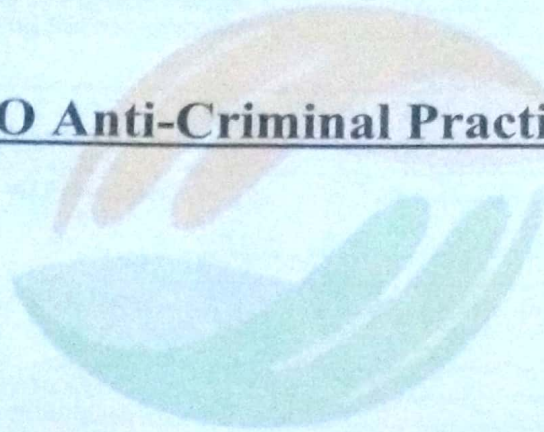




KDO Anti-Criminal Practices Policy



**KHAGARAH DEVELOPMENT ORGANIZATION
(KDO)**

Nazish Mohsin
GDS
KDO

FARAH SHAHID
EXECUTIVE DIRECTOR
KDO

16.08.23

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16-8-23

KHAGARAH Development Organization (KDO)

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KDO Anti-Criminal Practices Policy**Policy Purpose**

The purpose of this policy is to:

- State the position of KDO on the prevention, detection and investigation of criminal practices.
- Set out the KDO strategy for preventing and detecting fraud, corruption and other wrongdoing.
- Set out responsibilities and procedures to be followed if criminal practices are detected or suspected.

1. Policy Statement

- 1.1. KDO will not tolerate any criminal practices, including fraud, corruption or any other wrongdoing.
- 1.2. KDO is committed to upholding and maintaining the highest standards of openness, integrity and accountability both within KDO and in the way we work with staff, partners and others.
- 1.3. Our policy is to ensure that neither KDO as an organisation, nor any KDO employee, volunteer, partner, consultant, supplier or trustee is corrupt, is engaging in criminal practices or is benefiting directly or indirectly from corrupt or criminal practices.

Additionally, our policy is to promote awareness among the staff, of the risk of criminal practices and corruption, to reiterate the importance of complying with controls aimed at preventing and detecting fraud, and to take prompt and effective action whenever fraud is discovered or suspected.

- 1.4. KDO expects all KDO people to be aware of and to comply with this Policy and to carry out and regularly renew compulsory training on compliance to the required standard.

2. Who does this Policy apply to?

- a. This Policy applies to all KDO people, i.e. Board of Directors, employees, volunteers, consultants, suppliers, temporary staff and contractors.

2.1. Responsibility of Executive Director, Board of Directors and Managers

The Executive Director, with the support of all members of the Board of Directors, the senior management team and line managers, is responsible for:

- a. Identifying risks to which systems, operations and procedures are exposed.
- b. Developing and maintaining effective controls to prevent and detect fraud.
- c. Ensuring controls are being complied with.

2.2. Responsibility of staff, volunteers, consultants, suppliers, temporary staff, contractors and other KDO people.

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staff (including managers), volunteers, consultants, suppliers, temporary staff, contractors and other people at KDO have a responsibility to:

- a. Act with propriety, honesty and integrity at all times.
- b. Read, understand and comply with this policy in order to actively contribute to the implementation and enforcement of KDO's prevention procedures.
- c. Be aware of the risks of criminal practices and the types of criminal practices that might occur within their area of responsibility.
- d. Commit to avoiding any activity that might lead to, or suggest, a breach of this policy.
- e. Report any suspected criminal practices immediately. For the reporting procedures, see the Whistle Blowing Policy.

3. Sanctions for Non-compliance

- a. Non-compliance with this policy is a serious disciplinary offence and will result in disciplinary action. Disciplinary action may include dismissal for employees and removal of volunteer status for volunteers and trustees. Non-compliance may result in termination of contract with partner organisations, donors, suppliers or consultants. Non-compliance may also result in legal action.

3.1. Reporting of Non-Compliance

- a. All KDO people who become aware of, or who suspect that, any individual working with or for KDO is in breach of this Policy, have a duty to report this immediately in accordance with KDO's Whistle-Blowing Policy.
- b. All KDO people must be extra vigilant, especially in high-risk situations, where non-compliance with this policy is more likely to occur (i.e. in the context of higher risk areas, sectors, transactions, opportunities or relationships).

4. Accessibility

- a. KDO's Board of Directors are committed to ensuring that this Policy is accessible, effectively implemented and enforced.
- b. All KDO staff, volunteers and the Board of Directors will have access to this policy on induction and will sign an affidavit to demonstrate that they understand and are bound by this Policy.
- c. KDO people requiring assistance or advice in reviewing or understanding any part of this Policy, or who have any questions or concerns regarding its implementation or enforcement, or any suggestions for improvement, should contact the Chair of the Anti-Criminal Practices Committee.

