



» Whistleblowing Report 2021 «

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Preface



Annegret Falter and Kosmas Zittel, Whistleblower Network

The Whistleblowing Report 2021 highlights the indispensable contribution whistleblowers make towards detecting and preventing corporate wrongdoing. It's hardly a surprise that more and more companies are introducing whistleblowing systems.

Most of the companies surveyed are doing a lot of things right: they offer a variety of (anonymous) reporting channels, independent advice, confidentiality with management and protection against reprisals. In fact, potential whistleblowers only use whistleblowing systems if they feel they can trust the contact persons involved and effect change. Above all, this requires a whistleblower-friendly corporate culture characterised by the ability to accept criticism and make mistakes. The Whistleblower Network therefore advises companies to provide regular training for their employees.

If whistleblowing is sensibly integrated into the corporate culture and structure, whistleblowers will not turn to external (government) agencies in the vast majority of cases. Contrary to widespread belief, they generally have no intention of harming their employer and opt for internal reporting options if they trust the system. A statutory freedom of choice between internal and external whistleblowing will lead to fruitful competition between in-house and state contact points.

It is promising that a large majority of the corporate executives surveyed support a right to public whistleblowing to the media in cases of significant government interest. Without courageous whistleblowers, society would often not learn of white-collar crime, as in the cases of CumEx and Wirecard, of structural deficits of state control bodies and of dangers to health, the environment and human rights.

This report represents a valuable contribution to the debate on this socially significant but still sparsely researched topic. We would like to thank all contributors and we wish you an insightful read.

Annegret Falter
Chairwoman
Whistleblower Network

Kosmas Zittel
Managing Director
Whistleblower Network

Editorial



Achim Weick and Marcus Sultzer, EQS Group

Since the EU Whistleblowing Directive was adopted in December 2019, the protection of whistleblowers has become considerably more important. EU members only have until 17 December 2021 to transpose EU requirements into national laws. Subsequently, companies with more than 250 employees will be required to establish reporting channels for internal and, optionally, external stakeholders. From 2023, the scheme will be extended to companies with more than 50 employees.

However, protecting whistleblowers is much more than a regulatory obligation for companies; it must be the aspiration of an ethical and sustainable corporate culture. Those who allow transparent communication in the company create trust internally and externally. It is already evident that companies that have established whistleblower reporting channels are able to identify risks at an early stage and thus avoid sanctions, fines and reputational damage.

This year, the 2021 Whistleblowing Report again examines how large and small companies use whistleblowing channels to prevent and uncover misconduct, what financial damage could be avoided as a result, and how relevant the reports made are. This issue also examines the impact of the coronavirus pandemic on corporate reporting and how well prepared European companies are to meet the requirements of the EU Whistleblowing Directive. The 2021 Whistleblowing Report provides a comprehensive insight into current practice in Germany, France, the UK and Switzerland.

We hope that you learn a great deal while reading and hope that this will also support your company in developing a sustainable corporate culture. We would like to thank all the companies that participated. Our special thanks go to our cooperation partner Prof. Dr. Christian Hauser and his team from the University of Applied Sciences Graubünden for their trusting, competent and intensive collaboration.

Achim Weick
Founder & CEO
EQS Group

Marcus Sultzer
Member of the Management Board
EQS Group

Management Summary

The risk of falling victim to illegal and unethical behaviour is real for European companies. Information from employees and other stakeholders is of great importance in order to prevent misconduct or to identify it at an early stage. The majority of the companies surveyed are aware of this and have already set up an internal whistleblowing system outside the chain of command. Nevertheless, many companies are unsure how to set up and design such a system in a targeted manner. In addition, the coronavirus pandemic and the EU Whistleblower Protection Directive present new tasks and challenges for corporate whistleblowing systems. In this context, the aim of this study is to provide scientifically sound findings on whistleblowing and associated systems in European companies.

Together with the EQS Group, the University of Applied Sciences Graubünden FHGR is already publishing the third report on internal whistleblowing systems. Like the 2019 Whistleblowing Report, this study again covers companies from four European countries, whereas the 2018 Whistleblowing Report was limited to Swiss companies. This year's survey looks at the extent to which companies in Germany, France, the United Kingdom and Switzerland are affected by misconduct and how whistleblowing systems are used as a tool for preventing and detecting misconduct. A particular focus of this study is, on the one hand, to examine the impact of the coronavirus pandemic on companies' internal reporting units and, on the other hand, to analyse how well prepared companies are for the EU Whistleblower Protection Directive, which must be transposed into national law by December 2021.

The analyses are based on data from an online survey in which a total of 1,239 companies took part, of which 291 were from Germany, 338 from France, 296 from the United Kingdom and 314 from Switzerland. Around one third of the sample is made up of small and medium-sized enterprises (SMEs) with 20 to 249 employees and the remaining two thirds is made up of large companies with 250 or more employees. Sampling allows the results to be generalised to the two firm size classes.



Taking a closer look

Abuses occurred in a good third of the companies surveyed.

Illegal or unethical behaviour that violates applicable (legal) regulations or violates society's notions of ethics occurs in about one-in-three of the companies surveyed. The study shows that large companies and organisations operating abroad are more frequently affected by misconduct. Moreover, the statistical analyses show that although companies in Switzerland are less frequently affected by misconduct than companies in other countries, the proportion of financial damages of EUR 100,000 or more is highest there. A good half of the companies surveyed inform their employees about the consequences of discovered misconduct. By contrast, the public is rarely informed.



Prevention and discovery

More than 60 percent of the companies surveyed have a whistleblowing system.

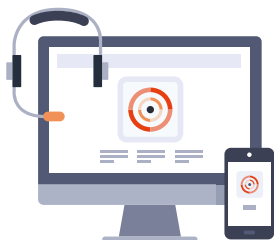
The companies surveyed use various instruments to prevent and detect illegal or unethical behaviour at an early stage. Across all countries, more than 60 percent of the companies surveyed have an office/channel outside the chain of command where whistleblowers can report specific or suspected misconduct. While a large proportion of large companies have set up a whistleblowing system, the proportion of SMEs with a whistleblowing system (still) tends to be lower, although it should be noted that UK SMEs have now largely closed ranks with UK large companies. It is also apparent that companies from the financial sector, in comparison to other sectors, as well as companies active abroad, are more likely to have a whistleblowing system.



Deciding

The vast majority of companies with a whistleblowing system are convinced of how useful and effective it is.

The companies interviewed had various reasons for setting up a whistleblowing system. The top three reasons for introducing a whistleblowing system are that companies are convinced of the benefits and effectiveness while it should help to strengthen the company's image as an ethical organisation with integrity. Furthermore, companies see the opportunity to improve themselves through the incoming reports. By contrast, the companies surveyed that have not (yet) established a whistleblowing system cite the following main reasons for this. On the one hand, they emphasise that they already have a strong culture of integrity; on the other hand, they argue that there is no legal obligation to introduce a whistleblowing system. It is also stressed that human resources are already stretched elsewhere. It therefore seems logical that just under a quarter of the companies surveyed without a whistleblowing system state that they would only introduce one if they were legally obliged to do so.



Design

On average, whistleblowers have two to three channels at their disposal for contacting the companies surveyed that have a whistleblowing system.

The design of a whistleblowing system is important for its successful operation. In the investigated whistleblowing systems, the whistleblowers generally have two to three different channels at their disposal through which the internal whistleblowing system can be contacted. For companies, employees are by far the most important target group of the whistleblowing system, with on average one to two different stakeholder groups being entitled to file reports. In more than half of the companies surveyed with a whistleblowing system, whistleblowers can submit their reports without revealing their identity, i.e. anonymously; in contrast, the figure for French companies is less than 50 percent. In addition, in France, the UK and Switzerland, about two-thirds of the whistleblowing systems have the power to grant interim protection against dismissal to whistleblowers. In Germany, this is the case in a good half of the companies.



Usage

The analysed companies with a whistleblowing system received an average of 34 reports in 2020.

While in France, the UK and Switzerland less than half of the investigated whistleblowing systems received tips in 2020, the share at the German whistleblowing systems is over 50 percent. On average, 34 reports were received by the whistleblowing systems last year, with large companies and internationally active companies receiving more reports. It also shows that companies with a more sophisticated reporting system also received more reports. Here, sophistication of the whistleblowing system is measured by the number of available reporting channels as well as the age of the whistleblowing system. More reports are also being submitted by companies in the logistics, public sector and financial sectors. A comparison over time shows that from 2018 to 2020, the number of reports received by whistleblowing systems in France and the UK decreased significantly more than in Germany and Switzerland.

About half of the reports received are classified as relevant and substantial. Whistleblowing systems are thus an effective tool for uncovering misconduct and protecting the corporate reputation. Of the relevant reports, more than half relate to human resources or financial misconduct and breaches of business integrity.

Abusive reports with the intention of deliberately harming employees or the company or with a purely opportunistic background are rather rare, although there are certain differences between the countries analysed. Compared to the other countries, whistleblowing systems in Germany receive a higher proportion of abusive reports. Whether or not a company allows anonymous whistleblowing does not affect the proportion of abusive whistleblowing.

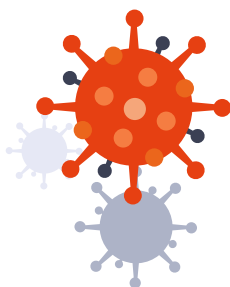
For companies that allow anonymous reporting, about half of the initial reports are submitted without identifying information. The identity of the whistleblower becomes known during the process in less than one fifth of the first reports received anonymously, with the probability that the identity of the whistleblower is preserved being higher at those whistleblowing systems that accept reports via web-based whistleblowing system, letter/fax or email.



Benefits

Approximately one third of the companies investigated were able to uncover more than 80 percent of the total financial loss with the help of a whistleblowing system.

As the results of this study show, companies benefit from their whistleblowing system in both financial and non-financial terms. On the one hand, in 2020 around one third of the companies investigated were able to uncover more than 80 percent of the total financial damage caused by misconduct thanks to the whistleblowing system. On the other hand, the companies surveyed also achieved non-monetary benefits as a result of the whistleblowing system. The top three non-financial impacts include a better understanding of compliance among employees, the improvement of processes and the strengthening of integrity, as well as the professionalisation of the compliance system or compliance management.



Impact of the coronavirus pandemic

Companies that dismiss employees or whose employees work from home have an increased risk of misconduct and receive more reports.

Compared to 2018, companies received significantly fewer reports in 2020. This is likely to be due to the coronavirus pandemic, which has led to certain dysfunctions in processes and structures, including those related to whistleblowing systems. It is assumed that there was only limited access to information due to the lack of informal exchange or that reports were not made due to (time) resources being used elsewhere.

The results of the study show that the likelihood of being affected by misconduct is higher in companies where there have been coronavirus-related staff reductions or where a large proportion of employees have worked from home. These companies also received more reports.



Approval of the content of the EU directive

The company representatives see the EU directive on the protection of whistleblowers as useful.

The results show that the companies concerned consider the regulations and requirements of the EU directive on the protection of whistleblowers to be useful and that the majority of them are of the opinion that the directive provides sufficient protection for whistleblowers. However, it appears that SMEs, and French companies in particular, tend to be more sceptical about the directive.

Overall, it is clear that a majority of the company representatives surveyed take a positive view of the individual substantive requirements of the EU directive and in some places even believe that the minimum requirements should be exceeded. For example, a majority of respondents agree that there should be an obligation to receive anonymous reports on the one hand, and that substantiated anonymous reports should be followed up on the other (both of which are left to the member states in the directive). Despite the generally positive assessment of individual substantive provisions of the directive, it is also apparent that only a minority fully endorses all the provisions. Respondents from France are particularly critical.



Status of preparations for the entry into force of the EU directive

Only a minority of the companies surveyed are fully prepared for the introduction of the directive.

According to their own statements, just under two thirds of the companies surveyed have dealt with the effects of the EU directive on the protection of whistleblowers on internal company processes and structures. At the same time, however, the findings of the present study suggest that the companies that will be affected by the EU directive are for the most part not yet sufficiently prepared at this point in time. It is true that, across all countries, large companies tend to be better placed than SMEs. However, unlike large companies, SMEs also have a little longer to prepare, as the EU directive will not come into force until December 2023 for companies with between 50 and 249 employees, whereas this will already be the case in December 2021 for large companies with 250 or more employees.

Findings

For this study, a representative online survey was conducted in Germany, France, the UK and Switzerland. The feedback from a total of almost 1,300 company representatives from the four countries provides valuable insights into the practices of European companies. As in the 2019 study, this study examined the extent to which companies are affected by whistleblowing and how they design and use whistleblowing systems as a prevention tool against such misconduct. This year's edition of the Whistleblowing Report has also added two new topics to the survey: The impact of the coronavirus pandemic on whistleblowing systems within companies and the European Union Whistleblowing Directive.

Misconduct in companies

Taking a closer look

Illegal and unethical behaviour in companies

How many companies were affected by misconduct in 2020?

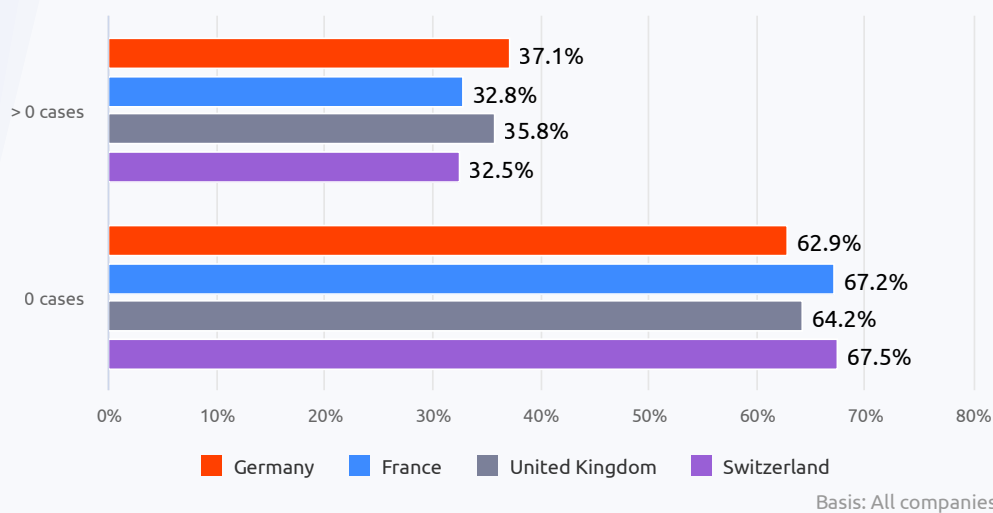


Figure 1 Number of cases of illegal and unethical behaviour in 2020 with a country comparison

The results of the study show (cf. Figure 1) that in 2020, misconduct occurred in around one in three of the companies investigated from all four countries. These companies were affected by illegal or unethical behaviour last year. Such behaviour, which is to the detriment but also supposedly for the benefit of a company, is not permitted under current (legal) regulations (e.g. financial misconduct, falsification of (financial) documents, bribery, corruption, fraud or violations of competition or antitrust law but also environmental protection regulations, etc.) or violates society's idea of ethics (e.g. targeted exploitation of differences in international legislation, e.g. in the areas of environmental protection, labour law or tax law). A comparison of the various countries shows that misconduct occurs most frequently in the companies investigated from Germany, at a good 37 percent. The UK companies surveyed follow with just under 36%, while the companies surveyed from France and Switzerland (around 33% each) show the lowest level of concern about misconduct. These results therefore show a similar picture to the 2019 Whistleblowing Report. Compared to 2018, 2020 saw a slight decrease in the proportion of whistleblowing companies across all countries. Again, the statistical analysis shows that the size of the company is more important than the country of origin of a company. Thus, in 2020, the proportion of companies with misconduct across all countries is also higher in the category of large companies than among SMEs (cf. country graphs). While in 2020 at least one case of illegal or unethical conduct was uncovered at a good 40 percent of the large companies surveyed with headquarters in Germany, the UK and Switzerland, the figure for the large companies from France is slightly lower (37.1 %). Compared to 2018, it shows that in Germany, France and the UK, the proportion of large companies with misconduct has dropped between just under 3 and 9 percentage points, with Germany showing the highest drop of around 9 percentage points. In contrast, the proportion of large Swiss companies affected by misconduct has increased by almost 4 percentage points. As already shown for 2018, it is again clear for 2020 that the companies investigated that operate abroad are more frequently affected by misconduct than the companies that focus their business activities purely on their respective domestic markets. In addition, the results show that companies operating in the IT, financial services or public service sectors are more frequently affected by illegal or unethical behaviour.

Impact of the coronavirus pandemic on the number of corporate misconduct cases

In 2020, companies were severely challenged due to the coronavirus pandemic, and their economic activities changed significantly in some cases as a result. According to the International Monetary Fund (IMF), the gross domestic product fell by 4.9 percent in Germany, 8 percent in France, 9.9 percent in the United Kingdom and 3.0 percent in Switzerland. Foreign trade also declined significantly in all countries during this period. As a result of these economic developments, some companies had to lay off employees or register for reduced working hours. In addition, due to the pandemic, working from home became a reality in many companies and at the same time national and international business travel opportunities were severely restricted. This is also reflected in the results of the survey.

For example, 44 percent of the companies surveyed across all countries reported that at least some employees were on reduced working hours in 2020. In 88 percent of the companies, at least some of the employees worked from home. Here it can be seen that the proportion is significantly higher among large companies than among SMEs. The aim of this study was to investigate whether the pandemic-related changes were associated with effects on internal whistleblowing systems.

Statistical analysis suggests that companies that have experienced coronavirus-related employee layoffs are more likely to experience misconduct reports. A similar picture emerges with regard to companies in which employees have worked from home. It is interesting to note that opposing trends can be observed here: While companies where a medium proportion (between 34% and 66%) of employees worked from home were at increased risk of illegal or unethical behaviour, the number of reports was lower in companies where the majority of employees (> 66%) worked from home. Other coronavirus-related measures, such as reduced working hours or the restricted possibility of both national and international business trips, on the other hand, show no statistically significant correlation with the number of grievances in companies.

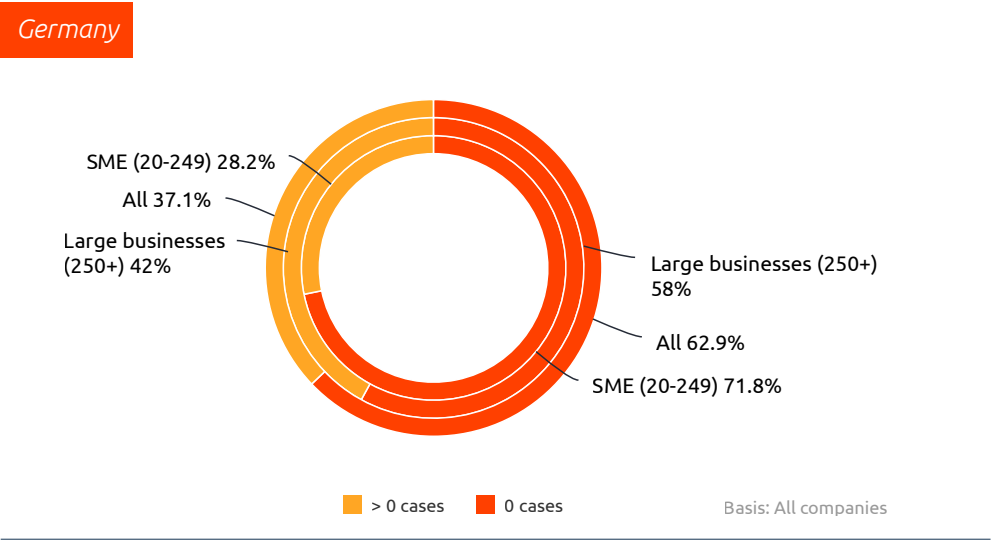


Figure 2 Number of cases of illegal and unethical behaviour in Germany in 2020 with a size comparison

France

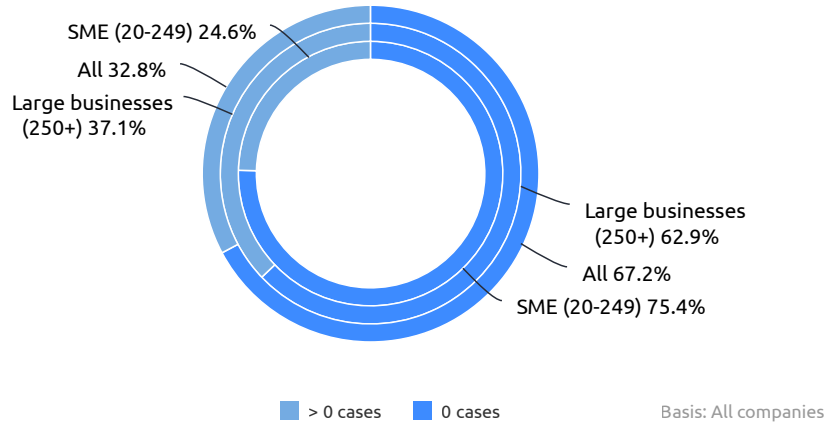


Figure 3 Number of cases of illegal and unethical behaviour in France in 2020 with a size comparison

United Kingdom

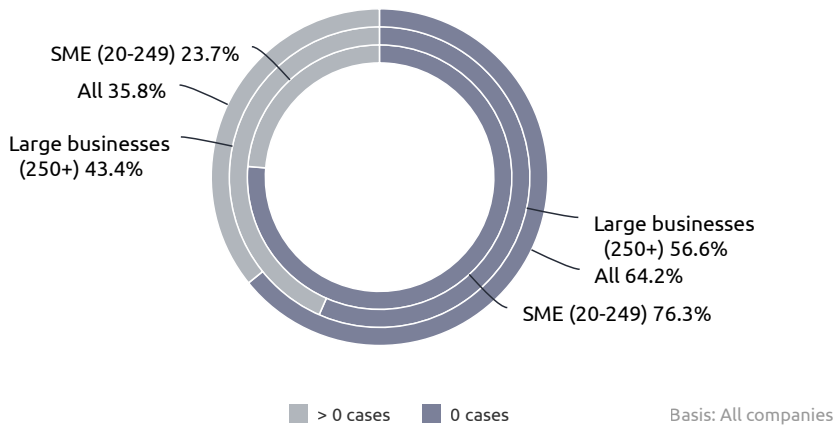


Figure 4 Number of cases of illegal and unethical behaviour in the United Kingdom in 2020 with a size comparison

Switzerland

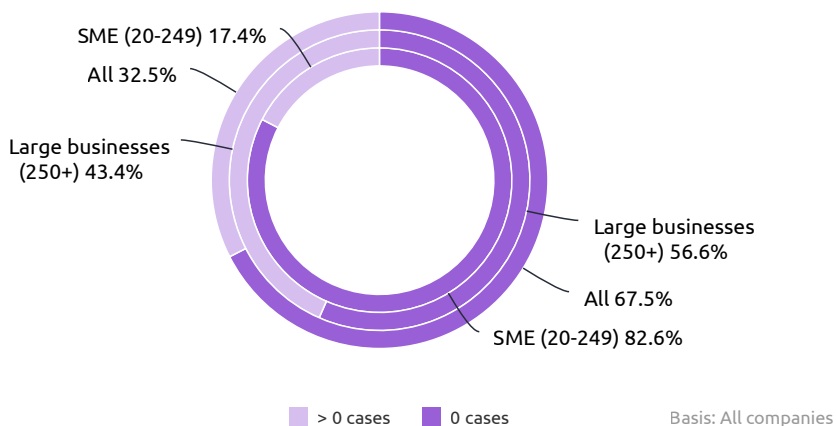
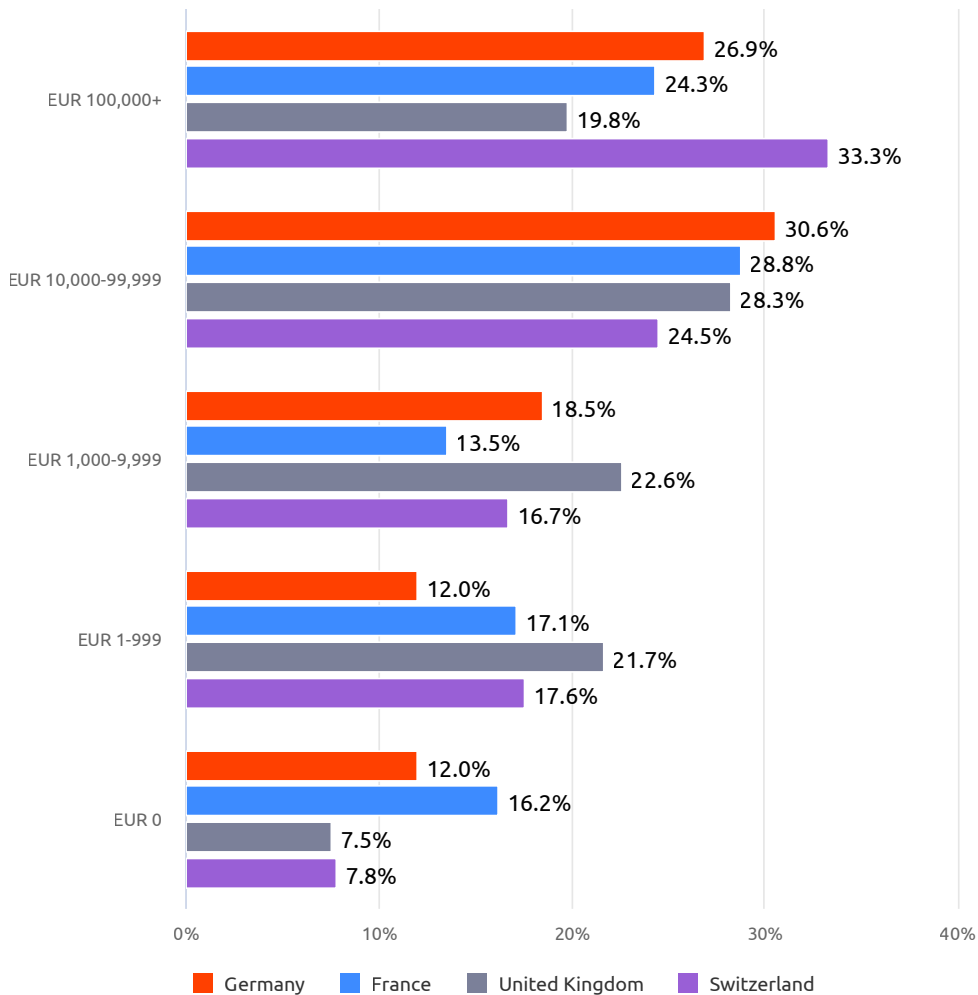


Figure 5 Number of cases of illegal and unethical behaviour in Switzerland in 2020 with a size comparison

Financial loss

What was the total financial loss in 2020 due to misconduct?

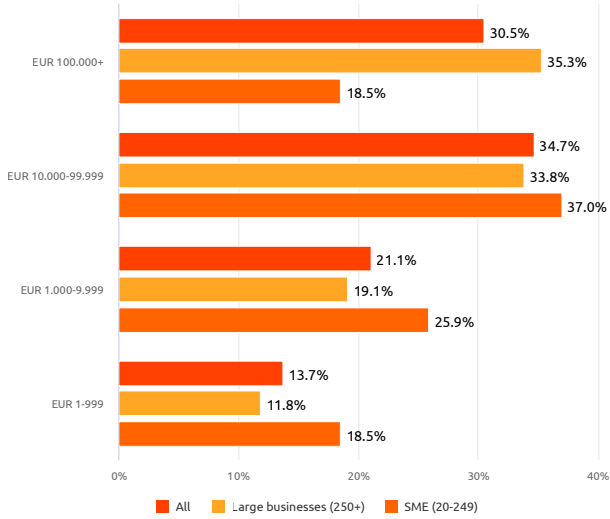


Basis: All companies with cases of misconduct 2020 > 0

Figure 6 Total financial loss due to misconduct in 2020 with a country comparison

In the context of this study, the total loss experienced by companies (cf. Figure 6) due to misconduct was also determined. Total loss is understood to mean all financial expenses incurred by the companies investigated as a result of misconduct and its detection and handling in 2020, whereby both material and immaterial consequences are included in full. The results again show a clear correlation with the size of the company: Losses of EUR 100,000 or more are more frequent in large companies than in SMEs. Furthermore, as was already the case in the survey two years ago, it was found that although the Swiss companies surveyed tended to have a lower incidence of misconduct, the overall financial loss suffered by the Swiss companies concerned was generally higher than in the other countries. For one third of the Swiss companies surveyed that claim to have suffered financial damage, this damage amounts to EUR 100,000 or more.

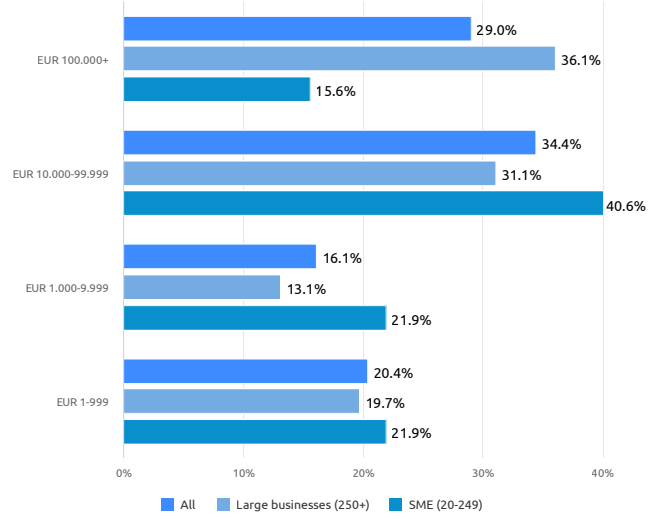
Germany



Basis: All companies with cases of misconduct 2020 > 0

Figure 7 Total financial loss due to misconduct in Germany in 2020 with a size comparison

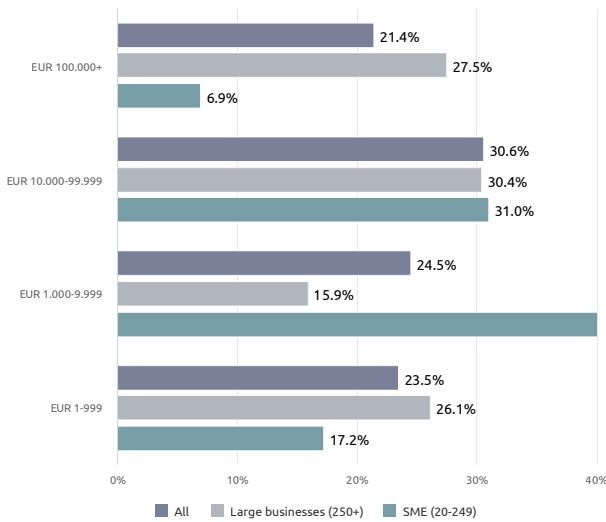
France



Basis: All companies with cases of misconduct 2020 > 0

Figure 8 Total financial loss due to misconduct in France in 2020 with a size comparison

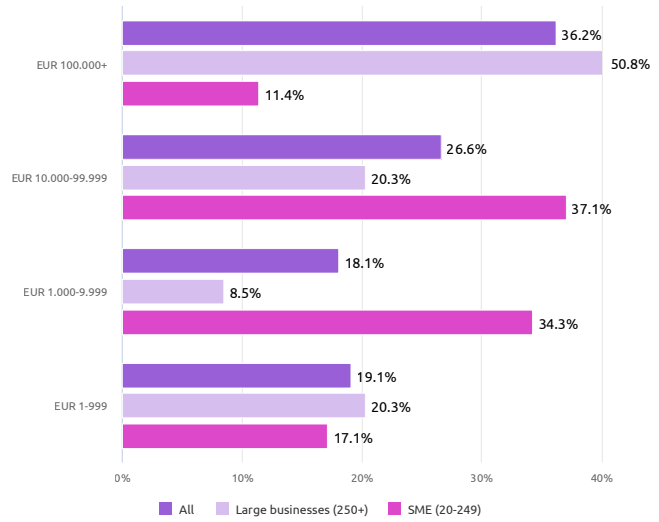
United Kingdom



Basis: All companies with cases of misconduct 2020 > 0

Figure 9 Total financial loss due to misconduct in the United Kingdom in 2020 with a size comparison

Switzerland

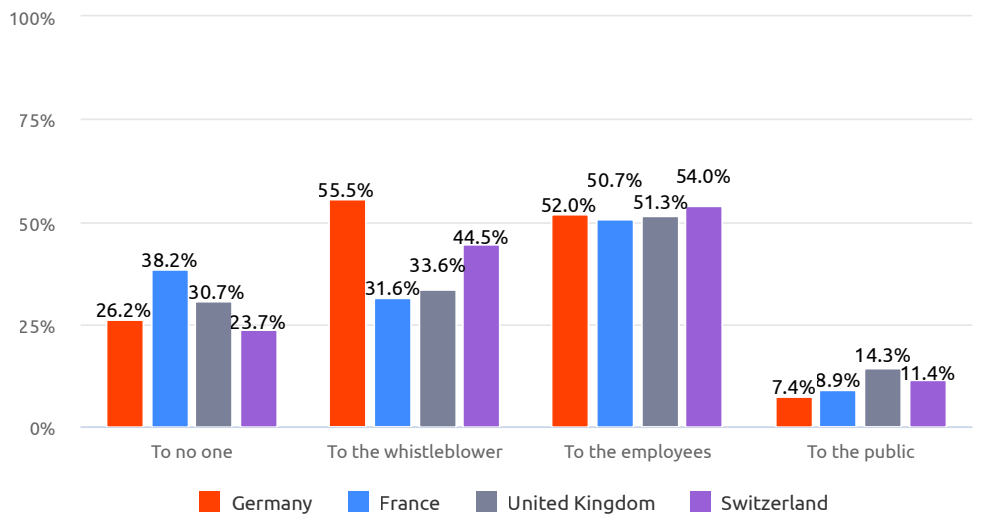


Basis: All companies with cases of misconduct 2020 > 0

Figure 10 Total financial loss due to misconduct in Switzerland in 2020 with a size comparison

Communication of the consequences of misconduct

To whom do companies communicate the consequences of discovered misconduct?

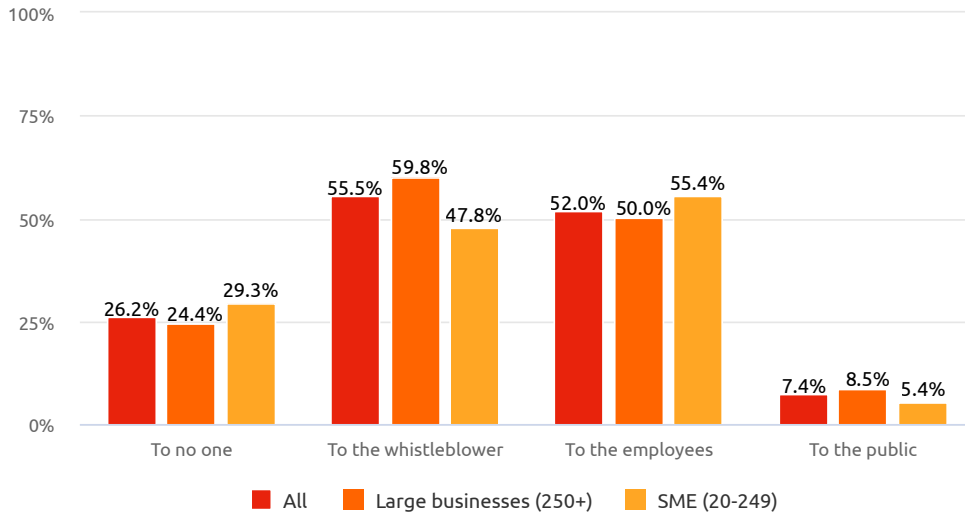


Basis: All companies

Figure 11 Communication of consequences with a country comparison

The study also examined to whom the consequences of uncovered misconduct are communicated. Both companies with a whistleblowing system and companies without a whistleblowing system were of interest. A good half of the companies surveyed inform their employees about the consequences of discovered misconduct (cf. Figure 11). While German and Swiss SMEs communicate more frequently to employees compared to large companies, the proportion is higher among large companies in France and the UK compared to SMEs. Furthermore, the results show that only very few companies communicate the consequences of the uncovered misconduct to the public, whereby the large companies, with the exception of the examined companies from Switzerland, inform the public more frequently compared to the SMEs. The results also show that the Swiss companies surveyed communicate least frequently to no one (24%), while this is much more common among the French companies surveyed, with a share of just over 38%. As was also shown two years ago, the companies surveyed that have already implemented a whistleblowing system report more intensively on the consequences of discovered misconduct.

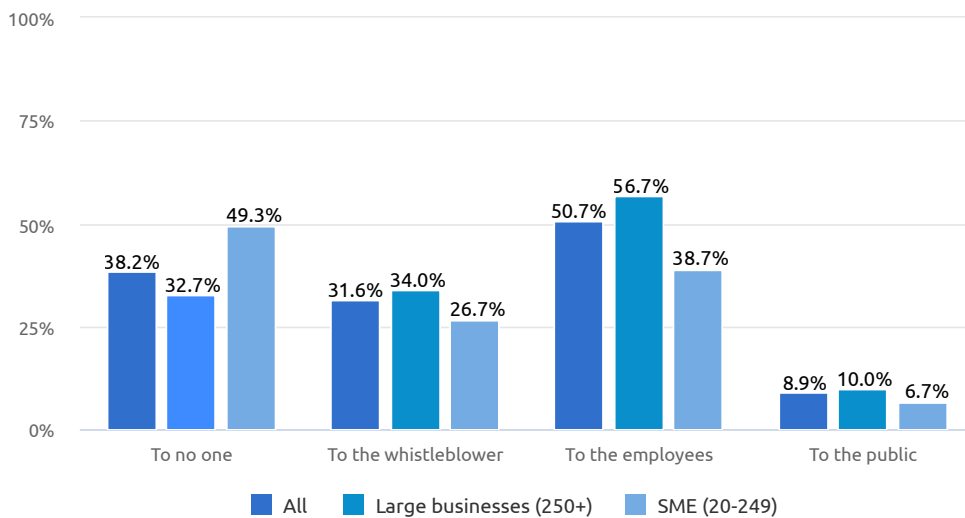
Germany



Basis: All companies

Figure 12 Communication of consequences in Germany with a size comparison

France



Basis: All companies

Figure 13 Communication of consequences in France with size comparison

United Kingdom

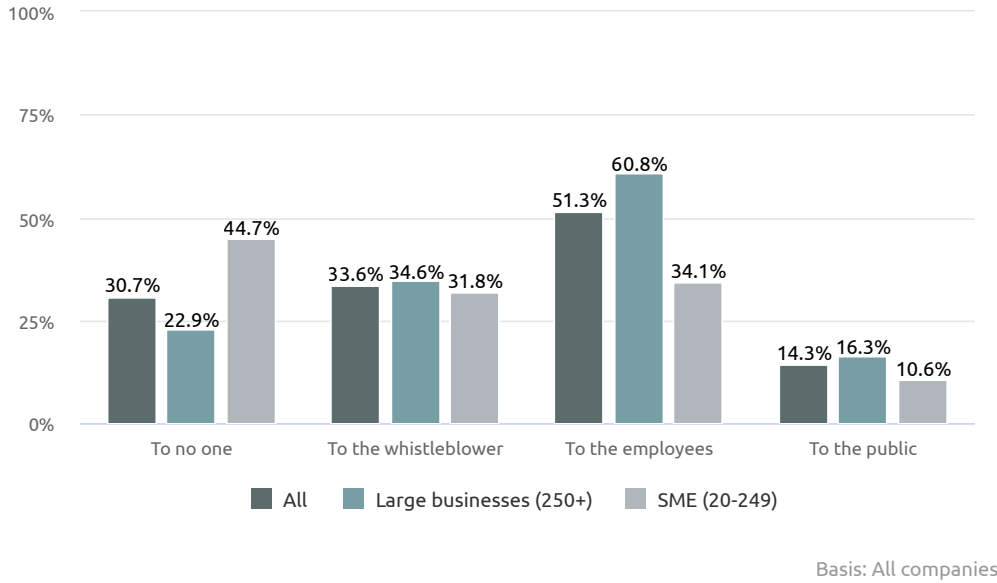


Figure 14 Communication of consequences in the United Kingdom with a size comparison

Switzerland

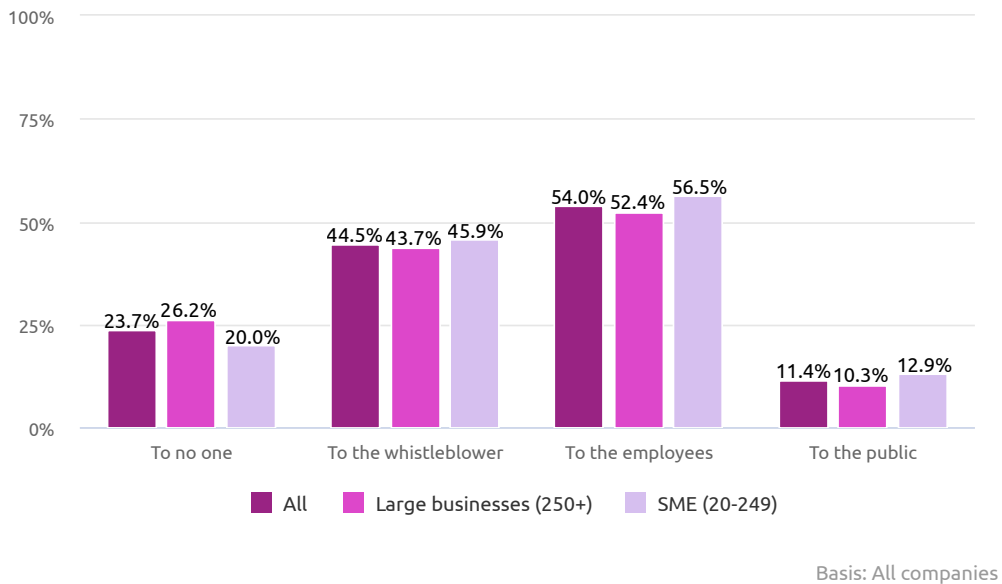
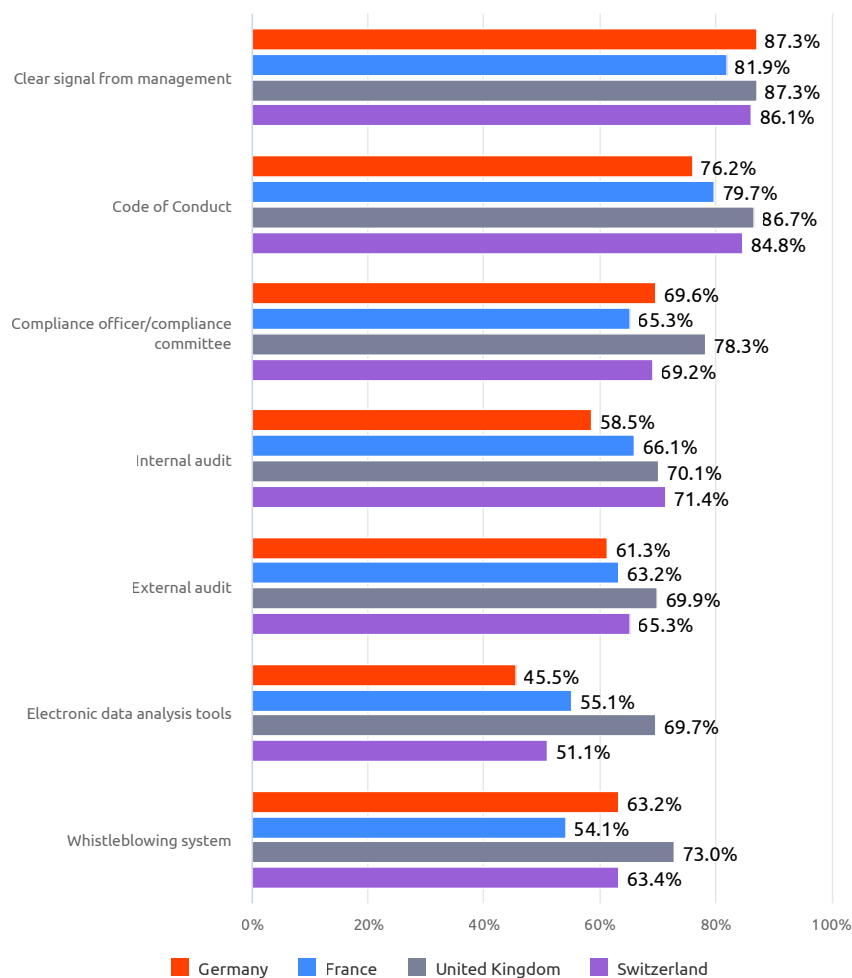


Figure 15 Communication of consequences in Switzerland with size comparison

Prevention and discovery

Measures to prevent and detect misconduct

What measures do companies use to prevent and detect misconduct?



