

WhistleB

WHISTLEBLOWING CENTRE



Benefits of organisational whistleblowing

Are you weighing up the possibility of implementing a whistleblowing system in your organisation? Read on to find out why it's worth it and what you need to think about?

Benefits of organisational whistleblowing

Are you weighing up the possibility of implementing a whistleblowing system in your organisation? Read on to find out why it's worth it and what you need to think about?

“The most powerful weapon against fraud is not an algorithm or a checklist but a whistleblower.”

The Economist

The 2007–2008 global financial crisis re-awakened the world to the need for a crackdown on corporate corruption. Since then, governments and multi-national institutions have put political momentum behind combatting bribery and corruption. Pressure has increased for greater corporate responsibility and regulation has become tougher on business leaders, in some cases making them personally accountable for corporate ethics failures.¹

One consequence of this sharpened focus on anti-corruption has been that whistleblowing systems have become far more common inside organisations – both in the private and public sectors. In some cases such systems are mandatory.²

What is Whistleblowing?

Whistleblowing is when a person closely associated with the organisation, often an employee, but also sometimes a supplier or a customer, observes behaviour or actions that they believe to be misconduct, criminal and not in line with the company's code of conduct, and reports that suspicion. Whistleblowing is a preventive tool to reduce the risks of malpractice and irregularities. It allows organisations to efficiently monitor their policies and business principles, by obtaining information on irregularities that should be acted upon at an early stage.

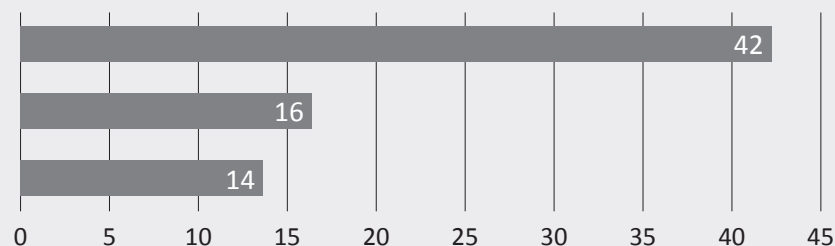
Whistleblowing is seen as a very effective tool to combat fraud. Indeed, in its 2016 ACFE Report to the Nations on Occupational Fraud and Abuse, the Association of

Certified Fraud Examiners found that the most common detection method for fraud was tips (more than 40% of cases).³

Whistleblowing tip

Management review

Internal audit



¹ 2002 U.S. Sarbanes-Oxley Act (SOX), 2010 UK Bribery Act, 2013 Brazilian Anti-corruption law.

² French Anti-Corruption law of 2017 Sapin II and EU Directive 36/2014, which states that all banks and credit institutions are required to have a whistleblowing service.

³ ACFE 2016 ACFE Report to the Nations on Occupational Fraud and Abuse.

The same report also states that companies with whistleblowing services, that include the possibility of anonymous reporting, suffer smaller losses from fraud.

Transparency International, Sweden goes as far as saying that whistleblowing is the most effective tool for fighting corruption.¹

And yet, people do still choose not to report suspected wrongdoing. Taking the step from observer to whistleblower is still an uncomfortable one. There are a number of factors that might get in the way: loyalty to the organisation or colleagues; uncertainty about what really con-

stitutes a whistleblowing case; the suspicion that nothing will be done; and the fear of repercussion, are just a few.

Government bodies around the world have recognised that corporate retaliation remains a real barrier to whistleblowing, and have introduced new regulations aimed at strengthening whistleblowing protection.²

In this paper we will share the feedback we get from our customers on what benefits you and your organisation's many stakeholders can expect from a whistleblowing system. We will also highlight the critical success factors for such a system that will ensure it is compliant, secure and used, when needed.

Why do organisations choose a whistleblowing service?

Of course, whistleblowing is not the sole response for fighting corruption and other serious irregularities. However, there's no doubt that it is an effective preventive tool and an integral, reinforcing part in any organisation's efforts to become an ethical and transparent brand.

It shows an organisation's stakeholders that it is serious about enforcing its Code of Conduct and promoting a culture of compliance and the highest business ethics.

Why is whistleblowing important – company example

This manufacturing company wanted to have a robust whistleblowing service to follow up their corporate values and tangibly enforce the Code of Conduct worldwide. The company launched the WhistleB service along with Anti-corruption training for all its employees as a way to build trust in the business, both internally and externally.

