

Mercy Corps Anti-Corruption Policy

Rev. November 28, 2012

1. Scope of Policy

This policy applies to:

- 1.1. Mercy Corps Global and Mercy Corps Europe, their subsidiaries and affiliate organizations (collectively “**Mercy Corps**”);
- 1.2. Members of Mercy Corps’ Boards of Directors, officers, management, employees, seconded employees, interns and volunteers (collectively “**Employees**”); and
- 1.3. Subgrantees, partner organizations, contractors, outside experts (including attorneys), consultants, agents, representatives and any other organization or individual that acts on Mercy Corps’ behalf or at Mercy Corps’ direction (collectively “**Partners**”).

2. Policy Statements

- 2.1. Mercy Corps expects all Employees and Partners to adhere to the highest standards of accountability, which requires honest and ethical conduct. Mercy Corps expects management to cultivate a culture that supports and strengthens commitment to these high standards.
- 2.2. Mercy Corps prohibits and takes a zero tolerance stance towards all forms of Corruption, including Fraud, Theft, Embezzlement, unapproved Conflicts of Interest, False Claims, and Bribery. Employees who engage in or Assist any form of Corruption will be subject to discipline, up to termination, and may be subject to criminal prosecution. Partners will be in breach of their agreement with Mercy Corps and may have their agreements terminated, be prohibited from working with Mercy Corps in the future and/or be subject to criminal prosecution.
- 2.3. Mercy Corps requires all Employees and Partners and encourages all beneficiaries to immediately report incidents of Corruption. Mercy Corps will review all such reports to determine credibility and will investigate any Credible Evidence of Corruption and ensure appropriate resolution. Mercy Corps will not tolerate any form of retaliation against Employees, Partners or beneficiaries who report suspected incidents of Corruption in good faith. Mercy Corps will not tolerate abuse of the reporting systems. For example, Mercy Corps will not tolerate reports brought with knowledge that they are false and in bad faith.

- 2.4. Mercy Corps will report Credible Evidence of Corruption to the appropriate authorities and to the donor as required by its donors or by law, or, if not required, as Mercy Corps determines appropriate. Mercy Corps will cooperate with investigators and law enforcement in ensuring those responsible are held accountable.

3. Required Processes and Procedures to Ensure Compliance

Mercy Corps ensures compliance with this policy through appropriate processes and procedures, including:

- 3.1. Communicating this policy to Employees and making this policy part of its employment codes of conduct;
- 3.2. Maintaining a comprehensive financial control system, which ensures that all expenses are properly accounted for;
- 3.3. Maintaining a Corruption reporting hotline, which allows Employees to report incidents of Corruption anonymously, and ensuring Employees are aware of the hotline and how to use it;
- 3.4. Maintaining a process detailing how incidents of Corruption are to be reported, reviewed, investigated and resolved in a systematic manner;
- 3.5. Maintaining a Corruption incident register to identify and monitor trends and ensure incidents are reported to the Audit Committees;
- 3.6. Conducting training on this policy for all Employees;
- 3.7. Requiring all Employees to certify that they have understood this policy and are compliant with it;
- 3.8. Requiring its Partners to commit in writing to act in accordance with the Policy Statements in this policy and to report to Mercy Corps any incidents of Corruption that (1) involve or are related to resources provided by Mercy Corps' resources or (2) Mercy Corps' Employees;
- 3.9. Conducting appropriate due diligence and monitoring of Partners to ensure they are not violating their commitments under this policy; and
- 3.10. Continually reviewing its policies and procedures related to Corruption prevention and financial controls to ensure they are improved when necessary.

4. Definitions

- 4.1. **“Assist(ing),”** as that term is used in the policy statement section of this policy, means: (1) taking any act with the intention that it assists another persons' violation of this policy; (2) failing to take action to inquire further or prevent a violation of this policy if you know of Credible Evidence that the violation will occur or has occurred (“willful

ignorance”); or (3) participating in any way in an attempt to conceal or cover-up a violation of this policy.

- 4.2. **“Bribe(ry)”** has the meaning provided in Mercy Corps’ Anti-Bribery Policy.
- 4.3. **“Conflict of Interest”** refers to a situation where a person, or their immediate family, has a personal, professional or business interest that conflicts with, or may give the appearance of conflicting with, the best interests of Mercy Corps.
- 4.4. **“Corruption”** means any act meeting the definition of Fraud, Theft, Embezzlement, unapproved Conflicts of Interest, False Claims, or Bribery.
- 4.5. **“Credible Evidence”** means evidence that a reasonable person would believe reliable under the circumstances.
- 4.6. **“Embezzlement”** means an intentional and unauthorized keeping of any form of property or funds by a person whose initial possession of the property or funds was authorized but who was not authorized to keep such property or funds for personal purposes.
- 4.7. **“Employee”** means members of Mercy Corps’ Boards of Directors, officers, management, employees, seconded employees, interns and volunteers.
- 4.8. **“False Claim”** means knowingly presenting, or causing to be presented, a false or Fraudulent claim for payment or required approval. In some circumstances, such as when an Employee or Partner personally benefits from the mistake or when there is a legal obligation to correct a known mistake, False Claims might include failing to correct a mistake after learning that the mistake made the claim false.
- 4.9. **“Fraud”** means knowingly providing a false fact that deceives and is intended to deceive another so that the individual will act upon it to the individual (or the individual’s employer’s) detriment. In some circumstances, such as when the Employee personally benefits from the mistake or when there is a legal obligation to correct a known mistake, Fraud might include failing to correct a mistake of fact after learning of the mistake.
- 4.10. **“Mercy Corps”** means Mercy Corps Global and Mercy Corps Europe, their subsidiaries and affiliate organizations.
- 4.11. **“Partner”** means subgrantees, partner organizations, contractors, outside experts (including attorneys), consultants, agents, representatives and any other organization or individual that acts on Mercy Corps’ behalf or at Mercy Corps’ direction.
- 4.12. **“Theft”** means the unauthorized taking of any form of property or money.

5. Policy Administration

Responsibility for ensuring this policy remains up-to-date and compliant and is monitored and enforced rests with Mercy Corps’ Chief Financial Officer and Mercy Corps Europe’s Director of Finance.

6. Approved Policy

This policy was approved by the Mercy Corps Board of Directors on October 18, 2012 and Mercy Corps Europe Board of Directors on November 6, 2012. This policy may only be amended or changed with the approval of the Board(s).
