

	<b>DIREZIONE GENERALE HEADQUARTER</b>	<b>Signature Giampaolo Silvestri</b>		<b>Regulation no. DIGE 8/2020</b>
<b>Title FRAUD AND CORRUPTION POLICY</b>		<b>Replace</b>	<b>Level 2</b>	<b>Date: 25/05/2020</b>

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# 1. INTRODUCTION

AVSI FOUNDATION, created in 1972, is a non-profit organization which carries out development cooperation and humanitarian aid projects throughout the world.

## Vision

AVSI works for a world where the person, aware of his/her value and dignity, is the protagonist of his/her own integral development and that of his/her community, even in crisis and emergency contexts.

## Mission

AVSI implements cooperation projects in various sectors with a preferential focus on education, meaning that the person is accompanied towards self-discovery and recognition that the other person is a resource. Each project is conceived as an instrument to promote this awareness in everyone involved, has in itself a need for communicating and sharing, and creates an impact capable of generating a positive change.

## Method

In project implementation, AVSI uses the following approach:

- to start from the value of the person, who is never defined by the circumstances in which s/he lives
- to consider the person always in his/her family and community context
- to do with: accompany and let ourselves be accompanied, recognizing that we all share the same human experience
- to involve all stakeholders: encourage the participation of beneficiaries, suppliers, partners, donors, and the private sector
- to learn from experience and capitalize on the lessons learned.

AVSI has been recognized since 1973 by the Italian Ministry of Foreign Affairs as a non-governmental organization for international cooperation (NGO), registered as Civil Society Organization by AICS (Italian Agency for Development Cooperation).

- Registered as a PVO with the United States Agency for International Development (USAID).
- Holds General Consultative status with the UN Economic and Social Council (ECOSOC) in New York, with the UN Children's Fund (UNICEF) in New York and with the UN Industrial Development Organization (UNIDO) in Vienna.
- Accredited participant of the UN Global Compact,
- Accredited participant of the Global Nutrition Cluster
- Recognized on the NGO Special List of the International Labor Organization (ILO).

- Associated General Member of the Alliance for Child Protection in Humanitarian Action.
- Associated member of the Global Alliance for Clean Cooking (GACC)
- Associated member of Cities Alliance.
- Joined and signed the Code of Conduct of the “International Red Cross and Red Crescent Movement and NGO’s in Disaster Relief”.
- Recognized as an NGO for international cooperation by the European Union and is authorized by the Italian Government for international adoptions.

## **2. SCOPE**

This “Anti-Corruption and Anti-Fraud Policy” applies to:

- AVSI Foundation, including its Italian HQ and national, regional and liason offices and any other related office, whether branch or subsidiary;
- Every AVSI suppliers and consultant who has to transpose and abide by this policy to which AVSI shall explicitly refer in all the consulting and/or supply agreements;
- All the other entities – including but not limited to implementing partners, contractors, donors – that accept to abide in various ways or want to establish any kind of relationship with AVSI Foundation provided that this policy complies with local laws. AVSI international branches are also subject to local laws and regulations.

### **3. PURPOSE**

AVSI Foundation's management and governing bodies intend to promote the culture of transparency and integrity, both within AVSI Foundation and all the other entities it interacts with, while carrying out its mission.

The purpose of this Policy is to guarantee that AVSI Foundation and the related entities keep meeting high standards of responsibility, transparency and regulatory compliance. The policy establishes specific responsibilities of staff and partners regarding risks of fraud and passive, as well as active, corruption.

## 4. GENERAL PRINCIPLES

AVSI is committed to adopting as one of its fundamental values the ZERO TOLLERANCE principle in all cases of fraud, corruption or any other illegal practice that its staff, partners, suppliers and beneficiaries may commit.

AVSI does not tolerate nor justify to resort to illegal practices or, in any event, potentially damaging actions to AVSI name, only because they are common practice in the local market and context.

AVSI has always decided to perform its activity under a ethically responsible, transparent, integral and honest conduct, striving to transfer these principles not only to its staff and collaborators but also to all the external partners.

AVSI embraces the principle of segregation of duties according to which tasks, operational activities and monitoring functions must be appropriately separated, so that the one in charge of operational activities differs from who controls and authorizes them.

AVSI fosters and establishes lasting relationships and deals with suppliers, program partners, authorities, governmental agencies, public officials, politicians and other stakeholders on the grounds of merit, professionalism, trust and integrity. It never justifies illegal payments, illicit “favors” nor any other action regardless of whether they might pose the Foundation to financial losses and operational risks, dependency, blackmail, extortions, sanctions and reputational damage.

