



Ethical Code
of
Terre des hommes Italia Onlus Foundation
(pursuant to Legislative Decree 231/2001)

Approved by the Board of Directors meeting of 17 December 2007

General principles

The Ethical Code of the Terre des hommes Italia Foundation (hereinafter referred to in the text as "The Foundation") identifies the values on which the Foundation's activities are based, by highlighting the aggregate of rights, duties and responsibilities of the parties to whom the self-same Code applies.

The purpose of the adoption of this Ethical Code is to satisfy, as well as possible, the needs and expectations of the parties that come into contact with the Foundation, whether they are donors, supporters or beneficiaries, and to attain a high standard of professionalism in the conduction of the initiatives of cooperation aimed at development and humanitarian aid promoted by the Foundation, and to prohibit conducts that not only contrast with the provisions of the regulations that apply in the single case, but also with the values the Foundation intends to promote.

In particular, the observation of ethics, understood as honesty, loyalty, correctness and compliance with the laws, represents a primary value for the Foundation.

More specifically, as to its Mission, the principles on which the activities of the Foundation are based are:

- **the pursuit of Children's Rights** as the **driving engine of the actions** of the Foundation in Developing Countries; these rights are also promoted through a constant attention to the improvement of the life context and relations that the children are part of: the family, the communities, the institutions.
- The action of the Foundation takes the form of **a help that is concrete and direct and that meets the needs**, where possible mediated by reliable local Partners who share the Foundation's mission.
- **The impartiality, neutrality and independence** of the humanitarian action of the Foundation that therefore does not make, in its choices of action, any discrimination of a religious, political and general character.
- **The promotion of the equality of individuals** and equal opportunities.
- **The promotion of a lasting development**: actions that are suited to the local realities and thus sustainable over time.
- **Respect** for local cultures and **promotion** of local resources, whether human or material.
- **Honesty in communications** that must be truthful, not violent and respectful of the dignity of the person.
- **The militancy and the professionalism of the operators**: the operators of the Foundation, whether in Italy or abroad, must be able to combine their professional expertise with a strong motivation to improve the destinies of the world's poorest populations.
- **The accurate verification of the origin of the funds** from donors (in particular from companies) to exclude donors which do not respect human rights, who exploit child labour, who are compromised in arms trafficking and organised crime and in illicit traffics in an ampler sense.
- **The diversification of the donors**. No to a standardised concentration of institutional donors that may compromise the independence of the Foundation's choices.
- **Transparency** in the management of the funds.
- **The promotion of a base of popular participation** through campaigns of denunciation and defence of Children's rights addressed to the general public.
- **The promotion of active volunteer work** through the work of supporters who are organised in work teams operating in the Italian territory to promote the initiatives of the Foundation.

The regulations that form part of the Ethical Code are an essential part of the “Model of organisation, management and control” provided by art. 6 of Legislative Decree 231/2001 on the subject of the administrative liability of legal entities.

Persons to whom the Code applies

This Ethical Code applies to:

- Directors, Statutory Auditors, Employees and Collaborators of the Foundation, regardless of where they operate, in Italy or abroad;
- external Consultants who act in the interest of the Foundation, and Suppliers of goods and/or services.

Duties and responsibilities

Relations between collaborators and/or employees must be inspired by principles of civil coexistence, transparency, trust and integrity, on the basis of mutual respect and guaranteeing the safeguard of the rights and freedom of the persons.

Relations between the different positions within the Foundation must be based on principles of loyalty and correctness and inspired by principles of shared responsibility, with the shared goal of the best interest of the Foundation and the purpose of contributing together to the attainment of its goals.

The managers in charge of the single activities must exercise the powers associated with the delegations received, respecting and guaranteeing the dignity of their collaborators and favouring professional growth.

Any conduct that, directly or indirectly, entails offences, denigrations for reasons of race, religion, language, sex or nationality, or that represents discriminatory behaviour, is prohibited.

Conflicts of interest

In the performance of the assigned duties, situations where conflicts of interests may arise must be avoided.

For this purpose the directors must respect the obligations set forth by article 2391, first paragraph, of the Civil Code. Consequently, a director who in a certain operation has, on his or her own behalf or on behalf of third parties, interests that conflict with those of the Foundation, must inform the other directors and the board of statutory auditors of the fact, and must refrain from participating in resolutions concerning said operations.

The employees and collaborators of the Foundation must avoid situations that may give rise to conflicts of interest, both real and potential, between their personal activities and those of the Foundation.

Moreover, no employee of the Foundation may obtain personal advantages in relation to activities conducted on behalf of the Foundation.

