

**POLICY BRIEF**

# **INTERNAL WHISTLEBLOWING SYSTEMS**

**Best practice principles for public  
and private organisations**

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## **Policy brief: Internal whistleblowing systems**

Best practice principles for public and private organisations

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**Whistleblowing is one of the most effective ways to uncover corruption, fraud, mismanagement and other wrongdoing that threaten public health and safety, financial integrity, human rights and the environment.**

Whistleblowing is the disclosure of information about suspected wrongdoing to individuals or entities believed to be able to effect action. Organisations themselves are often best placed to deal with wrongdoing occurring within their remit, and in practice, most whistleblowers first report such suspected wrongdoing within their organisations. It is therefore essential that organisations, whether private companies or public institutions, provide safe and effective mechanisms to receive and address these reports, as well as robust protection for whistleblowers.

Consequently, an increasing number of national laws require organisations to implement internal whistleblowing systems (IWS). This has been the case since December 2021 for countries in the European Union (EU), under the EU Whistleblower Protection Directive.

But organisations should not consider IWS as just a legal obligation. The potentially disastrous consequences of unethical or illegal conduct in business and public institutions have been demonstrated in numerous high-impact cases. Effective internal whistleblowing systems would have helped the organisations involved to avoid dire consequences, such as fatalities and environmental damage, and their repercussions for business.<sup>1</sup>

Also known as “speak up” or internal reporting systems, IWS encourage employees and stakeholders to raise concerns internally about potential misconduct. They protect those reporting concerns from retaliation and guide an organisation’s response. It is important that

organisations’ leaders nurture internal environments conducive to speaking up. This could avert harmful consequences and bring real financial and cultural benefits to their organisations.

Effective IWS help protect organisations from the effects of misconduct – including legal liability, lasting reputational harm and serious financial losses. By enabling personnel and other relevant stakeholders to speak up about unethical or illegal conduct, IWS foster an organisational culture of trust, transparency and accountability. They therefore provide real benefits to an organisation’s culture, brand, value creation and growth.

In order to support organisations’ implementation of effective IWS, Transparency International (TI) has developed best practice principles for internal whistleblowing systems for public and private organisations.<sup>2</sup> These IWS best practice principles apply to organisations across all sectors – public, private and “third” sectors – and across all jurisdictions – including international organisations such as the United Nations.

As the IWS best practice principles meet, at a minimum, the standards set in the EU Directive on Whistleblower Protection, they can be used by organisations operating within the EU to meet their obligations under EU law. The principles also take into account the International Organization for Standardization (ISO) Guidelines for Whistleblowing Management Systems.

<sup>1</sup> See for example Transparency International, Blog series of 22 June 2020: “[Blowing the whistle for corporate success](#)”, “[Exposing the truth to save taxpayer money](#)”, “[Speaking Up to saves patient’s lives](#)” and “[Speaking out to protect the planet](#)”, all accessible at [www.transparency.org/en/news/world-whistleblowing-day-in-2020-there-can-be-no-excuses-for-leaving-whistleblowers-unprotected](http://www.transparency.org/en/news/world-whistleblowing-day-in-2020-there-can-be-no-excuses-for-leaving-whistleblowers-unprotected).

<sup>2</sup> Transparency International, Internal Whistleblowing Systems – Best practice principles for public and private organisations, 2022, accessible at [www.transparency.org/en/publications/internal-whistleblowing-systems](http://www.transparency.org/en/publications/internal-whistleblowing-systems).

## WHO SHOULD IMPLEMENT IWS?

Best practice dictates that all public and most private organisations should have an internal whistleblowing system. All organisations should protect whistleblowers against detrimental conduct.

### All public organisations

All public entities, at local, regional, national or international level, without exception and regardless of size, should implement IWS (albeit in ways appropriate to their size). Indeed, even small municipalities routinely take decisions in high-risk areas such as public procurement, environmental protection and public health, making the presence of IWS critical.

This also applies to entities that are publicly owned or controlled, such as state-owned enterprises.

### Most private organisations

All medium-sized and large private entities (with 50 or more employees), as well as all entities in the financial service industry, irrespective of size, should implement IWS.

