Anti-Corruption & Anti-Fraud Policy



Desjardins
International Development

1. GENERAL STATEMENT

This Policy is designed to ensure compliance with the Legislation and good practices, and provides general regulations for Développement international Desjardins (DID) in order to fight Corruption and Fraud at the national and international levels.

Corruption and Fraud are an integral part of DID's operational and regulatory risk environment, whether at DID's head office, regional offices or in the countries where the projects are carried out. Therefore, specific measures must be identified and implemented to mitigate Corruption and Fraud and all other related organizational risks on a risk-based approach.

This Policy must be applied in addition to any codes of conduct that apply to DID.

2. OBJECTIVES

This Policy seeks to achieve the following objectives:

a) Share a vision for fighting Corruption and Fraud;
b) Prohibit Corruption and Fraud, including Facilitation Payments;
c) Provide high-level definitions of stakeholders' roles and responsibilities within DID;
d) Comply with anti-corruption and anti-fraud laws that apply to DID and follow financial industry and international development good practices;
e) Establish a Framework to prevent, identify, assess, handle, and report any cases of Corruption and Fraud, as the case may be;
f) Protect DID's reputation and maintain public trust in DID, in the interest of clients and beneficiaries;
g) Raise awareness among DID Directors, Managers, Employees, Partner Organizations and Subcontractors about Corruption and Fraud, organizational risks and other financial irregularities, including Facilitation Payments.

3. SCOPE OF APPLICATION

The Policy is intended for Directors, Managers, Employees, Subcontractors and Partner Organizations. All are required, under all circumstances and without exception, to comply with the Policy and standards of conduct described herein in the performance of their duties and also outside this framework. Everyone is therefore responsible for knowing, understanding and acting in accordance with the Policy. The Policy is an integral part of any contractual relationship with DID.

4. TERMINOLOGY

The definitions used in this Policy are set out in Appendix 1.

5. ELEMENTS OF THE POLICY

5.1 Scope

This Policy seeks to support DID in fighting Corruption and Fraud.

5.1.1 Corruption occurs when a person:

- Offers an Undue Advantage, directly or indirectly, to encourage an individual to exploit their professional capacity by acting or refraining from acting in the performance of their official duties; or
- Accepts or requests an Undue Advantage from an individual, directly or indirectly, to exploit their professional capacity by acting or refraining from acting in the performance of their official duties.

5.1.2 Fraud occurs when a person:

- Commits an intentional act, a misrepresentation or conceals a dishonest or illegal act to damage another person or to secure unfair or unlawful gain.

5.1.3 Exemples of Corruption and Fraud practices

- Embezzlement of funds;
- heft of public or corporate property (tangible or intangible, such as intellectual property or confidential or privileged information);
- Hacking;
- Falsification of documents;
- Influence peddling;
- Bribery;
- Extortion;
- Overbilling;
- Failure to report money or financial transactions.

These practices are contrary to the rules of honesty and integrity that DID adheres to.

5.2 Strict prohibition

Corruption, including Facilitation Payments and Fraud, are strictly prohibited at DID, and will result in disciplinary measures or other appropriate sanctions.

Offering an Undue Advantage may not result in penalties for Corrupt Practices or Fraud in circumstances where the physical well-being, freedom or fundamental rights of an individual are compromised. If it is not possible to avoid engaging in Corrupt Practices or Fraud after having taken reasonable measures in the circumstances, the practice must be reported as soon as possible to a Manager or field manager in a country where DID is active, or to the legal department at DID's head office in Canada in an email to signalement@did.qc.ca.

5.3 Anti-Corruption and Anti-Fraud Framework

The Anti-Corruption and Anti-Fraud Framework is implemented with the support of the DID Board of Directors and consists of the following key elements:

5.3.1 Risk-based approach and mitigation measures

Managing Corruption and Fraud risk involves identifying and measuring risk to develop Corruption and Fraud mitigation strategies.

