; Electronics Manufacturing; Automotive Manufacturing; Food & Beverage Manufacturing; and Hospitality Services. Total employee populations at the companies studied ranged from approximately 1,000 employees to more than 300,000. The median number of employees among companies studied was 7,000, and the average number of employees was 23,000.

Integrity Interactive's corporate customers require their employees to take Integrity's proprietary online compliance courses and pass online tests demonstrating content mastery, providing senior management with an audit-ready trail of efforts to promote an organizational culture of ethical conduct and compliance with law. Integrity Interactive tracks the number of client employees completing each of its courses, and provides detailed course-completion records and reports to its corporate clients. This study aggregates the data from actual employee course-completion records to provide a view of current (as well as historical) trends in corporate compliance training and risk management. Among other things, this study provides a ranked list of the 12 most-frequently-completed compliance-training courses in 2006 (out of more than 100 course topics offered by Integrity Interactive as of September 30, 2006).

Recognizing that corporations of different sizes may face different types of compliance risks, the data has been reported not only in the aggregate, but also broken down for companies in three size cohorts: *Mid-Sized* (1,000 to 10,000 employees); *Large* (10,000+ to 90,000 employees); and *Very Large* (90,000+ employees). The study also documents and analyzes the emergence of the "compliance curriculum" approach to compliance training, as more and more corporations require employees to complete multiple compliance-training courses in multiple risk areas over a 2-3 year time period.

## **Overview & Study Highlights**

On-line training has emerged as the preferred medium for communicating ethics and compliance policies and best-practices to employees at many major corporations. As a general rule, companies first identify their leading compliance-related risks, and then train employees on compliance-topics that most-closely address and mitigate those risks. In any given year, it is possible to identify the compliance risks of greatest concern to major companies by studying the compliance training courses they most frequently require employees to complete.

Courses appearing on the "most popular" roster often include those topics applicable to the broadest cross-section of employees, regardless of rank, job description, and location. By way of example, topics like Mutual Respect, Financial Integrity, and Proper Use of Computers address issues faced by almost all employees in the corporate world.

In addition, there is also strong demand for compliance-training topics applicable to more limited, higher-risk subsets of employees. For example, Records Management and Data Security have been near the top of the "most popular" list for two years, reflecting legislative developments and industry response to several embarrassing compliance failures.

## Top Ethics & Compliance Concerns of Major Companies in 2006

The following highlights emerged from the study:

- Financial Integrity maintains its position as the most popular course in 2006. Financial Integrity has been in the Top 3 every year since 2000, and also tops the “most popular” list for the decade-to-date (2000-2006);
- Longtime favorites Mutual Respect, Proper Use of Computers, and Conflicts of Interest remain in the Top 5;
- Courses appearing on the Top-12 list for the first time in 2006 include: Sarbanes-Oxley & Internal Controls; Human Rights; Privacy; and Data Safeguarding.
- Course popularity varies with company size. *Very Large* corporations (90,000+ employees) have made Financial Integrity their top priority, while *Large* (10,000+ to 90,000 employees) and *Mid-Sized* (1,000 to 10,000 employees) companies have made Mutual Respect their top priority (with Proper Use of Computers a close second).
- More than 75 percent of companies studied provide compliance training on multiple risk areas to multiple employee groupings, adopting a “compliance curriculum” approach that tailors training to the specific needs and risks of specific employee groups and populations.

### Top 12 Corporate Compliance-Training Topics of 2006

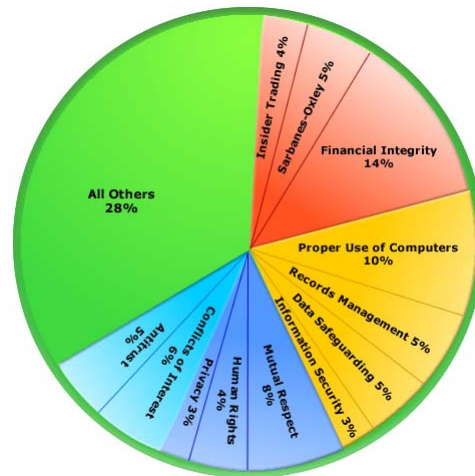
The following ranking shows the Top 12 corporate compliance-training topics for Calendar Year 2006 to date (through September 30, 2006). The topics are ranked in order of popularity:

