



GLOBAL
CENTER ON
ADAPTATION

ANTI-FRAUD POLICY

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Executive Summary and Details

Purpose & Objectives	This Anti-Fraud Policy (hereafter the Policy) aims to reduce the risk of fraud and corruption to an absolute minimum through deterrence, prevention, detection, and response actions.
Description & Scope	<p>The Global Center on Adaptation (GCA) has zero tolerance against fraud and corruption. The GCA has an internal control framework in place to deter, prevent and detect any violations of this Anti-Fraud Policy.</p> <p>Representatives have a duty to report actual or suspected fraud, misconduct, or corruption in accordance with this Anti-Fraud Policy.</p> <p>GCA's partners have a duty to report actual or suspected fraud, misconduct, or corruption to GCA and to have procedures in place to deter, prevent and detect violations. They must comply with this Anti-Fraud Policy (<i>mutatis mutandi</i>) if they do not have a similar policy in place.</p> <p>Other third parties such as GCA's donors and vendors are made aware of this policy and are stimulated to report suspicions of fraud or corruption involving GCA's resources, staff or partners by any practical means.</p> <p>Suspected violations will be investigated and if proven, will be followed by an appropriate response.</p>
Applicability	All Representatives of the Global Center on Adaptation, including partners, consultants, suppliers and service providers, and all stakeholders involved in GCA's work.
Commencement Date	1 May 2020. Revised 31 August 2022
Owner	Director of Finance and Operations

1. Introduction

GCA's Anti-Fraud Policy is part of a broad range of GCA policies and procedures that form GCA's internal control framework and that are designed, as a whole, to ensure that GCA resources are used optimally and only for the intended purposes.

The Anti-Fraud Policy affirms GCA's long-standing zero tolerance for all forms of fraud and corruption and outlines the steps to be taken in response to good faith reports of possible fraud.

Any act of fraud or corruption in GCA's activities depletes funds, assets, and other resources necessary to fulfill GCA's mandate. Fraudulent and corrupt practices can also seriously damage GCA's reputation and diminish donors' trust in its ability to deliver results in an accountable and transparent manner. Furthermore, it may affect staff and personnel effectiveness, motivation and morale, and impact on GCA's ability to attract and retain a talented work force.

1.1. Zero Tolerance

The Global Center on Adaptation has zero tolerance against fraud and corruption. "Zero-tolerance" means that GCA will pursue all allegations of fraudulent acts and that appropriate disciplinary measures will be applied if wrongdoing is established. In addition, certain matters may be referred to authorities for prosecution.

Despite its zero-tolerance policy, the organization also acknowledges that a residual risk of fraud or corruption will always exist, no matter how hard the organization fights it. The objective of this Anti-Fraud Policy is therefore to reduce fraud and corruption to an absolute minimum through adequate and systematic deterrence, prevention, detection, and response actions.

1.2. Roles and Responsibilities

GCA representatives are responsible stewards of funds and assets under GCA's care. They play a vital role in the deterrence, prevention and detection of fraud, misconduct, corruption, waste, and abuse at all levels of the organization. Representatives have a duty to report actual or suspected fraud or corruption.

The Chief Executive Officer (CEO) is ultimately accountable for the functioning system of internal controls. The design, establishment, and implementation of appropriate frameworks of internal controls is delegated to the Director of Finance and Operations. Responsibility over the management of resources within their respective Directorate is delegated to the Directors (together referred to as the Leadership Team).

It is the responsibility of the Leadership Team to set the tone by behaving ethically; creating a positive work environment; hiring and promoting Representatives who are competent and have the right work ethic; implementing the Code of Conduct; ensuring that fraud controls are implemented; and by taking disciplinary actions when necessary within the parameters established by policies.

Through their delegated authority, Directors are responsible and accountable for ensuring that all measures aimed at preventing, detecting, and responding to fraud, misconduct and corruption are in place in their Directorate and that an appropriate and robust internal control environment is maintained.

This includes:

- Assessing and reporting on fraud risks periodically and at the start of new projects.
- Ensuring that all anti-fraud measures are in place and that their effectiveness is monitored.
- Raising awareness of fraud risks and ensuring that all Representatives are vigilant.
- Encouraging Representatives to report any suspected fraud or misconduct without fear of retaliation.
- Assisting in the recovery of loss related to proven fraud.
- Informing, without delay, the Leadership Team of breaches of this Policy.

