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**Benefit of the whistleblowing system:**

“Effective reporting of any irregularities in the company while maintaining the comfort and safety of the reporting person.”

# 2020

WhistleB annual customer survey on organisational whistleblowing

## Communication and anonymity – key components for a trusted whistleblowing system



## Organisational whistleblowing:

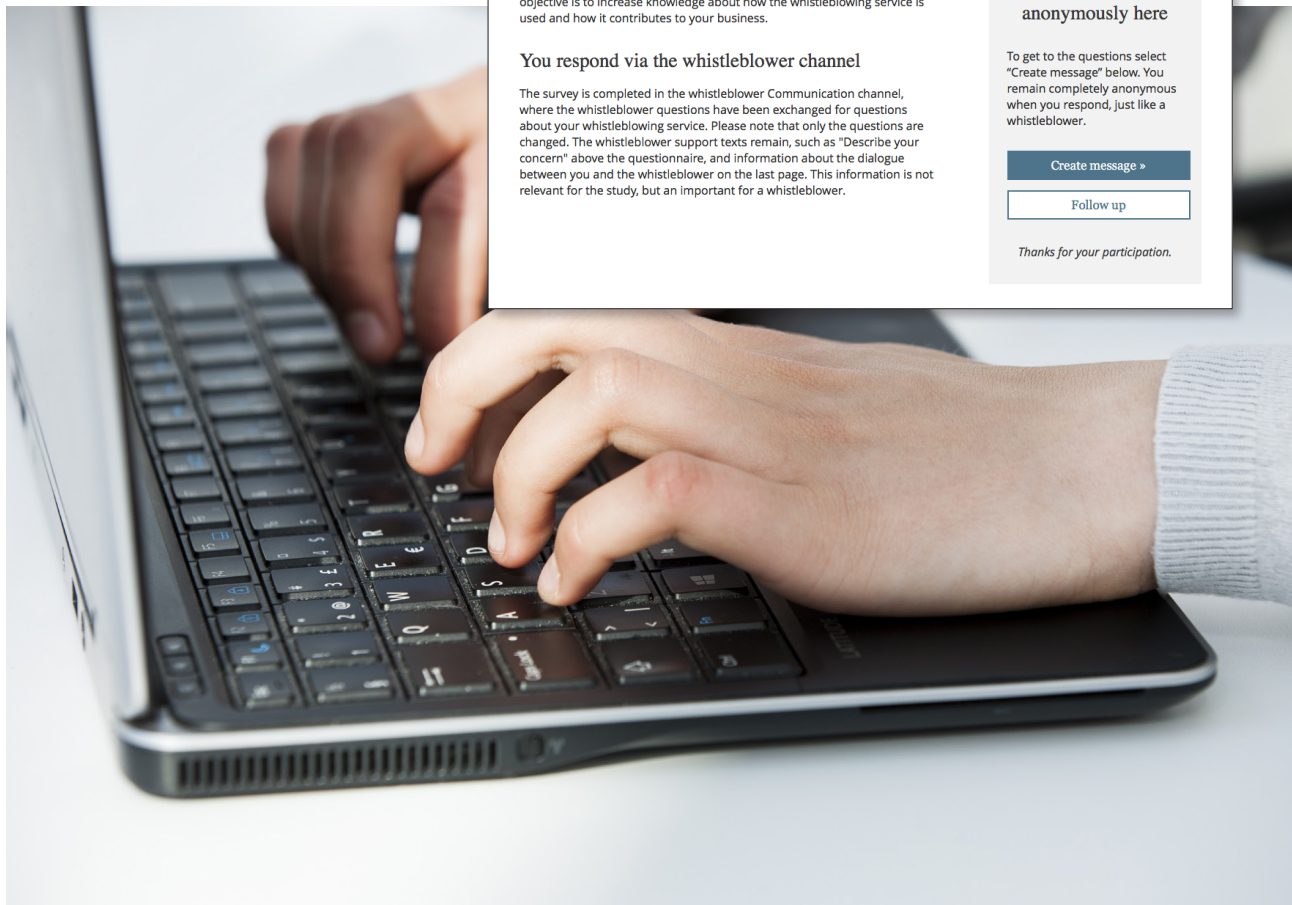
Enabling employees, suppliers, customers and, in some cases, the general public to raise a concern through a dedicated reporting channel when they suspect misconduct or illegal activities.

