

WHISTLEBLOWING



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1. INTRODUCTION

CDC defines whistleblowing as the reporting by staff or third parties to the company, investors or authorities, any knowledge or credible suspicion of attempted or actual misconduct, including corruption.

2. WHY IS WHISTLEBLOWING IMPORTANT FOR COMPANIES AND INVESTORS?

Whistleblowing is an essential tool to strengthen accountability and combat corruption. A well-designed and well-implemented whistleblowing system can encourage people to report corrupt practices, which in turn strengthens a company's oversight systems and helps reduce corruption in the long term.

3. ADVICE FOR FUND MANAGERS

Fund managers should ensure that investee companies have strong whistleblowing systems in place, including the elements below as a minimum. Refer to [CDC Governance and Business Integrity Checklist](#) for questions to guide fund managers when assessing companies' whistleblowing practices.

3.1 Whistleblowing policies and procedures

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Companies should have robust whistleblowing policies and procedures, evidenced by:

- ***A clear statement of the policy:*** Fund managers should ensure there is a clear statement that the company is open to whistleblower reports from staff and third parties and that it will investigate and, where appropriate, act upon such reports. The policy should guarantee that employees are protected from any adverse consequences for reporting corrupt practices.
- ***Systematic communication of the policy and procedures:*** Fund managers should ensure the whistleblowing policy and procedures are communicated to all employees (e.g. via the staff handbook and in regular training).
- ***The appointment of a member of senior management responsible for overseeing implementation of the policy and procedure:*** Fund managers should ensure that a member of the senior management of each company has been assigned responsibility for overseeing and reporting to the Board on the implementation of the whistleblowing policy.

3.2 Public statement of the whistleblower policy and procedures

Companies should publish a clear statement of the whistleblowing policy on their website.

3.3 Confirmation in annual reports and accounts

Companies should include a clear statement in annual accounts and reports that the Board is satisfied that the whistleblowing policy has been effectively implemented.

3.4 Auditing

Fund managers should look at the scope of a company's internal and external auditors to ensure they include an assessment of the implementation of the whistleblowing policy.

See [Fund Governance and Business Integrity Management System](#) for guidance on the anti-corruption and whistleblowing systems that fund managers should have in place themselves. [ESG in the Investment Cycle](#) for guidance on where whistleblowing should fit into the fund's investment process and [CDC Sector Profiles](#) for guidance on corruption risks specific to different sectors.

4. FURTHER RESOURCES

Further information and guidance:

- [CDC - How we do it - Business Integrity.](#)
- [OECD - Whistleblower Protection.](#)
- [United Nations Convention against Corruption.](#)
- [Transparency International UK - Whistleblowing.](#)