

WhistleB

WHISTLEBLOWING CENTRE



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Benefit of the whistleblowing system:

“Building trust and having a channel when nothing else seems possible for the whistleblower.”

2019

WhistleB annual customer study on organisational whistleblowing

Whistleblowing: a trusted channel in the organisational ethics toolkit



Organisational whistleblowing:

Enabling employees, suppliers, customers and, in some cases, the general public to raise a concern through a dedicated channel when they suspect misconduct or illegal activities. The whistleblower decides whether to report anonymously or not. Whistleblowing allows organisations to prevent wrongdoings occurring and to receive early-warning signals, thus reducing human, reputational and financial risks.

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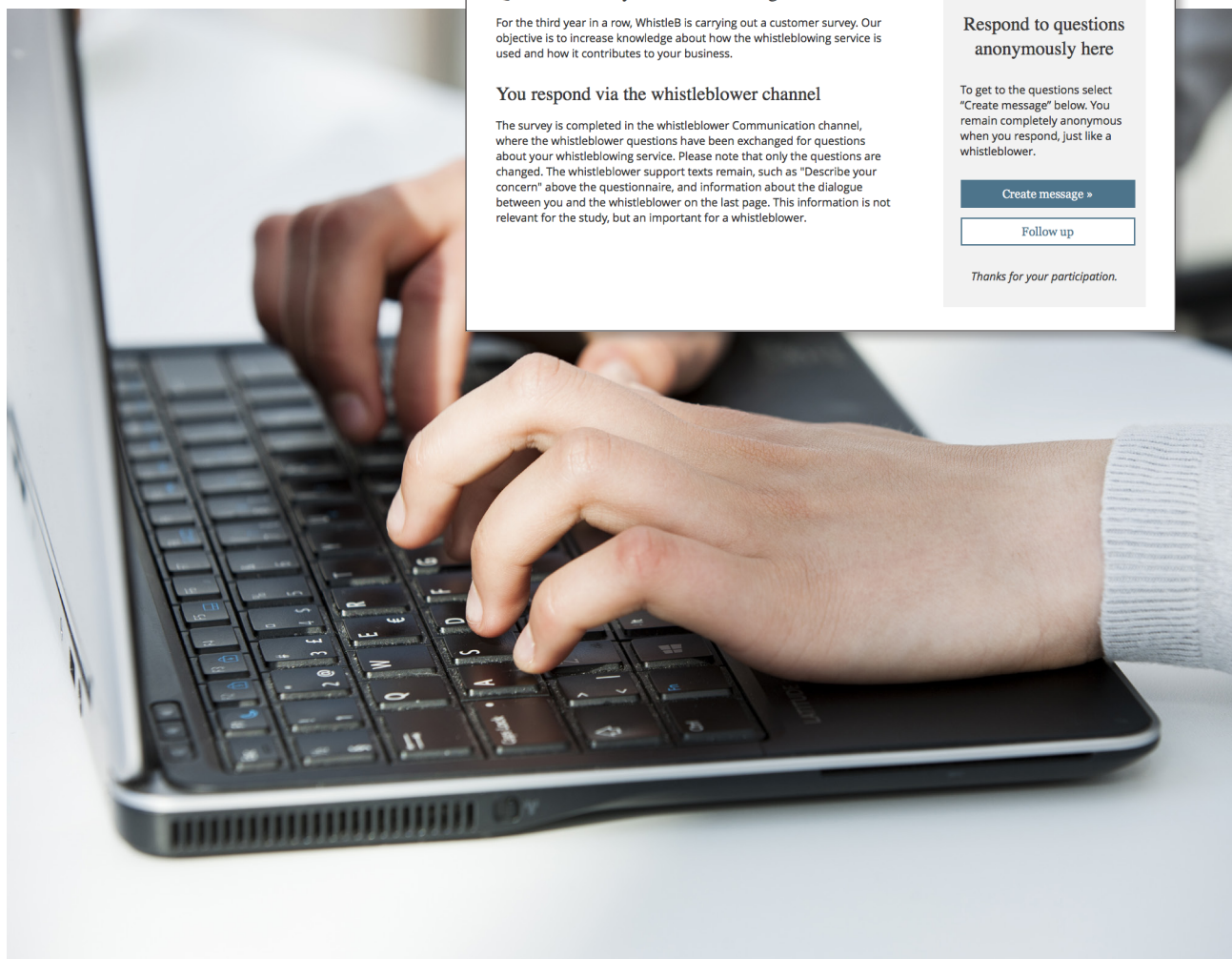
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About the WhistleB customer study

This is the fourth annual customer study carried out by WhistleB. It was conducted in February 2019 and combines results from a questionnaire sent to 300 customers including companies, authorities and other organisations. Most of these organisations are headquartered in Europe, but many are operating all over the globe. The WhistleB whistleblowing system is currently used in 150+ countries worldwide.

