



Anti-Bribery, Anti-Corrupt Practices and Anti-Money Laundering Policy

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INTRODUCTION

This policy sets out CIFOR's policy relating to bribery, corrupt practices and money laundering. CIFOR recognizes the adverse effect that such practices could have on its activities and operations and is committed to preventing them and taking appropriate action when they are found to occur.

This policy contains obligations that are in addition to and should be read in conjunction with those contained in the HR Policy Manual, including the Code of Conduct, the Procurement Policies and Procedures and the Financial Policies.

APPLICABILITY

Types of activities: This policy applies to all activities and operations of CIFOR, including any project or research implemented or funded by CIFOR, whether on its own or in cooperation with a partner.

Personnel: This policy applies to all CIFOR personnel, including, but not limited to:

- staff members - both local and international,
- the Director General,
- members of the Board of Trustees,
- post-doctoral fellows,
- consultants,
- temporary employees,
- interns and
- volunteers.

Contracts with third parties: This policy also applies to any contractual arrangements between CIFOR and its partners, suppliers, vendors or any other third parties. Such contracts shall prohibit bribery, corrupt practices (including fraud, collusion and coercion) and money-laundering.

ANTI-BRIBERY AND ANTI-CORRUPT PRACTICES

General statements

All CIFOR personnel have a duty to protect the assets of CIFOR from and against any form of bribery or corrupt practices.

CIFOR prohibits any of its personnel, implementing partners, suppliers or vendors from engaging in bribery or corrupt practices while carrying out CIFOR's work.

No CIFOR personnel may accept for individual or personal benefit any gift or gratuity from any current or potential supplier of goods or services to CIFOR, except for gifts of nominal value or meals and social invitations that are in keeping with good business ethics and do not obligate the

recipient, as further described in Section 4.4 – “Acceptance of gifts, honoraria and courtesies” in the Code of Conduct.

Attempted bribery or attempted engagement in corrupt practices are considered as serious as actual bribery or corrupt practices and will be treated in the same way under this policy.

Definitions

“*Bribery or Corruption*” means the offering, giving, receiving or soliciting, directly or indirectly of anything of value to influence the action of another person in the discharge of his or her duties.

“*Fraud*” means the intentional, false representation or concealment of a fact for the purpose of inducing another to act on it to his or her detriment or the detriment of an organization.

“*Collusion*” means a scheme or arrangement between two or more parties designed to circumvent, undermine or otherwise ignore CIFOR’s rules or policies.

“*Coercion*” means harming or threatening to harm, directly or indirectly, persons or their property to influence them.

For purposes of this policy, the term “*bribery and corrupt practices*” shall include fraud, collusion and coercion (as defined above).

Examples of bribery and corrupt practices

paying or offering a bribe: where CIFOR personnel improperly offer, give or promise any form of material benefit or other advantage, whether in cash or in kind, to another in order to influence their conduct in any way.

receiving or requesting a bribe: where CIFOR personnel improperly request, agree to receive or accept any form of material benefit or other advantage, whether in cash or in kind, which influences or is designed to influence CIFOR personnel’s conduct in any way.

receiving a ‘graft’ or ‘facilitation’ payment: where CIFOR personnel improperly receive something of value from another party for performing a service or other action that they were required by their employment to do anyway.

nepotism or patronage: where CIFOR personnel improperly use their employment to favor or materially benefit friends, relatives or other associates in some way. See Article 3.1.6 – Family Relationships of the HR Policy Manual, Section 4 – Conflict of Interest of the Code of Conduct and the “Vendor Pre-qualification criteria” in the Procurement Policies and Procedures.

embezzlement: where CIFOR personnel improperly use funds, property, resources or other assets that belong to CIFOR or its partners, suppliers or vendors.

receiving a 'kick-back' payment: where CIFOR personnel improperly receive a share of funds or a commission from a supplier or vendor as a result of their involvement in a corrupt bid or tender process.

collusion: where CIFOR personnel improperly collude with others to circumvent, undermine or otherwise ignore CIFOR's rules, policies or guidance.

abuse of a position of trust: where a staff member improperly uses their position within CIFOR to materially benefit himself or herself or any other party.