The Internal Audit and Compliance Officer has responsibility for conducting or coordinating investigations in the organization. The Officer will consider fraud and corruption red flags and risk factors in audit planning and reporting, consistent with applicable auditing standards. Proactive investigations may also be initiated by internal audit, without awaiting the receipt of allegations.

The Executive Board will be periodically informed about the prevention, detection, and response mechanisms, as well as about fraud and corruption incidents, if any. This promotes the effectiveness of the function and provides a forum to discuss internal control, fraud, and corruption.

1.3. Internal Control Framework

This Anti-Fraud Policy is a cornerstone of the organization's internal control framework, which is further set out in the Finance and Accounting Policy. A strong internal control system, where policies and procedures are enforced, internal controls are appropriately implemented, and staff members, non-staff personnel, vendors, implementing partners and other parties are informed about fraud and corruption and its consequences, can curtail fraud and corruption. This policy should be read in conjunction with the related Code of Conduct. The ultimate objective and principle of the Internal Control Framework set up in these documents and through associated processes is to nurture a culture of ethics, integrity, transparency, and accountability at GCA and thereby to enhance trust in GCA, both internally and externally.

1.4. Incident Reporting

Everybody must speak up if and when they suspect or witness fraudulent activities or corruption within GCA, its partner organizations or another party affecting the GCA. No matter who is involved, senior or junior staff, and no matter the materiality or the context.

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

1.5. Scope and Application

GCA has zero tolerance for fraud and corruption, meaning that GCA staff members, non-staff personnel, vendors, implementing partners and responsible parties are not to engage in fraud or corruption.

This Policy applies to all activities and operations of GCA, including projects and programs funded by GCA as well as those implemented by GCA. This Policy aims to prevent, detect, and address acts of fraud and corruption involving:

- Staff members holding a GCA letter of appointment (“staff members”).
- Non-staff personnel, including Service Contract holders, Individual Contractors, and interns (collectively, “non-staff personnel”).
- Vendors, including offerors or prospective, registered, or actual suppliers, contractor or provider of goods, services and/or works to GCA (collectively, “vendors”).
- Implementing partners engaged/contracted by GCA for a GCA funded project (“implementing partners”).

2. Definitions

This chapter presents the definitions of fraud, corruption, and misconduct used by GCA. Also, it provides a list of examples of violations of the Anti-Fraud Policy. This list is non-exhaustive, and violations include but are not limited to the examples given herein. It is also important to note that violations include attempted violations, so-called “near incidents,” even if unsuccessful.

2.1. Definitions

The definition of fraud and corruption varies between countries and jurisdictions, and the term is commonly used to describe a wide variety of dishonest practices. GCA employs the following definitions:

- A **corrupt practice** is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
- A **fraudulent practice** is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to deceive.
- A **coercive practice** is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or property of the party, to influence improperly the actions of a party.
- A **collusive practice** is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
- A **conflict of interest** is any situation in which a party has interests that could improperly influence that party’s performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations.

Actions taken to instigate, aid, abet, attempt, conspire or cooperate in a fraudulent or corrupt act, also constitute fraud or corruption.

For the purpose of this Anti-Fraud Policy, **the term “Fraud” used herein is intended to include all of the above.**

2.2. Examples of Violations

Violations of this Anti-Fraud Policy include the use or the theft of resources belonging to GCA for personal gain of oneself or that of a personal relation (a relative or friend). It also includes abusing one’s position by making decisions that are not (fully) in the interest of the organization, due to a conflict of interest. Representatives are obliged to disclose to GCA any situation that may appear as a conflict of interest, as defined in the Code of Conduct and the HR Handbook.

Representatives carrying out functions with high fraud risk (such as in procurement, distribution, awarding of grants to partners, or senior management) may be subject to greater scrutiny. It is

of overriding importance that the actions of such Representatives could not be reasonably perceived as favorable treatment to an individual or entity. In order to preserve Representatives' independence and impartiality, GCA's rules prohibit the solicitation or acceptance of any kind of honors, decorations, favors, gifts or remuneration from any source. In this regard, provisions relevant for all Representatives have also been included in the Code of Conduct and the HR Handbook.

A non-exhaustive list of examples is presented below. This list does not replace the need to exercise prudent judgement in all situations that may arise. In cases of doubt, advice can be sought from the line manager or from the Director of Finance and Operations. In case of suspicion or proof of a breach, refer to the paragraph about incident reporting in this Policy.

