

Anti-Fraud, Corruption, Terrorism and Money Laundering Policy

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Target Group	TdH Supervisory Board and Executive Team
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Delegated to	TdH Finance Manager
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Approved by	TdH Supervisory Board
Related documents	The Employee Handbook The Finance Manual [forthcoming] Procurement Policy [forthcoming] Private Sector Engagement Policy TdH NL Global Code of Conduct TdH NL SpeakUp Manual TdH NL Conflict of Interest Policy TdH NL Reporting procedure and investigation protocol
This Policy replaces	TdH NL Anti-Fraud Policy
Relevant legislation	UN Convention against corruption, OECD anti-bribery Convention including the Dutch Penal Code and the Dutch Money Laundering and Terrorist Financing (Prevention) Act.
Date approved	7 March 2024
Revision due	March 2025

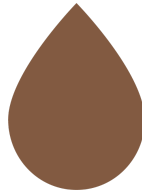
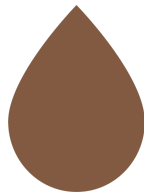


Table of Contents

Table of Contents	2
Introduction	3
Guiding principles and values	3
Purpose of the Policy	3
Scope of the Policy	4
Legal and Regulatory Framework	4
Responsibilities	5
Supervisory Board, Executive Team and Senior Management.....	5
Employees, Volunteers, and Contractors.....	5
Internal Confidential Counselor.....	5
Definitions of Prohibited Activities	5
Anti-Bribery	7
Anti-Terrorism and Anti-Money Laundering	8
Prevention and control measures	8
Reporting and Investigation	9
Reporting to Donors.....	10
Recovery of funds.....	10
Consequences of Non-Compliance	10
Revisions	11
Appendix 1: Examples of [Potential] Fraud or Bribery	12



Introduction

Terre des Hommes Netherlands (TdH NL) is an international non-governmental organisation that combats child exploitation. It is the vision of TdH NL that children can flourish in a world free of all forms of exploitation. TdH NL's mission is to protect children by preventing and stopping child exploitation, and by empowering children to make their voices count.

TdH NL is committed to conducting its affairs with the highest standards of integrity and in compliance with all applicable laws and regulations. This Anti-Fraud, Corruption, Terrorism and Money Laundering Policy (the "Policy") is designed to set out the steps required to prevent and detect fraud, corruption, terrorism financing and money laundering activities within the organisation.

TdH has a zero-tolerance policy for fraud, corruption, financing of terrorism and money laundering. Thus, TdH NL requires employees, volunteers and third parties including partners to act honestly and with integrity, and to safeguard the assets for which they are responsible at all times. Fraud and corruption, even if it is forbidden by law in most countries, are ever-present threats to our assets and would undermine our credibility in the eyes of donors and other stakeholders and so must be a concern of all.

Guiding principles and values

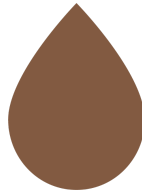
In the formulation and implementation of this policy we are guided by our organisational values:

- **Human-centred:** We will carry out our activities and operations and more importantly use our funds keeping in mind the human dimension of our impact.
- **Bold:** dare to speak up if you notice fraudulent behaviour or irregular activities.
- **Responsible:** Don't look away when you notice irregularities. Contribute pro-actively to fighting corruption, fraud and money laundering in our organisation.
- **Playful:** Use your playfulness and creativity to find solutions for challenges within the boundaries of our organisational policies and respective laws.

Purpose of the Policy

The purpose of this policy is to provide:

- Clear definitions of what we mean by fraud, corruption, terrorism financing and money laundering.



- A definitive policy statement to staff forbidding fraudulent activity in all its forms.
- A summary to staff of their responsibilities for identifying exposures to fraudulent activities, for establishing controls and procedures for preventing such fraudulent activity and/or detecting such fraudulent activity when it occurs.
- Guidance to employees as to action which should be taken when they suspect any fraudulent activity.
- Expectations and requirements from consultants, contractors, implementation partners, etc.

Scope of the Policy

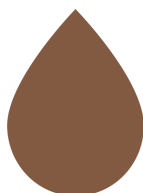
This Policy applies to Supervisory Board members, to the Executive Team, employees, volunteers, contractors, partners, and third parties associated with TdH. It covers all activities undertaken by the organisation, both domestically and internationally.

