

WhistleB

WHISTLEBLOWING CENTRE



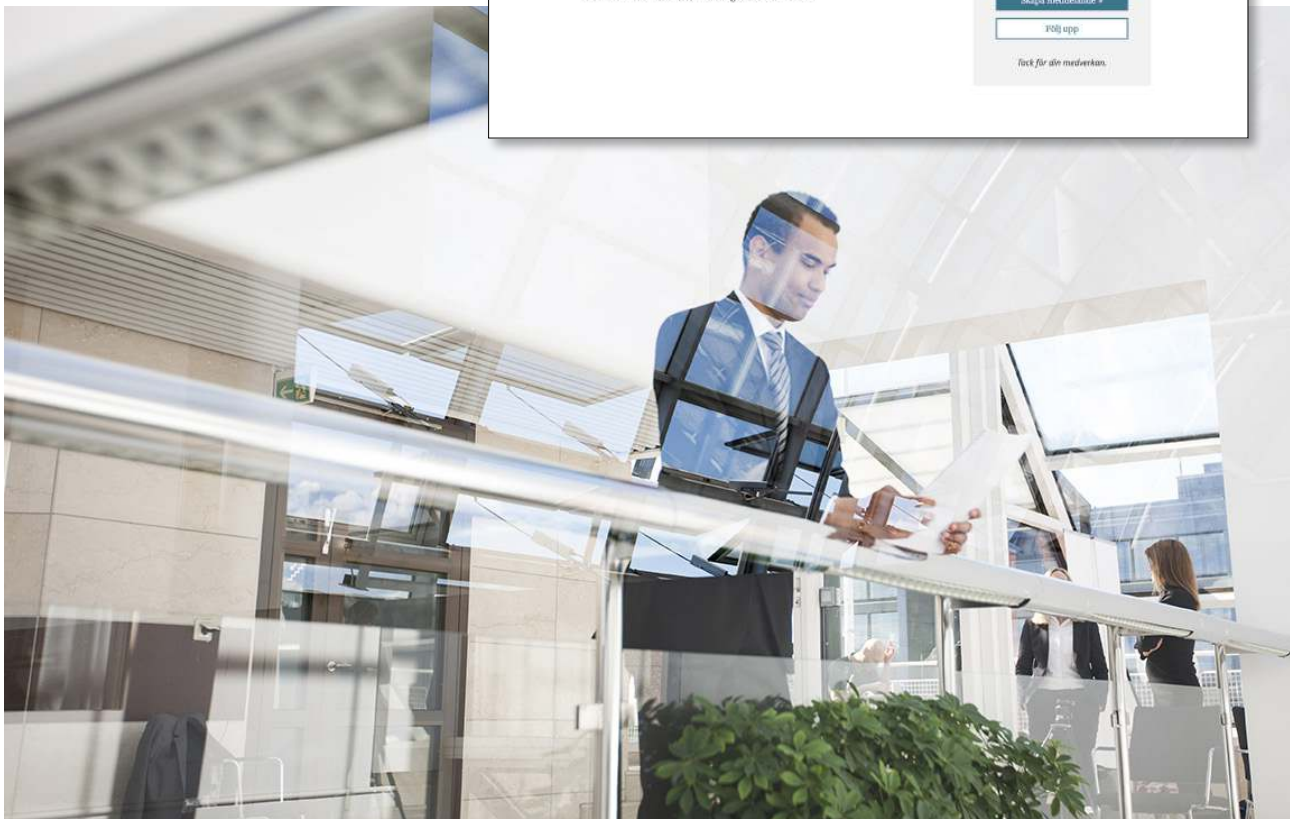
” Whistleblowing is a hygiene factor for us.

Organisational whistleblowing – what to expect

Findings from WhistleB’s customer study on organisational whistleblowing

About the WhistleB Customer study

The study was conducted in August 2017 and combines results from a distribution to 150 customers, including companies, authorities and organisations. Most organisations have their headquarters in the Nordics, but many are international, and the WhistleB service is used in more than 100 countries worldwide. The participants used the whistleblower channel to anonymously answer a web-based questionnaire. This is the second customer study carried out by WhistleB.