Why is whistleblowing important – investor example

This investor makes investments in 30 different markets, many of which are in Africa. *"We work continuously to combat corruption and other serious irregularities... Our whistleblower service, which aims to protect our interests and the policies that guide us, is made available to employees, contractors, interns, etc. and also at our portfolio companies. As an investor, we want to ensure that the employees working in our portfolio companies can raise a red flag, in a secure manner, if there is any suspicion of a serious irregularity."*

¹ Transparency International, Sweden - Press release 16th November 2016.

² 2014 Council of Europe resolution on stronger whistleblower protection.

Which stakeholders gain from a whistleblowing service?

Whistleblowing systems are not only valuable for an organisation's leaders. They have benefits to a wide range of stakeholders, and as the above cases show, can be made available as a channel for reporting suspected misconduct

both internally and externally. In our discussions with stakeholders about the benefits they receive from their organisation's whistleblowing system, this is the feedback we typically receive from the different roles.

” Compliance/Legal

As the head of the compliance department, I'm also on the team that deals with the whistleblowing reports and cases when we receive them. We have an online whistleblowing system, which is an effective tool for making sure we get tips in about misconduct, and it reinforces our compliance policies. However for me, one benefit that is equally important is that the system makes handling each case so much more efficient. It has a built in process that me and my colleagues all follow. So I know that cases are being handled sensitively, consistently and in a compliant manner.

” The Board

As members of the board, transparency and good governance is our number one priority. At the end of the day it's our responsibility to ensure that the management team creates an environment, a structure and a culture that reduces risk and enhances transparency. A whistleblowing system is an effective tool in that regard. If we receive a lot of reports then this would indicate that there's something very wrong in the walls of the organisation. If we receive nothing, no reports at all, then I'd say that the whistleblowing system is doing its job in preventing or reducing the risk of misconduct.

” Employees

I am so relieved that my company has a whistleblowing service. I mean, sometimes I see things going on, but I'm not sure they are "wrong". When the whistleblowing system was introduced we all received training in how to use it. At the same time we had to re-read our company code of conduct, and have training on anti-corruption. It was good to understand how it all fits together and I also felt really proud that the company I work for doesn't tolerate unethical behaviour. Obviously, I hope I'll never have to use it, but just knowing it's there is a comfort. In the training we were told that the system is completely anonymous, and that I can report in my own language. I can also report from my mobile phone if I want. I would hate to have to sneak around trying to work out how to report a colleague, or worse, my boss.

” Investors/shareholders

I want my investment to be protected – it's fairly simple. If there's fraud going on inside the organisation, then I want it to be stopped as soon as possible, before the financial losses impact a wider group of people than necessary. I see the organisation's whistleblowing system as an important way to receive critical information early in the "economic crime" process.

” Managing Director

No management team wants a crisis on their hands! As the Managing Director, I have to do everything I can to reduce the kind of crisis that is caused by my own employees, on behalf of all my stakeholders. Our whistleblowing system is very important for that. When we receive an early warning tip from a whistleblower, there's a much greater chance we can address it internally, or with expert help, and limit reputational damage considerably.

But it's not just about the financial and crisis element. We are very serious about being a sustainable, ethical company full of people with integrity. This is the responsibility of everybody in the organisation. Our code of conduct explains what that looks like, our corporate culture enables right action and behaviour, and the whistleblowing system reinforces it all. It shows our people that we are serious and reminds them that when it comes to misconduct, we all have an impact – be that negative or positive.

” Human Resources

Sometimes reports come in through the whistleblowing system, about something that is wrong in the organisation, in the eyes of the whistleblower. But it's not really a whistleblowing case. However, it's clearly something that is important to the sender of the report, something they are very unhappy about, or uncertain about, like an ethical dilemma. The fact that we receive a report opens up an opportunity for dialogue with them. In Human Resources we take these kinds of reports seriously, we might otherwise never get to know about these issues. It helps us build trust with employees and even improve some of the HR related matters in the organisation.

” Supplier

I know that corporate social responsibility is really important for one of my very big customers. When I first started working with them, they sent me their CSR guidelines, and explained that it was relevant to me too as they only wanted to work with companies that shared their values, throughout their entire supply chain. They also backed this up by giving me access to their whistleblowing system. I wasn't really sure what I would need to look for, but they gave me some training on classic signs that indicate fraud might be at play. I really appreciate this as I can apply it to other customers, and I'm proud to be part of an ecosystem doesn't tolerate corruption.