In particular:

- The policy applies to any act of fraud and corruption (actual, suspected or attempted) perpetrated by any of the individuals or entities that have a relationship – contractual or implied – with TdH NL in any TdH NL activity or operation.
- The policy applies to TdH NL Hague office, TdH NL regional and country offices including offices as may be established in other locations in the future.
- The policy is applicable to all TdH NL employees (core, contract, retainer, consultants, officers, interns, volunteers or any other category) and members of the Supervisory Board or any committee of the Supervisory Board.
- TdH NL also requires its consultants, contractors, agents, implementation partners, to enact their own procedures, regulations or other regulatory documents that enable compliance by its staff with this policy.

This policy is intended to provide guidance and should be read in conjunction with:

- [The Employee Handbook](#)
- The Finance Manual [forthcoming]
- Procurement Policy [forthcoming]
- Private Sector Engagement Policy
- [TdH NL Global Code of Conduct](#)
- [TdH NL SpeakUp Manual](#)
- [TdH NL Conflict of Interest Policy](#)
- [TdH NL Reporting procedure and investigation protocol](#)
- National laws and regulations within a country's jurisdiction.



Legal and Regulatory Framework

TdH NL recognises and complies with relevant international and local laws and regulations related to anti-fraud, anti-corruption, and anti-money laundering, such as UN Convention against corruption, OECD anti-bribery Convention including the Dutch Penal Code and the Dutch Money Laundering and Terrorist Financing (Prevention) Act. This policy also aligns with the Raad voor de Jaarverslaggeving (RJ), in particular RJ 400 regarding the required disclosures in the annual management report.

Responsibilities

Supervisory Board, Executive Team and Senior Management

The Supervisory Board (SB), the Executive Team (ET) and senior management are responsible for setting the tone at the top and ensuring a culture of integrity and compliance. They will provide oversight, resources, and support to implement and maintain effective anti-fraud, anti-corruption, and anti-money laundering measures.

Managers must be familiar with the types of fraud that might occur in their area and be alert for any indication of fraud or improper activity. They must maintain controls to avoid fraudulent activity and must ensure that their staff are familiar with and adhere to this policy.

Employees, Volunteers, and Contractors

All individuals associated with TdH NL are expected to act with honesty, integrity, and diligence. They must report any suspicious activity, fraud, corruption, terrorism financing or money laundering concerns promptly.

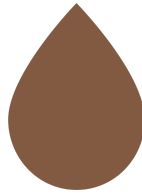
Internal Confidential Counselor

At any one time, TdH NL shall have at least one person, referred to as 'The Internal Confidential Counselor' who shall be available for staff to openly share any confidential or sensitive matters that they may find difficult or uncomfortable to share with their line managers or through other established channels. This person(s) shall be introduced to all staff in the first instance by the HR Manager. Whenever there is a change or an additional person to this position, this shall be communicated to all staff by the HR Manager.

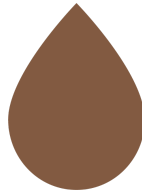
Definitions of Prohibited Activities

The following definitions apply to TdH NL. These activities are prohibited for TdH NL.

Bribery	The unlawful act of offering or receiving any gift, loan, fee, reward, or other advantage (taxes, services, donations etc.) to or from any person as an inducement to do something which is
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	<p>dishonest, illegal or a breach of trust, in the conduct of one's duties.</p> <p>It is also bribery to make unofficial payments (known as 'grease' or 'facilitation' payments) to a public official to secure or speed up a routine action to which you may feel entitled to. For example, you pay a public official a small "fee" to speed up the issuing of a visa.</p>
Collusion	A secret agreement or cooperation between two or more parties for an illegal or deceitful purpose. An example is procurement staff colluding with vendors and suppliers during procurement to ensure they are selected.
Corruption	The abuse of entrusted power for private gain, including bribery.
Embezzlement	To steal money that people trust you to look after as part of your work.
Extortion	Act of utilising one's access to a position of power or knowledge, either directly or indirectly, to demand unmerited cooperation or compensation due to coercive threats.
Fraud	Any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.
Kickback	A form of bribery that is a payment or in-kind bribe given in return for facilitating a commercial transaction such as a contract.
Money laundering	<p>The process by which proceeds from a criminal activity are disguised and channelled through the financial system in an effort to conceal their illicit origin. Money laundering may involve any of the following:</p> <ul style="list-style-type: none">• The conversion or transfer of property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the property or of helping any person who is involved in the commission of the predicate offence to evade the legal consequences of his or her action;• The concealment or disguise of the true nature, source, location, disposition, movement, or ownership of or rights with respect to property, knowing that such property is the proceeds of crime; and,• The acquisition, possession, or use of property, knowing,