All AVSI relationships involving any type of public officer or private party shall be carried out in compliance with procedures provided by the law enforced in the country and the provisions enshrined in this Policy and in any other policy or regulation issued by AVSI.

AVSI has adopted and manages systems, regulations and procedures aimed to guarantee that risks of fraud, corruption and related illegal practices are kept to the minimum and that, should these events occur, they shall be detected, investigated, reported and managed effectively. Those systems and procedures are included and described in the fundamental document called Organizational, Management and Control Model, drafted pursuant to Legislative Decree no. 231 of June 8, 2001 in execution of the powers conferred to the Italian Government in article 11 of Act 3001 of 29 September 2000 regulating the “liability of corporate bodies for administrative wrongdoing resulting from crimes”.

In addition to what stated in the Organizational, Management and Control Model, AVSI Foundation has adopted a Ethical Code as document approved by the Board of Directors, collecting principles and rules of conduct that all those that operate or, in any event, interact with the Foundation, such as partners, donors and beneficiaries, shall respect. The purpose of the Ethical Code is to set out and disseminate values and rules of conduct which the Foundation intends to constantly refer to while performing its activity.

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<sup>1</sup> Lgs. d. no 231/2001 was officially published in the Official Journal of June 19, 2001, no. 140, whereas Act 300/2000 was published in the Official Journal on October 25, 2000, no. 250.

This Anti-Corruption Policy as well as the Ethical Code and all the other regulations promulgated by AVSI including the Child Safeguarding Policy (NORMA DIGE 3/2020), the Prevention of Sexual Exploitation, Abuse and Harassment Policy PSEAH (NORMA DIGE 5/2018) and the Prevention of AVSI Intellectual Property Policy (NORMA DIGE 6/2018) are binding and shall be observed by all AVSI staff, namely each individual that performs activities in the name of and on behalf of the Foundation, wherever they operate, both in Italy and abroad, including individuals with representative, administrative or executive positions within the Foundation as well as collaborators, suppliers and external consultants acting in AVSI interests.

The control on the compliance with the Ethical Code, together with the related reporting for non-compliance with this Anti-Corruption Policy the various AVSI Regulations and the above-mentioned Policies, is entrusted to the Supervisory Body as provided by the Organizational, Management and Control Model. Reporting shall be in line with what set out in the Ethical Code as well as what specified in the Whistleblowing Policy (NORMA DIGE 4/2018), which establishes guidelines to manage reporting of wrongdoing that staff or collaborators are acquainted with on the grounds of or in the event of their professional relationship or role carried out and specifically referring to:

- Breach of AVSI internal Policies, procedures and regulation, including but not limited to: Ethical Code, Organizational, Management and Control Model ex Legislative Decree no. 231 of June 8, 2001 etc.
- Facts that may include offences, wrongdoing, physical and sexual abuses
- Commission of crimes pursuant to Legislative Decree no. 231 of June 8, 2001,
- Other conducts that, also according to local regulations, may constitute offences, wrongdoing or irregularities regardless of the possible property or reputational damage to the detriment of AVSI Foundation or its Local Branches.

The reporting shall be grounded on accurate and consistent facts. AVSI is not obliged to take into account anonymous reporting that, on first examination, may appear to be irrelevant, groundless or unsubstantiated.

The policy applies to all AVSI Foundation staff and collaborators in all its branches, in Italy and abroad. All AVSI suppliers and consultants shall equally transpose and abide by this policy to which AVSI shall explicitly refer in all the consulting and/or supply agreements. The policy may also be adopted by potential AVSI partners, provided that it complies with local laws. AVSI international branches are also subject to local laws and regulations.

This policy is notified to all AVSI Foundation staff in Italy and abroad via internal communication channels, additionally it is available online on AVSI Sharepoint and on the institutional website [www.avsi.org](http://www.avsi.org).

Specific training sessions, dedicated to all the staff, must be carried out both at HQ and local level in order to achieve a wide awareness on anti-corruption issues as well as risks resulting from staff activities according to their qualifications, responsibilities and area of competence within AVSI.

In detail, it is fundamental to ensure that, in countries where AVSI operates, staff understand with respect to their role:

- Corruption risks to which they and the organization to which they belong may be subjected;
- AVSI corruption prevention measures and policy;
- Possible specific risks related to the socio-political situation of their respective country;
- Preventive actions to take and reporting concerning risks or suspected illegal practices.