Small private entities (with less than 50 employees) are strongly advised to implement IWS, especially when the nature of their activities presents a risk to the public interest – for example, to human rights, the environment or public health. Companies that are part of a corporate group should have IWS regardless of their size.<sup>3</sup>

Small and medium-sized private entities (with less than 250 employees) could opt to share resources for the receipt of reports and any subsequent investigation. However, the responsibility to maintain confidentiality, give feedback to the whistleblower and address the reported wrongdoing remains with each organisation concerned.

Private entities include both companies and non-profit organisations, such as civil society organisations, charities and non-governmental organisations.

### International organisations

From protecting public health, promoting peace and security, to upholding human rights, international organisations such as the United Nations have been given a crucial mandate and extensive resources to tackle global challenges. It is essential that all international organisations have robust accountability mechanisms, including effective IWS, so that corruption, fraud and other abuse of powers are detected, sanctioned and deterred.

## OBJECTIVES OF AN IWS

An organisation's IWS has multiple objectives:

- Empower personnel and other relevant stakeholders to speak up about wrongdoing.
- Enable early detection and correction of wrongdoing committed, within, by or for the organisation.
- Prevent and minimise damage to the organisation, including legal liability, serious financial losses and lasting reputational harm resulting in decreased public trust.
- Prevent and minimise damage to the public interest, including public health, human rights and the environment.
- Protect whistleblowers and third parties at risk of detrimental conduct.
- Enable the organisation to learn and remediate.
- Foster an organisational culture of trust, transparency and accountability, which helps prevent wrongdoing.

In order to fulfil these objectives and for organisations to benefit from the IWS, they have to be truly effective. Experience has shown that to achieve this, IWS should follow the standards detailed in Transparency International's new tool [Internal Whistleblowing Systems – Best practice principles for public and private organisations](#). The high-level principles are highlighted below.

<sup>3</sup> As smaller entities of the group can easily share resources for the receipt of reports and any investigation to be carried out – for example, through the group-level IWS – the potential administrative and financial burden of implementing an IWS is small and greatly outweighed by its benefits to the organisations and the public interest.

# KEY PRINCIPLES FOR INTERNAL WHISTLEBLOWING SYSTEMS

1. All public and most private organisations should have an internal whistleblowing system, following these key principles:

## SCOPE

2. Internal whistleblowing systems should invite reports regarding any suspected wrongdoing – that is any act or omission that is unlawful, abusive or can cause harm – committed in, by or for the organisation.
3. Internal whistleblowing systems should invite reports from any person who might acquire, in the context of their work-related activities, information on wrongdoing committed in, by or for the organisation.
4. Organisations should protect whistleblowers – that is, any persons reporting suspected wrongdoing with the reasonable belief that the information reported was true at the time of reporting – as well as third parties at risk of detrimental conduct.

## ROLES AND RESPONSIBILITIES

5. The organisation's top leadership are responsible and accountable for the effective implementation of its internal whistleblowing system. They should demonstrate their commitment and set a clear "tone from the top" in support of speaking up and listening up about wrongdoing.
6. Organisations should designate an impartial person or department responsible for the operation of the internal whistleblowing system. This person or department should be free from conflict of interest, and have sufficient independence, powers and resources, as well as the relevant qualifications.

## INFORMATION AND COMMUNICATION

7. Information about the organisation's internal whistleblowing system should be highly visible and accessible, via a wide range of media and channels. All relevant stakeholders, including all potential whistleblowers and persons concerned, should have access to and receive relevant information on the internal whistleblowing system.
8. Organisations should report publicly every year on their commitment to a "speak up and listen up" culture and the implementation of their internal whistleblowing system.

## PROCEDURES

9. Internal whistleblowing systems should include multiple reporting channels that are safe and easily accessible, and enable reporting in writing and orally. Organisations should recognise line managers as possible recipients of whistleblowing reports.
10. Internal whistleblowing systems should ensure diligent – that is, thorough, timely, fair and impartial – follow-up of all reports received, in order to establish whether wrongdoing occurred, to address confirmed wrongdoing and to correct any systemic issue identified. The follow-up of a report should involve the meaningful participation of the whistleblower.
11. As knowledgeable and interested stakeholders, whistleblowers should be kept informed throughout the process and have meaningful opportunities to provide input to the follow-up of their report.
12. Reports received, actions taken as follow-up, and the findings and outcome of the follow-up, as well as communication with the whistleblower and concerned person, should be adequately documented and kept in retrievable and auditable form in accordance with confidentiality and data protection requirements.