ANTI-MONEY LAUNDERING

General statements

Money laundering is the process by which criminals attempt to conceal the true origin and ownership of the proceeds of their criminal activity and reintroduce the proceeds into the economy for legitimate purposes. CIFOR must not allow any organization or individual to use CIFOR to launder money and must be vigilant to ensure that CIFOR does not accept the proceeds of a crime from any organization or individual.

CIFOR personnel may not:

- possess, conceal, use, convert or transfer criminal property or its proceeds;
- become involved in an arrangement facilitating any of the above; or
- possess or in any way deal with funds related to terrorist activities or funds likely to be used for terrorist activities.

Risk Areas: Certain situations require extra vigilance on the part of CIFOR personnel. Situations that should be considered as at a risk of money laundering are:

- entering into arrangements with partners that may be fronts for criminal activities;
- use of an alternative banking system to move funds;
- use of conduits for funding;
- use of couriers to transport cash or valuables; or
- payment of facilitation charges where it amounts to a private benefit rather than a lawful tax or duty.

PREVENTION AND DETECTION OF ABUSES

Internal Checks and Balances: Consistent with existing systems in place under applicable CIFOR regulations, rules, manuals and policies, CIFOR shall prevent and detect practices prohibited under this policy by:

- identifying areas of operation that are more vulnerable to the risks of bribery, corrupt practices and money laundering;
- implementing and monitoring robust risk management and internal control systems that are easily accessible by internal and external auditors;
- monitoring risks on an on-going basis and regularly assessing the effectiveness of the internal controls;
- maintaining records of transactions in accordance with CIFOR's regulations, rules, manuals and policies; and
- conducting training of CIFOR personnel on the internal control systems to prevent, detect and report practices prohibited under this policy.

Procurement personnel: CIFOR procurement personnel play a special role in the prevention and detection of activities contrary to this policy with respect to partners, suppliers and vendors. CIFOR personnel involved in the procurement process shall conduct appropriate due diligence on partners, suppliers and vendors, including the following:

- obtaining accurate information on the business profile of any party involved in the procurement process;
- ensuring that contracts with partners, suppliers and vendors prohibit bribery, corrupt practices and money laundering and refer to this policy;
- exercising due diligence in verifying that any partner, supplier or vendor has not engaged in, and is not engaging in, any bribery, corrupt practices and money laundering;
- promptly reporting to the Team Leader - Finance any practice that is, or is reasonably suspected of being, contrary to this policy; and
- immediately ceasing any dealings with any party who is acting contrary to this policy.

CIFOR personnel: In order to prevent and detect abuses under this policy, CIFOR personnel shall:

- not, under any circumstances, condone or facilitate, or appear to condone or facilitate, any bribery, corrupt practices or money laundering in the course of the activities and operations of CIFOR;
- avoid any use of the funds, resources or assets of CIFOR contrary to this policy;
- detect and prevent any bribery, corrupt practices and money laundering, or any attempts thereof, in accordance with this policy;
- exercise due care in managing the funds, resources and assets of CIFOR; and
- promptly report, in good faith, any practice contrary to or reasonably suspected of being contrary to this policy, or any attempts thereof, using any of the channels available under the CIFOR whistle blower policy. See Article 2.2 – “Whistle Blower Policy” of the HR

Policy Manual. Failure to report may result in the imposition of disciplinary measures in accordance with Chapter 10 of the HR Policy Manual.

CIFOR management: All CIFOR managers shall be subject to the following additional obligations:

- monitoring and assessing any internal and external risks of bribery, corrupt practices and money laundering and employ risk control mechanisms to prevent such practices or propose additional mechanisms where appropriate;
- raising awareness of risks of bribery, corrupt practices and money laundering through ongoing training of, and guidance to, CIFOR personnel;
- adhering to the terms of this policy in exercising their delegated authority to enter into contractual arrangements with any cooperating partners, suppliers, vendors or any other third parties; and
- taking prompt and reasonable action to recover misappropriated funds or losses caused by fraudulent, corrupt practices or money laundering.