Fraud includes but is not limited to all examples of violations that are mentioned in this policy under the definition of Fraud in the Glossary and Abbreviations Chapter.

A list of illicit behavior typically referred to as "corruption" is presented in Box 1. This catalogue is not exhaustive and is intended to illustrate the areas of greatest interest and concern to GCA. Some types of corruption are internal, in that they interfere with the ability of an organization to recruit or manage its staff, make efficient use of its resources, or conduct impartial in-house investigations. Others are external, in that they involve efforts to manipulate or extort money from clients or suppliers, or to benefit from inside information. Still others involve unwarranted interference in market operations, such as the use of state power to artificially restrict competition and generate monopoly rents.

Box 1. An illustrative list of corrupt behaviors

- The design or selection of uneconomical projects because of opportunities for financial kickbacks and political patronage.
- Procurement fraud, including collusion, overcharging, or the selection of contractors, suppliers, and consultants on criteria other than the lowest evaluated substantially responsive bidder.
- Illicit payments of "speed money" to officials to facilitate the timely delivery of goods and services to which the public is right-fully entitled, such as permits and licenses.
- Illicit payments to officials to facilitate access to goods, services, and/or information to which the public is not entitled, or to deny the public access to goods and services to which it is legally entitled.
- Illicit payments to prevent the application of rules and regulations in a fair and consistent manner, particularly in areas concerning public safety, law enforcement, or revenue collection.
- Payments to officials to foster or sustain monopolistic or oligopolistic access to markets in the absence of a compelling economic rationale for such restrictions.
- The misappropriation of confidential information for personal gain, such as using knowledge about public transportation routings to invest in real estate that is likely to appreciate.
- The deliberate disclosure of false or misleading information on the financial status of corporations that would prevent potential investors from accurately valuing their worth, such as the failure to disclose large contingent liabilities or the undervaluing of assets in enterprises slated for privatization.
- The theft or embezzlement of public property and monies.
- The sale of official posts, positions, or promotions; nepotism; or other actions that undermine the creation of a professional, meritocratic civil service.
- Extortion and the abuse of public office, such as using the threat of a tax audit or legal sanctions to extract personal favors.
- Obstruction of justice and interference in the duties of agencies tasked with detecting, investigating, and prosecuting illicit behavior.

3. Prevention and Deterrence

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

GCA's anti-fraud framework includes preventive measures encompassing:

- Staff members, non-staff personnel, vendors, implementing partners and responsible parties must be aware of their responsibility to prevent fraud and corruption. In this regard, managers are to raise awareness of this Policy, and reiterate the duty of all staff members to report instances of fraud and corruption. Managers are also required to make non-staff personnel, vendors, implementing partners and responsible parties contracted/engaged by their respective offices aware of this Policy.
- A system of internal control (such as segregation of duties, standards for supporting documents, approval workflows and system hard controls) laid down in the Finance & Accounting Policy.
- Standards of conduct laid down in the Code of Conduct.
- Procurement procedures (such as a transparent bid process with multi-functional selection committees) as laid down in the Procurement Policy.
- Implementing partner monitoring of activities and expenses as laid down in the Sub Grant Policy.
- Whistleblowing and incident reporting mechanisms, as laid down in the Whistleblowing Policy.
- Due diligence before entering into a relation (see below).
- Communication, training, and awareness raising (see below).

3.1. Due Diligence

Anti-fraud due diligence measures comprise various activities aimed at subjecting a Representative to systematic scrutiny of any indications of past or present fraudulent activity or otherwise unwanted behavior prior to engaging in a business relationship with them. This includes:

- Background and reference checks of recruits as laid down in the HR Handbook and Recruitment Protocol.
- Third party screening laid down in the Anti-Money Laundering Policy.
- Supplier vetting laid down in the Procurement Policy.
- Checks of implementing partners as laid down in the Sub Grant Policy.
- Internet searches to review comments, complaints, feedback, reviews, social media activity, annual reports, financial statements, and news articles that may indicate red flags related to any of the above parties.
- The Partnership Policy covers additional areas that are relevant for entering into relationships with donors.

Due diligence measures do not stop at the point of engagement, but continued screening is performed at regular intervals on existing relationships. In addition, anti-fraud clauses are included in agreements and contracts as applicable.

3.2. Communication and Training

Communication and training are important in the development and nurturing of an anti-fraud culture.

