

Zero Tolerance Anti-Corruption, Fraud, and Conflict of Interest Policy



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The signatures below certify that this document has been reviewed and accepted and demonstrate that the signatories know all the requirements and are committed to ensuring their provision.

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These policies are based on the laws in all the countries where GL operates. If there is a conflict between the policies and national laws, the national laws will take priority, unless the policies have been standardised across countries in the interest of fairness. All GL employees, associates, and consultants must adhere to GL Policies as outlined in their contracts. This policy should be read in conjunction with all relevant policies.

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Abbreviations

COI	Conflict of Interest
DRH	Director, Regional Hub
EXCO	Executive Committee
FM	Finance Manager
GL	Gender Links
NGO	Non-Government Organisation
SADC	Southern African Development Community
SpA	Special Advisor

I. ANTI-CORRUPTION, FRAUD AND CONFLICT OF INTEREST

Corruption is a corrosive disease in many organisations and societies. GL works for increasing transparency and good governance both within GL and with partner organisations, sharing financial records, annual accounting and operational results. Transparency also includes being open to sharing difficulties and problems, in dialogue with different stakeholders. GL is one of the first southern NGOs to become fully compliant with IATI – the International Aid Transparency Initiative. GL subscribes to the SADC Protocol against Corruption which aims to promote and strengthen the development, within each Member State, of mechanisms needed to prevent, detect, punish and eradicate corruption in the public and private sector. GL believes that a strong focus on anti-corruption work both internally and externally strengthens the organisation's reputation as being professional and trustworthy. The position set out in this policy brief forms part of *GL Policies and Regulations* that in turn form part of all staff contracts. This particular section of GL Policies and Regulations shall, following the Board meeting of April 2013, form part of all consultant and partner contracts as well.

1. Purpose

The Corruption Policy, and specific policies on Conflict of Interest (COI) and fraud seek to facilitate the development of controls which will aid in the detection and prevention of corruption in all GL work. This policy aims to assist staff and Board Members (*referred to as "GL officials"*) with identifying situations that could present potential corruption, fraud, and COI, and to provide GL with procedures for preventing and addressing these situations.

2. Application

This policy applies to any fraud, or suspected fraud, involving employees as well as consultants, vendors, contractors, partners or any other parties with a business relationship with GL. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to GL.

3. Responsibility

Management shall put in place mechanisms to assist in detecting and preventing fraud, misappropriations, and other inappropriate conduct. The Board takes ultimate responsibility for setting policy, exercising oversight, and leading by example where these key issues are concerned, as set out in GL's Memorandum of Incorporation, as well as Board Regulations.

4. Visibility

GL shall put up *Zero-Tolerance on Corruption* posters in all its reception areas and finance offices at HQ and country level.

5. Context

- Corruption has proved to have negative, harmful and devastating influences on investment and economic growth, administrative performance and efficiency and political development. It stifles entrepreneurialism, misuses national resources, and weakens administrative capacity and democracy. Corruption at all levels reinforces political instability, underdevelopment and deprives citizens' of their rights. Political processes and political pluralism is undermined as corruption constrains participation in decision making, and access to key public services (such as education, health and water). In post-conflict areas and fragile states, corruption amplifies and inflames existing tensions.

- **Fraud:** A crime committed by anyone spreading misleading information publicly in order to influence the price of goods, securities, or other property; the intentional false representation or concealment of a material fact for personal financial gain.
- **Extortion:** The act of obtaining goods, services, loyalty, allegiance, favours by force, threats or undue demands.
- **Favouritism:** The unfair promoting of one person or a group at the expense of others.
- **Nepotism:** Favouritism shown to relatives in conferring offices or privileges.
- **Conflict of interest:** When someone handles or makes decisions in a matter in which he or she has a personal interest or where the outcome can result in gain for or damage the decision-maker or someone close to them. This also includes the impartiality of the decision-maker when handling an assignment.
- **Sexual harassment:** Men or women in power using their power to force female or male employees to give sexual favours in exchange for their jobs, promotions etc. is also a form of corruption. This is dealt with as part of GL's Gender Policy.