	at the time of receipt, that such property is the proceeds of crime
Self laundering	Self-laundering occurs when an individual or organisation involved in illicit activities reinvests the proceeds obtained from such activities in itself or its activities in a manner that conceals the illicit origin of the funds. Self-laundering therefore means when the money laundering operation is carried out by the person who has committed or contributed to committing a criminal offence.
Negligence	Failure to give care or attention, especially when this causes harm or damage.
Nepotism	Form of favouritism based on familial relationships whereby someone in an official position exploits his or her power or authority to provide a job or favour to a family member, even though he or she may not be qualified or deserving.
Robbery	The crime of taking money or property illegally, often by using threats or violence.
Terrorism financing¹	An act that involves the solicitation, collection, or provision of funds either from legal or illegal sources with the intention that they may be used or in the knowledge that they are to be used to support in full or in part terrorist acts or organisations. TdH will use the European Union's list of persons, groups and entities subject to specific measures to combat terrorism.
Theft	The crime of stealing.

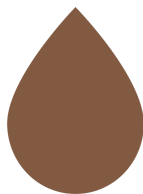
Please also refer to Appendix 1 for a list of examples of fraud and bribery, or potential fraud and bribery (known as 'Red Flags').

Anti-Bribery

TdH NL employs all legal and safe tactics to avoid and resist paying bribes to public officials or any other party, even if it results in denials, delays, inconvenience, and increased cost to our operations.

No person is authorised to pay a bribe on behalf of TdH NL or use TdH NL funds to do so.

¹ As defined in the UN International Convention for the Suppression of the Financing of Terrorism



In extreme situations, only the Supervisory Board upon recommendation of the crisis management team may authorise payment of a bribe if all other options have been exhausted. In such a circumstance the meeting minutes must document the case and all steps taken before reaching this decision, and lessons learned to avoid a similar situation arising in the future. The payment must be properly and transparently recorded in the accounting system and appropriate parties (e.g., donors) informed.

Employees are not expected to resist bribery to the point of putting themselves or others at real risk of personal harm or injury. A payment under such circumstances is considered extortion rather than bribery and as such it will not be disciplined.

Anti-Terrorism and Anti-Money Laundering

TdH NL is committed to promoting and adhering to the highest standards of integrity and accountability in the use of its financing and will not tolerate the diversion of the resources entrusted to it by donors and other sources through terrorism financing (TF) or money laundering (ML).

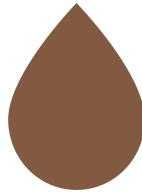
TdH NL therefore has a responsibility to protect its assets against potential misuse and ensure that its own financing is not used to fund TF or enable ML. In fulfilling this responsibility, TdH NL shall commit to ensuring that its funds and the funds that it administers are not used to support TF and ML; to identify, assess and adequately mitigate the risk related to ML and TF considering the nature, scale and complexity of its activity; and to apply and strengthen existing due diligence processes to prevent and combat TF and ML.

TdH NL will seek to employ a two-stage due diligence process. The first stage will be conducted by the in-country teams and will consist of the collection of information required such as the name of bank/supplier/partner, names of the senior management, ownership structure, and proof of identification. The second stage will be carried out by the Head Office/Finance Team which will consist of screening against individual lists such as the European Union's [list](#) of persons, groups and entities subject to specific measures to combat terrorism. The implementation of this approach will start with TdH NL partners.

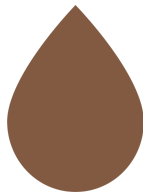
Compliance with all internal organisational policies, segregation of duties, internal controls and audits, as well as continuous staff training are all first line of defence against potential misuse of assets.

