

APPROVED

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Management Board of the Ukrainian
Red Cross Society

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POLICY ON PREVENTION OF FRAUD AND CORRUPTION IN THE UKRAINIAN RED CROSS SOCIETY

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I. PURPOSE AND OBJECTIVES OF THE POLICY

1.1. The Policy on prevention of fraud and corruption (hereinafter referred to as the 'Policy') establishes a set of measures necessary to prevent, detect and counter corruption and fraud in the activities of the Ukrainian Red Cross Society.

1.2. The purpose of the Policy is to ensure that the activities of the Ukrainian Red Cross Society comply with the requirements of the anti-corruption legislation of Ukraine, international law on countering corruption, as well as the best international standards and practices in the field of countering corruption in non-governmental organisations.

1.3. The Policy is aimed at maintaining a high reputation, opinion and public trust in the Ukrainian Red Cross Society as an all-Ukrainian humanitarian non-governmental organisation and a part of the International Red Cross and Red Crescent Movement in general and in each of its representatives by applying preventive anti-corruption mechanisms and forming an effective system of corruption prevention in the Society.

II. TERMS AND DEFINITIONS

2.1. In this Policy, terms and definitions are used with the following meanings:

1) corruption – the use by a person of his/her official authorities or related opportunities to obtain an unlawful benefit or acceptance of such benefit or acceptance of a promise/offer of such benefit for himself/herself or other persons, or a promise/offer or provision of an unlawful benefit;

2) fraud – taking possession of someone else's property or acquiring the right to property by deceit or abuse of trust;

3) Society – the Ukrainian Red Cross Society, which consists of regional and Kyiv city organisations, which in turn consist of local organisations; enterprises, institutions and organisations established by the Society and its organisations, as well as its executive body – the National Committee;

4) members of the governing bodies of the Society and its organisations – the President of the Ukrainian Red Cross Society, heads of regional, Kyiv city and local organisations of the Society and their separate subdivisions, members of the Management Board and the Presidium of the Management Board of the Society, its organisations and their separate subdivisions;

5) counterparties – individuals or legal entities of all forms of ownership with whom the Society enters or intends to enter into economic relations;

6) Ukrainian officials – persons who permanently, temporarily or by special authority perform the functions of representatives of government or local self-government, as well as hold permanent or temporary positions in government authorities, local self-government bodies, state or municipal enterprises, institutions or organisations related to the performance of organisational, administrative or economic functions, or perform such functions by special authority;

7) foreign state officials – persons holding positions in the legislative, executive or judicial body of a foreign state, other persons performing state functions for a foreign state, in particular for a state body or state enterprise;

8) officials of international organisations – employees of international organisations or any other persons authorised by such organisation to act on its behalf;

9) corruption violations – a culpable action or inaction of a member, volunteer, employee of the Society or an employee of a contractor, which resulted in the commitment of a corruption criminal offence, violation of the requirements of this Policy, or violation by a member, volunteer or an employee of the Society of the sections 'Conflict of Interest' of the Charter of the Society, the section 'Conflict of Interest' of the Regulation on the organisation of the Society, anti-corruption provisions of the Code of Conduct of a member, volunteer and employee of the Society.

Corruption criminal offences may include:

- misappropriation, embezzlement of the Society's property or its acquisition through authority abuse;
- stealing, misappropriation, extortion of narcotic drugs, psychotropic substances or their analogues, precursors or their acquisition through fraud or authority abuse;
- stealing, misappropriation, extortion of documents, stamps, seals, acquisition of them by fraud or authority abuse or damaging them;
- abuse of authority by an official of the Society;
- bribery of an official of a private legal entity regardless of its legal form;
- bribery of an employee of an enterprise, institution or organisation who is not an official or a person working for the benefit of an enterprise, institution or organisation;
- offering, promising or giving an unlawful benefit to an official;
- acceptance of an offer, promise or receipt of an undue benefit for oneself or a third party.

