



Recent updates to Singapore whistleblowing protocols



KPMG Singapore Board & Governance Institute

On 17 February 2020, Singapore Exchange Regulation (SGX RegCo) announced their intention to strengthen whistleblowing requirements for listed companies. The key proposed change would be hardcoding into its Listing Rules a whistleblowing policy for all companies to adhere to. Audit Committees of listed companies will be responsible for ensuring this whistleblowing policy is adhered to. A summary of the developments and changes are outlined below.

Background

The concept of companies establishing procedures for staff to raise concerns confidentially was first introduced in the Singapore Corporate Governance Code in 2005. Over the years, the code changes reflect the intention of having whistleblowing policies – to promote responsible and secure whistleblowing without fear of adverse consequences.

Code amendments re: whistleblowing

2005 CG Code

11.7 ACs were to review arrangements by which staff of the company might, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. AC's objective should be to ensure that arrangements were in place for the independent investigation of such matters and for appropriate follow up action.

2012 CG Code

12.7 AC should review the **policy** and arrangements by which staff of the company **and any other persons** might, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

AC's objective should be to ensure that arrangements were in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

The existence of a whistleblowing policy should be disclosed in the company's Annual Report, and procedures for raising such concerns should be publicly disclosed as appropriate.

2018 CG Code

10.1(f) ACs' duties include reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be **safely** raised, independently investigated and appropriately followed up on. The company publicly discloses, and **clearly communicates to employees**, the existence of a whistleblowing policy and procedures for raising such concerns.

2020 Listing rules

SGX RegCo intends to **hardcode** into its Listing Rules a whistleblowing policy for all companies that **ensures confidentiality** and **no retaliation** against complainants.

Status of implementation

KPMG research suggests a steady increase in the number of SGX-listed companies with a whistleblowing policy.

Percentage of SGX-listed companies which disclosed having a whistleblowing policy



* Based on preliminary sample (N=160)

Source: KPMG Research

Strengthened requirements – what will change?

Despite the changes over the years, the CG Code does not have the force of law – it is premised on a 'comply or explain' basis (principle-based rather than rule-based). By hardcoding the whistleblowing policy and protocols into the Listing Rules, compliance will become mandatory.

“Whistleblowing is generally viewed as the most effective means of detecting occupational fraud; audit committees have an important role in ensuring such procedures are effective.”

Owen Hawkes
Partner
Forensic
Advisory

Proposed changes to SGX Listing Rules



Compliance becomes mandatory



Safeguards preserve confidentiality



Protects complainants against reprisals



Audit Committee is responsible for whistleblowing policy compliance

Potential key actions required/key questions that Boards/ACs should ask:

- Has the organization updated their whistleblowing policies to take into account the recent changes to the CG Code?
- Has management communicated the whistleblowing policy and process effectively internally and externally? Are whistleblowing procedures documented and assessable by everyone throughout the organization?
- Does the policy make clear that it is both safe and acceptable for employees to raise concerns about wrongdoing?
- Were the whistleblowing procedures arrived at through a consultative process? Do management and employees 'buy into' the process?
- Does the organization have a confidential and independent hotline/channel for whistleblowers to connect through?
- Has a senior person been identified to whom confidential concerns can be disclosed? Does this person have the authority and determination to act if concerns are not raised with, or properly dealt with, by line management and other responsible individuals?
- Does the organization have trained internal personnel in conducting whistleblower investigations? Do they have the skills and experience to conduct such reviews?
- Are concerns raised by employees (and others) responded to within a reasonable time frame?
- Are procedures in place to ensure that all reasonable steps are taken to prevent the victimization of whistleblowers? Are there procedures to ensure that all reasonable steps are taken to keep the identity of whistleblowers confidential?

Timeline

SGX RegCo aims to consult the market on this move in June 2020, and indicated that if the consultation is accepted they would aim to implement the changes across the market by year-end.

How can KPMG help?

KPMG has over a decade of experience in assisting Singapore and multinational organizations with designing, implementing and operating whistleblowing hotlines and other reporting channels.

We can assist you with reviewing your current policies and procedures to help you to meet regulatory requirements and stakeholder expectations and provide guidance on how to make your reporting channel effective in protecting your organization.

With dedicated reporting centers and online reporting portals, KPMG can run your organization's whistleblowing hotline, enabling you to focus on your priorities while having the reassurance of a service run and overseen by trained forensic professionals.

Speak with us today about how we can help you to prepare for these upcoming changes.

Contact us

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