Participants in the survey used the WhistleB system to anonymously provide their answers. The quotes in this report originate from the customer responses to the survey.



Our reflections on the main findings from the 2019 edition of the WhistleB annual customer study on organisational whistleblowing

Whistleblowing: a trusted channel in the organisational ethics toolkit

✓ Whistleblowing creates trust

When asked what they see as the main benefit of a whistleblowing system, 50% of the survey participants responded that it is building trust. This is an interesting result that means that whistleblowing systems have become an important part of the organisational ethics toolkit. Whistleblowing is unique in that it gives everybody in the organisation, and often also external stakeholders, the opportunity to report a concern if they see something they suspect is against the organisation's ethical principles. Whistleblowing is a tool that enables transparency as organisations demonstrate that they are willing to listen and committed to act. Both listening and

acting are essential for creating trust; in whistleblowing, a secure and user-friendly system enables the "listening", and a thorough and documented work process for case investigation underpins the "acting".

✓ The number of reports received remains high

The steep upward trend in the total number of reports received by organisations continues for the second year in a row. In terms of the sectors that receive the highest number of reports, customer responses indicate that our finance and banking customers are at the top.





We would like to thank all the customers that took the time to participate in this annual customer study on organisational whistleblowing, which helps us gain more insight on market trends.

**Gunilla Hadders and Karin Henriksson,
Co-Founders of WhistleB**

We believe that an important contributing factor to the overall increase in the number of reports is the more positive attitude to whistleblowers and whistleblowing. One example is Christopher Wylie, the whistleblower from Cambridge Analytica who revealed that Facebook had leaked user information from 87 million accounts. Not only was he heralded a hero in the media, but he was subsequently recruited by the clothing giant H&M for a role that includes developing ethical Artificial Intelligence, AI. Media depiction of whistleblowers, increasing regulation that requires organisations to have such systems in place and regulation that protects the rights of whistleblowers are all likely contributing factors to this change in how whistleblowers are viewed.

There are also two other important reasons that influence why any one organisation may receive more reports: firstly whether they have opened the channel to external parties such as customers, suppliers and partners and secondly, how well the purpose of the system is communicated.

✓ Regulation and a new ISO standard on whistleblowing continue to drive the market

Governments around the world continue to propose and enact new laws that are also spurring organisations to consider implementation of a professional whistleblowing solution. In the EU, the GDPR's stricter requirements on the management of personal information have resulted in a growing number of organisations opting for the security of a web-based, encrypted whistleblowing solution. Other countries such as Australia, France and Canada have enacted their own national laws. Additionally in Europe, there is a proposal for European legislation on whistleblower protection on the table.

Simultaneously, a new ISO standard on whistleblowing, ISO 37002, is currently being developed, focused on secure processes and best practices in whistleblowing. Important elements of the standard include data security, ensuring an anonymous dialogue with the whistleblower, and whistleblower protection for those who report openly.



Summary of findings

How many messages have been received through your whistleblower service (during the last 12 months)?

Aggregated result:
1 message per
approximately
400 employees per year.

The average number of reports per employee remains at one message per 400 employees per year, which is a similar result to the same question in the 2018 customer survey. At that time this figure represented a doubling in the number of reports received compared to 2017 and the trend indicates that organisations continue to receive a higher number of reports through their whistleblowing systems than previously.

The number of reports received varies between sectors, but not significantly between countries of operation or organisation sizes.

The reason for higher numbers of reports is largely linked to a change in attitudes towards whistleblowing and whistleblowers during recent times. As a result, employees have likely been strengthened by the de-stigmatisation of being a whistleblower. When they also know that they have access to a secure system that allows them to report anonymously and a process that they can trust, they become more confident in blowing the whistle.

Our conversations with customers make us believe that, in addition to the factors already mentioned, as whistleblowing systems have become more advanced, business leaders and board members are increasingly seeing their value for overall governance, risk management and following up on the organisation's Code of Conduct. When a whistleblowing system is used in the context of broader internal governance, its preventive role enhances.

Benefits of the whistleblowing system:

"Pride in having a professional whistleblowing 'governance' process."