The Internal Audit and Compliance Officer is responsible for communication and training. Periodic communications are distributed regarding anti-fraud efforts and results. The Officer develops or selects training material for mandatory fraud-awareness training, conducted in-person or online, which is part of the onboarding process. This training conveys to Representatives the importance of preventing and reporting fraud and deters potential violators as they become aware of the risks and consequences associated with fraudulent conduct.

4. Detection

Having solid detection measures in place is central to GCA's Anti-Fraud Policy. Preventive measures may serve as detection measures and the other way around. For example, monitoring transactions is a detection mechanism, but Representatives being aware that monitoring is being performed also has an important preventive value. GCA's fraud detection methods are laid out in the following paragraphs.

4.1. Reporting Mechanisms

Representatives and third parties related to GCA have the duty to report any (suspected) breach of this Anti-Fraud Policy to the officials whose responsibility it is to take appropriate action, as laid out in this Policy. Reporting suspicions and actual breaches of the Anti-Fraud Policy is a joint responsibility of everyone. Everybody must speak up if and when they suspect or witness fraudulent activities or corruption within GCA or another party affecting GCA. No matter who is involved, senior or junior staff, and no matter the materiality or the context. It is an offence under this Policy not to report a suspicion or a breach.

GCA fosters a safe environment in which Representatives feel confident to report suspicions and incidents. The default way of reporting is by submitting by email an incident reporting form with relevant supportive documentation to the Internal Audit and Compliance Officer (currently filled by the Director of Finance and Operations Support) and the supervisor. If the Compliance Officer is involved, then reporting is done to the CEO. GCA also offers the option to anonymously report suspicions and incidents, as described in the HR Handbook. This is not preferred since it hinders follow-up in case of further information needs and it may facilitate defamation. However, GCA recognizes that in some circumstances Representatives might prefer anonymous reporting as a first safe step to raise their concerns.

Whistleblowers can use the reporting mechanism without fear of retaliation or reprisals and in full knowledge that their interests will be protected. Representatives may not be retaliated against for complying with the duty to report possible misconduct. No action may be taken against Representatives as a reprisal for reporting and disclosing information on possible fraud or corruption, or otherwise co-operating with investigation activities. Individuals who believe they have been subjected to retaliation or a threat of retaliation should report this in accordance with the HR Handbook.

4.2. Obligations and Monitoring of Partners

GCA expects its partners to adhere to the highest standards of moral and ethical conduct, to respect local laws and not to engage in any form of fraudulent or corrupt practices. As part of contractual terms, GCA requires partners to use resources efficiently and for the intended purpose, refrain from acts of fraud and corruption, and to have procedures in place to address incidents.

Funds entrusted with partners are subject to regular monitoring activities, verifications, and audits by GCA. Appropriate provisions are included in all agreements with partners to put into place strengthening measures for prevention and detection; to report allegations of fraud to GCA; and to cooperate in any investigation undertaken by GCA.

4.3. Transaction Level Monitoring

GCA's Directorate of Finance and Operations plays an important role in detecting fraud and corruption when doing their periodic and systematic checks of the financial accounts on a high level as well as on transaction level. They specifically check if the right procurement processes were followed and if there are any inconsistencies in supporting documentation.

4.4. Audits

Fraud detection is normally established as part of the project audit plans.

5. Response

Representatives who violate, willfully or with gross negligence, the principles of this Anti-Fraud Policy or who directly or indirectly take part in any of the specific violations described herein, either through their own action or by not implementing mandatory control mechanisms, are subject to sanctions and may be required to reimburse GCA for losses incurred to the organization as a result of their actions. This chapter presents the details of this response.

5.1. Investigation

All allegations of fraud and corruption are taken seriously. Upon receipt of an allegation, the Internal Audit and Compliance Officer has the responsibility for conducting or coordinating investigations. For each reported suspicion or breach, an internal or external investigation is conducted. Representatives have the duty to cooperate with audits and investigations. The purpose of fraud investigations is to collect evidence relating to specific allegations in order to determine the facts relating to a case. Investigations are conducted in a timely manner and results are reported by the Internal Audit and Compliance Officer to the Executive Board using established protocols.

The investigations examine the allegations of corrupt or fraudulent practices and allegations of misconduct involving any parties related to GCA. The type and scope of the investigation will be reasonable compared with the (suspected) severity of the breach. The investigation includes

where appropriate research of documents and conduction of interviews, taking note of confidentiality.

