



## TBI ANTI-CORRUPTION AND FRAUD POLICY

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### 1. Introduction

TBI anti-corruption policy is a specification of the financial related integrity violations of Tropenbos International's integrity system and Code of Conduct. It applies to TBI and therefore we require our partners (network partners and non-network partners alike) to subscribe to this policy (see also section 7 of this policy).

This policy focuses on the element of dishonesty for an unfair, unjustified or unlawful financial gain. This policy should be read in conjunction with other TBI policies, procedures and regulations:

- Integrity system (revised version of 2023, replacing earlier version of November 2018)
- Whistle blower policy (revised version of 2023, replacing earlier version of April 2021)
- TBI's administrative guidelines (May 2021)

*From TBI Integrity policy (2023):*

TBI Associates shall put everything in place to prevent unacceptable behaviour and violations of integrity. Such violations are

1. abuse of power (**corruption**, conflict of interest, leak of confidential information),
2. financial violations (**fraud**, theft, culpable waste, illegal practices),
3. interpersonal violations (discrimination, intimidation, bullying, unwelcome intimacy, sexual intimidation and violence)
4. professional violations.

*From TBI whistle blower policy (April 2021):*

TBI's whistleblower policy is intended to encourage and enable TBI employees and stakeholders to raise serious concerns about any perceived misconduct or irregularities in TBI operations.

It is our policy to conduct all of our business in an honest and ethical manner. We are committed to acting professionally, fairly and with integrity in all our organizational work and relationships wherever we operate and in implementing and enforcing effective systems to counter any acts of corruption and fraud. Therefore, we are fully committed to prevent, detect and respond to corruption and fraud threats and take action against perpetrators.

This policy sets out TBI's conduct with respect to the prevention and detection of corruption and fraud that are related to financial integrity violations. It applies to TBI as an organization, in its function as the secretariat of the TBI network and to all persons that work in, for, or on behalf of TBI. It also describes TBI's actions if corruption or fraud is suspected, detected or identified within one of TBI's Partners.

This policy applies to all corruption and fraud incidents, whether suspected, alleged or proven, that are either:

- committed against the organization by a person (legal or natural); or
- committed by the organization's management and staff and governing bodies, and as appropriate, business partners (whether in an official or private capacity) against any third party.

The purpose of this Anti-corruption and fraud policy is twofold. First, it should provide clear guidance to TBI Director and staff and governing bodies who encounter or suspect corruption, fraud or other financial irregularity. Second, it should be used to raise awareness among management, staff and governing bodies and where relevant, business partners about how to recognize corruption and fraud, as well as behaviors and circumstances known to be associated with it and provide guidance how to act accordingly.

This document provides an overview of financial integrity issues, the preventive measures to be taken, signals of corruption, research to be executed and the appropriate reaction. Proper attention to managing integrity risks and corruption may divert financial loss, reputation loss and ultimately may increase TBI's fund-raising potential.

This Anti-Corruption and fraud policy intends to be a reference document for TBI's staff members in general and especially TBI Director, program coordinators and controllers on avoiding and handling corruption and fraud-related issues. Furthermore, it is a tool to build awareness of the challenges related to corruption, within TBI NL but also for the TBI Network members. This Anti-Corruption Policy is part of the administrative guidelines of TBI.

## 2. Definition of Corruption and fraud

It is important that the modes of corruption and the reality in a country are well understood. TBI broadly defines **corruption** as the use of entrusted power or position for private gain and recognises different forms of corruption.

Financial related corruption might occur in many forms, including but not limited to:

1. Bribery: When someone improperly provides goods or services against some form of improper compensation.
2. Embezzlement: Theft of resources for own use.
3. Extortion: The act of obtaining something by force, threats or undue demands.
4. Conflict of interest: while in itself is not corruption, the concealing, mis management or abuse of such a conflict of interest is. Nepotism, the favouring of family, relatives or friends through assigning them jobs or contracts while other alternatives exist that better contribute to the objectives of the organization, is an example of a corrupt form of conflict of interest

It is the lack of integrity or honesty (especially susceptibility to bribery) or the use of a position of trust for dishonest gain. Although corruption can involve both financial and non-financial benefits such as enhanced personal reputation, the acquiring of political capital or access to services, this document focuses on the financial aspects of corruption.



International law regarding the corruption of public officials anywhere in the world has extraterritorial effect. It therefore applies to TBI staff and associates.

**Fraud** is intentionally deceiving someone in order to gain an unfair, unjustified or illegal advantage or to deprive someone of their legal rights. Fraud generally implies an act of theft, the intentional distortion of financial statements or other accounting records by persons internal or external to TBI (or in collusion) to conceal the misappropriation of assets, or otherwise, for gain.

