



FAIRTRADE

**Fairtrade Finland**

## **Anti-Fraud and Anti-Corruption Policy**

**Administration**

**Date: 10.11.2021**



FAIRTRADE

## Table of Contents

<b>A. Objectives.....</b>	<b>3</b>
<b>B. Scope.....</b>	<b>3</b>
<b>C. Definitions .....</b>	<b>4</b>
<b>D. Fraud and Corruption Prevention Measures .....</b>	<b>4</b>
<b>E. Roles and Responsibilities .....</b>	<b>6</b>
<b>F. Reporting Fraud .....</b>	<b>7</b>
<b>G. Investigation of Allegations.....</b>	<b>7</b>
<b>H. Action Based on Investigations.....</b>	<b>7</b>
<b>I. Document Change History .....</b>	<b>8</b>



FAIRTRADE

## **A. Objectives**

This document sets out the policy of Fairtrade Finland against fraud, corruption and other forms of dishonesty. The objective of this policy is to protect the integrity and good reputation of Fairtrade Finland. This includes reducing the risk of fraud or other corrupt practice occurring, discovering and investigating fraud when it occurs, and taking appropriate corrective action(s) to remedy the harm.

## **B. Scope**

Fairtrade Finland has zero tolerance for fraud and corruption, meaning that Fairtrade Finland staff members, consultants, implementing partners and responsible parties are not to engage in fraud or corruption.

This Policy applies to all activities and operations of Fairtrade Finland, including projects and programs funded by Fairtrade Finland.

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

Fairtrade Finland is committed to preventing, identifying and addressing all acts of fraud and corruption against Fairtrade Finland, through raising awareness of fraud risks, implementing controls aimed at preventing and detecting fraud and corruption, and enforcing this policy.

This policy aims to prevent, detect and address acts of fraud and corruption involving:

- Board members and Board Committee members
- Employees of Fairtrade Finland (“staff members”)
- Consultants, Contractors and Vendors
- Volunteers and other associates
- Interns and Student Assistants
- Partners and responsible parties engaged/contracted by Fairtrade Finland for a project or activities (“implementing partners” and “responsible parties”, respectively).

and applies to any behavior relating to work or in the context of work. Fairtrade Finland is committed to taking a systematic and robust approach to the prevention and detection of fraud. The management of fraud and corruption risk is a collective responsibility of all Fairtrade Finland employees.



## **C. Definitions**

The following definitions shall apply in the context of this Policy:

### 1. Fraud

Whosoever with the intent of obtaining for himself or a third person an unlawful material benefit damages the property of another by causing or maintaining an error by pretending false facts or by distorting or suppressing true facts.

### 2. Corruption

Corruption in the context of Fairtrade Finland is defined as “the abuse of entrusted power for private gain”.

No Fairtrade Finland employee, nor any party working on Fairtrade Finland’s behalf, must ever offer or accept, promise to make or make payment or provide or accept anything else of value directly or indirectly to or from third party officials or employees for the purpose of influencing the placement of contracts, obtaining an advantage or securing political or other concessions.

### 3. 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.

## **D. Fraud and Corruption Prevention Measures**

### 1. 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.

### 2. 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. 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.

### 3. Management of the risk of fraud and corruption

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.

### 4. 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 prioritise where Fairtrade Finland 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 utilising 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. 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.

### 6. Integrity



Integrity is a paramount consideration in the recruitment of staff members and the contracting of non-staff personnel. In this context, hiring units and managers should emphasize standards of conduct expected from individuals.

## **E. Roles and Responsibilities**

All Fairtrade Finland staff members and non-staff personnel have critical roles and responsibilities in ensuring that fraud and corruption are prevented, detected and dealt with promptly. They are responsible for safeguarding resources entrusted to Fairtrade Finland and for upholding and protecting its reputation. Similarly, high ethical standards are expected from Fairtrade Finland consultants, implementing partners and responsible parties, and they should report to Fairtrade Finland any acts of fraud and corruption.