10) unlawful benefit – money or other property, benefits, privileges, services, intangible assets, any other benefits of an intangible or non-monetary nature that are promised, offered, provided or received without legal basis in order to induce or oblige the recipient to take or not to take any action for the benefit of the person who offers, promises or provides such a gift, or in the interests of a third party;

11) conflict of interest – a conflict between a person's private interest and his/her obligation to act in the interests of the Society, which affects the objectivity or impartiality of decision-making or action or inaction;

12) gift – cash, cash equivalents, other property, advantages, privileges, services, intangible assets, any other benefits of an intangible or non-monetary nature that are provided/received free of charge or at a price below the minimum market price;

13) hospitality expenses – expenses of the Society for hosting and servicing representatives and delegations of international organisations with which it cooperates or plans to cooperate, who arrived at the invitation to hold negotiations for the purpose of business or international relations, establishing and maintaining mutually beneficial cooperation;

14) whistle-blower – a person who, believing that the information is reliable, has reported possible or actual facts of corruption violations committed by members, volunteers, employees of the Society or employees of the contractor or suspicions of such violations being committed;

15) personal information – information or a set of information about an individual who is identified or can be specifically identified.

2.2. Other terms shall have the meaning given in the Law of Ukraine «On the Ukrainian Red Cross Society», «On Prevention of Corruption» and other legislative acts of Ukraine.

III. SCOPE OF THE POLICY

3.1. This Policy is obligatory for:

- members of the Society, in particular, those elected to the governing bodies of the Society or its organisations and the General Director of the National Committee of the Society;
- volunteers of the Society;
- individuals who perform work or provide services in accordance with the contract with the Society, including the Deputy General Directors of the National Committee of the Society (hereinafter referred to as the employees of the Society).

3.2. This Policy is obligatory for the Society's counterparties and their employees.

3.3. The persons referred to in clauses 3.1. and 3.2. of this section shall comply with the anti-corruption legislation of Ukraine.

IV. ANTI-CORRUPTION PRINCIPLES OF THE SOCIETY

- 4.1.** With this Policy, the Society recognises corruption as an illegal, immoral and unethical way of doing business.
- 4.2.** The Society adheres to and requires compliance with the principle of «zero tolerance» to any manifestations of corruption and fraud from its members, volunteers, employees of the Society, as well as from its contractors, and will take measures to prevent and counteract them.
- 4.3.** The Society prohibits any form or type of corruption or fraud.
- 4.4.** The Society operates in accordance with the laws of Ukraine, condemns any violations thereof and requires lawful behaviour from members, volunteers, employees of the Society and its contractors.
- 4.5.** For corruption violations, the perpetrators will be held criminally, administratively, civilly and disciplinarily responsible in accordance with the procedure established by law, while the members and volunteers of the Society shall also be held liable in accordance with the Charter of the Society.
- 4.6.** Losses and damages caused to the Society as a result of a corruption violation are to be reimbursed by the person who committed the corresponding violation in accordance with the procedure established by law.
- 4.7.** For damages caused to the Society by its employees as a result of fraud or corruption in the carrying out of their duties, the employees may be held financially liable regardless of disciplinary, administrative or criminal liability.
- 4.8.** To prevent violations of the requirements of this Policy by counterparties, the Society may provide for the application of operational and economic sanctions in business contracts on the grounds and in the manner prescribed by the Commercial Code of Ukraine, in particular the right to unilaterally refuse to fulfil its obligation or to accept further fulfilment of the obligation or to refuse to establish future business relations with such counterparty, etc.
- 4.9.** Operational and economic sanctions shall be imposed by the Society as a party to the contract with counterparties based on the results of the corruption risk assessment.