#### Examples of Fraudulent Behavior

- Obtaining property, financial advantage or any other benefit by deception or abuse of authority granted by virtue of official position or duty.
- Charging TBI for goods and services that have not been delivered.
- Tax avoidance and the pursuit of an asset management/investment policy contrary to the organisation's objectives
- Seeking to obtain confidential information about a colleague or others, with intent to use it for unauthorized purposes.
- Knowingly providing false, misleading or incomplete information to TBI, its donors, partners, or other business relations, or deliberately failing to provide information where there is an obligation to do so.
- Claim costs (e.g. full DSAs) if (part of) these costs are covered otherwise
- Unauthorized personal use of TBI's computers, telephones, vehicles or any other property or services outside of professional duties, hacking into, or interfering with, a TBI computer system.

### 3. TBI does Not Tolerate Corruption and Fraud

TBI considers corruption and fraud as serious crimes. Not only are corruption and fraud violations because of the individual affected, but also because over time it results in the erosion of trust (of staff and citizens) in the organisation and its power structures.

TBI will not accept the mis-use of power, be it formal power in decision making either entrusted to TBI Director, staff, or partner-organizations or the use of financial support given to Director, staff, or partner-organizations to implement particular projects or for the purpose of self- enrichment, criminal or other illegitimate activities. All of the described acts above (text box) can be described as corruption.

TBI adopts a ZERO tolerance approach to inaction regarding suspected, detected or identified instances of corruption, bribery, fraud or other financial irregularity. The same principles do apply in all situations – that is, low level incidents will be treated the same way as high level incidents, according to TBI's integrity standards.

No employee may falsify or otherwise provide false information. An employee who engages in such illegal actions shall be subject to sanctions and in the ultimate case to summary

dismissal. An employee who has caused loss to TBI through such illegal actions may additionally be held liable for reimbursing the cost of the loss or damage caused.

In the case of corruption at the Director or staff level, TBI's ability to effectively, efficiently, and credibly achieve its mission is seriously undermined, if not significantly damaged. The same holds true for the ability of partner-organizations to achieve their missions if corrupt practices are tolerated. Next to that corruption in general undermines good governance and the achievement of a cost-effective sustainable development policy. Corruption especially hurts the poor by denying them free and fair access to the services that they are entitled to.

As a basic principle, TBI does not condone the payment of bribes. These include, but are not limited to, illegal charges imposed for the release of goods from customs, "taxes" levied by local authorities in addition or beyond to the legal maximum, or illegal charges imposed by local authorities in exchange for mission registration, program approval, visa or work permits. No employee will accept a bribe of any kind either directly or indirectly, with the intention to obtain or retain any improper privilege. TBI staff and associates are also not allowed to engage third parties in order to pay bribes to government officials, business contacts or their family through tender contracts, purchase orders or consultancy agreements.

#### 4. TBI's action against Corruption and fraud

To prevent abuse of entrusted power for private gain and guarantee that donors' money is well spent, TBI is committed to fight all types of corruption and fraud. TBI lives up to this commitment by:

- requiring full transparency of all staff in all their activities, and holding them accountable if any instances of breaches of this policy are established; this includes reporting to the director any potential conflicts of interest the staff member may have
- requiring employees and counterparts to report suspected cases of corruption and fraud, and providing them with suitable channels of communication and ensuring sensitive information is treated appropriately (see TBI Reporting complaints and whistle blower policy). If it is found that employees and counterparts did not knowingly report suspected cases of corruption, they will be held accountable;
- rigorously investigating instances of alleged corruption and fraud and taking firm and vigorous action against any employee or counterpart involved in corruption or fraud;
- maintaining and enforcing additional policies and procedures for preventing and countering corruption and fraud.

#### 5. Rules concerning TBI staff

TBI prides itself on its own internal integrity standards (see TBI integrity system). All employees should adhere to TBI's Code of Conduct, which provides guidance on our core values and guiding principles and commitment to transparency and accountability.

Nevertheless, TBI's management team with support of the integrity officer will develop a sanction policy which also relates to corruption of TBI Governing bodies, Director or Staff. Sanctions could range from official note in performance report, leave with pay, or suspension,



to immediate dismissal and will be decided after the formal procedure of investigation has been completed and be proportionate to the offense committed.

- TBI stimulates internal exchange to discuss topics like anti-corruption and fraud and integrity in the wider sense and the role of reporting and whistle blowers. This is meant to create the overall awareness on these topics and will encourage open communication about behaviour etc;
- TBI has administrative- and financial guidelines, integrity system, anti-corruption and fraud policy and whistle blower policy in place;
- TBI will refer to the integrity system, anti-corruption and fraud policy and whistle blower policy in its administrative guidelines that are part of the employment contracts;
- Newly appointed TBI staff will be requested to undersign TBI's Code of Conduct.

## 6. Reporting suspicion of corruption and fraud

All stakeholders, including all persons that work in, for, or on behalf of TBI can express their grievances or complaints related to possible cases of integrity violations. The complaints procedure is elaborated in TBI's Reporting complaints and whistle blower policy. TBI will investigate all reports of fraud or potential fraud and will make every attempt to recover its losses and restore assets.

