

POLICY AGAINST CORRUPTION

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Binding for:

- Boards of Directors, Executive Management and all employees of Welthungerhilfe (Association and Foundation)

To be agreed with:

- All partner organisations
- All social businesses
- All freelancers working for Welthungerhilfe
- All persons and groups volunteering for Welthungerhilfe
- All suppliers and service providers of Welthungerhilfe

The current applicable version of this document is available on the webpage www.welthungerhilfe.org/code-of-conduct.

1. Introduction

Corruption is one of the root causes for creating and entrenching hunger and poverty. It promotes decisions based on personal interests rather than facts or considerations of the common good. Apart from the potential legal repercussions, directly or indirectly participating in corruption endangers the integrity and credibility of Welthungerhilfe¹ and puts funding and support for our work in jeopardy. There is a risk that through corruption the resources needed by Welthungerhilfe to carry out its work will not reach the project participants².

Preventing corruption is therefore not only a priority for Welthungerhilfe, but also a mandatory obligation for all Employees and Contributors.

Corruption is not a trivial offence: it is a very serious crime. For this reason, Welthungerhilfe follows a zero-tolerance policy towards any kind of corruption, whether public or private, active or passive. This brings Welthungerhilfe in line with Transparency International's vision of a world in which governments, politics, society, and people's daily lives are free from any corruption.

2. Objectives

The objectives of this Policy are:

- to fight hunger by fighting corruption being one of the root causes for creating and entrenching hunger;
- to ensure end-to-end quality of Welthungerhilfe-projects throughout their entire project life cycle
- to fight corruption, including by proactively educating Employees and Contributors on the topic;
- to help prevent corruption by establishing rules of conduct for avoiding and combating it;
- to inform third parties about the conduct they can expect from Welthungerhilfe's Employees and Contributors; and
- to express existing contractual obligations in clear terms.

3. Scope

- a) The provisions of this Policy apply directly to Welthungerhilfe, including their Executive Management, their employees, regardless of their type of contract (including full-time employees, temporary personnel, interns and personnel on loan), the scope of their responsibilities and the location of employment. Members of the Association's bodies (the General Assembly, Supervisory Board, including its committees) of Welthungerhilfe commit themselves to respecting this Policy.
- b) Partner organisations of Welthungerhilfe, social businesses in which Welthungerhilfe holds any direct or indirect participation, freelancers working for Welthungerhilfe, persons and groups volunteering for Welthungerhilfe, and all suppliers and service providers of Welthungerhilfe (hereinafter jointly "**Contributors**") must undertake in writing to Welthungerhilfe to accept and abide by the core principles of this Policy.

¹ **Welthungerhilfe:** this term refers to both the association Deutsche Welthungerhilfe e.V. and the foundation Deutsche Welthungerhilfe.

² **Project participants:** target groups (beneficiaries) of programmes and projects implemented by Welthungerhilfe or its partner organisations; members of communities in which Welthungerhilfe and its partner organisations are active; anyone who is actively participating in programmes or projects of Welthungerhilfe or its partner organisations and who is not categorised as either an Employee or a Contributor.

This Policy applies worldwide, serving as the minimum standard for each and every Employee and Contributor. It complements Welthungerhilfe's Code of Conduct as well as the policies, international standards, and codices mentioned therein. Employees and Contributors must also observe the laws that apply to their activity. In case of discrepancies, the stricter standard prevails.

Welthungerhilfe will not be liable for the actions of Contributors who violate this Policy despite having undertaken to abide by this undertaken to abide by this Policy.

4. What is Corruption?

Corruption is the abuse of entrusted power to the illegitimate benefit of oneself or third parties (including Welthungerhilfe as an organisation, friends and relatives, and partner organisations). It can be active or passive, ranging from (actively) offering, awarding, or requesting to (passively) receiving or implying to be open to receive financial or other benefits. These benefits may be tangible (e.g. money, loans, commissions, gifts, meals, entry tickets to events, compensation for travel or accommodation costs) or intangible advantages (e.g. information, a promotion, business contract prospects) that flow to or from third parties and create an incentive to do something that would be considered dishonest, illegal, or a breach of confidence in the context of normal business practices.