If possible and if not dangerous or harmful to (relations of) GCA, the person who is the subject of the investigation will be confronted with the suspicions or the findings. The applicable law and all relevant circumstances are considered in the investigation and when deciding on the sanction.

5.2. Sanctions and Loss Recovery

GCA holds people accountable for fraud through administrative or disciplinary measures and contractual remedies. Once fraud has been detected, management takes appropriate action to remedy the harm caused (e.g., initiates legal proceedings where necessary to recuperate monies or other property lost), and administers discipline to those involved in the inappropriate actions. This can include dismissal of the Representative(s) involved; cessation of relationships with third parties involved; blocking guilty parties from working with the organization in the future; reporting of the incidents to the authorities where appropriate.

Those in (management) positions who due to gross negligence failed to prevent, detect, or report such events in accordance with the relevant policies in place, may also be disciplined by measures ranging from a warning letter to dismissal, legal proceedings and/or loss recovery.

GCA always aims to recover any losses incurred by the organization. GCA reserves the right to sanction Representatives who violate the Anti-Fraud Policy. Even in case of suspicion only, GCA reserves the right to take all measures necessary to protect its reputation.

Sanctions, disciplinary measures, and actions by GCA may include, but are not limited to:

- Suspension until full investigation is complete, with or without pay.
- Verbal reprimand.
- Written censure.
- Written warning letter.
- Recovery of losses by deduction of salary or by other means.
- Legal proceedings to recuperate losses.
- Separation or dismissal of a Representative with or without notice or compensation.
- Blacklisting individuals or organizations internally or externally.
- Cessation of relationships with third parties involved.

Apart from the above-mentioned sanctions, GCA may report the case to the relevant authorities, such as but not limited to the police or the prosecutor, where the misconduct may be considered a criminal act.

When fraud involves money losses or misuse, GCA will make use of all means available to recover misappropriated funds, including by making deductions from salaries, wages, pension and other emoluments, and by taking judicial action before the relevant national authorities.

The Internal Audit and Compliance Officer is tasked with facilitating oversight over fraud loss recoveries and overseeing response to fraud cases. The Executive Board is responsible for assessing the effectiveness thereof.

6. Risk Management of Fraud and Corruption

The risk of fraud and corruption is managed in accordance with GCA's Risk Management Framework. Managers shall identify and assess the risks in their areas of responsibilities, program, 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.

Managers shall be vigilant in monitoring irregularities and the risk of fraud. Where managers are concerned about the level of fraud risk within a project activity, a process or a contract, they may consult the Internal Audit and Compliance Officer as to whether a proactive investigation by audit is justified. Proactive investigations aim to identify and control an existing (but yet unidentified) risk of fraud.

Fraud Risk Assessment covers how to effectively identify, describe, and assess individual fraud risks and develop these into a comprehensive fraud risk matrix for the entire organization. It identifies and evaluates mitigating controls, including understanding their limitations.

Fraud risk assessment is aimed at proactively addressing the organization's vulnerabilities to internal and external fraud. Types of fraud vary by operational line, internal frauds include embezzlement and misappropriation of assets, while external frauds include hacking and theft of proprietary information. A proactive approach to understanding the organization's fraud risks should be a priority and includes bribery, corruption, and financial crime. Risk assessment is conducted periodically and at the start of large new projects or programs, as laid down in GCA's Risk Management Framework. The results of the fraud risk assessment are collected and recorded by the Internal Audit and Compliance Officer in GCA's overall Corporate Risk Register, together with mitigating measures. The risk register is periodically reviewed by GCA's executive management and results are reported to the Supervisory Board, as appropriate.

The aim is to help management identify and evaluate areas of the operations, processes and programs/projects that are most susceptible to fraud and prioritize where GCA should focus its resources for fraud prevention and risk mitigation. The Internal Audit and Compliance Officer is responsible for the coordination of the fraud risk assessment and for the recording of risks and mitigations, whereas each mitigation has an owner, who is responsible for implementing it and monitoring its effectiveness.

These fraud prevention and risk mitigation measures should be monitored for effectiveness over time, and the periodic fraud risk assessment process utilizes lessons learned.