5. Types of Criminal Practices:

5.1. Bribery and Corruption

5.1.1 What is Bribery and Corruption?

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- a. Bribery is the offer, promise, giving, demanding or acceptance of an advantage that is intended to encourage you to take an action which is illegal, unethical or a breach of trust. Bribery means giving or receiving a reward that has not been earned in order to influence someone's behaviour. One common form of bribery is a kickback.
- b. Corruption is the misuse of your entrusted power for private gain.
- c. Acts of bribery or corruption are designed to influence people to act dishonestly.

5.2. KDO's principles, investigation and sanctions for non-compliance

- a. KDO is committed to conducting business honestly without corrupt practices or acts of bribery, ensuring adherence to the highest legal and ethical standards.
- b. The offering, promising, giving, requesting, agreeing to receive or accepting of bribes (i.e. a financial or other advantage to or from another person) or kickbacks in any form **IS PROHIBITED**.
- c. KDO people abusing their position for personal and/or financial gain **IS PROHIBITED**.
- d. Any employee suspected of bribery will be investigated in line with KDO's Human Resource Policy.
- e. The bribery of any person in order to obtain (or retain) business or an advantage for KDO **IS PROHIBITED**.
- f. Donations, contributions, voluntary services and/or any charitable assistance will not be accepted by KDO where it is known, or reasonably suspected, that they involve an act of bribery or corruption, or appear in any way linked to unethical conduct.
- g. All relationships with other charitable organisations, donors or voluntary services will be conducted in a transparent and open manner.
- h. The acceptance of gifts and/or advantages (financial or otherwise) which could (or even perceived to) lead to bribery or corruption **IS PROHIBITED**.

5.3. Facilitation Payments

- a. It can be customary business practice to make payments or gifts of small value to government officials in order to speed up or facilitate a routine action or process. These payments are called facilitation payments and are strictly prohibited.
- b. KDO takes the view that all facilitation payments are illegal and makes no distinction between facilitation payments and bribes – regardless of size or local cultural expectations, even if that is a usual business process.
- c. The offering of bribes or facilitation payments in order to obtain favours is **strictly prohibited**, whether the beneficiary is offering the bribe for personal benefit or in order to obtain a benefit for KDO.

5.4. One exception - Payments made to safeguard life and liberty:

- a. People working with KDO may rarely find themselves in a position where there is no alternative but to make payments to protect against life, limb and liberty. Examples may include monies paid by volunteers and/or employees in order to bypass ad hoc roadblocks and/or to bail themselves out of unwarranted custody. In such circumstances, wherever possible, representations should be made to the relevant

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authorities and all such incidents must be reported fully and immediately to KDO using the standard incident reporting mechanisms.

- b. KDO operates an up-to-date system to keep a record of all such payments, including the amount and currency of any such payment, the exact location of and date on which the payment was made, the identity of the payer and recipient, a summary of the circumstances surrounding the payment and the reasons for making it, and any additional documentation in support of the necessity to make such a payment.

5.5. Gifts, Entertainment and Hospitality

- a. It is KDO's practice not to accept gifts unless refusal causes offence. In these cases, physical gifts should be given to an HR representative for appropriate disposal without causing offence to the donor.
- b. Some activities will fall within the bounds of normal business practice and are acceptable provided they fall within reasonable bounds of value and occurrence.
- c. All gifts of significant value should be reported and recorded. A variety of factors such as customs, culture and expectations may influence the level of acceptability. If staff feel uncertain at any time regarding cultural acceptability of gifts, entertainment or hospitality, they should consult their line Manager or HR representative.
- d. The provision of gifts and hospitality by KDO should also be reasonable in terms of value and occurrence.

5.6. Contributions to Political Parties

- a. Making direct or indirect contributions to political parties, organisations, or individuals engaged in politics as a way of obtaining advantage in operational transactions is strictly prohibited.
- b. All existing and prospective suppliers, contractors and subcontractors shall be required to sign contracts with KDO containing anti-bribery terms and conditions. These terms and conditions shall be subject to periodic review and renewal and must undergo integrity and accountability checks as well as anti-terror checks (also see KDO's procurement policy). For the avoidance of doubt, suppliers, contractors and subcontractors that are known to pay bribes to obtain services, or accept bribes in return for granting commercial favours, **must not be deployed**.
- c. All existing and prospective partner organisations must undergo integrity and accountability checks. As stated above, KDO will seek only to do business with those who commit to doing business without bribery.

