

5 STEPS TO CREATE A WHISTLEBLOWER CULTURE



About WhistleBlower Security



Making Good Companies Better

WhistleBlower Security Inc. was incorporated in 2005 for the parent company, The Walker Group. The Walker Group began in 1968 in the chemical manufacturing sector, where it quickly became an industry leader in product innovation with a focus on environmental sensitivity. Fostering innovation while maintaining a strict policy of environmental responsibility positioned the Walker Group to develop their own in-house code of ethics and conduct, which eventually grew recognition amongst their stakeholders.

With a success history of internal reporting database development as well as an effective corporate ethics policy, it became evident that the Walker Group was well positioned to offer their WhistleBlower Secured™ model to organizations who are seeking to take their operations to the next level.

WhistleBlower Security Inc. is a Canadian based global provider of customized ethics reporting services dedicated to safeguarding businesses against risk, and committed to promoting a culture of integrity, collaboration and transparency for our employees and clients. WhistleBlower's 24/7/365 hotline, reporting and analytic solutions are combined with advanced security and data management to equip organizations with the tangible tools that will deter and prevent ongoing fraud. For more information, visit whistleblowersecurity.com.

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Introduction | Snapshot of Global Corporate Risk

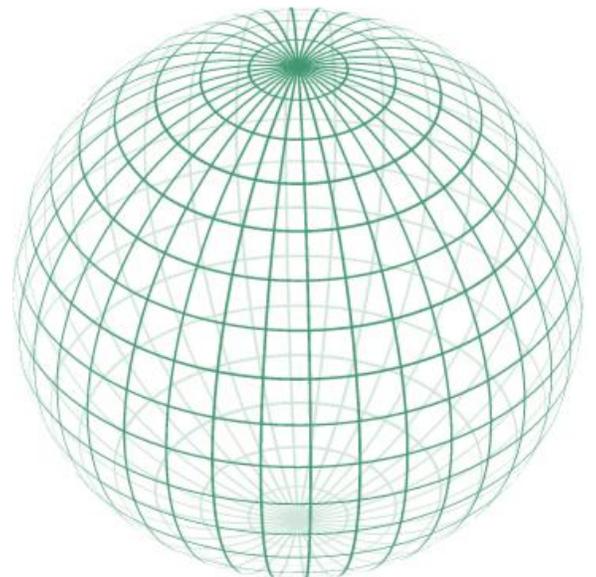
No industry is immune to corporate risk and economic crime. In their 2014 Global Economic Crime Survey, PricewaterhouseCoopers LLP (PwC), gathered information from 5,128 respondents from 99 countries to accumulate their results. This PwC survey has been called the most comprehensive global survey of economic crime data available to businesses.

Since the first survey in 2001, three types of fraud have been consistently highlighted by the respondents – asset misappropriation, bribery, and corruption. And the 2014 survey saw a new category – procurement fraud. Next to asset misappropriation, procurement fraud saw the second highest reported result at 29%; asset misappropriation at 69%.

2014 saw 37% of respondents report economic crime, an increase of 3% from the 2011 survey.

Fourteen years of this survey has shown that at any given time period, nearly one in three of those surveyed report suffering a significant economic crime event.

In view of the global economic climate with its inherent risks, some organizations accept fraud losses and other economic crime as inevitable. However, this need not be the case. Many organizations are seeking the means to be better equipped to deal with economic crime, and a key method to mitigate corporate risk is the development of a whistleblower culture. Read on to learn the five steps to create a whistleblower culture.



Step 1: Create a Policy

The initial step when developing a whistleblower culture, is the creation of a policy detailing how to report illegal and unethical practices. When creating the policy, there are four main factors to consider:

1

Formal mechanisms such as hotlines and other ethics reporting systems should be included within the policy for the reporting of illegal and unethical practices.

2

Clear instructions about the process of voicing concerns, such as an ethics reporting system; a specific chain of command or the identification of a specific person in the organization such as an ombudsman or a human resources professional.

3

Clear communication about bans on retaliation.

4

Clear connection should exist between an organization's code of ethics and its performance measures.

