

ANTI-FRAUD AND ANTI-CORRUPTION POLICY

A. General

Fraudulent and corrupt behaviour can seriously damage IPE Global Centre for Knowledge and Development's (CKD) (hereinafter referred to as 'the Organisation') reputation in the marketplace and diminish the client's trust in our ability to deliver results in an accountable and transparent manner. Pursuant to laws and regulations in place to combat fraud and corruption, it is a crime to give, pay or promise "Anything of Value" in order to influence an act or a decision to obtain, retain and/or secure an improper advantage of any kind.

B. Acknowledgement

Employees/ consultants will acknowledge the acceptance of this Policy by signing a 'Declaration' form annexed towards the end of this Policy.

Failure to acknowledge this Policy may result in ceasing of benefits accorded to an employee/ consultant of the Organisation including annual appraisals and/or revocation of employment/ agreement with CKD.

C. Purpose

The Anti-Fraud and Anti-Corruption Policy (hereinafter referred to as "the Policy") sets forth CKD's universal standards regarding the prevention of fraud and corruption. It outlines acceptable and non-acceptable behaviour to ensure compliance with the anti-corruption laws. If local laws or regulations establish stricter requirements, we will comply with such stricter requirements.

D. Definitions

1. Fraud

Fraud is defined as an act of intentional misrepresentation of facts that misleads, or attempts to mislead, to obtain a financial or other benefit or to avoid an obligation. The attempted fraud is as serious as accomplished fraud. Actions constituting fraud include but not limiting to, the following:

- Forgery or unauthorised alteration of any documents, making false statements/ representations to obtain a financial or other benefit to which a person/ CKD is not entitled
- Usurpation of the Organisation's interest for personal gains
- Offering or receiving something of value to improperly influence procurement process
- Willful suppression of facts/ deception in matters of appointment as a result of which wrongful gain(s) is/ are made to one and wrongful loss to other(s)
- Asking for or receiving personal gains in return for showing favour to a candidate in a recruitment process
- Collusion with other participant(s) during tendering process
- Destruction, disposition, removal of records or any other assets of the Organisation.

2. Anything of Value

"Anything of Value" covers just about any form of benefit, which includes, but is not limited to:

- Cash or cash equivalents (gift vouchers, etc.), loans, gifts, prizes
- Employment offers or promises of future employment (to an individual or any of his/her kith/kin)
- Entertainment/ hospitality (payment of travel, hotel or restaurant bills, cost of trips, resort stays)
- Discounted or free tickets to events
- Personal favours

3. Corruption

Corruption is abuse of public office for private gain. Corruption is said to be committed by any person who directly or indirectly:

- accepts or agrees to accept any gratification from any other person whether for the benefit of himself or herself or for the benefit of another person;
- gives or agrees to give to any other person any gratification, whether for the benefit of that person or for the benefit of another person, in order to act, personally or by influencing to act, in a manner that amounts to:
 - Illegal, dishonest or unauthorised accumulation of information
 - Abuse of position or authority
 - Breach of trust
 - Any other improper inducement to do or not to do anything.

4. Bribery

Bribery means directly or indirectly giving or offering anything of value for the purpose of obtaining or retaining business, to win a business advantage and/ or influence a decision regarding the Organisation (obtaining licenses, regulatory approvals, avoiding duties or blocking a competitor from bidding).

5. Facilitation Payment

Facilitation payment is a small payment given to a person (or government official) designed to secure or expedite a routine (government) action by the said person. For example, small payment(s) to schedule an inspection or get utilities such as power or phones connected would generally be considered as facilitation payment. It is to be noted that facilitation payment is not intended to **affect the result** of a decision-making process but to **speed up** a scheduled action.

For more examples on what constitutes fraud and corruption, refer Annexure A of this Policy.

E. Scope

This policy applies to the entire CKD workforce involving employees (including those on contract), subcontractors, suppliers, sub-consultants and/or any other parties having working relations with the Organisation. Also, this policy applies to all operations, dealings and transactions in all countries where the Organisation operates.

The policy also covers the receipt of bribe by or for the benefit of, CKD staff member.

F. Policy

1. Policy Statement

CKD's long-standing commitment to work with integrity means avoiding fraudulent and corrupt means, in any form including bribery and complying with fraud and corruption prevention legislation of every country in which it operates.

