



Fairtrade Network of Asia and Pacific Producers

Anti-Fraud and Anti-Corruption Policy (Prevention and Awareness Policy)

Document Release Notice	
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Revision History				
Release No.	Release Date	Details	Amended by	Approved by
0.1	16 th January 2017	Anti – Fraud and Anti – Corruption Policy		NAPP Chair
0.2	25 th Nov 2020	Anti – Fraud and Anti – Corruption Policy	-	NAPP Chair & NAPP CEO



1. Purpose

Network of Asia and Pacific operates in many challenging governance and security environments where fraud and corruption are significant risk factors. This policy sets out the key procedural requirements that FT NAPP views as necessary to establish and maintain an appropriate system of fraud and corruption control.

2. Scope

This Policy applies to all activities and operations of FT NAPP, including projects and programs funded by any organization.

The prevention and awareness of fraud and corruption is the responsibility of all those who participate in the work of FT NAPP. This includes: Board members, Consultants (external consultants and including volunteers and interns) as a condition of organizational partnership, FT NAPP also expects compliance with fraud prevention and awareness by those organizations or individuals who work in partnership with FT NAPP. This includes: Producer organizations, Consultants (both organizations and individuals), Suppliers and contractors.

3. Objective of the Policy

FT NAPP is committed to conducting its business ethically and in compliance with all applicable laws and regulations, including those that prohibit improper payments to obtain an advantage. This document describes the Organizational Policy prohibiting bribery and other improper payments in the conduct of its activities and Team Member responsibilities for ensuring implementation of the Policy.

All incidents of fraud and corruption are to be reported, and will be assessed and, as appropriate, investigated. FT NAPP will pursue rigorously disciplinary and other actions against perpetrators of fraud, including recovery of financial loss suffered by FT NAPP.

FT NAPP is committed to preventing, identifying and addressing all acts of fraud and corruption against FT NAPP, through raising awareness of fraud risks, implementing controls aimed at preventing and detecting fraud and corruption, and enforcing this Policy



4. Definitions

- a) **Definition of Fairtrade FT NAPP & Staff.** - Fairtrade FT NAPP & staff refers to staff members, Board members, producer and worker organizations, volunteers, communities, consultants, and any other person engaged with FT NAPP for any assigned work.
- b) **Fraud** is defined as dishonestly obtaining a benefit, or causing a loss, by deception or other means. It includes, (but is not limited to):
- Forgery or alteration of documents (cheques, bank drafts, bank statements, time sheets, invoices, quotations, agreements, etc.) or bank accounts Misrepresentation of information on documents.
 - Misappropriation or misuse of funds, supplies, or assets.
 - Theft, disappearance, or destruction of assets.
 - Improprieties in the handling or reporting of money or financial transactions. Authorizing or receiving payments for goods not received or services not performed.
 - Authorizing or receiving payment for hours not worked.
 - IFT NAPPropriate use of the organisation's records and disclosing confidential and proprietary information to outside parties, without consent. Fraud requires intent. It requires more than carelessness, accident or error. When intent cannot be shown, an incident may be non-compliance rather than fraud.
- c) **Corruption** is a type of fraud. Corruption is a misuse of entrusted power for private gain and includes
- Conduct that involves, or that is engaged in for the purpose of an individual abusing his or her office or position.
 - Conduct that pervert, or that is engaged in for the purpose of perverting, the course of justice.
 - Conduct that, having regard to the duties and powers of the individual and their position in an organization, involves, or is engaged in for the purpose of, corruption of any other kind