For example, in the performance review process, employees can be commended for not only meeting their goals and objectives but also for doing so in accordance with the stated values or business standards of the organization.

Step 2: Get Endorsement from Top Management

What leaders do reflects
the creation of the company
Culture within an organization

Lead by Example: Employees take their cues from the top. If management does not lead with integrity, employees are not likely to report on any unethical conduct. Here's five reasons why:

- They don't believe any corrective action will be taken by management
- They don't believe their reports will remain confidential
- They fear retaliation by supervisors
- They fear retaliation by co-workers
- They don't know who to contact

Top management, starting with the CEO, should demonstrate a strong commitment to encouraging whistleblowing. This message must be communicated by managers at all levels. Managers should be trained consistently in promoting an open door policy regarding employee complaints.

Step 3: Broadcast the Organization's Commitment



Accountability / Commitment



Presentations



Newsletters / Memos



Acknowledging Commitment

Communication of the commitment to ethical behaviour

To create a culture of openness and honesty, it is important that:

- Employees hear about the policy regularly
- Top management should make every effort to communicate the commitment to ethical behaviour
- Communication can take place through memos, newsletters and presentations to personnel

Publicly acknowledging employees who pinpoint ethical issues is a way to send the message that management is serious about addressing issues before they become problematic.

Step 4: Investigate and Follow Up

One of the important reasons for investigating allegations promptly is that if delayed action or inaction occurs in a case where a policy requires that any complaint received must be acknowledged or investigated within a certain number of hours, cynicism could arise about the seriousness of the organization's ethics policy.



- Managers should be required to investigate all allegations promptly and thoroughly.
- Managers should also be required to report the origins and results of the investigation to an oversight body such as human resources or upper management and the audit committee.

Step 5: Assess the Organization's Internal Whistleblowing System

The organization's culture and approach to whistleblowing forms the backbone of an effective process. Cultures that promote integrity and transparency, and demonstrate a receptive, rather than hostile, stance to employees who speak-up will ensure genuine concerns can be raised through the proper channels and should deter malpractice from occurring in the first place.

Find out employees' opinions about the organization's culture and specifically seek employee views on the organization's commitment to ethics and values:

1. Does the organization have a code of conduct?
2. Are employees aware of it?
3. Does the organization train on what is an ethical breach?
4. Have there been recent breaches and how were they addressed?

Employers who simply pay 'lip service' to processes for managing the disclosure of workplace wrongdoings are likely to face employee confusion leading to inappropriate disclosures to inappropriate third parties.

Conduct an annual employee survey related to ethics. Some questions to ask:

- Do you believe unethical issues are tolerated here?
- Do you now how to report an illegal or unethical issue?

It's also important that policies and procedures are reviewed regularly to ensure that they remain relevant as the business develops and moves forward.

An Effective Whistleblower Culture

1

Awareness

Throughout the organization, individuals need the ability to recognize when a problem is more than a narrow technical issue, and has a dimension of right and wrong.

2

Reasoning

Once the moral issue has been identified, the right answer is not always obvious. People need to be able to think through the problem, project the consequences and then decide what to do

3

Courage

It may turn out that the ethical answer to a problem is not easy to implement. Employees need a system to eliminate the fear of poor performance reviews or being ostracized by their peers.

4

Effectiveness

It the goal is to persuade someone else to choose the most ethical action, some ways are more effective than others. An ethics compliance program is an effective system tool to assist in creating a better whistleblower culture.

BUILD AN ETHICAL WORKPLACE

-  Comprehensive services provide everything you need to implement your ethics reporting program
-  Oversight into your operations, wherever they are in the world
-  Limit exposure to risk | protect your organization and your employees
-  Certification to ensure your team is educated, protected and secure
-  Education to provide tools to support your employees
-  Assessment and Consulting to enable you to define your needs for reporting, education and training
-  Enhance relationships and encourage transparency within your organization

WhistleBlower Security supports your efforts to create a more transparent, accountable and ethical work environment.

Learn about the customized service platform we can provide for your business and how to become WhistleBlower Secured™

GET IN TOUCH WITH US!

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