#### 2006 (YTD)

Top 12 Corporate Compliance-Training Topics of 2006

1	Financial Integrity
2	Proper Use of Computers
3	Mutual Respect
4	Conflicts of Interest & Gifts
5	Antitrust Contact with Competitors
6	Records Management
7	Sarbanes-Oxley & Internal Controls
8	Data Safeguarding
9	Insider Trading
10	Human Rights
11	Information Security
12	Privacy

#### 2006 Course Distribution



The Top 12 list for 2006 corresponds closely to the types of corporate ethical and legal woes that dominate business headlines today. For example, Topic No. 8 (Data Safeguarding) is designed to help companies avoid the woes suffered by America Online in August 2006, when high-ranking employees were dismissed for allowing user search-data to be published on the Internet. Topic No. 12 (Privacy) addresses the issues and principles at work in the spying and pretexting problems that recently created havoc with corporate governance at Hewlett-Packard. In addition:

**Top Ethics & Compliance Concerns of Major Companies in 2006**

- Topic No. 1 (Financial Integrity) reflects the preoccupation of many companies (such as Apple Computers and Monster Worldwide) with events such as backdated stock options and inaccurate financial reports that can lead to costly restatements of financial results;
- Topic No. 2 (Proper Use of Computers) reflects the desire of companies (and lately even the U.S. House of Representatives) to protect their leaders, employees, and themselves from embarrassing, inappropriate, or even illegal uses of computers, the Internet, instant messaging, and related information technologies;
- Topic No. 3 (Mutual Respect) reflects the nearly universal determination of leading companies and organizations to provide employees with workplaces free of illegal discrimination and harassment;
- Topic No. 4 (Conflicts of Interest & Gifts) reflects the desire of many companies (which now include the 27 mutual fund companies currently under investigation by the Securities & Exchange Commission) to avoid improper influences in decision-making processes, both internal and external to the company;
- Topic No. 5 (Antitrust Contact with Competitors) reflects the never-ending quest of companies to ensure that their officers and employees (especially sales and marketing personnel) do not engage in practices which have the effect of reducing competition and consumer choice in the marketplace (especially with respect to prices).

**Historical Perspective on Top-12 Training Topics**

Placing this year’s Top-12 list in historical perspective reveals a variety of interesting trends and developments. The chart immediately below shows Integrity Interactive’s Top 12 courses from one year ago (calendar year 2005), two years ago (calendar year 2004), and the cumulative totals over nearly seven years (January 1, 2000 through September 30, 2006).

2005		2004		2000 – 2006 (YTD)	
1	Financial Integrity	1	Mutual Respect	1	Mutual Respect
2	Mutual Respect	2	Workplace Violence	2	Workplace Violence
3	Records Management	3	Financial Integrity	3	Financial Integrity
4	Proper Use of Computers	4	Antitrust Contact w/Competitors	4	Antitrust Contact w/Competitors
5	Conflicts of Interest & Gifts	5	Proper Use of Computers	5	Proper Use of Computers
6	Antitrust Contact w/Competitors	6	Conflicts of Interest & Gifts	6	Conflicts of Interest & Gifts
7	Confidentiality	7	Insider Trading	7	Insider Trading
8	Information Security	8	Intellectual Property	8	Intellectual Property
9	Insider Trading	9	Confidentiality	9	Confidentiality
10	Anti-Bribery Requirements	10	Anti-Money Laundering	10	Anti-Money Laundering
11	Intellectual Property	11	Consequences of a Cover-Up	11	Consequences of a Cover-Up
12	Workplace Violence	12	Anti-Bribery Requirements	12	Anti-Bribery Requirements

A comparison of the 2006 Top-12 list with rankings from years past yields a number of interesting insights into the evolving risk-reduction mentality at work in leading companies operating in the United States and Europe.

***Brand-New in 2006:***

A number of employee training topics are making an appearance on Integrity Interactive's Top-12 list for the very first time this year, including (in order of popularity):

- Sarbanes-Oxley & Internal Controls
- Data Safeguarding
- Human Rights
- Privacy

The first two topics (Sarbanes-Oxley & Internal Controls, and Data Safeguarding) reflect corporate efforts to respond to important legislation adopted in recent years at the state and national levels. The second two topics (Human Rights and Privacy) are powerful evidence of senior management's desire to respond to broader values-based concerns gaining traction in society as a whole.