Basis: All companies

Figure 16 Measures to prevent and detect illegal or unethical behaviour with a country comparison

In order to prevent or detect misconduct at an early stage, various measures are used by the companies investigated in all four countries (cf. Figure 16). The picture is similar to the 2019 Whistleblowing Report, with one of the most common actions being an active and open approach to the issue by senior management. This sends a clear signal that illegal and unethical behaviour will not be tolerated.

In addition, many of the companies surveyed have drawn up a code of conduct that documents their business principles and rules of conduct in writing. While these two measures are also frequently used by the SMEs surveyed, it is generally the case that all measures are used more frequently by large companies than by SMEs (cf. country graphs). This is also in line with the results of the last survey.

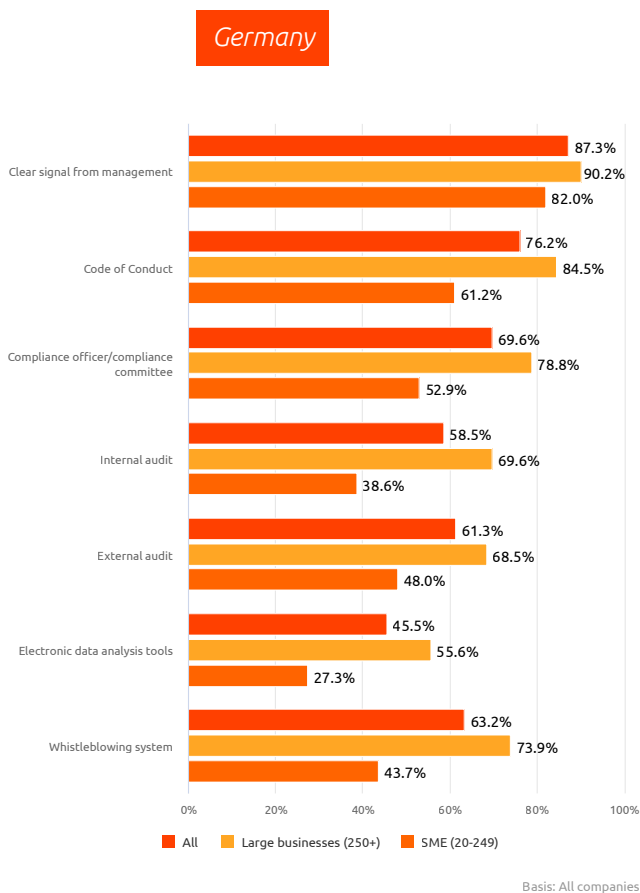


Figure 17 Measures to prevent and detect illegal or unethical behaviour in Germany with a size comparison

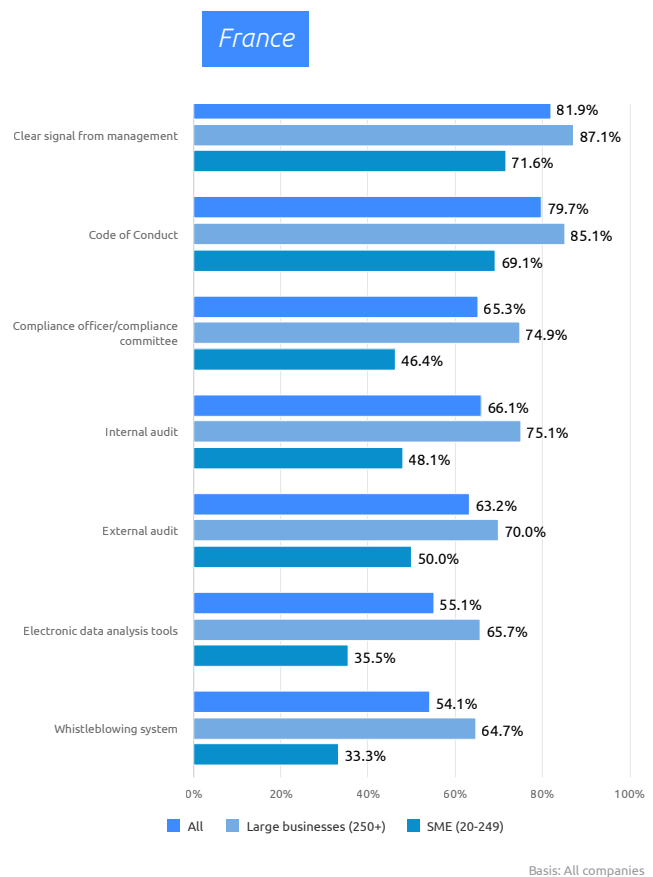
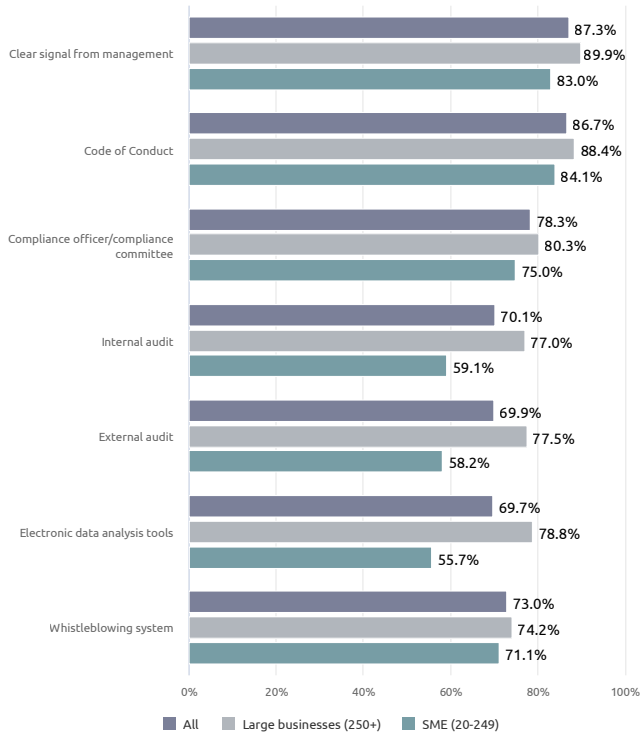


Figure 18 Measures to prevent and detect illegal or unethical behaviour in France with a size comparison

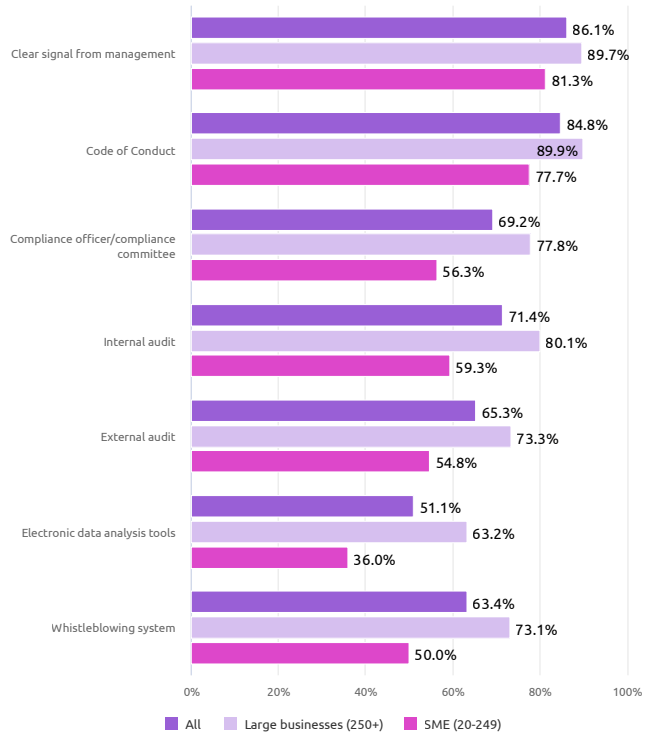
United Kingdom



Basis: All companies

Figure 19 Measures to prevent and detect illegal or unethical behaviour in the United Kingdom with a size comparison

Switzerland



Basis: All companies

Figure 20 Measures to prevent and detect illegal or unethical behaviour in Switzerland with a size comparison

Whistleblowing system as a measure

How many companies used a whistleblowing system as a measure to prevent and detect misconduct?

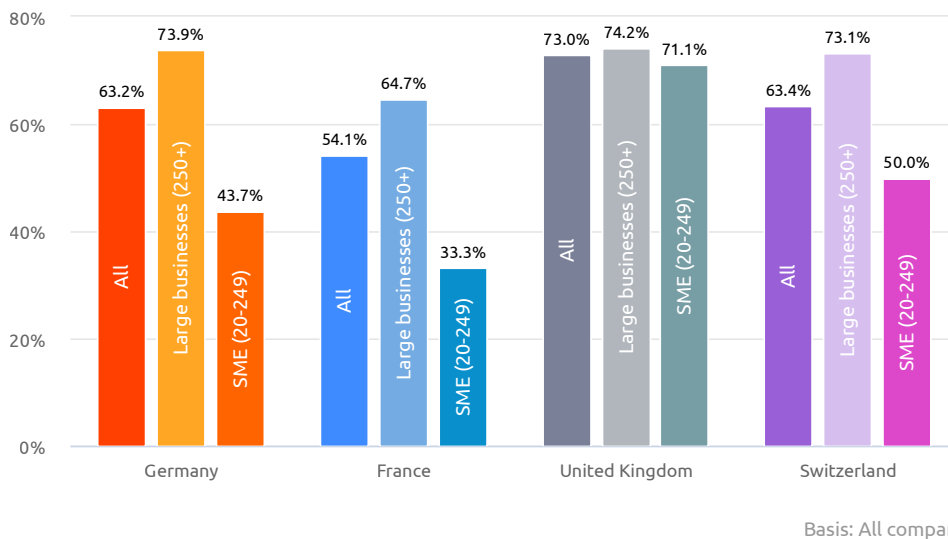


Figure 21 Whistleblowing system as a measure to prevent and detect illegal or unethical behaviour with a country comparison

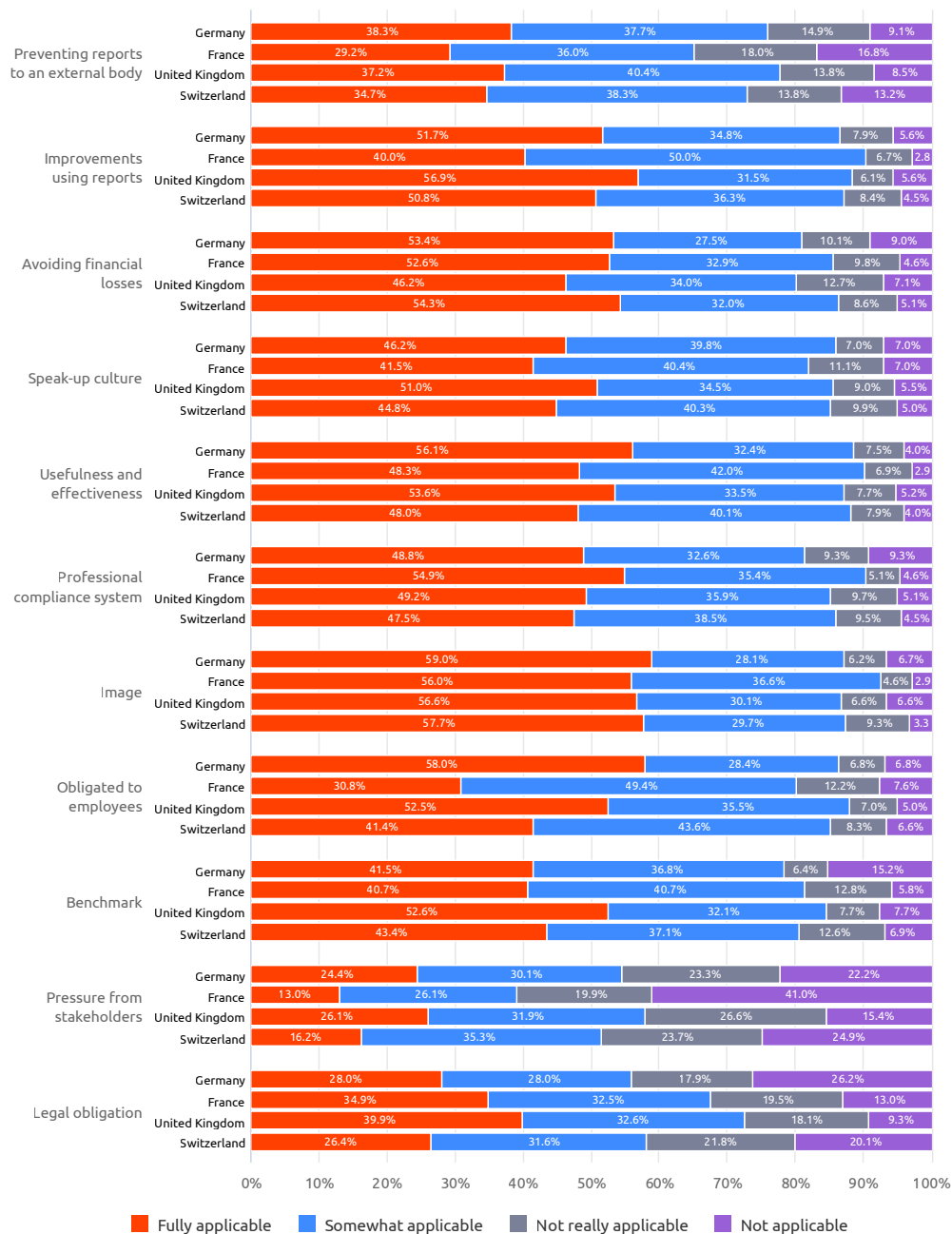
More than 70 percent of the companies surveyed in the UK have a whistleblowing system, i.e. an office/channel outside the chain of command to which reports of specific or suspected misconduct can be made by whistleblowers (cf. Figure 21). This means that the UK companies surveyed are the most likely to have a whistleblowing system compared to the other three countries. This represents an increase of eight percentage points in the proportion of UK companies with a whistleblowing system compared to the last Whistleblowing Report. This is mainly due to SMEs, where there was an increase of around 20 percentage points (from 51.4% to 71.1%). By contrast, the proportion of large UK companies with a whistleblowing system increased only slightly (from 73.1% to 74.2%). In Switzerland, the proportion of companies surveyed with a whistleblowing system has hardly changed and, at a good 63 percent, remains at a high level. In Germany, the proportion of companies with a whistleblowing system has increased by almost 8 percentage points, catching up with Switzerland. Both large companies and SMEs in Germany contributed to this development, with the contribution of large companies being disproportionately high with an increase of approximately 9 percentage points. In France, on the other hand, significantly fewer of the companies surveyed have set up a whistleblowing system, at around 54 percent. In all countries surveyed, the vast majority of large companies have implemented a whistleblowing system, while the proportion of SMEs with a whistleblowing system is (still) small. The exception is SMEs in the UK, which have made strong gains and are now only slightly below the share of large companies. In addition, the statistical analyses show that companies from the financial sector and companies active abroad have set up a whistleblowing system significantly more often.

Whistleblowing systems in companies

Deciding

Reasons for introducing a whistleblowing system

What were the reasons / motivation for introducing a whistleblowing system?



Basis: Companies with a whistleblowing system

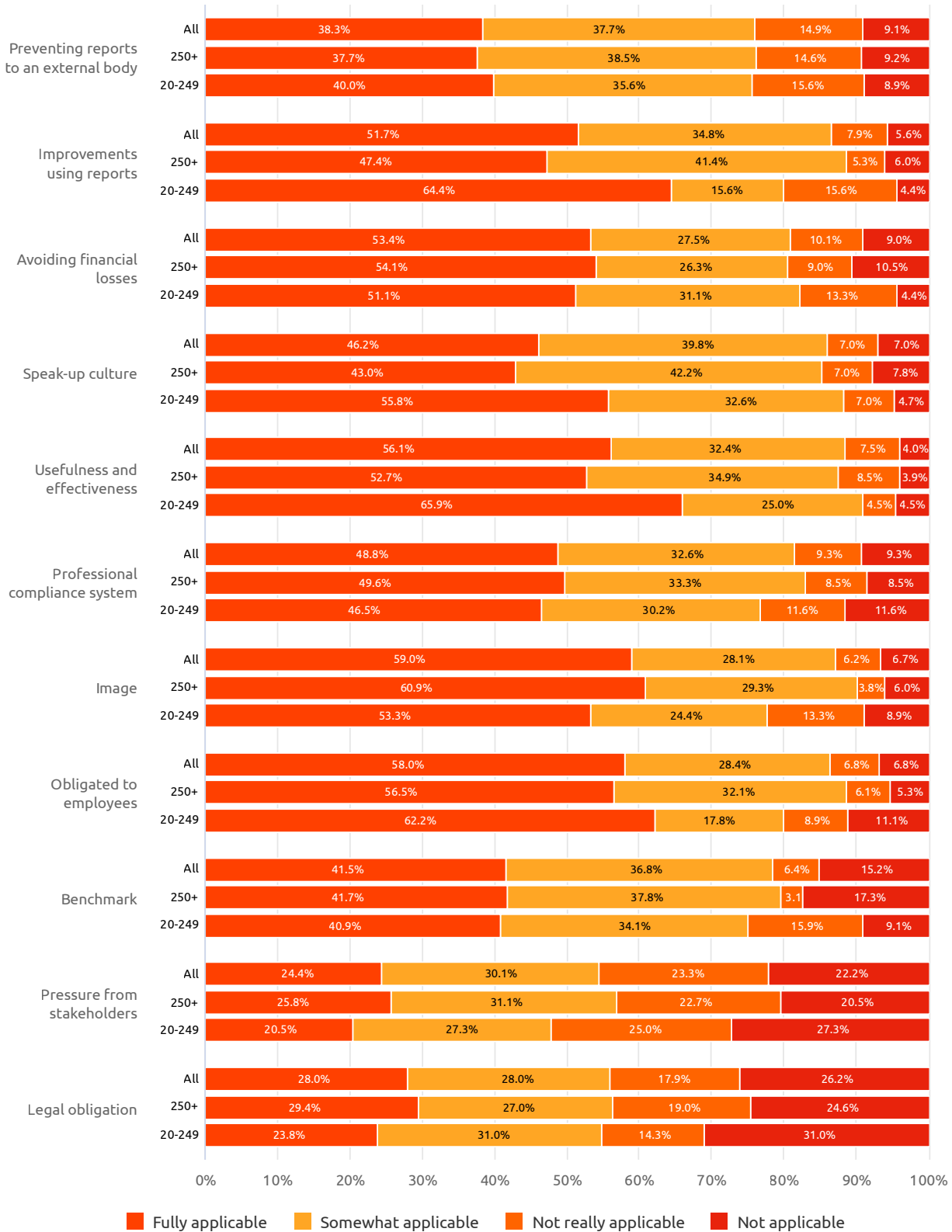
Figure 22 Reasons for introducing a whistleblowing system with a country comparison

As Figure 22 shows, there are many different reasons why the companies surveyed have introduced a whistleblowing system. In particular, the conviction of the usefulness and effectiveness of a whistleblowing system was an important motive for a large proportion of the companies surveyed in all countries. Furthermore, companies seem to be concerned about strengthening their image as an ethical company with integrity. These two motives are in line with the results of the 2019 Whistleblowing Report, whereas avoiding financial losses does not appear to be as important for the companies surveyed in 2020 as it was two years ago. The third most important reason given is that companies want to use the incoming reports to make improvements. Legal obligations or pressure from stakeholders continue to play a rather subordinate role.

There are only small differences between the results for UK SMEs and large companies, whereas in the other countries there are sometimes significant differences between the company size classes (cf. country graphs). For example, the large German companies surveyed cited both the strengthening of their image as an ethical company with integrity and pressure from stakeholders more frequently as motivations for introducing a whistleblowing system than the German SMEs. While around one third of the French SMEs surveyed stated that they had introduced a whistleblowing system because such a feature is part of a professional compliance system, this motive was cited far more frequently among the large companies, at a good 60 percent. Similarly, with regard to the introduction of a whistleblowing system on the basis of a legal obligation, around 38% of the large companies surveyed in France agree, compared with only around a quarter of SMEs.

As an additional motive, this year's study asked whether the introduction of the whistleblowing system was intended to prevent whistleblowers from turning to external agencies (e.g. authorities). The large Swiss companies surveyed, with almost 40 percent agreement, state more frequently that they have introduced a whistleblowing system because of this motivation, whereas Swiss SMEs consider this reason to be less important, with around 25 percent agreement. A similar picture is emerging in France: While 32 percent of large companies agreed, the figure for SMEs was just under 20 percent. In Germany and the UK, large companies and SMEs both consider this reason to be important, at around 40 percent each.

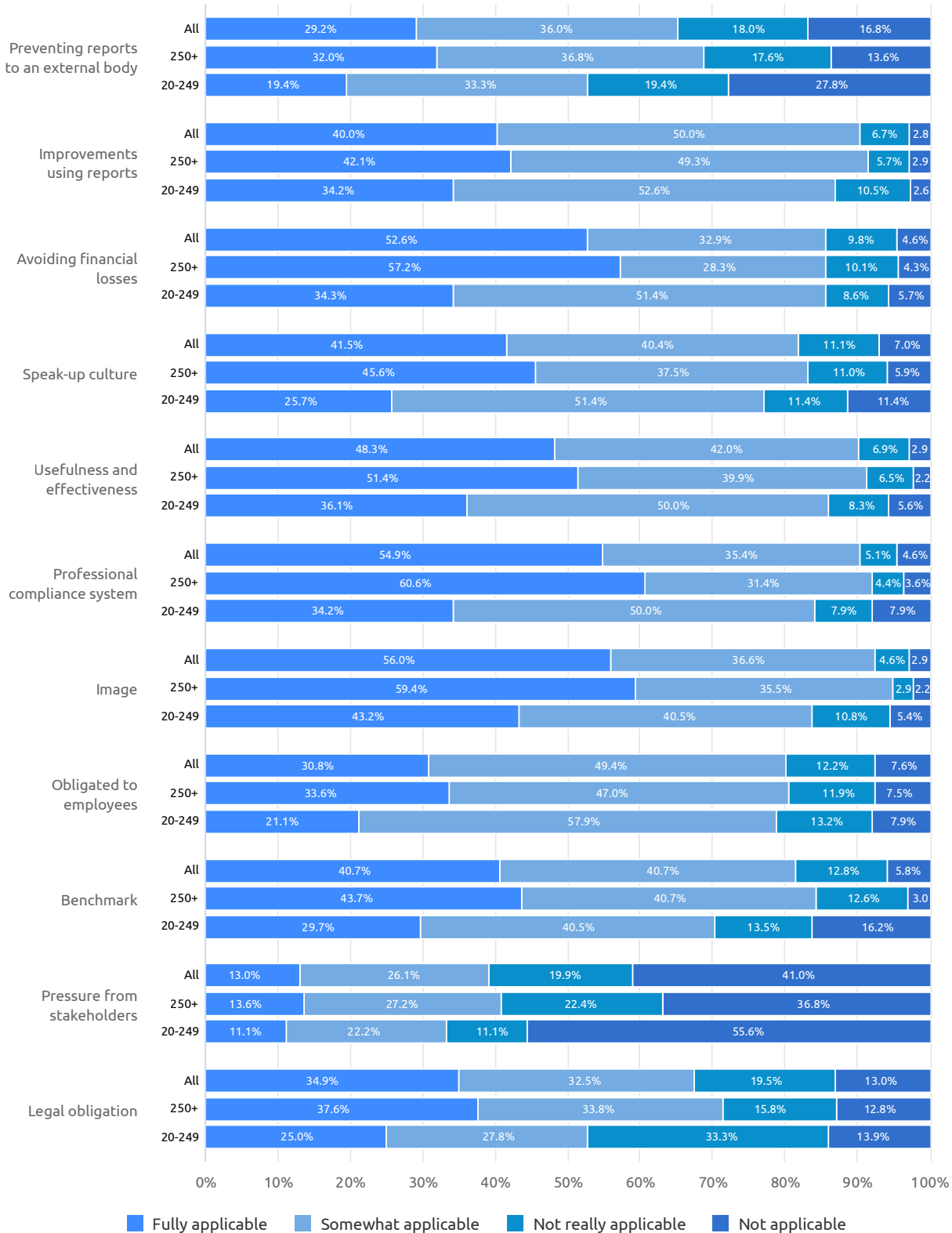
Germany



Basis: Companies with a whistleblowing system

Figure 23 Reasons for introducing a whistleblowing system in Germany with a size comparison

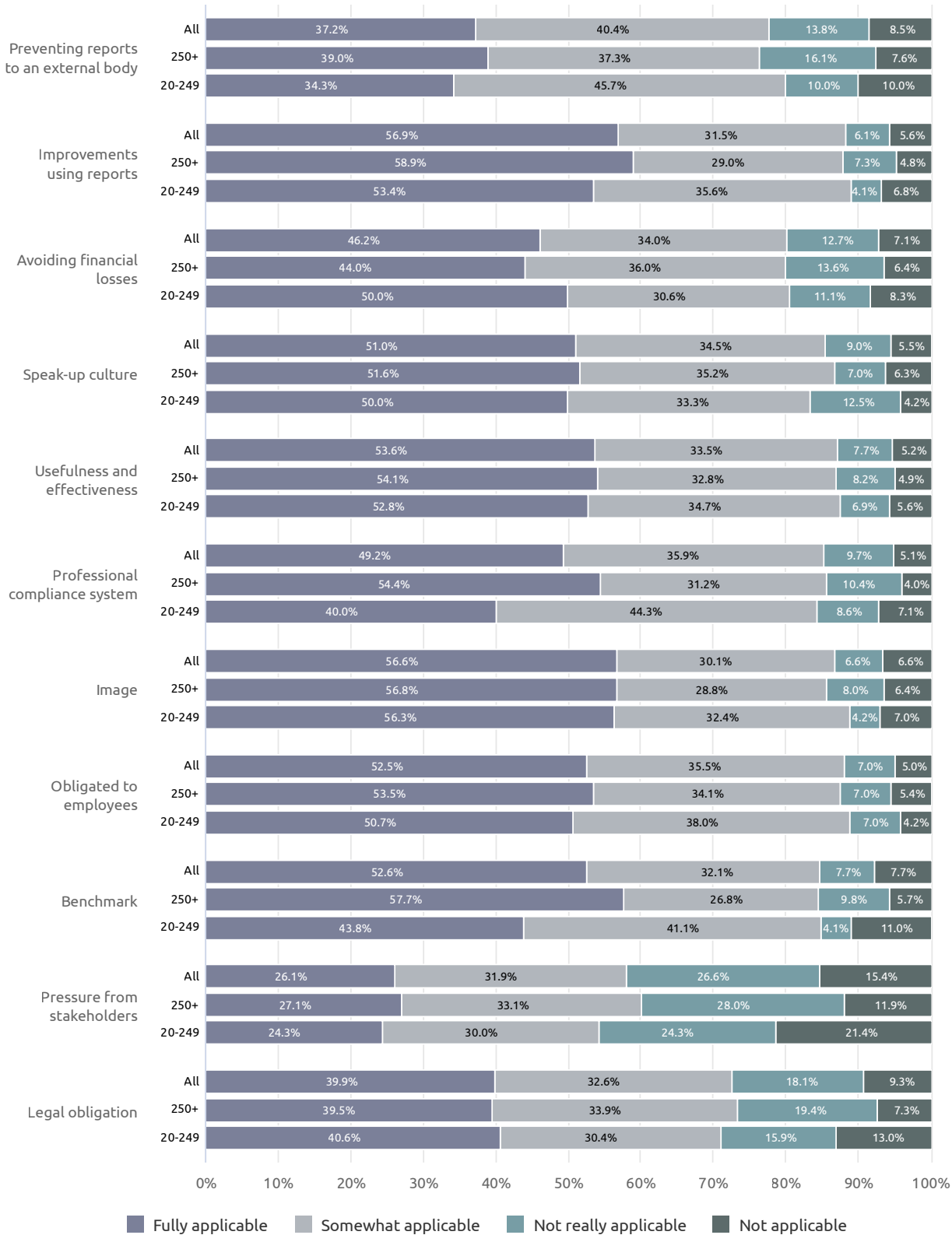
France



Basis: Companies with a whistleblowing system

Figure 24 Reasons for introducing a whistleblowing system in France with a size comparison

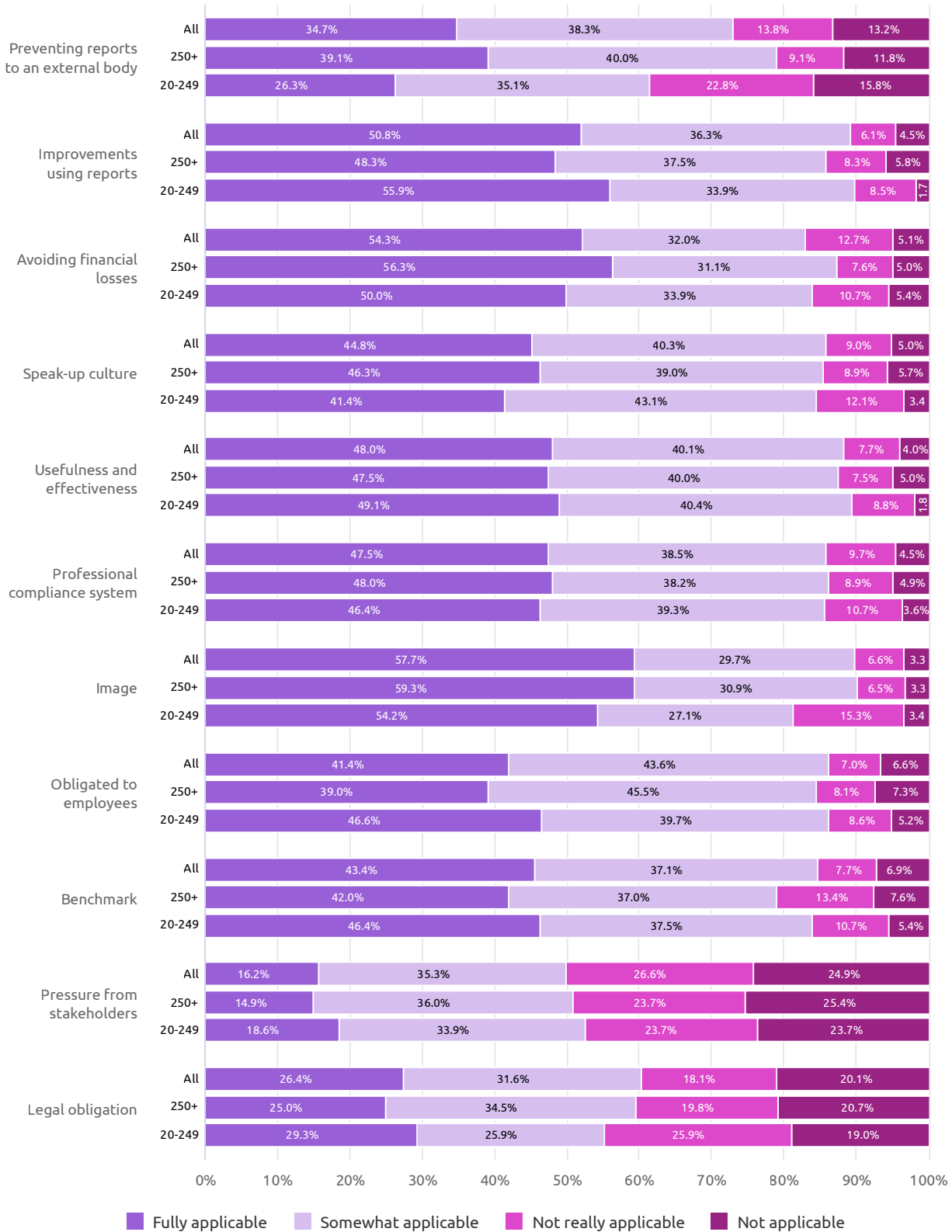
United Kingdom



Basis: Companies with a whistleblowing system

Figure 25 Reasons for introducing a whistleblowing system in the United Kingdom with a size comparison

Switzerland

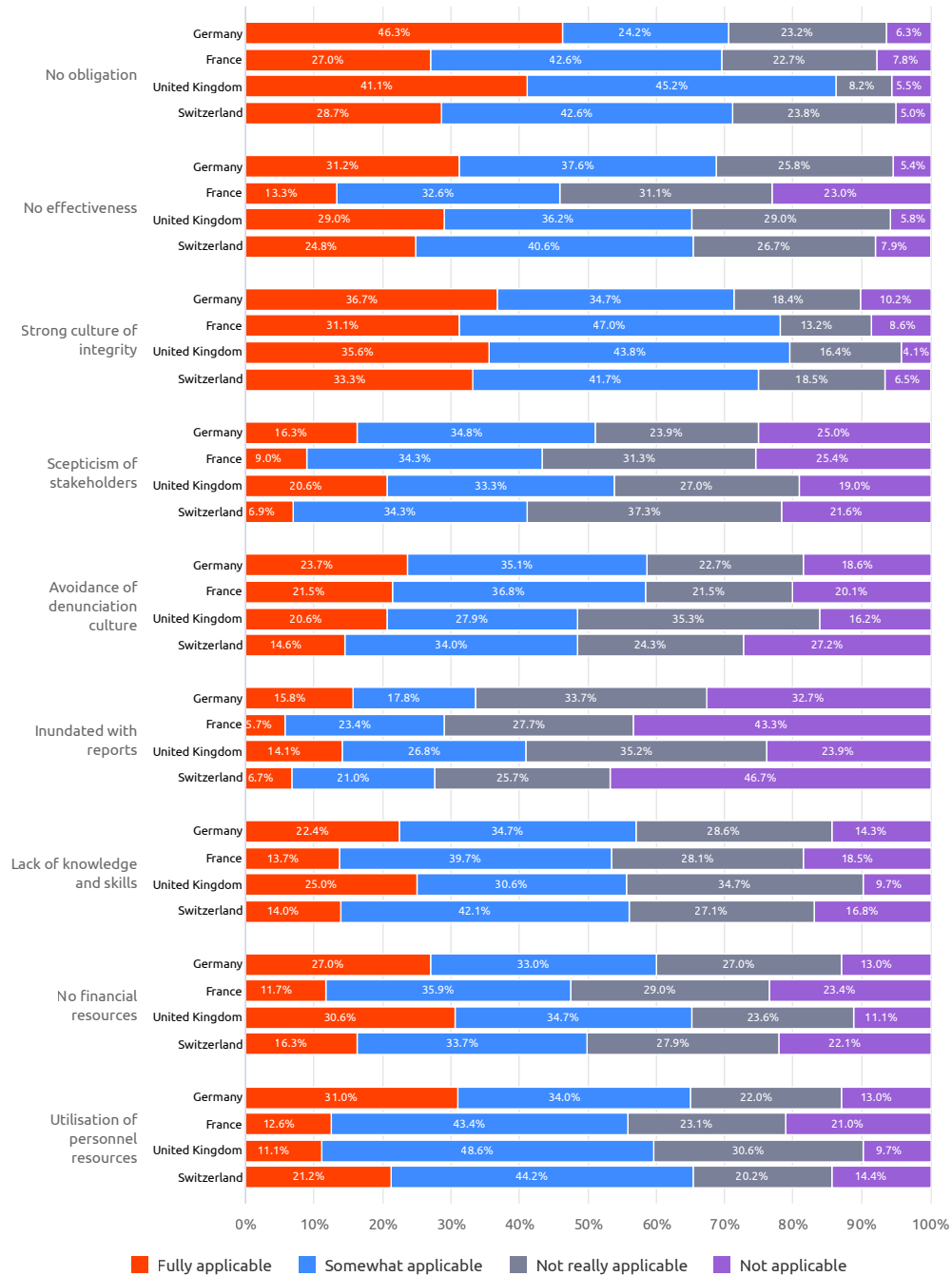


Basis: Companies with a whistleblowing system

Figure 26 Reasons for introducing a whistleblowing system in Switzerland with a size comparison

Reasons for introducing a whistleblowing system

What are the reasons why companies do not have a whistleblowing system?



Basis: Companies without whistleblowing system

Figure 27 Reasons for not introducing a whistleblowing system with a country comparison

One of the main reasons why companies have not set up a whistleblowing system is the lack of a legal obligation (cf. Figure 27). On the other hand, companies indicate that they already have a strong culture of integrity. Furthermore, human resources, which were already being used to capacity elsewhere, were also cited as a reason against the introduction of a whistleblowing system. In contrast, the fear of being inundated with reports and the scepticism of various stakeholders are hardly decisive for the non-existence of a whistleblowing system for a large part of the companies surveyed in all countries.

There are again differences between SMEs and large companies. For example, across all countries, the reason “no legal obligation” is weighted more heavily among SMEs than among large companies. Furthermore, the German and UK SMEs surveyed cite the reason that a whistleblowing system does not appear to be effective more frequently than the large companies. On the other hand, the lack of knowledge and competencies regarding the design of a whistleblowing system is a more important reason for not introducing a whistleblowing system among French and Swiss SMEs than among large companies (cf. country graphs).

