NAVEX®

Workplace Whistleblowing

What your board needs to know

With remote and flexible working trends here to stay, it is more important than ever that senior executives and board members understand the importance of providing access to a confidential whistleblowing process.

From health and safety, harassment and discrimination, to data privacy, financial misreporting and conflicts of interest, organizations should ensure their employees and stakeholders can always safely speak up about their concerns, no matter where they are located.

Below are eight key facts your board needs to know about workplace whistleblowing.

What is a whistleblower?

A whistleblower is an employee, or external stakeholder, who reports a concern or suspected wrongdoing that may have occurred within the workplace. A report can relate to a potential breach of law, company policy, or unethical activity, and is made confidentially to senior management, or to the organization's nominated whistleblowers' champion, or submitted through a dedicated whistleblowing channel. Employees can also submit a report externally to the appropriate industry or government body.

Whistleblowing channels are known by many names...

- Whistleblowing hotline
- Fraud hotline
- Integrity line
- Ethics helpline
- Confidential helpline
- Speak-up line
- Alert line
- Loss-prevention line

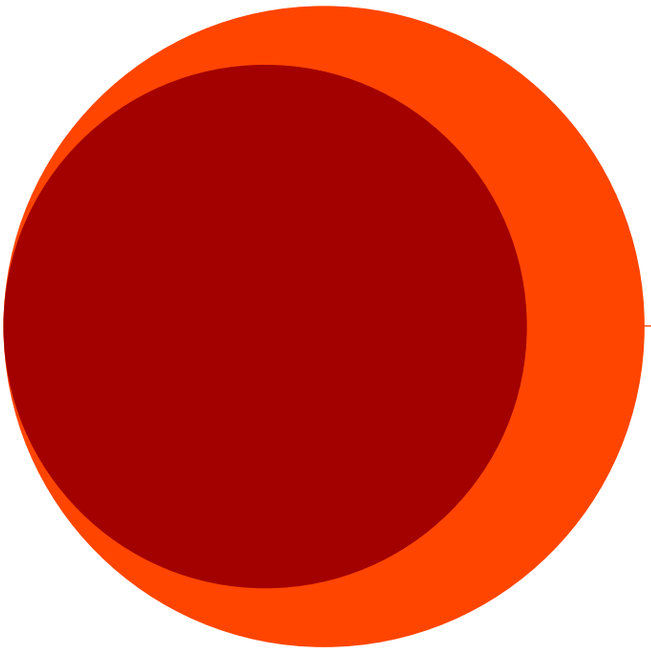
...and can take many forms

- Telephone
- Mail and Email
- Web and PC
- Mobile
- In-person

01 The rising tide of whistleblowing

The number of employees raising concerns have hit an all-time high, yet many employees still have concerns they wish to raise but are not comfortable in doing so as the fear or reprisals often hold them back.

It is far more beneficial to encourage your employees to raise their concerns so they can be identified and resolved early on rather than remain unchecked where they can escalate into a crisis.



50%

more whistleblower tips received by the SEC in 2023 than the previous year

Source: SEC Annual Report, 2023

A record high

$600m

in awards issued to 68 individuals by the SEC in 2023

Source: SEC Annual Report, 2023

$279m

largest single award issued to an individual to date by the SEC's Whistleblower Program in 2023

Source: SEC Annual Report, 2023

"Every organization faces the risk that something will go badly wrong and ought to welcome the opportunity to address it as early as possible.

Whistleblowing Arrangements – Code of Practice, BSI British Standards

02 Establishing a whistleblowing process is a legal requirement

Your board needs to know that whistleblower regulations are not only increasing around the world but many jurisdictions are also amending existing regulations to broaden the requirements and establish enforcement mechanisms.

Hundreds of thousands of organizations are now legally required to have whistleblowing processes in place, depending on their size, location or industry. Failure to comply with these laws may result in prosecution and severe financial penalties.

Over the next decade, new comprehensive whistleblower laws are expected to be introduced across major economies and regional blocks.