- d) **Bribery** is the promise or delivery of a benefit in order to influence the receiver's behaviour. Usually, the behaviour expected of the person receiving the bribe is illegal and unethical in nature and would not be something they would usually do. However, the return behaviour itself does not have to be illegal or unethical in order for it to fall within the definition of bribery.
- e) **Facilitation Payments** are low-value payments designed to speed up the actions of a service provider or supplier.
- f) **Conflict of Interest** is a situation where an individual or an organization has multiple interests, one of which may improperly influence the performance of that individual's or that organization's duties and responsibilities.
- g) **Attempted acts and complicity** Actions taken to instigate, aid, abet, attempt, conspire or cooperate in a fraudulent or corrupt act, also constitute fraud or corruption.
- h) **Gift:** Any item, service, or benefit voluntarily transferred by one person to another without compensation, often as a symbol of gratitude, appreciation, or business courtesy.
- i) **Hospitality:** Food, drink, entertainment, and/or travel expenses that an organisation provides to a guest. It is generally shared or enjoyed together with the host, except where it consists of travel expenses which can be provided only to the guest. Where food, drink or entertainment is provided without the host's presence it is to be classified as a Gift.
- j) **Money Laundering:** Concealing the existence of an illegal source of income and disguising that income to make it appear legitimate.

Examples of Fraud, Corruption and dishonest practices

Examples of fraud, corruption and other dishonest practices include, but are not limited to, the following actions:

- i. Forging documents, preparing false entries in FT NAPP systems or making false statements to obtain a financial or other benefit for oneself or another/others;
- ii. Collusion or other anti-competitive scheme between suppliers during a procurement process;
- iii. Providing information in relation to an insurance claim or another entitlement that the claimant knows to be false;
- iv. Using another's IT identity or password, or creating false identities/passwords, without consent or authority in order to manipulate FT NAPP processes or cause the approval or denial of actions;



- v. Improper payments prohibited by this policy, including bribes, kickbacks, excessive gifts or entertainment, or any other payment made or offered to obtain an undue business advantage. These payments should not be confused with reasonable and limited expenditures (as agreed with the Executive Director OR, or relevant director) for gifts, business entertainment and other legitimate activities directly related to the conduct of FT NAPP.
- vi. Failing to disclose a financial or familial interest in a business or outside party while participating in the award/management of a contract to the benefit of that business or outside party;
- vii. Processing the cost of personal travel as part of an official travel;
- viii. Making misrepresentations, including educational credentials or professional qualifications, on a personal history form in the context of a job application;
- ix. Falsifying documents, making false statements, preparing false entries in FT NAPP systems or other deceptive acts to the detriment of someone, to disfavor, or to discredit a person, programme or the organization.
- x. Payments securing an improper advantage, including a decision to select FT NAPP to provide any products or services, or to provide FT NAPP with more preferential terms, including, but not limited to, providing any confidential, proprietary or competitor information that may provide FT NAPP an improper advantage;
- xi. Payments to influence any act or decision of a government, Certification or third-party employee in his or her official capacity;
- xii. Payments inducing a government employee to use his or her influence with a government or government instrumentality to affect or influence any act or service, commonly referred to as "facilitation payments" (Merge and have a single statement)

5. Fraud and Corruption Prevention Measures

5.a. Fraud and Corruption Awareness

Board members, staff members, consultants, contractors, volunteers, student assistants and interns must be aware of their responsibility to prevent fraud and corruption. In this regard, senior managers are to raise awareness of this Policy, and reiterate the duty of all staff members to report instances of fraud and corruption. Senior managers are also required to make non-staff personnel, consultants, implementing partners and responsible parties contracted/engaged by their respective units aware of this Policy.



5.b. Building Fraud Prevention into Programme and Project Design

When developing a new programme or project, it is important to ensure that fraud and corruption risks are fully considered in the programme/project design and processes. This is especially important for high-risk programmes/projects, such as those that are complex or operate in high-risk environments. These programme/project risk logs shall be communicated to relevant stakeholders, including donors, implementing partners and responsible parties, together with an assessment of the extent to which risks can be mitigated.

Programme and Project Managers are responsible for ensuring that the risk of fraud and corruption is identified during the programme/project design phase. They are to consider how easily fraudulent acts might occur and be replicated in the day-to-day operations. They are also to evaluate their impact, and the effectiveness of the measures taken to mitigate risks, including systemic monitoring actions. Informed decisions can then be made on additional mitigating actions.

