

Week of Integrity 2018

Results Integrity Management Survey

1 - 9 December 2018



Building a better
working world

Level of awareness and effective mitigation of integrity and integrity risk

Week of Integrity

In the Week of Integrity a large number of public and private organizations pay attention to the theme Integrity. Aim is to raise awareness and promote ethical behavior within organization. The Week of Integrity is an initiative of the International Chamber of Commerce (ICC) and takes place during the period December 1st to December 9 2018.

Survey EY

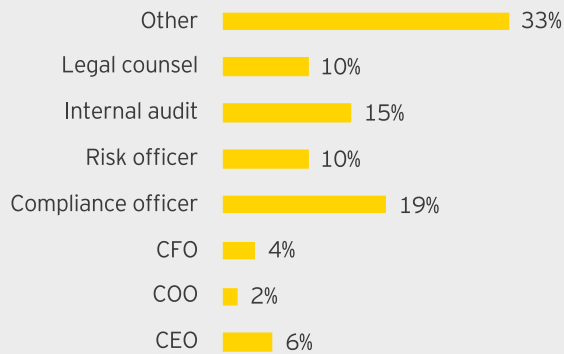
For the second year, EY performed a survey to measure the level of integrity management within the Netherlands. The results gain insight in the level of maturity on this topic and the existing awareness within in organizations. The survey includes a wide range of questions covering integrity (risks) elements and has resulted in new remarkable responses which shows that there is room for improvement when dealing with Integrity risks.

#Knowledgesharing

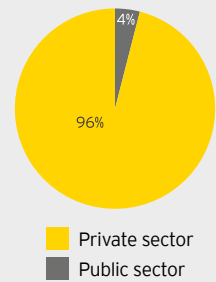
In the Week of Integrity, EY runs a campaign focusing on knowledge sharing related to various integrity risks in order to create further awareness. This survey is part of this campaign.



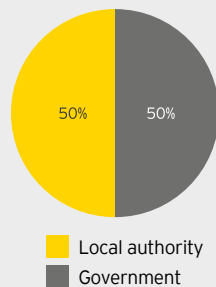
Role in the organizations of the respondents



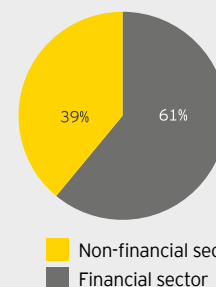
Respondents



Public sector



Private sector



42% of the respondents has faced a (suspicion) of fraud, corruption or money laundering of which **50%** specified the financial impact as **> €100.000**

Comparison results 2017 vs. 2018

Key results in 2017

Interesting results from the 2017 survey where amongst others:

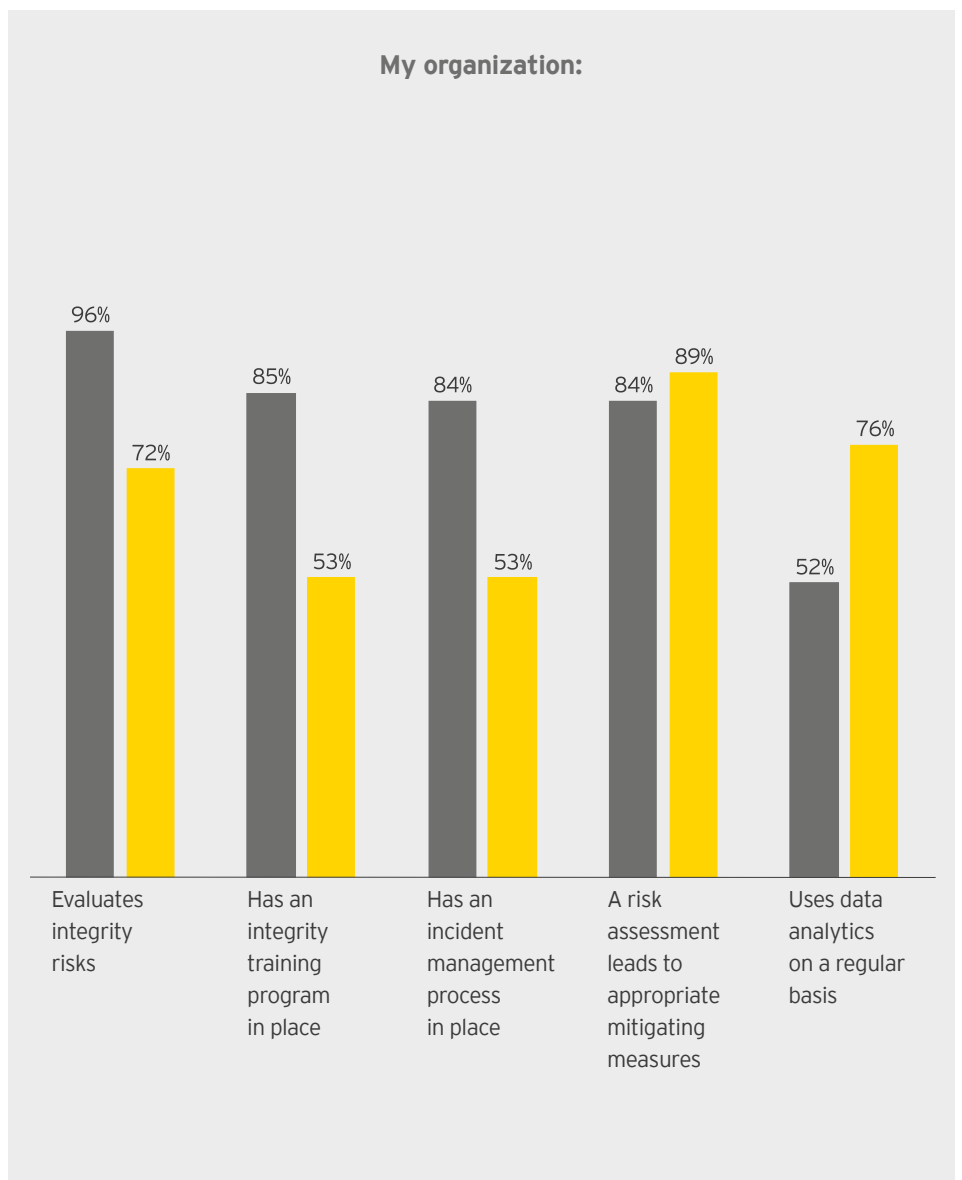
- ▶ 90% of respondents consider the risk of bribery/corruption and fraud applicable to their business.
- ▶ 73% of respondents report that their financial impact of all fraud, corruption and/or money laundering incidents is over €25.000.

Comparison of the results gained this year we observed amongst others that:

- ▶ Less organizations seem to evaluate integrity risks.
- ▶ Less organizations seem to have an integrity training program in place.
- ▶ Less organizations seem to have an incident management process in place.

However,

- ▶ More organizations have a more effective risk assessment in place which leads to appropriate mitigating measures.
- ▶ More organizations use data analytics to assess integrity risks.



Integrity breaches - why are they not always reported?

It seems most organizations have a process in place to handle breaches related to integrity. However, at the same time 25% of the respondents say that employees are hesitant to report incidents.

How come?

'Non reporting' of integrity breaches may have various underlying reasons. Which can amongst others be:

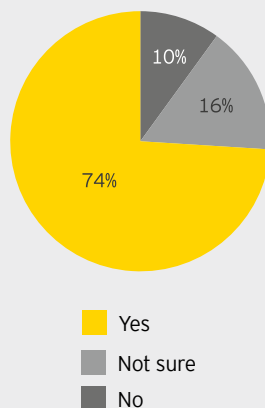
- ▶ Loyalty to their colleagues.
- ▶ Concern over their future career.

In general however, people are more willing to provide information to a third-party, such as a regulator or law enforcement agency. For companies, the process of appropriately managing the situation becomes more complicated.

So what now?

Organizations should spend more attention to develop or enhance programs that motivate and stimulate reporting (potential) integrity breaches. These programs should at least embed that employees have a safe surrounding for this and that reporting should lead to improvement. Taking this approach goes beyond the compliance requirements but may lead to a more desirable reporting culture.

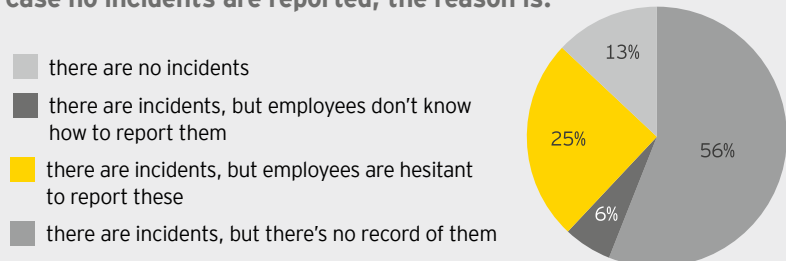
In my organization there's a process in place to handle breaches related to integrity



69% of the respondents indicated that integrity breaches are periodically reported to senior management

Only **61%** of the respondents indicated that their organization provides the means to anonymously address or report integrity breaches

In case no incidents are reported, the reason is:



Mostly **1-10** incidents have been reported during the last year in the respondent's organizations

Conflict of Interest to be the nr. 1 integrity risk

Is a Conflict of interest also corruption?