### **1. Staff Members and Non-staff Personnel**

Staff members and non-staff personnel must understand their roles and responsibilities, how their job functions and procedures are designed to manage fraud risks, and how non-compliance may create an opportunity for fraud to occur or go undetected. Staff members have the obligation to report immediately any evidence of practices that indicate fraud or corruption may have occurred.

Fraud or corruption, if committed by a staff member, constitutes misconduct for which a disciplinary measure may be imposed, including dismissal, in accordance with the national laws and regulation. Similarly, fraud and corruption by non-staff personnel is not tolerated. Contracts must be terminated where non-staff personnel's involvement in proscribed practices is established. In both instances, the allegations of fraud and corruption may be referred to national authorities for criminal investigation and prosecution of those involved.

Additionally, senior managers are expected to act as role models and through their actions and behaviors set the tone for the rest of the Organization. They shall foster a culture of zero tolerance for fraud and corruption, and ensure that any practices not aligned with this Policy are dealt with quickly.

### **2. Consultants, Contractors and Vendors**

Actual and potential Fairtrade Finland consultants and their employees, personnel and agents, have the duty to interact honestly and with integrity in the provision of goods and services to Fairtrade Finland, and to report immediately allegations of fraud and corruption to Fairtrade Finland. Consultants shall be encouraged to establish robust policies and procedures to combat fraud and corrupt practices within their organizations, and are to cooperate with Fairtrade Finland auditors and investigators. Implementing partners or responsible parties have the duty to ensure and are liable that funds are safeguarded and used for their intended purposes, as authorized by Fairtrade Finland.



FAIRTRADE

When allegations concerning possible involvement in fraud or corruption are deemed substantiated, Fairtrade Finland shall take any administrative actions available to it and shall seek to recover fully any financial loss. In addition, Fairtrade Finland may terminate contracts, and may refer appropriate cases to national authorities for criminal investigation and prosecution, when applicable.

## **F. Reporting Fraud and Corruption**

Anyone with information regarding fraud or other corrupt practices against Fairtrade Finland or involving Fairtrade Finland staff, non-staff personnel, consultants, implementing partners and responsible parties, must report this information to Fairtrade Finland, for example by using Fair Trade Finland's Whistleblowing system (see also Whistleblower Protection Policy).

### **1. 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 CEO or investigation officer appointed by CEO are confidential. Information will only be disclosed as required by the legitimate needs of the investigation.

### **2. Protection against retaliation ("Whistleblower" protection)**

Fairtrade Finland does not tolerate any form of retaliation against whistleblowers, i.e. an individual holding a Fairtrade Finland 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 Fairtrade Finland Whistleblower Protection Policy.

## **G. Investigation of Allegations**

All allegations of fraud and corruption are taken seriously. Upon receipt of an allegation, the CEO will assess the case and if he / she determines that there is sufficient ground to warrant an investigation, he / she may conduct an investigation or an Investigation Officer may be appointed by the CEO.

The Investigations Officer will submit findings and recommendations to the CEO, where staff are involved, or to the Chair through the CEO where an allegation in respect to a Board member has been made. Where the allegation is made in regards to the CEO, the Chair is the determining authority. Where the allegation is made in regards to the Board Chair, the Board Vice Chair is the determining authority.

## **H. Action Based on Investigations**



**FAIRTRADE**

The allegations, if substantiated by the investigation, may result in disciplinary and/or administrative actions or other actions taken by Fairtrade Finland, depending on the case.

Fairtrade Finland will use collective knowledge gained from lessons learned on audits and investigations to enable management to be more proactive in dealing with potential systemic weaknesses. When appropriate, the CEO will provide briefings on risks facing the Organization and “lessons learned” from investigations to the staff.

Fairtrade Finland has a commitment to transparency, including reporting on matters of fraud and corruption. Fairtrade Finland will report all investigations to the Board.

#### **I. Document Change History**

Document version	Date approved and by whom	Mandatory Review	Creator
1.1	10.11.2021 Fairtrade Finland Board	Fairtrade Finland Board approves all changes.	Administration