Whistleblowing allows organisations to prevent wrongdoings occurring and to receive early-warning signals, thus reducing human, reputational and financial risks.

# About the WhistleB customer survey

This is the fifth annual customer survey carried out by WhistleB. It was conducted in February 2020 and combines results from a questionnaire sent to more than 400 customers including companies, public authorities and other organisations. Most of these organisations are headquartered in Europe, but many operate 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 2020 edition of the WhistleB annual customer survey on organisational whistleblowing and on other trends:

## Whistleblowing...

### 1.

#### Whistleblowing trends continuing in the same direction

Overall, the results of this year's survey tend to be in line with what we saw last year. Customers perceive their organisational whistleblowing system as an integral part of business ethics work and an important factor in building trust. Prevention and early identification of misconduct are key benefits, but anonymity of the whistleblower underpinned by the highest system security are critical to success.

### 2.

#### Regulation seems to be precipitating a more structured approach to whistleblowing report management

One of the most important events of the last year in the world of whistleblowing was the passing of the EU Whistleblower Protection Directive. Within the next two years, hundreds of thousands of companies across Europe will be obliged to provide safe reporting channels for potential whistleblowers. Even though the Directive has yet to become law in each of the EU member countries, the responses to this year's survey indicate that it is already having an effect on our customers.

We believe that as organisations are preparing measures for compliance, the requirements of the new Directive

and its obligations regarding the nature of the reporting channel to be provided are forcing customers to re-assess how they set-up and use their whistleblower system. The good news for WhistleB's customers is that they already have a system that helps them to comply with the forthcoming new law.

### 3.

#### The number of reports received remains the same

The total number of reports received by organisations is in line with the result of last year. This reflects that attitudes remain more positive towards whistleblowing and that more customers have their systems open to external stakeholders.

### 4.

#### Customers are increasingly switching to online whistleblowing solutions

Today, approximately 95% of our customers use the purely web-based service and only 5% of them add telephony, and this small percentage is clearly on the decrease. We can also see that of the approximately 60 countries where WhistleB offers phone reporting, the phone service is actually used in less than five. USA and Brazil are markets where we still see that phone reporting is used.

Organisations today tend to carefully consider whether different target groups and countries really need a telephone-based option, and weigh that up against the most secure option – which is a digital whistleblowing system, most often used through smart phones.



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

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

## Case: How whistleblowing can look at a large company

This customer operates in various countries and has tens of thousands of employees. The organisation opens up its whistleblower channel to external stakeholder groups.

During the last year, some 150 messages were received through the organisation's whistleblower channel. Approximately 25% of these messages led to a dialogue between the whistleblower and the team receiving the whistleblowing report, which mainly comprises Compliance, Legal and HR representatives.

A wide range of concerns were raised via the whistleblower service during the last year. These include matters such as: fraud and theft, corruption, health and safety, HR issues, harassment, discrimination, environmental issues, breaches of the organisation's Code of Conduct, information security issues and anti-money laundering.

Three-quarters of the whistleblowing messages led to an investigation of the matter reported and the organisation was able to prevent wrongdoings from escalating due to

the whistleblowing system being in place. The organisation reports that such wrongdoing related to both personnel and procedures. In answer to the question regarding the most important factors for building trust in the whistleblowing system, the organisation responded:

- ✓ Making the whistleblower feel listened to and acknowledging the reporter
- ✓ Having the right expertise and knowledge in the team receiving the reports
- ✓ Having the proper governance model, organisation and framework supporting this area
- ✓ Being independent, specific and autonomous

Finally, this organisation responded that the main benefits of the whistleblowing system are:

- ✓ Building trust
- ✓ Being able to act proactively
- ✓ Listening to our employees, customers and external stakeholders
- ✓ Being able to communicate anonymously with the reporter, ensuring them they are safeguarded and protected

# Summary of findings

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

1 report per approximately 400 employees per year.

For the third consecutive year, the average number of reports per employee remains at one message per 400 employees per year. A few years ago, after #MeToo, this was a doubling in the number of reports received through the whistleblowing system, and the number now appears to have stabilised around this level.

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

We believe this stabilisation at a higher level indicates that the increasingly positive attitudes towards whistleblowing and whistleblowers that we have experienced over the five years of this customer survey seem to prevail.

### Benefits of the whistleblowing system:

"Detecting wrongdoings which (have not yet been) discovered by the management, possibility to raise your voice, open working atmosphere, transparent organisations."