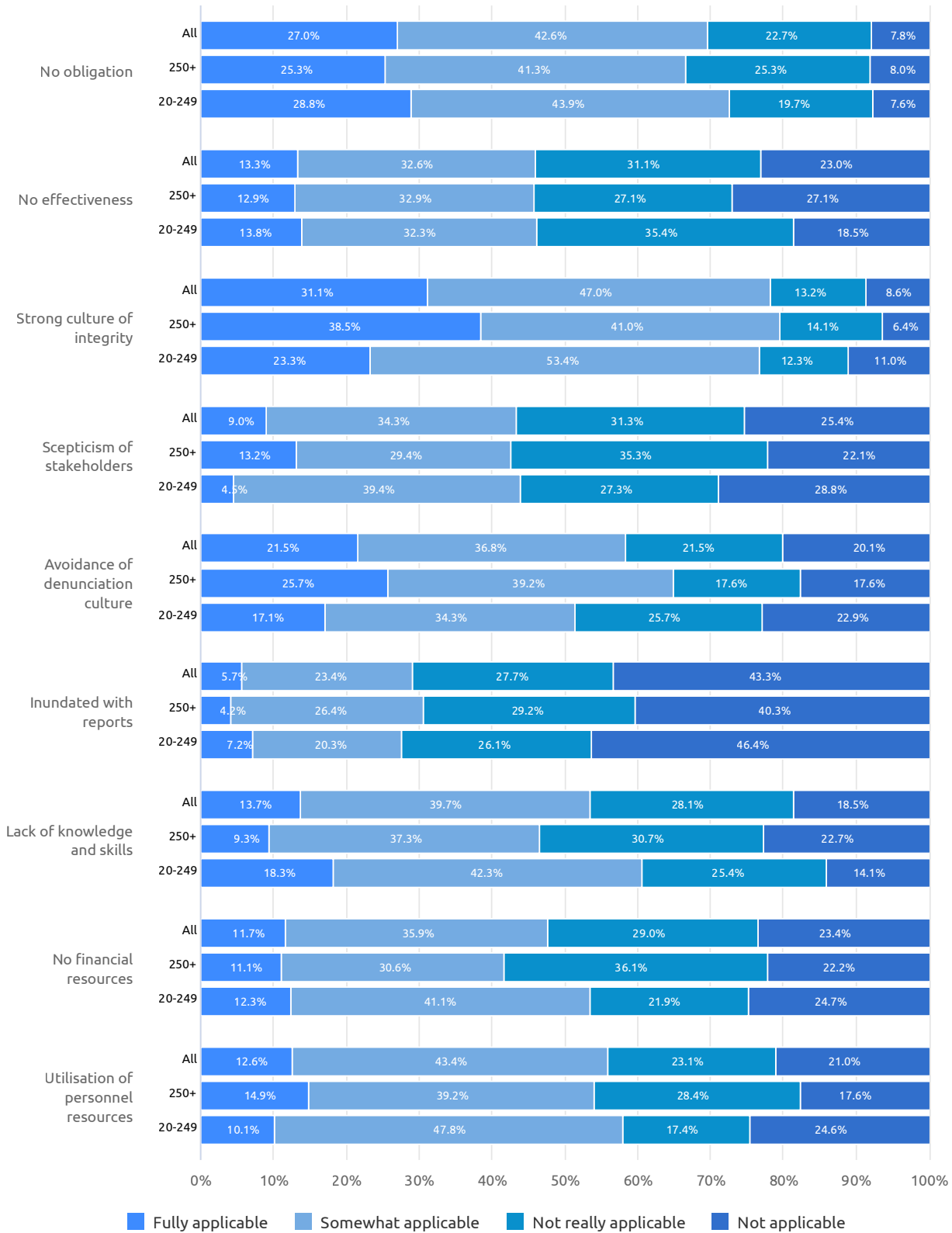
Germany



Basis: Companies without whistleblowing system

Figure 28 Reasons for not introducing a whistleblowing system in Germany with a size comparison

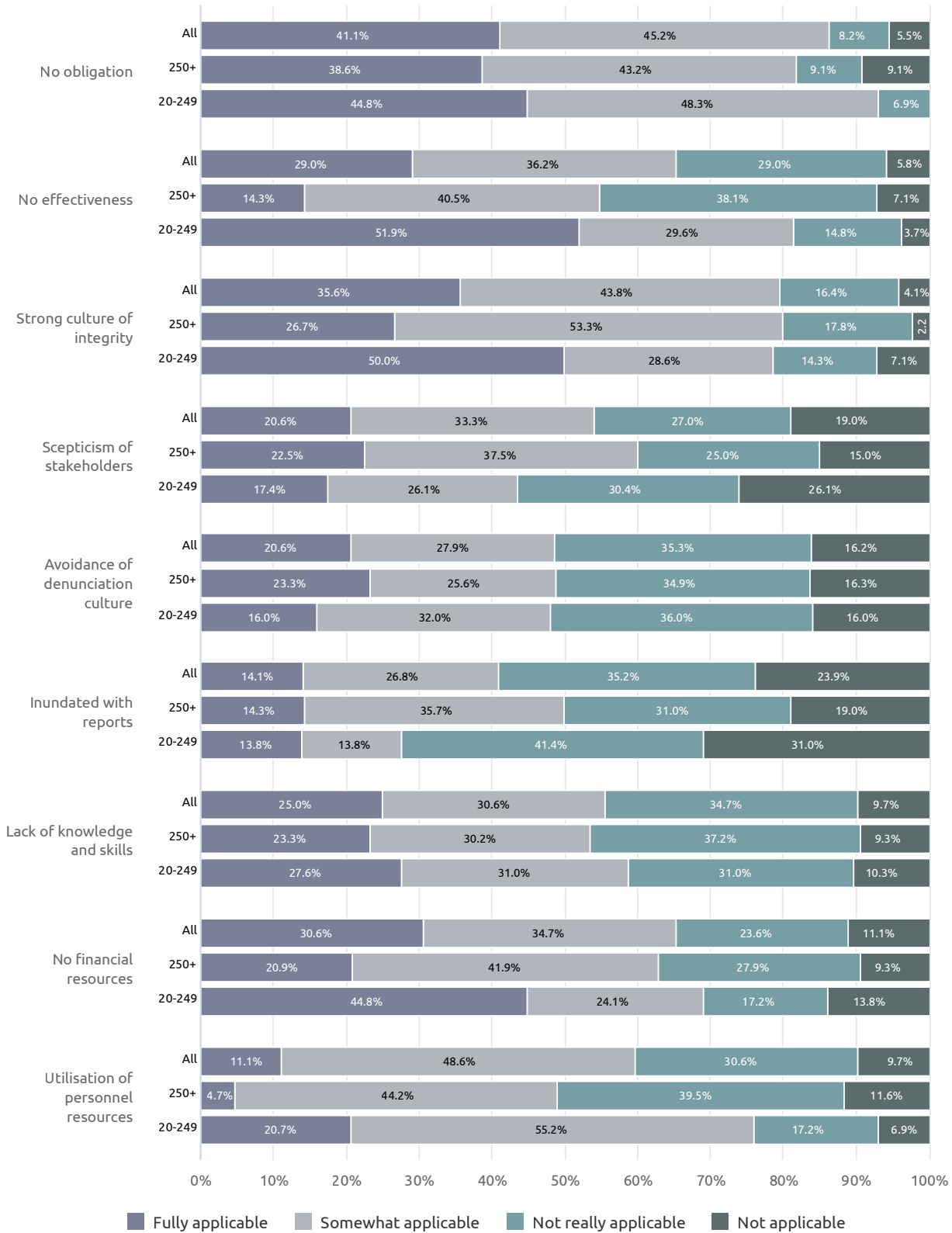
France



Basis: Companies without whistleblowing system

Figure 29 Reasons for not introducing a whistleblowing system in France with a size comparison

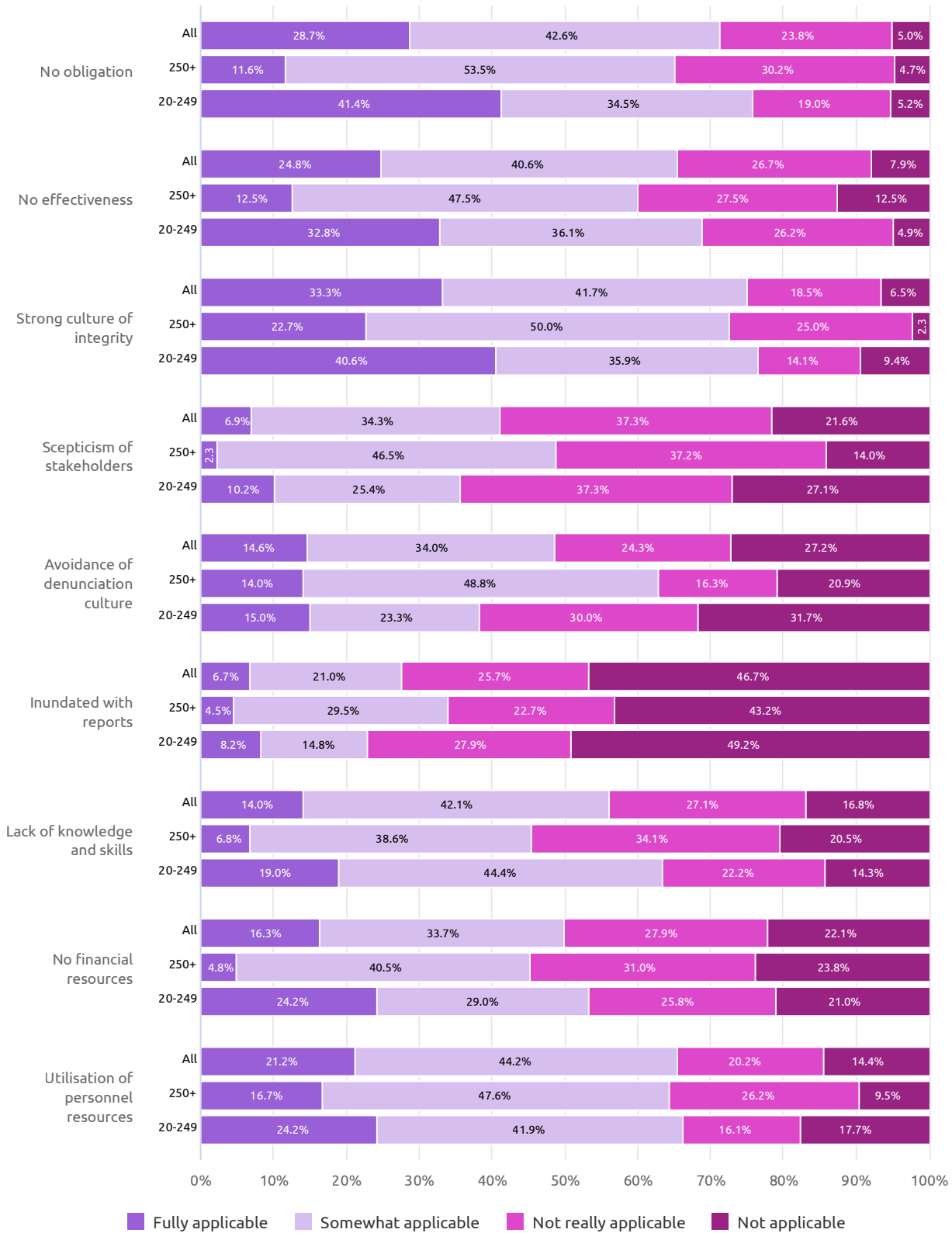
United Kingdom



Basis: Companies without whistleblowing system

Figure 30 Reasons for not introducing a whistleblowing system in the United Kingdom with a size comparison

Switzerland



Basis: Companies without whistleblowing system

Figure 31 Reasons for not introducing a whistleblowing system in Switzerland with a size comparison

Intention to introduce a whistleblowing system

Is the introduction of a whistleblowing system planned / an issue for discussion?

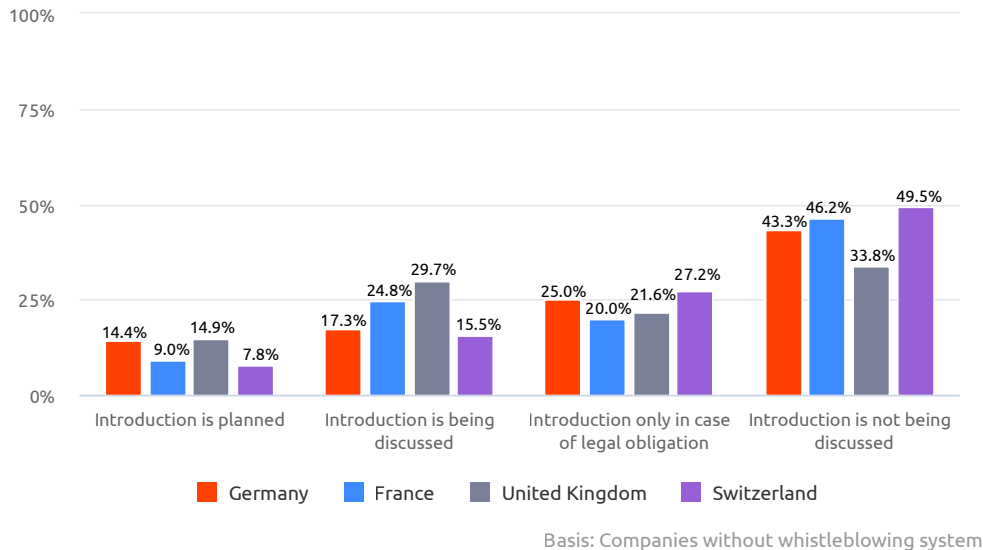


Figure 32 Planning of a whistleblowing system with a country comparison

As was the case two years ago, around one third of the companies surveyed in Germany and France that have not yet set up a whistleblowing system are currently discussing the introduction of such a feature or are already planning to do so in the next 12 months (cf. Figure 32). The data for the UK is also in a similar range to two years ago. Compared to the other countries, slightly more companies in the UK are considering the introduction of a whistleblowing system. Just under 15 percent of UK companies surveyed without a whistleblowing system are planning to introduce one in the next 12 months, while just under 30 percent are discussing a potential introduction but have not yet made any concrete plans to do so. The data shows that the Swiss companies surveyed most frequently state that the establishment of an internal whistleblowing system would only take place if there was a legal obligation to do so or that an introduction is not being discussed at all. The results also show that in all four countries the introduction of a whistleblowing system is not being discussed, mainly among SMEs (cf. country graphs).

Germany

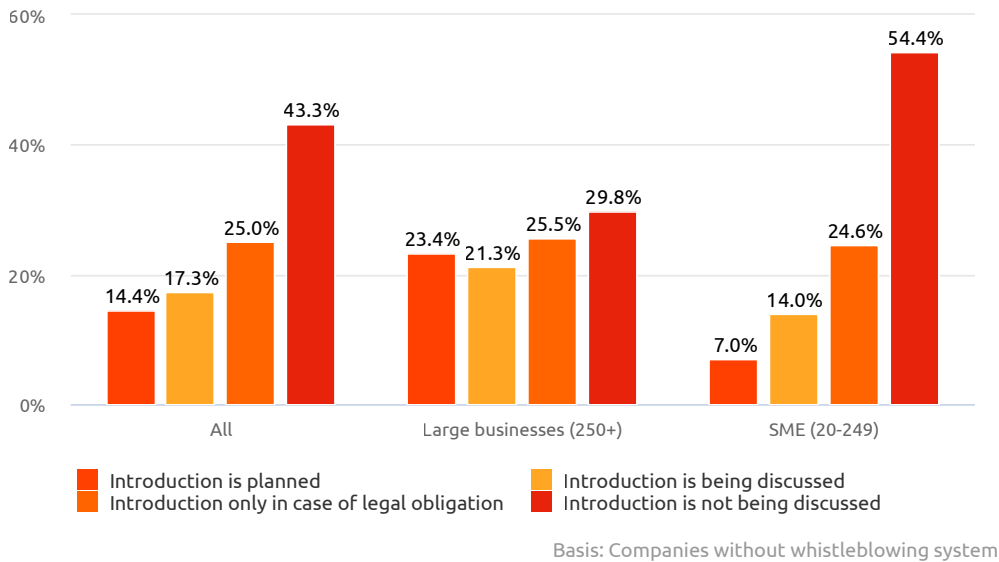


Figure 33 Planning of a whistleblowing system in Germany with a size comparison

France

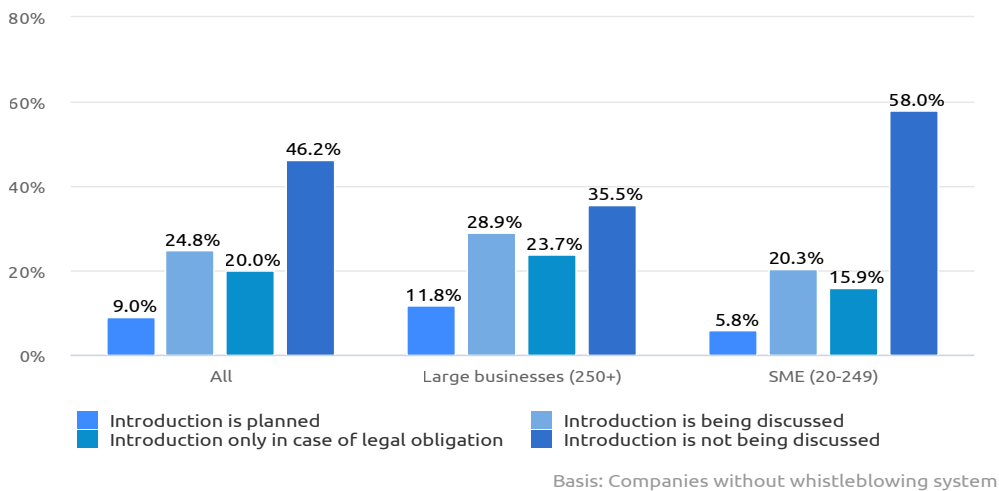
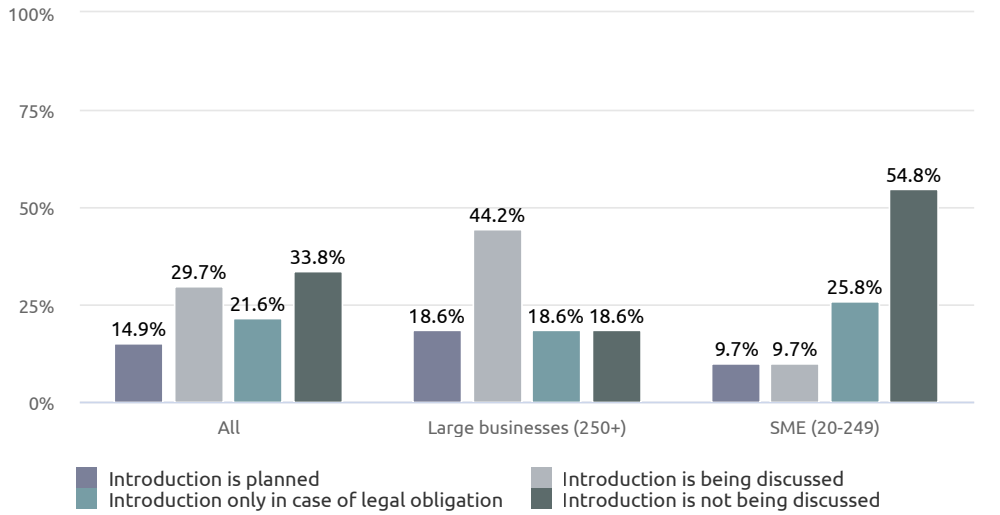


Figure 34 Planning of a whistleblowing system in France with size comparison

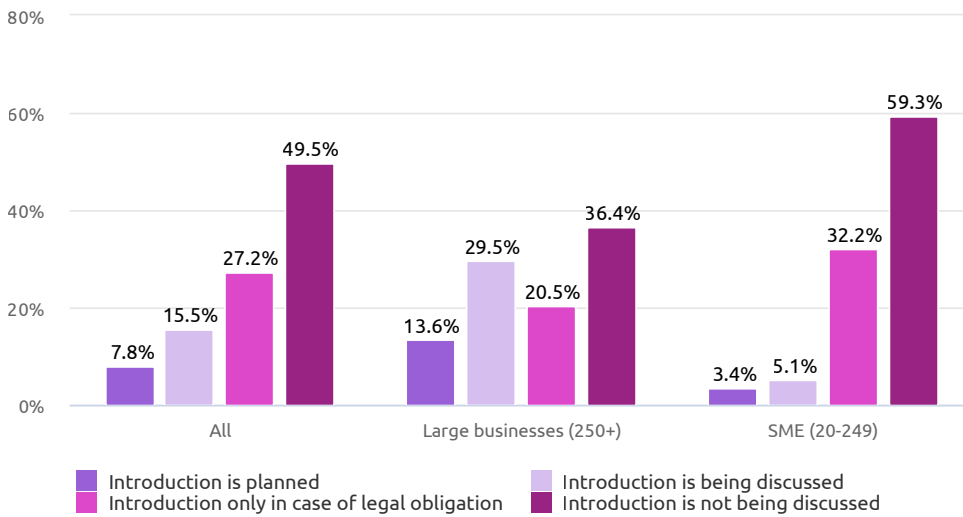
United Kingdom



Basis: Companies without whistleblowing system

Figure 35 Planning of a whistleblowing system in the United Kingdom with a size comparison

Switzerland



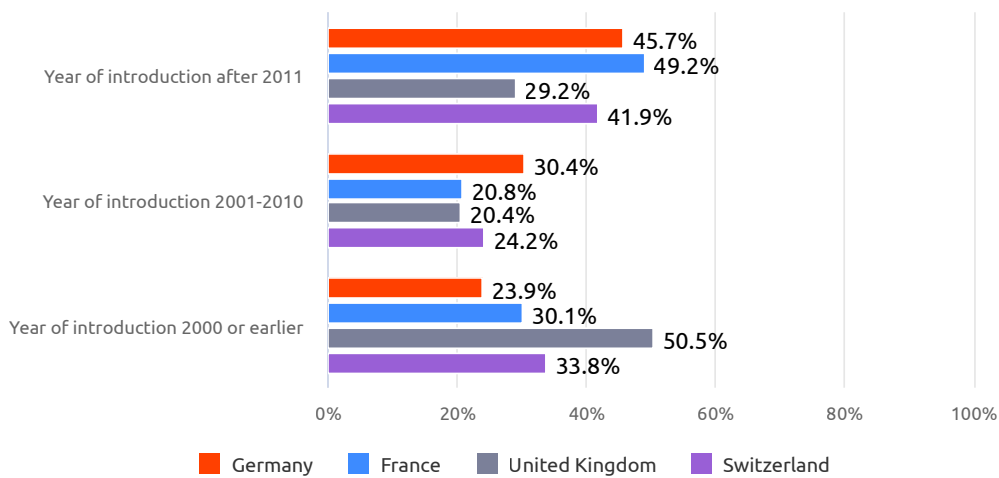
Basis: Companies without whistleblowing system

Figure 36 Planning of a whistleblowing system in Switzerland with a size comparison

Design

Year of introduction of the whistleblowing system

When was the company's first whistleblowing system introduced?

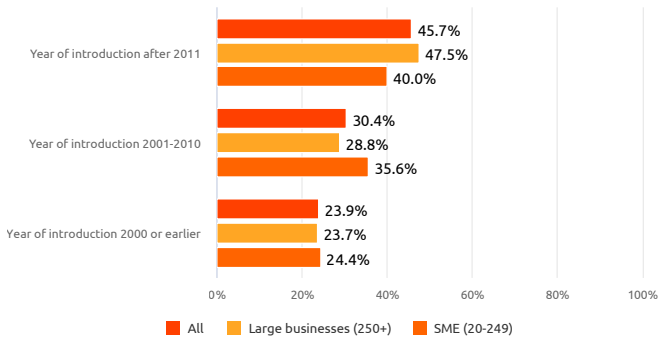


Basis: Companies with a whistleblowing system

Figure 37 Year of introduction of the first whistleblowing system with a country comparison

The statistical analyses on the year of introduction of the whistleblowing system show that a majority of the German, French and Swiss companies that have one introduced it from 2011 onwards. In contrast, around half of the companies surveyed with a whistleblowing system and headquarters in the UK had already introduced a whistleblowing system in 2000 or earlier (cf. Figure 37). This is mainly due to the UK large companies, while from the introduction year 2001 onwards the share of UK SMEs that have set up a whistleblowing system exceeds the proportion of large companies (cf. country graphs). For companies from Switzerland, Germany and France, the majority of SMEs introduced the whistleblowing system from 2011. Moreover, in Germany and France, the large companies surveyed also introduced the whistleblowing system most frequently from 2011.

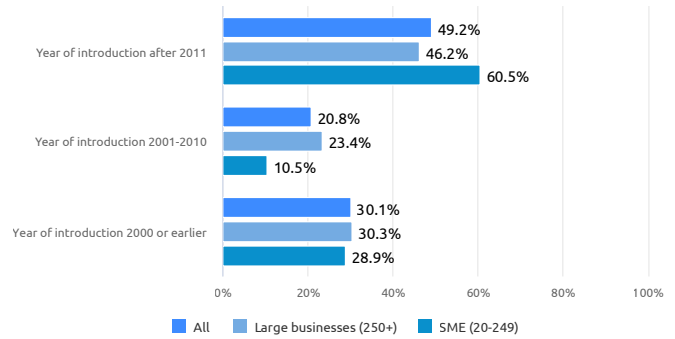
Germany



Basis: Companies with a whistleblowing system

Figure 38 Year of introduction of the first whistleblowing system in Germany with a size comparison

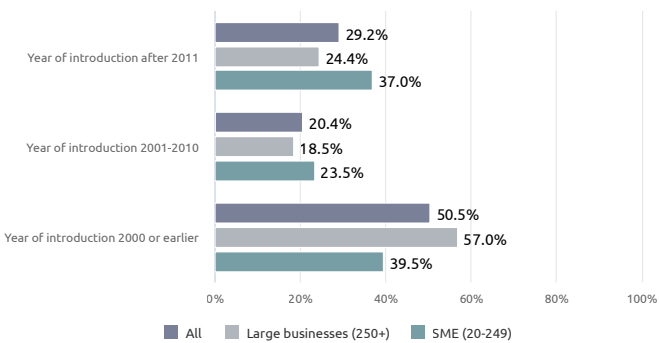
France



Basis: Companies with a whistleblowing system

Figure 39 Year of introduction of the first whistleblowing system in France with a size comparison

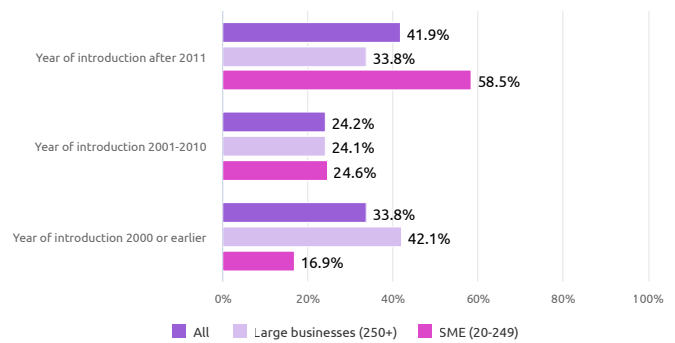
United Kingdom



Basis: Companies with a whistleblowing system

Figure 40 Year of introduction of the first whistleblowing system in the United Kingdom with a size comparison

Switzerland

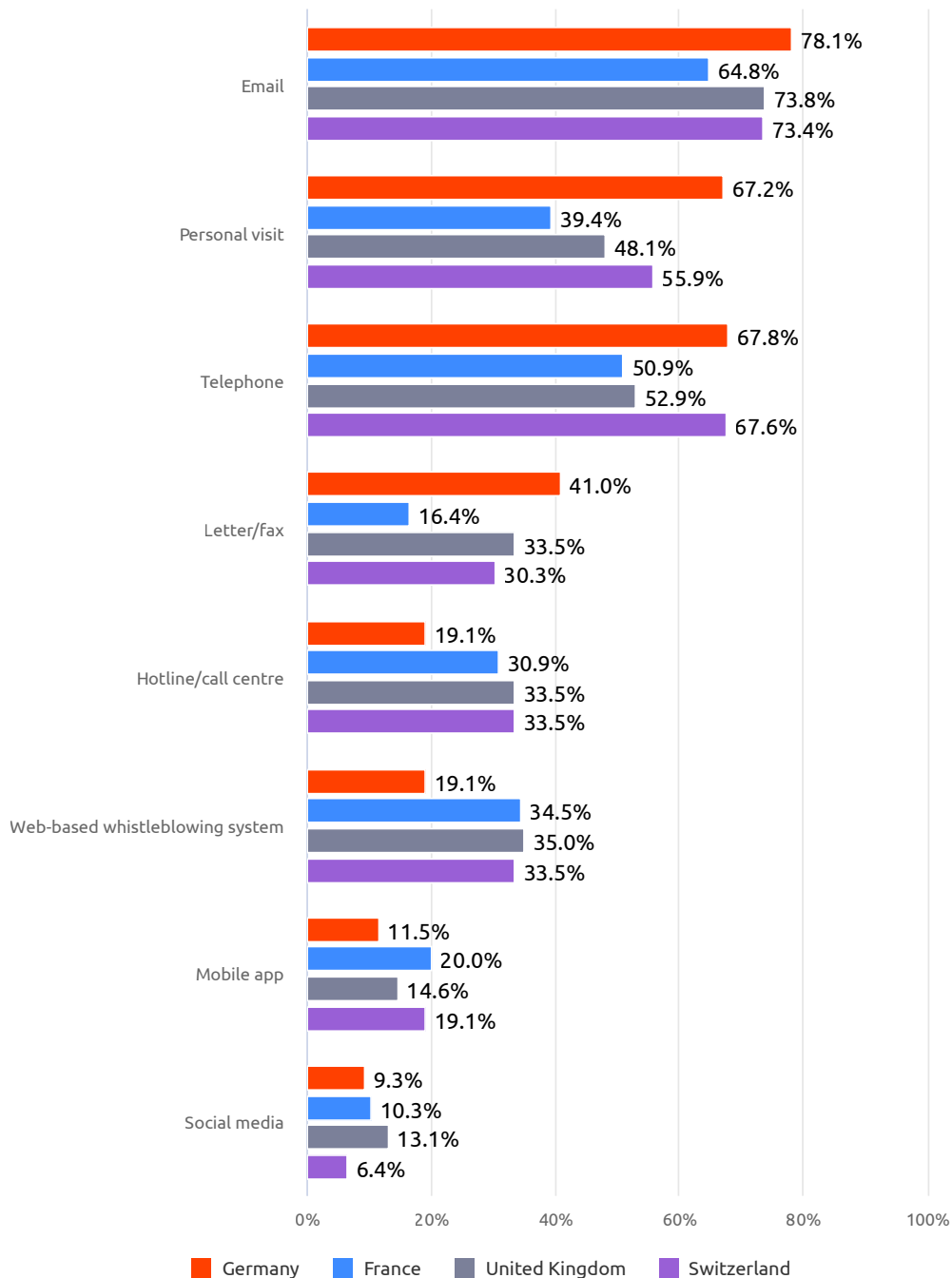


Basis: Companies with a whistleblowing system

Figure 41 Year of introduction of the first whistleblowing system in Switzerland with a size comparison

Available reporting channels

Which channels are available for reporting specific or suspected misconduct?



Basis: Companies with a whistleblowing system

Figure 42 Channels for contacting the whistleblowing system with a country comparison

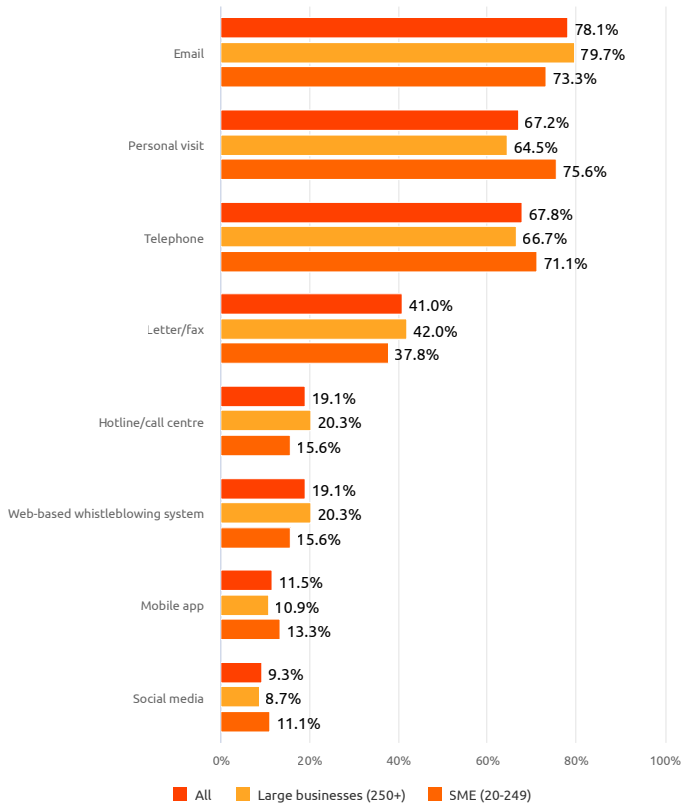
For potential whistleblowers, companies with a whistleblowing system offer various options for contacting the responsible office within the company (cf. Figure 42). It is important to distinguish between general and specialised channels. Specialised channels include hotlines/call centres, mobile apps, social media channels and web-based reporting systems established specifically for whistleblowing (such as the EQS Group's EQS Integrity Line). The general reporting channels, on the other hand, include email, letter/fax, telephone and a personal visit to the responsible person. These are usually less expensive and are used more frequently than the specialised channels in all countries.

Across all countries, more than two thirds of companies offer a dedicated email address for reporting purposes, which is the most commonly used reporting channel. The "telephone" reporting channel is also frequently present in the companies. In Germany and Switzerland, this channel is offered in about two thirds of the companies, while in about half of the French and British companies with a whistleblowing system, this option is available to whistleblowers. Although specialised channels are less common, in France, the UK and Switzerland both "web-based whistleblowing systems" and "hotline/call centre" are found in one third of the companies surveyed with a whistleblowing system in each country. In Germany, on the other hand, this is the case in just under one in five companies.

While in 2018, large companies still had more specialised channels compared to SMEs in all countries, the proportion of German and French SMEs offering the two channels "mobile app" and "social media" is now higher (cf. country graphs). In Switzerland, SMEs also outperform large companies for the "mobile app" channel, while in the UK, large companies continue to outperform SMEs for all specialised channels. Across all countries, SMEs are more likely than large companies to offer whistleblowers the option of a personal visit to the person in charge of the whistleblowing system.

With regard to the number of reporting channels, the whistleblowers in the companies investigated from Germany and Switzerland have the largest selection of different channels at their disposal. In both countries, around 60 percent of the companies surveyed have at least three different channels, with large companies tending to offer more channels compared to SMEs. France and the UK are close behind with around 50 percent.

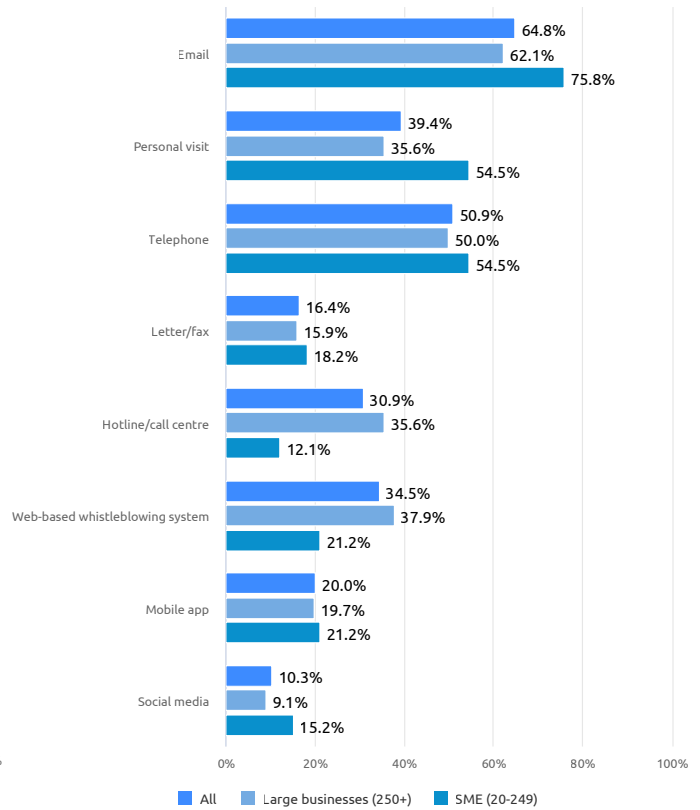
Germany



Basis: Companies with a whistleblowing system

Figure 43 Channels for contacting the whistleblowing system in Germany with a size comparison

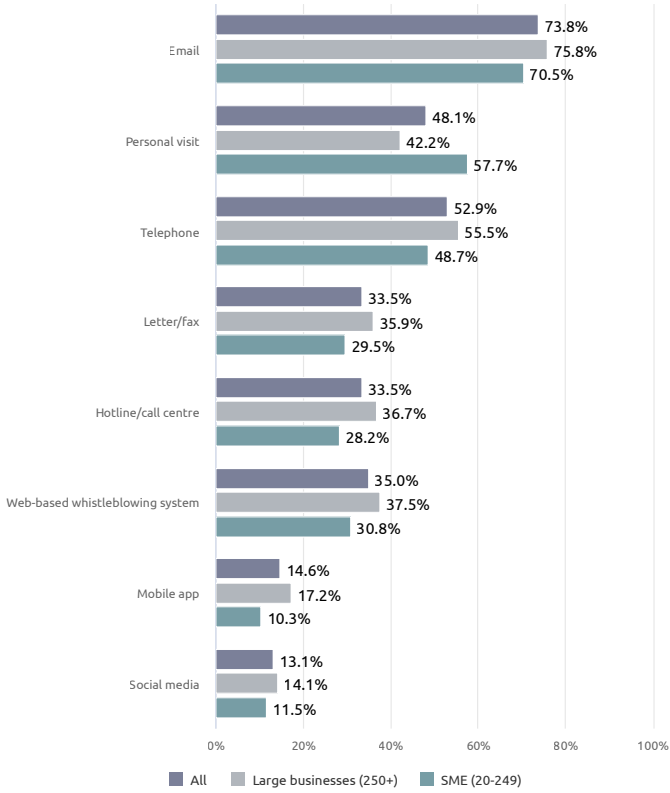
France



Basis: Companies with a whistleblowing system

Figure 44 Channels for contacting the whistleblowing system in France with a size comparison

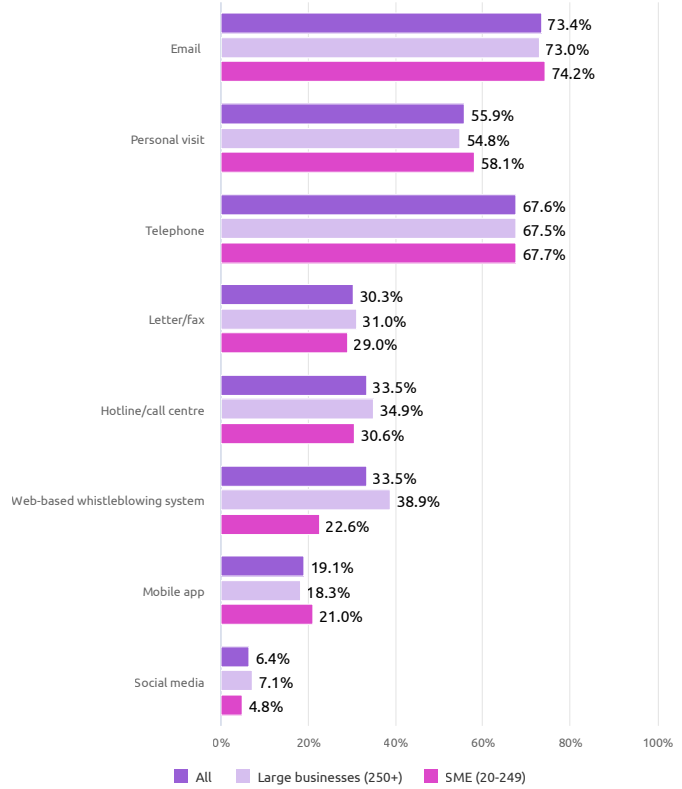
United Kingdom



Basis: Companies with a whistleblowing system

Figure 45 Channels for contacting the whistleblowing system in the United Kingdom with a size comparison

Switzerland

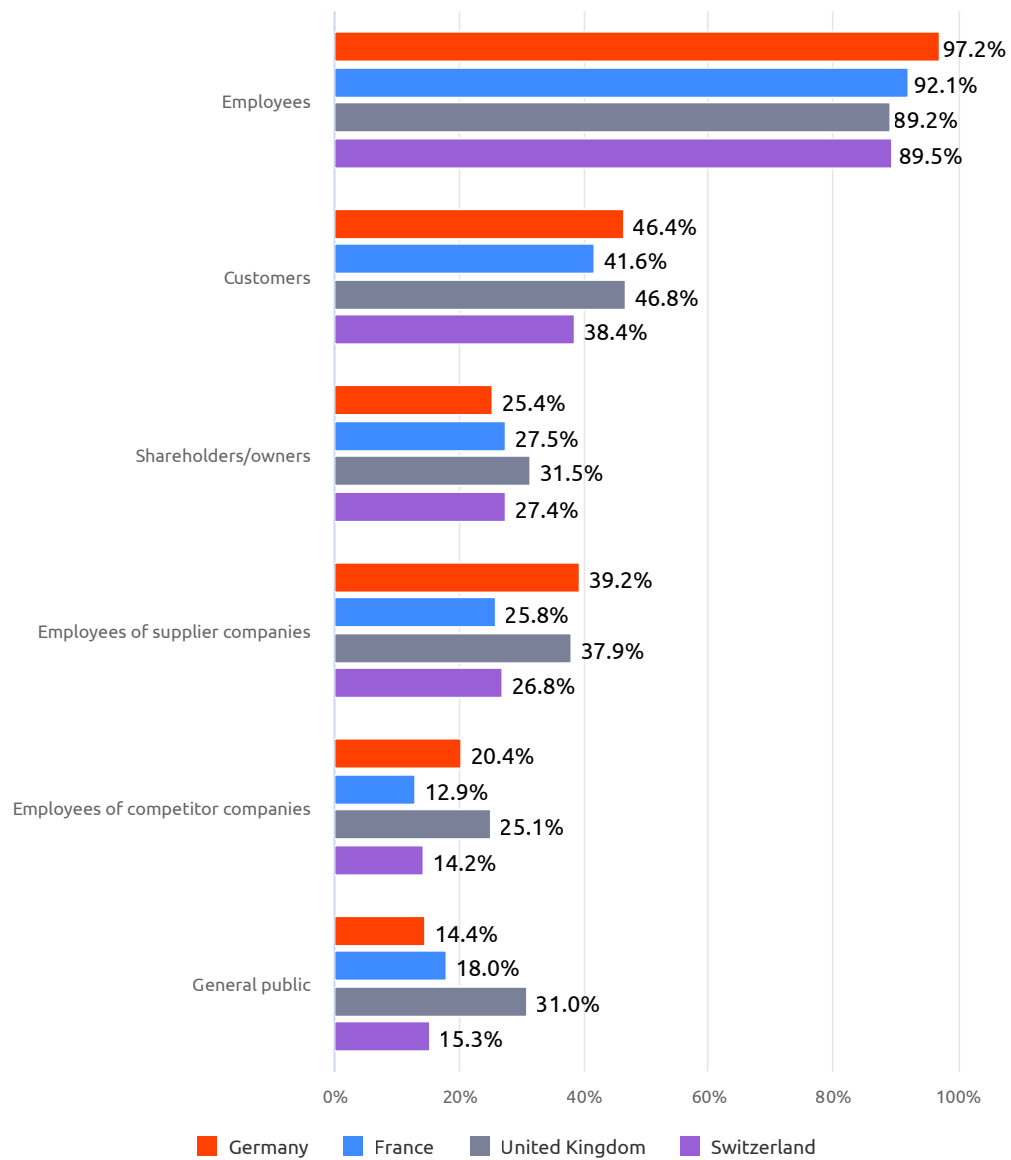


Basis: Companies with a whistleblowing system

Figure 46 Channels for contacting the whistleblowing system in Switzerland with a size comparison

Target group

Who may/should report specific or suspected indications?