V. PROHIBITIONS AIMED AT PREVENTING AND COUNTERACTING CORRUPTION

5.1. Members and volunteers of the Society who permanently or temporarily hold positions related to the execution of organisational, administrative or economic duties, or are specially authorised to perform such duties in the Society, as well as employees of the Society, are prohibited from using their official authority or their position and related opportunities to obtain unlawful benefits for themselves or others, including the use of any property or funds of the Society in private interests.

5.2. Members, volunteers and employees of the Society, as well as employees of counterparties are prohibited from demanding, receiving, promising, offering, providing or giving instructions to provide any unlawful benefit to themselves or others in their interaction with commercial organisations and their representatives.

Examples of undue benefit include:

- cash, cash equivalents (gift certificates, cheques) or loans on terms significantly different from the market terms;
- excessive or inappropriate expenses on gifts;
- offers of employment of related individuals at the Society;
- other payments that are made or may be made via third parties.

5.3. The prohibition of corruption in dealings with commercial organisations is applicable without territorial restrictions, regardless of local practices, traditions or culture.

5.4. Members, volunteers and employees of the Society, employees of contractors are be prohibited from demanding, promising, offering, giving or giving instructions to give an unlawful benefit to officials (officers) of Ukraine, officials of foreign states and international organisations or their related persons in order to obtain or maintain any privileges for the Society.

5.5. The prohibition of corruption in relation to officials of foreign states and international organisations apply without territorial restrictions, regardless of local practices, traditions or culture.

VI. MANAGEMENT OF CONFLICTS OF INTEREST

6.1. A conflict of interest of a member, volunteer or employee of the Society is not a corruption violation in of itself and is shall not be a reason for subjecting him/her to prosecution by the Society.

6.2. A conflict of interest is a significant risk factor for the Society and requires strict monitoring and control.

6.3. By this Policy, the Society establishes the obligation of each member, volunteer and employee of the Society to analyse and report any cases of conflict of interest, as well as to avoid behaviour and actions that may give the impression of a conflict of interest (apparent conflict of interest).

6.4. In each case of a conflict of interest, the Society shall consider and decide on its settlement.

Examples of conflicts of interest may include:

- volunteers and employees of the Society being directly subordinated to persons with whom they have family ties, which in turn may affect their promotion, the results of the annual evaluation, and their remuneration;
- simultaneous membership of the Society's members who are related to each other in the governing body of the Society or its organisation;
- simultaneous membership of the Society's employees who are related to each other in the tender committee;
- an employee of the Society working part-time, carrying out other activities (except for teaching and scientific activities) and/or receiving regular income under civil law contracts with other legal entities, as an individual entrepreneur in particular;
- participation in making a decision or personally making a decision by a member of the governing body of the Society or its organisation to enter into business relations with legal entities, if such person or members of his/her family are members of the governing bodies or own more than 5% of movable and immovable property of such counterparty;
- participation in making or making a decision by a member of the Society's governing body or its organisation to enter into contracts with an individual who is a member of his/her family;
- a decision made by a member, volunteer or employee of the Society in favour of a person, from whom he or she, or a person with whom he or she is related, received a gift.

6.5. A conflict of interest may be resolved by:

- withdrawal of a member, volunteer or an employee of the Society from performing a task/ executing an action/making a decision/participating in its adoption;
- prohibition of cooperation with contractors related to the member, volunteer or an employee of the Society;
- establishing additional control over the performance of a task/execution of an action/ making a decision/participation in its adoption;
- restriction of access of a member, volunteer or employee of the Society to certain information;
- revision of the scope of functional responsibilities of a member, volunteer or employee of the Society;
- transfer of an employee of the Society to a different position;
- in exceptional cases - termination of an employment contract with an employee of the Society, if the conflict of interest cannot be resolved in any other way, and the consequence of such conflict of interest is a corruption violation.

VII. RESTRICTIONS ON GIVING AND RECEIVING GIFTS

7.1. The Society allows the exchange of gifts with employees of counterparties provided that they are appropriate, proportionate and in compliance with the value limits established by the Ukrainian legislation and this Policy.