Contracts with third parties: Any partner, supplier, vendor or any other third party entering into any contract with CIFOR shall be required to:

- allow CIFOR access to CIFOR-specific records and to allow CIFOR to conduct an investigation or audit relating to any aspect of the contract or the provision of goods or services under the contract; and
- represent that it has not, and shall not, engage in any bribery, corrupt practices (including fraud and collusive practices) or participate in money laundering.

INVESTIGATION

CIFOR personnel: Any allegations against CIFOR personnel for engaging in practices or transactions prohibited under this policy will be reported and investigated in accordance with Annex I to this policy. Appropriate disciplinary measures may be taken against CIFOR personnel found to have engaged in practices or transactions prohibited under this Policy in accordance with Chapter 10 of the HR Policy Manual. In addition to the imposition of disciplinary measures, and where the conduct rises to the level of criminal conduct, the matter may be reported to the appropriate police authorities in accordance with the procedure set forth in Annex I.

CIFOR partners, suppliers, vendors: When CIFOR receives a credible report that one of its partners, suppliers or vendors has engaged in practices or transactions prohibited under this policy, CIFOR shall investigate the matter in accordance with Annex I to this policy. In cases where it is determined that a CIFOR partner, supplier or vendor is in violation of this policy after an investigation, CIFOR shall terminate its contract with the offending party and remove the partner, supplier or vendor from the pre-qualification list (if applicable). Where the conduct rises to the level of criminal conduct, the matter may be reported to the appropriate police authorities, in accordance with the procedure set forth in Annex I.

TRAINING AND AWARENESS

CIFOR will develop and conduct a training program for CIFOR personnel to increase awareness of the risks of bribery, corrupt practices and money laundering and develop skills for preventing, detecting and reporting such practices. Given their responsibilities with respect to CIFOR assets and contracts, certain categories of CIFOR personnel (such as Procurement and Finance staff) will receive specialized training in these matters.

**Annex I to the Anti-Bribery, Anti-Corrupt Practices and Anti-Money Laundering Policy:
Reporting and Investigation Procedures**

A) REPORTING AND PRELIMINARY INVESTIGATION

CIFOR personnel shall promptly report, in good faith, any practice contrary to or reasonably suspected of being contrary to this policy, or any attempts thereof, using any of the channels available under the CIFOR whistle blower policy, which is set forth in Article 2.2 of the HR Policy Manual. In addition, the following specific procedures shall apply to reports made under this policy:

1. Reports of violations of this policy shall include all details known at the time the suspicions arise, including all individuals alleged to be involved, the location, the time and any other relevant statements or information.
2. CIFOR personnel shall not:
 - a. Contact the suspected perpetrator to get facts or demand restitution;
 - b. Discuss the case facts or allegations with anyone other than persons to whom the report was made under Article 2.2.7 of the HR Policy Manual and/or persons responsible for investigating the case; or
 - c. Attempt to personally conduct investigations or interviews.
3. All information reported will be treated confidentially and will only be disclosed to the extent necessary to conduct the investigation, to comply with the terms and conditions of the HR Policy Manual or to the extent required by applicable law. Confidentiality, in so far as possible, will be maintained for all reports made in good faith, and where reports are made anonymously, such anonymity will be respected. However, if criminal activity is to be reported to the authorities, the identity of the person reporting may eventually have to be disclosed to enable external investigators or the police to pursue criminal investigation effectively.
4. All reasonable reports will be treated seriously and systematically, and will be properly investigated. If it is determined that a report was made frivolously, in bad faith, maliciously, for personal gain or for revenge, disciplinary action may be taken against the person making such report.
5. Any person receiving a report of a breach of this policy should listen carefully and with respect to the person making the report, ensure that every report is treated seriously and sensitively and give every allegation a fair hearing. Recipients of reports should obtain as much documentation and information as possible regarding the alleged breach of this policy, including any notes or evidence, and they should reassure the person making the report that he/she will be protected and will not suffer any reprisal for having made a report in good faith. Recipients of reports are required to prepare a written report of any suspected breach of this policy that has been reported to them and provide it to the Director of Human Resources in a timely manner. Recipients of reports should not confront the alleged perpetrator or carry out an investigation themselves.
6. The Director of Human Resources shall, without delay, have the responsibility of conducting