Organisational whistleblowing

– what to expect

Findings from WhistleB's customer study on organisational whistleblowing, September 2017

Organisational whistleblowing is a global mega trend. It can be defined as enabling employees, suppliers, and in some cases even the general public to raise a concern when they see something that they think is not right. It allows organisations to prevent wrongdoings occurring in the first place by providing a way for people to report on suspected misconduct, anonymously or not. Whistleblowing demonstrates an organisation's dedication to high ethical standards. Increasingly, it is a tool that many

organisations are obliged to have in place in order to comply with law, for example in France with the French anti-corruption law, Sapin 2.

The most striking result of the 2017 Customer study is that more and more, organisations consider having a whistleblowing service in place as "business as usual", or as one respondent expressed it:

"Whistleblowing is a hygiene factor for us."

SUMMARY OF FINDINGS

Summary of findings

How many messages has your organisation received through the whistleblower communication channel?

1 message per 500+ employees & year

Aggregated result: 1 message per 500-1000* employees and year (*680).

The result was in line with the previous year's result for this question. The number of reports received varies between sectors and countries of operation, and not as much between organisation sizes. Organisations that have their whistleblower channel open to external stakeholders naturally receive a greater number of reports, as the audience for reporting is much larger than the number of employees.

The relatively low volume of whistleblower messages leads to the fact that some organisations with a low number of employees did not receive any messages at all. This is not a problem as such, a whistleblowing service is there to prevent wrongdoings, and only serious misconduct should be reported. If an organisation wants to make sure that a low number of messages is not a result insufficient communication about the whistleblowing service, two ways of reaching out, that have been well received is through Code of Conduct trainings, or a message by the CEO or a board member.

How many whistleblower messages have led to a dialogue between you and the whistleblower?

50% → dialogue

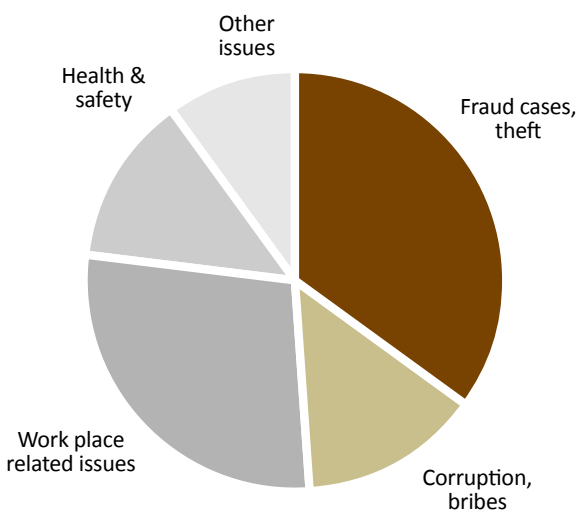
Aggregated result: More than half of the messages led to an anonymous dialogue between the whistleblower and the employer.

This dialogue is considered to be a vital function for the whistleblowing team (the team receiving the whistleblower messages). For messages with alarming information, the whistleblowers appeared to be even more open to continuing an anonymous dialogue. Some of the anonymous dialogues developed into conversations where the whistleblower became open with his/her identity. In some cases an external party holds a key position in order to build trust and lead to an open dialogue.



What kind of issues have been reported through the whistleblowing channel?