Where situations of potential conflict may arise, the interested party is obliged to notify the fact to his or her superior in order to solve the matter.

Use and protection of information

The knowledge developed by the Foundation represents a fundamental resource that every person to whom the Code applies must safeguard. All persons obliged by this Ethical Code must assure the greatest possible confidentiality with regard to information managed within the context of their work duties.

Consequently, the interested parties must refrain from disclosing to third parties information concerning the assets in the form of technical and financial knowledge of the Foundation, as well as other information that is not public, except when said disclosure is required by law or other provisions of internal regulations.

Within the context of the conduction of its activities in Italy and abroad, the Foundation gathers a significant quantity of personal data associated with donors, supporters and beneficiaries that it undertakes to process in accordance with all the laws on the subject of confidential data in force in the legal systems in which it operates, and the best practices for confidential data.

For this purpose the Foundation guarantees a high level of security in the selection and use of its information technology systems used for processing the personal data and confidential information according to the applicable provisions on the subject of data protection.

Relations with Donors

For the development of its activities in Italy and abroad the Foundation avails itself of private and public funds.

Communications to single donors and the general public must be aimed at the greatest possible transparency, to assure they are able to make a free choice in a fully conscious, and to the extent in which it is possible, focused manner. When the donor does not specify for what his donation is to be used, it is to be understood as institutional support of the Foundation.

In the relationship with public donors, both in Italy and abroad, it is prohibited to give, offer or promise money or other utilities, or favours that may reasonably be interpreted as exceeding normal practices of courtesy, or to exert illicit pressure on public officials, persons responsible for public services, managers, functionaries or employees of the Public Administration, whether Italian or foreign, or of public bodies, EU or international institutions, or their relatives or life partners.

In relation to the aforesaid persons it is moreover prohibited to make untruthful declarations in order to obtain public disbursements, contributions or funds.

It is prohibited to allocate amounts received by way of disbursements, contributions or funds from the aforesaid parties for other purposes than those for which they have been assigned.

Norms and regulations for sponsoring and fundraising

The Foundation always verifies the companies with which it plans to conduct co-branding and co-marketing activities. As the Foundation offers its reputation and social position, it will demand ethical criteria to guarantee both partners a mutual advantage. It will therefore distinguish specific categories of companies, and obtain in-depth knowledge about them with the available means, web research and consulting, for purposes of excluding partners that are incompatible with its ethical principles and mission.

Green category: This category comprises companies that, in all their activities, respect the rights of children and promote sustainable development in a way respecting the environment, with a rigorous

respect for the culture and the tradition of the countries, through the greatest possible use of local physical and human resources and management potential.

Orange category: This category comprises companies that belong to economic sectors where one cannot automatically exclude all doubt as to ethics, and that therefore require different levels of analysis: banks, pharmaceutical industries, oil companies, companies that produce food for children. To determine whether the company may establish a partnership relationship with the Foundation, it is necessary to verify the following criteria: rights and conditions of the workers, respect of human rights, marketing strategies that conflict with the mission of Tdh (children's rights), respect for the environment (illegal activities of transport of toxic refuse and production methods that pollute the environment and represent a health hazard), transparency (the company's unwillingness to provide information on itself, and to provide truthful information, deceptive or incorrect advertising, advertising that does not respect persons, races, sex and religion), irresponsible sales (medicines with dangerous side effects, products that have not been studied carefully in terms of security, promotion of powdered milk in the South of the world, etc.).

Red category: This category includes companies that operate in sectors that are evidently incompatible with the ethical principles of the Foundation: exploitation of child labour, commercial sex (pornography, sexual tourism), armaments, drugs/tobacco/liquors, nuclear industry.

Relations with the press and with other mass communication media

The Foundation shall only liaise with press and mass communication bodies through its statutory bodies and through its internal personnel in charge of this. The latter shall operate with an attitude inspired by the greatest possible correctness, willingness and transparency, respecting the communication strategy defined by the Foundation as set forth in the foregoing, and which may be briefly summarised as follows: the communication of the Foundation must be truthful, not violent, respectful of the rights and the dignity of the person.

In any case, the information and communication concerning the Foundation, for external use, must be accurate, truthful, complete and transparent, and must not go against the stated principles.

Management of the funds: accounting records and entries

The term accounting entry shall be understood as referring to all documentation that represents, numerically, management facts associated with the Foundation's activity and assets.

All the actions and operations conducted by the Foundation must be adequately recorded, and it must be possible to verify, *ex post*, the process of decision-making, authorisation and conduction.