7.2. The Society allows to give gifts that meet the generally accepted concepts of hospitality to officials of Ukraine, provided that they are appropriate, except as provided for in clauses 7.4 and 7.6 of this section, if the value of such gifts does not exceed one subsistence minimum for able-bodied persons established on the day of acceptance of the gift, once, and the total value of such gifts received from one person (group of persons) during the year does not exceed two subsistence minimums established for able-bodied persons as of 1 January of the year in which the gifts were given.

7.3. The Society allows giving gifts to officials of foreign states and international organisations, provided that they are appropriate and subject to the limits established by this Policy.

7.4. The Society prohibits members, volunteers and employees of the Society from offering and giving gifts directly or through other persons to officials of Ukraine, officials of foreign states and international organisations or persons with whom they have family ties, in connection with the performance by such persons of activities related to the fulfilment of functions of the state, local self-government or international organisation.

7.5. The Society allows members, volunteers and employees of the Society to accept gifts from officials of Ukraine, officials of foreign states and international organisations, subject to the value and other restrictions established by this Policy.

7.6. The members, volunteers and employees of the Society are prohibited from receiving, giving or offering gifts if they are intended to or create an impression among others of the recipient's inducement or obligation to act or to not act for the benefit of the person offering, promising or providing such a gift or in the interests of a third party.

7.7. In the event of receipt of an inappropriate or excessively expensive gift, a member, volunteer or an employee of the Society shall refuse, or refuse and return such gift.

7.8. A gift is considered appropriate if it:

- does not contradict generally accepted moral norms and ideas about hospitality;
- does not contradict the legislation;
- is not intended to induce improper execution of duties;
- is given and accepted openly;
- is given and accepted on the occasion of generally accepted (New Year, Christmas, Easter or professional holidays);
- complies with the value limits outlined in this Policy.

7.9. Members, volunteers and employees of the Society may accept and/or give (except as provided in clause 7.2 of this section) gifts if the value of such gifts does not exceed USD 250 in the UAH equivalent at the exchange rate of the National Bank of Ukraine on the date of acceptance/giving.

7.10. Acceptance and offering of monetary gifts is prohibited.

7.11. The restrictions on gifts provided for in clauses 7.2, 7.9 and 7.10 of this section do not apply to gifts that are:

- given by persons with whom they are related;
- received as public discounts on goods, services, public winnings, prizes, bonuses, bonuses.

7.12. The Society may incur hospitality expenses, which include expenses related to:

- holding an official reception of the persons referred to in subparagraph 13 of paragraph 2.1 of Section II of this Policy (breakfast, lunch, dinner) transport support;
- cultural programme events;
- buffet service during negotiations;
- payment for the services of an interpreter who is not an individual who performs work or provides services under an agreement with the Society;
- payment for lodging;
- expenses for booking hotel rooms in the amount of 50% of the room rate per day;
- providing souvenirs (pens, notebooks, diaries, etc.) to the participants of the event, which usually bear the Society's logo or name, contact information about the Society or information about its activities.

Such expenses shall be incurred in accordance with the approved budget.

7.13. Participation of members, volunteers and employees of the Society in hospitality events organised by the Society or government and local authorities of Ukraine, foreign states, international organisations are not considered to be a gift in accordance with the subclause 12 of clause 2.1 of section II of this Policy.

VIII. PRINCIPLES OF COOPERATION WITH COUNTERPARTIES

- 8.1.** Any cooperation with counterparties must be documented.
- 8.2.** The cost of goods, works and services must be in line with market terms and be justified in relation to the Society's needs.
- 8.3.** Payment for goods, works and services received from counterparties must be duly recorded in the Society's accounting system and reflected in the reports.
- 8.4.** The Society carries out, in accordance with the procedure set out in the Procurement Instruction, a mandatory check of the reputation and reliability of potential counterparties in order to identify in advance the factors that may have negative consequences for the Society.
- 8.5.** When procuring goods, works and services, members of the governing bodies of the Society and its organisations, the General Director of the National Committee of the Society, his/her deputies, other employees of the Society shall comply with the requirements of the Instruction on procurement and the decisions of the governing bodies of the Society on procurement.
- 8.6.** The Society prohibits the use of cash as payment for goods, works and services, except in cases of emergency and when cashless payment is not possible.