"We changed some internal control protocols as a result of a reported case."

Another reason for the increased number of reports received this year is that more organisations have their whistleblower channels open to external stakeholders (see the later question on this). This naturally leads to a greater number of reports, as the group of potential whistleblowers expands.

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

50%

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

Approximately half of all reports led to a dialogue with the whistleblower. This figure has remained largely unchanged for a few years.

Benefits of the whistleblowing system:

“That we can respond to the whistleblower with the system.”

Follow-up dialogue is vital for the team that receives, deals with and investigates the whistleblower messages. When the investigation team receives a report, in particular an anonymous one, they know nothing about the whistleblower or the case.

A whistleblowing system supports continued dialogue to build trust between the parties. It allows facts and evidence to be gathered quickly, misunderstandings to be resolved, important questions to be asked, and it sometimes helps to protect innocent parties that are accused in the original message.

A number of the responders to the survey highlighted the benefit of safe machine translation:

Benefits of the whistleblowing system:

“The fact that they can report in their local language as we operate in 22 countries and not many of our staff speak English.”

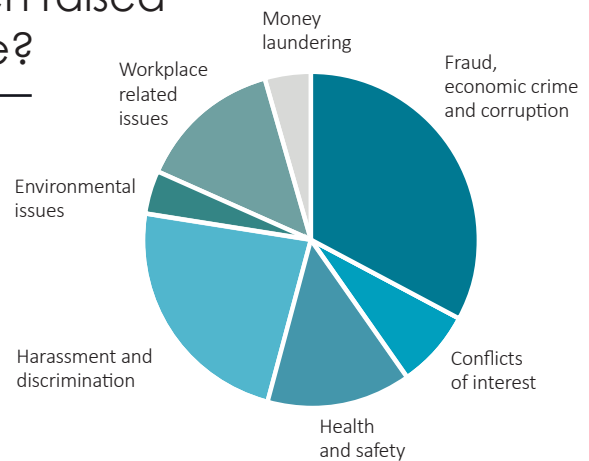
Safe machine translation allows customers to carry out an initial machine translation in the encrypted system ahead of and during the follow-up dialogue. While the machine translation does not provide a perfect translation, it gives the whistleblowing team an idea of the subject of the report, and enables continued dialogue in multiple languages. This feature also lowers the barrier to reporting in the first place if a whistleblower can report in his or her own language.



What types of questions have been raised through the whistleblowing service?

30% financial irregularities

20% harassment and discrimination



Aggregated result: Financial irregularities, harassment and discrimination account for more than half of the reports.

Ever since we started surveying our customers through this report, financial irregularities have topped the list in terms of number of reports received by respondents. That is the case again this year with more than 30% relating to fraud, economic crime or money laundering, and this once again highlights the importance of the whistleblowing system to detect such matters as early as possible.

Have you prevented wrongdoings escalating?

“Yes. Detection of fraud and dismissal of the wrongdoers, subsequent to investigation.”

In second place come reports relating to harassment and discrimination, at more than 20%. Already last year we noticed an increase in this kind of issue, most likely as a consequence of the #MeToo campaign, which is why we broke this category out this year. Organisations

are now addressing the problem, and many are working with a zero tolerance policy against harassment and discrimination. This is an issue that has well and truly risen up organisational, and in some cases national agendas. In France, for example, a new law came into effect on 1 January 2019, making sexual harassment and sexist acts in the workplace illegal.

Health and safety and workplace-related issues were each the subject of some 13% of reports received. Customers tell us that receiving these kinds of reports is particularly valuable for creating safer work environments. This is especially relevant for organisations that operate in countries where these issues are not heavily regulated or are not followed up by public authorities. The occasional report may not officially qualify as a whistleblowing case. Nonetheless, these reports also bring attention to issues that worry employees. A whistleblowing system enables a serious follow-up response even if the person has reported anonymously, and it illustrates that all concerns are taken seriously, and handled in accordance with local laws and the organisation’s Code of Conduct.

Indeed, from our work with customers, we see that many organisations use their Code of Conduct as a basis for what can be reported through the whistleblowing service and what constitutes a whistleblowing matter.

Sometimes, prior to implementing a whistleblowing system, organisational leaders are concerned about receiving a lot of spam or irrelevant messages, reports made in bad faith or other negative reactions from employees. Interestingly, the customer study shows no evidence that supports this concern.

Who is invited to report?