Another reason for the increased number of reports generally 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.

Over the next two years, it will be particularly interesting to see whether the number of reports received is impacted as each EU country enacts the EU Whistleblower Protection Directive nationally.



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

# >50%

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



More than half of all reports led to a dialogue with the whistleblower. This is a slight increase since last year, and the first time we have seen an increase for a few years.

### What is most important for building trust in the system?

“The anonymous reporting, communication, the whistleblower procedure, dialogue with the whistleblower.”

Follow-up dialogue is valuable to our customers and a vital part of serious whistleblowing case management. For the persons that receive, deal with and investigate the whistleblower messages, continued dialogue builds trust between the parties. It allows facts and evidence to be gathered quickly, misunderstandings to be resolved and important questions to be asked.

We believe that this year’s increase in the number of messages leading to dialogue may partially be due to the fact that the EU Whistleblower Protection Directive requires that organisations provide feedback to the whistleblower.

The Directive states:

**Response times:** There must be an acknowledgment of receipt of the report within seven days.

**Follow-up:** Diligent follow-up to the report and a reasonable timeframe to provide feedback to the whistleblower is required.

For the first time, it will become law for organisations to handle whistleblowing cases and whistleblowers professionally and systematically. Even though the law is not yet in force across Europe, as organisations work through what they need to do to become compliant, awareness is growing about what credible and serious case management involves.

### What is most important for building trust in the system?

“Anonymity, trust, clear policy, a channel to trust, follow up and investigation, feedback to the whistleblower.”

Responses indicate that WhistleB’s customers appreciate the anonymous dialogue and follow-up functionality of our solution.

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

>30% financial irregularities

30% workplace and health & safety issues

Aggregated result: Financial irregularities, and workplace and health & safety issues account for 60% of the reports.

### What is most important for building trust in the system?

“Detecting fraud at an early stage.”

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 a third 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?

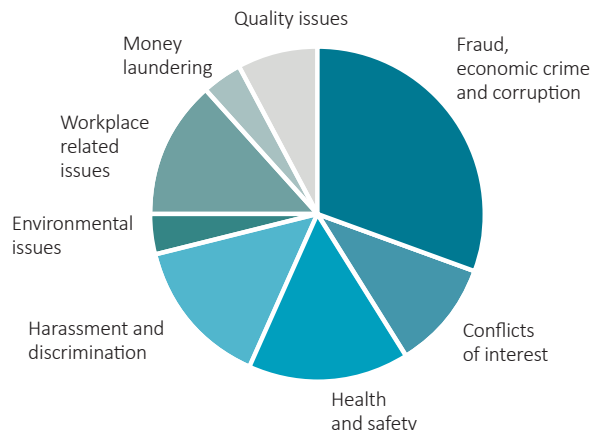
“On one occasion a whistleblowing incident led to a work environment investigation. (The system) should lead to a better work environment.”

Health and safety and workplace-related issues combined amounted to 30% of reports received. As the above quote indicates, 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 workplace environment issues are not heavily regulated or are not followed up by public authorities.

The number of reports relating to harassment and discrimination dropped somewhat this year, from 22% to 15%. This still remains a fairly high number, but the decrease is perhaps expected as organisations make progress with their zero-tolerance policies against harassment and discrimination after the #MeToo campaign.

We will monitor whether the EU Whistleblower Protection Directive has an impact on the nature of reports received in future years. The EU Directive grants protection to whistleblowers for reporting on misconduct that is a threat to public interests and therefore covers issues such as the environment, public health, consumer safety, public finances, anti-money laundering, corporate taxation, data protection and manufacturing and trading of unsafe or illegal products. Interestingly, harassment and discrimination are not included, which WhistleB believes is a shortcoming of the Directive, given the number of reports that customers receive.

Sometimes, prior to implementing a whistleblowing system, organisational leaders are concerned about receiving a lot of irrelevant messages, reports made in bad faith or other negative reactions from employees. Interestingly, the customer survey shows no evidence that supports this concern. While the occasional report may not officially qualify as a whistleblowing case, following up these reports illustrates that concerns are taken seriously, and handled in accordance with local laws and the organisation’s Code of Conduct.





## Who is invited to report?

# 60%

external stakeholders

**60% have their whistleblower channels open to external stakeholders.**

Last year, we started to see a growing number of organisations opening up their whistleblowing services to external stakeholders – a trend that has continued this year. Results show a 10% increase to 60% of our customers that now open up their systems to external parties, such as customers, suppliers, partners and the general public. This is significant as it indicates a more advanced application of the whistleblowing system by our customers.

