

Approved:

/signed/

President of the International Charitable Foundation

Caritas Ukraine

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(date)

Seal: INTERNATIONAL CHARITABLE FOUNDATION

“CARITAS UKRAINE”

Ukraine, No. 21695710

No.1

## ANTI-CORRUPTION AND ANTI-FRAUD POLICY



## 1. Purpose of the Policy

- 1.1. The International Charitable Foundation "Caritas Ukraine" (hereinafter referred to as **Caritas Ukraine**), which in its structure unites national offices in Kyiv city and Lviv city and a network of local organizations located in different regions of Ukraine (hereinafter referred to as the **Organizations Members of the Caritas Ukraine network**), is guided by the highest ethical values, requirements of the current legislation of Ukraine and international standards (including humanitarian standards), strongly condemns all manifestations of corruption, fraud, legalization of illegal proceeds of crime, terrorist financing, and other illegal practices and seeks to mitigate any related risks in its activities.
- 1.2. The Anti-Corruption and Anti-Fraud Policy (hereinafter referred to as the "**Policy**") was developed to implement a comprehensive and effective system of preventing and combating corruption and fraud in the Caritas Ukraine network, which **aims** to:
- promoting a culture of transparency, integrity, security, high ethical and professional standards of the Personnel and Affiliates;
  - ensuring compliance with the current legislation of Ukraine and international standards in this area, as well as contractual and other obligations of Caritas Ukraine;
  - protecting the funds, property and reputation of Caritas Ukraine from corruption and fraud;
  - ensuring guarantees of proper use of charitable donations and grants, as well as accountability to the Personnel, Affiliates and beneficiaries of the Caritas Ukraine network;
  - implementing preventive anti-corruption and anti-fraud mechanisms to effectively prevent such abuses;
  - defining the obligations and relevant procedures of Caritas Ukraine to identify and respond to potential cases of corruption and fraud;
  - Establishing effective communication on prevention and counteraction to fraud and corruption in the Caritas Ukraine network;
  - creating a culture of reporting possible facts of corruption and fraud, as well as protecting whistleblowers.
- 1.3. An important element of an effective system for preventing and combating corruption and fraud is taking measures to prevent and resolve conflicts of interest, which in many cases are a prerequisite for corruption, fraud and other illegal practices. In this regard, Caritas Ukraine has implemented a system for preventing and resolving conflicts of interest in accordance with the Conflict of Interest Prevention Policy.
- 1.4. The Policy has been developed in accordance with the Charter of Caritas Ukraine, policies and procedures of the Safeguarding System in the Caritas Ukraine network, other internal documents, current legislation of Ukraine, including, but not limited to, the Criminal Code of Ukraine and the Law of Ukraine "On Prevention of Corruption", and relevant international standards."<sup>1</sup>
- 1.5. Caritas Ukraine undertakes to cooperate with organizations and partners that comply with the requirements of anti-corruption legislation and legislation in the field of prevention and counteraction to legalization (laundering) of proceeds from crime. Issues related to detection, prevention, deterrence of assistance and unconscious support of individuals and legal entities/groups/organizations associated with terrorism in the course of Caritas Ukraine's activities are regulated by the Anti-Terrorism Screening Policies & Procedures.
- 1.6. In its activities, Caritas Ukraine adheres to the regime of economic sanctions established in Ukraine in accordance with the legislation of Ukraine and at the international level, in particular, in accordance with the decisions of the UN, EU, and the USA.

<sup>1</sup> Including the United Nations Convention against Corruption (ratified by the Law of Ukraine No. 251-V of 18.10.2006), the Civil Law Convention on Corruption (ratified by the Law of Ukraine No. 2476-IV of 16.03.2005), and the Criminal Law Convention on Corruption (ratified by the Law of Ukraine No. 252-V of 18.10.2006).

## 2. Intolerance to corruption and fraud

2.1. Caritas Ukraine adheres to a zero-tolerance<sup>2</sup> approach and does not tolerate any corruption and fraudulent practices in the work of the network. Caritas Ukraine is committed to treating with due care, seriousness and responsibility any allegations of corruption and fraud against Personnel, Affiliates and beneficiaries and is committed to applying appropriate and effective procedures in accordance with this Policy to investigate and respond in each case.

