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Blow the Whistle with
TGS ROMANIA



The Association of Certified Fraud Examiners (“ACFE”) 2022 Report to the Nations estimates that the average organization loses 5% of its annual revenue to fraud each year, causing a median loss of \$117,000 before being detected.

Tips are by far the most common way that fraud schemes are detected, with more than half of all tip offs coming from employees. Organizations with hotlines detect fraud more quickly and have lower losses than organizations without hotlines. Therefore, implementing effective processes to solicit and thoroughly evaluate tips is crucial in detecting misconduct.

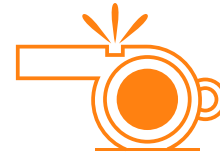
A Whistleblowing Program is an important tool to foster high ethical standards and maintain customer and public confidence.

What is Whistleblowing in the workplace?

Whistleblowing is a term used to describe an act whereby wrongdoing is exposed. It is a mechanism to get the necessary information to the right people to counter misconduct and promote transparency and integrity in the workplace.

A **whistleblower** discloses any form of information that is considered illegal, unethical, or not in accordance with an organization's regulations.

It gained impetus following the collapse of Enron in 2001 arising from financial reporting fraud, which culminated in **Time** magazine selecting three whistleblowers as its **Person of the Year** in 2002. Whistleblowing is growing in importance as a corporate governance mechanism, while it is increasingly recognized as a key internal control mechanism.



Is whistleblowing mandatory for my company?



The proper management of corporate whistleblowing is an increasingly important issue globally, so much so that the European Union has adopted a directive to make such systems mandatory.

Law no. 361/2022 on the protection of whistleblowers which transposed EU Directive 2019/1937 on the mandatory introduction of a formal whistleblowing process by organisations and the protection of whistleblowers, has come into effect and will be applicable to organisations as follows:


- For organisations employing at least 250 employees the obligation is applicable from **31st December 2022**; and
- For organisations employing between 50 and 249 employees from **17th December 2023**.

The EU Directive 2019/1937, transposed in the Romanian legislation under the Law 361/2022, requires common minimum standards to be set for whistleblowers, specifies the precise scope of application, the persons to whom, the matters

to be covered and the circumstances in which whistleblowing, even anonymous whistleblowing, should be provided, and requires that whistleblowers are protected by ensuring that appropriate whistleblowing channels are in place and operated.

On the face of it, this is another challenge for companies, but it is in everyone's interest to have a properly functioning mechanism for reporting wrongdoing that can reduce the damage caused by unpleasant incidents.

Why is whistleblowing beneficial for an organization?



The benefits of implementing a robust and transparent whistleblowing process are significant as the objectives of such a process are to identify inappropriate behaviour and conduct within the organization that if not discovered in time, may have material detrimental results in terms of reputation and financial loss. In addition, this process is an integral part of the EU ESG compliance requirements which will be implemented in Romania soon, but financial institutions are already considering them when extending or renewing facilities to their clients.

Helps combat fraud

When fraud flourishes within an organization, it will be damaging, with businesses struggling to recover from the financial and reputational effects it creates. By encouraging whistleblowing, the company can find out about it happening before it gets out of hand. This will help it maintain good relationships with suppliers, clients and shareholders and limit any fallout.

Reduces the risk of reputational damage

A good reputation is essential to a business. It can make the difference between winning and losing contracts, gaining and losing investors and affect whether customers want to buy from your company or from the competition.

When an issue is raised through internal channels, it allows the department in charge to tackle it appropriately as well as discreetly. More crucially, an anonymous system helps someone who doesn't feel safe or confident sharing information with their employer to come forward.

If there isn't an internal solution, they may choose to take the information elsewhere or disclose it publicly, potentially damaging the company's reputation.

Reduces the risk of legal prosecution

Where individuals and businesses seek to undertake criminal behavior, there is the chance of legal proceedings occurring. Directors can be held liable for offences carried out by the organiza-

tion if they consented or connived in an illegal activity or caused it through neglect of their duties. Having a whistleblowing system in place within the company can significantly reduce this risk.

Non-compliance with the whistleblowing law may have a high cost, as the consequences are not only of financial and reputational nature but also related to the liabilities of the organisations' administrators in accordance with the Law no. 31/1990.

Reduces losses

Early detection of misconduct can reduce the impact it has on the organization financially. The company can stop it before it costs regulatory fines, downtime and lost business.

