



Anti-fraud policy
of
Terre des hommes Italia Foundation
(non-profit foundation for social benefit)

1. INTRODUCTION

The present anti-fraud policy has been established to encourage the development of controls, which will help discover and prevent frauds, which may occur in relation to the Terre des hommes Italia non-profit Foundation (hereinafter called the "Foundation"). The Foundation undertakes to promote coherent standards of organizational behaviour by providing guidelines and assigning responsibilities for the establishment of controls and the conduct of investigations. The Foundation consistently requires all its staff to act in accordance with standards of honesty and integrity and to safeguard the resources for which each person is responsible.

2. PURPOSE AND FIELD OF APPLICATION

This policy shall apply to any fraud or suspected fraud, which involves employees, administrators, collaborators and third parties while carrying out their duties in line with the activities of the Foundation.

Any investigation requested shall be conducted without regard to the seniority of service of the suspected transgressor or his/her position/job title, or his/her relationship with the Foundation.

3. ACTIONS CONSTITUTING FRAUD

Fraud is defined as the false and premeditated representation/concealment of a material fact in order to obtain, directly or indirectly, an advantage for the perpetrator, for the organization to which he/she belongs or for an external third party.

The following are examples of actions constituting fraud (non-exhaustive list):

- Theft of the property of the organization;
- Falsification or alteration of documents (e.g. cheques);
- Falsification or manipulation of accounts and intentional omission of registrations events or data;
- Destruction, concealment or inappropriate use of documents, archives, furniture, installations and equipment;
- Unlawful appropriation of money, valuables, supplies or other property of the organization;
- Payment/acceptance of "*backhanders*" or bribes;
- Acceptance of goods or services as incentives to favour suppliers/companies to the detriment of others;
- Claims for goods or services which in reality were not supplied by the organization;
- Falsification of statements of expenses;
- Revelation of confidential information owned by the organization to outside parties without authorisation;
- Application of the resources and property of the organization for personal use.

4. FRAUD MANAGEMENT

In addition to the specific provisions of the organizational Model under Legislative Decree 231/2001 concerning the procedure for prevention of property-related frauds with implications for the public finances, **any of the persons indicated below** - while they are carrying out their duties in line with the activities of the Foundation, in any cases of suspected or alleged violation of the ethical code of behaviour (Code of Ethics), or of fraud in relation to property, or of oppressive behaviour towards employees or third parties - is required without delay to make verbal or written notification thereof to:

- **the immediate superior following the procedure described below;**
- **or alternatively to the Management of the Foundation itself.**

All information received will be treated as *confidential*. Should any person suspect dishonest or fraudulent activity *he/she should not personally conduct investigations or interviews/questioning* in relation to such activity.

No information regarding the progress of investigations will be communicated until they have been concluded. The results of the investigations will not be made public or discussed with anyone other than a person authorized to have knowledge of them. This is important to avoid damage to the reputation of persons under suspicion who are subsequently found to be innocent, and to protect the Foundation from potential civil liability.

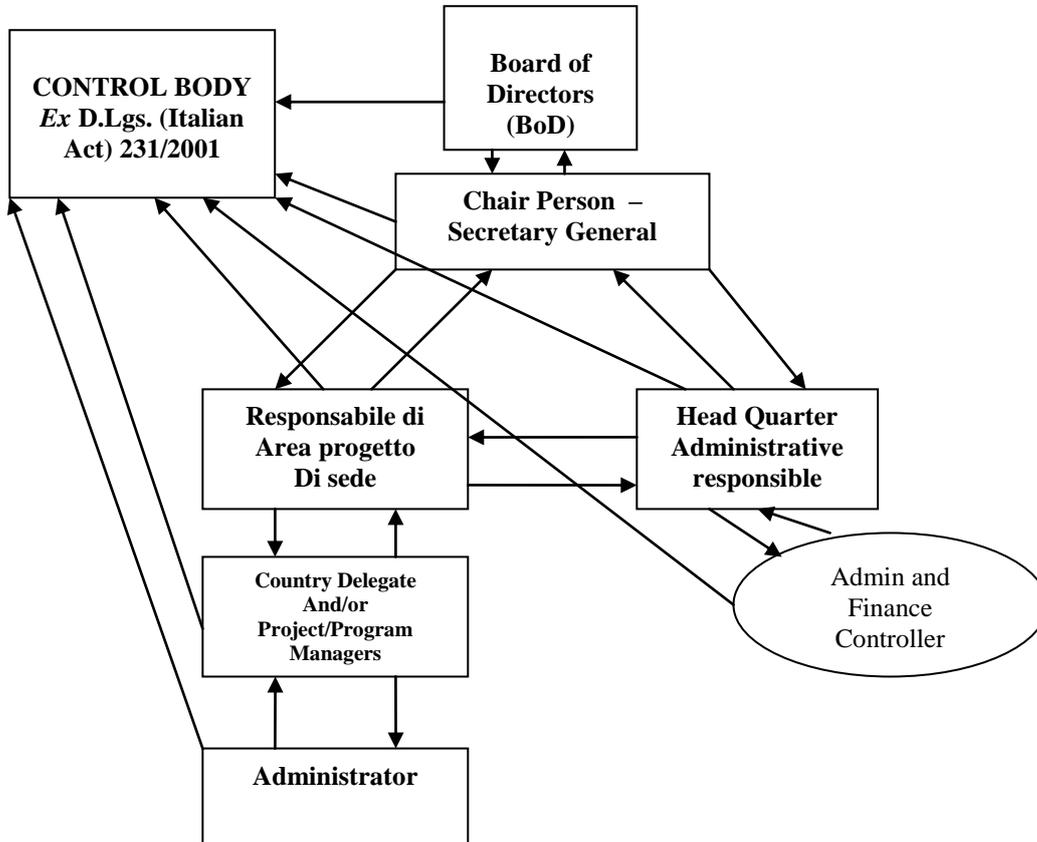
N.B. Where there is suspected or alleged property-related fraud harming an activity of the **Foundation financed by public Bodies**, any of the persons indicated below may make a written complaint, which may also be anonymous, either to the immediate superior or to the Management which are in turn obliged without delay to inform the Supervisory Body of the Foundation, or also directly to the Supervisory Body of the Foundation by sending a letter to:

Supervisory Body under Legislative Decree 231/2001
Terre des hommes Italia Foundation, non-profit organisation
Via M. M. Boiardo 6 - 20127 Milano – Italia

Letters addressed to the Supervisory Body are inserted in a special post box access to which is reserved exclusively to the members of this body.