5.c. Management of the risk of fraud and corruption

The risk of fraud and corruption is assessed and managed in accordance with FT NAPP's Fraud Control Plan. Managers shall identify and assess the risks in their programme or project areas, including the risk of fraud and corruption, and apply mitigating measures, taking due account of the level of risk involved. Because it is impossible to eliminate all risks, good risk management requires a sound balance of the following aspects: assessment, mitigation, transfer or acceptance of risks. These risks shall be communicated to relevant stakeholders, together with an assessment of the extent to which risks can be mitigated.

Senior managers shall be vigilant in monitoring irregularities and the risk of fraud. Where managers are concerned about the level of fraud risk within a programme, project, or service agreement activity, they may consult the COO and Compliance Manager of FT NAPP for its consideration as to whether an additional assessment by the COO and operational protection committee. The additional assessment aims to identify and control an existing (but yet unidentified) risk of fraud, dishonest practices or financial irregularity.

The following is a list of sample situations that may raise concerns under various anti-bribery and anti-corruption laws and result in criminal proceedings. Apart from anti-bribery laws with national application, both the U.S. Foreign Corrupt Practices Act and the UK Bribery Act have a global application, meaning that persons or companies may be prosecuted for actions occurring outside of these two countries. This list is not intended to be exhaustive. Employees must be familiar with these situations. If employees encounter any of these "red flags" during the course of their work, they must report them promptly through the reporting channels.



- a. Any persons or third-parties, which are or may represent, distribute, or supply FT NAPP, and
- i. engage in, or have been accused of engaging in, improper operating practices;
 - ii. have a familial or other relationship that could improperly influence the decision of a government employee;
 - iii. approach FT NAPP employees at or near the time of a contract or procurement decision and explain that he or she has a special arrangement with a government employee or third party;
 - iv. insist upon receiving a commission or fee payment before the announcement of a contract or procurement decision;
 - v. demand an extraordinarily high commission or fee for services (above market rates);
 - vi. request cash payment or payment 'off-books' and/or refuse to sign a formal commission or fee agreement with FT NAPP;
 - vii. request that payment for services be made to a country or geographic location different from where the third party resides or conducts business;
 - viii. request additional commission or fees in order to 'facilitate' services;
 - ix. demand lavish entertainment, gifts or travel before commencing contract negotiations or other services;
 - x. request a donation from a third party in a position to influence any potential advantage obtained or retained by FT NAPP;
 - xi. request a payment to 'overlook' potential violations of law;
 - xii. request that FT NAPP make a payment to a numbered account instead of an account with a third party's name;
 - xiii. have a reputation for paying bribes or who have a reputation for having a special relationship with government officials in any country.
 - xiv. have been convicted in a court of law of paying bribes to public officials.
 - xv. have been placed on national and/or international debarment lists, barring them from participation in public procurement contracts.
- b. Lack of transparency of supporting documentation or inconsistent documentation for vendors' expenses, particularly law firms, consultants and travel agents.
- c. Invoices which appear to be non-standard or customized; invoices with higher-than-normal prices or fees or which have inadequate matching or prices to particular goods or services.



- d. Comments suggesting a particular manner of conducting business, for instance "the way business is done here".
- e. Large amount of petty cash or unnaturally split transactions.
- f. Use of (confidential) side letters.
- g. Use of a consultant whose office location does not "make sense" in light of service Offerings, who does not appear to possess capability to perform stated services.
- h. Recommendation by, for example by a government employee, to use a particular consultant or distributor.
- i. Any request that a commission or other fee payment be made in a third country or to another name or company different from the one earning the commission.
- j. Any commission or fee payment that appears large in relation to the services provided.
- k. Any request to use a specific sales representative, agent, intermediary, consultant, distributor, or supplier that is not typically used by or known to FT NAPP.

5.d. Fraud Risk Assessment

Where a high risk of fraud has been identified within the general risk assessment of programmes/projects, an additional and specific fraud risk assessment may be necessary. This in-depth assessment should be used to better identify fraud risks and develop effective measures that address these high risks. The aim is to help management to identify and evaluate areas of the programme/project that are most susceptible to fraud and dishonest practices, and priorities, where FT NAPP should focus its resources for fraud prevention and mitigation.

These fraud prevention and mitigation measures must be monitored for effectiveness over time, and the fraud risk assessment process may be repeated periodically utilizing lessons learned, especially for longer-duration programmes/projects or where material changes are made to the design of the programme/project during its implementation.