Everyone within TBI must report suspicion of corruption, bribery, fraud or dishonest behaviour, and TBI is committed to its legal obligations to act fairly, honestly and in good faith when conducting investigations. All employees of TBI are responsible for:

- acting with propriety in the use of TBI's assets and resources;
- alerting their line manager in case of:
  - any suspected or actual fraud or corruption;
  - any suspicious act or event which might give rise to a suspicion of fraud or corruption;
- assisting in any investigations by making available all relevant information and by cooperating in interviews.

If for any reason a member of staff does not feel able to report a suspected fraud or corruption to their line manager, he/she could best follow the procedure as described in TBI's whistle blower policy.

TBI commits to protect individuals who wish to report or protest the occurrence of irregularities and malpractices that undermine the corporate objectives. These individuals can make use of the whistle-blowers procedure that is part of this policy.

## 7. TBI's actions in case of corruption, fraud within Tropenbos Network Members/ Subcontractor/ Partner (mentioned as "Partners")



Responsibilities and obligations of Tropenbos Network Members are detailed in TBI's network agreement. Subcontractor or partner organizations obligations are detailed in TBI's contractual agreements with the Subcontractor/Partner. Tropenbos Network Members, subcontractor or partner organizations must report any suspected fraud or corruption.

TBI's reporting and whistle blower policy outlines the protocol and procedures for actions to be taken on receiving complaints including information about or when suspecting the possibility of unlawful expenditures by TBI Network Members/ subcontractors/ partner organizations of TBI.

Cases of serious corruption or fraud will be reported to the appropriate authorities and donors in accordance with applicable law and regulations.

In case of suspected, detected or identified corruption or fraud of one of the Tropenbos Partners, TBI will take action accordingly.

First, both Parties will attempt to clarify the (suspected) case of corruption and fraud and will jointly develop a strategy for resolving, reporting and sanctions. The first clarification can be done at staff level while management of both Parties will be informed. The final decision on the strategy for further investigation or actions will be taken at the Director's or, if desired and applicable, Board level.

A second step can be an additional audit, specifically directed to the detection of corruption and fraud. The decision to undertake such additional audit is preferably taken by mutual consent. If not, TBI still has the right to request for the additional audit. In the event TBI desires such an audit, it will inform the Partner thereof in writing and the Parties will jointly appoint an independent external auditor, whereby TBI shall have a decisive vote. The Partner shall make an appointment with the independent external auditor within one month upon its appointment. The Partner shall fully cooperate with the independent external auditor. The audit will be on the books of the account and other financial records of the Partner relevant to the Agreement between TBI and the Partner. In case the auditor comes to the conclusion that certain expenditures fail to comply with the provisions of the Agreement and TBI financial guidelines, or detects corruption or fraud, the Partner shall reimburse TBI for such expenditures within 30 days upon receipt of its written request. The costs for this audit are for TBI's account unless the audit reveals that the Partner has acted fraudulent or otherwise in bad manner when drawing up its books of account and/ or other financial records relevant for this Agreement.

In the event TBI has good reasons to believe that the Partner is acting in a fraudulent or otherwise bad manner, TBI is entitled to perform such audit immediately without any prior notice being required. TBI is entitled to have such audit performed by a third party. The Partner shall fully cooperate with TBI and/or that third party in performing such an audit and shall provide TBI and/ or that third party with all documents and data which are necessary in view of the audit. For a solid review at organizational level, the auditor may require insight in Partner's books and financial records other than those directly related to the Agreement between TBI and Partner. The partner is expected to provide all information or access the



records as requested by the auditor. The latter is specifically of importance in case TBI is informed, probably by third parties, about (strong suspicions of) fraudulent behavior or otherwise bad manner of the Partner.

Similar as above, in case the auditor comes to the conclusion that the Partner has acted fraudulent or otherwise in bad manner when drawing up its books of account and/ or other financial records relevant for this Agreement, the Partner shall reimburse TBI for any expenses related to the corruption or fraud immediately. In this case of fraudulent or bad manner, the costs for the audit are for Partner's account.

If the corruption or fraud is directly related to specific staff member(s), TBI expects that Partner will take immediate and appropriate action and inform TBI accordingly. The staff members can no longer take part of any of the interventions financed by TBI or be in the position to have access to funds coming from TBI. In case of a director or board member involved in corruption or fraude, the board of the partner will be informed and requested to decide whether suspension is needed during the investigation.

The auditor may also come to the conclusion that corruption or fraud occur within Partner's organization, not perse related to the Agreement between TBI and Partner.

If the corruption and fraud is rooted/ common in Partner's organization, TBI will immediately end its relationship with Partner. Any payments will be halted and TBI will request Partner to reimburse all outstanding advances.

If Partner rejects the additional audit as requested by TBI, or does not want to cooperate with the auditor to provide additional information, TBI has no other option then to end the Agreement with partner.

For the purchase and use of equipment (e.g. cars, computers), TBI expects Partners to have guidelines in place and equipment will be used for work rather than for private use.

TBI will raise awareness of TBI partners on integrity, and anti-corruption and fraud, whistle blower policies and will encourage TBI partners to prepare their own policies and discuss the topics internally with its staff. Alignment with other TBI policies is encouraged.