The Organisation prohibits any inducement that results in a personal gain or advantage to the recipient or any person or body associated with them and which is intended to influence them to take action which may not be solely in the interests of the Organisation or of the person or body employing them or whom they represent. This includes facilitation payments.

2. Policy Details

This Policy is an important part of the Organisation's corporate governance, establishing the framework for preventing, identifying, reporting and effectively dealing with fraud and other forms of corruption.

i. Gifts, Entertainment and Hospitality

As a general rule, employees including subcontractors and/or members of their immediate families (spouse, mother, father, son, daughter, brother or any of these step- or in-law relationships, whether established by blood or by marriage) should not offer, solicit or accept cash or its equivalent, gifts, entertainment or anything of value to or from government officials, other clients, suppliers or others.

This Policy does not prohibit normal and appropriate gifts, hospitality, and promotional or other similar business expenditure, such as corporate calendars, diaries and pens. However, the key determining factor for the appropriateness of the gift or hospitality and/or its value would be based on facts and circumstances under which such gift or hospitality is provided.

The practice of giving gifts and hospitality is recognised as an established and important part of operations. However, it is strictly prohibited when they are used as bribes. Giving gifts and hospitality varies between countries and what may be normal & acceptable in one country may not be so in another. To avoid committing bribery offence, giving gift or hospitality is acceptable under this Policy only if **all the following requirements are met:**

- It is permitted by local laws, regulations and the recipient's organisational policies (as applicable)
- It does not include cash or a cash equivalent (such as gift certificates or vouchers)
- It is appropriate in the circumstances. For example, in India, it is customary for small gifts to be given during Diwali (refer examples of token gifts, below)
- It is given openly and transparently, not secretly and in a manner that avoids the appearance of impropriety
- It is intended to improve the image of the Organisation, better present its services or establish cordial relations
- It is not made with the intention of influencing an individual (or government official) to obtain a business advantage or in explicit or implicit exchange for favours/ benefits or for any other corrupt/ fraudulent purpose.

Examples of Token Gifts: Corporate calendar, planners, diary, pens, mugs, greeting cards, bouquet of flowers or dry fruits.

What is not acceptable?

It is not acceptable for any employee of the Organisation (or someone on his/ her behalf) to:

- Accept an offer of a gift of any size from any individual or supplier which is in negotiation with or is submitting a proposal (including an offer for providing advisory services) with CKD
- Give, promise to give or offer, any payment, gift, hospitality or advantage with the expectation or hope that a business advantage will be given or received or to reward a business advantage already given
- Give, promise to give or offer, any payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure
- Threaten or retaliate against, another employee who has refused to commit a bribery offence or who has raised concerns under this Policy
- Engage in any activity that might lead to a breach of this Policy

Threshold Limits: The value of gift(s) received from an individual should be less than Rs. 2,500.00 (Rupees Two Thousand Five Hundred only) or such greater or lesser amount as the Head – Risk Management will notify in writing, as applicable, from time to time.

Notification: If an employee of the Organisation receives a gift that has a value equal to or greater than Threshold Limit and which directly or indirectly relates to his/her employment with the Organisation (whether from any of CKD's suppliers, partners, customers, competitors or any others), an employee is duty bound to declare the receipt of gift in the Gift Register available with the Head – Risk Management, within three business days following the receipt of the gift.

ii. Facilitation Payments

The Organisation strictly prohibits disbursement and acceptance of "Facilitation Payments" of any kind.

iii. Commercial Bribery

Just as we strictly prohibit fraudulent and corrupt means including bribery when dealing with our clients including Government Officials, we also prohibit the bribery of private persons or entities. Under no circumstances should any employee offer, promise, give or pay anything of value in return for any improper advantage.

Examples:

- Abhishek, an operations manager, invites an important existing client to attend a cricket match as part of a public relations exercise designed to cement good relations and enhance the client's knowledge of our services. Is this acceptable?

Yes. This hospitality seems to be reasonable and justifiable in all the circumstances and the intention is to improve the Organisation's image, better present our services and improve cordial relations.

- Deepak invites a potential client to a fine dining a week before the deadline for tender opening, which he hopes to secure in order to persuade them to accept his Organisation's tender. Is this acceptable?