Corruption includes the following criminal and fraudulent acts³: offering and taking bribes, giving and receiving advantages, indulging in anti-competitive practices, giving or receiving kickback⁴ payments, as well as engaging in money laundering, theft, fraud, misappropriation, the forging of documents, or embezzlement.

How corruption is perceived and understood varies between and within contexts. Corruption is often limited to financial mismanagement and fraud. Some environments do not automatically consider non-financial corruption, such as nepotism⁵ and diverting aid supplies to non-target groups, to constitute corrupt practices. However, Welthungerhilfe does not tolerate corruption of any kind.

Corruption and fraudulent acts most often occur when one or more of the following deciding factors come together:

- *Motivation/incentive*: Internal/external pressure or financial/non-financial incentives.
- *Opportunity*: The chance to exploit absent or insufficient supervision, an isolated act of negligence, a systematic weakness, etc.
- *Knowledge*: unlike opportunity knowledge can include familiarity with a security gap and the intelligent manipulation of people or of rank within the organisation.
- *Internal justification*: The perpetrator justifies the act to themselves or to other people in his or her professional or private life.
- *Lack of consequences*: Lowered inhibitions due to the absence or insignificance of sanctions applied for rule violations.

³ **Fraudulent acts**: actions including theft, fraud, forging of documents, embezzlement, and misappropriation that are conducted deliberately or through gross negligence and are harming of the organisation. Fraudulent acts involve illegitimately taking possession of assets for personal gain.

⁴ **Kickbacks**: returning part of a contractual payment to a person who was involved in the contracting process but did not personally have to provide the initial contractual payment.

⁵ **Nepotism**: exploiting a position of power for the benefit of a relative or close associate.

There are often obvious indicators⁶ of corruption and fraudulent acts. Such indicators must be assessed with due regard to operational realities and the personalities of individual Employees.

5. Rules of Conduct

Welthungerhilfe's Employees and Contributors are forbidden from participating in corruption of any kind, regardless of whether it is to benefit themselves or third parties (friends and family, partner organisations, etc.). To prevent corruption and to protect themselves and Welthungerhilfe from penalties, Employees and Contributors of Welthungerhilfe are obligated to observe and apply the rules of conduct below.

5.1 Creating a Low-Risk Environment

Employees and Contributors of Welthungerhilfe shall combat corruption by creating and maintaining an environment that counteracts it. This includes but is not limited to:

- maintaining as much transparency as possible with regard to business operations, decision making, and resource allocation so as to allow others to understand one's decisions and actions.
- documenting all processes in writing. Transparent documentation is particularly important for recording the provision of services and the execution of financial transactions; not forging, changing, destroying, or removing documents and/or records nor billing non-verifiable services;
- educating project participants about the contents of this Policy, about their rights, and about channels available to them to report violations of this Policy.
- carefully reviewing potential new partner organisations before an agreement for cooperation is reached or a contract is signed including the measures they take against corruption.
- rejecting offers or demands for tangible or intangible advantages and explicitly pointing out that the proposed business practice is contrary to Welthungerhilfe's principles.

5.2 Providing Aid Supplies and Services

Employees and Contributors shall ensure that the distribution of aid supplies and services to beneficiaries⁷ is always free from reciprocal demands. Project participants must therefore be clearly and adequately informed of the criteria used to select beneficiaries, to determine the type and amount of aid supplies and services, and to settle distribution details (times, places, methods, etc.). Situations in which individual Employees or Contributors appear to have complete authority over the distribution of aid supplies and services are to be avoided.

5.3 Awarding Contracts

When awarding contracts, Employees and Contributors must ensure that decisions are made only based on objectively-verifiable criteria (such as price, quality, or performance) and that no information that could offer a competitive advantage is provided on an exclusive basis to individual tenderers.