Every operation must have an appropriate documental support, so that controls may be carried out in any moment, to verify the characteristics and motivations of the operation and identified the persons who have authorised, carried out and verified the self-same operation.

The accounting entries must be kept in an accurate, complete and timely way in accordance with the procedures of the Foundation on the subject of accounting, to guarantee a faithful representation of the accounting and financial situation and the management activity.

All employees and collaborators involved in keeping the accounting records must assure the greatest possible collaboration, completeness and clarity of the information provided, as well as the accuracy of the data and the elaborations, and must follow the management manuals in use closely.

It is therefore prohibited for all employees and collaborators to commit actions and omissions that may lead to:

- the registration of fictitious operations;

- the registration of operations in a way that is misleading or not sufficiently documented.

The financial statements and institutional communications of the Foundation must be prepared with clarity and must provide a correct and truthful picture of the situation as to assets and finances, and must be announced by publication in the media and on the Foundation's website.

It is expressly forbidden to prevent or hinder, through the concealment of documents or other suitable means, the conduction of control or auditing activities that have been lawfully entrusted to the institutional bodies or to the independent auditing firm.

It is in any case forbidden to obstruct, in any way, the functions of the public supervisory authorities within the context of verifications and/or inspections.

Relations with suppliers

When purchasing goods or services for the initiatives of cooperation and humanitarian aid, the Foundation shall, whenever this is possible in the interest of good quality, prefer the technical and economic operators of the countries and/or areas in which it operates.

The choice of suppliers and the purchase of goods and services shall take place on the basis of objective valuations of the competitiveness, quality, convenience and integrity, principles which are expressed in the purchase management manual used by the Foundation.

The Foundation shall moreover provide for reserving itself the right, by contract, to adopt every suitable measure (including the termination of the agreement) in case a supplier, while conducting activities in the name and/or on behalf of the Foundation, should violate law provisions or should perpetrate conducts that damage the integrity of the persons and exploit labour, in particular child labour.

Relations with the Partners

When conducting its cooperation activities the Foundation shall operate directly, but it may accept requests for contributions made by local Partners, or in other words private non-profit institutions and associations in the beneficiary countries, that are regularly incorporated, independent, and that base their actions on the same ethical principles as the Foundation, and that prove to play an important cultural and social role in the country of origin. The local partners may also be public, provided they unconditionally guarantee the Foundation freedom of movement and decision-making in relation to its declared purposes and goals.

The activities that may be funded by the Foundation, that may concern themes associated with the rights of children, the social and economic development of developing countries and humanitarian aid, shall solely be conducted in favour of initiatives that are a clear expression of a need on the part of the local community, that provide guarantees of high quality and in which the Foundation may collaborate both during the phase of identification and planning, and in their development until the conclusion of the intervention in a manner that guarantees the pertinence, efficacy and future sustainability of the initiatives, and a control of the use of the funds. In any case, when choosing the proposals with which it intends to participate, the Foundation shall pay special attention to every possible conflict of interests, in order to avoid illicit appropriation of funds for personal interests to the advantage of persons and organisation and to the detriment of the beneficiaries as a whole.

Management of human resources

The Foundation undertakes to employ personnel, in Italy and abroad, with a regular employment contract, in line with the professional figures of the different organisational areas of its branches in Italy



and abroad, and in accordance with the principles of the Civil Code and the Statute of Labourers, as well as, with regard to local personnel, in accordance with the regulations that apply in the countries in which it operates.

No form of "irregular work" or undeclared compensations may be tolerated.

When the work relationship is commenced, every employee or collaborator shall receive accurate information concerning: 1) the characteristics of the functions or duties he or she is to perform; 2) elements concerning regulations and compensation, as governed by the employment contract applicable to employees and/or collaborators; 3) the regulations and procedures which must be respected in order to assure the work activities take place in a safe and healthy environment.

On hiring, the contents of this Ethical Code and the Organisation, management and control model, as well as the protocols adopted by the Foundation to prevent the perpetration of criminal offences shall be clearly stated and made available.

The Foundation also undertakes, in relation to its personnel management, to:

- offer equal work opportunities without discrimination in relation to race, sex, age, sexual orientation, physical or psychical handicaps, nationality, religious creed, political and trade union belonging; the only limit in this sense may be particular situations of security or difficulty in the country in which the Foundation sends its personnel;
- assure that the privacy of its employees and their right to work without being exposed to illicit conditioning is protected;
- provide the personnel with accurate information on the life conditions and the security of the countries in which the employee or collaborator is employed, as well as on the sanitary prevention measures he or she must respect.