50%

external stakeholders

Last year, we started to see a growing number of organisations opening up their whistleblowing services to external stakeholders. This trend has continued, with results from this year's survey showing that 50% of organisations now open up their systems to external parties, such as customers and suppliers. This is significant as it indicates a more advanced application of the whistleblowing system by our customers. However, our view is that this is a high percentage and we are inclined to take into account that customers that have had the opportunity to enter into a dialogue with an external stakeholder are also the ones to respond on this particular question.

Benefits of the whistleblowing system:

"Increased stakeholder confidence."

Nonetheless, according to dialogues with customers, there seems to be a number of other reasons for the increase. Firstly, the increase is happening as organisations view whistleblowing more and more as a proactive part of their business sustainability and ethics efforts,

Trend: External parties are increasingly invited to report.

and concurrently that they are widening the scope of that work and taking responsibility beyond organisational borders. In international organisations with global operations, for example, the supply chain can often extend great distances from company headquarters. Opening up the reporting part of their whistleblowing system to external parties such as suppliers is one way to follow up on the supplier code of conduct. An open whistleblowing system indicates that business leaders are seriously interested in knowing if a customer or supplier uncovers misconduct, and it signals a desire to be transparent.

Benefits of the whistleblowing system:

"Building trust in and outside the organisation."

Secondly, maturity in the use of whistleblowing systems may be a contributing factor. We often recommend customers to introduce the service in stages. Once they have run the whistleblower system for a year or so, and feel comfortable with the results, they can broaden the target group to suppliers, partners, customers and the public. As use becomes more sophisticated, the system can be adapted to support the customer's organisation and processes. For example, our system allows a range of whistleblower teams to be set up to receive and process whistleblowing cases from different stakeholder groups.



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

50%
investigation

Aggregated result:
50% of all whistleblower
messages led to
investigations.

Whistleblowing cases are important for organisations, and more than half of them are investigated. This does not necessarily mean that organisations invest significant resources in each and every investigation. The important thing, though, is that the people who receive the reports are knowledgeable and manage the reports seriously and professionally. We have seen that many of our customers have enhanced their compliance work and team during the last year. We are also seeing that boards are taking a stronger role as the recipients of the results of whistleblowing cases.

Have you prevented wrongdoings from escalating?

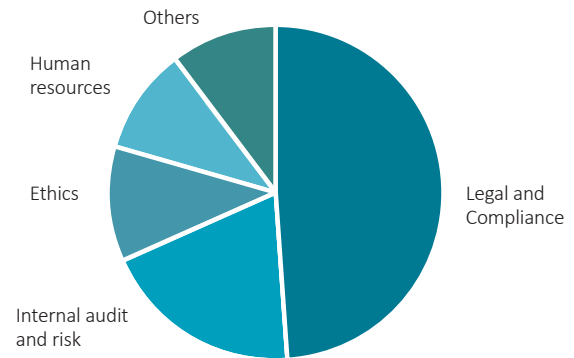
“In one example, the bullying behaviour of a manager led to a review and investigation and subsequent resignation of the manager when it was clear that we would investigate and take appropriate disciplinary action.”

Our experience is also that organisations engage external expertise for larger investigations. In those cases, having a whistleblowing system in place is important to enable secure data processing, even on the part of the external experts.



Which roles are included in your whistleblowing team?

Aggregated result:
Legal and Compliance
are the most common roles
in a whistleblowing team.



The whistleblowing team is responsible for receiving the reports, deciding when a message should lead to an investigation and bringing the appropriate competences, internal and external, into the investigation process. Customers usually appoint a mixed internal team, with representatives from a range of functions. This mix of roles helps to create trust and ensure cases are dealt with in a secure way. We also see that non-executive roles, such as members of the board, are to an increasing extent active parts of the team.

Legal and compliance types of roles remain by far the most common representatives on whistleblowing teams. People in these roles are most likely to possess the right knowledge and training for dealing with the sensitive, often anonymous, whistleblowing cases.

This year's results indicate an increase in the presence of HR and Ethics roles. This is not surprising and aligns with the rising number of harassment and discrimination cases being reported.

Typically, the board is usually informed about the aggregated results of the whistleblowing service, and about very serious matters. However, the study results and our work with customers indicate that the board is currently the fastest-growing category of representatives in whistleblowing teams. Given the board's responsibility for governing risk, compliance, transparency and fairness, we believe the growing presence of board representatives is positive. As members of the team, often with a concrete role for monitoring the whistleblowing system, boards are able to access information that would not normally reach the boardroom.