5.e Internal Control System

A strong internal control system, where policies and procedures are enforced, internal controls are appropriately implemented, and staff members, non-staff personnel, consultants, implementing partners and responsible parties are informed about fraud and corruption and its consequences, can curtail fraud and corruption.



Where managers have identified and assessed the risk of fraud and corruption, these risks can be managed by establishing practices and controls to mitigate the risks, by accepting the risks — but monitoring actual exposure — or by designing ongoing or specific fraud evaluation procedures to deal with individual fraud risks. Within FT NAPP, this may involve applying controls additional to those specified in the FT NAPP Fraud Control Plan.

5 .f. Integrity and Other Best Practices

Best practices with respect to knowing board members, consultants, implementing partners and responsible parties, must be followed by consultants, especially Board Member, Directors, Head of Units and other hiring/contracting officials.

Integrity is a paramount consideration in the recruitment of staff members and the contracting of non-staff personnel. In this context, hiring units should ensure that the Organization is recruiting/contracting individuals that meet the standards of conduct expected of staff members and non-staff personnel. This can be achieved, for instance, by using specific interview assessment tools for integrity, professional experience and academic checks.

Additionally, with respect to hiring staff members, the hiring unit has the duty to ask candidates about possible relevant family relationships and to ensure that candidates are aware of and declare any family or spousal relationships, as required by FT NAPP's Policy on Conflicts of Interest.

Policy in Action

6. Roles and Responsibilities

6.a. All Board members, Producers, Consultant, volunteers and interns will:

- Comply with this policy;
- Follow the Fraud and Corruption Prevention and Awareness Procedures;
- Be alert to fraud and corruption risks in their work; and
- Identify and seek continued understanding of fraud and corruption awareness through training
- Report any suspected or detected fraudulent or corrupt activities in line with policy.

6 .b. Senior management will :

- Monitor and ensure compliance with this policy and related procedures;
- Arrange regular fraud and corruption prevention and awareness training;
- Ensure adequate mechanisms are in place to assess, detect and investigate instances of suspected fraud;
- Ensure any suspected or actual instances of fraud are reported immediately to the Chief Operating Officer (COO) or Compliance officer or Board Level Protection Safeguarding and compliance committee OR to their respective Reporting Manager.



- Ensure adequate fraud and corruption risk assessments are undertaken as part of the partner due diligence and capacity assessments;
- Ensure adequate fraud and corruption risk assessments are undertaken for each project and an adequate fraud control plan is put in place to mitigate such risks;
- Ensure Producer organizations undertake regular fraud and corruption prevention and awareness training for their staff and provide support and guidance where necessary

6.c. Producer organization and Partner organizations (including organizations engaged as contractors and consultants) will:

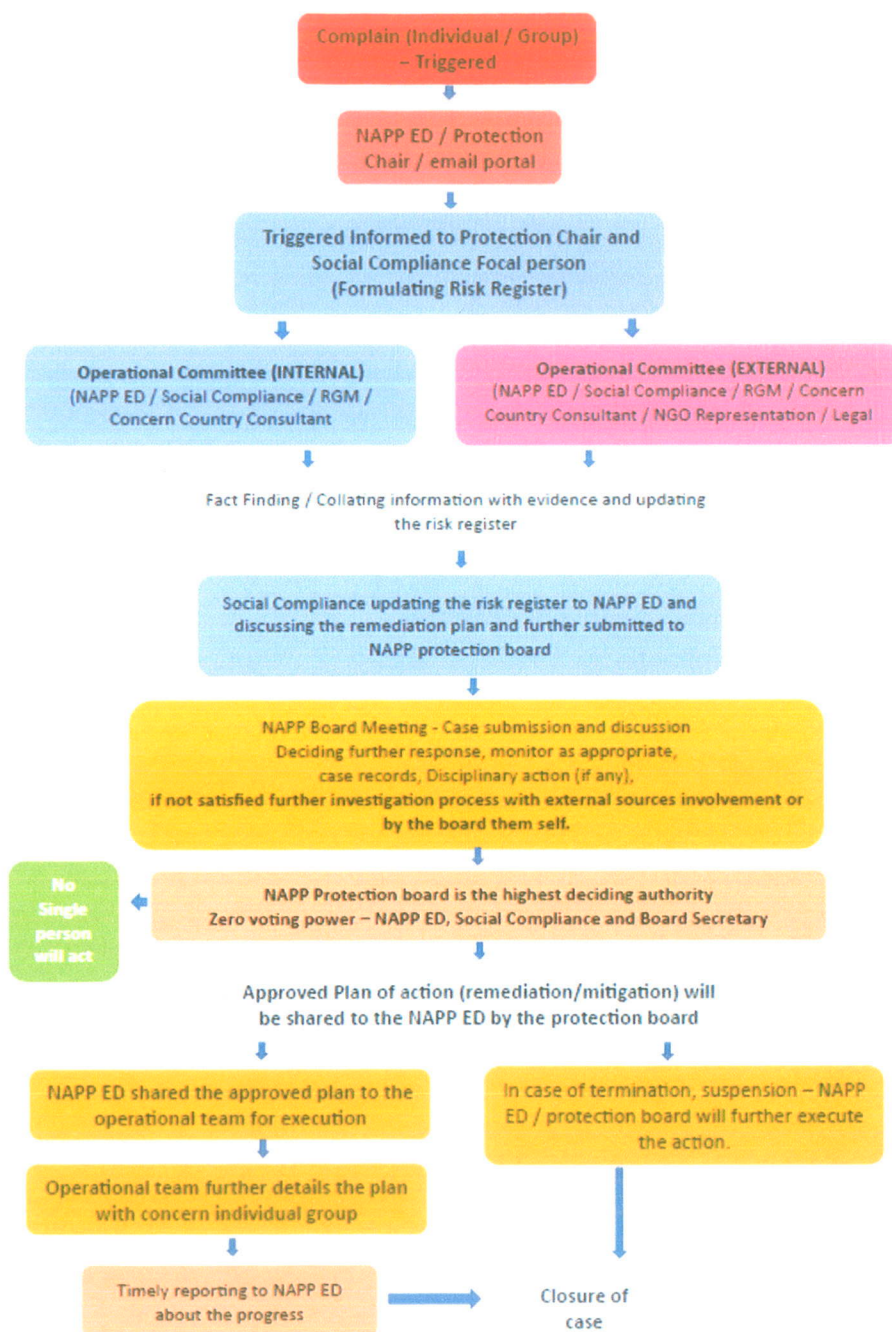
- Comply with all obligations as defined in their agreements with FT NAPP including those pertaining to fraud and corruption; Fraud and Corruption Prevention and Awareness Policy – Board approved.
- Provide or develop fraud and corruption awareness policies and procedures with assistance from FT NAPP where required; Ensure any suspected or actual instances of fraud are reported immediately to your main point of contact in FT NAPP.
- Ensure regular training is undertaken with staff for fraud and corruption prevention and awareness.

6.d. Compliance Management

The FT NAPP Board, Chief Operating Officer (COO) or Compliance officer or Board Level Protection Safeguarding and compliance committee (or respective function appointed by FT NAPP) will consider fraud and corruption red flags and risk factors in planning and reporting. Proactive investigations may also be initiated by FT NAPP, without awaiting the receipt of allegations when they become aware of a possible wrongdoing.

7. Reporting Fraud and Corruption

Anyone with information regarding fraud, Bribery or other corrupt practices against Network of Asia and Pacific – FT NAPP or involving FT NAPP Board, consultants, implementing partners and responsible parties, must his/ her complaint to the Social Compliance Officer of FT NAPP OR the FT NAPP Executive Director OR the Board Level Protection Safeguarding and compliance committee OR to their respective Reporting Manager.





Details that should be included in a report of fraud

In order for investigations to be successful, complaints should be as specific as possible. To the extent possible, they should include details such as:

1. The type of alleged wrongdoing;
2. When, where and how the wrongdoing occurred; and
3. Who was involved and may have knowledge of the matters being reported.