## 3. Scope of application

- 3.1. The Policy applies directly to all employees of Caritas Ukraine, including all persons working in Caritas Ukraine under a regular employment contract, members of the Board, volunteers, interns and students on internship (hereinafter referred to as "**Personnel**").
- 3.2. Caritas Ukraine expects that all partner organizations and their personnel, project donors, consultants, contractors and/or any relatives, third individuals and/or legal entities involved or likely to be involved in the procurement of works, goods and services for Caritas Ukraine (hereinafter referred to as **Affiliates**) will familiarize themselves with and adhere to this Policy. Caritas Ukraine has the right to take all necessary actions to eliminate the influence/involvement of Affiliates in case of violation of this Policy.
- 3.3. Caritas Ukraine applies this Policy in all relations with Affiliates, beneficiaries and any third parties, expecting mutual integrity, transparency, rejection of corruption, fraud, abuse of assistance and other illegal practices on their part.
- 3.4. The Policy applies anywhere and at any time, including working and non-working hours (including vacations), at the workplace and outside it, in Ukraine and abroad.
- 3.5. The Organizations Members of the Caritas Ukraine network shall approve their own anti-corruption and anti-fraud policies, which shall be consistent with this Policy. In the absence of their own anti-corruption and anti-fraud policies, when implementing programs or projects jointly with Caritas Ukraine, the Organizations Members of the Caritas Ukraine network undertake and guarantee to comply with this Policy.
- 3.6. If the agreement with the donor organization provides for higher standards for combating corruption and fraud, the Personnel involved in the implementation of such a project/program shall comply with the terms and conditions set forth in the relevant agreement.

## 4. Definition of corruption and fraud

4.1. Corruption<sup>3</sup> is generally defined as the abuse of power (entrusted authority) for private gain<sup>4</sup>.

<sup>2</sup> Zero-tolerance is a policy of full and timely investigation and enforcement of all cases of corruption, no matter how minor they are.

<sup>3</sup> According to the Law of Ukraine "On Prevention of Corruption", corruption is the use by a person referred to in part one of Article 3 of this Law of the official powers or opportunities related to them for the purpose of obtaining an unlawful benefit or accepting such benefit or accepting a promise/offer of such benefit for himself/herself or other persons, or, respectively, promising/offering or giving an unlawful benefit to a person, referred to in part one of Article 3 of this Law, or at his/her request to other individuals or legal entities in order to induce this person to unlawfully use his/her official powers or related opportunities.

<sup>4</sup> Fighting corruption: collective action. Working group of the UN Global Compact Network in Ukraine within the framework of the anti-corruption program: <https://globalcompact.org.ua/wp-content/uploads/2021/12/ac-publication-2021.pdf>

4.2. Corruption includes both the acceptance and payment of bribes and other forms<sup>5</sup> of active or passive misconduct, including, but not limited to: bribery (active and passive), favouritism (blat), money laundering, kickbacks, extortion, embezzlement, corruption in relation to gifts<sup>6</sup>. Caritas Ukraine also considers all forms of deliberate misuse of entrusted funds in violation of agreements with Affiliates to be corrupt practices.

4.3. A corruption offense is an act containing signs of corruption for which the law establishes criminal, disciplinary and/or civil liability<sup>7</sup>.

4.4. Fraud is the misappropriation of property or the acquisition of rights to property by fraud or breach of trust<sup>8</sup>. Fraud may include, but is not limited to, misappropriation of cash or other assets (e.g., through fraudulent claims or payments, fraudulent deliveries, or falsification of goods/services/works accounting documents), or intentional misrepresentation, omission, or destruction of information.

4.5. Fraud can take various forms, in particular, but not exclusively: (1) illegal activities that lead to actual or possible losses in the Caritas Ukraine network (including theft of funds, goods or other property, misuse of property); (2) intentional falsification, concealment, destruction or use of falsified documentation; (3) disclosure of confidential and protected information, improper use of information.

4.6. Fraud and corruption do not necessarily mean immediate financial gain for the person/persons committing such abuses, but may cause financial, property or reputational damage to Caritas Ukraine, Affiliates, including donor organizations, beneficiaries.

## 5. Corruption and fraud risk assessment

5.1. Caritas Ukraine assesses the potential risks of corruption and fraud, taking into account the specifics of Caritas Ukraine's statutory activities in accordance with internal documents and the current legislation of Ukraine.

5.2. Caritas Ukraine strives to ensure zero tolerance to corruption and fraud in all areas that may pose increased risks, including in terms of cooperation with civil servants, representatives of state bodies and local government officials<sup>9</sup>, as well as in the use of information and communication technologies.