A Corruption and Fraud risk assessment must be carried out by staff responsible for operational risk with the assistance of the Department in Charge, in order to measure Corruption and Fraud risk as well as the effectiveness of corresponding control measures.

As part of this assessment, DID implements appropriate controls and mitigation measures by prioritizing operational areas and activities involving higher Corruption and Fraud risks, including relations with Public Officials, business development, procurement, and the use of intermediaries.

5.3.2 Training programs

An anti-corruption and anti-fraud training program is implemented for Directors, Managers and Employees. This training must address the Legislation and good practices to prevent and fight Corruption and Fraud. Training materials must be kept up to date.

5.3.3 Disclosure

Any DID Director, Manager, Employee, Partner Organization or Subcontractor who is aware of a situation that could constitute Corruption as defined in this Policy must disclose it to one of the following resources:

5.3.3.1 A Manager or a field manager in a country where DID is active or

5.3.3.2 To the legal department at DID's head office in Canada at signalement@did.qc.ca

Appropriate measures will be taken to ensure confidentiality and protect the identity of the person making the disclosure.

5.3.4 Protection from reprisals

Any individual disclosing a failure to comply with this Policy in Good Faith must not be subject to any reprisals. Appropriate action may be taken against an individual who engages in reprisals, including disciplinary action or other appropriate sanctions.

Any person engaging in Corrupt Practices or Fraud may be subject to disciplinary measures or other appropriate sanctions, even if they disclose the violation. If disciplinary measures or other sanctions are required, the fact that a person has disclosed Corrupt Practices or Fraud may be taken into consideration in determining the required measures, depending on the circumstances. Similarly, any false, unreasonable, frivolous or abusive allegation made in the process of a disclosure or during an investigation constitutes a violation that will be subject to disciplinary action or other appropriate sanctions.

5.3.5 Accountability

Accountability processes seek to ensure that accurate, sufficient and relevant information on the anti-corruption and anti-fraud program is communicated in a timely manner to the DID Board of Directors to allow it to carry out its responsibilities. Regular reports on significant anti-corruption and anti-fraud issues must be made, in coordination with the existing accountability processes, by the Department in Charge.

These reports must allow the DID Board of Directors and its committees to monitor the results of anti-corruption and anti-fraud fraud oversight.

5.3.6 Review of the Anti-Corruption and Anti-Fraud Framework

A periodic review of the Anti-Corruption and Anti-Fraud Framework must be conducted by the Department in Charge to ensure its effectiveness. The report must be sent to the board of directors as soon as possible after the review.

6. RESPONSIBILITIES, APPLICATION AND REVIEW

6.1 Members of the board of directors and members of the management committee

All members of the board of directors and management committee are responsible for supervising the activities under their control to ensure compliance with this Policy as it applies to their respective areas of activity.

6.1.1 Designate the Department in Charge, with direct access to the board of directors and the management committee;

6.1.2 Ensure that the Department in Charge has the required resources with appropriate expertise and adequate support to implement the Anti-Corruption and Anti-Fraud Framework;

6.1.3 Disseminate this Policy and ensure compliance with it within DID;

6.1.4 Ensure that the Anti-Corruption and Anti-Fraud Framework is implemented and obtain reports on important issues;

6.1.5 Ensure that recommended corrective measures or sanctions are applied in a timely manner if it is determined that any of DID's Directors, Managers, Employees, Partner Organizations or Subcontractors have been involved in a situation that does not comply with this Policy;

6.1.6 Ensure that adequate responses are implemented after any audit, investigation or examination, and that adequate follow-up is conducted.