### Benefits of the whistleblowing system:

“Building trust in what we are doing and who we are.”

We consider our customers to be early adopters in encouraging good business ethics throughout the value chain. We believe this increase is happening as they

view whistleblowing more and more as a proactive part of their business sustainability and ethics efforts and take responsibility for the impact of their business beyond organisational borders. 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.

We have noticed that customers in the financial sector, as well as public authorities more often have their whistleblower channel open to external stakeholders.

This general trend of more companies opening up their whistleblowing channel to external parties once again makes us reflect on the early impact of the EU Whistleblower Protection Directive. The Directive applies to employees, self-employed people, freelancers, consultants, contractors, suppliers, volunteers, unpaid trainees and job applicants, who acquire information on illegal activities in a work-related context. It also covers those who support whistleblowers such as family members and colleagues.

**Trend: Organisations continue to open up to whistleblowing from external parties.**



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

# 60%

case handling and investigation

Aggregated result: Nearly 60% of all whistleblower reports led to further actions.

One of the stand-out results in this year's customer survey is a 10% increase in the number of reports leading to further case handling, including investigations, compared to the previous year. This result also correlates with WhistleB's own recent experience of both customers and non-customers asking more questions about case handling and investigation services.

### Have you prevented wrongdoings from escalating?

"I managed to prevent bullying against two employees."

Here again we tend to believe that organisations are taking notice of the requirements of the EU Whistleblower Protection Directive. While investigation is not an explicit legal obligation according to the new law, the need for a proper handling of whistleblower reports is implicit in the Directive's texts. As an example, the Directive states "In all cases, the reporting person should be informed of the investigation's progress and outcome..."

What does professional whistleblowing case handling and investigation look like then? Investigations should be treated with utmost confidentiality and with respect for both the whistleblower and the person accused. Investigations can require very specialist skills which leaders may need to source externally such as law firms, auditors or forensic investigators. In this case, the whistleblowing

system needs to allow external users to be securely added into the investigation process. This is one of the features of WhistleB's whistleblowing solution.

### Have you prevented wrongdoings from escalating?

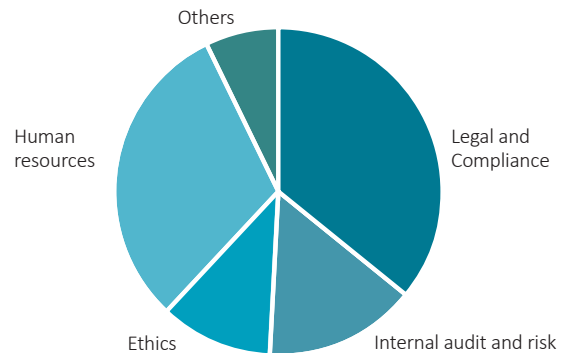
"Detected more unwanted behaviour, not in line with company values and corporate culture."

Furthermore according to the Directive, companies will be required to designate an impartial person or department competent for following up on the reports which highlights another critical element in professional whistleblowing case handling and investigations. Whistleblower reports can vary widely in nature, covering matters as broad as fraud or environmental crime. Very few people have deep expertise in all possible subjects, which is why the person receiving the report needs to have the ability to assess the content of the report and determine whether they are real whistleblowing or non-whistleblowing cases, whether they need investigating and thus allocate them appropriately.



## Which roles are included in your whistleblowing team?

Aggregated result: Legal and Compliance remain the most common roles in a whistleblowing team, while HR involvement jumps compared to last year.



Usually the receivers of the reports decide when a message should lead to an investigation and bring the appropriate competences, internal and/or external, into the investigation process. Customers usually appoint a mixed internal team of roles receiving the reports, 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.

Legal and compliance types of roles remain 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.

### What is most important for building trust in the system?

“Discretion of the reported problem, effectiveness of response in solving the problem, experience in cooperation and human resource management.”

One of the most interesting results this year is the jump in the presence of HR roles from approximately 10% last year to approximately 30% this year. We believe there may be two explanations for this. Firstly, as suggested in last year’s survey report, the increase aligns with the higher number of harassment, discrimination and other workplace related cases being reported.