a preliminary investigation into the facts reported and make recommendations to the Deputy Director General – Operations on whether the case should be closed due to lack of evidence or whether a full investigation should be conducted. Where the allegations concern the Deputy Director General - Operations, the Director of Human Resources shall make recommendations to the Director General. The Director of Human Resources may consult with the Team Leader - Finance during the course of the preliminary investigation on financial matters.

7. If the preliminary investigation concludes that there is sufficient evidence to warrant a full investigation, and depending on the gravity of the allegations, the Deputy Director General - Operations will notify the Director General and the Chairperson of the Finance and Audit Committee within a reasonable period. The Deputy Director General - Operations will, during routinely scheduled meetings (e.g. regular review meetings and Board of Trustee meetings), regularly update the Director General and the Finance and Audit Committee regarding the status and results of any investigations.
8. Where the allegations involve the Director General, the Board of Trustees, through the Finance and Audit Committee, and with the assistance of the Director of Human Resources and the Deputy Director General - Operations, will take primary responsibility for conducting the preliminary investigation.
9. The Deputy Director General - Operations will consider recommendations of the Director of Human Resources as well as the advice of other relevant officials, e.g. the Team Leader - Finance, the Legal Adviser, and/or external fraud specialists prior to taking any action.
10. In the case of CIFOR staff members, the Deputy Director General - Operations may suspend the staff member(s) concerned while an investigation is being conducted, in accordance with Chapter 10 of the HR Policy Manual. Where it appears advisable that the suspension take place without notice, so as to prevent the destruction or removal of evidence, the CIFOR staff member(s) concerned should be supervised at all times before leaving CIFOR's premises, and measures taken to ensure that they are unable to gain access to the premises or to IT systems during their suspension. Suspension should not be regarded as a disciplinary action nor should it imply guilt.
11. In cases where it is determined that a CIFOR partner, supplier or vendor is in violation of this policy after a full investigation, CIFOR shall terminate its contract with the offending party and remove the partner, supplier or vendor from the pre-qualification list (if applicable). In cases where it is determined that other CIFOR personnel are in violation of this policy (such as post-doctoral fellows, consultants, temporary employees, interns or volunteers) after a full investigation, the contract or working relationship with the offending party shall be terminated by CIFOR.
12. Internally reporting the results of preliminary investigations may consist of various oral or written communications by the investigators to the Director General, the Deputy Director General- Operations, the Management Group and the Board of Trustees, as applicable, regarding the status and results of the investigations.