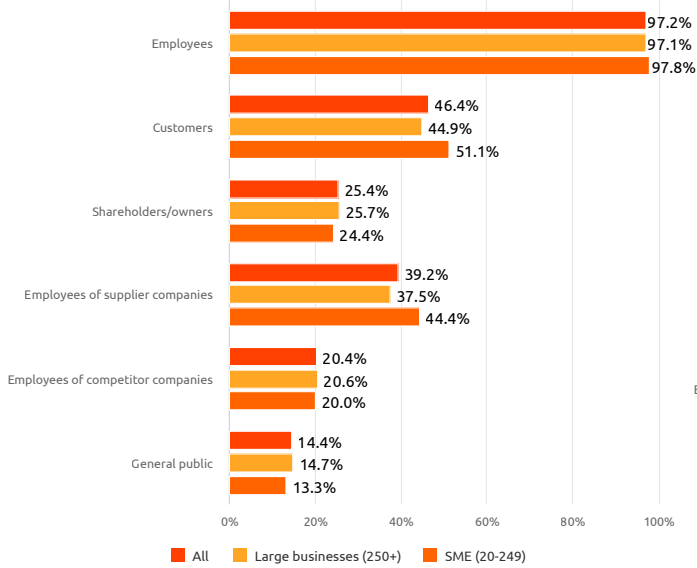
Basis: Companies with a whistleblowing system

Figure 47 Target groups of the whistleblowing system with a country comparison

Not only is the range of reporting channels diverse, but so are the stakeholders who can use the whistleblowing system (cf. Figure 47). The 2020 results confirm what the 2018 results already outlined: By far the most important target groups of internal whistleblowing systems are the employees. For example, at around 90 percent of the companies surveyed with a whistleblowing system, employees can submit reports. Other internal stakeholders, such as shareholders and owners, can report misconduct at around 30 percent of the companies surveyed. External stakeholders, such as customers and suppliers, also have the option of contacting the company's own whistleblowing system. The time series analysis shows that the whistleblowing system target groups have remained very stable over the last two years. Deviating from this, however, the share of companies that also target their customers with their whistleblowing system has decreased by a good 10 percentage points.

While the German, French and British companies surveyed open their whistleblowing systems to two different stakeholder groups on average, the whistleblowing systems of Swiss companies mostly address only one stakeholder group, which applies to both Swiss SMEs and large companies. By contrast, differences can be observed in France between SMEs and large companies. The SMEs surveyed address one stakeholder group on average, while the large companies surveyed address two different stakeholder groups on average. In all four countries, the large companies surveyed tend to open the whistleblowing system to more stakeholders than SMEs. However, the results differ only slightly when comparing company size across all four countries.

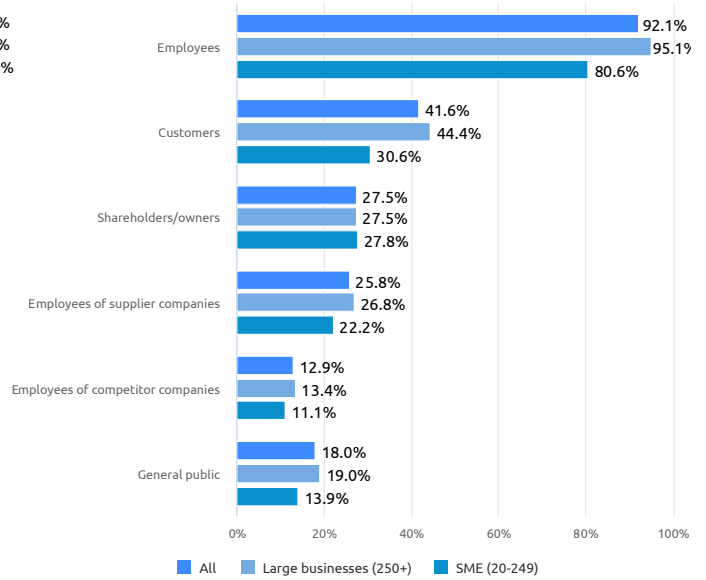
Germany



Basis: Companies with a whistleblowing system

Figure 48 Whistleblowing system target groups in Germany with a size comparison

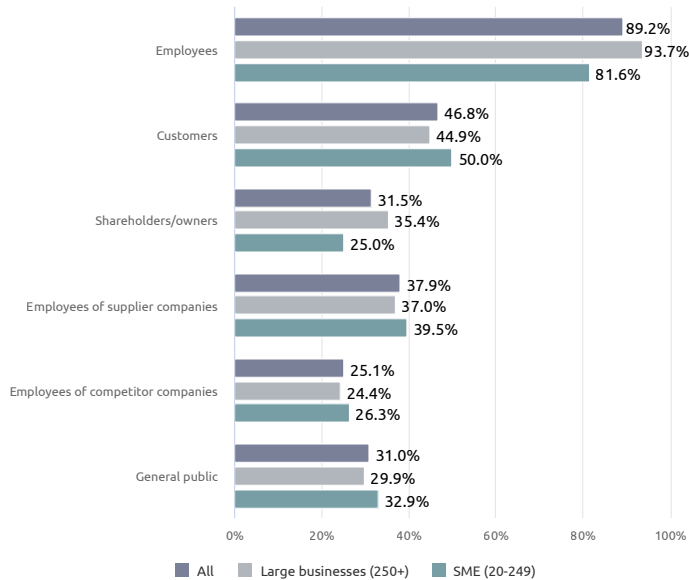
France



Basis: Companies with a whistleblowing system

Figure 49 Whistleblowing system target groups in France with a size comparison

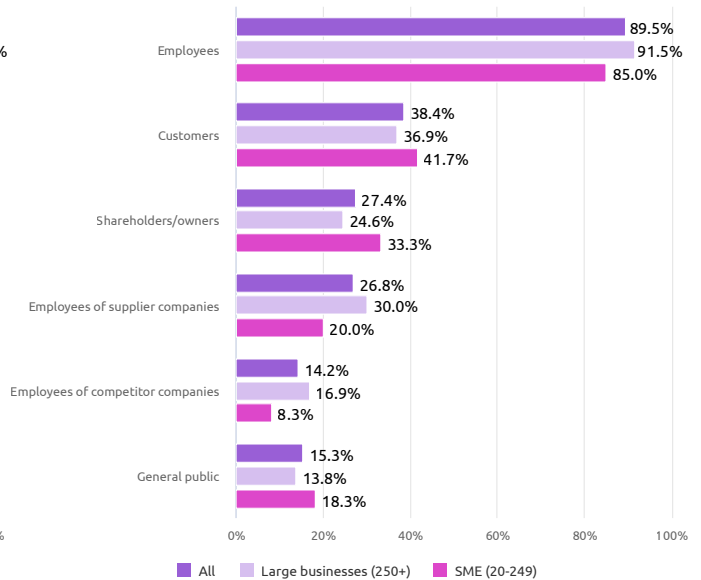
United Kingdom



Basis: Companies with a whistleblowing system

Figure 50 Whistleblowing system target groups in the United Kingdom with a size comparison

Switzerland

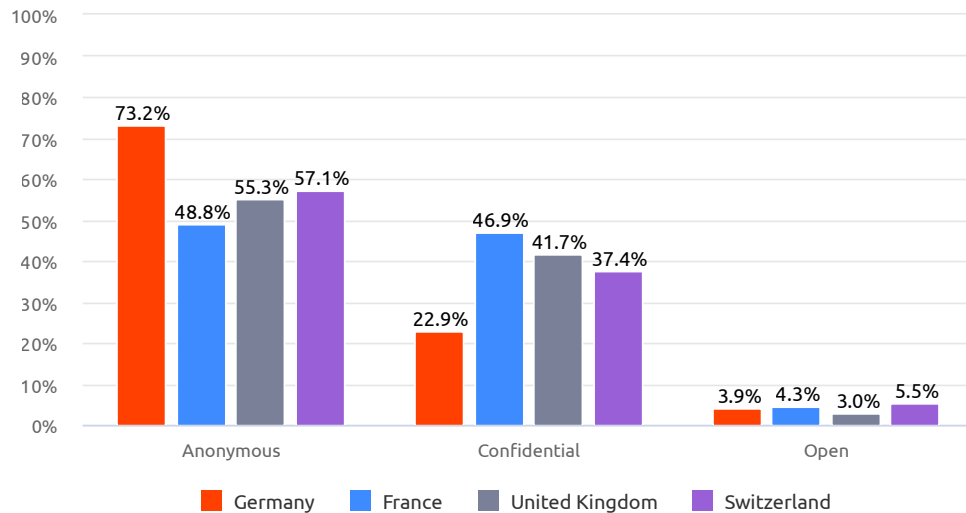


Basis: Companies with a whistleblowing system

Figure 51 Whistleblowing system target groups in Switzerland with a size comparison

Identifiability

To what extent are the whistleblowers identifiable?



Basis: Companies with a whistleblowing system

Figure 52 Identifiability of the whistleblowers with a country comparison

In all four countries, potential whistleblowers can submit their reports anonymously at about half of the companies surveyed; in Germany, this is even possible at over 70 percent of the companies (cf. Figure 52). Compared to the 2018 results, this represents an increase of just over 10 percentage points among German companies. The time series analysis also indicates that the companies surveyed tend to allow anonymous reporting more frequently in 2020 than they did two years ago. However, the proportion of Swiss companies accepting anonymous reports has fallen from two thirds to just over 57 percent. As already shown in the study published two years ago, the French companies surveyed allow anonymous reporting less frequently than the other countries. Even though in France more than half of the companies surveyed expect whistleblowers to give their name, they are most often assured of confidentiality compared to the other countries.

Only in the case of very few companies does the whistleblowing system disclose the name of the person providing the information. While the 2018 results showed clear differences between the Swiss SMEs and large companies studied, this difference has decreased significantly in 2020 and is now in line with the other countries studied (cf. country graphs). For example, half of the Swiss SMEs surveyed allow whistleblowers to report anonymously, while a good 60 percent of the large companies surveyed allow this. Thus, compared to 2018, the proportion of Swiss SMEs that allow anonymous reporting has increased, while the proportion of large companies has decreased by 13 percentage points.

Finally, whistleblowers tend to file anonymous reports more frequently for successful companies, i.e. those that expect an increase in turnover in the next 12 months and have already been able to increase their turnover during the past 24 months.

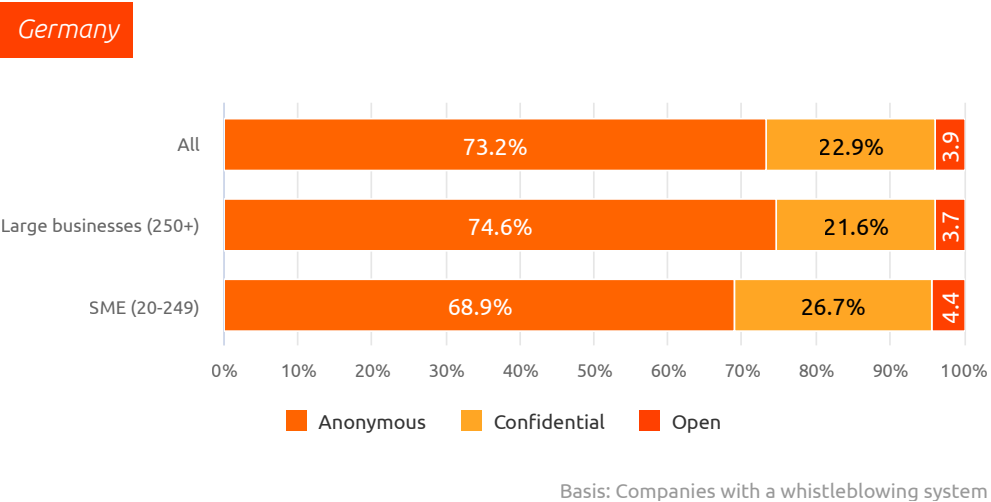


Figure 53 Identifiability of the whistleblowers in Germany with a size comparison

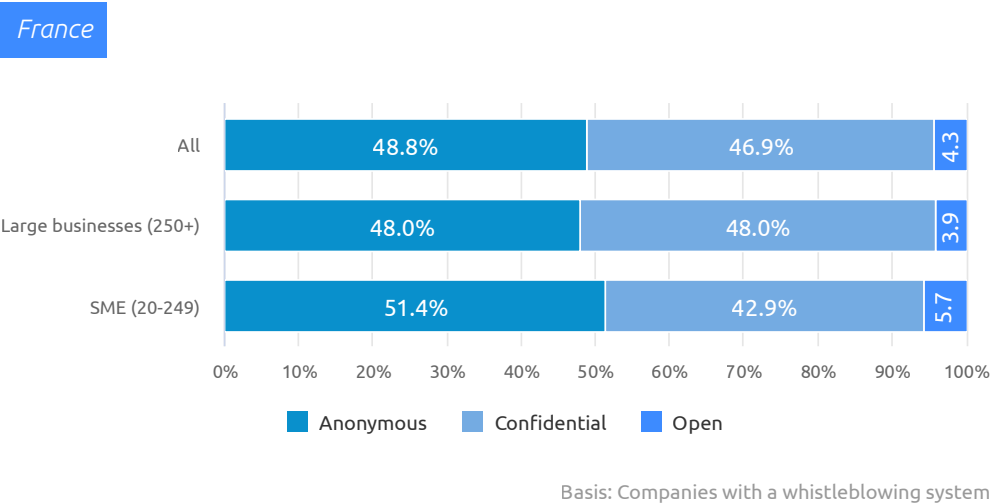


Figure 54 Identifiability of the whistleblowers in France with a size comparison

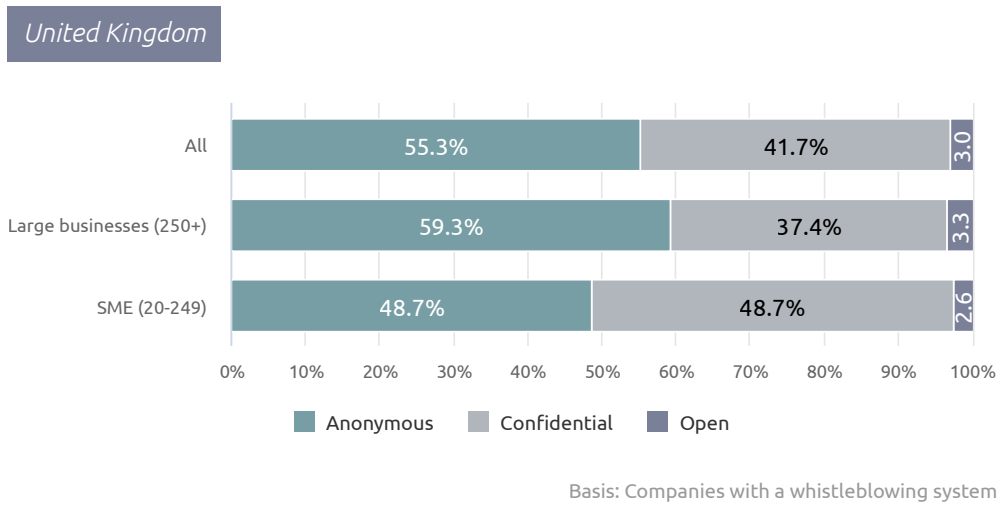


Figure 55 Identifiability of the whistleblowers in the United Kingdom with a size comparison

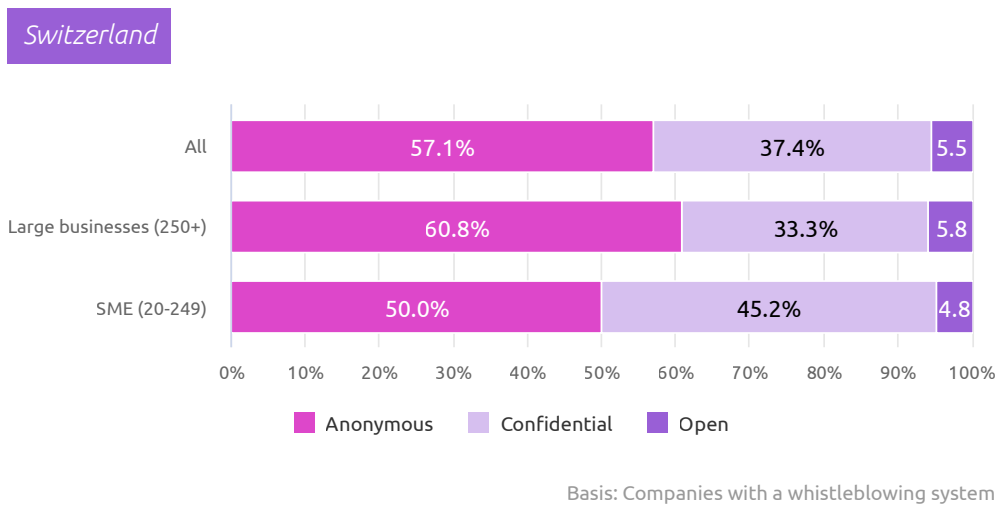
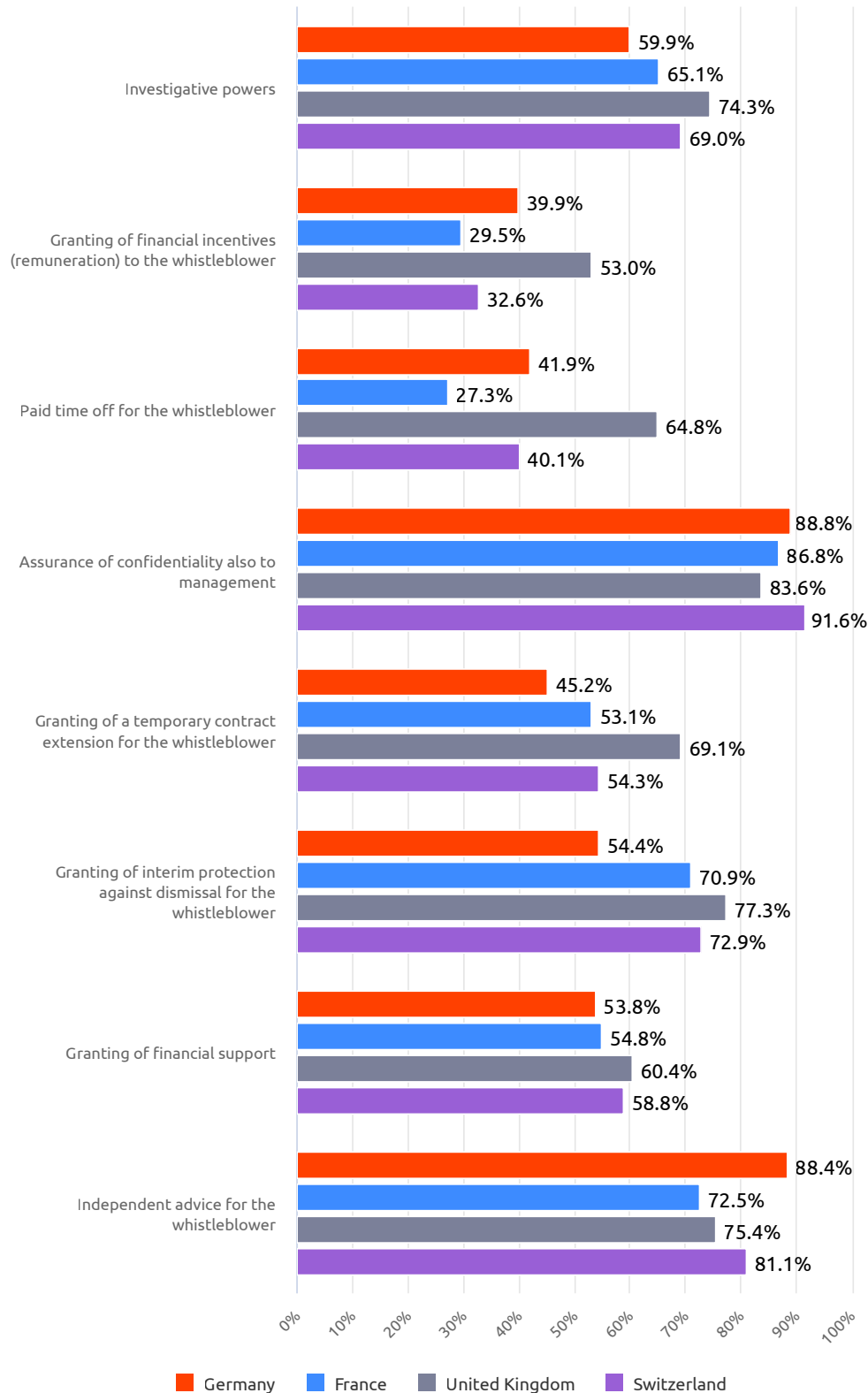


Figure 56 Identifiability of the whistleblowers in Switzerland with a size comparison

Decision-making powers

What are the tasks / decision-making powers of the whistleblowing system?



Basis: Companies with a whistleblowing system

Figure 57 Whistleblowing system decision-making powers with a country comparison

In most companies, the whistleblowing system is also authorised to assure the confidentiality of the whistleblower with management (cf. Figure 57). In addition, in a majority of the companies investigated, independent advice for the whistleblower is one of the system's competencies. In many cases, the whistleblowing systems at the companies surveyed also have the power to grant temporary protection against dismissal to whistleblowers. However, this is less common among the German companies surveyed compared to the other countries. By contrast, the whistleblowing systems at the companies surveyed are less likely to offer financial incentives to whistleblowers or to decide on a paid leave of absence.

In the case of the German and Swiss companies studied, there are clear differences between large companies and SMEs, while the British and French companies studied differ only slightly in terms of company size (cf. country graphs). For example, the German and Swiss SMEs surveyed are each more likely than the large companies to provide financial support to enable whistleblowers to obtain legal advice or psychological support, for example. In addition, the whistleblowing systems of German SMEs are more likely than those of large companies to grant interim protection against dismissal to whistleblowers. Furthermore, around three quarters of whistleblowing systems in large Swiss companies have investigative powers, which means that they are allowed to inspect confidential business documents, whereas the proportion is around 14 percentage points lower among Swiss SMEs.

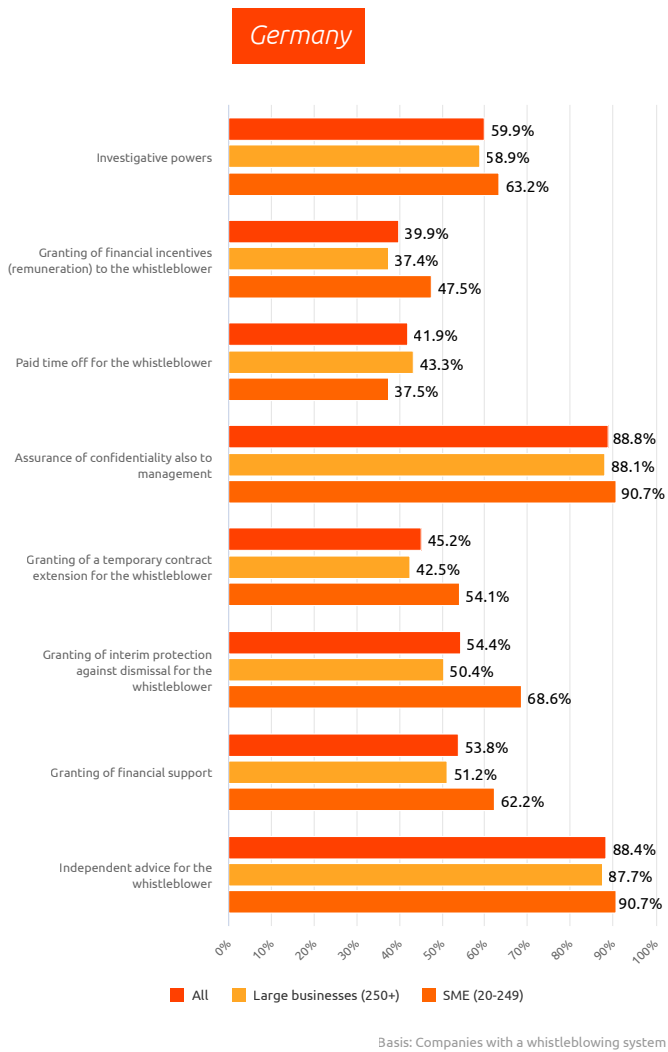


Figure 58 Whistleblowing system decision-making powers in Germany with a size comparison

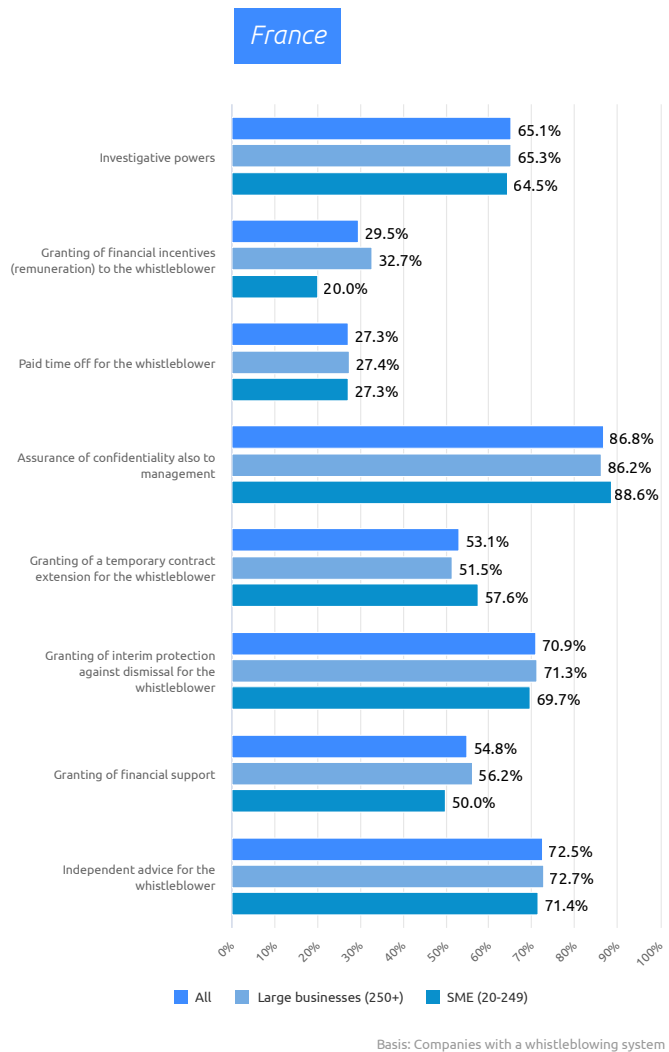


Figure 59 Whistleblowing system decision-making powers in France with a size comparison

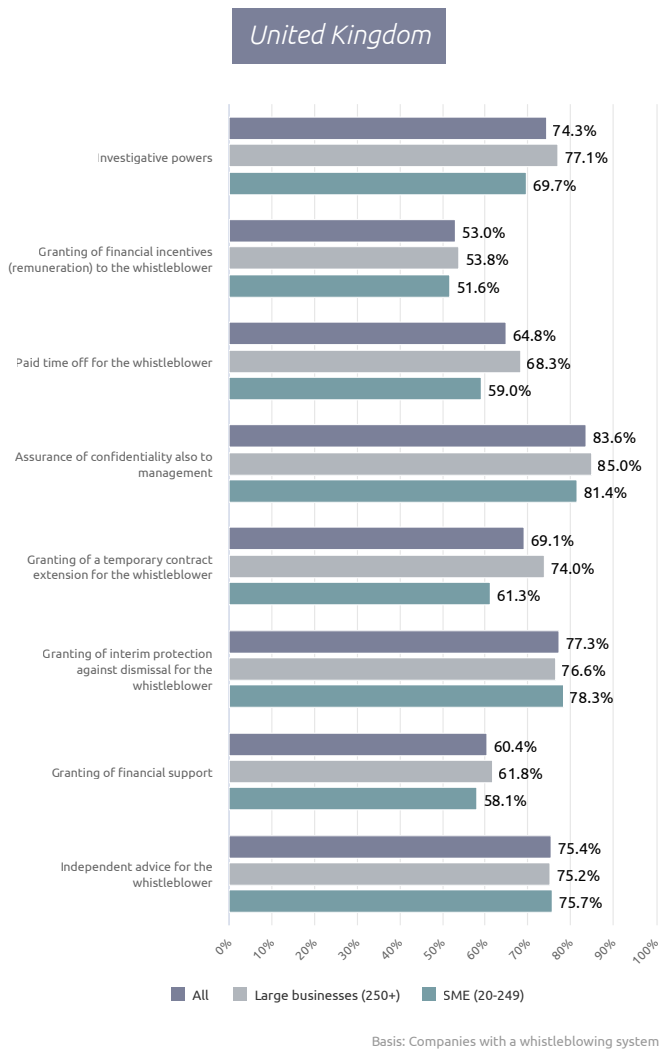


Figure 60 : Whistleblowing system decision-making powers in the United Kingdom with a size comparison

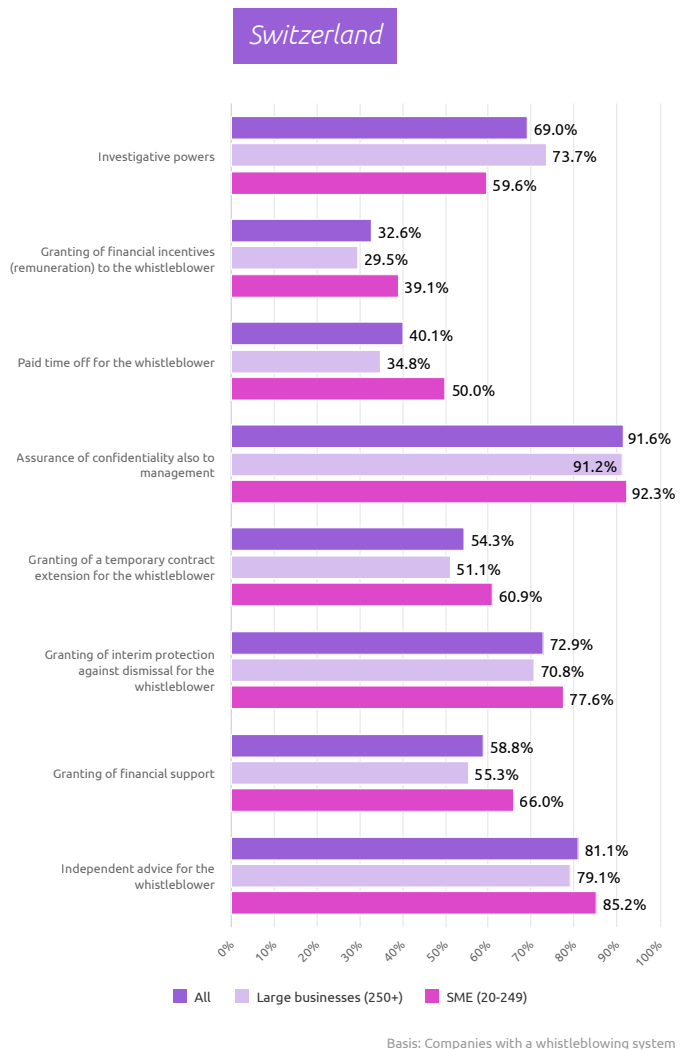


Figure 61 Whistleblowing system decision-making powers in Switzerland with a size comparison

Usage

Number of reports

How many reports were received by the whistleblowing system in 2020?

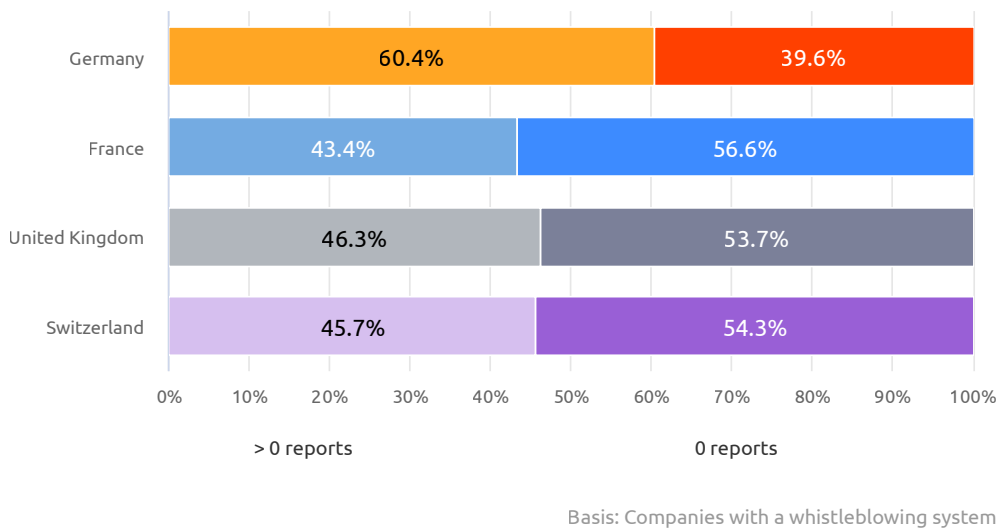


Figure 62 Number of reports received by the whistleblowing system in 2020 with a country comparison

As can be seen in Figure 62, a good 60 percent of the surveyed German companies with a whistleblowing system received information about illegal or unethical conduct in 2020. In the other three countries, the proportion of investigated whistleblowing systems that actually received reports was lower. Compared to the 2018 data, the proportion of companies receiving reports has thus decreased across all countries. The lowest number of reports received by the investigated whistleblowing systems came from France. Almost 57 percent of the French companies surveyed with a whistleblowing system did not receive any reports in 2020. The fact that a company receives no or a low number of reports can on the one hand be attributed to the fact that little or no misconduct occurs in the company. On the other hand, this may also indicate that the whistleblowing system is poorly designed (e.g. lack of awareness or mistrust on the part of stakeholders). On the basis of the available data, the cause of this cannot be determined conclusively.

Moreover, statistical analysis shows that there are clear differences between SMEs and large companies. With the exception of France, large companies are more likely to receive reports than SMEs (cf. country graphs). This difference is particularly evident among the companies surveyed in Switzerland. In 2020, for example, around 55 percent of the investigated whistleblowing systems received reports from large Swiss companies, while only a good quarter received reports from SMEs.

In 2020, the companies with a whistleblowing system received an average of 34 reports. Therefore, compared to 2018, significantly fewer reports were received by the internal whistleblowing systems last year. Two years ago, the average number of reports was 52. As discussed in more detail in the Project Design chapter, it is reiterated at this point that due to sampling variation, there may be some fluctuation for the estimate of the cross-section, which may tend to lead to an underestimate of the number of reports received. This can be inferred by looking at the dynamics among firms for which data is available for both 2018 and 2020 (panel). However, the trend of decreasing reporting numbers can also be observed in the panel. Thus, at most, sampling variation leads to some exaggeration of the observed decline.

The results of the statistical analysis clearly show that the number of reports correlates strongly with the number of employees in a company. Companies with 20-249 employees received an average of 6 reports in 2020 (2018: 16 reports), while companies with 250 or more employees received 46 reports (2018: 65 reports). Accordingly, the large companies studied received significantly more reports than SMEs across all countries. Companies with 20-249 employees received an average of 6 reports in 2020 (2018: 16 reports), while companies with 250 or more employees received 46 reports (2018: 65 reports). It is also apparent that more reports are received from companies that generate part of their turnover abroad than from companies that have no foreign activities. The same applies to companies in the logistics, financial services and public service sectors. Furthermore, companies that allow reports via telephone, hotline/call centre, letter/fax or web-based whistleblowing system receive more reports.

Impact of the coronavirus pandemic on the number of reports

As stated above, the coronavirus pandemic had a significant impact on the economic activities of the companies surveyed. The results show that these pandemic-related changes also have a considerable impact on the internal reporting behaviour of companies. As a result, it appears that in companies where coronavirus-related redundancies occurred, more reports were received in 2020. The same applies to companies where a large proportion of employees (>66 %) worked from home. In contrast, there is no statistically significant correlation with the number of reports received in the case of reduced working hours or the limited possibility of national and international business trips.

The significant decrease in the number of reports received by the internal whistleblowing systems is also likely to be due to the situation created for companies by the coronavirus pandemic. Based on the findings of other studies, it can be assumed that the pandemic has led to certain dysfunctionalities of processes and structures in companies in general and also with regard to whistleblowing systems. For example, potential whistleblowers may have had limited access to information due to the lack of informal exchange, or reports may not have been made due to (time) resources being used elsewhere as staff were busy adjusting to the coronavirus situation. Nevertheless, this general trend does not contradict the findings of the previous section, according to which specific pandemic-related constellations (e.g. job cuts or working from home) led to a positive effect with regard to the number of reported cases in companies.