” Customer

At first I was surprised when I was offered access to the reporting part of my supplier's whistleblowing service. Then their compliance officer explained to me that they really took their corporate ethics seriously, both inside and outside the organisation. For example, my suppliers have zero-tolerance for bribery, but of course they wouldn't be aware of their own salespeople being guilty of it, say for winning new business, unless we as customers told them. They shared their code of conduct with me, and now I have a link to their system if ever I suspect behaviour that I think goes against it. It's admirable. This feels like a responsible supplier to work with.

The five critical success factors for whistleblowing systems that work

1. Secure and anonymous

Whistleblowing systems contain very sensitive personal and potentially criminal data. Everywhere in the world, this type of data is very strictly regulated (see next point), so keeping the data safe and identities untraceable has to be a priority consideration for any whistleblowing system. Security needs to permeate the platform it runs

on, data storage solutions, software applications, access rights and more. Ensure your provider has the highest security certifications and functionality across the system, and that they regularly stress-check the system for security vulnerabilities.

2. Legally compliant

As mentioned above, criminal and personal data is strictly protected. Data protection laws therefore have very real implications for whistleblowing systems. However, such regulations differ and shift from country to country, and they are becoming stricter.¹ When selecting

a whistleblowing service, ensure that it has regulatory compliance already embedded into the system to help you keep abreast of changing laws. As an investigative team, you want to be confident that you are proceeding with case investigations, without breaking the law.

3. Easy-to-use

A whistleblower observe suspected misconduct and they want to do something about it, but they do not want to be involved in whatever happens thereafter. Often a whistleblower is a person who is close to where the misconduct is happening, so taking that step to blow the whistle is seldom simple. Your system needs to make it as simple as possible, and remove any barriers, otherwise you will not receive much-needed tips. So, ensure your system is multi-lingual, let the whistleblower report in their own language.

*"We see that reporting increases when the employees can report with guaranteed **anonymity** and in **their own language**."*²

Additionally, ensure that it is device neutral, that they can use a mobile smart phone or other device to make a report, removing the need to find a private space in the workplace. The interface should be intuitive, but users should also receive training that is linked to your Code of Conduct (see below). The system should also be speedy to implement and adaptable for different types of teams, users and organisations.

¹ EU General Data Protection Regulations (GDPR) come into force in 2018.

² WhistleB study on Corporate WhistleBlowing, November 2016.

4. Trusted

Suspicion that nothing will be done is not an insignificant barrier to somebody deciding to blow the whistle. Give users additional confidence by selecting a system that has a thorough case management system and process. In training demonstrate how cases can be followed up and how on-going dialogue is maintained with the whistleblower. In practice always manage cases seriously, methodically and respectfully of the whistleblower. Ensure that your system allows you to set up multiple teams for handling ethically sensitive issues and third party investigations, as needed.

How a leading law firm structures whistleblowing follow up

Our customer is a leading law firm employing 400 lawyers. It is a reputable adviser in the field of compliance and therefore wants to demonstrate that the firm practises what it preaches. The customer has chosen a structure in which each country's affiliate office is responsible for investigating its own cases. For this, a personal data assistance agreement for each market has been agreed upon between the customer and WhistleB. Some European countries require the whistleblowing service to be registered at the Data Protection Authority in the country of the personal data controller.

5. Communicated as part of a whole

Ensure that your whistleblowing system is integrated with the ethos of your code of conduct and is communicated as part of your organisation's overall corporate ethics efforts. Help employees understand what constitutes a whistleblowing case, and what doesn't. Inform them of alternative communications channels for other matters. Seek advice from your whistleblowing system provider regarding accompanying communications.

What an international shipping and property group thinks of WhistleB

WhistleB is an easy-to-use system, with relevant features that facilitate the monitoring of reported cases. It is easy to stay in touch with the whistleblower, who remains completely anonymous, and we are notified by e-mail as soon as a new report or a follow up answer is received. With the professional guidance of the WhistleB team the system was very easy to implement. We use our Code of Conduct e-learning to continuously spread the information about the whistleblowing service.

WhistleB

WHISTLEBLOWING CENTRE



WhistleB is a global whistleblowing service provider, operating in 100 markets on all continents. Our customers include global and local companies in many sectors, both public and private. We are dedicated to delivering a service with market leading security.

More information about WhistleB:

www.whistleb.com



Welcome to contact us:

Gunilla Hadders

Founding Partner

gunilla.hadders@whistleb.com

+46 70 214 88 73