II. Preventing and addressing corruption in GL's work

1. GL has developed methods and instruments for quality assurance so that resources are used efficiently, transparently, and effectively to comply with the objectives behind allocated resources. Staff members that work in GL shall have a clear understanding of their role and responsibility so they know what is expected of them in their daily duties. This means a clear delegation of responsibilities but also capacity building.
2. **Control, audits and reporting:** Annual and all periodic audits for GL offices incorporate anti-corruption. The DRH is responsible for monitoring compliance.
3. **Whistle-blowers:** Whistleblowing is the confidential disclosure by an individual of any concern encountered in the workplace relating to a perceived wrongdoing. All staff are protected from victimisation, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and is not made maliciously or for personal gain. Where disclosures are made in the public interest, staff will have statutory protection. Any disclosures will be investigated fully including interviews with all the witnesses and other parties involved.
4. Normally individuals should make disclosures internally. The identity of the whistle blower will be protected at all stages in any internal matter. While GL can provide internal anonymity, it cannot guarantee this will be retained if external legal action flows from the disclosure.
5. **Capacity building:** GL shall provide training of staff members on anti-corruption as part of annual financial training. Corporate Services at HQ and Country Managers are responsible for the capacity-building of staff members to ensure the implementation of guidelines and routines.
6. **Termination of service or contract:** If an investigation results in a recommendation to terminate an employee or service contract, the recommendation will be reviewed for approval by the DRH in the case of a staff member; and the Executive Committee (Exco) in the case of the DRH; before any such action is taken. Any action taken will be by GL's disciplinary code and procedures, as set out under "Human Resources." These guidelines and rules have been developed to explain how GL works with anti-corruption and to give guidance to GL's staff members in their work.

III. Conflict of interest policy

Actions constituting Conflict of Interest

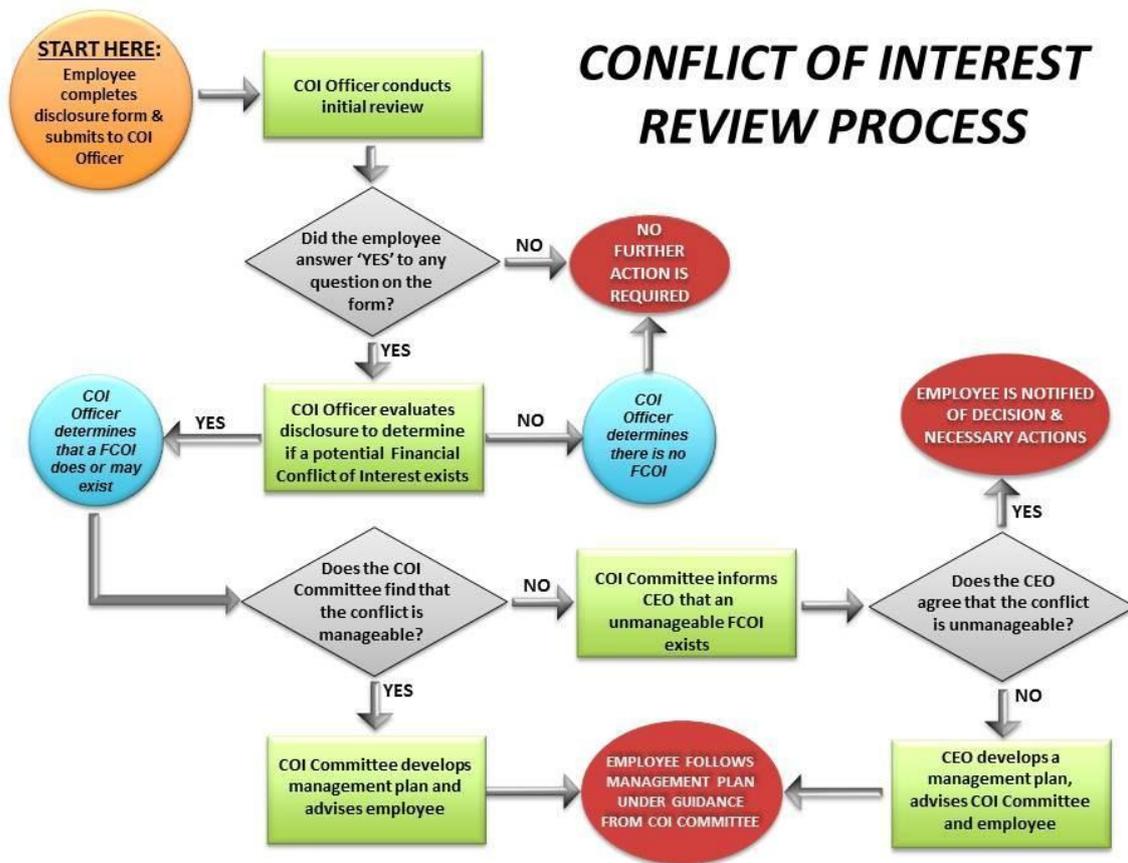
1. **Direct Conflict of Interest** arises when a GL official has an interest in or connection with an organisation/person with which GL transacts where that interest is of such a nature that it might influence the independent judgment of the GL official. In the case of Board Members, this includes any contracts that are concluded between GL and Board Members or organisations related or linked to the Board members issued in accordance with clause 14.2 of the Articles and Memorandum of Association.
2. **Indirect conflict of interest** arises when a person such as a relative or friend of a GL official has an interest in or connection with an organisation/person with which GL transacts where that interest is of such a nature that it might influence the independent judgment of the GL official.
3. **Types of transactions in which conflict of interest may arise**
 - The selection and use of consultants or other professional advisors.
 - The selection or supervision of contractors, suppliers, or vendors.
 - The sale of products, the purchase of materials, supplies and equipment.
 - The investment and borrowing of funds.