No. This hospitality would constitute bribery as it would be made with the intention of influencing the potential client to obtain a new assignment. The timing is important. If there was no tender deadline, you may be able to entertain the potential clients without breaching the law. This is because the intention of the hospitality would be then to improve the Organisation's image, better present the services and establish cordial relations with the potential client.

- A potential sub-contractor delivers a case of expensive wine to Aman, a week before Aman has to make a decision on the awarding the work. Can Aman accept the gift?

No. The gift appears to have been made with the clear intention of influencing Aman to award the work to the sub-contractor. Aman should return the case of wine explaining that he cannot accept the gift and Aman should assess the quote for the supply of services impartially with quotes obtained from other sub-contractors.

- A supplier offers a five-day holiday package to Thailand to Faisal, Department Head as a token of his appreciation for a contract awarded to the supplier. Can Faisal go?

No. Taking into account the reason for the gift, the holiday package is unreasonable in such circumstances. Faisal should politely decline the gift and explain that you cannot accept such an offer.

G. Roles and Responsibilities

1. Chief Mentor

As the custodian of CKD Anti-Fraud and Anti-Corruption Policy, Chief Mentor approves the Policy and its subsequent revisions.

2. Head – Risk Management

Head – Risk Management is responsible for implementation of this Policy and is accountable for establishing and maintaining ethical culture and monitoring obligation under this Policy. The Head – Risk Management is also responsible for approving disciplinary action.

3. Department Heads/ Managers

Department heads/ managers are required to take active steps to prevent and detect fraud, misappropriation and other irregularities within their service areas through compliance with relevant corporate policies and procedures. Department heads/ managers are required to promote the awareness of the Policy and ensure that employees, suppliers and/or consultancy subcontractors for which they are responsible, are aware of, understand and adhere to this policy.

4. Individual Staff Member

Each CKD staff member must realise that fraud and corrupt practices, whatever its extent and form, is contrary to the standards of conduct expected of them at the Organisation. Each CKD employee must comply with CKD policies and procedures including HR policies, to be aware of any possibility of fraud and corruption and to report any genuine concerns to the Nodal Officer appointed by management (also refer point (6) below).

5. Sub-contractors/ suppliers/ consultants

Subcontractors as well as employees of companies having working relationship with CKD are obligated not only to interact honestly in the provision of services for the Organisation, but also report allegations of fraud and corruption to the Organisation.

6. Nodal Officer

The management of CKD has appointed Nodal Officer for the purpose of conducting preliminary investigations on report(s) of Fraud and Corruption. Any reported fraudulent or corrupt activity will be initially investigated by Nodal Officer as per the laid down procedure {refer I (Investigations)}. Currently, CKD management has designated Mr. Sudarshan Panda, Head-Risk Management as Nodal Officer. The contact details are:

Mr. Sudarshan Panda

IPE Global Centre for Knowledge and Development, B-84, Defence Colony, New Delhi - 110024

Direct : +91 11 40755962

Mobile : +91 9650544955

Email : hotline@ipeckd.org

H. Prevention of Fraud and Corruption

Fraudulent and corrupt practices are contrary to CKD's core values. The Organisation recognises the adverse effect that such practices could have on its services and operations; and is committed to preventing them and taking robust action where they are found to occur. The following measures shall be taken to prevent fraud and corruption:

1. Awareness Training

To ensure that all employees are aware of their responsibilities regarding preventing fraud and corruption, a plan for dissemination and awareness of this Policy among all employees of the Organisation is critical.

In this regard, Human Resources (HR) personnel should reiterate the duty of all staff members of the Organisation to report acts of fraud and corruption, as required by this Policy including HR policies. Fraud and corruption prevention awareness may include training on topic of "Fraud & Corruption

Detection and Prevention". Awareness training/ other relevant training programmes will be coordinated by HR.

2. Preventing Conflict of Interest (Col)

Conflict of Interest (Col) occurs when an employee's or other staff member's private interests such as outside professional relationship or personal financial assets interfere with performance of his/ her duties as CKD representative. Col can be **Actual** or **Potential**, as briefed below:

- **Actual Col** ~ Private interests interfere with official responsibilities.
- **Potential Col** ~ There is a reasonable perception that private interests may interfere with official responsibilities

As CKD representative, it is important to preserve fairness and independence of official decision making, at all times. Col situations do not necessarily indicate corruption or wrongdoing. However, if not managed appropriately, such situation can compromise a professional integrity or may lead to potential fraud situation.