Issues per category



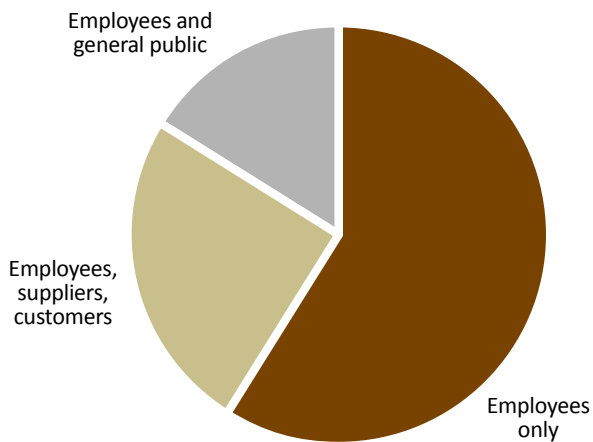
Aggregated result: 50% of the cases were related to financial irregularities.

Approximately half of all reports received by respondents were related to economic fraud and irregularities of some sort. The other main areas were workplace abuse and health and safety issues.

Many organisations use issues described in their Code of Conduct as a basis for what can be reported through the whistleblowing service. This is a way to reinforce that the organisation means what it says in its ethical guidelines and policies. It is important that an organisation is clear on the workplace related issues that should be included as whistleblowing issues, and those that should be handled by the Human Resources department. This is a border line that is not always crystal clear.

The study responses showed no evidence supporting the concern that a lot of spam messages or irrelevant messages would be received through the whistleblowing service.

Who is invited to report?



Employees are the most important source for detecting misconduct and wrongdoings that should be prevented or addressed. External parties are also increasingly invited to report. Nearly half of the organisations that participated in the survey said that they invite external stakeholders to report misconduct.

Many organisations start with providing a whistleblowing channel for their employees, and then subsequently invite external parties. They can have customised questions for different target groups. While phone reporting is on the decline, some customers still choose to include it on a country-by-country and target group basis. However, we have noticed that phone reporting channels are not used when the opportunity to report online is an alternative. More information and statistics about phone reporting is available in the WhistleB Customer study of 2016, and in the WhistleB blog for the Association of Certified Fraud Examiners: *Nordic compliance professionals prefer web based whistleblowing channels.*

What proportion of the whistleblowing messages have led to an investigation of the matter reported?

75% → investigation

Aggregated result: More than three quarters of all whistleblower messages led to investigations.

This result is very promising as it shows that whistleblower messages include information that is important for the organisation. Our customers have also told us that the information they obtain through whistleblowing would be very hard, if not impossible, to receive otherwise. The possibility to remain anonymous is key in order to receive information that is essential to the organisation.



Who receives the reports in your organisation?

<i>General Counsel</i>	<i>Internal Auditor</i>	<i>Human Resources Manager</i>
<i>Compliance Officer</i>	<i>Board member</i>	<i>External expert</i>
<i>Sustainability Director</i>	<i>Security Manager</i>	

Aggregated result: The Compliance Officer and the General Counsel are usually involved in receiving whistleblowing messages. For smaller organisations, the Human Resources is usually involved.

What we can conclude is that most of our customers have more than one person responsible for receiving reports. The people receiving the reports have the authority to decide when a message should lead to an investigation, and also which competences, internal and external, should be involved in the investigation process.