5.7. Your Reporting Responsibilities

- a. All KDO employees have the responsibility to help detect, prevent and report instances not only of bribery, but also of any other suspicious activity or wrongdoing.
- b. KDO is absolutely committed to ensuring that all staff and volunteers have a safe, reliable, and confidential way of reporting any suspicious activity. In the event of a concern regarding a suspected instance of bribery or corruption, staff and volunteers (as highlighted in the whistle blowing policy) can contact their own Line Manager or Board of Directors Member.
- c. If this is not practical, contact the Anti-Criminal Practices Committee or report your concerns to the dedicated KDO whistle-blowing email address: feedback@khagarah.org

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6. Fraud and Theft**6.1. Policy**

- a. KDO has zero tolerance of fraud of any type or in any circumstances, whether carried out by trustees, volunteers, staff, contractors, partners or beneficiaries. Fraud against KDO depletes funds intended for the accomplishment of programme delivery, undermines effective functioning and jeopardises sustainable development by diverting donor contributions.

6.2. Definition

- a. Fraud covers acts such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. It usually involves depriving someone of something by deceit or obtaining something by deceit, which might either be straight theft, misuse of funds or other resources, or more complicated crimes such as false accounting and the supply of false information. Fraud is not restricted to monetary or material benefits but includes intangibles such as status and information.

6.3. Implications for KDO

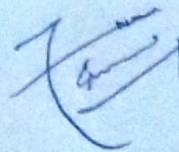
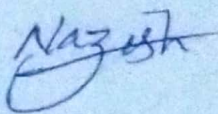
- a. Fraud and theft involve the loss or misuse of assets belonging to KDO and poses a threat to KDO's reputation amongst donors, regulatory bodies, volunteers, governments, partners and other supporters.
- b. KDO is particularly vulnerable to such dishonesty because of the effect not only of the loss, but bad publicity would have on our ability to raise funds and recruit staff.
- c. KDO is also vulnerable to fraud and theft arising from the actions of those unconnected with KDO, for example, if someone misrepresents themselves as acting on behalf of KDO.

6.4. Reporting

- a. Aside from any criminal consequences which may ensue as a result of acts of fraud and/or theft, KDO is obliged to record any misappropriation of its assets by staff and/or other connected people or bodies in order to satisfy donor requirements.
- b. Any misappropriation will be reported to KDO's donor, in accordance with each donor's specific rules and regulations.

6.5. Guidelines and Principles

- a. KDO's Financial Policy contains details of its ap control framework, including adequate accounting, auditing and approval of expenditure, and ensures KDO has a transparent and accountable process to ensure funds are used efficiently to deliver the maximum benefit, to minimize the risk of fraudulent activities and accidental errors and to ensure compliance with donors.
- b. Fraud detection and prevention is the responsibility of everybody in KDO, not just leadership and management. All employees, volunteers and trustees, as well as any other individuals working with or for KDO, are encouraged to be vigilant for signs of fraud or theft within KDO.



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Recognizing that members of staff and volunteers are usually the first to notice fraudulent activity, KDO's Whistleblowing Policy and processes encourage employees, volunteers, partners and anyone involved with KDO to report any concerns they have without fear of victimization, subsequent discrimination or disadvantage. More details can be found in the Whistleblowing Policy.

- d. All reported suspicions of fraud or theft by staff or volunteers will be investigated in line with KDO's Human Resource Policy.
- e. Any person (employee or otherwise) or organization implicated in a fraud should be dealt with through the legal system where appropriate.
- f. Employees, volunteers and Board of Directors members must not investigate their own suspicions as this could result in either the destruction or contamination of evidence or putting their own safety at risk.
 - People responding to a reported suspicion of fraud or theft should:
 - take reasonable steps to stop the fraud or theft being completed, where it is safe to do so;
 - take immediate steps to prevent a repeat occurrence in the near future;
 - notify the Anti-Criminal Practices Committee directly of any financial losses incurred; and
 - promptly report the fraud or theft, wherever it occurs in the world, to the local police unless there are strong reasons not to do so. Any fraud or theft occurring in the UK will always be reported promptly to the UK police.

In compliance with the KDO Procurement Policy, contracts with any third parties that are found to have been directly and willingly involved in fraudulent activity concerning KDO will be terminated.

7. Conflict of Interest

- a. In the course of their work it is essential that employees and volunteers avoid any suggestion of bias or favoritism in any of their dealings with partners, primary actors, service providers, suppliers, or other employees, volunteers and stakeholders.