Any payment for goods, works and services received is made by the Society to the bank account details specified in the contract with the counterparty or in accordance with the invoice issued by the counterparty.

IX. MEASURES TO PREVENT CORRUPTION AND FRAUD

9.1. In order to prevent and resolve conflicts of interest, the Society demands a submission of a conflict of interest declaration:

- by each member of the governing body of the Society or its organisation – upon election to the position;
- by each employee of the Society – when hiring, changing their position, as well as transferring them to another job within the Society;
- by each person who provides services to the Society under a civil law contract – when signing the contract;
- by the General Director, Deputy General Directors, heads of departments, heads of divisions and sectors that are not part of departments, employees of procurement units of the Society's National Committee – annually, by 31 March;
- directors of enterprises, institutions and organisations established by the Society and its organisations, their deputies – annually, by 31 March;
- accountants and other employees of the financial departments of the National Committee of the Society, the Society's organisations, their separate subdivisions, enterprises, institutions and organisations established by the Society and its organisations – annually, by 31 March;
- in the event of a situation containing signs of a conflict of interest – immediately.

9.2. Assessment of declarations and circumstances containing signs of a conflict of interest, provision of conclusions and recommendations on the settlement of conflicts of interest shall be carried out by the Compliance department of the National Committee of the Society.

9.3. Conflict of interest declarations must be submitted in accordance with the form provided in the Appendix.

9.4. Conflict of interest declarations must be submitted by:

- members of the Management Board of the Society, members of the boards of its separate subdivisions, directors of enterprises, institutions and organisations established by the Society and their deputies, the General Director, Deputy General Directors, heads of departments, heads of sections and sectors that are not part of departments, employees of procurement units, accountants and other employees of the financial unit of the National Committee of the Society, other individuals who perform work or provide services in accordance with an agreement with the National Committee of the Society – to an authorised person of the Personnel Development Unit of the National Committee of the Society;
- members of the governing bodies of local organisations of the Society – to the chairmen of the respective regional and Kyiv city organisations of the Society;
- accountants and other employees of financial departments of the Society's organisations, their separate subdivisions, other individuals performing work or rendering services in accordance with the agreement with the Society's organisations, directors of enterprises, institutions and organisations established by the Society's organisations, their deputies – to the heads of the relevant Society's organisations.

9.5. In case of being offered to receive a gift that does not meet the criteria of relevance or exceeds the value limit established by the Society, a member, volunteer or employee of the Society must politely refuse to receive such a gift.

9.6. In case of receipt of an improper gift without consent (for example, courier delivery, bank or mobile money transfers) or discovery of a gift in his/her office or residential premises, car, etc., a member, volunteer or employee of the Society must:

- immediately, but no later than one working day, notify his/her immediate supervisor in writing;
- if possible, take measures to return the gift.

An act shall be drawn up on the discovery of property that may be an improper benefit or a gift, which shall be signed by the person who discovered the improper benefit or gift and his/her immediate supervisor or the head of the relevant organisation, body, enterprise or institution, the Society.

If the property that may be an improper benefit or a gift is detected by a person who is the head of an organisation, body, enterprise or institution of the Society, the act on detection of property that may be an improper benefit or a gift shall be signed by this person and a person authorised to perform the duties of the head of the relevant organisation, body, enterprise or institution of the Society, in case of his/her absence.

9.7. Commercial contracts to which the Society is a party shall contain an anti-corruption clause confirming that the Society, its organisations, enterprises and institutions established by the Society and its organisations comply with this Policy and require the same from counterparties.