Improves ESG rating and organizational culture

A whistleblowing system can help with environmental, social and governance (ESG) ratings. By embedding a speak-up culture in the workplace through a whistleblowing system, the management is showing employees that they are valued and that their safety and security are the company's priorities. This is a key element of the social aspect of ESG. In addition, it helps companies improve compliance and risk management in terms of governance too.

Makes the company healthier: More reports is better than fewer reports

On the surface, most people would assume that companies with more

issues being reported are more troubled, but the number of internal reports seems to reflect a positive feedback culture more than the extent of problems occurring within the company. All companies have their share of concerns, but not all companies have a culture where employees feel secure and valued when sharing feedback. The conclusion was that, on balance, **more reports are a good thing**, reflecting greater trust in management by employees and a greater flow of information to management about potential problems.

What are the requirements for a successful implementation of whistleblowing?

Implementing a whistleblowing system need not be a huge headache in terms of money or effort if you follow a well-defined implementation process based on international best practices tailored for your organisation.

The company needs to have in place:

- A well-articulated whistleblowing policy to cover the requirements of the law as well as practical procedures on evaluating, escalating, and dealing with complaints;
- A well-trained independent (i.e., an officer not involved in operations) responsible person (referred to as the “designated person”) and/or a responsible committee reporting to the governance board of the organisation, received and perform the initial evaluation of the complaints/reports;
- Readily available internal reporting channels that would maintain the whistleblowers (dedicated email address, hotline and/or a platform with specific reference on the organisation website). It is recommended that organisations with at least 150 employees implement a specialised tool/platform for receiving and managing complaints. Such platform/tools have already been developed in the EU by third-party providers and their cost (implementation and licences) is not prohibitive; and
- Training programmes sessions at all levels, starting with awareness training for the general employee population followed by specialized training for designated persons, case managers and for those in charge with governance.

Blow the Whistle with TGS ROMANIA



Compliance made simple.

A robust whistleblowing regime should be an integral part of governance best practice for all companies.

TGS ROMANIA, with an experienced team of experts, can be your trusted partner and help you navigate the challenges of the Whistleblowing Framework implementation.

Choose the whistleblowing package that serves your needs and we will help you set up a trustworthy whistleblowing program that works.

Each package brings you years of whistleblowing experience underpinned by **TGS (Think Global Sustainability)** values for sustainable corporate governance best practices.

Packages



STANDARD

Offers a start-up package that supports small organizations, set up a whistleblowing framework and comply with minimum requirements of the law.

- Multiple channels that include a dedicated E-mail & Telephone
- Whistleblowing Policy
- Support of the Whistleblower Officer

ESSENTIAL

The Essential Package is ideal for medium-sized companies. The Essential Package has all the Standard package features PLUS administrative, security, and support features like:

- Dedicated Whistleblowing Officer
- Branded Whistleblowing Platform for confidential and anonymous reporting
- Whistleblowing procedures tailored to your organization
- Whistleblowing related training

PREMIUM

The ultimate package, best fitted for larger entities, includes advanced features and added benefits to attest compliance and operate more efficiently in the complex world of whistleblowing. The Premium Package has all the Essential package features PLUS features like:

- Awareness training on Ethics & Integrity
- Incident investigation and resolution
- Development and support for the ISO 37002:2021 Whistleblowing certification

À la Carte



As you want it...

Tailored whistleblowing services to meet your unique needs.

Do you want to benchmark, upgrade, or certify your existing Whistleblowing Framework?

We offer a fully flexible solution to choose from available features that suits your company needs and support the integration to your existing framework for a seamless experience.



Meet our Team



CHRISTODOULOS SEFERIS
MANAGING PARTNER

Christodoulos has over 35 years of experience in Big 4, with expertise in corporate external and internal audit, financial and operational due diligence and valuations in SEE, advisory engagements, regulatory compliance, integrated audits and initial public offerings (IPOs) of SEC listed companies.




KEMAL OZMEN
DIRECTOR, RISK ADVISORY

Kemal has over 25 years of experience in Big 4, and as CFO and CEO within a Global Fortune 500 conglomerate. Kemal's expertise is finance management, business strategy and planning, internal audit and controls, risk management, corporate governance, fraud, and forensics.



CORINA VIZSDELUK
DIRECTOR OF ASSURANCE

Corina has more than 20 years of experience in the economic field, in the last 5 years being involved in internal and external audit projects.




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