MAJOR COMPLIANCE REGULATIONS ARE BEING INTRODUCED AND UPDATED WITH TOUGHER REQUIREMENTS

1989
USA
Whistleblower Protection Act

1998
UK
Public Interest Disclosure Act

2002
USA
Sarbanes Oxley Act

2004
Romania - Whistleblower Protection Act
Australia - Corporations Act

2006
Japan
Whistleblower Protection Law

2007
Canada
Public Servants Disclosure Protection Act

2009
China
PRC Consititutional Law

2010
USA
Dodd-Frank

2014
India
Whistleblowers Protection Act

2015
UK - Senior Managers Regime
South Korea - Whistleblower Protection Act

2016
France – Loi Sapin II
Netherlands – House for Whistleblowers

2017
Sweden
Whistleblowing Protection Act

2018
Italy
Whistleblowing Law 179

2019
Croatia - Whistleblower Protection Act
Australia - Treasury Laws Amendment

2020
Norway - Working Environment Act Amendment
Japan - Whistleblower Protection Law Amendment

2021
Global - ISO 37002 Whistleblowing Management Systems
New Zealand - Protected Disclosure Act Amendment
Europe - EU Whistleblower Protection Directive*

2023
Germany – Supply Chain Act

AU$525m
Maximum infringement fine introduced by the Australia Treasury Laws Amendment, 2019

*All 27 EU Member States transpose its provisions into their national legal and institutional systems

Many public and private organizations are now required by law to establish a whistleblowing process.

Discover an inexpensive online whistleblowing tool that is easy to order, implement and use.

Find out more

03 The more whistleblowing reports you receive, the better

Your board needs to know that receiving a high number of whistleblowing reports is good for business.

It is a common misconception that receiving whistleblowing reports is a sign of an unhealthy culture and an underperforming business. On the contrary, academic research shows that a strong speak-up culture where employees raise their concerns not only helps the business achieve regulatory compliance, but it also provides a strategic competitive advantage. The data shows that the more whistleblowing reports you receive, the better your organization's financial performance is likely to be.

ORGANIZATIONAL BENEFITS OF RECEIVING A HIGHER NUMBER OF WHISTLEBLOWING REPORTS

2.8%	6.9%	20.4%	46%
increase in return on assets	fewer material lawsuits	reduction in settlements	fewer negative news stories

Source: George Washington University, Evidence on the Use and Efficacy of Internal Whistleblowing Systems, 2018

04 Your employees must trust your whistleblowing program

Your board needs to know that your employees will only raise their concerns if they trust your whistleblowing program. Employees must trust they can report without repercussions, and confirmed reports will result in appropriate consequences.

There are three essential requirements to establishing trust with your whistleblowing program and to maximize the likelihood your employees will speak up about their concerns.

1
EVERY REPORT SHOULD BE INVESTIGATED PROMPTLY AND APPROPRIATE ACTION TAKEN

38%

of workers do not report as they believe no action will be taken

Source: EY Global Integrity Report, 2022

2
YOUR EMPLOYEES SHOULD KNOW HOW TO RAISE THEIR CONCERNS AND CAN SUBMIT A REPORT AT ANY TIME

4 in 5

employees do not know their company has a whistleblowing hotline

Source: EY Fraud Survey, 2017

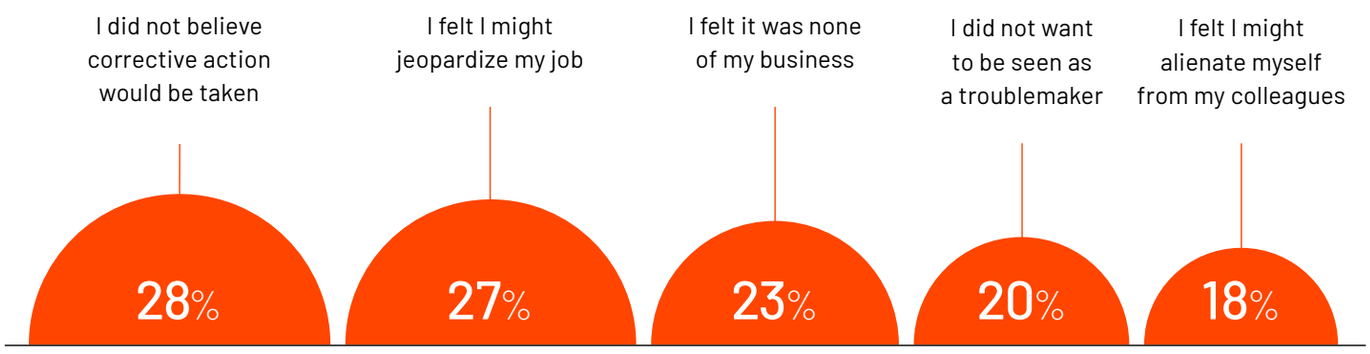
3
YOUR EMPLOYEES SHOULD FEEL SAFE AND BE AFFORDED A HIGH DEGREE OF CONFIDENTIALITY