6.2 Department in Charge of fighting Corruption and Fraud

This section applies to the Department in Charge. The Department in Charge is mandated to provide the board of directors and the management committee with reasonable assurance that this Policy is being complied with. It is responsible and accountable for developing and implementing the Anti-Corruption and Anti-Fraud Framework. The Department in Charge is tasked with the following responsibilities:

6.2.1 Act as an anti-corruption and anti-fraud spokesperson and be responsible for developing and implementing the Anti-Corruption and Anti-Fraud Framework;

6.2.2 Guide and advise Directors, Managers, Employees, Partner Organizations and Subcontractors on the interpretation and application of the Anti-Corruption and Anti-Fraud Policy and applicable contractual clauses;

6.2.3 Report any Material Non-Compliance to the board of directors and the management committee;

6.2.4 Update and assess the Anti-Corruption and Anti-Fraud Framework;

6.2.5 Monitor and coordinate the implementation of control measures to ensure the Anti-Corruption and Anti-Fraud Framework is applied;

6.2.6 Ensure that appropriate corrective measures are applied to anti-corruption and anti-fraud issues, recommend appropriate action plans when Material Non-Compliance or significant vulnerabilities are detected with respect to anti-corruption and anti-fraud measures, and follow up on these recommendations;

6.2.7 Provide anti-corruption and anti-fraud training to Directors, Managers and Employees;

6.2.8 Ensure accountability to the board of directors and the management committee on the application of the Anti-Corruption and Anti-Fraud Framework measures.

6.3 Managers and field managers

Managers and field managers are accountable for ensuring that operations in their area of responsibility comply with this Policy and as such, they must act accordingly and fulfil the following responsibilities:

6.3.1 Ensure compliance with this Policy by establishing sufficient and effective control procedures and measures.

6.3.2 Ensure that any changes in operations are compliant with the Policy and procedures in place.

6.3.3 Report any actual or potential instances of non-compliance with this Policy as soon as possible to the Department in Charge, prepare action plans and ensure their follow-up.

6.3.4 Ensure that their Employees, Partner Organizations and Subcontractors are made aware of relevant anti-corruption and anti-fraud issues.

6.3.5 Provide any necessary documentation and information to the Department in Charge and any relevant anti-corruption and anti-fraud authority.

6.3.6 Receive disclosures of potential and actual cases of Corruption and Fraud and follow up on them.

6.3.7 Cooperate with competent authorities on inspections, audits, or investigations.

6.3.8 Undertake training required to recognize high-risk situations, comply with the requirements that apply to their activities and ensure that their employees do so as well.

6.3.9 Ensure that appropriate contractual clauses, as determined by Corruption and Fraud risk analysis, are included in agreements signed with Third Parties.

6.3.10 Ensure that the resources needed to implement and apply this Policy are available.

6.4 Employees

Each Employee has the following responsibilities:

6.4.1 Act honestly and with integrity at all times;

6.4.2 Know and comply with the Anti-Corruption and Anti-Fraud Policy;

6.4.3 Disclose any situation that could constitute Corruption or Fraud as defined in this Policy;

6.4.4 Certify that they have read the Anti-Corruption and Anti-Fraud Policy, understand its contents and know what is expected of everyone.

6.5 DID Partner Organizations

6.5.1 Adhere to the values and culture of zero tolerance for all forms of Corruption and Fraud.;

6.5.2 Receive a copy of the Anti-Corruption and Anti-Fraud Policy and comply with it;

6.5.3 Assist in anti-corruption and anti-fraud efforts;

6.5.4 Disclose to DID any situation that could constitute Corruption or Fraud as defined in this Policy, and cooperate with the investigation, if applicable.

7. EFFECTIVE DATE

This Policy shall take effect upon adoption.

8. APPENDIX

Appendix 1 – Terminology

Appendix 1

Terminology

Agreement:

In reference to an international development project, means a contribution agreement between DID and the Government of Canada (as well as any other organization, as applicable) under which the Government of Canada grants DID a contribution for the execution of the project.

Director:

Member of the DID board of directors or one of its committees.

Public Official:

Individual employed to occupy a public function of the state in the legislative, executive or judicial branch, or who is employed by a political party. This includes a person employed by a council, a commission, a state-owned enterprise, or another organization established at the federal, provincial, or municipal level.