A Conflict of Interest (or “Col”) exists whenever there is an incentive and an opportunity to act to the detriment of a client, the market or an organization itself. Therefore it can, in a number of cases also lead to Corruption. Col may appear in amongst others the following configurations:

- ▶ Organisation vs. client.
- ▶ Organisation vs. market.
- ▶ Individual vs. client.
- ▶ Client vs. client.
- ▶ Between different business units within a firm.

How mitigate the risk of a (potential) Col?

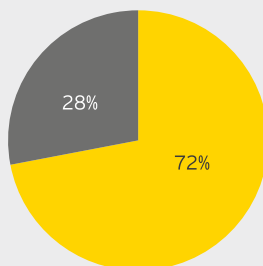
Start by asking the following questions:

1. What are the potential conflicts associated with our business?
2. What are the inherent risks of these conflicts?
3. Which controls could help mitigate the risk?

TIP: for free guidance and use cases and scenarios of Conflicts of Interest, please check the Guidelines on Conflicts of Interest in Enterprises (2018) by the International Chamber of Commerce.

Corruption needs a Conflict of Interest

Corruption occurs when the individual or organisation takes advantage of that opportunity and abuses their position for benefits



In **72%** of the cases respondents faced breach of integrity, the incident was related to a Conflict of Interest

Conflict of interest and data protection risk are considered the number one integrity risks that are applicable to the respondent's business:



Cyber risks are lurking just around the corner

In today's world, every organization is digital by default. And, as many organizations have learned, it's no longer a matter of if you'll face a cyberattack, it's a matter of when.

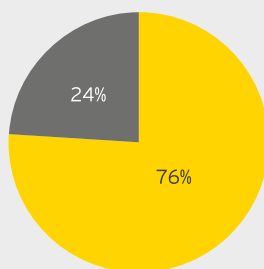
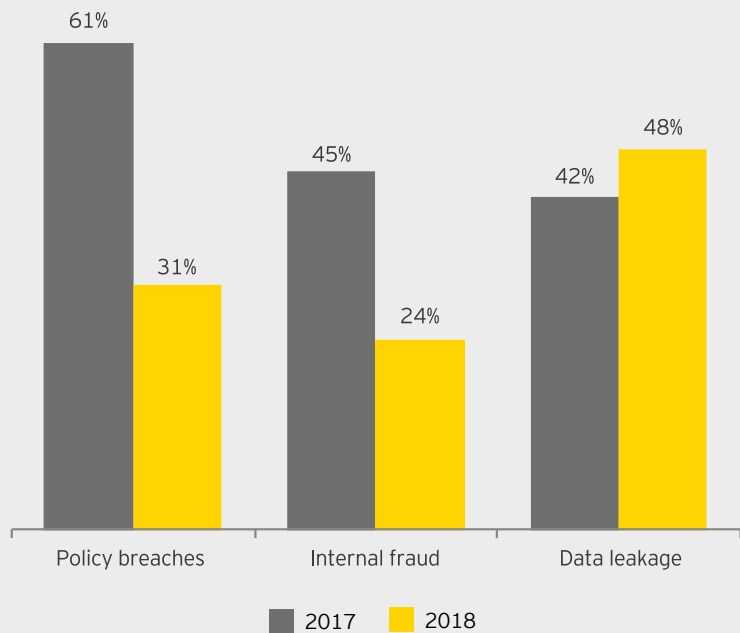
In the next three years, the global cost of cybersecurity breaches is expected to reach US\$6 trillion, double the total for 2015. The World Economic Forum now rates a large-scale breach of cybersecurity as one of the five most serious risks facing the world today.

Tips

In order to minimize the risks of data leakage, cyber attacks or data theft, think of the following steps:

1. Identify the real risks: map out critical assets across systems and businesses.
2. Prioritize what matters most: assume breaches will occur and improve controls and processes to identify, protect, detect, respond and recover from attacks.
3. Govern and monitor performance: regularly assess performance and residual risk position.
4. Optimize investments: accept manageable risks where budget is not available.
5. Enable business performance: make security everyone's responsibility.

Data leakage is considered to be the most common type integrity breaches, and the perception has increased over the past year:



24% of the respondents indicate that they currently do not have a dataprotection policy in place

The following team has initiated the Survey in 2018

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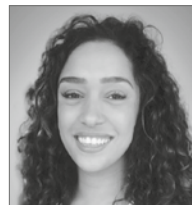
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