7.1. Definition

- Conflicts could include, but are not limited to:
 - Interests of immediate relatives and extended relatives, friends and acquaintances.
 - Any work paid or unpaid, outside KDO.
 - Being a member of an elected body.
 - Shareholdings (if this could have an influence on the decision making of a company).
 - Relationships with service providers and suppliers, other employees or candidates for employment with KDO.
- For the avoidance of doubt, a "personal interest" is any sort of interest which might cause a reasonable person to be concerned that an individual's decision-making might be influenced by that interest. Such an interest might include the financial or other interests of an individual's spouse, partner or co-habitee, parent, grandparent, sibling, child, grandchild, or close intimate of which the individual is aware.

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7. Reporting

Any potential conflicts (direct or indirect) must be declared to the Anti-Criminal Practices Committee. If a member of the Committee is subject to a conflict of interest, the matter must be dealt with by the Executive Director.

7.3. Guidelines and Principles

- a. A Member of the Board of Directors has a duty to avoid conflicts of interest and a specific duty to declare to the other Members any direct or indirect interest in a proposed transaction or arrangement with KDO.
- b. Employees and volunteers may not be involved in awarding benefits, contracts for goods or services, employment or promotion within KDO, to any person with whom they have a financial, personal, family or close intimate relationship, or in any other circumstances which might cause a reasonable person to be concerned that the individual's decision-making might be influenced by any financial or personal interest.
- c. The Anti-Criminal Practices Committee will decide how to deal with the conflict of interest in the particular circumstances of the conflict and will direct the affected person regarding his or her future duties and involvement in KDO's work. However, where a conflict of interest exists, the KDO employee or volunteer will not participate in the matter that has given rise to the conflict.
- d. Where a KDO staff member or volunteer is believed to have a conflict of interest that has not been disclosed as required by this policy, the person will be told why it is believed a conflict exists and be given the opportunity to explain his/her non-disclosure. If, after hearing the response and making further investigations, it is determined that the person has failed to disclose a conflict of interest, disciplinary action will be taken by KDO in accordance with its Human Resource Policy.

8. Money Laundering**8.1. Definition**

- a. Money Laundering is the process by which the proceeds of crime and the true ownership of those proceeds are changed, so that the proceeds appear to originate from a legitimate source. Such cash proceeds can then be used by criminals, such as organized crime syndicates and terrorist organisations, in the legal economy.
- b. It is very important to ensure that KDO does not commit any money laundering offences as this would cause significant damage to KDO's reputation. Particular care needs to be taken to guard against committing the offences of failure to disclose knowledge or suspicion of money laundering (or terrorist financing – see below) and of "tipping off".

8.2. Implications for KDO

- a. KDO and its Board of Directors can be prosecuted under Pakistan's Anti Money Laundering Act of 2010 (amended in 2020) if KDO accepts a donation or loan which turns out to be the proceeds of a crime, and officers of KDO suspected that the funds represented the proceeds of crime.
- b. Unsolicited donations should be treated as suspicious, especially if KDO is unable to satisfy itself about the credentials of the people involved or the propriety of the donation.
- c. Implications of inadvertently being used by a terrorist organization to launder money are discussed below.

8.3. Guidance and Principles

- a. KDO has a commitment to ensure that all donations are from donors whose ethics and values are compatible with KDO's.

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In relation to preventing involvement with terrorist organisations, KDO will follow the principle of 'know your beneficiaries and partners'. This means that KDO will make best efforts to confirm the identity, credentials and good standing of its beneficiaries and partners by using integrity and accountability checklists.

- c. Suspicions of attempted money laundering must be reported to the KDO Whistle-blowing address: feedback@khagara.org
- d. It is important to ensure that KDO's does not "tip-off" a donor (whether deliberately or inadvertently) where they suspect he/she/it may be in any way involved in money laundering.
- e. Refused donations will not be processed and will be returned to the donor in their original form without alerting the donor to KDO's money laundering suspicions (to avoid committing a "tipping off" offence).
- f. If there are concerns that these processes are not being followed, concerned parties should inform the Whistle-blowing address: feedback@khagara.org

9. Involvement with terrorist organisations

9.1. Definition

- a. For the purpose of this policy, terrorism can be defined as the unlawful use or threatened use of force or violence by a person or an organized group against people or property with the intention of intimidating or coercing societies or governments, often for ideological or political reasons.