Officials or agents of public international organizations established by states, governments or other public international organizations are also considered Public Officials.

Undue Advantage:

An object, service or advantage promised or offered to a person, directly or indirectly, to unduly influence the conduct or exercise of a professional function in order to obtain an advantage or favourable decision in return.

Final Beneficiary:

An individual or organization that has entered into a contract with DID and that, as part of a project covered by an Agreement, receives part of the contribution to carry out project activities.

Good Faith:

A person is deemed not to disclose a breach of this Policy in Good Faith when the disclosure is clearly unreasonable or when it has been determined that the disclosure was made to deliberately mislead competent authorities.

Anti-Corruption and Anti-Fraud Framework:

This Policy and, if applicable, any other internal DID directives, rules or procedures related to risk management and compliance.

Corruption:

The offer, promise, request, acceptance or transfer of an Undue Advantage, directly or indirectly, to a person or from a person, to unduly influence or reward the exercise of a professional function or activity. Domestic and foreign corruption is a criminal offence in Canada.

Department in Charge:

The Finance and Administration Administrative Department, appointed by the management committee and the board of directors, which is responsible and accountable for DID's anti-corruption efforts.

Employee:

Includes Canadian, international and national employees, volunteer experts and interns.

Fraud:

An intentional act, a misrepresentation or concealment of a dishonest or illegal act to damage another person or to secure unfair or unlawful gain.

Manager:

Any person appointed to a management position within DID or a regional office who carries out management activities.

Legislation:

Canadian legislation and, when applicable, foreign legislation prohibiting Corrupt Practices and requiring specific governance measures and internal controls. In Canada, this legislation includes relevant provisions of the *Criminal Code* and of the *Corruption of Foreign Public Officials Act*.

Material Non-Compliance:

Any fact or event that contravenes applicable Legislation (*Criminal Code*, *Corruption of Foreign Public Officials Act*, etc.) and that, in the view of the Department in Charge, could result in one or more of the following:

- Damage to the reputation of DID or negatively impact trust of clients, or the public;
- Involve substantial financial risk for DID due to the severity or frequency of an event;
- Expose DID or any of its Directors or Managers to significant criminal, administrative or disciplinary sanctions (fine, withdrawal of a licence or authorization);
- Present a legal or administrative liability risk.

Partner Organization:

Designates a Final Beneficiary or a Local Partner.

Facilitation Payments:

A payment made to a Public Official or any authority to expedite or facilitate the performance of any act of a routine nature that is part of the Public Official's functions.

Local Partner:

An organization established in a recipient country that, under an Agreement, participates in the implementation of a project as a result of a contract with DID.

Subcontractor:

Person (other than an employee), firm, for-profit or non-profit organization or institution, charitable organization or institution, acting alone or in a consortium, joint venture, corporation (limited partnership or other), that has entered into a contract with DID to carry out activities or perform work to achieve project results or outcomes. The term Subcontractor includes Canadian and local consultants.

Développement international Desjardins (DID) is a world leader in the deployment and strengthening of the inclusive finance sector in developing and emerging countries.

Our expertise is based on over one hundred years of experience accumulated by the Desjardins Group, the leading cooperative financial group in Canada and sixth largest in the world.

We draw on the best practices tested in collaboration with our numerous partners to support the setup, growth and strengthening of financial institutions as well as the development of individual and collective wealth.

Consulting expert, investor and operator of financial institutions, DID provides its specialized expertise in the following fields:

- **Mobilization of savings**
- **Agricultural Finance**
- **Technological Solutions**
- **Financing for entrepreneurs**
- **Investments**
- **Social Performance**
- **Training**
- **Surveillance**
- **Gender Equality**
- **Governance**
- **Green Finance**

Focused on the future, DID makes use of all its resources in order to increase access to financial services for communities in developing and emerging countries. Together, we create the future. It is the ultimate reason for our existence.

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