

## EXECUTIVE SUMMARY

### ICDM BARMC DIALOGUE & NETWORKING

#### “Board’s Role in Whistleblowing Oversight”

24 October 2024



As corruption and fraud continue to challenge corporate integrity, it is important to understand what constitutes an effective whistleblowing system. According to [Deloitte’s Conduct Watch Survey Report 2024](#), organisations are increasingly recognising whistleblowing as a strategic tool, with a noticeable shift towards addressing a broader range of ethical issues such as bullying, harassment and conflicts of interest while continuing to play a key role in detecting instances of fraud and bribery.

In this [dialogue session](#), we explored the common challenges organisations faced when it comes to whistleblowing, the effectiveness of existing policies and regulations and ultimately, the critical role that leaders should play in ensuring solid governance and organisational culture to inculcate ethical behaviour and addressing corporate misconducts. The key takeaways are as follow:

- 1 Make it Safe:** Build a culture of integrity where employees trust the system and feel confident to speak up. The tone from the top on whistleblowing and the treatment of the whistleblowers are keys to creating an open culture. When employees feel safe, it contributes to the organisation’s overall safety because it allows concerns to be addressed internally before they get escalated outside of the organisation.
- 2 Make it Effective:** Boards must ensure that the whistleblowing reporting systems are robust and working well as part of their oversight of internal control. Do all employees know how to access and use it? Are there multiple channels to raise concerns? Keep the procedures simple and functional as an overly complex system can discourage reporting and make it harder to respond effectively. Leveraging on digital systems can help streamline the whistleblowing process.
- 3 Make it Objective:** Boards must oversee the process while delegating day-to-day management to an independent function such as the internal audit with direct reporting to the board audit committee to maintain independence and objectivity, providing assurance that all reports received will be investigated and managed to the best interest of the company. When senior leaders are involved in complaints, external support may be necessary to avoid conflict of interest.
- 4 Make it Responsive:** Most whistleblowers simply want the wrongdoing to stop, making a robust investigation system important. A thorough review can help differentiate whether a complaint is made in good faith or driven by ulterior motives. Regardless of the intent, all whistleblowing submissions are valid and must be taken seriously. Transparent and constant communication on the outcomes of investigations will reinforce trust and accountability.

**5 Make it Constructive:** Too few whistleblowing reports may be just as concerning as too many reports, but each complain serves as a key indicator or provides valuable insights to an effective compliance programme and is a primary source for companies to learn about misconduct or potential red flags in their organisations. These insights can then be used to address gaps and improvise or strengthen your organisation’s controls and compliance programmes.

**Key questions for Boards to consider:**

- How safe and effective is our whistleblowing framework and how can we measure that? In what ways can we use feedback from whistleblowers to improve our policies and practices?
- Are we doing enough to build a supportive culture and encourage the reporting of unethical behaviour?
- How can we educate employees on the use of the whistleblowing system to ensure they are informed and confident in reporting issues?
- Are we leveraging on data and digital technology to enhance our whistleblowing process? Do we have the data to protect our organisation?
- Board’s roles in the 5 key areas – governance, organisational culture, regulatory compliance, measuring effectiveness and enhancing whistleblowing practices. Are you as involved as you can be?

Special thanks to Oo Yang Ping, Global and Asia Pacific Conduct Watch Leader of Deloitte for the presentation and the panellists for this dialogue and networking session:

- Richard Lai, INED and Chairman of the Audit Committee, DKSH Holdings (Malaysia) Berhad
- Dato’ Sri Dr. Akhbar Satar, CFE, President of Malaysia Integrity and Governance Society (MIG)
- Selvamalar Alagaratnam, Partner, Skrine



From L-R: Oo Yang Ping, Richard Lai, Selvamalar Alagaratnam and Dato’ Sri Dr. Akhbar Satar.

Do reach out to [advocacy@icdm.com.my](mailto:advocacy@icdm.com.my) for any enquiries on corporate governance, board leadership and director development.