"Our whistleblowing service is an insurance that we are doing everything we can to govern the business."

Board member in a global company

Comment on the results:

Most organisations have more than one of the roles in the team receiving and handling whistleblower cases. Board members and external advisors also play an important part for a trustworthy and professional handling of whistleblowing cases.

What is most important for building trust in your whistleblowing system?

What more can leaders do to ensure that employees dare to report sensitive, hard-to-reach information through the organisational whistleblowing system? We once again underline that it all comes down to trust – which is why our customer survey also includes the question above, to find out more. These were the most frequent responses received:

- 1 The right team in place for handling reports and a thorough, good process
- 2 Secure system that enables anonymity for the whistleblower
- 3 Communication about the purpose of the system

These responses are completely in line with our experience in helping customers around the world with whistleblowing systems.

Trust requires: “...a system and process that allows the whistleblower to trust us.”

Many potential whistleblowers fear the repercussions of speaking up, and fear that their concern will not be taken seriously. Consequently, if they do not have confidence in the system keeping their identities safe, and the case being processed appropriately, then they will not dare to report the necessary information. It therefore falls on leaders to communicate appropriately and clearly so as to build trust in the system and the case management process.

Trust requires: “Communication, communication, communication.”

Build trust in the system: In their communication, leaders should describe the strict data security and other technical and privacy measures embedded within the system. They should inform potential whistleblowers that they are not going to be penalised for reporting an incident in good faith and that they can remain completely anonymous throughout the entire follow-up and any investigation. Senior management and the board should embrace and advocate the possibility of whistleblowing and underline its value for the organisation. Finally, it should be very obvious that the system is user-friendly, accessible from anywhere, anytime, and available in local languages.



Trust requires: “Communication, right people and process. Safe and easy system.”

Build trust in the case management process: More clearly than ever, having the right team and process in place for handling cases correctly came out as a key factor in this year’s survey.

Trust requires: “Knowledge and expertise in the investigation team.”

Once the team of experts is in place (see previous question) leaders need to be transparent with employees and other stakeholders about who is in the team and how reports are received, managed and investigated professionally.

The whistleblowing system itself should also support rigorous and correct case management. For example, through the whistleblower case log it should be impossible to delete a case without notifying all team members. Again, reassuring employees about the security features embedded in the case management process is also valuable. These may include enforced two-factor authentication for every member of the whistleblower team, or other security functionality to safeguard the whistleblower identity.

Finally leaders should not forget to communicate results and statistics to the Board through regular reports on whistleblowing.



What are the main benefits of your whistleblowing system?

✓ Building trust in our organisation

This year, our customers responded overwhelmingly that building trust was the most important benefit of having a whistleblowing system in place. A trusted, secure whistleblowing system helps customers build trust in the brand, gain trust from external parties due to greater transparency, and importantly generate trust amongst employees that they work for an organisation that is serious about its Code of Conduct.

"The channel is an element in putting our values into practice."

"Brand."

"This is a good tool to promote good corporate culture where people can see that their voice is heard and actions are taken accordingly."

"Making everybody confident that relevant issues are raised."

"Building trust; creating a safe space to raise concerns and to work; raising morale."

✓ Detect unethical behaviour at an early stage

The primary purpose of a whistleblowing system is to enable organisations to detect and address irregularities in conduct before they cause too much financial and reputational damage. Our customers recognise this benefit, with an emphasis on early detection and action, as well as the channel providing a last resort when other channels are no longer open.

"Detecting fraud and corruption earlier."

"Reality check."

"Detecting fraud at an early phase, receiving information about different concerns in the company."

"A channel when the normal channel (via manager) is not applicable."

✓ Work preventively

Once again, many respondents considered the preventive impact of a whistleblowing system to be of great value. The mere implementation of a whistleblowing channel prevents wrongdoing occurring in the first place. Interestingly this year, we saw a number of comments relating to the fact that the whistleblowing system enhanced internal risk management and control through a feedback loop once misconduct had been detected.

"Work preventively and have input from our workforce on wrong doing."

"Offering this service is a natural part of our risk culture."

"Increased capacity for internal control and risk mitigation."

"Through the investigation we improved the internal control and stopped further losses."



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WhistleB provides a whistleblowing service for companies, authorities and organisations. Our solutions are used in more than 150 countries. WhistleB has more than 25 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, karin.henriksson@whistleb.com.



Karin Henriksson
Founding Partner
karin.henriksson@whistleb.com
+46 70 444 32 16