4. Examples of transactions with conflict of interest
 - Compensation arrangements and employment contracts directly affecting the GL official.
 - A contract or transaction between GL and a GL official (e.g. Board Member) or a GL official's family member or friend.
 - A contract or transaction between GL and an entity in which a GL Official or family member has a material financial interest.
 - A GL official competing with GL in the rendering of services or any other contract or transaction with a third party.
 - A GL official having a material financial interest in or serving as a director, officer, employee, agent, partner, associate, trustee or consultant to an entity or individual that competes with GL in the provision of services or any other contract or transaction with a third party.
 - GL officials shall not disclose or use information relating to the business of GL for the personal profit or advantage of the GL official or a Family Member.

IV. Gifts, gratuities and entertainment

1. A GL official or family member may not accept from a third party any gift to the value of more than R400 or any other similar benefit where the gift or benefit results out of the course of the GL official's duties or relationship with GL. Gifts of cash or cash equivalents from a third party to a GL official of any amount are not permitted.
2. If a GL official is offered any gift to the value of more than R400 or a similar benefit from a third party, he/she should immediately report it to his/her direct supervisor or COO/DRH for approval and this must be registered in the register of gifts that is maintained by the HRA.
3. The giving or receipt of common courtesies, occasional meals or reasonable entertainment appropriate to the business relationship and associated with business discussions are regarded as consistent with sound business practice. Unusual items, however, must be reviewed and approved in advance by the DRH/SPA.
4. A GL official may not accept gifts, entertainment or other favour from any individual or entity that:
 - Does or is seeking to do business with, or is a competitor of GL.
 - Has received, is receiving or is seeking to receive a loan or grant, or to secure other financial commitments from GL.
5. Under circumstances where it might be inferred that such action was intended to influence or possibly would influence the GL official in the performance of his/her duties.
6. Acceptable gifts and entertainment generally fall into the following categories:
 - Occasional meals of reasonable expense with a business partner
 - Ordinary sports, theatre and other cultural events of a nominal value
 - Other gifts of nominal value or reasonable entertainment.
 - An offer, gift, entertainment or anything of value may not be accepted or given if it is:
 - Illegal or would result in a violation of law.
 - Cash or a cash equivalent (such as gift vouchers, loans, stock, or stock options).
 - A *`quid pro quo'* or part of an agreement requiring anything in return for the gift.
 - Sexist, or otherwise violates GL's commitment to mutual respect.
 - In violation of GL's standards or the standards of the recipient's organisation.
 - Gifts, gratuities or entertainment to government officials may never be offered or provided without prior written approval of the Board.