Employees having fiduciary responsibilities – such as procurement should disclose to appropriate person (preferably his/ her line manager) private interests, past, present and future relationship that may result in actual or potential Col. Such disclosures will enable the managers to advise their team members on steps to appropriately manage risks through recusals, transfer of duties, etc.

3. Screening during Recruitment

Integrity lays the foundation of CKD core values. Consequently, the Organisation identifies integrity as a paramount consideration in the selection and recruitment of staff members. HR shall ensure that specific assessment tools for integrity, background and academic checks are deployed. Additionally, HR shall ensure that prospective employees are aware of and declare any family or spousal relationships which may lead to potential Col (unable to render impartial assistance or advice) during the course of job activities.

I. Reporting Fraudulent and Corrupt Activities¹

Staff members and other personnel are duty bound to report information of discovery of fraud or suspected fraud or corrupt activities or any bribery issue involving the Organisation staff members including subcontractors at the earliest possible stage.

All reports/ allegations of fraudulent and corrupt practices should be made in writing, preferably via email. The Organisation has put in place an email id (hotline@ipeckd.org) for the benefit of employee(s) and other persons wishing to report fraud and/or corrupt activities.

1. Details to be included in a Report of Fraud

To the extent possible, the following details should be included while reporting fraud or corruption (report should be as specific as possible):

- The type of alleged wrongdoing
- Where and when the event(s) occurred
- Who is involved and who else has the knowledge about the event(s)

Also, documentary proof(s) that is important for investigations should be included with the report or sent, at the earliest possible.

¹The process flow for reporting and investigating fraud & corruption is illustrated in flowchart in Annexure B

2. Anonymous Reporting

All individuals wishing to report fraud and/or corruption are encouraged to put their names and other contact details in the report. Concerns expressed anonymously are more difficult to assess and investigate. If an employee or any other person is not willing to report the fraudulent and/ or corrupt activities in writing, he/ she may get his/ her statement recorded by Nodal Officer. The Nodal Officer shall maintain anonymity about the identity of the reporting individual and under no circumstances would discuss the same with any unauthorised person.

Requests for anonymity of the individual reporting fraud and/ or corruption will be honoured to the extent possible within the legitimate needs of investigations.

J. Investigations

1. Preliminary Investigation

All allegations of fraud and corruption screened and reviewed by the Nodal Officer appointed by the management. It will be the primary responsibility of Nodal Officer to conduct the preliminary investigation. The employee or any other person who reports the suspected fraud or corrupt activity should not attempt to interview or interrogate any person related to suspected fraud.

The Nodal Officer shall make every effort to protect the rights and the reputations of everyone involved in report of suspected fraud, including the individual who in good faith alleges perceived misconduct, as well as the alleged violator(s).

If Nodal Officer determines that a report is not credible or is not a report of fraud/ corruption, he/she shall document this determination. The Nodal Officer's documentation shall include support for the determination. If the preliminary investigation substantiates the fraudulent activities, the Nodal Officer will prepare an outcome report and send it to –Chief Mentor with a copy to CKD Management for further investigation.

The Nodal Officer shall complete the preliminary investigation and submit the incident report not later than 15 days from the date of report of fraud and/or corruption. In case Nodal Officer is not able to complete and submit the investigation report within in 15 days, he may seek extension from management. Any extension may be at the discretion of the management.

2. Final Investigation

After completion of the preliminary investigation, CKD Management may at its discretion, if it so desires, request further information to enable a proper assessment. This will include the collection and review of all relevant documents, interviews of people who can provide information, and an interview with those alleged to be involved in fraud and corruption.

Once the investigations are complete, due & appropriate action which could include disciplinary action, civil or criminal action or closure of the matter if it is proved that fraud is not committed, etc. shall be undertaken by the management.

Any investigation conducted under the present Policy shall be completed within 30 days of receipt of complaint and shall be done in an impartial, fair and thorough manner.

3. Confidentiality

All investigations of fraud including corrupt activities are undertaken on a confidential manner and everyone involved is/are reminded of the need for confidentiality during the course of investigations.