## 6. Liabilities

6.1. Personnel and Affiliates acting on behalf of and/or in the interests of Caritas Ukraine are obliged to take all necessary measures to prevent and combat corruption and fraud, report any possible facts of such violations, and refrain from participating in corrupt and fraudulent practices, in particular:

- 1) to familiarize themselves with the provisions of this Policy, undergo mandatory training on Safeguarding and sign a statement of familiarization with the policies and procedures of the Safeguarding system in the Caritas Ukraine network in accordance with the Safeguarding Policy;
- 2) to refrain from using official powers or any opportunities arising from their position to obtain unlawful benefits for themselves or others, including misuse of property or funds of Caritas Ukraine;
- 3) to avoid any relationships and situations that may involve corrupt fraudulent practices or raise suspicion;
- 4) to work or cooperate in such a way as to prevent cases of corruption and fraud as much as possible, ensuring compliance with clear rules and transparent administration of all operational processes

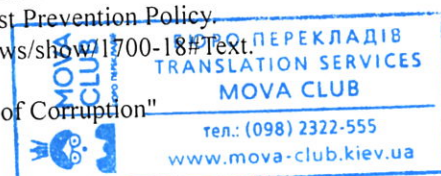
<sup>5</sup> Forms of corruption. Anti-Corruption Encyclopedia. Integrity Office of the NACP. URL: <https://prosvita.nazk.gov.ua/encyclopedia/formy-koruptsiyi>

<sup>6</sup> A gift is money or other property, advantages, benefits, services, intangible assets that are given to the recipient free of charge or at a price lower than the minimum market price (Article 1 of the Law of Ukraine "On Prevention of Corruption")  
The Caritas Ukraine policy on gifts is defined in clause 4.2. of the Conflict of Interest Prevention Policy.

<sup>7</sup> Law of Ukraine "On Prevention of Corruption". URL: <https://zakon.rada.gov.ua/laws/show/1700-18#Text>.

<sup>8</sup> Criminal Code of Ukraine, Art. 190

<sup>9</sup> Including all subjects specified in Article 3 of the Law of Ukraine "On Prevention of Corruption"



in the work, realizing the constant risk of corruption, fraud and conflict of interest in everyday work;

- 5) to promote the principle of zero-tolerance and the eradication of corruption and fraud outside the work environment.

**6.2.** Personnel and Affiliates acting on behalf of and/or in the interests of Caritas Ukraine are strictly prohibited from doing such activities:

- 1) directly or indirectly offer, promise, provide, receive, accept or agree to accept or demand an unlawful benefit, including if it is provided (received) for the purpose of stimulating, providing an unlawful advantage for the employee personally or Caritas Ukraine as a whole;
- 2) provide/receive remuneration (including from beneficiaries) for simplifying formalities<sup>10</sup>, regardless of its size;
- 3) offer gifts to civil servants and representatives of public authorities, donors, partners or any other persons, their employees/representatives, as well as their close persons, including family members and relatives, in order to influence the decision-making process, simplify formalities, or with the expectation of receiving a service in return.

**6.3.** The Personnel of Caritas Ukraine is allowed to accept/offer gifts that meet the generally accepted concepts of hospitality, if the value of such gifts does not exceed two subsistence minimums for able-bodied persons established on the day of acceptance of the gift, and the total value of such gifts received from one person (group of persons) during the year does not exceed four subsistence minimums for able-bodied persons established on 1 January of the year in which the gifts were accepted. Caritas Ukraine's policy on gifts is defined in clause 4.2. of the Conflict of Interest Prevention Policy.

**6.4.** The management of Caritas Ukraine and directors of the Organizations Members of the Caritas Ukraine network shall promote the fight against corruption and fraud at all levels, take measures to prevent any cases of fraud or corruption and to properly address them in accordance with the Procedure for handling sensitive appeals and providing feedback.

## **7. Measures to prevent and combat corruption and fraud**

**7.1.** The following measures are taken to prevent corruption and fraud in the Caritas Ukraine network:

- 1) mandatory familiarization of the Personnel and Affiliates with the policies and procedures of the Safeguarding System of Caritas Ukraine;
- 2) establishing clearly defined Personnel functions and hierarchy of subordination;
- 3) raising awareness of the Personnel on recognizing signs of possible corruption and fraud;
- 4) ensuring that all income and expenses, as well as receipts, invoices and supporting documents (primary documents) are recorded;
- 5) implementation and enforcement of internal financial control;
- 6) conducting systematic internal audit to verify financial activities and compliance with approved policies and procedures in the Caritas Ukraine network;
- 7) limiting and strictly controlling access to confidential information;
- 8) informing the Personnel about the responsible use of information and communication technologies;
- 9) mandatory due diligence of Personnel and Affiliates, including for cooperation with terrorist organizations in accordance with the Anti-Terrorism Screening Policies & Procedures;
- 10) conducting procurement procedures in accordance with the Procurement regulation for goods and services ICF "Caritas Ukraine", taking into account the established procurement limits, which must be documented in the relevant protocols;

<sup>10</sup> Facilitation payment is an unofficial remuneration in the form of a sum of money or a gift paid to facilitate or accelerate bureaucratic procedures that would otherwise be performed. The purpose of such remuneration is to speed up the decision-making process, simplify bureaucratic procedures; reduce the requirements for documents necessary for decision-making, and create other unlawful favorable conditions for making a positive decision.