V. Management of transactions where conflict of interest has arisen

1. All GL officials are obliged to disclose all facts material to the transactions where a conflict of interest exists as soon as the conflict of interest becomes known to the GL official before the contracts or transactions are considered by management.
2. When an opportunity, commonly referred to as a "corporate opportunity" to acquire property or to seize some financial or business advantage comes to the attention of a GL official or as a result of his/her relationship to GL in a way that would permit its realization, and is relevant to GL's present or prospective purposes or goals, the GL official must present the opportunity to GL.
3. An informed evaluation and determination by a disinterested majority of the management team or Board of Directors shall be conducted.
4. The GL official shall refrain from any action that may affect GL's participation in such a contract or transaction.
5. In the event of it not being entirely clear that a conflict of interest exists, the GL official with the potential conflict shall disclose the circumstances to the FM/DRH/SpA/Board Chair, who shall determine whether there exists a conflict of interest that is subject to this policy.
6. The details of transactions or contracts where conflict of interest exists shall be recorded in the Register of interests in contracts of Directors and Officers kept by the FM and presented to management or the Board.
7. The DRH shall report the disclosure to management in monthly management meetings. The Chair of the Board in the case of Board Members shall report the disclosure at a Board meeting and the minutes of the meeting shall reflect the disclosure.

8. This disclosure shall be taken into account when the Board or management discusses the contract or transaction.
9. The GL official who has a conflict of interest shall not participate in or be permitted to hear the Board/management's discussion of the matter except to disclose material facts and to respond to questions. The official shall not attempt to exert his or her influence concerning the matter, either at or outside the meeting.

VI. Annual disclosure

1. GL official shall at least annually, or as determined by GL, and as and when changes occur, complete a declaration form (as issued and amended by GL from time to time) identifying any relationships, positions or circumstances in which the GL official is involved that he/she believes could contribute to or result in a conflict of interest.

VII. Actions constituting fraud

1. The following actions shall be regarded as constituting fraud:
 - Forgery or alteration of any document or account belonging to GL.
 - Forgery or alteration of a cheque, bank draft, or any other financial document.
 - Misappropriation of funds, securities, supplies, or other assets.
 - Impropriety in the handling or reporting of money or financial transactions.
 - Profiteering as a result of insider knowledge of company activities.
 - Disclosing confidential and proprietary information to outside parties.
 - Disclosing to other persons securities, activities engaged in or contemplated by the company.
 - Accepting or seeking anything of material value from contractor's vendors or persons providing services/materials to the GL except gifts less than R400 in value.
 - Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; and/or any similar or related inappropriate conduct.

VIII. Reporting procedures

1. Any employee who suspects dishonest or fraudulent activity shall notify the DRH immediately (or if the case concerns the DRH, the Chair of GL Board) and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act. The employee or other complainant may remain anonymous.
2. An anti-fraud and corruption email will be created and monitored by the DRH and the audit committee chair. All GL employees shall be made aware of the email address and the purpose thereof.
3. The DRH and the board shall ensure that the identity of the employee reporting fraud or corruption is protected at all times.
4. Where the alleged fraud involves donor funds, management shall consider the need to inform the donor once there's a reasonable belief that the allegations might be correct. The initial report to the donor will outline the allegations and the plans put in place to investigate the allegations with tentative dates of the final reports.

IX. Investigation responsibilities

1. The DRH (or Exco, if the case concerns the DRH) has the primary responsibility for the initial investigation of all suspected fraudulent acts. If the investigation substantiates that fraudulent activities have occurred, the DRH will issue reports to Exco or if the case concerns the DRH it will be reported to the Board. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and the Board as will final decisions on disposition of the case.

X. Investigation

1. Members of the Investigation Unit shall have:
 - Unrestricted access to all Company records and premises, whether owned or rented; AND
 - The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.
2. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the DRH, Exco or GL's legal representative. No information concerning the status of an investigation will be given out.
3. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect GL from potential civil liability.

Relevant forms	Utilisation
F01: GL Declaration of Conflict of Interests Form	To be filled by GL staff, Board and Association declaring any interests they may have about relationships, positions or circumstances that could result in a conflict of interest.