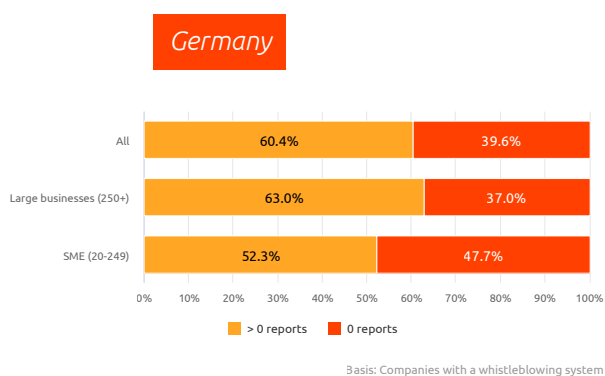


Figure 63 Number of reports received by the whistleblowing system in Germany in 2020 with a size comparison

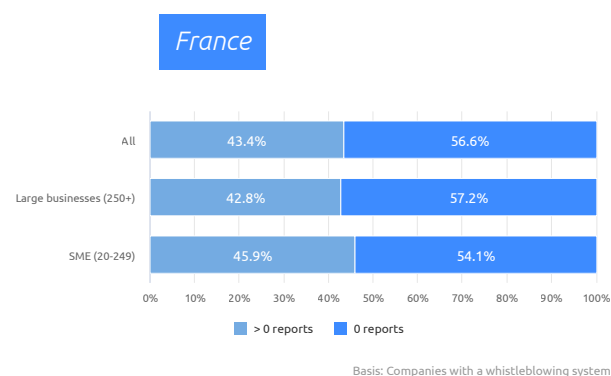


Figure 64 Number of reports received by the whistleblowing system in France with a size comparison

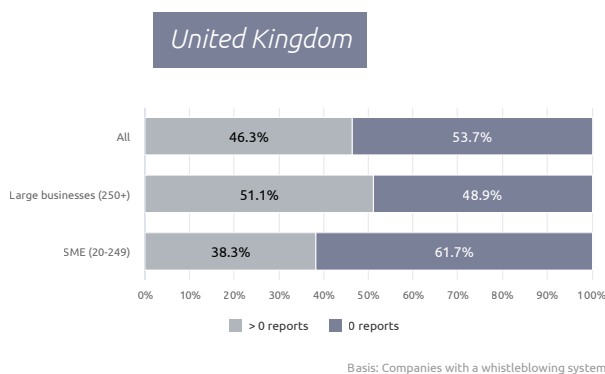


Figure 65 Number of reports received by the whistleblowing system in the United Kingdom with a size comparison

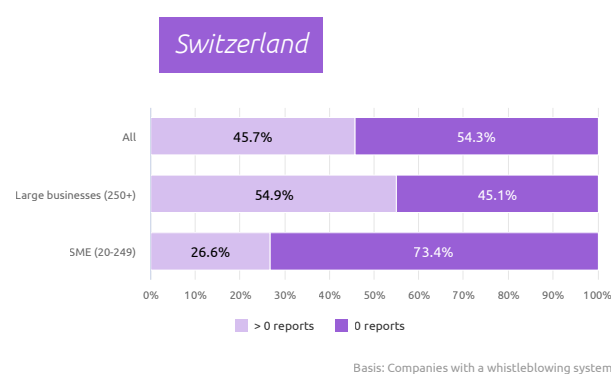


Figure 66 Number of reports received by the whistleblowing system in Switzerland with a size comparison

Quality of the reports

How many of the 2020 reports received were relevant or abusive reports?

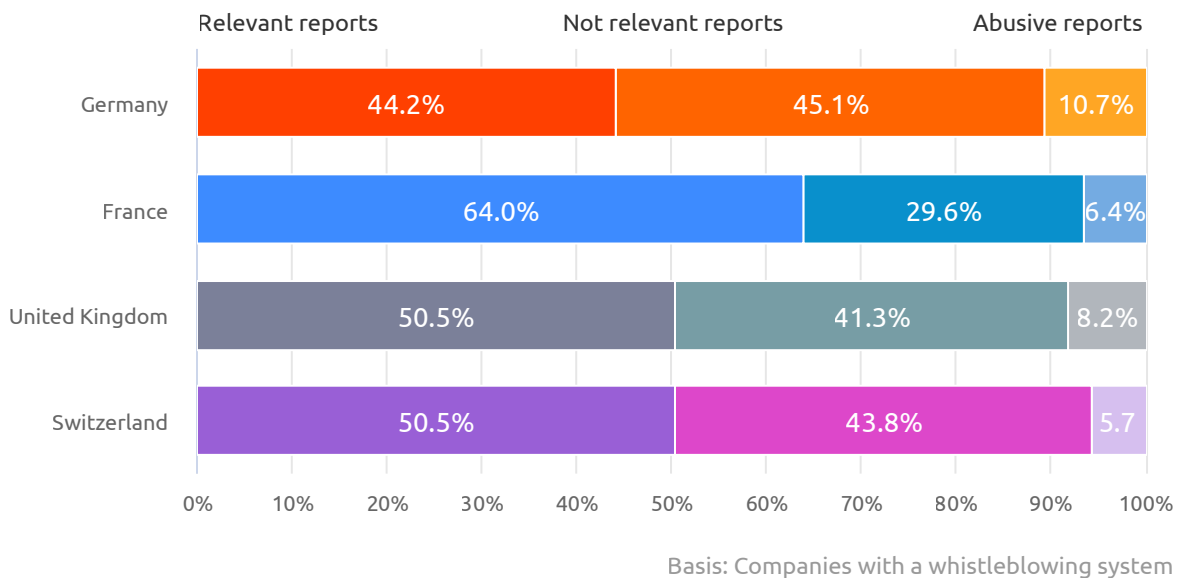


Figure 67 Number of relevant and abusive reports in 2020 with a country comparison

In the case of the British and Swiss companies surveyed, approximately 50 percent of the incoming reports are **relevant and substantial** in each case (cf. Figure 67). This means that half of the incoming reports actually concern a compliance-relevant topic. In Germany, the proportion of relevant and substantial reports is somewhat lower at just over 44%, while the proportion is significantly higher among French companies (64%). With the exception of Germany, the proportion of relevant reports has increased slightly compared to the last Whistleblowing Report. Whistleblowing systems can therefore be seen as an effective tool for detecting misconduct, helping companies to protect their reputation. Furthermore, the statistical analyses show that the number of relevant reports is higher for companies that allow reports via hotline/call centre, letter/fax or mobile app.

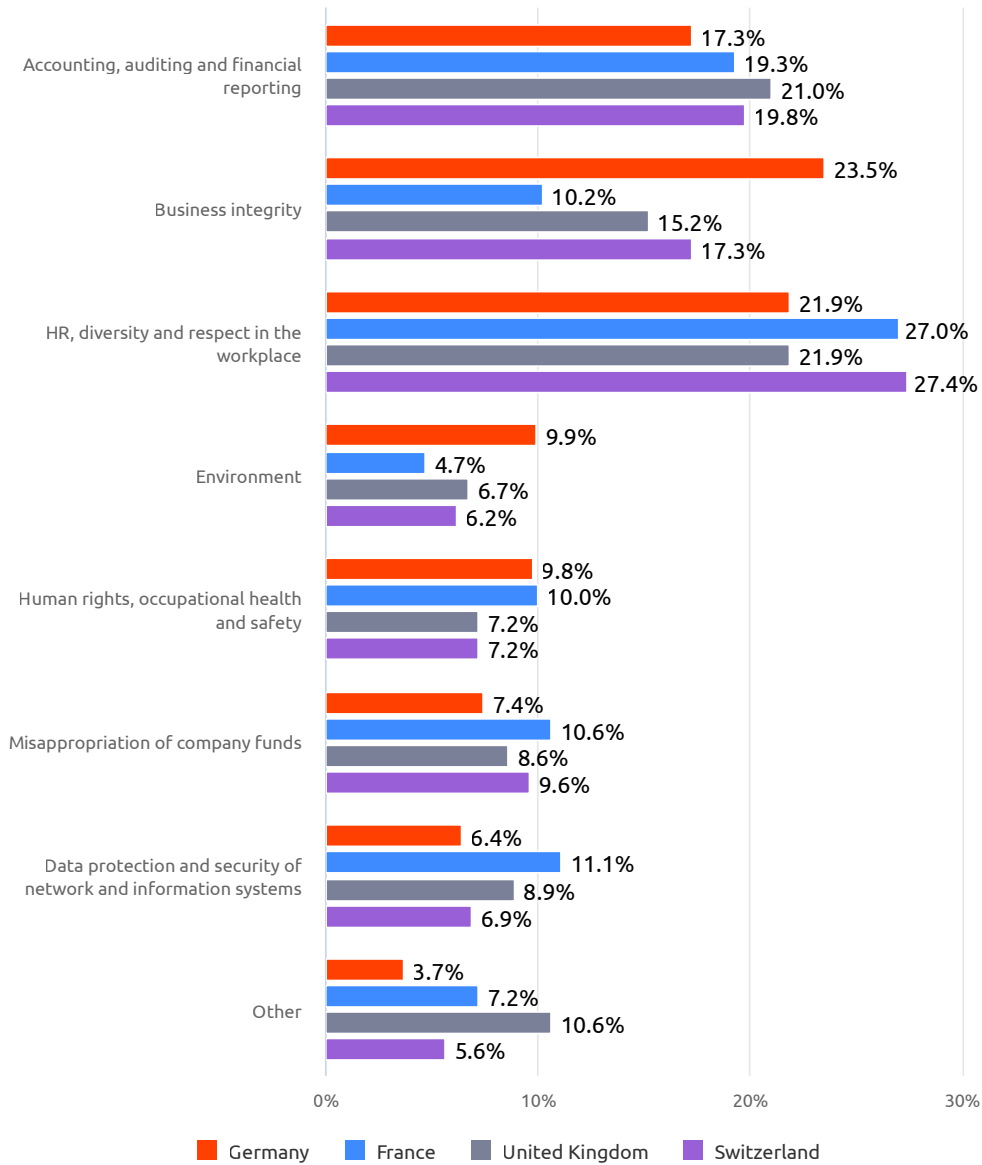
A recurring concern about whistleblowing systems is that whistleblowers may misuse them to file untrue or defamatory reports that potentially harm individual employees or the entire company. The results of the present study show that 5.7 percent of the incoming reports from the Swiss companies investigated and 6.4 percent from the French companies are classified as **abusive**. This proportion is slightly higher for British (8.2%) and German (10.7%) companies. While the proportion of abusive reports in Switzerland and the United Kingdom has risen slightly compared to the survey two years ago, it has fallen in Germany and especially in France.

Overall, the figures are at a similar level to those in the 2019 Whistleblowing Report, so the fear that whistleblowing systems are being abused on a large scale is not borne out by the statistical analysis. At the same time, it is clear that the proportion of abusive reports is no higher among companies that allow anonymous reporting than among those that do not accept anonymous reports.

In addition to relevant and abusive reports, whistleblowing systems also receive other reports that are classified as **not relevant**. This category includes all reports which, although not submitted with an abusive intention, do not fall within the whistleblowing system's remit due to the subject matter. These can be, for example, reports on internal company problems, such as indications of operational problems of a technical nature, or personal complaints, e.g. in relation to management style. Such reports, although not relevant from a compliance perspective, usually do not affect the operation of the whistleblowing system and can be transmitted to the responsible department (e.g. technical support or human resources) without much effort.

Topics

To which topics did the relevant reports refer?



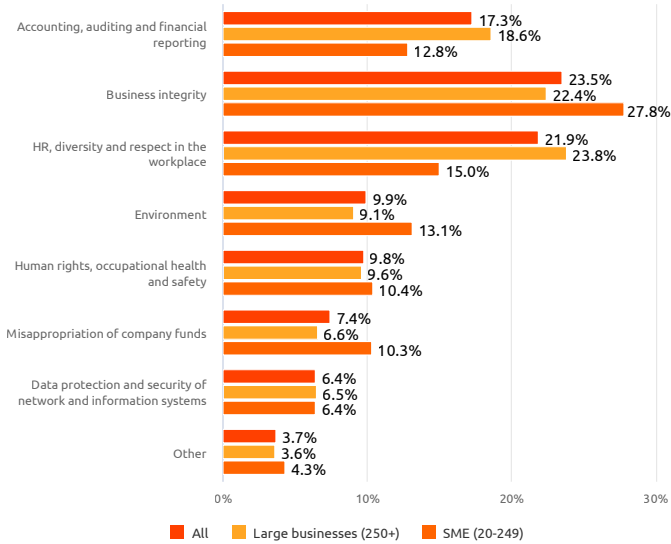
Basis: Companies with a whistleblowing system

Figure 68 Subject area of the relevant reports in 2020 with a country comparison

As shown in Figure 68, the relevant reports among the surveyed companies from France, the UK and Switzerland most frequently referred to HR-related issues or diversity and respect in the workplace. This includes, for example, discrimination, harassment or bullying in addition to general HR issues. Furthermore, the results clearly show that among the large companies surveyed in all countries, the largest share of relevant reports relates to the above-mentioned areas (cf. country graphs). In the case of the large British companies surveyed, the proportion of relevant reports relating to HR is just over 22 percent, while the figure for large Swiss companies is just under 30 percent. The shares of the large German and French companies are in between. In addition, reports relating to accounting, auditing and financial reporting (e.g. financial misconduct, falsification of financial documents) or business integrity are frequently received across all countries. For all countries, more than half of the reports received relate to either HR, accounting or business integrity.

While for the large companies surveyed in all countries the majority of incoming reports concern HR issues, there are differences between the countries for the SMEs surveyed. The relevant reports among German SMEs relate most frequently to business integrity, at just under 28 percent. These include, for example, issues such as bribery, corruption, product safety and compliance, or competition and antitrust violations. By contrast, in France, as in the case of large companies, the majority of relevant reports among the SMEs surveyed relate to HR, while among the UK and Swiss SMEs surveyed, the relevant reports most frequently relate to accounting, auditing and financial reporting.

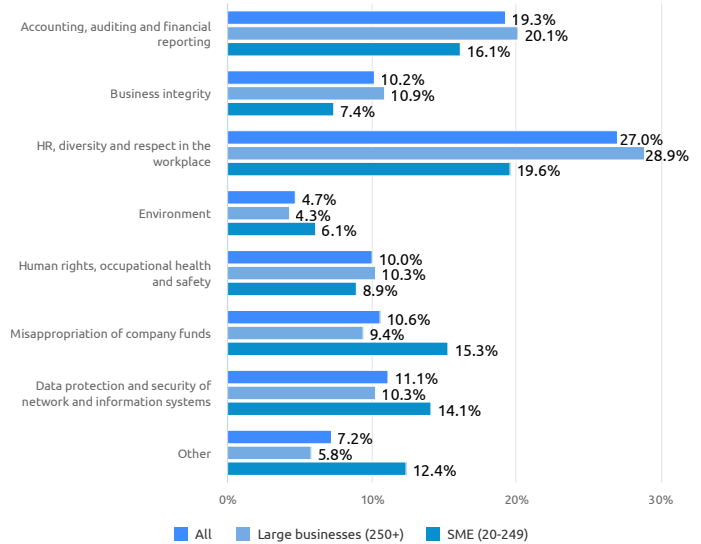
Germany



Basis: Companies with a whistleblowing system

Figure 69 Subject area of the relevant reports in Germany in 2020 with a size comparison

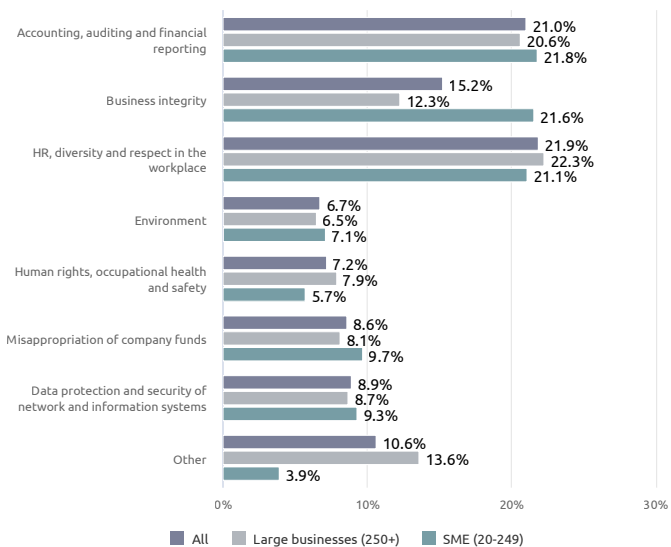
France



Basis: Companies with a whistleblowing system

Figure 70 Subject area of the relevant reports in France in 2020 with a size comparison

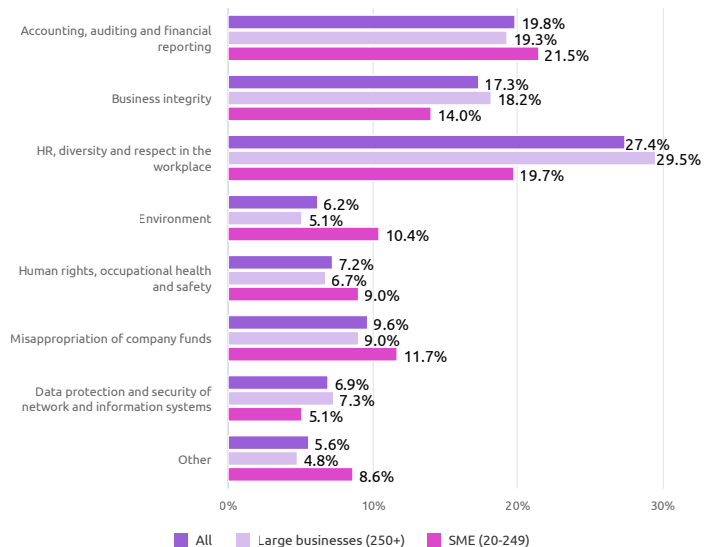
United Kingdom



Basis: Companies with a whistleblowing system

Figure 71 Subject area of the relevant reports in the United Kingdom in 2020 with a size comparison

Switzerland



Basis: Companies with a whistleblowing system

Figure 72 Subject area of the relevant reports in Switzerland in 2020 with a size comparison

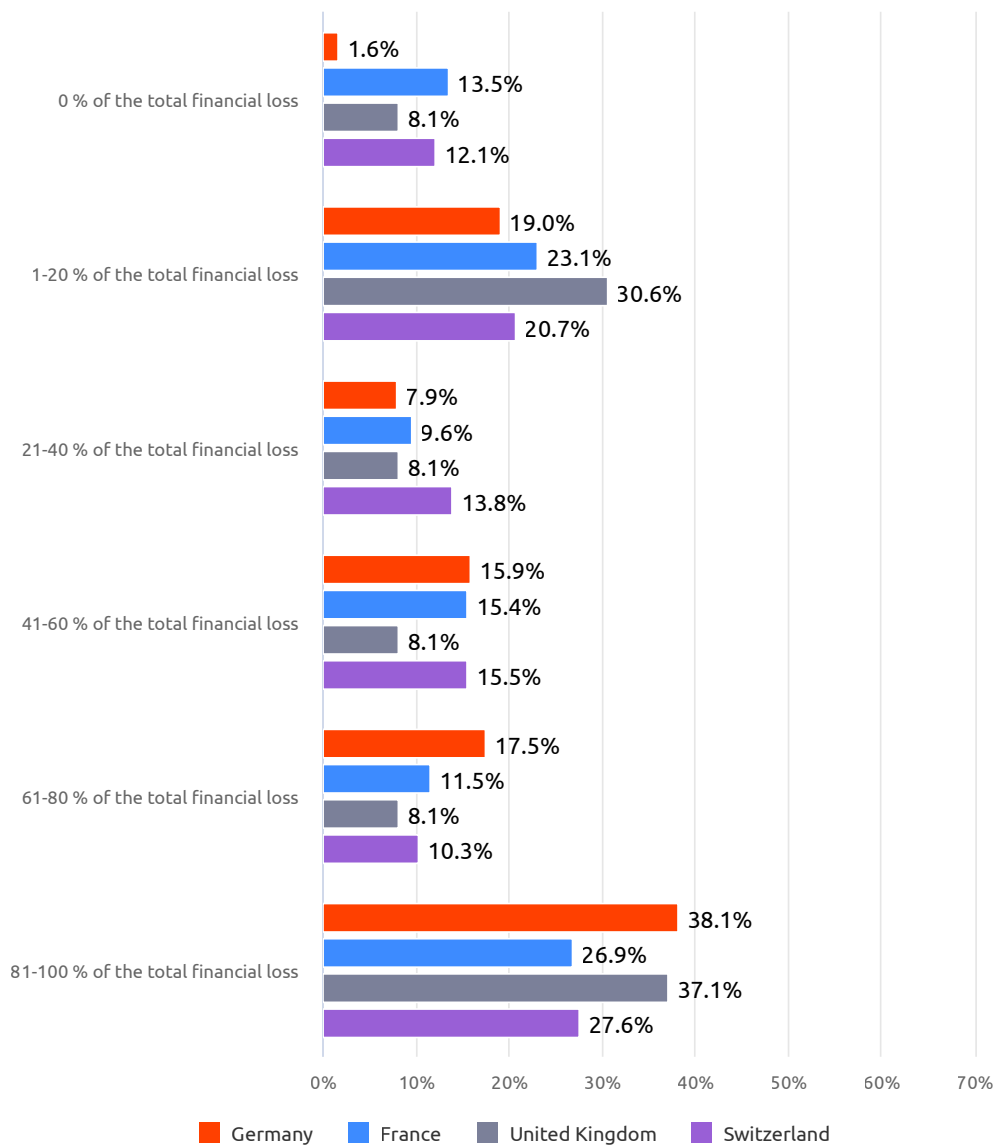
Anonymous reports

Across all countries, at least half of the companies surveyed with a whistleblowing system allow whistleblowers to submit anonymous reports, i.e. it is not possible to draw conclusions about the identity of the whistleblower (cf. chapter Identifiability). For those companies that allow anonymous reporting, about half (48%) of the initial reports received in 2020 were submitted anonymously. In just under one fifth of these reports, the identity of the person providing the tip-off became known in the course of the process. The statistical analyses show that companies whose whistleblowing systems include certain channels (mobile app, personal visit) have a higher probability of revealing the identity of the reporting person. In contrast, the identity of the whistleblower is more often preserved in the case of companies whose whistleblowing system can be reached via a web-based whistleblowing system, letter/fax or email.

Benefits

Uncovering through whistleblowing systems

What proportion of the total financial loss were companies able to uncover in 2020 thanks to the whistleblowing system?



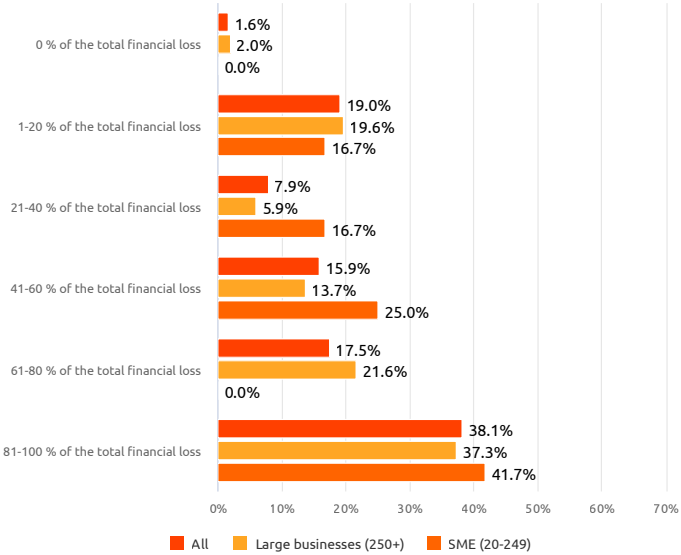
Basis: Companies with whistleblowing system and with a total financial loss 2020 > 0

Figure 73 Share of the total financial loss in 2020 uncovered by the whistleblowing system with a country comparison

The present study makes it clear that in 2020 around one in three of the companies investigated was affected by misconduct in all countries (cf. chapter Illegal and unethical behaviour in companies), which in some cases resulted in considerable financial loss (cf. chapter Financial loss). As the results show, whistleblowing systems are effective in identifying any misconduct in the company and thereby reducing potential monetary and non-monetary risks. With the help of the whistleblowing system, just under 40 percent of the German and British companies surveyed were able to uncover more than 80 percent of the total financial loss in 2020 (cf. Figure 73). This proportion is lower in the case of the French and Swiss companies studied. However, the proportions across all countries have increased massively in this category, compared to the 2019 Whistleblowing Report results. The proportion among the companies surveyed from Germany and the UK is around 25 percentage points higher than two years ago.

There are clear differences between large companies and SMEs (cf. country graphs). The proportion of large companies from Germany and Switzerland surveyed that were able to uncover 61 percent or more of the total financial loss through the whistleblowing system is significantly higher than for SMEs. By contrast, among the French and British companies surveyed, it is more often SMEs, compared to large companies, that have been able to identify at least 61 percent of the total financial loss thanks to the whistleblowing system.

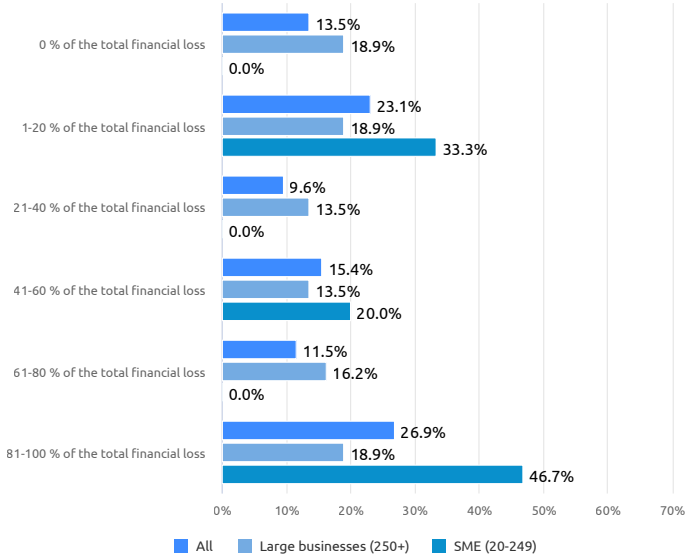
Germany



Basis: Companies with whistleblowing system and with a total financial loss 2020 > 0

Figure 74 Share of the total financial loss in Germany in 2020 uncovered by the whistleblowing system with a size comparison

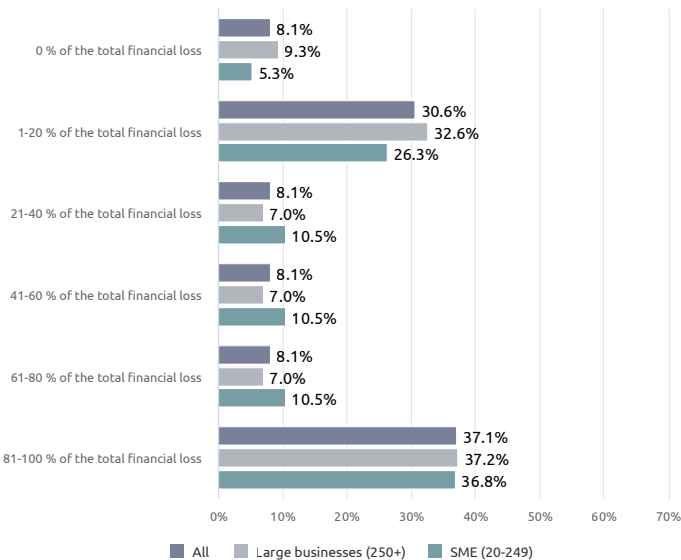
France



Basis: Companies with whistleblowing system and with a total financial loss 2020 > 0

Figure 75 Share of the total financial loss in France in 2020 uncovered by the whistleblowing system with a size comparison

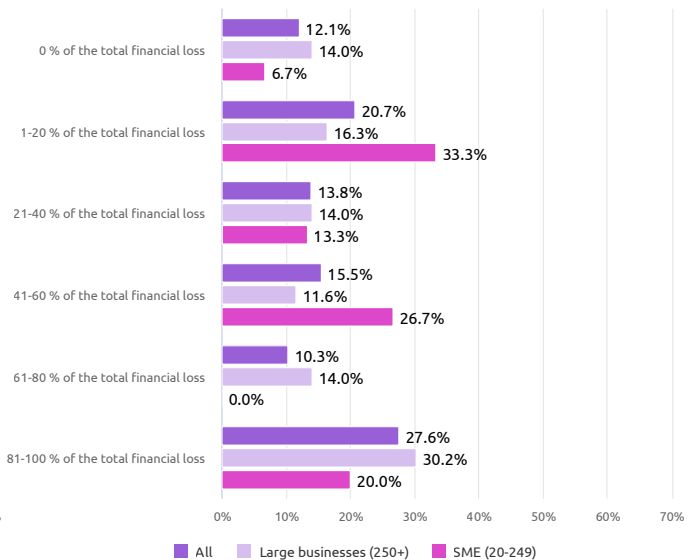
United Kingdom



Basis: Companies with whistleblowing system and with a total financial loss 2020 > 0

Figure 76 Share of the total financial loss in the United Kingdom in 2020 uncovered by the whistleblowing system with a size comparison

Switzerland

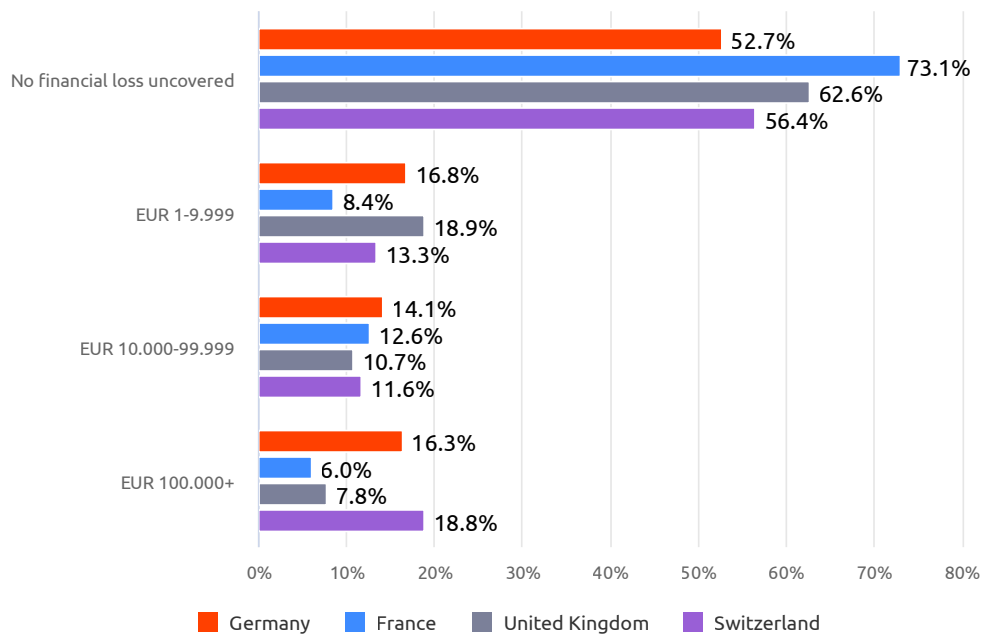


Basis: Companies with whistleblowing system and with a total financial loss 2020 > 0

Figure 77 Share of the total financial loss in Switzerland in 2020 uncovered by the whistleblowing system with a size comparison

Highest sum of loss uncovered

What was the greatest financial loss which companies were able to uncover thanks to the whistleblowing system?

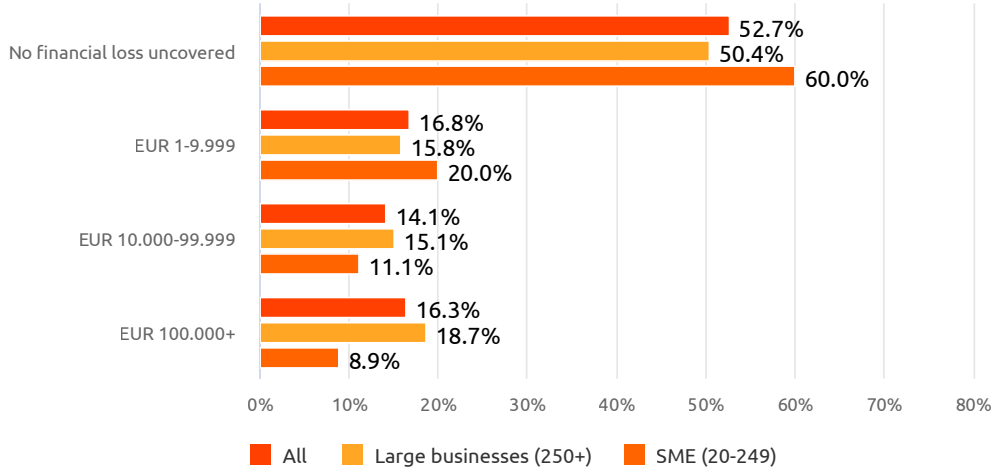


Basis: Companies with a whistleblowing system

Figure 78 Greatest financial loss uncovered by the whistleblowing system with a country comparison

Furthermore, for this study, companies were asked about the greatest financial loss that could be identified thanks to the whistleblowing system since its introduction. As the results from two years ago showed, in 2020 it was again mainly companies from Germany and Switzerland that were able to identify large losses of EUR 100,000 or more on the basis of the whistleblowing system (cf. Figure 78). This is mainly due to large companies (cf. country graphs).

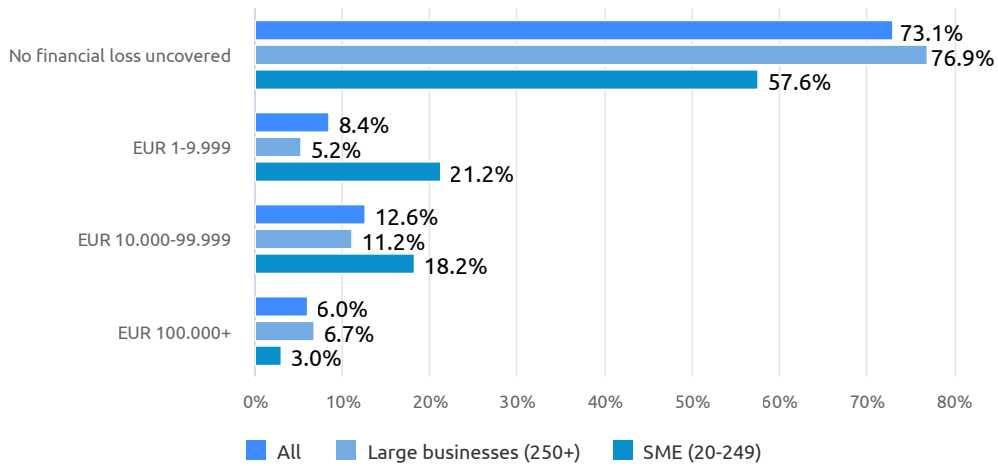
Germany



Basis: Companies with a whistleblowing system

Figure 79 Greatest financial loss uncovered by the whistleblowing system in Germany with a size comparison

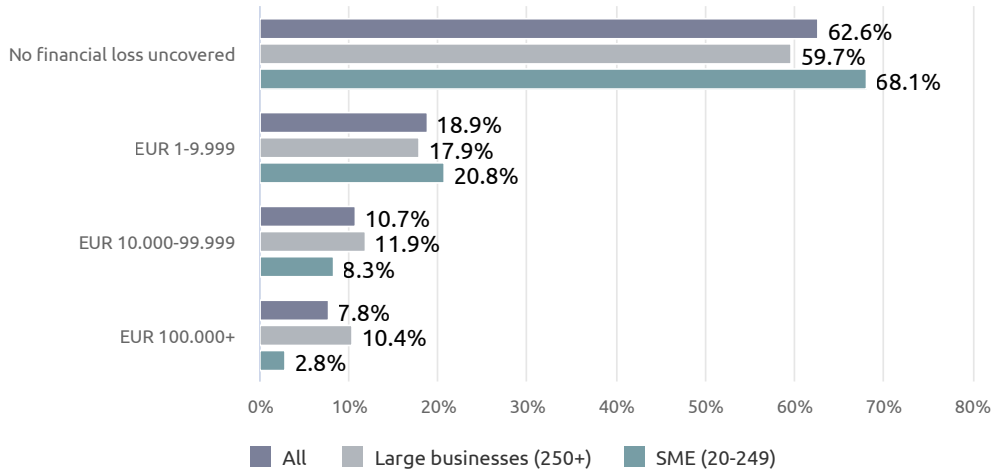
France



Basis: Companies with a whistleblowing system

Figure 80 Greatest financial loss uncovered by the whistleblowing system in France with a size comparison

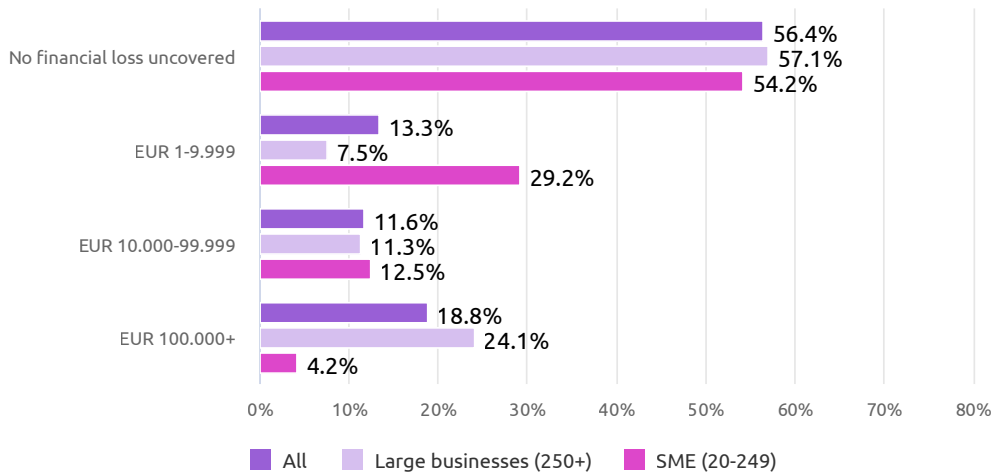
United Kingdom



Basis: Companies with a whistleblowing system

Figure 81 Greatest financial loss uncovered by the whistleblowing system in the United Kingdom with a size comparison

Switzerland



Basis: Companies with a whistleblowing system

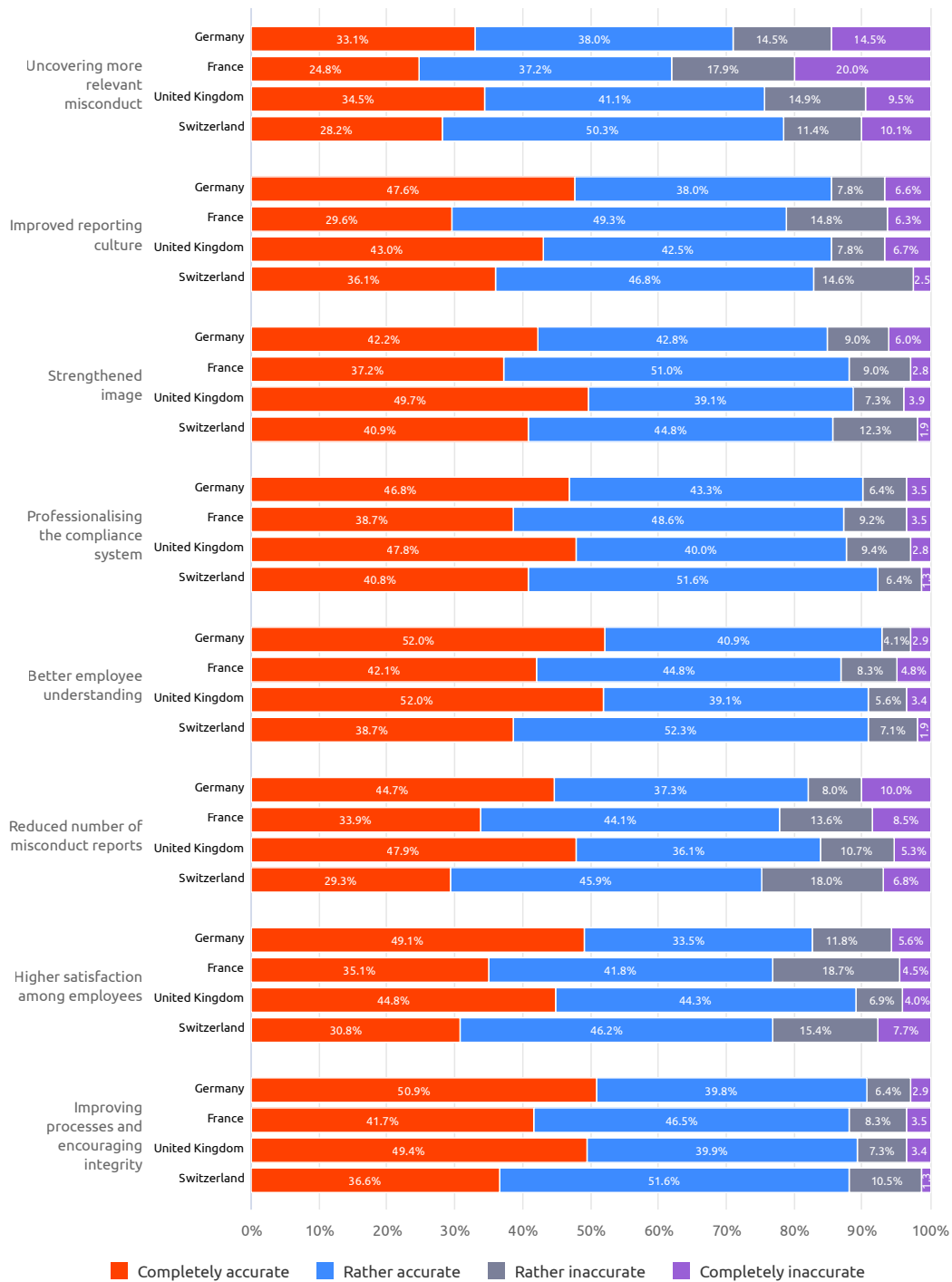
Figure 82 Greatest financial loss uncovered by the whistleblowing system in Switzerland with a size comparison

Non-financial benefit

What non-financial benefits have companies been able to achieve so far through the use of the whistleblowing system?