Prevention and control measures

TdH NL employs many practices to prevent and detect fraudulent behaviour, money laundering and financing of terrorism. These include, but are not limited to:



- **Tone at the Top:** The Supervisory Board and Executive Team are responsible for setting the tone at the top that TdH NL has a zero-tolerance policy on fraud, corruption, terrorism financing or money laundering. This is done, in part, by overseeing the implementation of adequate internal controls; displaying appropriate attitudes and behaviours in any matter concerning prohibited activities; and demonstrating through actions they decide to take when incidences of fraud, corruption, terrorism financing or money laundering occur.
- **Adherence to the Integrity Framework:** All staff are expected to follow the Code of Conduct and other TdH NL policies.
- **Training and Awareness:** TdH staff will receive regular training, starting at employee induction, on TdH NL's core policies and zero-tolerance toward fraud and corruption.
- **Selection and Recruitment:** TdH NL conducts due diligence on staff and third parties such as service providers, consultants, and partners before recruiting/contracting them. The extent of the due diligence procedures depends on the nature of the relationship.
- **Clear Financial Procedures and Financial Monitoring:** Financial controls are followed in all transactions. These include such controls as the four-eyes principle, the principle that any transaction has at least two people reviewing it, segregation of duties, reconciliations, etc. Internal audits are also regularly conducted to ensure financial practices are adhered to. External audits on the consolidated financial statements and regular project audits are conducted.
- **Selection of suppliers and partners:** Carry out due diligence that includes the collection of information on ethical values, organisation and structure, experience, competence, roots in the community and economic-financial situation, in line with the Procurement Policy, Code of Conduct for Suppliers, Partnership Policy and Private Sector Engagement Policy.
- **Donor selection:** Carry out a check on donors to ensure that donations do not have a suspicious origin, especially if they involve large sums from unknown entities. Furthermore, take into account what is established by the TdH NL's Code of Conduct, Guidelines on Accepting Funding from Business and Private Sector Engagement Policy on the ethical criteria to be evaluated in the case of relationships with companies, the knowledge of which must be deepened with the available means, web research and consultancy, in order to exclude partners incompatible with one's own ethics and mission.
- **Project Design and Monitoring:** When designing new projects, the project design team is responsible for ensuring fraud, corruption, terrorism financing and money laundering risks are fully considered in the project design and processes. The measures to mitigate the identified risks will be embedded in the project design. Project Managers are also responsible for carrying out regular fraud risk assessments in order to identify and evaluate the areas of programme, operational and support activities that are most susceptible to fraud and corruption.



- **Risk analysis:** Identify and analyse risk factors for the project or programme and throughout the supply chain, implementing appropriate countermeasures, through adequate control and reporting systems.

Reporting and Investigation

TdH NL's policy on speaking up is designed to build confidence to report genuine concerns about fraud, corruption, money-laundering or other types of misconduct. For many cases of misconduct, someone reporting it is the only way it can be discovered and dealt with.

A genuine concern is based on information the reporting person believes to be true or trustworthy. Upon further investigation, a genuine concern may or may not turn out to be true. The motivation of the person reporting a genuine concern is not relevant to its definition as genuine or not. A false accusation is when the reporting person knowingly fabricates information or reports information, they know to be false.

Known or suspected cases of fraud, corruption, terrorism financing or money-laundering should be reported and investigated following the [TdH NL Reporting Procedure and Investigation Protocol](#).

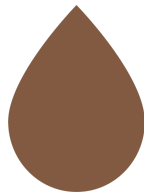
Reporting to Donors

TdH NL takes its contractual and fiduciary responsibility to report fraud and bribery to donors very seriously.

The Case Management Committee (as defined in the TdH NL Reporting Procedure and Investigation Protocol) will:

- Appoint a donor contact person to channel all communication with the donor with respect to the suspected fraud or bribery.
- Consult the donor agreement concerning the terms and conditions about reporting suspected fraud or bribery and ensure that they are met. If in doubt, communicate within 48 hours if the fraud may impact a particular donor's funds.
- Protect the identity of the suspect and reporting person. Avoid sharing any confidential details.
- Reassure the donor by explaining the process being followed to handle the allegation.
- Confirm verbal communications in writing.
- Keep the donor updated with progress and the outcome of the investigation.

The full investigation report or disciplinary report should not be shared with the donor unless required to do so, and if so, only in an anonymous form.



Fraudulent losses that donors disallow can only be funded from unrestricted funds.

Recovery of funds

TdH NL will attempt, where feasible, to seek recovery of TdH NL/donor resources and/or property lost as a result of breaches of the policy using all the means at its disposal, including legal action when appropriate. For example, in respect of TdH NL employees, TdH NL may make deductions from salaries. In respect of cooperating partners and vendors, TdH NL would seek refund or recovery or withhold the relevant amount from subsequent disbursements, when legally feasible.

Consequences of Non-Compliance

Non-compliance with this Policy may result in disciplinary action as set forth in the Employee Handbook, including termination of employment or contract, legal action, and reporting to relevant authorities.