K. Disciplinary Action

Fraud and corruption constitute serious misconduct for which, where involvement is established, a staff member including subcontractors may be subjected to disciplinary action, upto and including termination.

In addition, the Organisation shall seek to recover monetary compensation from staff member/ subcontractors for any financial loss to the Organisation resulting from fraudulent and corrupt activity.

L. Protection against Retaliation for Reporting

The Organisation will not tolerate any attempt to deter anyone from reporting suspicions of fraud and/or corruption or incidents of repercussions/ victimisation against anyone who, in good faith, reports a concern or cooperates with a compliance investigation even when allegations are found to be unsubstantiated. Any employee of the Organisation who retaliates against another employee in violation of this Policy is subject to disciplinary action, upto and including termination. This also includes attempts to deter anyone from reporting suspicions of fraud and/or corruption.

Also, where allegations made by any employee/ individual turns out to be false and made with malicious/ frivolous intent, employee/ individual who made such allegations will be subjected to disciplinary action, upto and including termination.

M. Governing Legislations

In setting out the principles included in this Policy, particular importance has been given to the requirements of:

1. India : Prevention of Corruption Act, 1988
http://www.persmin.gov.in/DOPT/EmployeesCorner/Acts_Rules/PCAct/pcact.pdf
2. Kenya : Anti-Corruption and Economic Crimes Act, 2003
http://www.kenyalaw.org/kenyalaw/klr_app/frames.php
3. Ethiopia : Federal Ethics and Anti-Corruption Commission Establishment Proclamations (Anti-Corruption Law)
<http://www.feac.gov.et/index.php/downloadables-en>
4. Bangladesh : The Anti-Corruption Commission Establishment Act, 2004
http://www.lcgbangladesh.org/corruption/docs/ACC_Act_Annotated.pdf
5. United Kingdom : United Kingdom Bribery Act (UKBA), 2010
<http://www.legislation.gov.uk/ukpga/2010/23/contents/enacted>
6. USA : The Foreign and Corrupt Practices Act (FCPA), 2004
<http://www.justice.gov/criminal/fraud/fcpa/docs/fcpa-english.pdf>

N. Policy Revisions

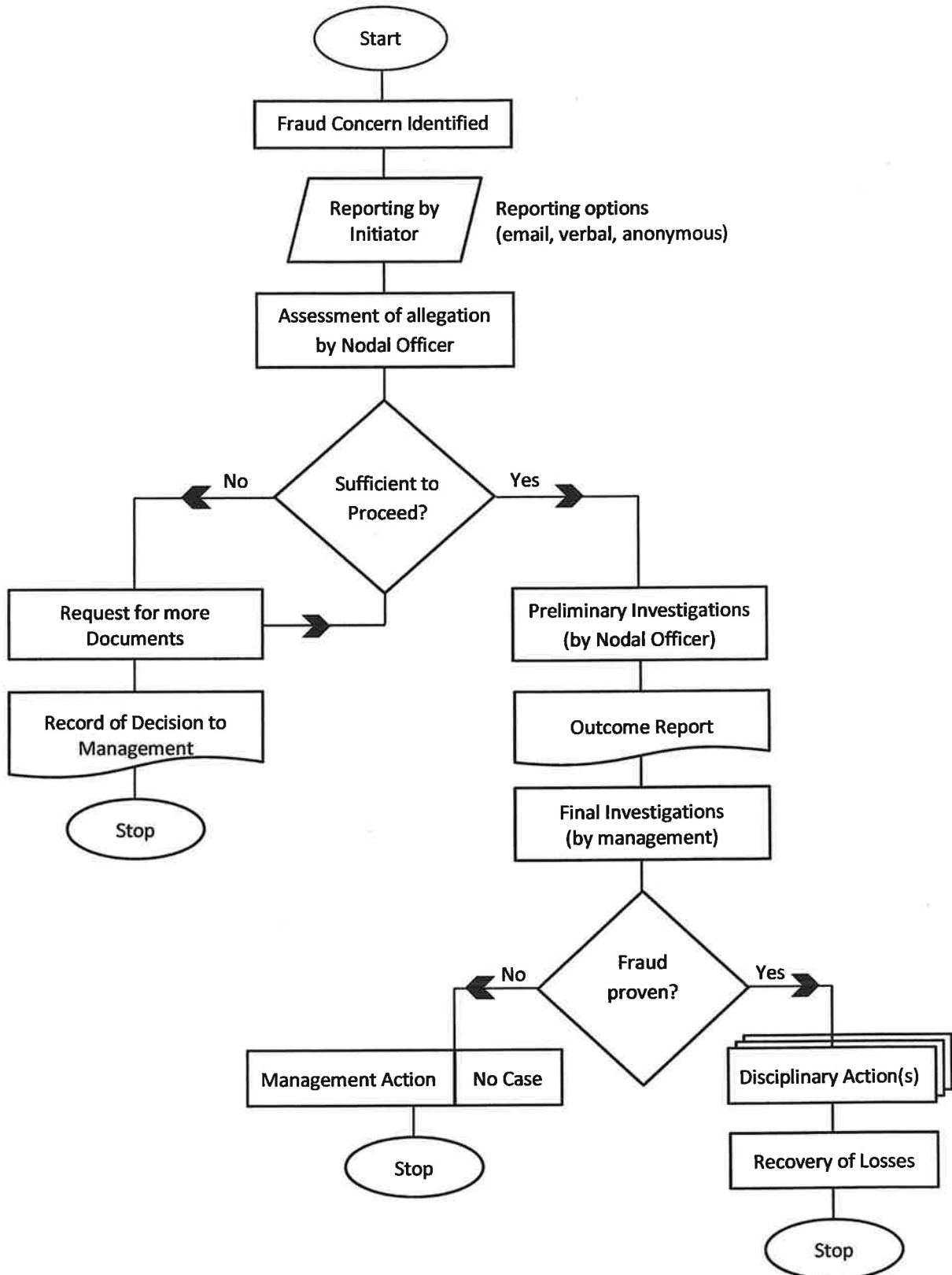
Any revisions in this Policy including amendments or changes under respective clauses will be duly notified to employees through email communication. Also, such revised Policy or notification/ circular/ internal communication on such revisions will be updated in Darwinbox (HR ERP) and CKD Website (www.ipeckd.org). The employee shall be deemed to have read, understood and acknowledged the changes thereof which will supersede the terms of current Policy or any subsequent document/communication related to current Policy.