Rank	All countries	Germany	France	United Kingdom	Switzerland
1	A better understanding of compliance among employees	A better understanding of compliance among employees	A better understanding of compliance among employees	A better understanding of compliance among employees	A strengthened image as an ethical company with integrity
2	Improved processes and stronger integrity	Improved processes and stronger integrity	Improved processes and stronger integrity	A strengthened image as an ethical company with integrity	A more professional compliance system/management
3	A more professional compliance system/management	Higher satisfaction among employees	A more professional compliance system/management	Improved processes and stronger integrity	A better understanding of compliance among employees

Figure 83 Rank list of non-financial benefits through the use of a whistleblowing system with a country comparison



Basis: Companies with a whistleblowing system

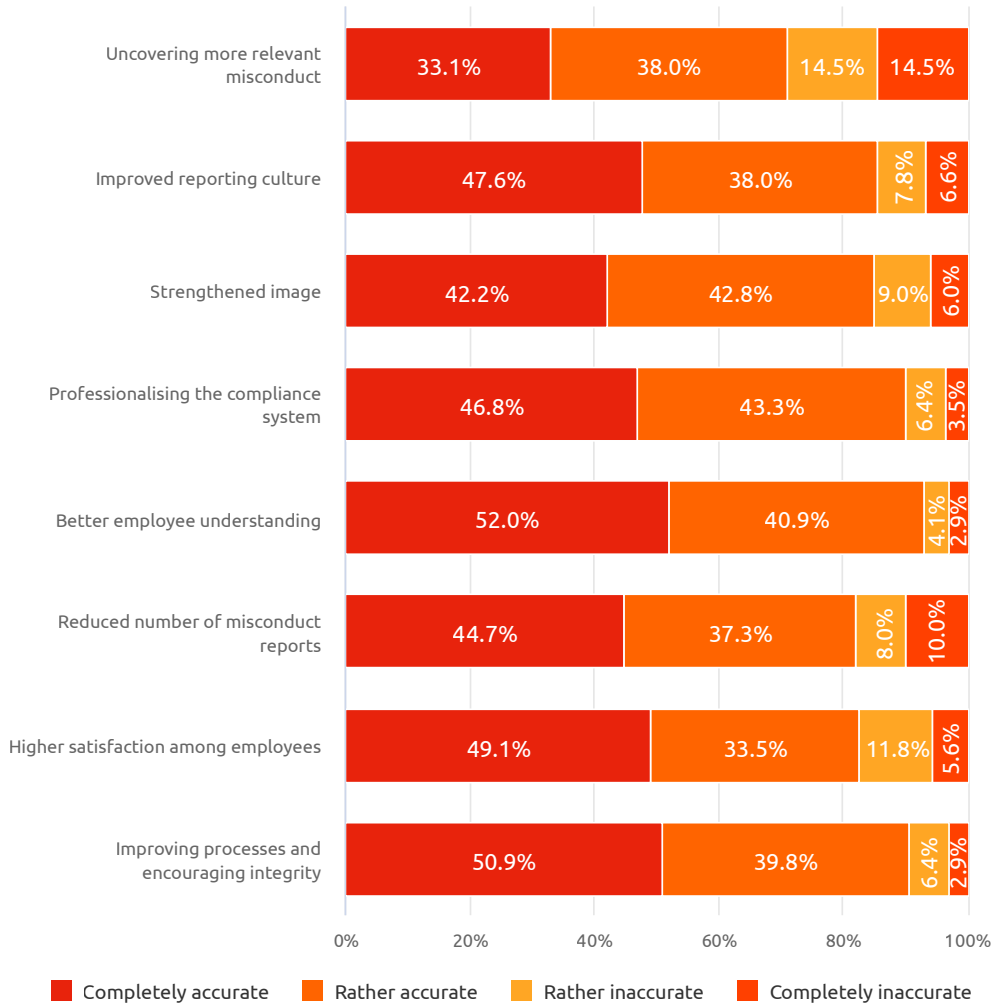
Figure 84 Non-financial benefits through the use of a whistleblowing system with a country comparison

As described in chapter Deciding, the main motives for introducing a whistleblowing system are the conviction of the usefulness and effectiveness of the whistleblowing system, the goal to strengthen the company's image as an ethical company with integrity, and the desire to improve as a result of the reports received. Accordingly, it is shown below that, in addition to the monetary effects, companies can also achieve considerable non-monetary benefits through their whistleblowing system.

Across all countries, the companies surveyed very much appreciate the fact that the whistleblowing system provides employees with a better understanding of compliance. Similarly, the improvement of processes and the strengthening of integrity are among the most important non-financial impacts achieved by the whistleblowing system. It is also mentioned that the whistleblowing system enables the compliance system and compliance management to become more professional (cf. Figure 84).

The British and Swiss companies also report that they are increasingly perceived as an ethical company with integrity, while the German companies also report increased employee satisfaction. The non-financial effects mentioned are largely the same as those mentioned in the study two years ago. Whereas two years ago companies from Germany and France stated that the number of grievances had been reduced thanks to the whistleblowing system, this is no longer among the top three non-monetary effects in this year's study.

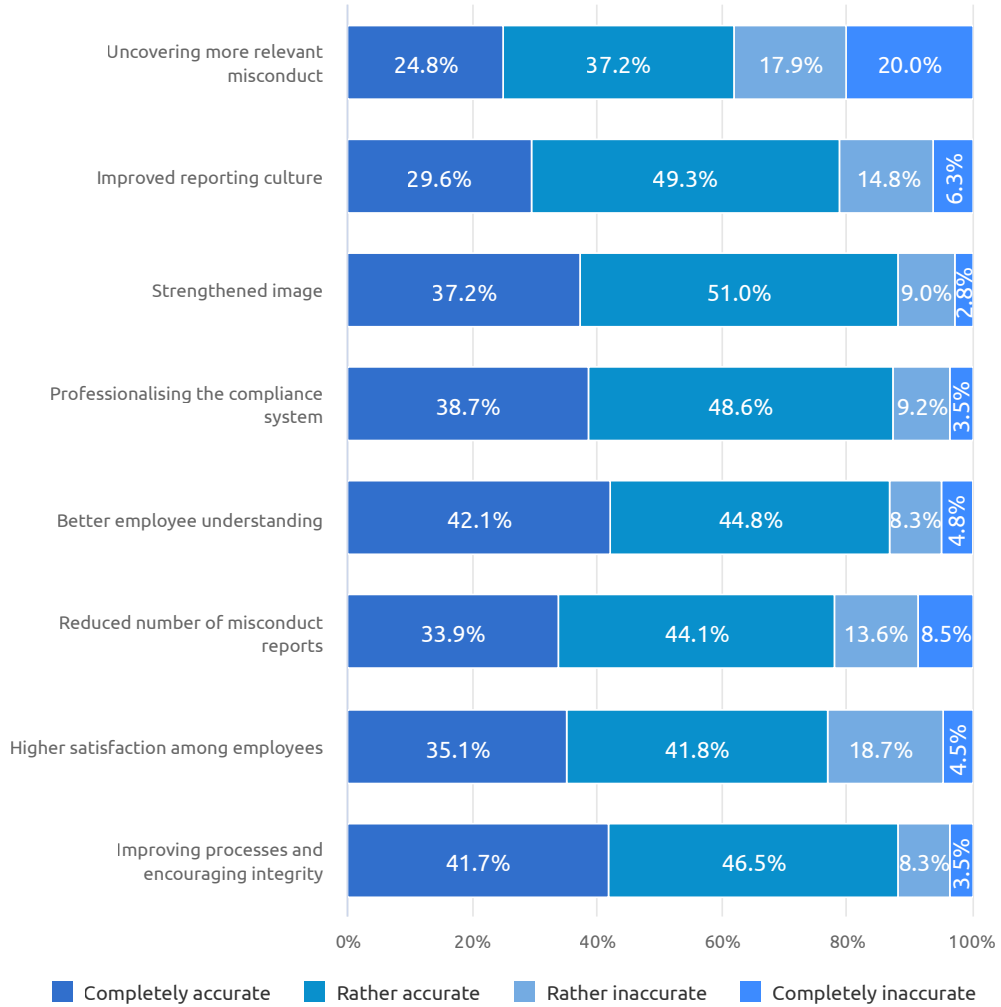
Germany



Basis: Companies with a whistleblowing system

Figure 85 Non-financial benefits through the use of a whistleblowing system in Germany with a size comparison

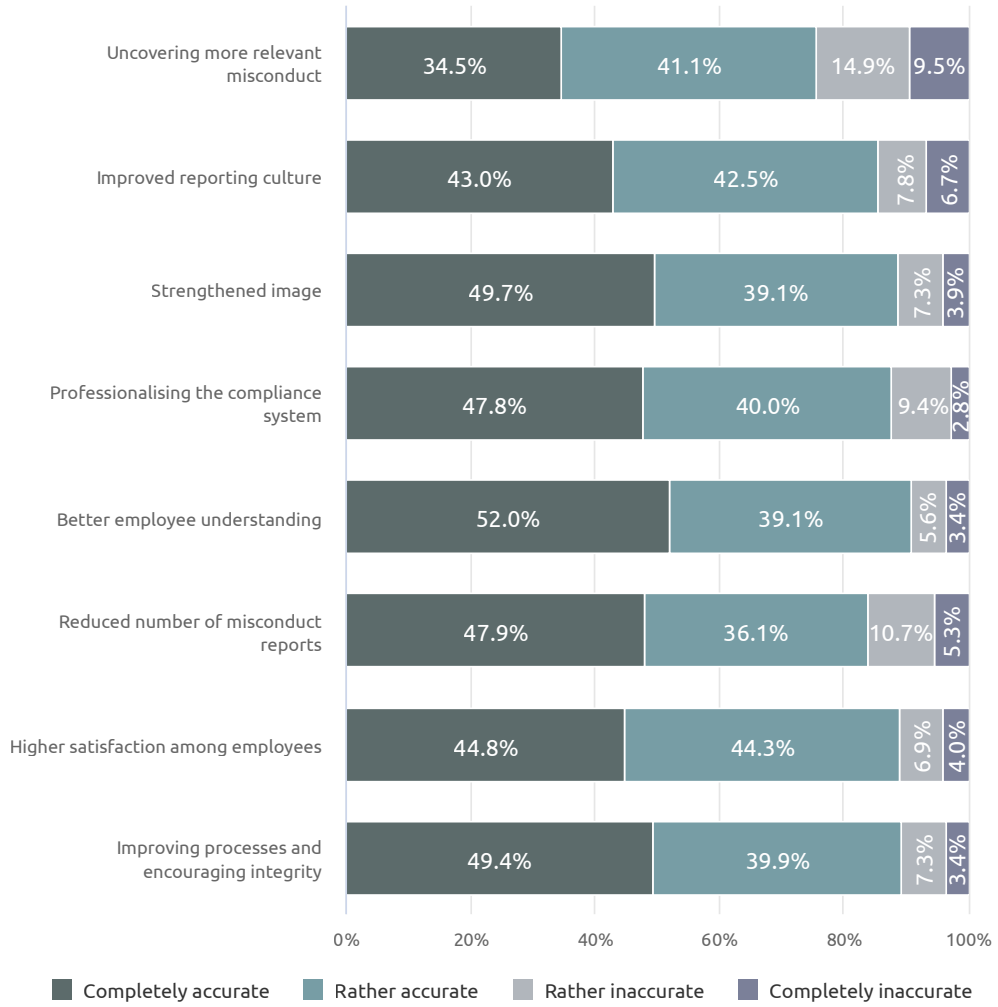
France



Basis: Companies with a whistleblowing system

Figure 86 Non-financial benefits through the use of a whistleblowing system in France with a size comparison

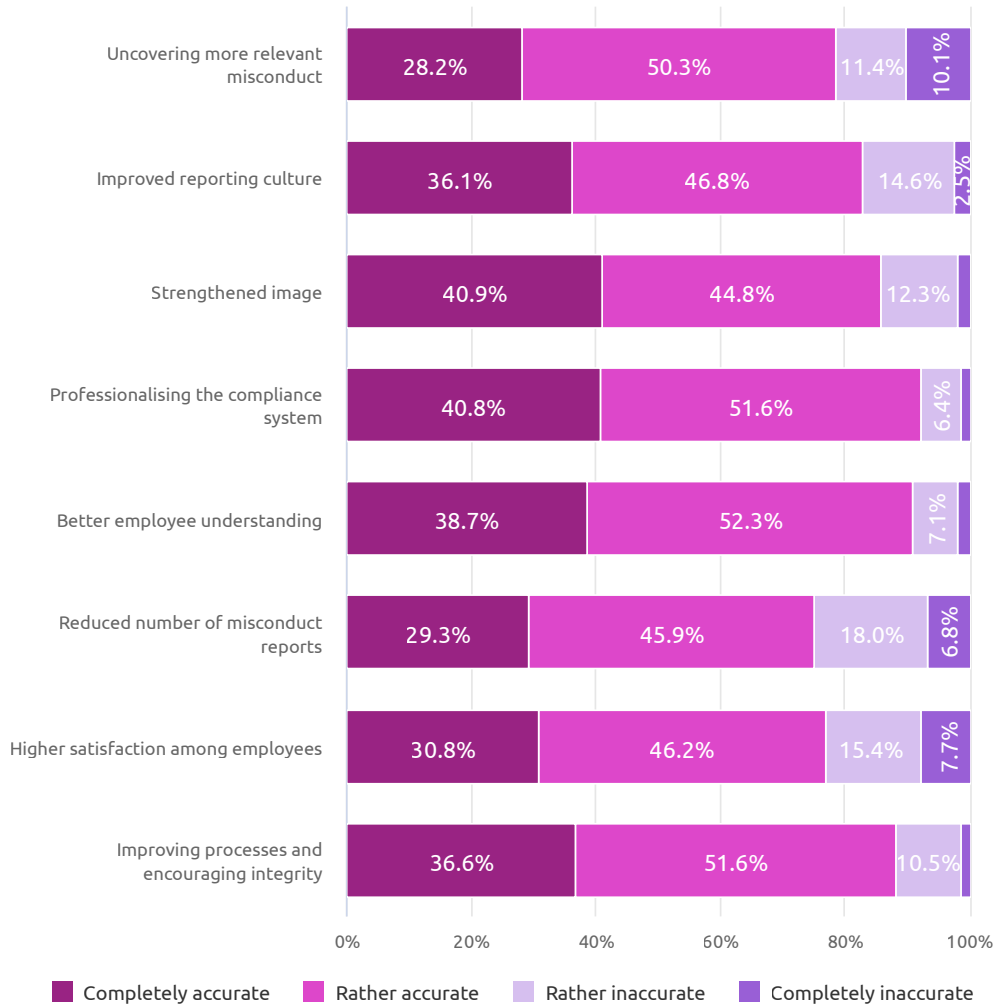
United Kingdom



Basis: Companies with a whistleblowing system

Figure 87 Non-financial benefits through the use of a whistleblowing system in the United Kingdom with a size comparison

Switzerland



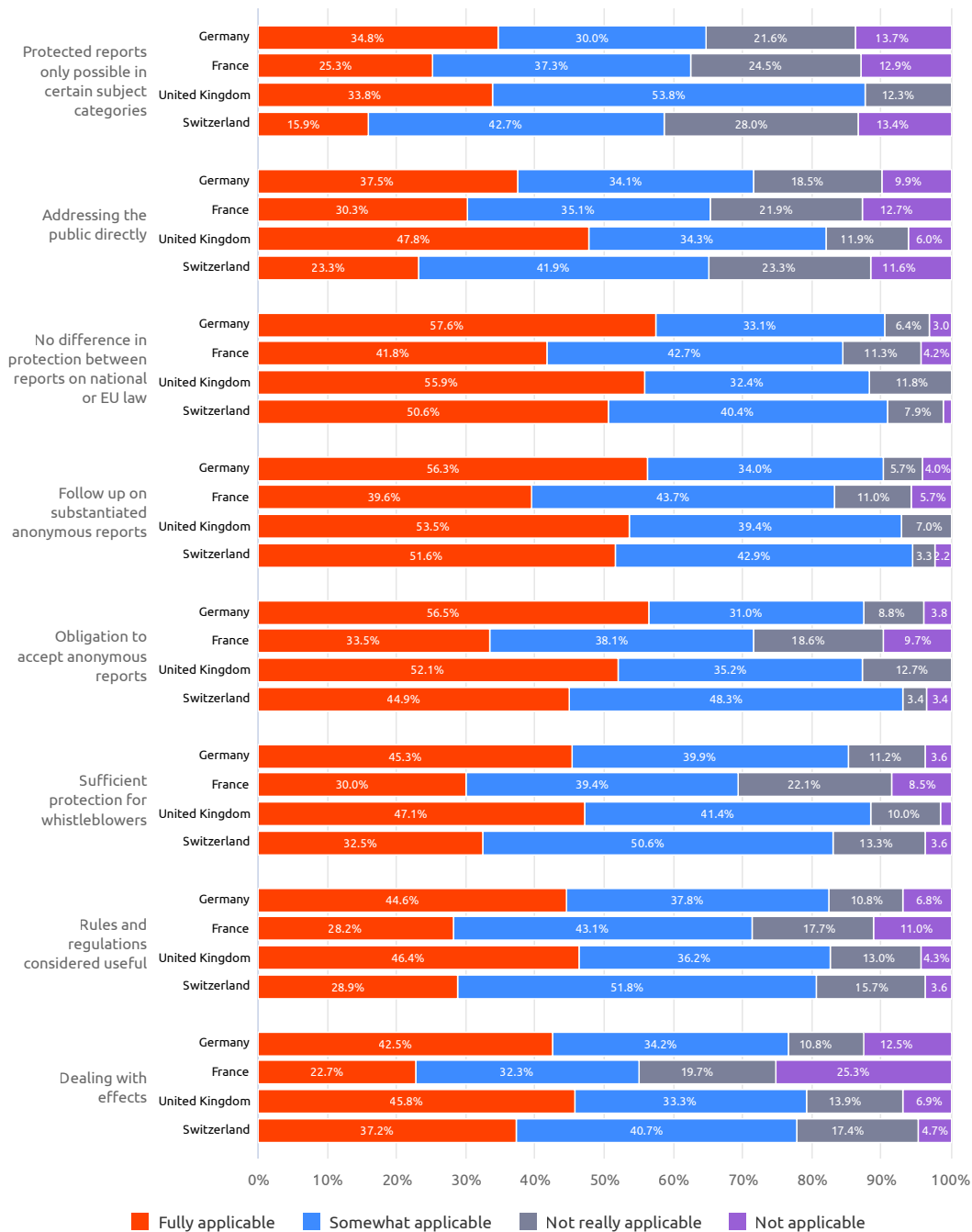
Basis: Companies with a whistleblowing system

Figure 88 Non-financial benefits through the use of a whistleblowing system in Switzerland with a size comparison

EU Whistleblowing Directive

Assessment

How do company representatives view the upcoming national implementation of the EU Whistleblowing Directive?



Basis: Companies impacted by the Directive (with or without a whistleblowing system)

Figure 89 Questions on the implementation of the EU Whistleblower Protection Directive with a country comparison

In 2019, the European Union institutions adopted the directive “on the protection of persons who report breaches of Union law”. This is intended to encourage whistleblowing in companies and at the same time to ensure comprehensive protection of whistleblowers against reprisals. The EU member states must transpose the requirements of the EU Directive into national law and bring them into force by 17 December 2021 at the latest. Although in principle all companies in the European Union with 50 or more employees are covered by the directive, only large companies with 250 or more employees will be affected for the time being when it comes into force in December 2021. For companies with 50 to 249 employees, there is an extended transition period until 17 December 2023.

General attitude towards the EU directive

When asked whether the companies consider the regulations and requirements of the EU directive on the protection of whistleblowers to be useful, a predominantly positive assessment can be seen in principle. However, it appears that French companies tend to have a slightly more sceptical attitude towards European Union regulations. The size comparison makes it clear that, with the exception of the United Kingdom, SMEs are more critical of the regulations and requirements of the EU directive than large companies. However, the small number of affected UK SMEs in the sample must be taken into account.

Across all countries, the majority of company representatives surveyed believe that the EU directive provides sufficient protection for whistleblowers, although this view is shared less frequently than average by French companies. Again, this shows that SME representatives tend to be more sceptical about the directive.

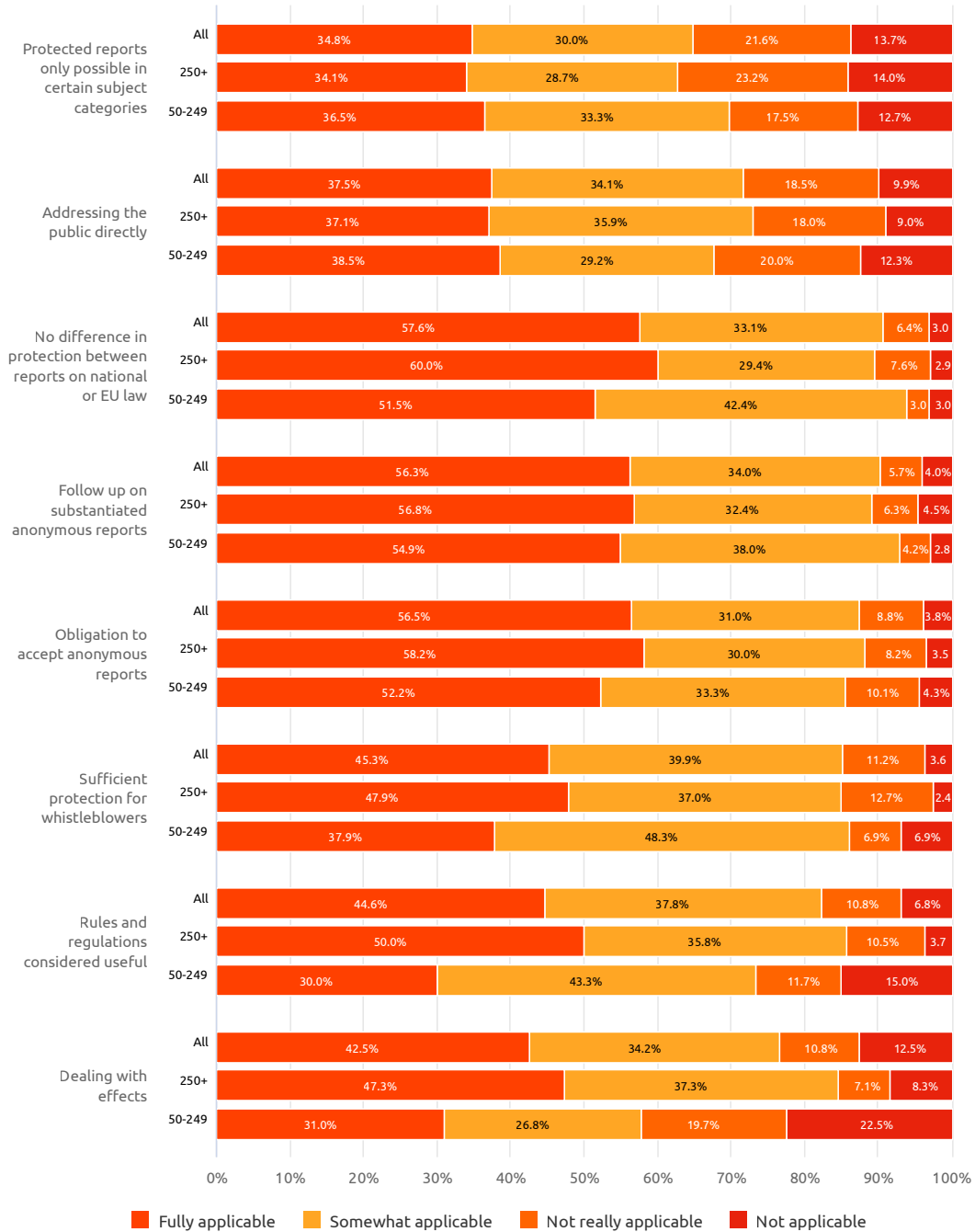
With regard to the material scope of the protection of whistleblowers, the picture is differentiated. It is true that a majority of respondents agree that there should be no difference in the protection of whistleblowers when reporting (possible) violations of European or national law. At the same time, however, a majority also shares the opinion that reports should only be possible in a protected manner in certain subject categories.

Attitude towards individual aspects of the EU directive

The statistical evaluations also make it clear that across all countries, a majority of the company representatives surveyed assess individual substantive requirements of the EU directive positively. Thus, a large proportion of respondents agree that there should be an obligation to receive anonymous reports and also that substantiated anonymous reports should be followed up (cf. Figure 89). Despite the generally broad agreement, both points show that the company representatives from France are more critical of the issue of anonymous reporting. Likewise, a majority of respondents support the requirement that a whistleblower be allowed to contact the public directly if information is of significant public interest. It is striking that this tends to be assessed more positively in the United Kingdom than in the other countries.

Despite the generally favourable assessment of individual provisions of the EU directive, a more detailed analysis shows that only a minority of the company representatives surveyed who are affected by the EU directive fully endorse all the provisions. Respondents from France are particularly critical. There, almost half do not completely agree with any of the specifications. In the other countries, the proportion of company representatives surveyed who do not fully approve of any of the requirements is lower, at just over a quarter in Germany and the UK and just over a third in Switzerland. While SME representatives in Germany and France are more critical than average, representatives of large companies are more critical in the United Kingdom and Switzerland.

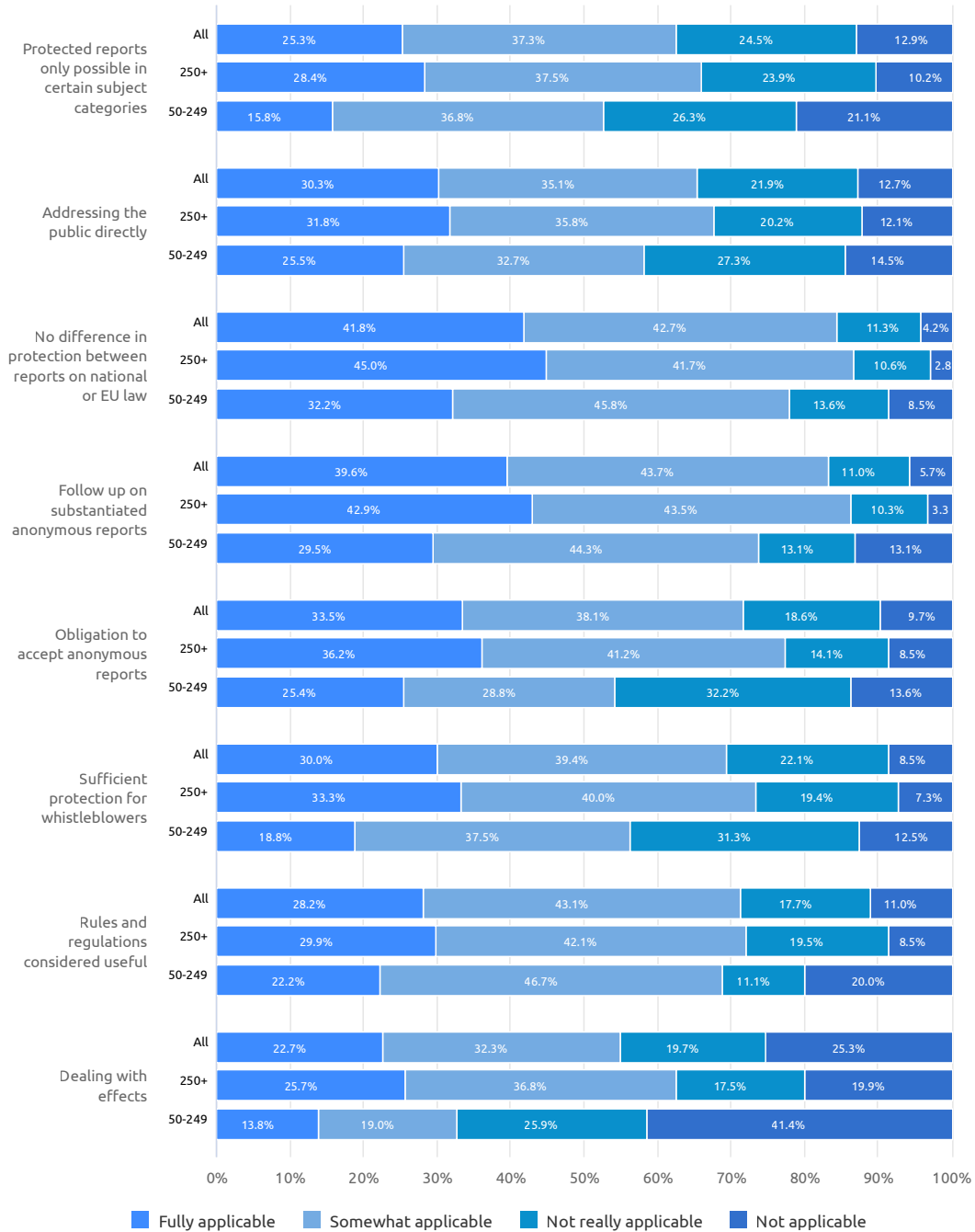
Germany



Basis: Companies impacted by the Directive (with or without a whistleblowing system)

Figure 90 Questions on the implementation of the EU Whistleblower Protection Directive in Germany with a size comparison

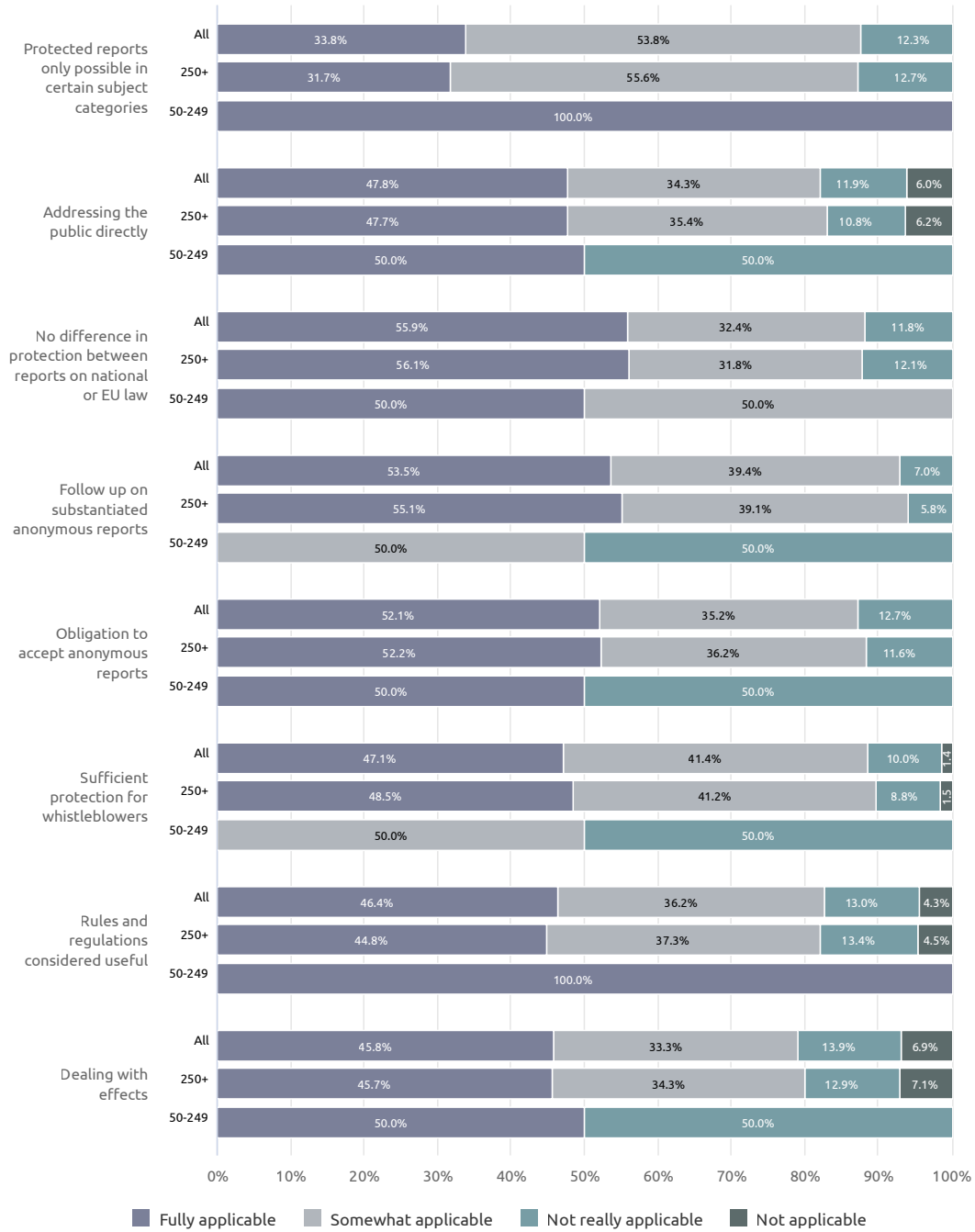
France



Basis: Companies impacted by the Directive (with or without a whistleblowing system)

Figure 91 Questions on the implementation of the EU Whistleblower Protection Directive in France with a size comparison

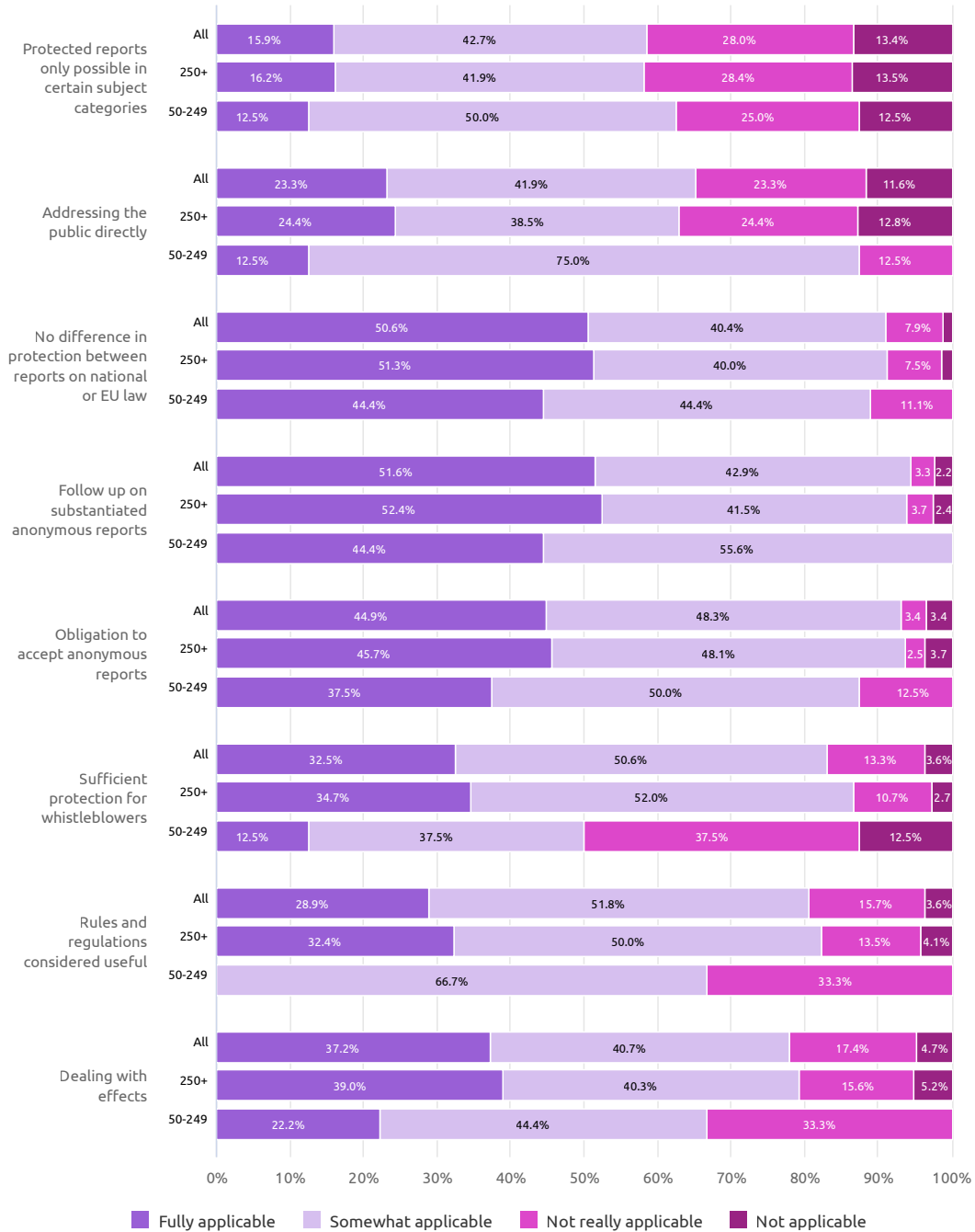
United Kingdom



Basis: Companies impacted by the Directive (with or without a whistleblowing system)

Figure 92 Questions on the implementation of the EU Whistleblower Protection Directive in the United Kingdom with a size comparison

Switzerland

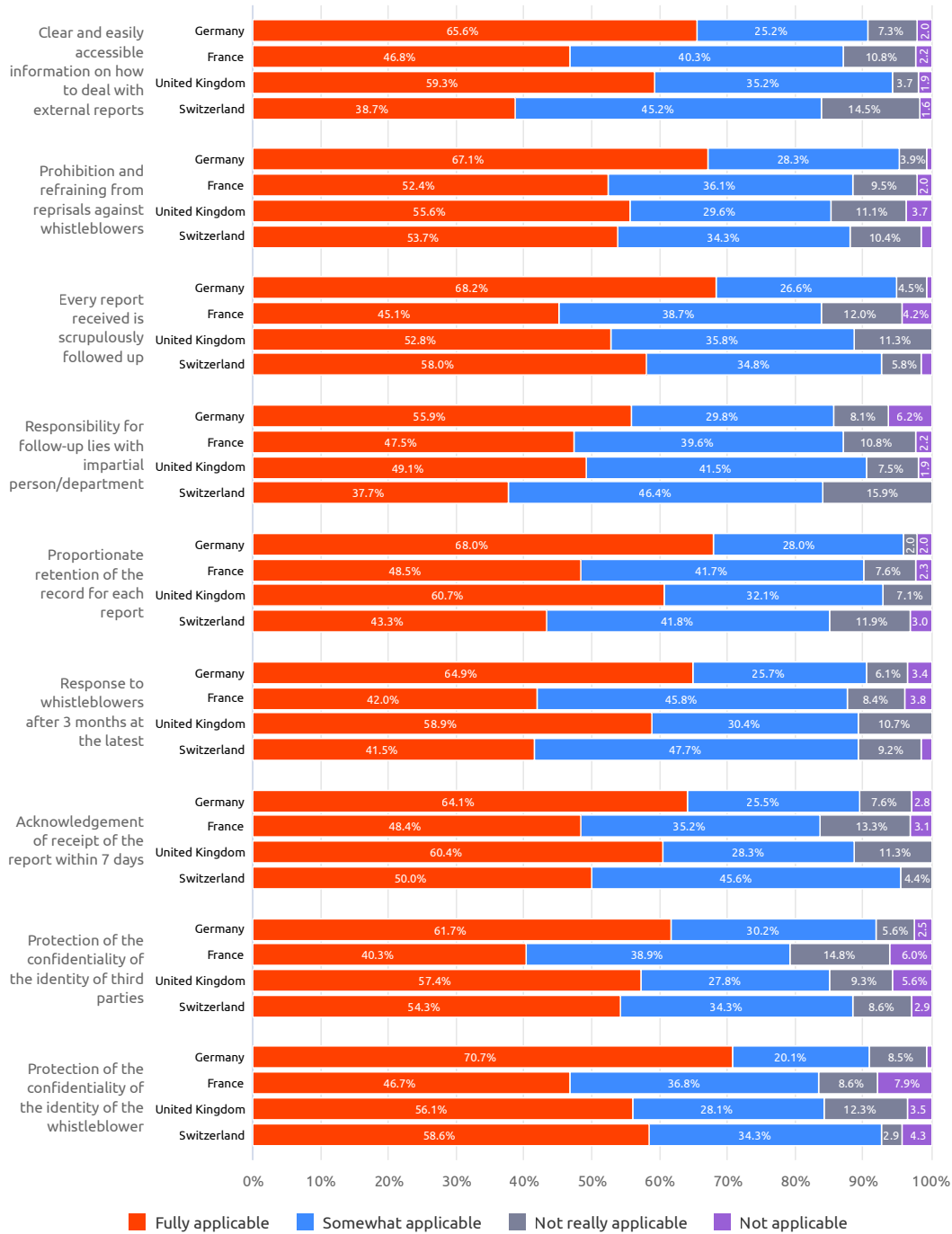


Basis: Companies impacted by the Directive (with or without a whistleblowing system)

Figure 93 Questions on the implementation of the EU Whistleblower Protection Directive in Switzerland with a size comparison

Degree of fulfilment

Which content-related requirements of the EU directive do the companies already fulfill?