Participation in training sessions is compulsory.

## 5. REGULATORY FRAMEWORK

Over the last years, there has been an increase in targeted interventions to tackle the phenomenon of corruption nationally and internationally, those steps include but are not limited to:

- December 1997: “Convention of Economic Cooperation and Development Organization on combating bribery of foreign public officials in international business transactions”;
- Legislative Decree no. 231 of 2001: “Administrative liability of corporate bodies” for crimes such as domestic and international bribery, committed by their administrators, employee or collaborators, in Italy and abroad, in the interest of or to the benefit of the body;
- UNCAC - United Nations Convention against Corruption, signed on 09.12.2003;
- Law no. 116 of 2009 ratifying the UN Resolution no. 58/4 of 31 October 2003 (Merida Convention);
- Law no. 110 of 2012 ratifying the Council of Europe's Criminal Law Convention on Corruption of the 27 January 1999
- Law no. 190 of 2012: “Provision for the prevention and repression of corruption and unlawfulness in Public Administration”;
- Italian Presidential Decree no. 62 of 2013: “Rules of conduct for public servants”;
- Law no 179 of 2017: “Provisions for the protection of whistleblowers who report crimes or misconduct of which they become aware in the context of private or public employment”;
- Foreign Corrupt Practices Act (FCPA), promulgated by the United States in 1977;
- UK Bribery Act, promulgated by the United Kingdom in 2010;
- ISO/DIS 37001 – Anti-Bribery Management Systems, international standards for anti-corruption systems. Self-governance regulations adopted by professional associations;
- Law no. 3 of January 9 2019: “Measures to fight crimes against the public administration as well as on the matter of statute of limitations and transparency of political parties and movements" (so called “Spazzacorrotti”, bribe-destroyer law).

AVSI Foundation, within the limits of the regulations applicable to it, has drafted this Policy, of which non-compliance and breach may expose AVSI to a severe reputational damage as well as the risk to be subject to specific sanctions such as, inter alia financial sanctions, debarment from public contracts, in serious cases, criminal sanctions for the perpetrators.

## 6. UNLAWFUL BEHAVIOR

### 6.1 DEFINITIONS

Some of the following definitions are taken from Trasparency International ([www.transparency.it](http://www.transparency.it)), Berlin-based organization fighting and preventing corruption worldwide. It was established in 1993 and is present in over 100 countries across the world.

Subject or Individual: Includes but is not limited to AVSI employees, consultants, suppliers, interns or volunteers at any level, as well as partners, collaborators, beneficiaries and Public Administration representatives and/or local authorities.

Corruption: The abuse by individuals of their entrusted power in order to obtain private gain. Offering, giving, receiving or prompting financial gain or any other gain related to the exercise of a position of trust or a role that should be characterized by impartiality and good faith.

Power: Entails any ability of establishing rules for the others or imposing the compliance with rules or, ultimately, making mandatory decisions for others.

Abuse: All the abuses of power for purposes or in ways contrary to established terms.

Private gain: Financial gain or any other gain, not necessarily personal to the individual abusing power, it may also involve third parties to whom the individual is somehow related (family, friendship, interest groups etc.).

Bribe: When managing any type of AVSI activity, the offering or the receiving of any form of gifts, loans, fees, rewards or other advantages for or by any natural or legal person (bodies, suppliers, consultants, public administration representatives and/or local authorities etc.) to obtain a dishonest and/or illegal behavior.

Extorsion: When the demanding or the receiving of bribes is coupled with threats or violence that may jeopardise the physical and moral integrity of a person or the life of everyone involved.

Fraud: Any deceiving action perpetrated in order to obtain personal gain or to cause harm to another individual, even though that gain or harm has never truly occurred.

### 6.2 CORRUPTION PRACTICES

It follows a list including but not limited to examples of corruption practices and behavior considered as NOT ACCEPTABLE:

- Offering or promising any form of material benefit or other advantage, whether financial or in kind, towards another individual to somehow influence his/her conduct and behavior in a way contrary to the duties of his/her office and/or role.
- Receiving or offering so-called “facilitating” or “grease” payments in the form of money or assets from or to an individual in order to “facilitate” the performance of a service or an action nevertheless envisaged in the individual’s duties. For instance: in case an AVSI staff member in charge of distributing goods or providing services to the benefit of a partner or a project beneficiary, refuses to do so without receiving an improper payment. Or in case public servants (e.g. customs personnel) are offered a non-official payment,

even a small amount, in order to speed up, facilitate or ensure due performances nonetheless provided within their office duties.