***Losing Favor in 2006:***

Several topics have lost a measure of favor with major corporations in 2006. Topics which regularly appeared on the Top-12 list in years past (but which failed to make the Top-12 list in 2006) include (in alphabetical order):

- Anti-Bribery Requirements
- Anti-Money Laundering
- Confidentiality
- Consequences of a Cover-Up
- Intellectual Property
- Workplace Violence

These topics remain an important staple of compliance and ethics training at most major corporations today. However, they appear to have been pushed off the Top-12 list in 2006 by ethical issues of even greater and more-pressing corporate concern.

***Perennial Favorites Reappearing in 2006:***

A number of the topics appearing on this year's Top 12 list are "perennial favorites" (i.e., have ranked among the most-popular courses taken by corporate employees in past years, and rank among the most popular courses of the entire decade). These include (in alphabetical order):

- Antitrust Contact with Competitors
- Conflicts of Interest & Gifts
- Financial Integrity
- Information Security
- Insider Trading
- Mutual Respect
- Proper Use of Computers
- Records Management

These topics reflect the desire of senior management to protect bedrock company assets (e.g., corporate funds, information technology, and internal records), and to avoid obvious and egregious legal missteps (such as violations of laws penalizing anticompetitive behavior, bribery, insider trading, and workplace harassment and discrimination).

## Other Trends & Insights

In addition to the historical trends discussed at length above, two other corporate compliance-training trends are evident from Integrity Interactive’s 2006 ethics & compliance study:

### Risk Priorities Vary by Company Size:

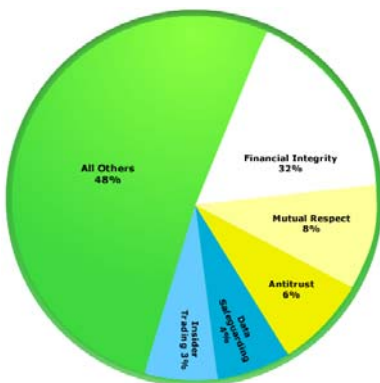
Corporations of different sizes train employees on different compliance topics, and (we may therefore conclude) appear to face different types of compliance risks. Close inspection of the Top-12 most popular courses of the decade (2000-2006), broken down by company size, reveals that Mutual Respect and Antitrust Contact with Competitors are the only courses that appear in the Top 5 list across all three size groups. The near-universal applicability of the Mutual Respect course content explains its popularity with companies of different sizes. Similarly, Antitrust is an issue faced by diverse populations of employees (including all sales and marketing personnel) at companies big and small.

Very Large Companies (90,000+ employees)		Large Companies (10,000+ 90,000 employees)		Mid-Sized Companies (1,000 to 10,000 employees)	
1	Financial Integrity	1	Mutual Respect	1	Mutual Respect
2	Mutual Respect	2	Proper Use of Computers	2	Proper Use of Computers
3	Antitrust Contact	3	Financial Integrity	3	Conflicts of Interest
4	Data Safeguarding	4	Antitrust Contact	4	Antitrust Contact
5	Insider Trading	5	Confidentiality	5	Insider Trading

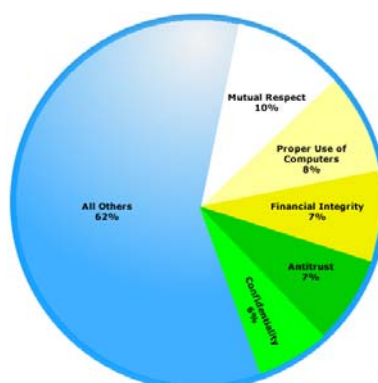
The size-based differences in course selection reflect organizational dynamics as much as differences in risk profiles. Insider Trading, for example, is one of the five most popular courses in both *Very Large* organizations and *Mid-Sized* companies, but not even in the Top 10 for *Large* companies.

The *Mid-Sized* companies in the sample tend to be heavily populated with knowledge workers who are exposed to inside information and are at greatest risk for insider trading violations. Bigger companies tend to have proportionately fewer knowledge workers. In the case of the *Very Large* cohort, the proportion of knowledge workers may be small, but still number in the tens of thousands. Risks that disproportionately impact knowledge workers – insider trading, data safeguarding, conflicts of interest, etc. – are thus likely to be most popular with the *Very Large* and *Mid-Sized* companies, while *Large* companies tend to focus on risks that are faced by many constituencies in their organizations.