Basis: Companies impacted by the Directive with a whistleblowing system

Figure 94 Whistleblowing system decision-making powers with a country comparison

The following section examines how well prepared the companies surveyed are for the introduction of the EU directive on the protection of whistleblowers. As explained above, all companies established in the European Union with 50 or more employees are subject to the provisions of the directive. This therefore covers German and French companies in this size category, as well as companies from the United Kingdom and Switzerland that have a subsidiary with 50 or more employees in a member state of the European Union. However, from the end of 2021, the regulations and requirements will initially only apply to large companies with 250 or more employees. For companies with 50 to 249 employees, the directive will not come into force until two years later. The companies that will be affected by the EU directive were included in the statistical evaluation.

Dealing with the EU directive

A few months before the directive comes into force, the results of this survey show that some of the companies concerned have not yet given much thought to the effects of the EU directive on internal company processes and structures. Of the French companies surveyed, only just over half claim to have looked at the requirements of the directive in at least some detail. In the other countries, the figure is already significantly higher. In Germany, the United Kingdom and Switzerland, this figure is a good three quarters of the companies surveyed. As might be expected, in all countries the large companies surveyed have already dealt with the impact of the directive more frequently than SMEs (cf. country graphs). It is striking that in France a good two thirds of the SMEs concerned have not yet dealt in detail with the EU directive. (Cf. figure 91).

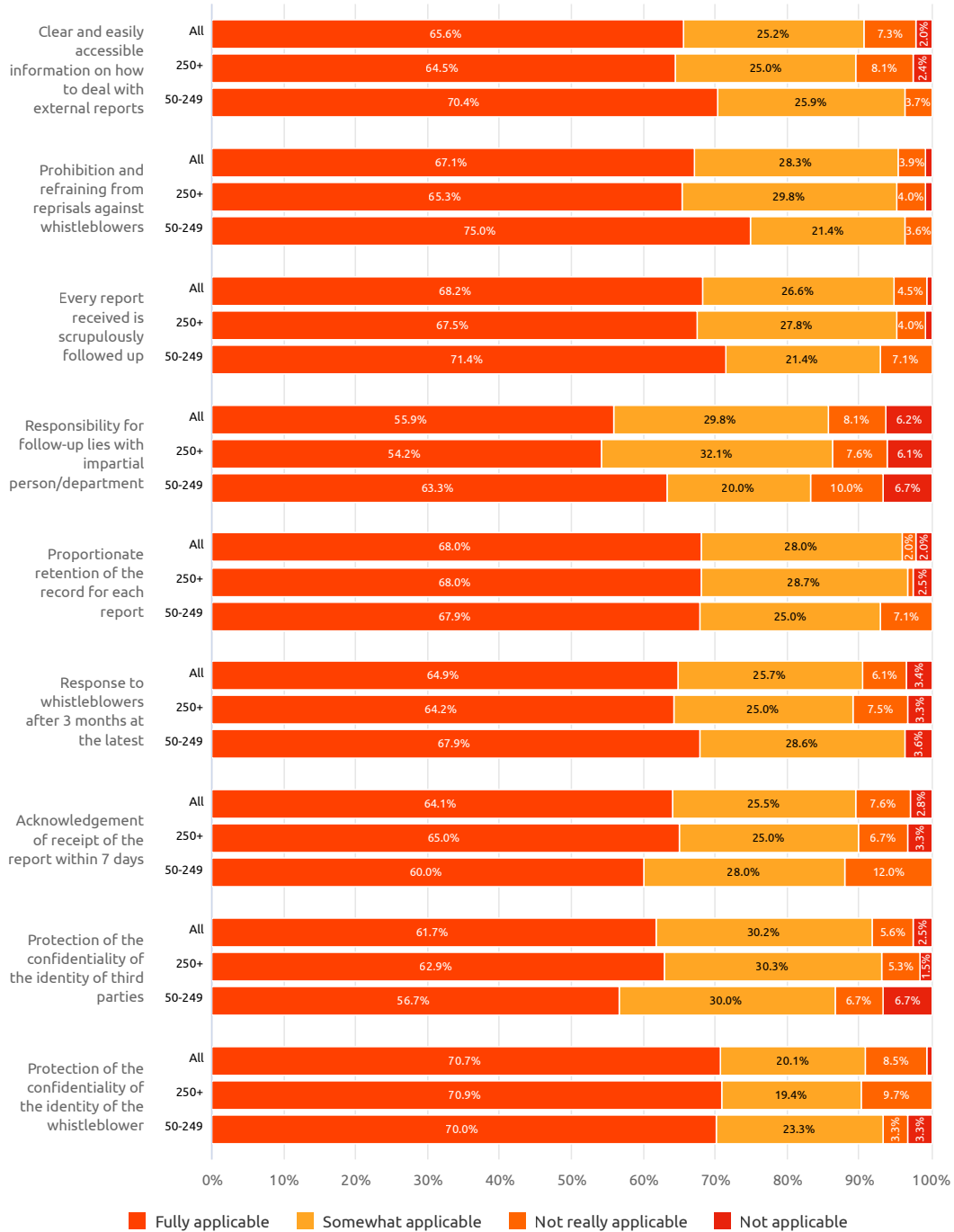
Degree of fulfilment of individual content-related requirements

With regard to the substantive requirements of the EU directive, the results of the study show that the whistleblowing systems of the German and British companies surveyed already confirm receipt of the report within seven days to the whistleblowers with above-average frequency and provide them with feedback on the follow-up measures taken or planned three months later (cf. Figure 104). In addition, the results indicate that half of the companies surveyed have designated an impartial person or department to handle the reports they receive. In Switzerland, however, this is much less common, with a figure of just over one third. Furthermore, it is evident across all countries that, with the exception of France, in the majority of the companies surveyed, the person or department responsible diligently follows up each report received. In France, the figure is around 45 percent. While a large proportion of the companies surveyed from Germany and the United Kingdom affirm that the whistleblowing system keeps records of each report received, but only for as long as is necessary and proportionate, this is less frequently the case in the French and Swiss companies.

As regards the protection of confidentiality, both of the identity of the whistleblower and of third parties mentioned in the reports, the results show that this protection has so far been less developed in French companies than in the other countries. It is also apparent that around half of the companies analysed in France, the United Kingdom and Switzerland explicitly prohibit any form of reprisals against whistleblowers, while in Germany this figure is around two thirds.

In conclusion, it appears that almost two thirds of the German and British companies surveyed already fully agree that the company provides clear and easily accessible information on the procedure for external reporting to the competent authorities.

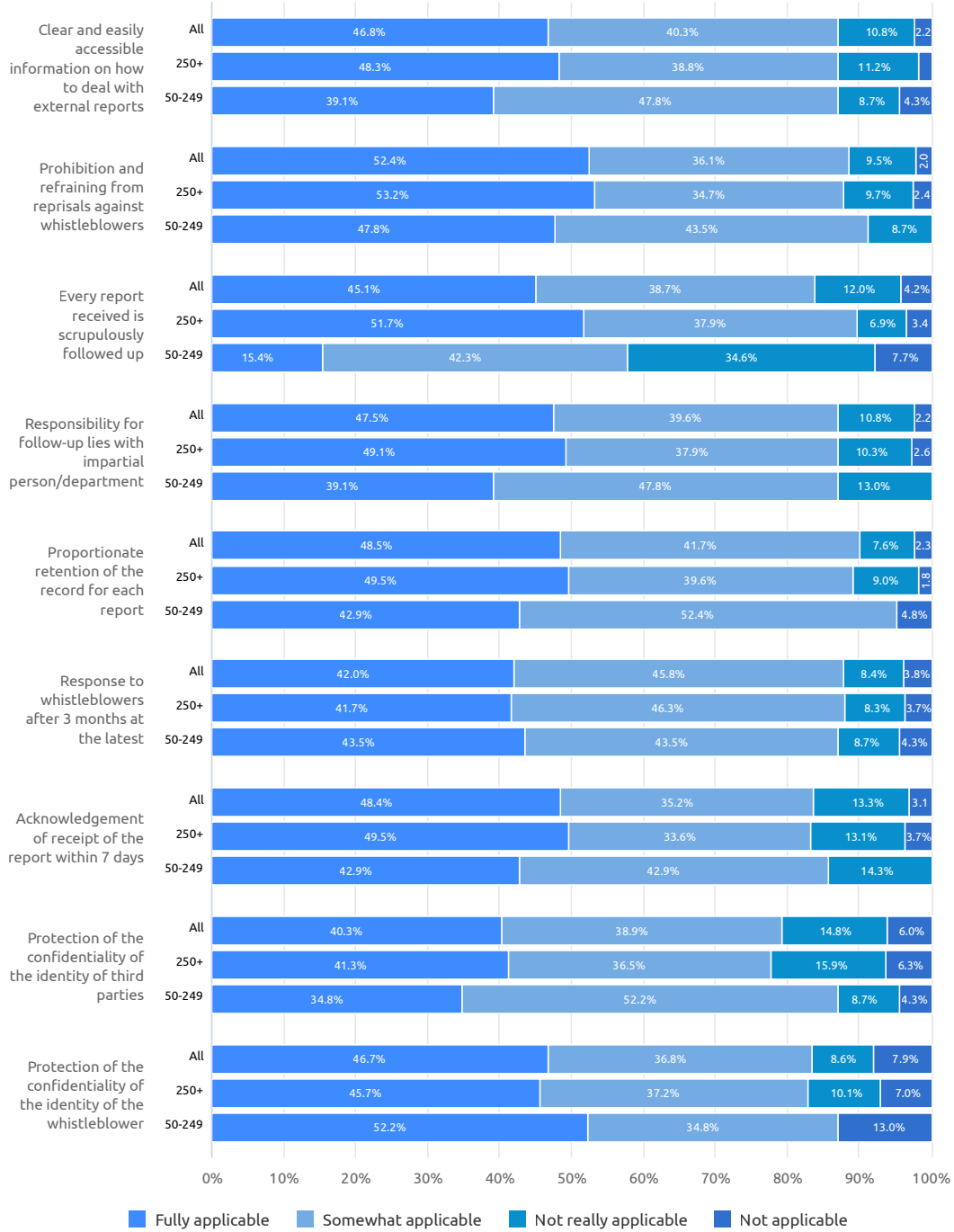
Germany



Basis: Companies impacted by the Directive with a whistleblowing system

Figure 95 Assessment of the whistleblowing system in Germany with a size comparison

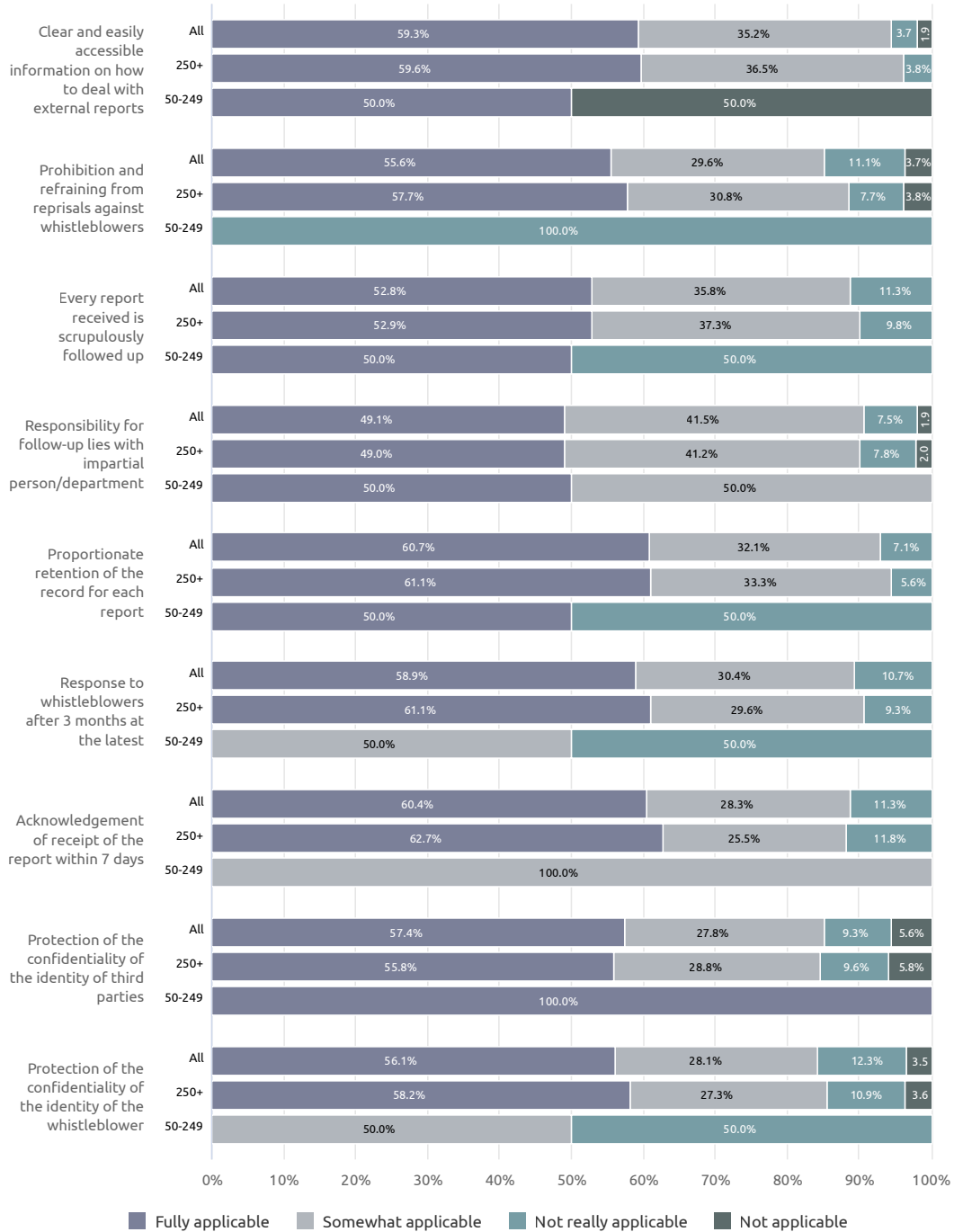
France



Basis: Companies impacted by the Directive with a whistleblowing system

Figure 96 Assessment of the whistleblowing system in France with a size comparison

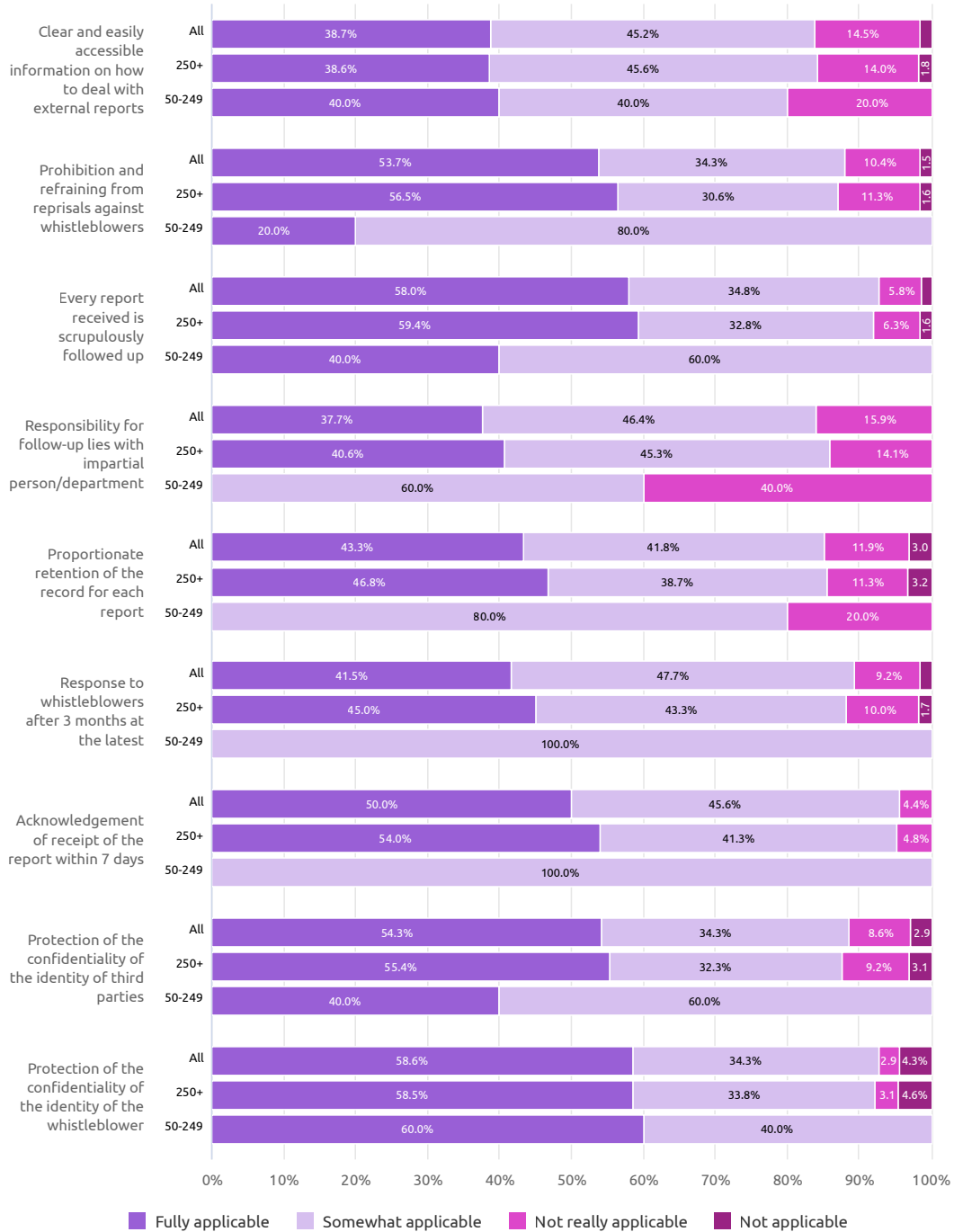
United Kingdom



Basis: Companies impacted by the Directive with a whistleblowing system

Figure 97 Assessment of the whistleblowing system in the United Kingdom with a size comparison

Switzerland

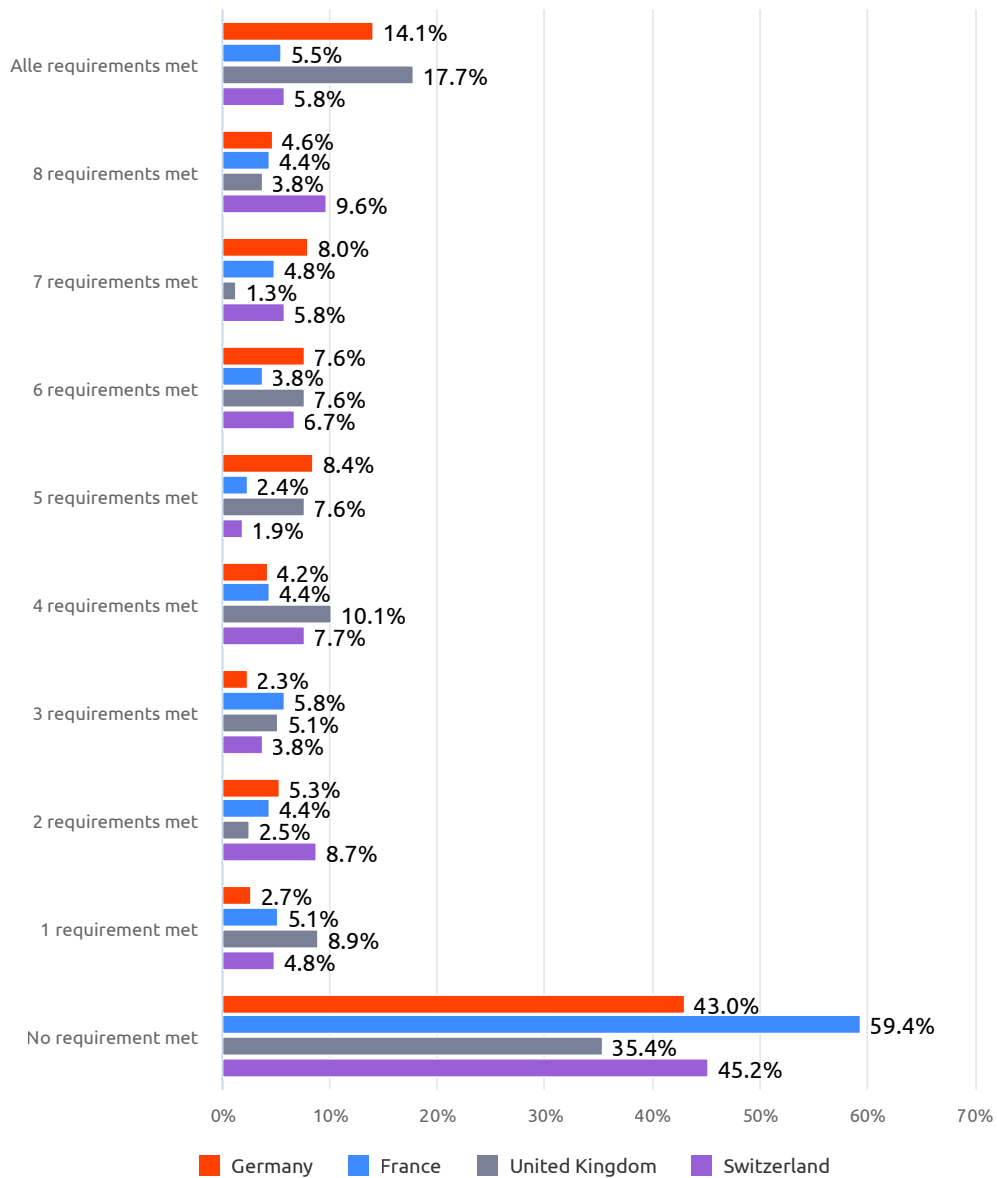


Basis: Companies impacted by the Directive with a whistleblowing system

Figure 98 Assessment of the whistleblowing system in Switzerland with a size comparison

State of preparation

How prepared are companies for the introduction of the EU directive?



Basis: Companies impacted by the Directive with a whistleblowing system

Figure99 Preparation for the EU Whistleblower Directive with a country comparison

Although the companies state that they have already dealt with the directive and already fully comply with individual requirements, the results of the survey in some cases still reveal clear gaps with regard to preparation for the implementation of the EU directive.

The companies were asked to what extent their existing reporting channels and processes fulfil the following requirements of the EU directive:

- Clear and easily accessible information on how to deal with external reports
- Prohibition and refraining from reprisals against whistleblowers
- Scrupulous examination of each report received
- Responsibility for follow-up lies with impartial person/department
- Proportionate retention of the record for each report
- Feedback to whistleblowers after three months at the latest
- Acknowledgement of receipt of the report within seven days
- Protection of the confidentiality of the identity of third parties
- Protection of the confidentiality of the identity of the whistleblower

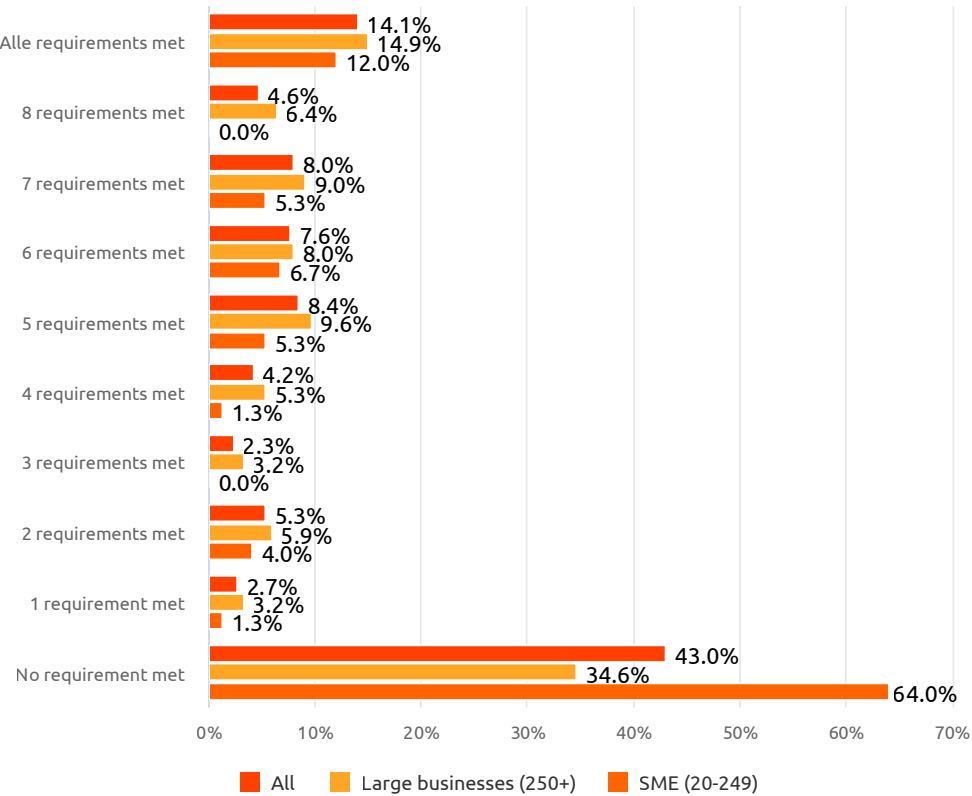
The results show that, with a share of around 18 percent, the British companies surveyed are most often very well prepared for the EU directive, as they already fully meet the requirements of the directive at this point in time (cf. Figure 99). This also applies to a good 14 percent of German companies. In contrast, the proportion of companies from France and Switzerland that can be regarded as very well prepared is significantly lower, at just under 6 percent in each case. In all countries, the proportion of companies that are very well prepared is higher among large companies than among SMEs, with the latter also having two years more to prepare than large companies (cf. country graphs).

Around 60 percent of the French companies surveyed are not prepared for the introduction of the EU directive. These include, on the one hand, companies that do not have an internal whistleblowing system and, on the other hand, companies that have established a whistleblowing system but do not fully comply with any of the substantive requirements of the EU directive. In the other three countries, it is less common for the companies surveyed not to meet any of the requirements. With 45 percent in Switzerland, 43 percent in Germany and 35 percent in the United Kingdom, the shares are nevertheless at a considerable level.

Almost 30 percent of the German companies surveyed can be said to be on a promising path with regard to the imminent entry into force of the EU directive, as they have already fully implemented between five and eight of the requirements to be met, whereby this is mainly attributable to large companies. In contrast, the proportion of French companies for which this is true is only half as large. A good 15 percent of the French companies surveyed currently meet between five and eight requirements of the EU directive.

Around a quarter of the companies surveyed from the UK and Switzerland can be regarded as still rather poorly prepared for the EU directive, as they have so far only fully met between one and four of the criteria required by the directive. For the German and French companies surveyed, this proportion is somewhat lower at 14 and just under 20 percent, respectively.

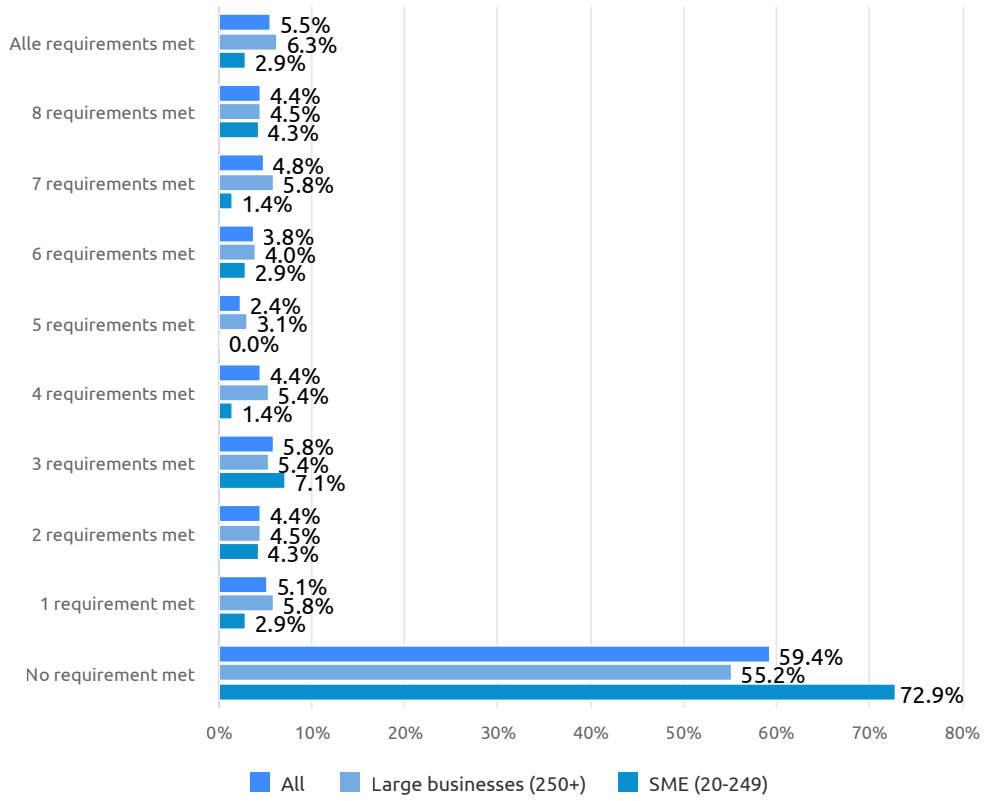
Germany



Basis: Companies impacted by the Directive with a whistleblowing system

Figure 100 Preparation for the EU Whistleblower Directive in Germany with a size comparison

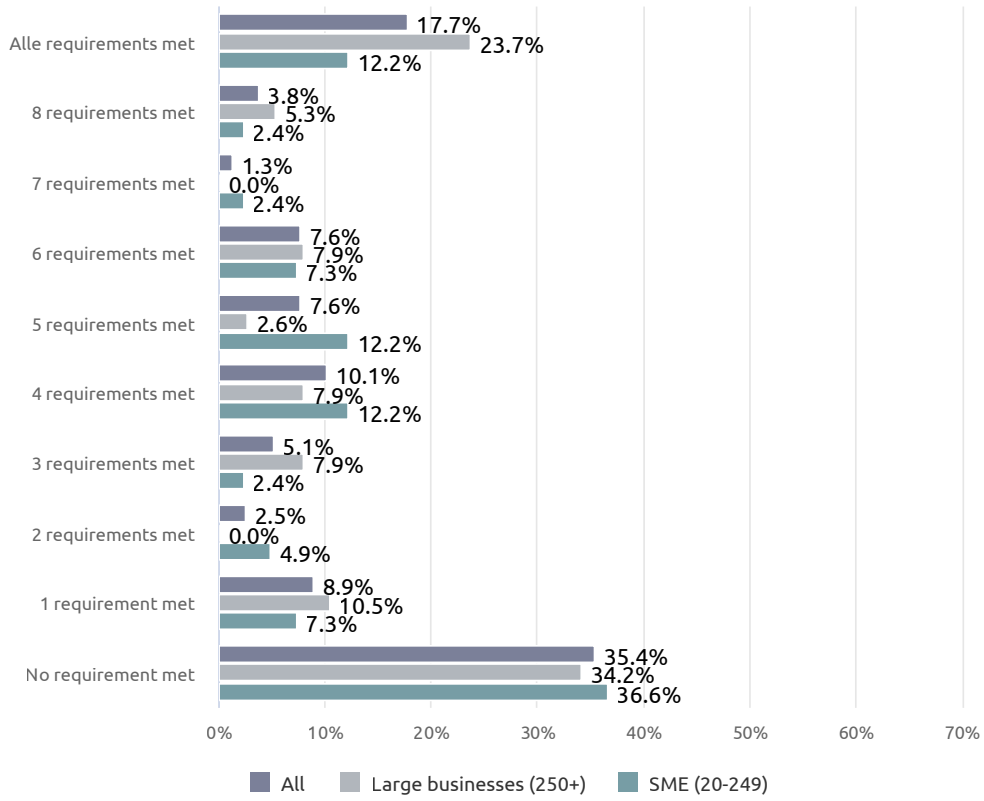
France



Basis: Companies impacted by the Directive with a whistleblowing system

Figure 101 : Preparation for the EU Whistleblower Directive in France with a size comparison

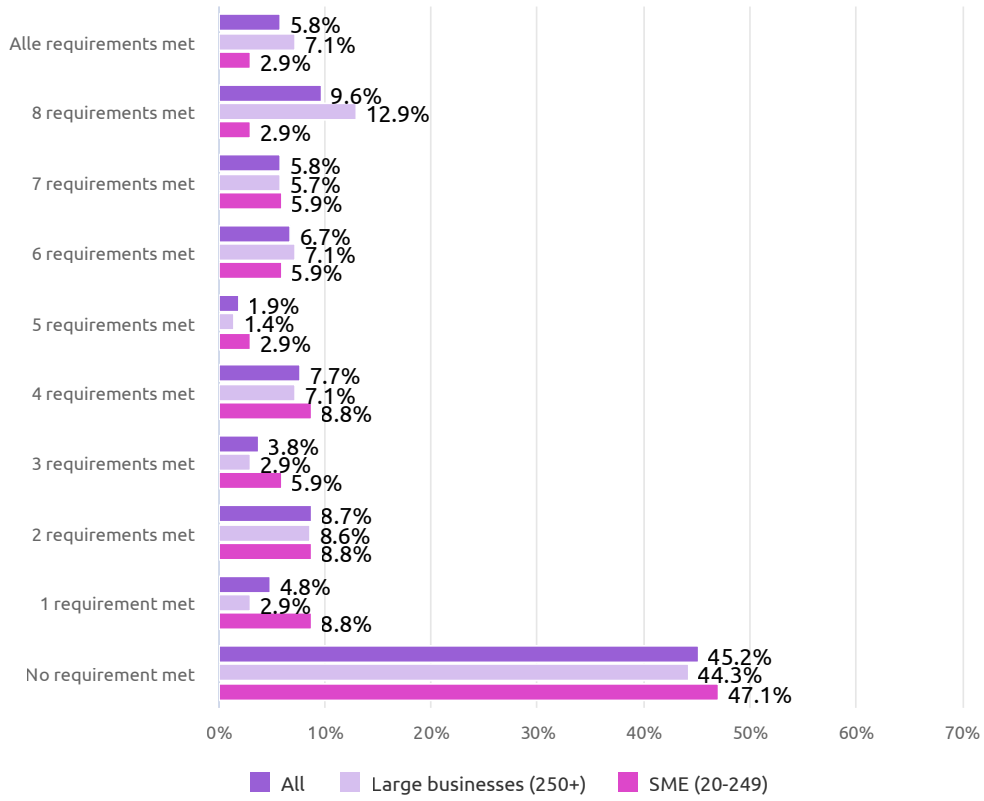
United Kingdom



Basis: Companies impacted by the Directive with a whistleblowing system

Figure 102 Preparation for the EU Whistleblower Directive in the United Kingdom with a size comparison

Switzerland



Basis: Companies impacted by the Directive with a whistleblowing system

Figure 103 Preparation for the EU Whistleblower Directive in Switzerland with a size comparison

Outlook: study findings in a practical context

What do the findings of the 2021 Whistleblowing Report mean for the everyday work of companies? In the following chapter, we place some of the findings from the study into a practical context and provide best practice tips.

Fear of inundation of reports and anonymous denunciators unfounded

The 2021 Whistleblowing Report confirms once again that the abuse of reporting channels is the absolute exception. Not even eight percent of the reports received in 2020 can be classified as abusive. On the other hand, there are a large number of reports that reveal concrete misconduct within the company. Just under half of all reports received relate to compliance-related violations. The other information reports potential for improvement in other areas, for example in technical support or personnel management. Similarly, the possibility of reporting anonymously does not encourage an increase in abusive reporting. On average, companies received 34 reports per year.

Our tip: View the information as enrichment for your company. Employees who report misconduct internally are interested in improving circumstances and want to help protect their company from harm and bad press. Through regular training, sensitise your employees to the type of reports that should be submitted through the whistleblower system.

Transparency is a key success factor for companies

A transparent corporate culture in which misconduct can be addressed openly has many advantages. Employees feel valued when their reports of misconduct in the company are taken seriously and they do not have to fear reprisals. In this way, they can contribute to an ethical corporate culture. Companies that open whistleblower channels to suppliers or customers strengthen the trust of these stakeholders and broaden their understanding of compliance throughout the supply chain.

***Our tip:** The sooner you identify misconduct in your business, the sooner you can address it and put preventative measures in place to avoid it in the future. This reduces the risk of potential scandals becoming public and damaging your reputation. You can also avoid fines and sanctions for compliance violations. In particular, external stakeholders such as banks, investors or new business partners require compliance measures, such as the establishment of reporting channels, when granting loans and entering into business relationships.*

Ethical corporate governance is particularly important in times of crisis

The results of the 2021 Whistleblowing Report showed that more whistleblowing occurred in companies where there were pandemic layoffs and they received more reports. Unethical and illegal behaviour occurred more frequently in companies that were in economic difficulties due to the pandemic. Employees committed misconduct because they had the impression that their company would otherwise not be able to “make ends meet” and that jobs could be at risk.

***Our tip:** Even in difficult economic times, take the advice of your employees and other stakeholders seriously and respond to it. It is important that your employees continue to feel that they can contribute to the improvement of the company with their tips and that it therefore makes sense to report internally. Otherwise, you run the risk of them contacting external reporting bodies or the press directly. As flexible working from home has become established as a permanent working mode in many companies during the coronavirus pandemic, it is important to provide time and location-independent reporting systems. In addition, your leadership must model an ethical corporate culture and make it clear that illegal or unethical behaviour has no place in your company, even in difficult times.*



There is still much to be done to comply with the EU Whistleblowing Directive

Many of the companies surveyed have already dealt with the requirements of the EU directive on the protection of whistleblowers and the majority are in favour of the measures. Currently, however, only a minority of companies have already fully implemented the directive.

One reason is certainly that the directive has not yet been transposed into national law in many EU member states. Many companies are therefore still waiting and do not yet see any acute need for action. However, national legislatures only have until 17 December 2021 to pass legislation to that effect. In doing so, you must ensure that there is a binding legal framework that not only meets the EU minimum standards, but goes a step further. Instead of only protecting whistleblowers on breaches of EU law, EU members should also include breaches of national law in the catalogue of protection. Otherwise, numerous special cases will be created which will considerably complicate whistleblowing management in companies and in public institutions.

Our tip: Act proactively and set up a whistleblowing system and the necessary processes even without concrete national legislation. The implementation of the EU GDPR a few years ago has already shown how chaotic the implementation of EU requirements can be for companies if they do not prepare for it in time. Don't just focus on meeting minimum standards, go a step further and work towards an exemplary ethical corporate culture. For example, allow your internal and external whistleblowers to make anonymous reports – even if this is not required by the EU directive. The proof of trust towards your employees and suppliers will be rewarded with relevant reports. They also avoid reporting elsewhere, such as to regulatory authorities. In addition, if you operate internationally, ensure that your whistleblowing system meets the higher standards that may be required in other country locations.

Whistleblowing management best practices are most easily implemented with web-based whistleblowing systems

From the 2021 Whistleblowing Report, different best practices can be derived for the implementation of whistleblowing processes in the company. This includes, on the one hand, organisational and legal decisions, such as the appointment of an independent contact person for whistleblowing issues with extensive competences (e.g. maintaining the confidentiality of the whistleblower, also vis-à-vis the management) or the prohibition of reprisals; on the other hand, the communicative support of the whistleblowing programme through regular training and information offers as well as surveys on improvement potentials. Particularly with regard to best practices for the concrete implementation of whistleblowing processes, it is evident that web-based whistleblowing systems in particular are best able to map the complex requirements.



Web-based whistleblower systems are beneficial for any size of business. Not only do they comply with all data protection regulations and security standards, but they also enable all stakeholders to submit their documents at any time and from any location and offer case handlers convenient processes and audit-proof logging. With regard to the best practices from the study, web-based systems can be used to send confirmations of receipt and feedback on consequences resulting from the report in an uncomplicated and timely manner. In addition, they offer anonymous reporting options and can be easily opened up to different stakeholder groups, such as employees, suppliers or customers. In addition, the establishment of a web-based whistleblowing system simplifies the management of different whistleblowing channels (as required by the EU directive) – calls via a hotline or emails can be conveniently managed and processed in one system.