B) INVESTIGATION PROCEDURE

13. Depending on the magnitude and the complexity of the reported violation of this policy, full investigations will be carried out either in-house by the Director of Human Resources, in consultation, as needed, with the Deputy Director General - Operations, Finance staff, the Regional Auditor and the Legal Advisor, or by external parties appointed by the Deputy Director General - Operations, such as external audit firms with specialized forensic accounting expertise and access to criminal law expertise. The decision whether to use internal or external investigation services, or a combination of both, will be made by the Deputy Director General – Operations on the advice of the Director of Human Resources in consultation, as needed, with the Team Leader - Finance, the Regional Auditor and the Legal Advisor.
14. Investigations will be conducted in an independent manner without regard to any person's relationship to CIFOR, their position or length of service. The Director of Human Resources will keep records of all actions in the investigation for future reference, i.e. any future criminal, civil or disciplinary action.
15. The Director of Human Resources should advise on who should be involved in the investigation to avoid a conflict of interest situation for CIFOR personnel with close working relationships with the individual(s) in question.
16. The Deputy Director General – Operations will ensure that full access is given to the Director of Human Resources and any approved external body requested to assist him/her to immediately search the work area in question, including any files and CIFOR IT equipment. All searches are to be conducted in a lawful manner and documented in writing, to protect the due process rights of CIFOR personnel and to preserve the chain of custody. The Director of Human Resources will keep records of any action or handling of evidence.
17. All CIFOR personnel are required to cooperate with investigators and to respond to reasonable requests for documents and information.
18. All investigative interviews will be structured and documented in writing or by audio recording. Any CIFOR personnel reported to be involved in a breach of this policy will be given the opportunity to respond to the allegations during an interview or via written statements. The Director of Human Resources, in consultation with the Deputy Director General - Operations and the Legal Adviser, will develop the interview procedures and ensure that the due process rights of CIFOR personnel are respected throughout the investigative process.
19. When the full investigation has been completed, the Director of Human Resources will prepare a confidential, written report addressed to the Director General, the Deputy Director General - Operations and the Chairperson of the Finance and Audit Committee detailing the findings and conclusions, including recommendations for action. Summary results of investigations will be disclosed to the Management Group, external auditors, the Chairperson of the Board of Trustees and all members of the Finance and Audit Committee. Investigation results shall not be discussed with anyone other than those entitled to receive a report. This is important to avoid damaging the reputation of those

suspected of wrongdoing and subsequently found innocent, and to protect CIFOR from potential civil liability and loss of reputation and goodwill.

20. Where there is prima facie evidence of criminal activity, the Deputy Director General – Operations may decide to report the matter to the appropriate police authorities after consultation with the Director of Human Resources and as appropriate, the Legal Advisor. In cases where CIFOR personnel enjoy immunity from prosecution pursuant to an applicable Headquarters or Host Country Agreement, the Director General shall make a determination as to whether the matter should be reported to the appropriate police authorities, as only the Director General can waive immunity.

C. DUE PROCESS RIGHTS OF SUBJECTS OF INVESTIGATION

21. All CIFOR personnel alleged to have breached this policy will be given the opportunity to respond to the allegations during an interview or via written statements. CIFOR personnel may provide the investigators with exculpatory evidence at any time during the course of a preliminary or full investigation.
22. The due process rights of CIFOR staff members set forth in Chapter 10 of the HR Policy Manual will be respected, including, but not limited to, the right to be informed of any allegations no later than seven working days after receipt of such allegations by the Deputy Director General - Operations, the right to respond to such allegations and the right to a hearing by a Disciplinary Committee.
23. No disciplinary action against CIFOR staff members will be taken and no contractual relationship with other CIFOR personnel, partners, suppliers or vendors will be terminated prior to the completion of a full investigation.
24. Should a CIFOR staff member, post-doctoral fellow, consultant, temporary employee, intern or volunteer be cleared of all the allegations, an appropriately worded formal communication will be sent to the individual concerned with a copy placed in his/her personnel file. This must be done within 14 days of the individual being cleared of the allegations. No future reference shall be made to the allegation that would prejudice his/her continued employment.

D. RECOVERING ASSETS

25. Where CIFOR has suffered pecuniary loss or loss of other material assets as a result of a breach of this policy, efforts will be made to seek restitution from the individual(s) responsible for such loss. This can be done through the following methods:
 - a. Making arrangements for voluntary payment;
 - b. Making deductions from benefit payments or a pension scheme if permitted by law;
 - c. Considering an insurance claim;
 - d. Taking civil action to obtain a judgment for the loss;
 - e. Obtaining compensation orders in criminal cases; and

- f. Considering any other appropriate means of recovery.

E. DISCIPLINARY ACTION AGAINST CIFOR STAFF MEMBERS

- 26. Where a full investigation confirms that a CIFOR staff member has breached this policy, the Deputy Director General - Operations, in consultation with the Legal Adviser and the Director of Human Resources, will pursue disciplinary action in accordance with Chapter 10 of the HR Policy Manual.