

FURNESS BUILDING SOCIETY

WHISTLEBLOWING DECLARATION - SUPPORTING PROCEDURES

Policy Statement 24/2015 - Whistleblowing in deposit-takers, PRA-designated investment firms and insurers

In this policy statement the FCA set out rules on whistleblowing designed to build-on and formalise examples of good practice already found in the financial services industry. These rules aim to encourage a culture in which individuals can raise concerns and challenge poor practice and behaviour. They complement the FCA's recent initiatives to reform senior management arrangements and remuneration. The Society's Whistleblowing Procedures have been updated to reflect these rule changes.

Introduction

Furness Building Society is committed to the highest standards of openness, probity and accountability and encourages a culture of honesty, ethics and engagement.

An important way to promote accountability and transparency is by providing a process which allows staff and others to voice concerns in a responsible way, to ensure that these concerns will be fairly considered and that any necessary actions are taken. This process is the Society's Whistleblowing Framework.

The Framework applies to all permanent, temporary and former members of Furness Building Society Group staff. It also applies to external consultants, seconded workers, contractors and agency staff whilst at the Society or subsidiary companies.

As part of their contracts, employees are not allowed to disclose confidential information about the Society or its members. Nevertheless, if an individual discovers information which they believe shows serious malpractice or wrongdoing within the Society, then it is right that this information can and should be disclosed internally without fear of reprisal. It is also important that there are arrangements in place to enable a staff member to make a report without informing their line manager.

There is legal protection for staff who wish to make a report. The Public Interest Disclosure Act, which came into effect in 1999, gives legal protection to employees against being dismissed or penalised by their employers as a result of publicly disclosing certain serious concerns.

However, it is important to remember this framework is to help individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by the Society nor should it be used to reconsider any matters which have already been addressed under harassment, complaint, disciplinary or other procedures.

As the Society has whistleblowing procedures in place, staff are asked to use them, rather than air their complaints outside the Society e.g. through the media.

Whistleblowing Champion

The Society's Senior Independent Director acts as the Society's Whistleblowing Champion and is responsible for ensuring the integrity, independence and effectiveness of the Society's Whistleblowing policy and procedures.

Scope

This framework is designed to enable Society employees to raise concerns internally and at a senior level and to disclose information which the individual believes shows malpractice or impropriety. These concerns could include

- Financial malpractice or impropriety or fraud
- Failure to comply with a legal obligation or Statutes
- Dangers to Health & Safety or the environment
- Criminal activity
- Improper conduct or unethical behaviour
- Attempts to conceal any of these

Safeguards

i. Protection

Employees could often be the first to realise that there may be something seriously wrong within the Society. However, they may avoid expressing their concerns because they feel that speaking up would be disloyal to their colleagues or to the Society. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

The Whistleblowing framework is designed to offer protection to Society employees who disclose such concerns provided the disclosure is made in good faith.

It is important to note that for those who choose not to use the Whistleblowing procedure but make allegations outside the policy (e.g. through media), there is no protection from internal disciplinary procedures. In an extreme case, malicious or wild allegations could give rise to legal action on the part of the persons complained about.

ii. Confidentiality

The Society will treat all Whistleblowing disclosures confidentially and sensitively. The identity of the person making the disclosure will be kept confidential so long as it does not hinder or frustrate any investigation. However, the investigation process may reveal the source of the information and the person making the disclosure may need to provide a statement as part of the evidence required.

iii. Anonymous Allegations

The framework encourages individuals to put their name to any disclosures they make. Concerns expressed anonymously are much less credible, but they may be considered at the discretion of the Society.

In exercising this discretion, the factors to be taken into account will include:

- The seriousness of the issues raised
- The credibility of the concern
- The likelihood of confirming the allegation from attributable sources

Although individuals may submit anonymous disclosures this may not always be the most appropriate action and staff should consider their regulatory responsibilities under the Senior Management Regime, which include disclosure of information which the FCA or PRA would reasonably expect to be notified of.

This specific responsibility (SM14) applies to senior managers with an SMF function.

In addition, all staff are subject to conduct rules which require individuals to be open and co-operative with the FCA, PRA and other regulators.

Prescribed Person Responsible for Senior Management Function 14

Andrew Haigh, Senior Independent Director has the SMF14 and the prescribed responsibilities as set out in SYSC 18.4.4 R “for ensuring and overseeing the integrity, independence and effectiveness of the firm’s policies and procedures on whistleblowing”, including the policies and procedures intended to protect whistleblowers from being victimised because they have disclosed reportable concerns.

iv. Untrue Allegations

If an individual makes an allegation in good faith, which is not confirmed by subsequent investigation, no action will be taken against that individual. In making a disclosure the individual should exercise due care to ensure the accuracy of the information. If, however, an individual makes malicious or vexatious allegations, and particularly if he or she persists with making them, disciplinary action may be taken against that individual.