Our tip: The recently published ISO Standard 37002 is a good guide on the effective implementation of whistleblowing systems.



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About this study

Project design

As part of the study, a quantitative survey was conducted with German, French, British and Swiss companies.

Form and duration of the survey

The quantitative survey was carried out using an online questionnaire. The survey was the same for each country. Participants had the option of completing the survey in German, English or French. In addition to general socio-demographic questions, data was collected on misconduct in the respective companies, in preparation for the new EU directive on the protection of whistleblowers, and on the impact of the coronavirus pandemic on company operations. Another point of interest was how often and in what form reports are received by the whistleblowing system and how companies structure and use their internal whistleblowing system and what effect it has (cf. link). The survey was conducted from 14 June to 2 July 2021.

Sampling and response

The online survey is based on a stratified random sample. In each country, around one third of the sample is made up of small and medium-sized enterprises (SMEs) with 20 to 249 employees and the remaining two thirds is made up of large companies with 250 or more employees. A total of 291 companies from Germany, 338 companies from France, 296 companies from the UK and 314 companies from Switzerland participated. The response rate is around 19 percent. Company representatives with in-depth knowledge of compliance in the respective company with the following positions were able to participate in the survey: Managing owner, proprietor, partner, chief executive officer (CEO), chief financial officer (CFO), other member of management, head of compliance, compliance officer, head of legal services, legal officer, head of human resources, human resources officer, head of another department or employee with in-depth knowledge of compliance measures in the company.

Evaluation and representativeness

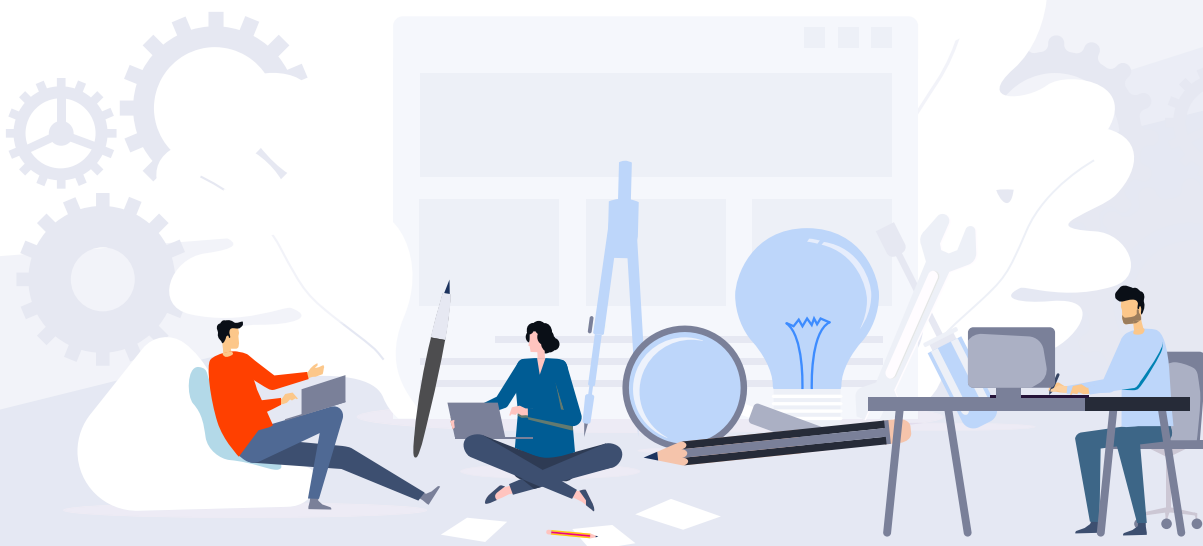
Descriptive and multivariate statistical methods were used to analyse the data. The results can be generalised to the two groups of enterprises (SMEs and large companies) because of the sampling. The confidence interval is ± 2.8 with a confidence level of 95 percent. In addition, a time-series analysis was conducted, with 457 companies that participated in the survey this year having also participated in the survey in 2019.

Despite the assured representativeness of the survey, fluctuations can also be observed – as in all samples. Based on the comparison of companies in the panel and in the cross-section, it can be concluded that the sample has led to certain amplifications, e.g. in the estimation of the number of notifications. This is explained at the appropriate point in the report.

Quality assurance

In order to ensure high data quality, various measures were applied from the preparation of the survey to the evaluation. On the one hand, the questionnaire was developed by involving experts from all four countries. On the other hand, the design and programming of the survey was tested with different people for content, comprehensibility and user-friendliness. In addition, in order to identify any shortcomings, the survey was started with a soft launch. In order to minimise possible errors in the interpretation of the results, the data was carefully prepared and evaluated.

Prof. Dr. Christian Hauser will be happy to answer any further questions regarding the content or the implementation of the study.



Companies surveyed

Composition of the sample by company size

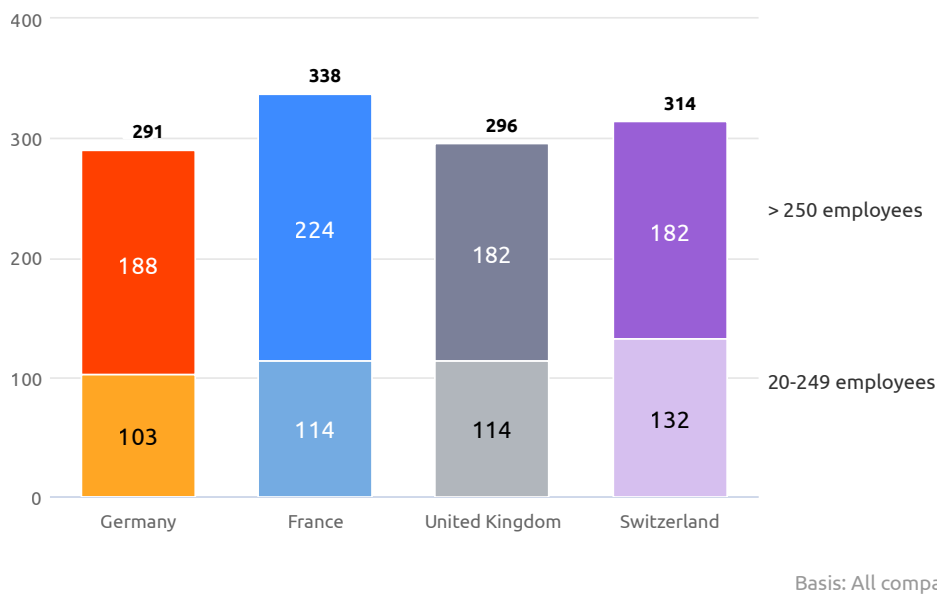
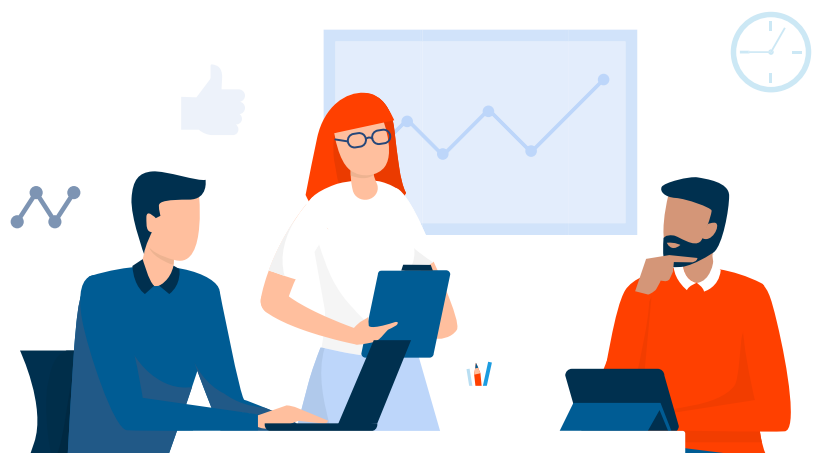
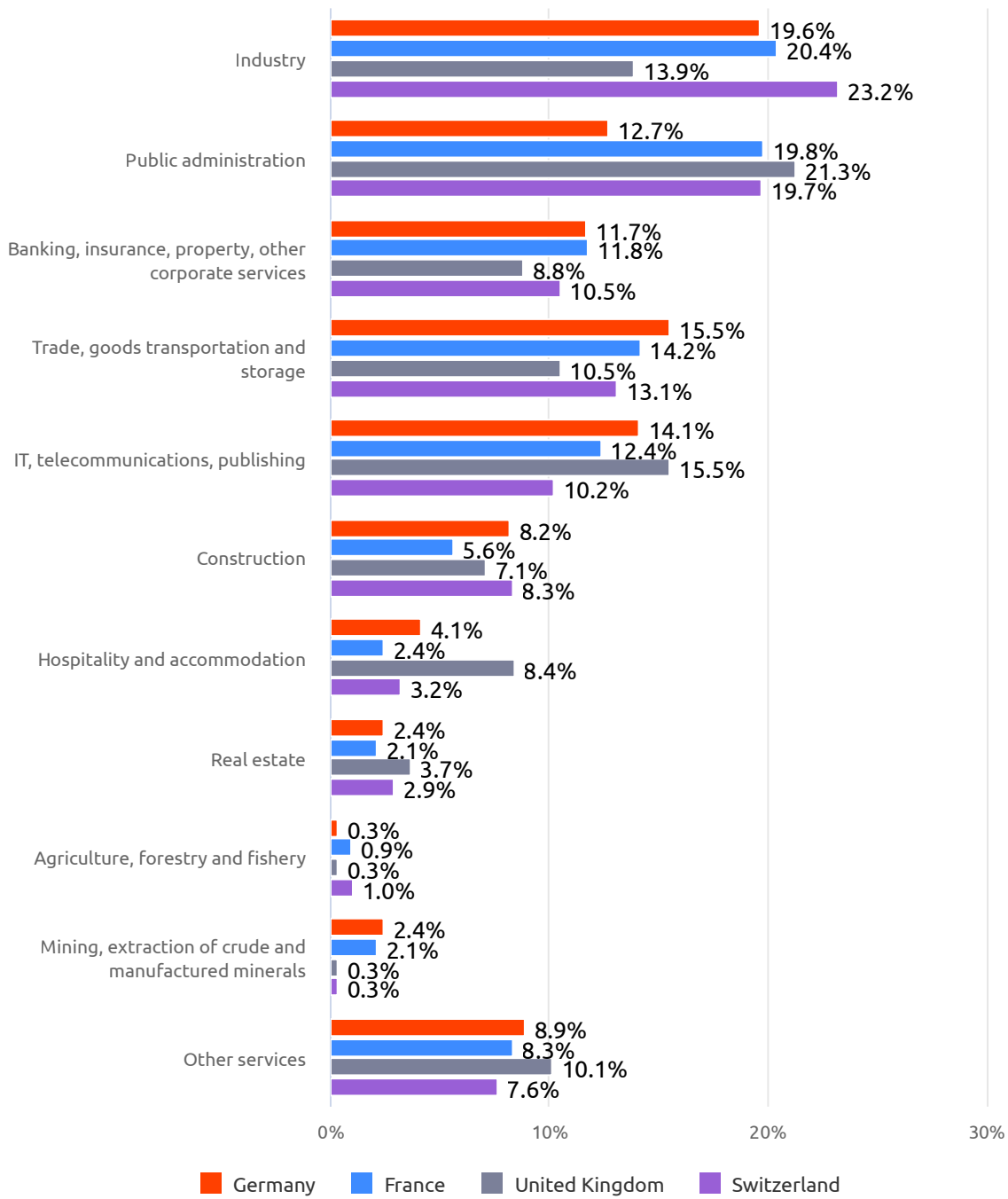


Figure 104 Composition of the sample by company size

For this year's study, a quantitative survey was again conducted by means of an online survey. German, French, British and Swiss large and small and medium-sized enterprises (SMEs) were surveyed. Figure 104 shows that in Germany, 103 SMEs (35%) with between 20 and 249 employees and 188 large companies (65%) with 250 or more employees took part in the survey. A total of 291 German companies are thus represented in the sample. From France, a total of 338 companies participated, 224 large companies (66%) and 114 SMEs (34%). In addition, 114 SMEs (39%) and 182 large companies (61%) from the UK participated. Thus, a total of 296 UK companies are represented in the sample. In Switzerland, a total of 314 companies participated, 132 SMEs (42%) and 182 large companies (58%).





Basis: All companies

Figure 105 Composition of the sample by sector

Companies from all sectors were surveyed as part of the study (cf. Figure 105). The classification of industries is based on the **General Classification of Economic Activities (NOGA)**. The French and Swiss companies surveyed are most often in the public sector and the manufacturing sector. Around one fifth of French companies are active in each of these two sectors. Of the Swiss companies, just under a quarter come from the manufacturing sector and just under a fifth from the public sector. In third place in Switzerland are companies from the trade, transport and storage sector. In Germany, too, many of the companies surveyed come from this sector (16%). Only in the manufacturing sector (20%) are more German companies represented. In the UK, on the other hand, the largest proportion of companies surveyed came from the public sector, accounting for more than a fifth of the total. In second and third place came companies from the information technology, telecommunications and publishing sectors (16%) and from the manufacturing industry (14%). As expected from the sectoral structure of highly developed economies, in all countries only a very small proportion of the companies surveyed come from the two sectors of agriculture, forestry and fishing, as well as mining and quarrying.

Composition of the sample by company success

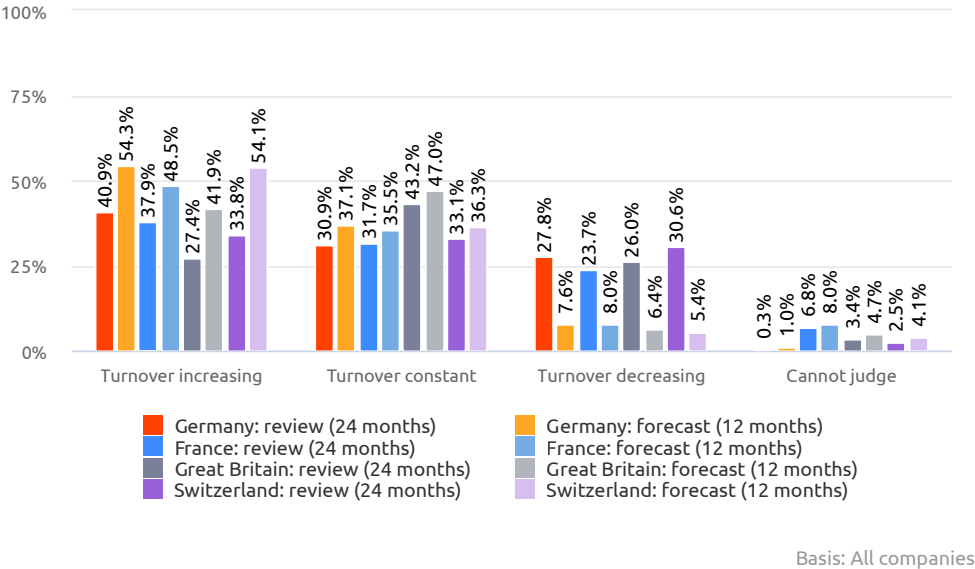
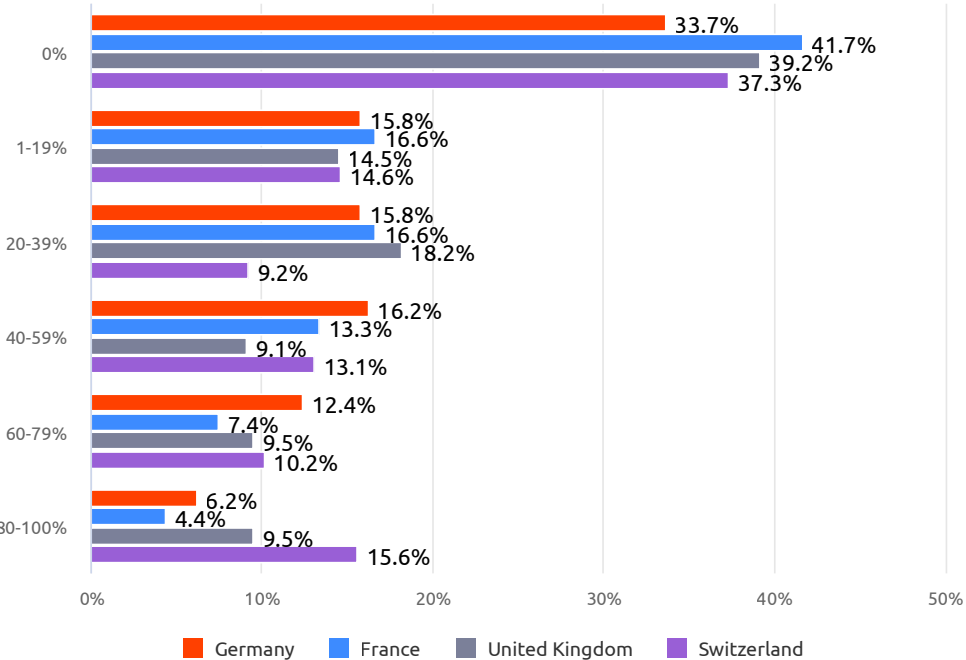


Figure 106 Composition of the sample by company success

In order to ascertain the economic development of the companies surveyed, they were asked how their turnover had changed in the past 24 months and how they expected it to develop in the coming 12 months (cf. Figure 106). The results show that around two fifths of the companies surveyed from Germany (41%) and France (38%) respectively were able to increase their turnover in the past two years. A good third (34%) of the Swiss companies analysed succeeded in doing so, and just over a quarter (27%) in the UK. As might be expected, the sales trend reflects the economic impact of the coronavirus pandemic. Accordingly, strong changes can be observed compared to the results of the 2019 Whistleblowing Report. Whereas in the UK the proportion of companies that were able to increase their turnover fell by a good 16 percentage points, the decline in Germany was 30 percentage points.

At the same time, the results make it clear that companies are quite positive about the future, although not to the same extent in all countries. While more than half of the companies surveyed in Germany and Switzerland, and just under half in France, forecast rising sales, far fewer companies in the UK (42%) expect this to be the case. This subdued outlook for the future is also likely to be a consequence of the UK's exit from the EU.

Composition of the sample by overseas activity



Basis: All companies

Figure 107 Composition of the sample by overseas activity

Around a third of the German companies surveyed did not generate any sales abroad last year. In France, the United Kingdom and Switzerland, the proportions of the companies surveyed that generate all their turnover domestically are slightly higher (37% to 42%). The proportion of French companies surveyed with no foreign sales increased by almost 7 percentage points compared to 2018 (from 34.9% to 41.7%). Around half of the German and Swiss companies surveyed generated at least 20 percent of their sales abroad in 2020. The proportion of Swiss companies surveyed with foreign sales of 80 percent or more almost doubled compared to 2018 (from 7.9% to 15.6%) (cf. Figure 107).

Development of the number of employees due to the coronavirus pandemic

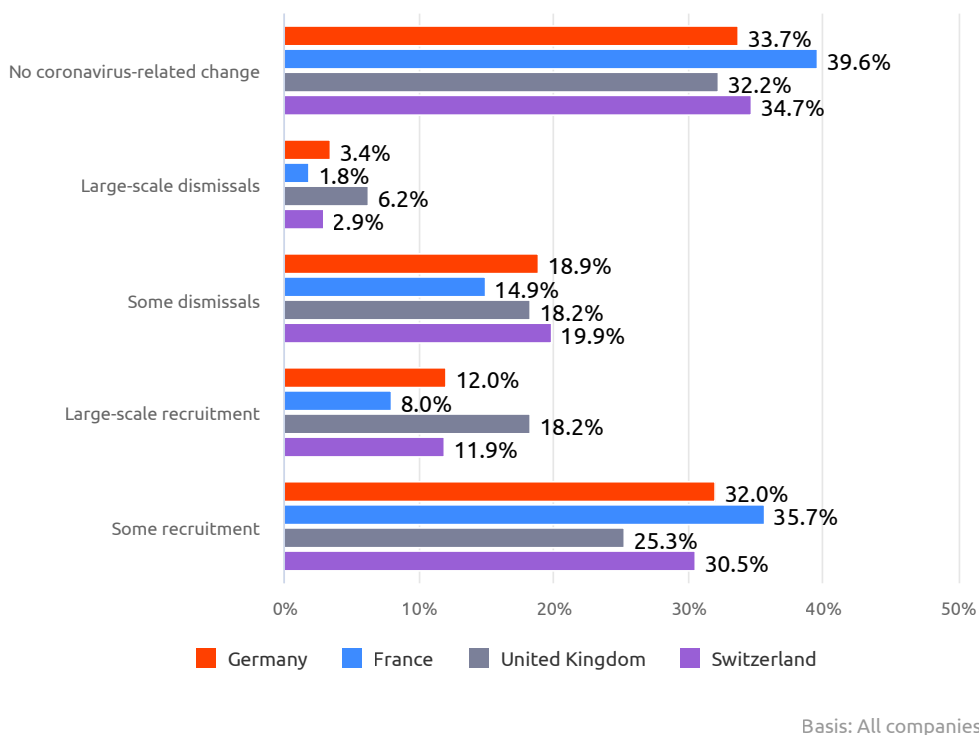


Figure 108 Development of the number of employees in 2020 due to the coronavirus pandemic

The results show that, viewed across all countries, there was no change in the number of employees due to the coronavirus pandemic in 2020 in a good third of the companies surveyed (cf. Figure 108). This stability was particularly pronounced among SMEs. Of the companies from France, the most frequent statement was that the number of employees had not changed due to coronavirus, with a share of almost 40 percent, whereby in France the share is also higher among SMEs than among large companies (cf. Figure 110).

Deviating from this, in 2020 at least fifth of the companies surveyed had coronavirus-

related layoffs. The companies analysed generally dismissed individual employees and only rarely made large-scale redundancies, with the latter occurring most frequently among the companies from the United Kingdom (6%). This is mainly due to the large British companies, of which approximately 8 percent have made large-scale redundancies (cf. Figure 111). At the same time, however, UK companies were also the most likely to hire large numbers of staff as a result of the coronavirus pandemic, again driven by large companies. For example, just over a quarter of large UK firms have recruited extensively, compared with just over 7 percent of UK SMEs.

It is striking that across all countries, more than two-fifths of the companies surveyed state that they have hired additional employees in the wake of the coronavirus pandemic. For example, about one-third of the German companies surveyed report having hired employees in 2020 due to COVID-19, while the share of German companies that have contracted new employees on a large scale is 12 percent (cf. figure 109). Among the Swiss companies surveyed, the proportion of companies with no change in the number of employees is over one third. This figure is very similar for large companies and SMEs here. In addition, it can be seen that, in a comparison of countries, companies from Switzerland have dismissed a slightly above-average number of employees as a result of the coronavirus pandemic and have recruited a slightly below-average number of new employees (cf. Figure 112).

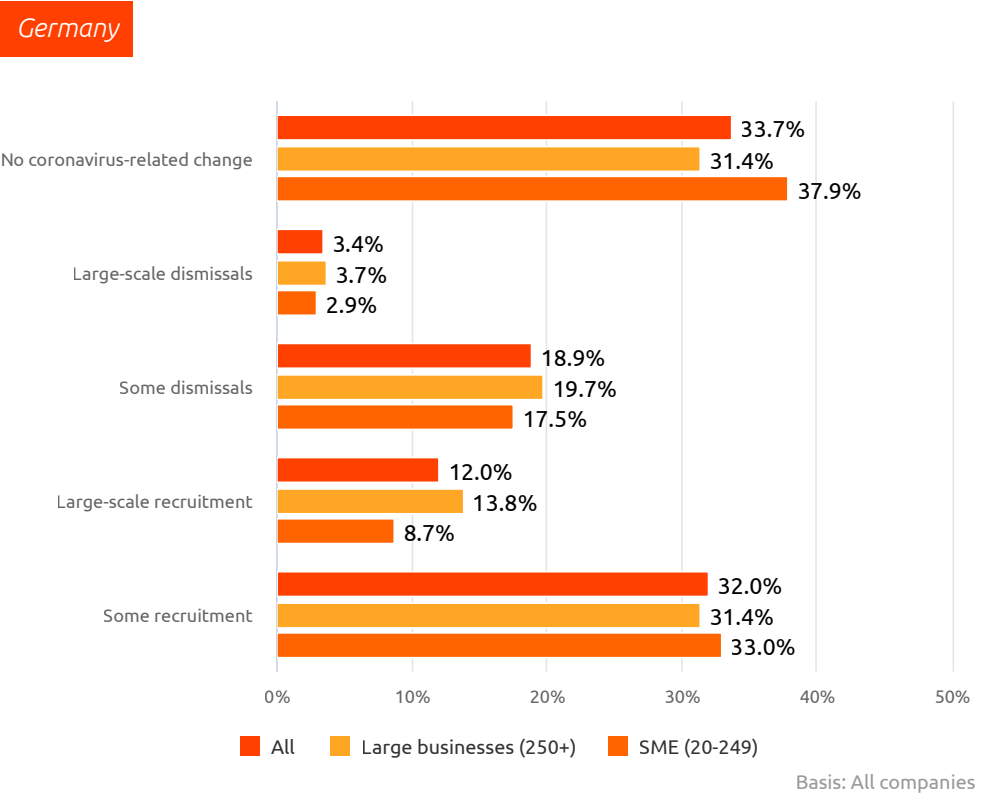


Figure 109 : Development of the number of employees in Germany in 2020 with a size comparison

France

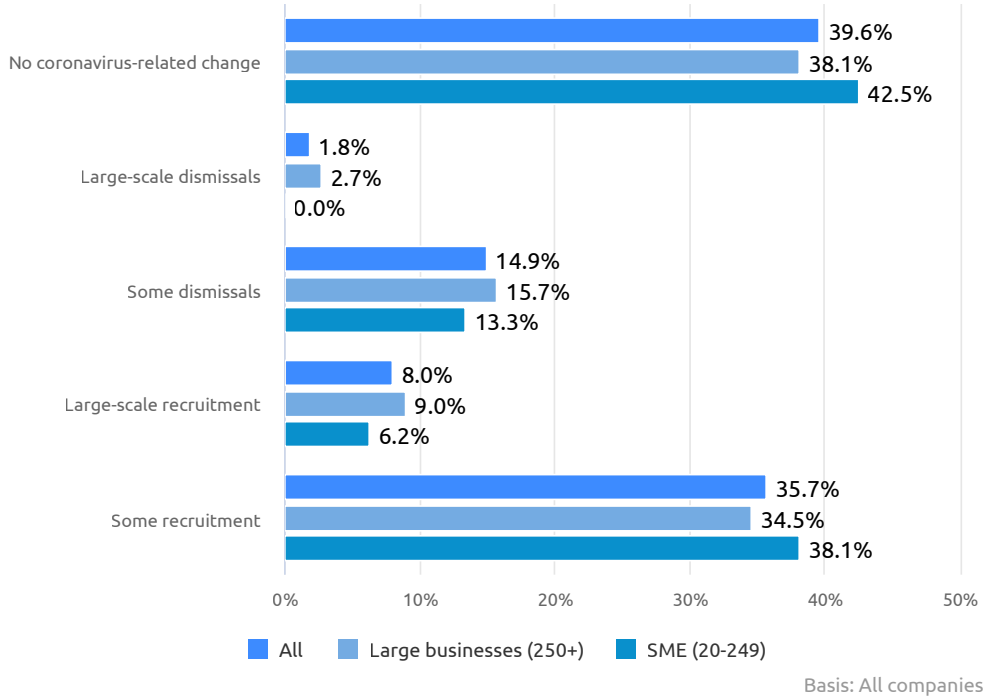


Figure 110 Development of the number of employees in France in 2020 with a size comparison

United Kingdom

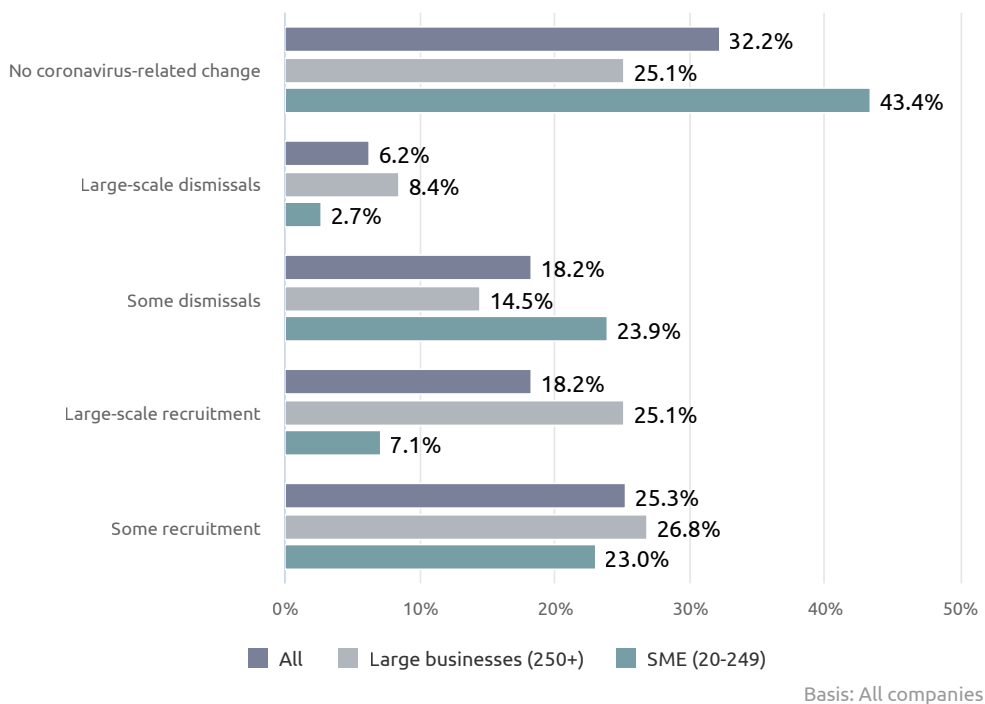


Figure 111 Development of the number of employees in the United Kingdom in 2020 with a size comparison

Switzerland

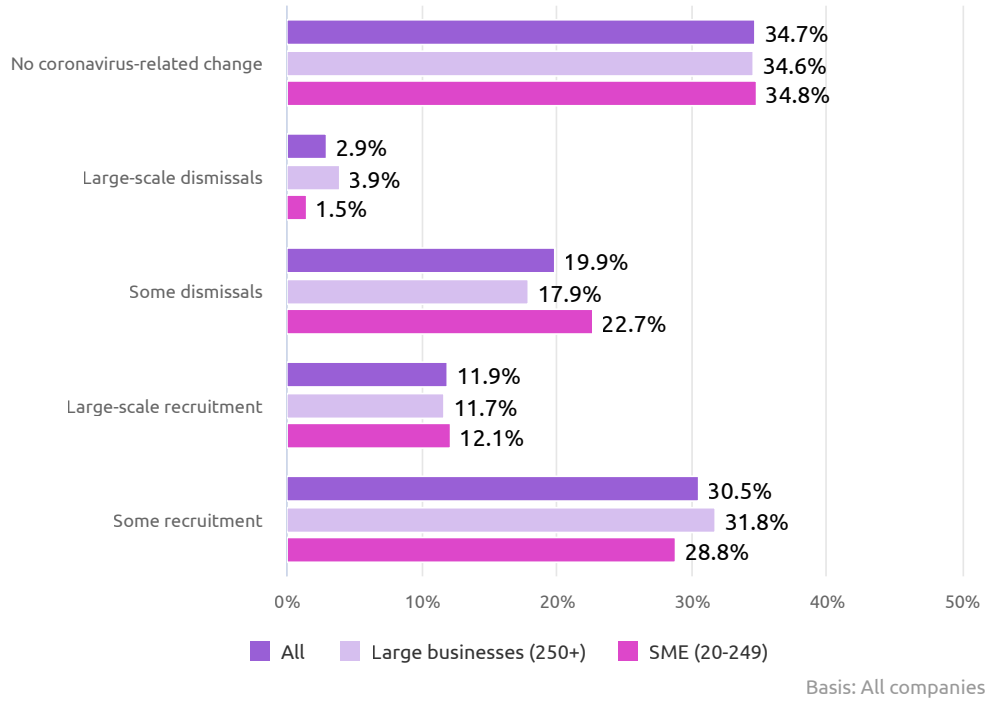


Figure 112 Development of the number of employees in Switzerland with a size comparison

Cooperation Partner

Whistleblower-Netzwerk

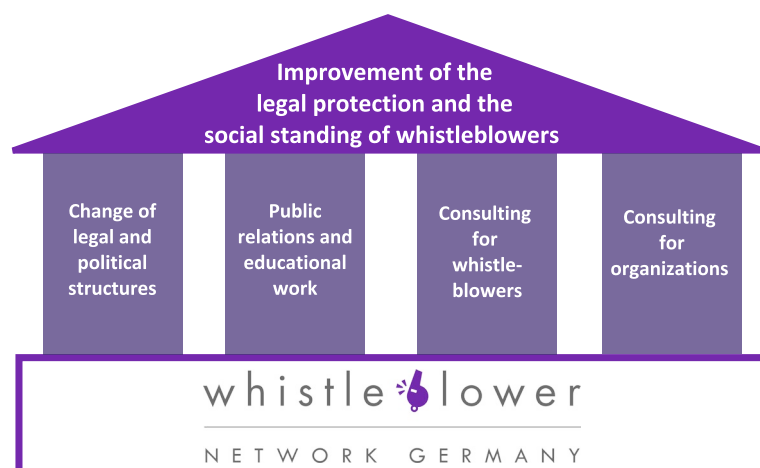
Whistleblower Netzwerk (WBN) works to improve the legal protection and social standing of whistleblowers in Germany. Thanks to its expertise, the non-partisan and non-profit association has become a sought-after contact for political organisations, the media, academia and businesses since it was founded in 2006.

WBN compiles expert reports and statements in addition to introducing proposals for improving the legal situation. Through its public relations and educational work, it has raised awareness of how democracy and the rule of law benefit from whistleblowers. This includes lectures at specialised events, workshops and educational institutions as well as a touring exhibition of whistleblower cases. Through a counselling service for potential whistleblowers, WBN not only provides concrete assistance, but also learns more about the practical challenges facing those reporting wrongdoing. Through its organisational consulting, WBN supports companies, authorities and NGOs in the introduction and ongoing optimisation of whistleblowing management.

WBN benefits in its work from a large network including expert lawyers, former compliance officers, academics, former whistleblowers and representatives of various civil society organisations. Through its involvement in international networks such as WIN (Whistleblowing International Network), WBN also monitors the latest international developments.

The work is mainly financed by **donations and contributions** from foundations and individuals.

Companies also have the opportunity to support the association with a **Sponsorship Membership**.



Project partners and funding

The study was conducted as part of an applied research and development project of the **University of Applied Sciences of the Grisons (FHGR)** in cooperation with **EQS Group**. This is the third academic study on this topic, with the first Whistleblowing Report (cf. 2018 Whistleblowing Report) dealing only with Swiss companies. The second study (cf. 2019 Whistleblowing Report) was expanded to include Germany, France and the UK. This year's survey was once again conducted on a cross-border basis for Germany, France, the UK and Switzerland.

The study is an update and further development of an R&D project formerly supported by Innosuisse, the Swiss Agency for Innovation Promotion. This year's study is funded by EQS Group.

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The team of the [Swiss Institute for Entrepreneurship \(SIFE\)](#) at the [University of Applied Sciences of the Grisons](#) (27 researchers from different disciplines) conducts application-oriented research as well as teaching and service with a focus on innovation, digitalisation, internationalisation, supply chain and corporate responsibility. Qualitative and quantitative methods are successfully applied.

The [PRME Business Integrity Action Center \(BIAC\)](#) has many years of experience in conducting interdisciplinary research projects with specific relevance to the topic of whistleblowing reports and is primarily concerned with issues of corruption prevention, business integrity, Big Data ethics as well as integrity in the media/social media and in international supply chains.

As an agile university, UAS Grisons relies on dynamic thinking and proactive action. With this mindset, it is helping to shape the future in a courageous and sustainable way. It trains its more than 2,300 students to become highly qualified and responsible people. UAS Grisons offers bachelor's, master's and continuing education programmes in architecture, civil engineering, computational and data science, digital science, management, mobile robotics, multimedia production, photonics, service innovation and design, supply chain management and tourism. Teaching and research at the University of Applied Sciences of the Grisons are interdisciplinary and oriented towards practical challenges in business and society.



EQS Group is an international provider of regulatory technologies (RegTech) in the areas of corporate compliance and investor relations.

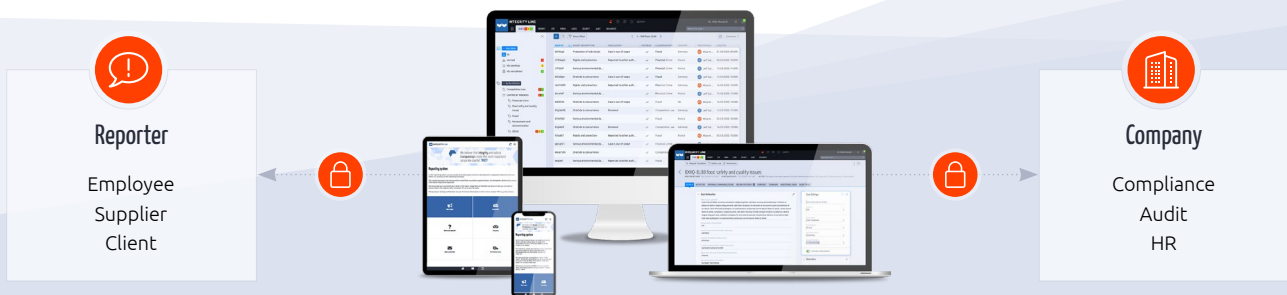
Several thousand companies worldwide create trust with EQS Group by meeting complex compliance requirements, minimising risks and communicating transparently with stakeholders. The EQS Group products are bundled in the cloud-based software EQS COCKPIT. This allows compliance work steps in the areas of whistleblower protection and case processing, policy management, approval processes, business partner management, insider list management, and reporting obligations to be managed professionally.

Listed companies also use a global newswire, investor targeting and contact management, IR websites, digital reports and webcasts for efficient and secure investor communications.

EQS Group was founded in Munich in 2000. Today, the group is represented in the world's major financial centres with over 550 employees.

EQS Integrity Line – The most widely used whistleblowing system in Europe

EQS Integrity Line is a secure, intuitive and flexible whistleblowing system with integrated case management. Large corporations as well as small and medium sized companies throughout Europe rely on EQS Integrity Line to identify corporate misconduct at an early stage, to communicate anonymously with whistleblowers and to process incoming information in a useful way.



Glossary

Anonymous (anonymous reporting) // The operators of the whistleblowing system do not know the identity of the reporter.

Compliance // Compliance with laws and regulations and self-imposed codes of conduct by companies.

Compliance system // Measures, structures and processes that a company has established to ensure and promote compliance with laws, guidelines and self-imposed codes of conduct.

EU Directive on the Protection of Whistleblowers // Directive 2019/1937 of the European Union on the protection of persons who report violations of Union law. This is intended to promote the reporting of wrongdoing in companies and to ensure that whistleblowing persons are provided with full protection from reprisals.

Total financial loss // Financial expenses incurred by the company directly as a result of the misconduct and in the course of its discovery and processing, including all material and immaterial consequences.

General reporting channels // Personal visit to the operators of the whistleblowing system, letter/fax, e-mail and telephone.

Large company // Company with 250 and more employees.

Reporter / Whistleblower // People who report illegal or unethical actions.

Illegal or unethical actions // Conduct that violates applicable (legal) regulations or the ethical ideas of a society (e.g. falsification of financial data, industrial espionage, corruption, bribery, theft, fraud, embezzlement, targeted exploitation of differences in international legislation, e.g. in the field of environmental protection, labour law or tax law). It is irrelevant whether the actions are to the detriment of the company or to its alleged benefit.

SME // Small and medium-sized enterprises with up to 249 employees.

Whistleblowing system // A system enabling reporters to submit information about concrete or assumed misconduct.

Abusive report // A report that is merely opportunistic in nature and serves to blacken someone's name.

Misconduct // See illegal or unethical actions.

Non-relevant report // A report that is submitted without any abusive intent, but where the subject is not related to compliance and should not be submitted via the whistleblowing system (e.g. various internal company problems such as individual complaints about management style or indications of technical operating problems).

Open (open reporting) // Reporters must state their name and the operators of the whistleblowing system may disclose this if necessary.

Relevant report // A report that raises an instance of misconduct (illegal or unethical actions).

Specialised reporting channels // Hotline/call center, mobile app, social media, web-based reporting channel / Internet platform.

Confidential (confidential reporting) // Reporters must state their name. However, this is known exclusively to the operators of the whistleblowing system and will not be passed on.

Web-based reporting channel // The person providing information can report concrete or suspected misconduct via the Internet.

Whistleblowing // "The disclosure by organizational members (former or current) of illegal, immoral, or illegitimate practices. under the control of their employers, to persons or organizations that may. be able to effect action" (Near and Miceli 1985).