7. Reporting Fraud and Corruption

Anyone with information regarding fraud or other corrupt practices against GCA or involving GCA staff, non-staff personnel, vendors, implementing partners and responsible parties must report this information using one of the following means:

- By completing GCA's Incident webform at <https://gca.org/reportanincident/>
- By email to speakup@gca.org with subject "Report of Fraud".
- By WhatsApp number +31 64 314 7051.
- By submission of an anonymous form at https://app.suggestionox.com/r/GCA_Whistleblow

For investigations to be successful, reports should be as specific as possible. To the extent possible, they should include details such as:

- The type of alleged wrongdoing.
- Who was involved including contact information.
- When, where, and how the wrongdoing occurred.
- Who may have knowledge of the matters being reported including contact information.
- 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 GCA from investigating allegations of fraud or corruption.

Confidentiality

- Requests for confidentiality by persons making a report will be honored to the extent possible within the legitimate needs of the investigation. All investigations undertaken by GCA are confidential. Information will only be disclosed as required by the legitimate needs of the investigation.
- Senior Managers may not share details or general aspects of a case with other agencies, funders, and programs. If and when GCA is required or requested to inform external parties in relation to a fraud case or about GCA's experience with a certain person or party, this requirement or request shall always be sent to the Internal Audit and Compliance Officer, who will follow up taking into account relevant laws and regulations, including GDPR.

Anonymous Reports

- Individuals wishing to protect their identity may report fraud anonymously.

Protection against Retaliation ("Whistleblower" Protection)

- Whistleblowers are protected by GCA's Whistleblower Policy. GCA does not tolerate any form of retaliation against whistleblowers, i.e., individuals or organizations that have reported allegations of wrongdoing or cooperated with a duly authorized audit or investigation.

8. Monitoring, Learning and Disclosure

All incidents are registered by the Internal Audit and Compliance Officer in an incident register. Documents related to the incident report, investigation and justification of sanctions are filed appropriately. The Director of Finance and Operations and the Executive Board will examine the

incidents to determine the root causes of the relevant control breakdowns, ensuring that risk is mitigated and that controls are strengthened.

The incident register is reviewed by the Leadership Team for monitoring and learning purposes. Incidents are reported to the Executive Board immediately or in its next meeting, depending on the materiality of the loss. The Executive Board will also review GCA's prevention, detection and response mechanisms and provides a forum to discuss internal control issues.

Cases of fraud and corruption are used internally for awareness raising and learning purposes. Cases are adjusted and anonymized for confidentiality reasons.

When a fraud affects resources trusted to GCA by a donor, such cases are reported to the donor as per guidance provided by the Director of Finance and Operations.

9. Integrity and other Best Practices

Best practices with respect to knowing staff members, non-staff personnel, vendors, implementing partners and responsible parties, must be followed by GCA staff, especially managers and other hiring/contracting officials.

- Integrity is a paramount consideration in recruiting staff members and contracting non-staff personnel. In this context, GCA should ensure that the organization is recruiting/contracting individuals who meet the highest expected standards of conduct. This can be achieved, for instance, by using specific interview assessment tools and questions for integrity, professional experience, and checks.
- Additionally, with respect to the hiring of staff members, the Hiring Manager has the duty to enquire about the candidates' possible existence of family relationships and possible conflicts of interest that may arise in case of employment by GCA.
- GCA requires all of its vendors to be qualified, as well as eligible for contracting. Vendor selection including assessment of integrity, is conducted in accordance with the Procurement Policy and the Anti-Money Laundering Policy. The Code of Conduct has been established for all of GCA's Representatives. In addition, contracts issued to non-staff personnel and vendors stipulate requirements with respect to their actions in the context of their contractual relationship with GCA.

Similarly, vendors, as well as Partners, NGOs and CSOs participating in a procurement process, accept to abide by GCA's Code of Conduct. They are required to actively ensure that their management processes and business operations align with GCA principles, including, but not limited to its standards of ethical conduct regarding fraud and corruption, conflict of interest, gifts, and hospitality. They are required to report any instances of wrongdoing.