- Making or receiving undue or unjustified payments (in whole or in part) or gifts for business courtesy, such as complimentary gifts or forms of hospitality, unless of small value or to the extent that they would not affect the integrity or reputation of one of the party and could not be interpreted, by an impartial observer, as aimed to gain advantage unlawfully.
- Providing or receiving other favors, to/from any public servant, political figure, representative of, or to/from one of our suppliers, program partners or any other party (public or private) in order to influence or reward any act or decision aimed to grant a license or approval, obtain or maintain businesses, or seek any other unlawful or improper beneficial purpose.
- The practise according to which an individual improperly uses his/her job, position or power within AVSI to facilitate or somehow materially favor friends, relatives or other individuals: for instance, through the procurement of contracts, jobs or other material advantage as well as helping their hiring within AVSI personnel both in Italy and abroad.
- The practise of embezzlement, where an individual improperly uses funds, properties, assets or other goods and equipments, belonging to AVSI or to project partners, to their own gain, for personal and unauthorized use. For instance, a staff member that uses AVSI-owned vehicles for pay transport services.
- Receiving or offering a kick-back payment according to which an individual (AVSI staff or supplier) improperly receives or offers an amount of funds or commissions from or to another individual (AVSI staff or supplier) following a direct involvement in a purchasing process at any level.
- Abuse of power or of a position of trust in such a way that an individual improperly uses his/her position within AVSI to his/her own or others' benefit. For instance, an individual that having access to confidential information makes it available to third parties to obtain competitive advantages during purchasing procedures .

### **6.3 FRAUD PRACTICES**

It follows a list including but not limited to examples of fraudulent or potentially fraudulent practices and behavior:

- Discrepancies in accounting and financial reporting such as absent, vague or fake transaction descriptions or accounts allocations; absent, counterfeited or unusual identity documents of the beneficiary/agent/counterpart; excessive or unusually high unsupported reward;
- Generic or various accounts that may be used to conceal improper payments; excessive invoicing; incorrect or false invoices, travel forms and/or expenses; unregistered accounts or transactions;
- Favoring or hiring a third party, non-appropriately qualified collaborator or partner to perform process functions with due diligence;

- Request of cash payments in a third country or to a third party:
- False invoicing, according to which an individual knowingly uses invoices designed for non-existent operation, in whole or in part, in order to gain unlawful gain or other benefit of any type.
- Fraud on procurements or purchasing procedures, where an individual commits dishonest behaviors related to public procurement or tender procedures; e.g. the spread of confidential information or creation of false bids to favor a specific individual.
- Fraud on supplies, where a person directs in an intentionally improper way or steals goods and commodities also counterfeiting stock records.
- Fraud on salaries, where an individual manipulates the payroll making unauthorized payments towards him/herself or other individuals, for example creating false beneficiaries or payments of seasonal or temporary/casual workers.
- Tax evasion, where an individual creates fraudulent mechanisms to consciously prevent the payment of duties and charges, for example creating false declarations or giving distorted values to incomes, goods and services etc.
- False accounting, where an individual deliberately inserts false or misleading information in any form of accounting or financial document.
- Counterfeiting documents, where an individual fraudulently creates or alters a document in such a way that reports information that are to the benefit of the very same individual or AVSI itself. In case of mistakes committed in good faith, the correction shall be visible in order to prove the transparency of the process.
- Bank fraud, where an individual dishonestly manipulates any bank system or tool such as checks, bank statements or electronic transfers.
- Improper use of AVSI brand, where an individual uses AVSI name and brand in a fraudulent way or for unauthorized or illegitimate purposes. The same holds true for unauthorized use and/or disclosure of AVSI-owned documents.
- Conflict of interests, where an individual knowingly has a personal commercial, economic or any type of interest, not disclosed to the entity involved in a economic or commercial relationship with AVSI especially in purchasing process of goods, works or services. Also defined as the condition that occurs when an individual with decision-making responsibilities, at any level, has personal interests conflicting with the impartiality required by his/her responsibility.