Procedures for Making a Disclosure

The Group Secretary and the Senior Independent Director are nominated contacts for the receipt of disclosures. Contact details are provided in the whistleblowing section of the intranet.

Concerns are better raised in writing and should set out the background and history of the issue, giving names, dates and places where possible, and the reasons for the particular concern. If a complainant feels unable to put their concerns in writing, they can telephone or arrange to meet with a nominated contact.

The earlier a concern is expressed, the easier it is for action to be taken.

Complainants are not expected to prove the truth of an allegation, however they will need to demonstrate to the person contacted that there are sufficient grounds for the concern.

Procedures to be followed on Receipt of a Disclosure by any Individual who is not a Nominated Contact

If a whistleblowing disclosure is received by any member of staff other than the nominated contacts, they should take note of the complaint and must pass the information as soon as is reasonably possible to a nominated contact.

Complaints against or in any way connected to the Group Secretary should be passed to the Senior Independent Director.

Procedures to be followed on Receipt of a Disclosure by a Nominated Contact

On receipt of a disclosure the nominated contact will take the following action as soon as reasonably possible:

- Advise the Board of Directors of the disclosure
- The Board of Directors will appoint an appropriate independent investigating officer who may be a nominated contact or an alternative individual considered to have the independence, knowledge and skills to investigate the matter thoroughly.
- Advise the auditors (both internal and external) and PRA / FCA if appropriate
- The Board of Directors should be advised immediately if there is evidence of criminal activity and the matter will be reported to the Police. The Board will ensure that any internal investigation does not hinder a formal police investigation.
- The Board of Directors will be advised of any decision to notify the Internal or External Auditors, PRA or FCA.

Timescales

The investigating officer will ensure that the investigations are undertaken as quickly as possible without affecting the quality and depth of those investigations, although the exact timescale will depend on the nature of the disclosure and evidence of any criminal activity.

A written acknowledgement of the concern will be sent to the complainant within 5 working days.

Procedures to be followed by the Investigating Officer

- As soon as practically possible, a written acknowledgement of the concern will be sent to the complainant.
- If the investigation is a prolonged one, the investigating officer will keep the complainant informed, in writing, as to the progress of the investigation and as to when it is likely to be concluded.
- All responses to the complainant will be in writing and sent to their home address.
- Full details and clarifications of the complaint should be obtained.
- The member of staff against whom the complaint is made will be informed as soon as is practically possible. The member of staff will be informed of their right to be accompanied by a trade union or other representative at any future interview or hearing held under the provision of these procedures.
- The Investigating Officer will consult with the Executive Management Team (or appropriate members depending on the allegation) on any notification to the External Auditors.
- The allegations will be fully investigated by the investigating officer with the assistance where appropriate, of other individuals / bodies.
- A judgement concerning the complaint and validity of the complaint will be made by the investigating officer. This judgement will be detailed in a written report containing the findings of the investigations and reasons for the judgement. The report will be passed to the Chief Executive or Chairman as appropriate.
- The Chief Executive / Chairman will decide what action to take.
- If the complaint is shown to be justified, then the Chief Executive / Chairman will invoke the disciplinary or other appropriate Society procedures.
- The complainant should be kept informed of the progress of the investigations
- A final written response will be sent to the complainant with appropriate details of the final outcome.
- If appropriate, a copy of the outcomes will be passed to the Society's External Auditors to enable a review of the procedures.
- These procedures will be followed as far as reasonably practicable for an anonymous whistleblowing declaration.

Knowledge & Understanding

On an annual basis, HR send a reminder to all staff about the availability of the Society's Whistleblowing Policy.

The Society delivers an annual schedule of online training and testing. The Fighting Fraud module includes whistleblowing.

General

When any meeting is arranged, any employee (or ex-employee) has the right, if they so wish, to be accompanied by a Trade Union or a work colleague who is not involved in the area of work to which the concern relates.

The Society will take steps to minimise any difficulties which may be experienced as a result of raising a concern. For instance, if there is a requirement to give evidence in criminal or disciplinary proceedings, the Society can provide advice about the procedure.

The Society accepts that a complainant needs to be assured that the matter has been properly addressed. Thus, subject to legal constraints, information about the outcomes of any investigations will be provided.

If the investigation finds the allegations unsubstantiated and all internal procedures have been exhausted, but the complainant is not satisfied with the outcome of the investigation, the Society recognises the lawful rights of employees and ex-employees to make disclosures to prescribed persons (such as the Financial Conduct Authority, Prudential Regulation Authority, Health and Safety Executive), or, where justified, elsewhere.

Regulatory Reporting

The Society's Group Secretary will provide an annual report to the Board in respect of whistleblowing activity and provide assurance regarding training provided to staff and compliance with regulations. The report will confirm the operational effectiveness of systems and controls.

The Group Secretary will also promptly report to the FCA in respect of any upheld tribunal cases and maintain a record of reportable concerns and the outcome.