⁶ **Indicators** can include: a disparity between a person's lifestyle and their income; a significant deterioration of performance accompanied by symptoms of internal disengagement; a lack of interest in organisational objectives; a loss of loyalty; statements expressing deep dissatisfaction with salary, promotions, and divisional structuring; avoidance of absences from work; a refusal to train substitutes acting in their role; very close, non-transparent relationships between purchasers and suppliers/clients; an insistence on maintaining exclusive contact with suppliers/clients; guarding of "knowledge of power"; concentration of power and responsibility in one individual; the rejection of a promotion that would involve changing departments; etc.; However, the presence of individual indicators may be harmless in themselves.

⁷ **Beneficiaries:** target group of programmes and projects implemented by Welthungerhilfe or one of its partner organisations.

The selection process must therefore be conducted and documented in accordance with Welthungerhilfe's Procurement Policy. Before a contract is awarded, the integrity of the service provider or supplier must be carefully assessed. More information can be found in the following document:

- Procurement Policy

5.4 Payments to or from Officials and Business Partners

Facilitation payments to officials for the purpose of speeding up routine and legitimate official functions are prohibited.

This excludes expediting fees documented in official catalogues. Employees and Contributors are permitted to make use of such fees so long as a proper invoice/receipt is provided.

Employees and Contributors must reject and refrain from offering gifts, meals, and reimbursements for expenses if doing otherwise could create a perception of undue influence on the recipient's decisions regarding Welthungerhilfe. The appearance of such an influence is especially likely if expenditures exceed the boundaries of what is appropriate and justifiable. E.g. gifts of courtesy offered or received, should ideally be "give-aways", and, in any case, must be of symbolic value, only; work-related lunch or dinner invitations must only be offered or accepted if they are modest, have a legitimate work purpose, and are socially adequate. Applicable stricter local rules prevail .

More information can be found in the following document:

- Organisational Directive Employment Conditions for Domestic Employees/ Staff working abroad, §11/ §13, Rewards and Gifts

5.5 Accepting Donations

Receiving and/or awarding direct or indirect grants for the purpose of advantaging the donor or a third party is prohibited.

Donations from political parties or politically-active organisations must be approved by the Executive Board and published in Welthungerhilfe's annual report in accordance with the general rules for reporting donations.

5.6 Private Use of Resources

Employees and Contributors who procure goods or services from Welthungerhilfe's business partners for private purposes must pay the market value and document the payment. Requesting or claiming credit, rebates, deferment of payment, or other financial services for personal gain is prohibited.

The personal use of Welthungerhilfe assets is prohibited unless express consent has been given for that use. The theft of money or other property belonging to the organisation is forbidden.

5.7 Conduct in Dangerous Situations

Employees and Contributors can end up in situations in which payments must be made to protect themselves and/or others from a direct threat to life, liberty, security, or health.

Employees and Contributors who make a payment under that kind of extreme pressure are required to report the incident to Welthungerhilfe (see clause 6) but need to fear no penalty.

6. Reporting Requirements and Consequences for Violations

Anyone with concerns, suspicions or knowledge of incidents regarding violations of this Policy is obligated to immediately report them to the Compliance department at Welthungerhilfe's Head Office via Welthungerhilfe's Reporting Portal



(www.welthungerhilfe.org/complaints);

The Reporting Portal ensures adequate confidentiality and allows for anonymous reporting.

Any report submitted to management or via national complaint lines to Welthungerhilfe must be passed on by them to the Compliance department via Welthungerhilfe's Reporting Portal.

Nobody who reports suspected violations or submits information regarding such violations with honest intent, needs to fear any disadvantage or other consequences, even if the report later turns out to be unfounded. It is not the responsibility of Employees, Contributors or reporters to conduct investigations, search for evidence, or determine whether a violation of this Policy took place.

Deliberately false accusations will not be tolerated. The failure to report a suspected violation of this Policy constitutes a violation of Welthungerhilfe's Code of Conduct and of this Policy.

Violations of this Policy may result in disciplinary measures, up to and including immediate termination and/or the annulment of cooperation agreements. Welthungerhilfe reserves the right to report criminal offences in compliance with applicable laws.

Additional information is provided in the following documents:

- *Guideline for Reporting Code of Conduct Violations*
- *For Germany: Shop Agreement Whistleblowing System*



Reporting Portal: www.welthungerhilfe.org/complaints

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