80%

of workers do not report due to fear of legal consequences

Source: EU Public Consultation on Whistleblowing, 2017

TOP 5 REASONS WHY EMPLOYEES DID NOT RAISE CONCERNS ABOUT MISCONDUCT



Source: Institute of Business Ethics, Ethics at Work Survey Europe, 2018

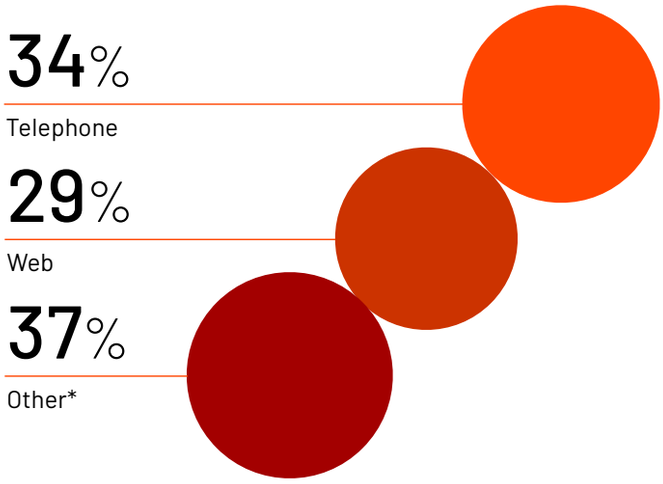
05 Building a speak-up culture requires multiple channels for reports

Your board needs to know that the more communication channels you provide your employees to raise their concerns, the greater the number of whistleblowing reports you will receive.

To maximize engagement with your whistleblowing program you should aim to provide a range of reporting channels such as web, telephone, mobile, and in-person. This allows the whistleblower to choose the communication channel they feel most comfortable using and increases the likelihood that they will submit a report.

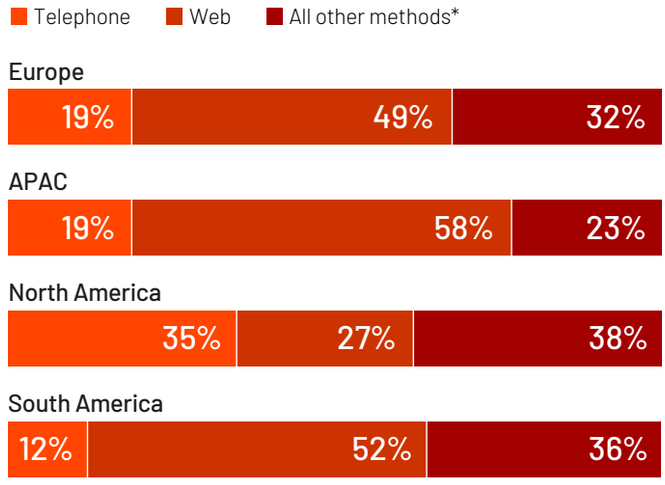
REPORT INTAKE METHOD (FREQUENCY COMPARISON) IN 2022

PERCENTAGE OF WHISTLEBLOWING REPORTS MADE BY REPORTING CHANNEL IN 2022



*open-door, email, mail, fax and manager submissions

Source: NAVEX Hotline and Incident Management Benchmark Report, 2023



*mobile, in-person, email and mail

Source: NAVEX Hotline and Incident Management Benchmark Report, 2023

06 Regulations require minimum whistleblowing standards

Your board needs to know your organization may be legally obliged to maintain minimum standards throughout the whistleblowing process.

Legal requirements cover the provision of whistleblowing services across many stages of the process. These include requirements relating to whistleblowing awareness and reporting options, to managing the investigations process, providing appropriate feedback and safeguarding the reporter.

REGULATIONS MAY REQUIRE A WHISTLEBLOWING PROGRAM TO:

- provide clear information on the internal reporting process and the reporting channels to the competent authority
- allow reporters to submit a report in writing, and/or orally, and/or via a personal meeting
- confirm receipt of the report to the reporting person and the status of the internal investigation and its outcome within set timeframes
- handle all personal data in accordance with the GDPR and store all reports in a safe place
- provide robust protection against all direct and indirect forms of retaliation against the reporting person and other protected parties