9.8. Agreements on volunteer activities shall contain an anti-corruption clause confirming compliance by the Society, its organisations with this Policy and requiring the same from the Society's volunteers.

9.9. The Compliance Department of the National Committee of the Society shall provide members, volunteers and employees of the Society with oral and written consultations on conflicts of interest, gifts, participation in representative events, prevention of corruption and fraud.

X. NOTIFYING ABOUT CORRUPTION VIOLATION

10.1. The Society shall create special communication channels, the 'Integrity Line' for whistle-blowers to report real or possible facts of corruption violations or suspicions of corruption violations committed by the members, volunteers, employees of the Society or counterparties.¹

10.2. The reports shall be substantiated and contain information that the whistle-blower considers to be true and believes to be accurate..

10.3. The report shall be subject to consideration if the information provided in it concerns specific persons and contains factual data indicating a possible corruption violation or suspicion of its commission that can be verified.

10.4. A whistle-blower may be held liable for reporting falsified or knowingly false information.

10.5. When reporting a corruption violation, the whistle-blower should provide as much details and evidence that may directly or indirectly indicate the actual circumstances and the basis for his or her suspicion, as possible.

10.6. The whistle-blower has the option to report about a violation or suspicion of violation anonymously.

At the same time, the Society recommends that whistle-blowers leave their contact details to ensure that more detailed information can be obtained when considering the report.

10.7. The Society undertakes to review each report of corruption violations and provide feedback in accordance with the Feedback Policy. The procedure for processing and verifying reports is determined by a separate procedure.

10.8. Based on the results of the preliminary review of a report of a corruption violation, a special inspection and/or an internal investigation may be appointed to confirm or refute information about the fact of its commitment, identify the perpetrators, the reasons for its commitment, the conditions that contributed to its commitment, or to refute suspicions that a person has committed a corruption violation in accordance with the Society's Charter and local regulations.

¹ Until the Society establishes the 'Integrity Line', the reports of whistle-blower will be accepted through the Information Centre's communication channels:
Phone number: 0 800 332 656
e-mail: sos@redcross.org.ua

XI. MEASURES TO PROTECT AND PRESERVE CONFIDENTIALITY OF WHISTLE-BLOWER INFORMATION

11.1. Any data that makes it possible to identify a whistle-blower shall be treated as confidential information and protected in accordance with the laws of Ukraine.

11.2. Persons involved in processing a report of a corruption violation, verifying the data specified therein, conducting a special inspection and/or an internal investigation guarantee the confidentiality and non-disclosure of the whistle-blower's personal data.

11.3. The Society recommends that whistle-blowers do not distribute information about the report, the process and/or results of the special inspection and/or internal investigation.

11.4. In the event of disclosure of the whistle-blower's personal data and information regarding the report, the Society shall immediately take measures to avoid negative consequences for the whistle-blower related to such disclosure.

11.5. The Society may impose disciplinary measures on persons guilty of disclosing data about the whistle-blower and information about the report.

11.6. The Society prohibits and condemns any manifestations of persecution of a whistle-blower and/or retaliation for reporting a corruption violation, in particular through the following actions:

- verbal harassment;
- cyberbullying;
- offensive gestures or actions;
- intimidation;
- isolation;
- damage and other actions with property;
- demand to take any actions within the framework of an investigation and/or relations with the Society or third parties.

11.7. In case of detection of facts of persecution of the whistle-blower, attempts to retaliate against him/her, any other actions aimed at influencing the investigation and/or its outcome, the Society will take measures to bring the persons responsible for violation of the whistle-blower's rights to justice and/or terminate relations with the perpetrators.

11.8. A whistle-blower who is a member, volunteer or employee of the Society shall not be dismissed from being a member or a volunteer of the Society, dismissed or forced to resign from work, subjected to other negative measures of influence or be threatened to become subject of such measures of influence, or held liable in connection with the report of a corruption violation.



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