- 8.3. Caritas Ukraine conducts investigations into violations of this Policy in accordance with the approved Procedure for Investigating Violations of the Safeguarding System.
- 8.4. Any person who reports a fact or suspicion of corruption/fraudulent misuse or violation of this Policy must act in good faith and have reasonable grounds to believe that the information provided is true.
- 8.5. In all cases of receiving a report of corruption and/or fraudulent actions of third parties who are not members of the Personnel and Affiliates of Caritas Ukraine, a referral procedure is applied in accordance with the Standard Operating Procedures for the beneficiary Redirection.
- 8.6. In all cases of confirmation of corruption/fraudulent misuse, Caritas Ukraine is obliged to take decisive and timely prompt response measures to stop illegal actions/inaction and apply measures of influence/responsibility (e.g., suspension from duties, disciplinary liability).

## 9. Protection of whistleblowers<sup>11</sup>

- 9.1. Caritas Ukraine prohibits the use of reprisals against any person who has reported suspected corruption and/or fraud. Discrimination, harassment or retaliation against a person who has reported a suspicion of corruption and/or fraud in accordance with this Policy is strictly prohibited. Any person who has reported a suspicion of corruption and/or fraud and has been subjected to reprisals, discrimination, harassment or persecution must report a violation of the Safeguarding System through the feedback channels in accordance with clause 8.1 of this Policy.

## 10. Responsibility

- 10.1. All persons working in the Caritas Ukraine network, and especially managers, are responsible for protecting the work environment from corruption and fraudulent abuse. In case of violations of the requirements of this Policy, the Personnel shall be liable in accordance with the Charter, policies and procedures of the Safeguarding System, internal documents of Caritas Ukraine and the norms of the current legislation of Ukraine.
- 10.2. Proven deliberate and intentional violation of the provisions of this Policy by the Caritas Ukraine network Personnel is grounds for disciplinary liability under the Labor Code of Ukraine and the Internal Labor Regulations of Caritas Ukraine.
- 10.3. Losses and damages caused to Caritas Ukraine as a result of corruption and fraudulent misuse, as well as other possible violations of this Policy, shall be reimbursed by the person who committed the relevant violation in accordance with the procedure established by law.
- 10.4. Personnel, Affiliates, and Beneficiaries may be held criminally liable for offenses involving proven facts of corruption and fraud in accordance with the procedure established by the Criminal Code of Ukraine.
- 10.5. Compliance with this Policy and, in particular, the application of measures to prevent and combat corruption and fraud shall be monitored:
- Heads of relevant structural units and the President - in respect of employees working in the Organizations Members of the Caritas Ukraine network on the terms of a regular employment contract, volunteers, interns and students undergoing internships;
  - The General Meeting - for members of governing bodies.

## 11. Data protection and confidentiality

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<sup>11</sup> Whistleblowers are people who report corrupt transactions and other illegal or immoral behavior that they have witnessed or exposed.

11.1. Caritas Ukraine is obliged to apply the highest level of protection when processing personal data. The information received in the report of suspected or actual corruption and/or fraud, as well as in the course of consideration of sensitive appeals and investigations, must be processed in accordance with the requirements of the current legislation of Ukraine and the Policy of confidentiality and protection of personal data of beneficiaries

## 12. Final provisions

12.1. This Policy is an updated version of the Anti-Corruption and Anti-Fraud Policy of Caritas Ukraine, approved on 09.06.2022.

12.2. All amendments and additions to this Policy shall be made by setting it out in a new version. Upon approval of the new version of the Policy, the previous one shall cease to be valid.

12.3. Upon approval, this Policy shall be made available for review by all persons who are members of the Personnel as of the date of approval.

12.4. The Policy is inextricably linked to other policies of Caritas Ukraine, in particular the Policies and Procedures of the Caritas Ukraine Safeguarding System.

12.5. This Policy shall come into force on the first day of the month following the month in which it was approved.

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