## 7. OPERATIONAL PROCEDURES FOR REPORTING AND CONTROL

### 7.1 REPORTING MECHANISMS

AVSI Foundation encourages all the staff to rise any suspicion promptly. Staff members that are not sure about the correct conduct to adopt shall seek assistance beforehand from their responsible manager or in case to the Country Representative. Specifically, in case the circumstances are similar to one of the situations described in chapter 3 of this document, it is necessary to proceed as follows:

- Ignoring or refusing any suggestion or request to commit an act of fraud or corruption;
- Trying to have someone as witness that may confirm the events;
- Not consenting anything improper, even though the request may resemble a so-called “donation”
- Recording details of possible fraud or corruption acts, whether requested, attempted or committed;

In case there is the reasonable suspicion, namely the evidence of a breach, facts or events resulting from a corruptive or fraudulent behavior or suspected behavior by an AVSI member or an individual somehow related to AVSI Foundation activities, shall be immediately reported according to the operational procedures encompassed in the Whistleblowing Policy NORMA DIGE 4/2018 as well as via the communication channels pursuant to the Organizational Model ex Legislative Decree no. 231 of 2001

(<https://www.avsi.org/doc/15/5fd5cba2310742d1b242b51bb3148afa/>).

Particularly, all AVSI staff and collaborators should bear in mind to have the possibility of reporting, directly to the Supervisory Body through mail addressed to “*Organismo di Vigilanza D.Lgs. 231 c/o Fondazione AVSI Via Donatello 5/B 20131 Milano-Italia*” or through electronic mail ([organismodivigilanza@avsi.org](mailto:organismodivigilanza@avsi.org)), facts or events of corruptive and/or fraudulent nature by using the relevant reporting form, attached to the Whistleblowing Policy NORMA DIGE 4/2018 and downloadable from the AVSI sharepoint with their personal credentials or freely from [www.avsi.org](http://www.avsi.org) via public internet anywhere and at all times. The reporting form may also be sent anonymously.

The reporting form is received by the Supervisory Body and is treated with the utmost confidentiality (protection of personal data according to what provided in point 3) Appendix on page 6 of the Whistleblowing Policy NORMA DIGE 4/2018.

They may also report directly to their Direct Supervisor, Country Representative, Regional Manager or HR Manager – as long as they are not involved themselves in the facts matter of the reporting – who in their turn shall immediately inform the Supervisory Body in compliance with the procedures enshrined in the Whistleblowing Policy NORMA DIGE 4/2018.

## **7.2 WHISTLEBLOWER'S ASSESSMENT, CONTROL AND PROTECTION**

The reporting form, received by the Supervisory Body, is competency assessed and classified according to the severity and significance of the reported event. Subsequently, the Supervisory Body informs AVSI Foundation and starts the case assessment process and the related investigation according to the procedures established in the Whistleblowing Policy NORMA DIGE 4/2018, specifically guaranteeing the whistleblower's protection, hoping that all the staff of AVSI Foundation and its local branches cooperates to keep a climate of mutual respect of individual dignity, honor and reputation.

AVSI will intervene to prevent and sanction offensive, discriminatory or defamatory attitudes.

Any worker or collaborator is encouraged to report on wrongdoing coming to his/her knowledge on the grounds of duties performed, provided that reporting is substantiated and based on accurate and consistent facts.

In order to avoid the occurrence of any retaliation or discriminatory behavior to the detriment of the whistleblower, AVSI Foundation guarantees and protects the whistleblower's identity and information confidentiality pursuant to the Whistleblowing Policy NORMA DIGE 4/2018 to which should be referred for anything not specified in this policy with special regard to investigations, follow-up actions, definitions of significant and severe cases, filing and disciplinary procedures.

## **8. SANCTIONS**

### **8.1 DISCIPLINARY SANCTIONS**

The breach of the Policy by AVSI staff and/or collaborators shall lead the Foundation to adopt disciplinary measures according to what provided in each employment contract both at HQ and individual country level in full compliance with the existing regulation and with what provided by the Organizational and Management Model and local Operations Manuals.

AVSI shall also ensure its full cooperation with competent Authorities.

Each breach shall be prosecuted by imposing appropriate and proportionate disciplinary sanctions, while considering the possible criminal implications of the actions committed and in full compliance with the existing regulation both at HQ and individual country level.

### **8.2 CONTRACTUAL RELATIONSHIPS WITH THIRD PARTIES**

The breach by third parties (suppliers, consultants, partners etc.) of principles and dispositions encompassed in this Policy may, following specific assessments, lead to either failure to establish or termination of the contractual relationship.