The Supervisory Body shall act in a fully autonomous manner in accordance with the procedures described in the Organisational Model.

In relation to the management of the Foundation's activities and the related financial management of projects and of personnel, the scale of responsibilities distributed in accordance with the Code of Ethics is as follows:



The model is the basis for the relevant responsibilities, which also identify the chain of command (reverse), which the reports of complaints should follow.

The Secretary General (Management) is a member of the Board of Directors appointed by the latter to manage the Foundation, he therefore represents the **Management**, he has ultimate responsibility before the Board of Directors for managing the projects and finances relevant to the initiatives of the Foundation; therefore he shall undersign contracts with donors whether they are institutions or private parties and contracts with staff of the Foundation, whether local or non-national.

→ **The Secretary General answers to the Board of Directors.**

2) **Local area project managers** shall be responsible for managing projects, either financial or relating to the achievement of objectives/results, which are entrusted to them as far as possible in a geographically homogenous manner. This responsibility is delegated to them within the limits of the Country and/or project budget, approved annually by the Management and by contracts agreed with financial backers. This responsibility is specifically referred to in the contract, which binds them to the Foundation, which sets out the tasks assigned to them. In the management of the finances the local Administration manager who, having responsibility over the administration section, which audits the project, is their direct intermediary and is equally responsible for the financial management of the projects shall assist the project manager.

→ **The area project managers are answerable to the Management.**

→ **The Administration manager is directly answerable to the Management.**

3) **The project Delegates and/or Leaders** operate on the ground and are bound to the Foundation by a contract of employment specifying the responsibilities relating to the management of the projects and in particular the financial management of the local Foundation funding in the participating countries. They are authorized to operate under a written power of attorney of the Management. They manage the project personnel and the Foundation funding by means of separate signatures on banking current accounts.

They shall answer directly to the local area project managers as specified in their employment contract. They also have responsibility only within the limits of the Country budget determined annually and/or of the project budget.

→**The project Delegates and/or Leaders** are answerable to the Area project managers indicated.

4) The project Delegates or Leaders may in turn be assisted locally by **Administrators**, who cannot have power of attorney for the management of banking current accounts without the joint signature of the project Delegate or Leader, and therefore are limited to the drafting of the first monthly memorandum, to the management of payments approved by the project Delegate or Leader and if necessary to the management of the petty cash box.

→**The local Administrators shall answer directly to the project Delegates or Leaders.**

The organizational chart of the operational office of the Foundation shall be displayed in the headquarters of the Foundation and in every Delegation, specifically indicating the names of persons holding the positions of responsibility indicated above.

5. MANAGEMENT OF COMPLAINTS

The **person who receives a complaint** is obliged to immediately notify his/her immediate superior of it and, going up the line of management, the Management of the Foundation should receive notice of it within a short period of time.

The Management, having received the complaint, shall record and send it to the Complaints Committee (CC) comprising: the Chairman of the Foundation, a more senior area project manager and the administration manager. The CC shall evaluate the substance of the complaint and take swift action to establish an investigation, indicating the procedures and the persons appointed to carry this out and it will be able, as the case requires, to put in place specific local delegations.

N.B. If the subject-matter of the complaint substantiates mere suspicion of an offence provided for by the Organizational Model under Legislative Decree 231/2001, the Supervisory Body assigned to deal with the matter shall be informed immediately.

Disciplinary measures

On the basis of the outcome of the inquiry, which will be compiled and recorded in a report, the management in agreement with the CC will put in place the agreed disciplinary measures against the person who is the subject of the complaint; such measures are listed in order of seriousness:

- Recording of the matter where there is no objective proof to substantiate the subject-matter of the complaint;
- Verbal reprimand;
- Written caution;
- Suspension from work without pay up to a maximum of three days;
- Dismissal;
- Dismissal without notice and contemporaneous complaint made to the local authorities if the facts ascertained imply criminal conduct.

N.B. If the person who is the subject of the complaint and proves responsible for the infringement is from the local area, the disciplinary measures shall take account of local employment law.

Save as provided for by the Organisational Model under Legislative Decree 231/2001, the Management will give briefings on the case in relation to the complaints received and on the measures taken at the first practicable meeting of the Board of Directors.

6. RECOVERY OF THE LOSS

Where the Foundation has suffered loss as a result of fraudulent activity, compensation will be sought from the person responsible for any benefit or advantage received by him/her and for any costs incurred by the organization as a result of his/her fraudulent behaviour.

The person responsible will initially be asked in an informal way to provide compensation. If the person cannot or will not compensate the loss by means of an amicable transaction, the possibility of embarking on a specific legal action to recover the compensation shall be considered.

7. APPROVAL OF ANTI-FRAUD POLICY

This policy was approved by the Board of Directors of the Foundation by decision of the 17th December 2007. Subsequent amendments and/or revisions shall be adopted where they are considered to be necessary.