Glossary & Abbreviations

For the purpose of this policy, the following terms and abbreviations are defined below:

CEO	Chief Executive Officer
Corruption	Any act or omission that misuses official authority or that seeks to influence the misuse of official authority in order to obtain an undue benefit for oneself or a third party.
Fraud	<p>Intended to include fraud, corruption, abuse of funds, theft, and misconduct. Includes but is not limited to the following:</p> <p>Altering results: increasing or decreasing the (financial) results of the organization.</p> <p>Asset misappropriation: unlawful appropriation of assets. Forms of asset misappropriation include theft; forgery; embezzlement; skimming; payroll fraud and deception.</p> <p>Bribery: offering or implying money, gifts, preferment or privileges, or undertaking any other unlawful action that alters the behavior of the recipient, e.g., payoffs and kickbacks.</p> <p>Collusion: agreement with customers or suppliers to charge lower prices, to raise spurious credit notes and to accept under- delivery of or delivering of inferior goods or services.</p> <p>Computer fraud: the use of a computer to take or alter data, or to gain unlawful use or access of computers, applications or services, e.g., hacking, unauthorized access to a bank account.</p> <p>Contracts awarded improperly: awarding contracts to third parties based on interests other than GCA interests.</p> <p>Corruption: paying, promising, authorizing, offering to give or receive anything of value directly or indirectly to any government official, political party, party official or political candidate to influence the passage of law, regulations, the placement of government contracts, the formulation of policy or other discretionary government functions that accrues to the benefit of the recipient.</p> <p>Covering up: altering, adding, falsifying, or deleting records to cover up unlawful or unethical actions, such as misappropriation.</p> <p>Deception: act of deceiving such as false expense claims, unauthorized expenditures, and purchases from fictitious vendors.</p> <p>Embezzlement: dishonestly withholding assets, goods, or</p>



financial donations.

Extortion: the use of authority to secure unlawful financial gain or advantage.

Facilitating payments: offering or making a small payment to a low-level public official, which is not officially required, to enable or speed up a process which is the official's job to arrange.

Financial statement fraud: manipulation of financial statements.

Forgery: the action of forging a document or a signature, such as an invoice, contract, or banknote.

Fraud: wrongful or criminal deception by an individual with the intention of obtaining a personal gain, either direct or indirect and either immediate or delayed. It means the actual or attempted use of deceit, falsehood, or dishonest means to secure a personal benefit and includes fraudulent conduct; corrupt conduct; collusive conduct; coercive conduct; and obstructionist conduct (as defined in the examples of fraud).

Manipulation of contracts: using unlawful or unethical means to exercise pressure in the process of drafting a contract with a third party.

Misappropriation of service or goods: unlawful or unethical use of services or goods for personal ends or for the benefit of relatives, intended for and/or paid for by the organization.

Money Laundering: the process of taking the proceeds of criminal activity and making them appear legal.

Nepotism: the unfair use of power in order to get jobs or other benefits to family or friends; patronage or favoritism on the basis of family relationships.

Payoffs and kickbacks: situations in which cash or other benefits are accepted in exchange for contracts, assignments, and purchases. Payoffs are paid or received before the deal is made, whereas kickbacks are paid or received during or afterwards.

Payment fraud: the unauthorized altering of creditor, payroll, or benefits systems in order for an (existing or non-existing) Representative or supplier to receive funds which are not due.

Revenue and expenditure recognition involves recording receipts in incorrect periods, holding bills or the improper coding of bills to profit from financial mechanisms such as currency fluctuation and consumption of budgets.

Sharing of confidential information: sharing of confidential information with third parties without proper authorization or

	<p>underlying documentation, or without valid reason.</p> <p>Skimming: taking money from receipts and failing to record the revenues in the books.</p> <p>Theft: direct theft of cash, stock, or assets, as well as theft of intellectual property, customer lists, contracts, (confidential) information.</p> <p>Unfavorable transaction: undisclosed financial interests in a transaction taken on unfavorable terms.</p> <p>Unlawfully influencing decision-making: using unlawful means to influence decision making within the organization.</p> <p>Unpaid purchases: ordering goods on credit with no intention of paying.</p> <p>Conflict of Interest: arises when an employee, or that person's relative or business (a) stands to gain a financial benefit from an action GCA takes or a transaction into which GCA enters; or (b) has another interest that impairs, or could be seen to impair, the independence or objectivity of the employee involved in discharging their duties to GCA.</p>
GCA	The Global Center on Adaptation
Internal Audit and Compliance Officer	The person tasked with the responsibility to monitor compliance of GCA.
Misconduct	Any act or omission whereby an individual carries out unacceptable or improper behavior, wrongdoing, mismanagement, neglect of duties or violation of laws, regulations, rules, policies or procedures.
Representative	Everyone affiliated with GCA in various ways, including employees, temporary staff (day workers), contractors, consultants, advisors, interns, fellows, volunteers, board members et cetera.