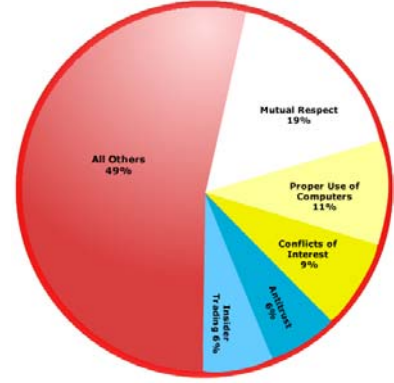
**Very Large Company  
Course Distribution**  
(90,000+ employees)



**Large Company  
Course Distribution**  
(10,000+ to 90,000 employees)



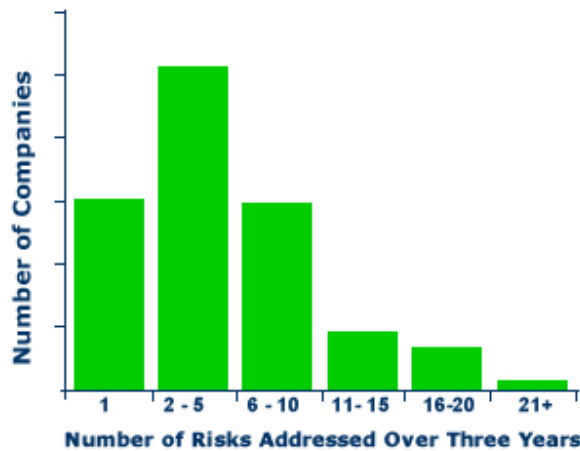
**Mid-Sized Company  
Course Distribution**  
(1,000 to 10,000 employees)



**Most Companies Take a Portfolio Approach to Risk Training:**

The great majority of companies studied provide compliance training on multiple risk areas to multiple employee groupings, employing a “compliance curriculum” approach that tailors training to the specific needs and risks of specific employee groups and populations. More than 75 percent of companies studied deploy multiple courses, with the largest number deploying 2-5 courses over a three year period. This reflects the emergence of online training as a core component of an effective compliance program, rather than a point solution to address a single, specific compliance failure. Companies no longer view it as sufficient to deploy ethics training on a “one-shot” basis in the wake of a failure, lawsuit, or complaint; online training now gives companies the ability to take a proactive approach and provide training to those employees at greatest risk before a problem arises.

**Number of Companies Addressing Multiple Risks**



Where companies deploy multiple courses, they provide broadly-applicable materials like the popular Mutual Respect or Financial Integrity courses to large employee populations, and then selectively deploy more narrowly-tailored courses to smaller, higher risk employee groups. *Very Large* organizations often use many different course topics as they find some non-obvious risks in their employee groups; for example a manufacturing company with 100,000 employees may well have hundreds of HR employees and benefits administrators to whom HIPAA regulations apply.

**Conclusion**

A review of the ethics and compliance course-completion data from approximately 2.5 million employees working at more than 350 leading corporations provides strong evidence of the growing role of comprehensive ethics and compliance-training in corporate culture. More companies than ever understand their responsibility to provide employees with access to tools and services that help them to think and act in an ethical manner.

The great majority of leading corporations take their ethical and legal responsibilities seriously, and work hard to ensure ethical behavior and legal compliance. Ethics and compliance-related headlines and concerns are driving a revolution in corporate governance. Integrity Interactive’s ranked list of the Top-12 most popular compliance-training topics for 2006 provides a real-time snapshot of the topics that most worry corporations today.

## **Study Methodology**

*Integrity Interactive examined the actual employee course-completion records of approximately 2.5 million employees working at more than 350 companies operating in the United States and Europe. These records cover the period from January 1, 2000 to September 30, 2006. The companies studied represent virtually every industry, including (but not limited to): High Technology; Pharmaceuticals; Chemical Manufacturing; Electronics Manufacturing; Automotive Manufacturing; Food & Beverage Manufacturing; and Hospitality Services. Total employee populations at the companies studied ranged from approximately 1,000 employees to more than 300,000. The median number of employees among companies studied was 7,000, and the average number of employees was 23,000.*

## **About Integrity Interactive**

*Integrity Interactive Corporation provides large organizations and business corporations with web-based tools for managing and mitigating ethics and compliance risk. Integrity's tools and services include: risk identification and assessment; employee training and communication; and internal controls and reporting. Integrity Interactive works with hundreds of the world's greatest companies, and serves millions of employees located in the United States and the European Union. For more information about Integrity Interactive, please visit [www.integrity-interactive.com](http://www.integrity-interactive.com).*

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