9.2. Implications for KDO

- a. KDO is wholly committed to not fund, or receive funds, from terrorist individuals or organisations and has introduced and embedded robust controls to ensure that it is taking steps to prevent any engagement with terrorism.
- b. It is an offence for any individual to assist, raise money for, or send money to a proscribed (terrorist) organisation, or anyone who is a member of one.
- c. Many international donors consider formal or informal links with identified terrorist organisations unacceptable, whether money, assets or services are provided, and whether or not there is an intention to show support for the aims and methods of such organisations.
- d. Inadvertent involvement or association with terrorist organisations, or members of such organisations, could have a highly damaging impact on KDO's reputation and could result in legal action being taken against KDO and any KDO people involved.

9.3. Guidelines and Principles

- a. The guidelines in the section on Money Laundering (above) are relevant. KDO will follow the 'know your beneficiaries and partners' rule so will make best efforts to confirm the identity, credentials and good standing of its partners.
- b. Before entering into relationships with, or transferring money to partners and other third parties, KDO will check that none of the organisations or individuals it makes payments to are on a designated list of proscribed organisations or individuals. If a payee appears on any of these lists, no payment will be made to the payee. If an organisation is not on a list of proscribed organisations but KDO has a reasonable justification for believing that it should be, it should not make payments to that organisation

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- c. KDO will not contract with, provide funds for, or assist organisations that are known or suspected to act as a front for such identified organisations.
- d. If links between an existing partner and an identified organisation or a front for an identified organisation are suspected, interaction with that partner will immediately cease. In these circumstances, the Whistleblowing address feedback@khagara.org should be and further investigations on the partner should be carried out.

10. Financial Crime

- a. KDO is committed to ensuring highest standards are implemented in the prevention of financial crime across the regions within which it operates.

10.1. Definitions

- a. Financial crime is generally defined as crime that takes unlawful ownership of property belonging to another person, for one's own personal use and benefit. Financial crimes may involve money laundering, terrorist financing, illegal dealings where financial sanctions are applicable, illegal export wherein export control provisions apply, bribery and corruption and fraud.

10.2. Guidelines and Principles

- a. Money laundering, terrorist financing, illegal dealings where financial sanctions are applicable, bribery and corruption and fraud are all dealt with in the sections above. However, tax evasion is not and could impact KDO's operations in any country and jurisdiction in which it operates.
- b. The Whistle-Blowing hotline feedback@khagara.org can also be used to report concerns about money laundering and facilitation of tax evasion.

11. Modern Slavery

- a. Modern slavery is a global crime resulting in an abhorrent abuse of dignity and human rights which disproportionately affect women and children. Modern slavery is deeply incompatible with the ethos of KDO.

11.1. Guidelines and Principles

- a. KDO takes a position of zero tolerance towards trafficking in human beings for sexual and labour exploitation and all forms of modern slavery. KDO's zero tolerance position extends to all those working for, and in collaboration with, KDO. KDO believes that all those working for KDO should not engage in activities and/or be involved with entities that violate human rights.
- b. KDO is committed to taking proactive steps with the aim of ensuring that modern slavery does not exist at any level of the organisation and that the best possible support, care and compassion is provided to any victims of this crime with whom KDO comes into contact.

11.2. KDO's Supply Chain

- a. KDO is committed to ensuring that suppliers are treated ethically at all times by KDO, and that KDO procurement activity does not support organisations involved in any criminal activity such as fraud, corruption, modern slavery and other human rights abuses.
- a. Suppliers must comply with all applicable human rights and employment laws and have robust means of ensuring that the subcontractors in their supply chain also comply.

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KDO expects suppliers to be ethical in the treatment of their workers and suppliers: working conditions and relationships should not involve abuse or exploitation, workers and suppliers should be paid fair wages, and on time.

- c. KDO has a number of due diligence procedures in place to combat the risk of modern slavery in its supply chains. Before contracts are awarded, suppliers are subject to due diligence checks.
- d. KDO has zero tolerance to slavery and human trafficking. If an existing supplier were to be suspected of having links to involvement in modern slavery, interaction with that supplier would immediately cease.

Changes to this Document

Appendix: Affidavit to be signed by all Staff, Directors, partners and suppliers of KDO

- I understand that KDO does not tolerate any criminal practices, including fraud, corruption or any other wrongdoing.
- I have read and I understand KDO's Anti Criminal Practices Policy. I understand that if I break the policy, KDO will respond. This response might be to end any agreement with KDO, or to take legal action.
- I will comply with KDO's Anti Criminal Practices Policy
- If I become aware of any staff, Director, partner or supplier of KDO who breaks KDO's Anti-Criminal Practices Policy, I will contact the KDO whistleblowing line either
 - o By email at feedback@khagara.org
 - o By phone / Whatsapp at 0314-9600700

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16 Aug. 23