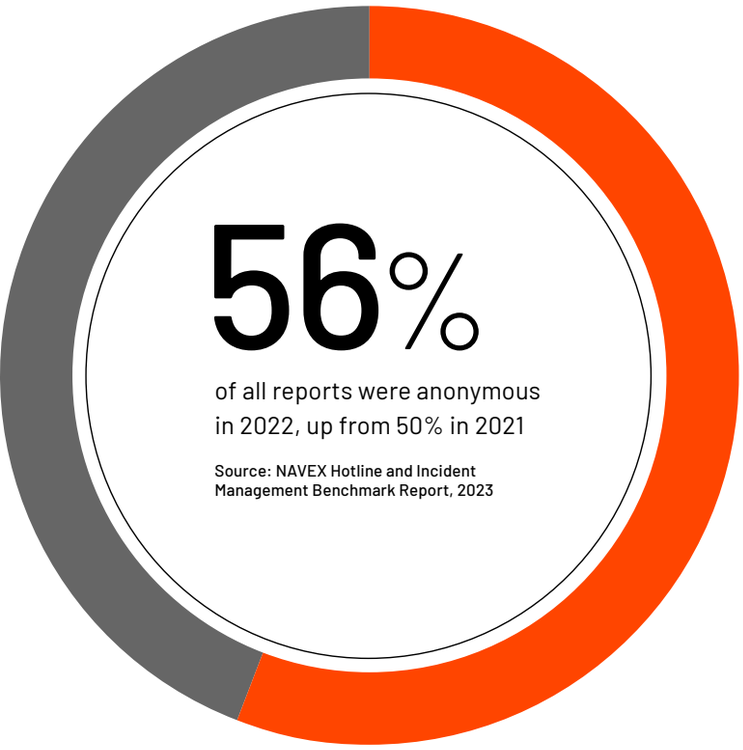
Source: EU Whistleblower Protection Directive (Directive (EU) 2019/1937)

07 Disregard the stigma. Anonymous whistleblowing reports hold significant value

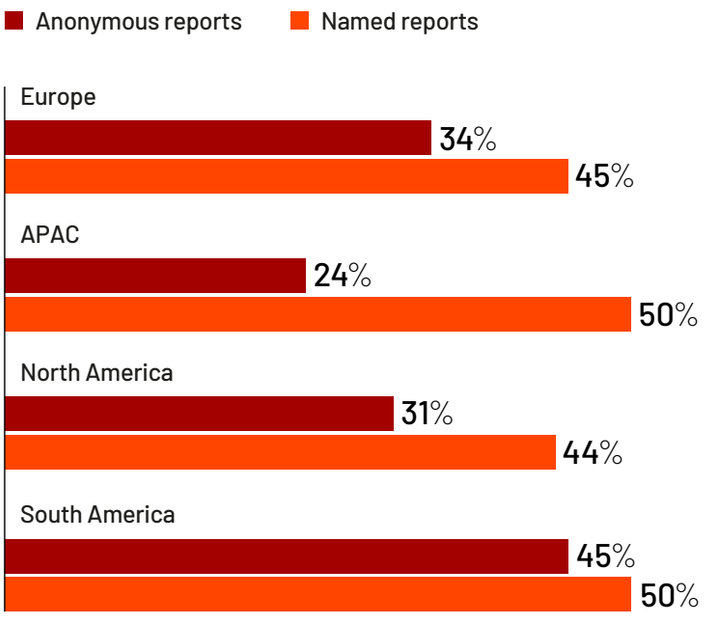
Inform your board about the value of anonymous whistleblowing reports and the need to encourage them. They provide a straightforward and potent means to foster a robust speak-up culture.

There is a long-standing, and unfounded, belief that anonymous reports are frivolous or deliberately false compared to named reports. Data shows that anonymous whistleblowing channels continue to provide valuable insights and high levels of substantiated allegations.

According to the NAVEX Hotline and Incident Management Benchmark Report, 2023, anonymous reporting rates increased across all regions in 2022. Organizations should therefore ensure they have channels in place that allow employees to report their concerns anonymously.