## SUPPORT AND PROTECTION FOR WHISTLEBLOWERS

13. Without the explicit consent of the whistleblower, their identity and any identifying information – that is, information from which the identity of the whistleblower may be directly or indirectly deduced – should not be disclosed beyond those persons competent to receive or follow up on reports.
14. Organisations should accept and follow up on anonymous reports, and protect anonymous whistleblowers.
15. Organisations should prohibit any form of detrimental conduct – that is any threatened, recommended or actual act or omission, direct or indirect, which causes or may cause harm – linked to whistleblowing, and any interference with whistleblowing.
16. Organisations should take reasonable steps to prevent detrimental conduct and to ensure that individuals and entities under their control or working for them refrain from detrimental conduct.
17. Internal whistleblowing systems should provide for enforceable, transparent and timely mechanisms to (1) receive and follow up on complaints of detrimental conduct, interference and breach of confidentiality, (2) sanction perpetrators, and (3) ensure full reparation of affected whistleblowers and other protected persons via remedial measures and compensation.
18. Organisations should provide support to whistleblowers to prevent harm to their health or career.

## PROTECTION OF PERSON CONCERNED

19. Organisations should protect the identity and the rights of the person concerned, including by providing for effective, proportionate and dissuasive sanctions for individuals who knowingly report false information.

## CONTINUOUS MONITORING AND REVIEW

20. Internal whistleblowing systems should be formally reviewed at least annually, and revisions should be made accordingly to improve effectiveness and ensure systems are up to date and in line with legislation and best practice.

### Key considerations when setting up an IWS

IWS should be commensurate to the organisation's size and its exposure to risks of wrongdoing. Organisations should therefore undertake a risk and needs assessment to inform their IWS design.

IWS form part of the organisation's governance framework and are often embedded in, or at least linked to, integrity and compliance programmes. They are different from human resources (HR) or grievance procedures.

IWS should be designed following consultation with relevant stakeholders at all levels, both internal and external – and, where appropriate, in agreement with them. These include employees, works councils, trade unions or other personnel representatives.

IWS should comply with national legal requirements. This includes whistleblower protection legislation, but also other legislation, such as data protection or labour laws.

IWS should be inclusive and gender sensitive.

## Benefits of Internal Whistleblowing Systems

Internal whistleblowing systems provide real and highly valuable benefits to organisations of all types:

### 1. A public signal of commitment to integrity and social responsibility

Shareholder demands for effective internal ethics programmes to support long-term value creation are growing. Internal reporting systems signal to investors and the public that an organisation prioritises risk management, social responsibility and integrity.

### 2. Prevention and mitigation of liability

Early detection gives organisations the opportunity to address wrongful conduct before a situation escalates to trigger liability. It also provides an opportunity to voluntarily self-report to relevant regulatory agencies, before an agency initiates action and reaches an adverse conclusion because the organisation failed to act.

### 3. Prevention and mitigation of financial losses

Internal reporting systems can prevent or mitigate financial losses from fraud and liability, such as civil or criminal penalties. Knowledge that a reporting system exists can discourage individuals from misconduct through fear of being reported.

### 4. Continuous improvement in compliance and risk management

Information on issues raised through an internal reporting system enables organisations to improve their policies and procedures, and identify where more resources are needed to reduce risk exposure.

### 5. Strengthening of reputation

An ethical breach or legal violation can destroy an organisation's brand value, with severe consequences, including lower investment, lost profits and low morale among personnel. With internal reporting, leaders can prevent or mitigate reputational damage.

### 6. Enhancement of organisational culture

Backed by encouragement from leaders and corporate responsiveness to reports of misconduct, internal reporting systems can build an organisational culture of trust, transparency and accountability, with a positive impact on personnel performance and retention.

Source: Transparency International, [The Business Case for 'Speaking Up': How Internal Reporting Mechanisms Strengthen Private-Sector Organisations](#), 2017.

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