Secondly, and perhaps having more of an effect this year, is the natural growth of the market for whistleblowing. Partially due to the EU Directive, partially due to a rising imperative for good business ethics, we are seeing more and more organisations implementing whistleblowing solutions compared to previous years. Many of these are smaller companies, with up to a few hundred employees. This group of organisations often does not have an in-house legal and compliance department, but they almost always have a Human Resources representative. So, while legal and compliance are the obvious receivers of whistleblower reports in larger companies, in smaller companies this role seems to be falling to HR.

We also see that non-executive roles, such as members of the board, are increasingly active in whistleblowing case management. Typically, the board is usually informed about the aggregated results of the whistleblowing service, and about very serious matters. However, our work with customers indicates that whistleblowing matters are becoming more important to company boards. 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.

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

## What is most important for building trust in the system?

“Communication and the possibility for the reporter to stay anonymous.”

For a whistleblowing system to succeed in providing valuable information to companies and organisations, more than technically good implementation is needed. Employees will not speak up unless they trust the system to keep their identities safe and unless they feel confident that their concerns will be taken seriously.

For that reason, we ask customers what they see as the most important factors for garnering trust in the whistleblowing system. Overwhelmingly this year, the responses centred around **communication** and **anonymity**.

## What do leaders need to communicate? Let's start with anonymity.

An organisation's leadership communication, Code of Conduct, organisational culture and whistleblowing solution should all underline that people who dare to blow the whistle are valued, and are therefore permitted to remain anonymous if they choose.

## What is most important for building trust in the system?

“Anonymous communication capabilities.”

Blowing the whistle can be stressful. The whistleblower may be very close to where unethical behaviour is being conducted, they may fear for their career or worse, their own safety. Even if promised confidentiality, and even if legally protected, such as under the EU Whistleblower Protection Directive, identifying themselves is still too much of a risk for many people. So, unless they know that they can report as an anonymous whistleblower, they never dare to take the step.

Unfortunately, many laws still fall short when it comes to anonymous reporting. This includes the new EU whistleblower protection law. WhistleB therefore believes that organisations and companies need to be proactive in allowing and giving equal protection to anonymous whistleblowers.

Underpinning anonymity is the **security** of the whistleblowing system.

## What is most important for building trust in the system?

“Effective reporting of any irregularities in the company while maintaining the comfort and safety of the reporting person.”

Communication needs to reassure potential whistleblowers that their identity remains anonymous throughout the entire case handling process, and how this is done systematically and technically.

## What are the main benefits of the system?

“Reporting capabilities outside of our corporate network. Untraceable for internal IT.”

In the case of WhistleB's digital solution, this includes features such as:

- ✓ That an external whistleblowing solution is used that is separate from an organisation's own IT environment.
- ✓ That all communication is encrypted and takes place within one tool.
- ✓ That no IP addresses can be traced, and all meta-data is deleted from attachments.
- ✓ That the system provides zero-knowledge privacy, meaning that no one, not even the provider



## What are the main benefits of your whistleblowing system?

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# 1.

### Credibility and trust

“Work preventively, building trust, supports the corporate culture by living the values, for instance.”

In line with last year’s results, customers responded that establishing credibility and building trust was one of the most important benefits of having a whistleblowing system in place. A trusted, secure whistleblowing system helps customers build trust in the brand, gains trust from external parties due to greater transparency, and importantly generates trust amongst employees that they work for an organisation that is serious about its Code of Conduct.

# 2.

### Detecting fraud and misconduct at an early stage

“Finding out things we would otherwise never know about”

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 appreciate this benefit, with an emphasis on **early detection and action**.

“Identifying grey zones which need clarification. Working with preventing misconduct in future.”

Connected to early detection, the preventive effect of a whistleblowing system seems still to be of great value. The mere implementation of a whistleblowing channel prevents wrongdoing occurring in the first place. Like last year, we also continue to see a number of comments relating to the fact that the whistleblowing system enhanced internal risk management and other processes through a feedback loop once misconduct had been detected.



# WhistleB

A NAVEX Global® Company



## About WhistleB

WhistleB provides a secure whistleblowing service for companies, public authorities and organisations. Our solution is used in more than 150 countries. We are committed to helping customers minimise their risks and strengthen their performance through highly ethical procedures and a leading whistleblowing service.

For more information about this survey, or if you have further questions concerning corporate whistleblowing, please contact Karin Henriksson, Senior advisor at WhistleB, part of the Navex Global group.



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