Annexure A**Examples of Potential Fraudulent or Corrupt Practices**

- Theft of equipment (laptop, hard drive – external and internal, compact disk (CD), pen drive, etc.)
- Improper use of the CKD's official seal
- An excessive claim for expenses or allowances
- Payment of salary or wages to a fictitious employee
- False work attendance record or timesheet
- Not recording leave taken or false classification of leave
- Acceptance of offers, receiving or offering bribes for preferential treatment
- Payment for work not performed
- Making or using forged credentials and endorsements
- Altering amounts and details on documents
- Writing off recoverable assets or debts
- Unauthorised transactions
- Selling information
- Unrecorded transactions
- Transactions (expenditure/receipts/deposits) recorded for incorrect sums
- Cash stolen or borrowed without authorisation
- Manipulation of the procurement process, including undisclosed conflict of interest
- Unauthorised transactions with related parties
- Damaging or destroying documentation
- Misusing copies of records and receipts
- False invoicing, including using imaging and desktop publishing technology to produce false original invoices charging incorrect accounts in order to misappropriate funds
- Over claiming expenses
- Running a private business with official assets
- Inappropriate or unauthorised use of computer-generated signatures
- Downloading confidential information and forwarding this to an unauthorised party
- Presentation of false documentation or statements about personal past experience, education or certificates/diplomas
- Inappropriate use of assets for personal purposes
- Use of information for personal gain or advantage
- False declaration and failure to reimburse the organisation

Note: The above list is not exhaustive and not all instances will, upon investigation, be proven to be fraud or corruption, but it may indicate an area where improved work practices are necessary.

Annexure B



DECLARATION

I hereby declare that I have read and understood CKD's Anti-Fraud & Anti-Corruption Policy and I agree to abide by it. Also, I have read and understood legislation/ act on prevention of fraud and corruption applicable in the project country.

I further declare that I will observe and uphold CKD's position on fraud and corruption. Also, during the course of my association with CKD, I will promote a culture of honesty, integrity and professionalism. I undertake to inform designated nodal officer verbally or through email about any issue or suspicion of malpractice at the earliest possible stage.

Signature :

Name :

Designation :

Date :

Place :