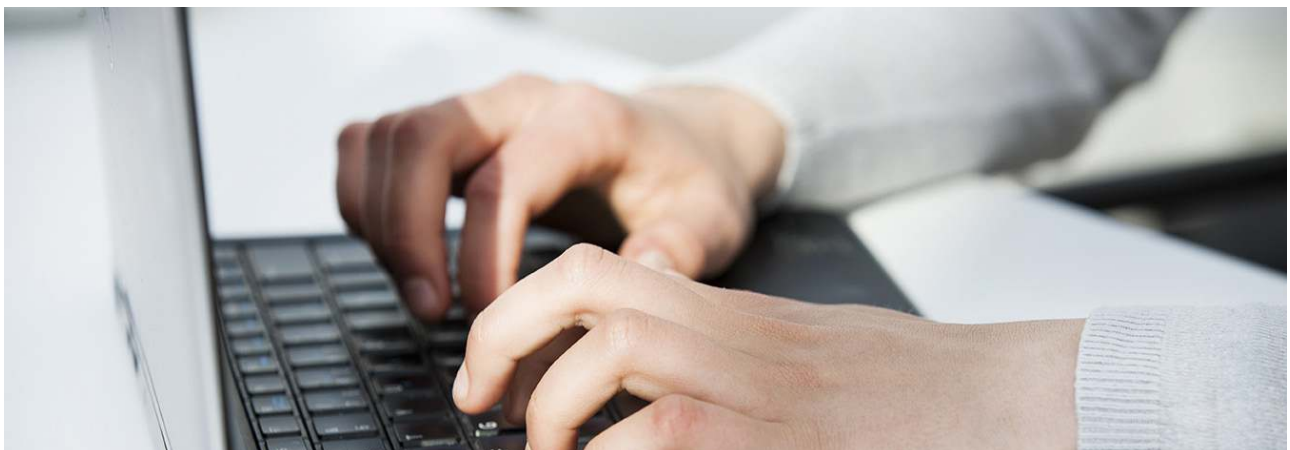
In larger organisations, having a legal or compliance department, these functions are usually involved. An internal auditor is also a popular function to be part of the team. Smaller organisations usually choose a leading function, that is as less operative as possible, for example HR, security or sustainability. Both some large and small organisations include members of the board in the team receiving the messages. But usually the board is informed about the aggregated results of the whistleblowing service, and about very serious matters.

What channels do you use to communicate about the service?

Best practice: Web & the Code of Conduct

In addition to these two channels, respondents reported that information about the whistleblowing channel was included on the external web and other places where their organisation described compliance, corporate governance and ethics efforts. Some organisations communicated the whistleblowing channel on the home

page of their web site. The most important thing for successful communication of a whistleblower channel is to include information about the purpose of the channel – the why – and the trustworthiness of the channel – the anonymity and data security provided.



Benefits of having a whistleblowing service

“Strengthened brand, credibility”

“Preventive, a hygiene factor”

“A way to detect irregularities at an early stage”

Key finding: Many of the organisations considered the whistleblowing service as a hygiene factor.

Preventive. Many considered the most significant benefit of having the whistleblowing service to be its preventive impact. This was described in different ways, such as:

“...it has a preventive effect.”

“[Whistleblowing] creates transparency, shows that the company looks seriously at these issues.”

“Good signal value that tells us that we are a serious company that takes maladministration seriously and wants to correct it.”

Early warnings due to anonymity. Most of the answers mentioned the benefits of having an anonymous channel in place, and thus gaining tip-offs at an early stage:

“[Whistleblowing] is a channel where the company can get acquainted with misunderstandings, which may not otherwise have come to light, and where we can act vigorously. A way to follow up and secure our code of conduct.”

“Additional channel for reporting irregularities and misunderstandings anonymously.”

Business as usual. The most striking trend in the answers was that whistleblowing is increasingly a normal part of business operations and the company compliance work. Having a whistleblowing service in place is a natural part of the Code of Conduct. The answers also indicated the importance of having a whistleblowing service and a process for handling investigations that are secure and that the employees can trust.

Success factors for a trustworthy whistleblowing system

- 1) Anonymous reporting is possible and explained to the potential whistleblower in detail. Data security and data privacy is the number one issue.
- 2) The purpose of whistleblowing, to ensure that the ethical principles in the Code of Conduct are respected, is communicated by the board and management.
- 3) A well thought-through investigation process is put in place, and communicated.



WhistleB

WHISTLEBLOWING CENTRE



WhistleB provides a whistleblowing service for companies, authorities and organisations. We are a fast-growing company present in more than 100 countries. WhistleB has more than 20 years of experience in the fields of compliance and corporate sustainability. We are committed to helping customers minimise their risks and strengthen their performance through high ethical procedures and a leading whistleblowing service.

For more information about this study, or if you have further questions concerning corporate whistleblowing, please contact Karin Henriksson, Co-founder of WhistleB.



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