Relevant documents or other evidence should be included with the report or provided as soon as possible. However, the absence of any of the above details does not prevent above mentioned members from investigating allegations of fraud or corruption.

8. Confidentiality

Requests for confidentiality by persons making a complaint will be honored to the extent possible within the legitimate needs of the investigation. All investigations undertaken by the Ethics and Compliance Manager (or respective function appointed by FT NAPP) are confidential. Information will only be disclosed as required by the legitimate needs of the investigation. Investigation reports are confidential, internal FT NAPP documents.

9. Protection against retaliation ("Whistleblower" protection)

FT NAPP does not tolerate any form of retaliation against whistleblowers, i.e. an individual holding a FT NAPP assignment/contract who has reported allegations of wrongdoing or cooperated with a duly authorized audit or investigation. For more information on protection against retaliation, please refer to the FT NAPP Whistleblower Protection Policy.

10. Investigation Process

The process of investigation will be done as per the FT NAPP Standard Compliant Mechanism for both Internal and External Cases.

11. Action Based on Investigations

The allegations, if substantiated by the investigation, may result in disciplinary and/or administrative actions or other actions taken by Name of Member Organization, depending on the case. The outcomes may be as follows:



- i. For consultant, disciplinary and/or administrative actions (eg. the staff members role may be changed to mitigate the risk of such an event occurring in the future, reducing budget management responsibilities, limit interaction with vendors etc);
- ii. For Service Contract holders and Individual Contractors, non-renewal or immediate termination of their contract or other action as deemed necessary.
- iii. For external consultants, termination of the contract and debarment from doing business with FT NAPP or other sanctions; iv. Referral to the national authorities for criminal investigation and prosecution;
- v. Recovery of financial loss and/or assets suffered by FT NAPP, and to return funds recovered to the respective funding sources; and

12. Remediation and implementation of lessons learned

The FT NAPP protection committee will also use collective knowledge gained from lessons learned on audits and investigations to enable FT NAPP management to be more proactive in dealing with potential systemic weaknesses. When appropriate, the Compliance Manager will provide briefings and reports on risks facing the Organization and "lessons learned" from investigations to the FT NAPP Executive Director. In addition, if during an investigation if protection operation committee determines that there is a substantial risk to security, or a threat to FT NAPP personnel or to the Organization's interest, the protection committee may provide persons who need to know with sufficient information about the investigation to allow them to take mitigating measures. Action is then taken to address the problems identified and prevent their recurrence.

The FT NAPP Executive Director and Compliance Manager shall review periodically the outputs from the investigation processes and the resultant remediation, mitigation, sanctions and recovery cycles, to ensure that this process is operating coherently and in a timely manner, and to seek to improve the effectiveness of the process.

13. Reporting and Monitoring

Name of Member Organization has a commitment to transparency, including reporting on matters of fraud and corruption.

FT NAPP reports of all investigations will be submitted as below

Measurable Policy Objective	Who is Monitoring?	Reporting Frequency	How do we Monitor?	To Whom the Monitoring is reported to?
Process for raising concerns	Compliance Desk or (appointed by ED)	annually	Reporting	FT NAPP Executive Director and Compliance Committee of the Board
Process to be followed once a concern has been raised	Compliance Manager or (appointed by ED)	After case processing	Reporting	FT NAPP Executive Director and Compliance Committee of the Board
The organization expectations in relation to staff training, as identified in the training needs analysis	Executive Director In consultation with Regional General Managers	annually	Reporting	FT NAPP Executive Director and Compliance Committee of the Board



14. Review of this Policy and Procedures

This Policy will be reviewed three years after it has been signed and approved by the FT NAPP board.

Approved:

Date: 05/04/2023

A handwritten signature in blue ink, appearing to read "Pravakar Meher".

Chair of FT NAPP Board: Mr. Pravakar Meher

FT NAPP Executive Director: Mr. Sanjeet Singh Khurana

A handwritten signature in blue ink, appearing to read "Sanjeet Singh Khurana".

FT NAPP Personal Declaration

I _____ acknowledge that I have read and understand FT NAPP's Anti-Fraud and Anti Bribery Policy, and agree that in the course of my association with FT NAPP.