In the case of fraudulent or corrupt behaviour from a supplier or partner organisation, the agreement with TdH NL may be terminated and the supplier or partner may be blacklisted from future agreements with TdH NL. In the case of a partner organisation, TdH will make every feasible effort to recover funds from the partner.

TdH NL is committed to fostering a culture of transparency, accountability, and ethical conduct. This Policy is a reflection of that commitment and will be strictly enforced to safeguard the organisation's reputation and the trust of its stakeholders.

Revisions

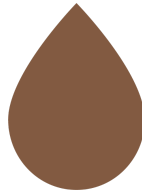
This policy will be reviewed annually by the Finance Manager and Integrity & Compliance Manager.

Publication

Following the approval of the Supervisory Board, the Policy will be published on TDH NL website. The Policy will also be accessible on the Shared Drive/General Folder as well as in the Knowledge Library on Workplace..

Role of Communications Department

Communication department will be responsible for communicating the fraudulent case internally to the organisation and also for external communication. It plays a primary role in communicating the case with transparency while giving due regard to the protection of the reputation of the organisation.



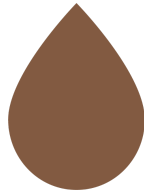
Appendix 1: Examples of [Potential] Fraud or Bribery

The following are examples of [potential] acts of fraud or bribery. The list is by no means exhaustive.

- A grant officer requires or accepts kickbacks from partners for grant awards or payment remittances.
- A staff member submits fake receipts in an expense claim.
- A manager requires payment for authorising an expense claim.
- A staff or board member fails to disclose a conflict of interest with a partner, supplier, or another staff member.
- A staff member bribes an auditor to ignore or fails to report an audit finding.
- A staff member colludes with a supplier to get a kickback on overpriced goods or services.
- A Finance staff member records transactions in the accounting records they know to be false.
- A Finance staff member knowingly posts entries to incorrect codes to conceal fraudulent payments.
- A staff member driving on TdH business makes an unreceipted cash payment to a traffic officer to avoid a traffic offence fine, whether or not the expense is charged to TdH.
- An unofficial payment is made to a Government Officer to access work in a particular district.

The following examples of general 'red flags' (which is not an exclusive list) may raise suspicion and be helpful indicators of fraud and corruption risk:

- Financial record-keeping and accounting discrepancies, such as:
 - absent, vague, inconsistent or false transaction descriptions or account allocations;
 - absent, false or unusual record of the identity of the payee/counterparty;
 - excessive or unusually high compensation without supporting detail;
 - unusual payment patterns or structures, use of shell companies or other financial arrangements;
 - general purpose or miscellaneous accounts that can be used to hide improper payments; or vi) over-invoicing; false or inaccurate invoices, travel and/or expense forms;
 - unrecorded accounts or transactions.
- A third party does not appear to be qualified to perform the duties for which it/he/she is engaged.
- A third party refuses to certify, or provide information about its/her/his governmental relationships to verify its compliance with anti-corruption requirements.



- Requests for commissions to be paid in a third party country, to a third party, or in cash or untraceable funds.
- Heavy reliance by a party on political or government contacts as opposed to knowledgeable staff and investment of time to promote our interests.
- A desire to keep third party representation secret.
- Lack of written agreements, anti-bribery policies, training or code of conduct at target company; or
- Misrepresentation or failure of the target company to cooperate in the due diligence process.
- You are offered an unusually generous gift or lavish hospitality by a third party.
- Anonymous emails/letters/telephone calls.
- Emails sent at unusual times, with unnecessary attachments, or to unusual destinations.
- Discrepancy between earnings and lifestyle.
- Unusual, irrational, or inconsistent behaviour.
- Alteration of documents and records.
- Extensive use of correction fluid and unusual erasures.
- Photocopies of documents in place of originals.
- Rubber Stamp signatures instead of originals.
- Signature or handwriting discrepancies.
- Missing approvals or authorisation signatures.
- Transactions initiated without the appropriate authority.
- Unexplained fluctuations in stock account balances,
- Inventory variances and turnover rates.
- Inventory adjustments. Subsidiary ledgers, which do not reconcile with control accounts.
- Extensive use of 'suspense' accounts.
- Inappropriate or unusual journal entries.
- Confirmation letters not returned.
- Supplies purchased in excess of need.
- Higher than average number of failed login attempts.
- Systems being accessed outside of normal work hours or from outside the normal work area.
- Controls or audit logs being switched off.