PERCENTAGE OF SUBSTANTIATED REPORTS ACROSS REGIONS

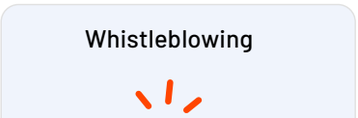


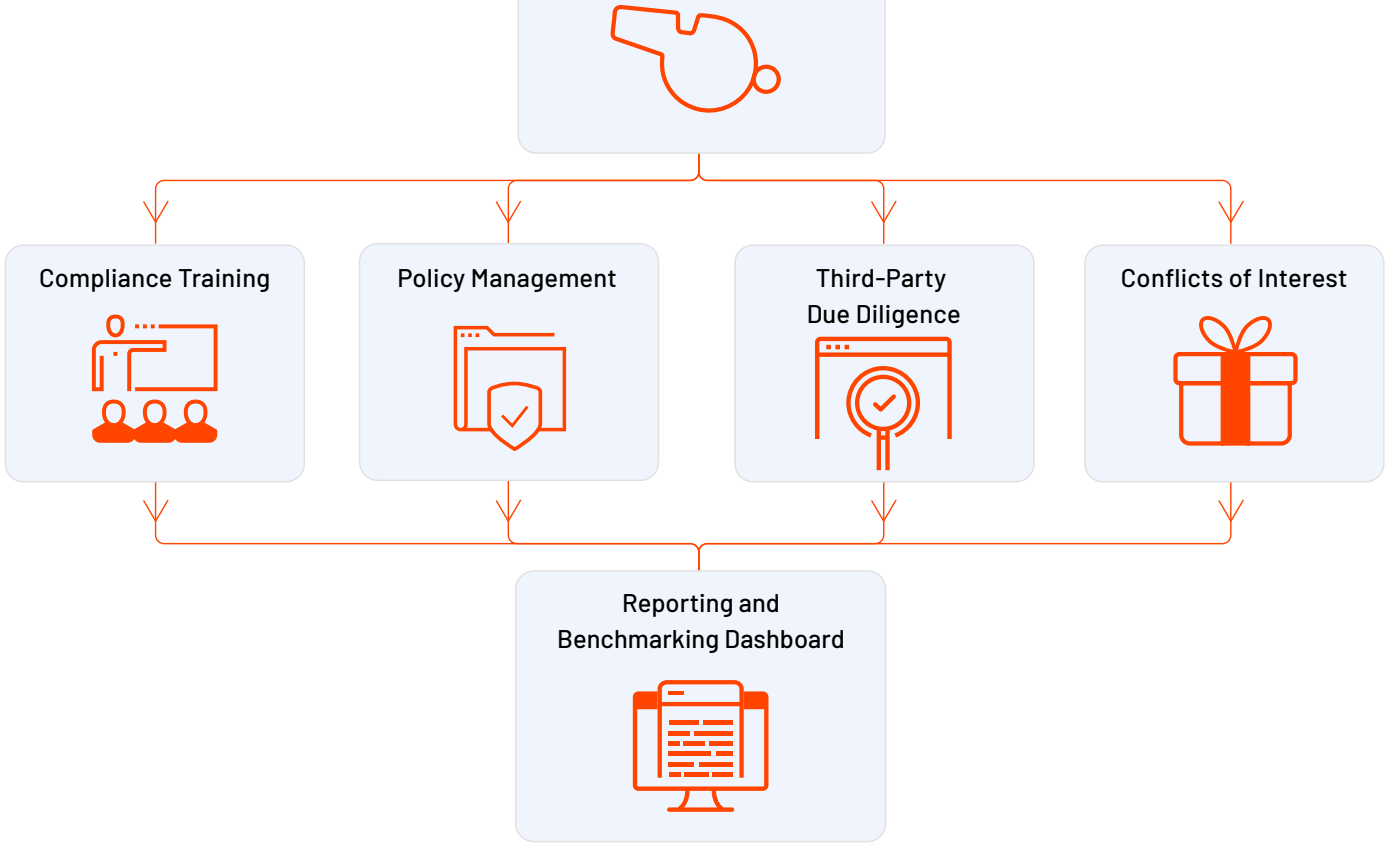
Source: NAVEX Hotline and Incident Management Benchmark Report, 2023

08 Whistleblowing improves your risk and compliance program outcomes

Your board needs to know that effective whistleblowing processes can bring significant benefits to your wider compliance program.

Organizations can gain additional insights and build a stronger workplace culture by connecting the whistleblowing program with the broader compliance framework. Whistleblowing data provides valuable information on the efficacy of your risk and compliance program and provides full visibility of your organization's risks for better reporting and decision making.





FIVE-YEAR ETHICS PREMIUM

+13.5%

performance of world's most ethical companies compared to the Large Cap index

Source: Ethisphere, 2020

> Organizations that embrace whistleblowing as an important source of information find that managers have better information to make decisions and control risk.

UK Gov, Dept Business, Innovation and Skills

Discover the right whistleblowing solution for your organization

NAVEX provides the world's most popular whistleblowing and speak-up solutions, supporting more than 13,000 organizations and 73 million employees every day:

Convenient
On-line service provides instant access for employees

Cost-effective
Monthly subscriptions keep costs managable

Configurable
Powerful options to tailor to individual requirements

Integrated
Connect to your wider risk and compliance program

Discover our solutions

#YearOfTheWhistleblower

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