However, the personal of the Foundation may in no case be employed, or permitted to be voluntarily involved, in military operations or political activities.

The Foundation likewise requires its personnel in the headquarters and its collaborators in Italy and abroad to respect the fundamental rights of the individual and to adopt a conduct that is respectful of local usages, cultures and confessions that always bears witness to the dignity of their role, in line with the ethical principles of the Foundation.

The Foundation requests that, in internal and external work relations, no-one shall be subjected to a state of submission by means of violence, threats, deceit, abuse of authority, abuse of a situation of physical or psychical inferiority, or a situation of necessity. The Foundation disapproves of any form of harassment, also of a sexual character.

In particular, any conduct that may represent moral violence and/or psychological persecution aimed at offending the personality, the dignity and the psycho-physical integrity of the employees, as well as the endangerment of their employment or the deterioration of the work climate (mobbing) is prohibited.

Utilisation of the Foundation's assets and/or those made available for the Foundation's activities

For purposes of safeguarding the assets of the organisation, every employee or collaborator is obliged to act with diligence and with responsible conducts that conform to the operative procedures defined for the use of the assets, means and work instruments of the Foundation and its activities abroad, accurately documenting their use. In particular, every employee and collaborator must:

- 1) make a scrupulous and parsimonious use of the assets, means and work instruments entrusted to him;
- 2) avoid improper uses that may cause damages or reduce efficiency, or in any case go against the interests of the Foundation;

- 3) avoid improper uses of the assets for purposes or aims that are not part of his own duties and work.

Every employee and collaborator is responsible for protecting the resources entrusted to him, and must inform his superior without delay of any events that are harmful to the Foundation.

Regulations of conduct in relations with children

It is obligatory to constantly supervise the children entrusted to the Foundation, and this is also expected of local partners and local personnel.

Relations with children must be conducted in a way that is impeccable in terms of moral correctness; no form of abuse of children, whether physical or psychological, is tolerated. The greatest possible commitment must be dedicated to preserve the psychological and physical health of the youths, also for purposes of preventing deviance, abuse and commercial exploitation. One must avoid to remain alone in closed places in the company of a single child or adolescent.

The guide and education of youths must be conducted in agreement with models that enhance ethical and human principles.

Prohibition of possession of pornographic material

It is absolutely prohibited to possess pornographic material, on information technology media or paper, on the premises of the Foundation, its warehouses or appurtenances, or in any other location that may in any case be retraced to the Foundation, or to divulge such material through the Foundation's website or the advertisements prepared and promoted by the Foundation.

Relations with the Judiciary Authority

It is prohibited to exert any kind of conditioning of persons invited to make declarations before the Judiciary Authority for purposes of inducing them to refrain from making declarations, or to make untruthful declarations.

It is prohibited to help those who have committed an act that is criminally relevant, to avoid investigations of the authorities or to escape the search of the latter.

Disciplinary system

The principles provided by this Ethical Code are an essential part of the conditions which govern the work relations within the Foundation. Any violations of the Ethical Code shall determine the application of penalties against the Employees, Collaborators, Directors and Statutory Auditors of the Foundation, also in accordance with the disciplinary system specifically adopted by the Foundation.

Every violation of the principles and provisions set forth in this Ethical Code, on the part of the person to whom the Code applies, must be notified without delay to the hierarchical superior who must immediately inform the Board of Directors of violations committed by personnel and collaborators, and the Permanent Committee of violations committed by members of the Board of Directors and/or the Board of Statutory Auditors.

Controls

Structural controls

The Foundation guarantees an internal organisation capable of guaranteeing that:



- the segregation of responsibilities is sufficient to assure that the realisation of every process calls for the joint support of different organisational functions;
- all the actions and operations conducted by the Foundation are appropriately recorded, and that the process of decision-making, authorisation and implementation can be verified;
- every operation is sufficiently documented to make it possible to proceed, in any moment, with controls to verify the characteristics and motivations of the operators and to identify the persons who have authorised, conducted, recorded and verified the self-same operation.
- all internal documentation is kept with accuracy, completeness and without delay, in accordance with the organisational procedures.

Entry into effect, coordination of protocols, updating and amendments

This Ethical Code has been adopted, with resolution by the Board of Directors of the Foundation, on 17 December 2007 and has immediately entered into effect.

Every updating, amendment or addition to this Ethical Code must be approved by the Board of Directors of the Foundation.

A copy of this Ethical Code is delivered to all the persons to whom it applies and is available for consultation in electronic format at the website as well as, in paper format, in the offices of the Foundation.