Fairtrade Australia & New Zealand
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Fairtrade Australia & New Zealand

Anti-Fraud and Corruption Policy

1. Purpose

The purpose of this policy is to:

- articulate Fairtrade Australia and New Zealand's (ANZ) rejection of all forms of corruption and fraud, and its commitment to the highest standards in the conduct of all its operations
- establish controls for all Fairtrade ANZ's personnel regarding the identifications and prevention of corruption and fraudulent activity
- ensure Fairtrade ANZ's operations and activities are conducted in an accountable, transparent and ethical manner.

2. Related Policies

- Control of Funds Policy
- Counter-terrorism Policy
- Procurement Policy
- Whistleblowing Policy

3. Related Legislation

Australia: Criminal Code Act 1995, National Anti-Corruption Commission Act 2022

New Zealand: Crimes Act 1961, Anti-money laundering and Countering Finance of Terrorism Act 2009

4. Scope

The policy applies to:

- all personnel and associates of Fairtrade ANZ, including permanent, fixed-term and casual employees, contractors, interns, volunteers and Board and Committee members
- all personnel, partners and subcontractors that are engaged by Fairtrade ANZ
- all Fairtrade ANZ funded projects (both in Australia, New Zealand and overseas), including their management, staff, volunteers and governing authorities.

5. Policy

Fairtrade ANZ's commitment:

5.1 Fairtrade ANZ has zero tolerance for fraud, corruption and bribery

5.2 all incidents of suspected or known fraud, corruption and bribery must be reported and will be assessed and, as appropriate, investigated. Fairtrade ANZ will pursue rigorously disciplinary and other actions against perpetrators of fraud, including recovery of financial loss suffered by Fairtrade ANZ

5.3 Fairtrade ANZ is committed to preventing, identifying and addressing all acts of fraud, corruption and bribery against Fairtrade ANZ, through raising awareness of the fraud risks, implementing controls aimed at preventing and detecting fraud and corruption, and enforcing this Policy

5.4 Fairtrade ANZ acknowledges that it is a criminal offence under Australian and New Zealand law to commit or support corrupt or fraudulent activities, including bribery. These criminal offences for Australia are primarily set out in the Criminal Code Act 2002. For example Part 7.6 -- Bribery and related offences, highlights the illegality associated with bribery. On the other hand, in NZ the Crimes Act 1961 sets out provisions making it illegal to conduct fraud or corruption. Fairtrade ANZ also has an obligation to all stakeholders to ensure that monies used and distributed by Fairtrade ANZ are used only for their articulated purposes and processes

5.5 Fairtrade ANZ is committed to maintaining a culture of honesty and will not tolerate fraud or corruption in any aspects of its operations, including within its operations in Australia and New Zealand, and in the manner Fairtrade ANZ projects are delivered overseas by partner organisations.

6. Procedures - Fraud and Corruption Prevention Measures

6.1 **Awareness.** Board members, employees, consultants, contractors, volunteers and implementation partners must be aware of their responsibility to prevent fraud and corruption. The CEO and senior managers must ensure all employees as well as consultants, contractors, volunteers and implementation partners re aware of the requirements of this Policy, and reiterate the duty to all Fairtrade personnel and implementation partners to report instances of fraud and corruption.

All employees must be vigilant in monitoring irregularities and the risk of fraud. Where employees are concerned about the level of fraud or corruption risk internally or within a project or service agreement activity, they may consult with their manager or the CEO of Fairtrade ANZ for consideration as to whether investigation or further assessment is required. The additional assessment aims to identify and control an existing (but yet unidentified) risk of fraud, dishonest practice or financial irregularity.

6.2 **Internal Processes.** Fairtrade ANZ has established processes under ts Control of Funds Policy and its Counter-Terrorism Policy which are designed to assist to protect its funds from the risk of fraud and corruption in Australia, New Zealand and in the developing countries where its projects it funds are located.

6.3 **Building Fraud Prevention into Programmes and Project Design.** In order to reduce the risk of fraud and corruption in its overseas projects, Fairtrade ANZ will:

- seek to work with partnership organisations that can demonstrate a positive track record with open and transparent processes
- identify and assess the risks in their programme or project areas, including the risk of fraud and corruption, and apply mitigating measures, taking due account of the level of risk involved
- communicate its zero-tolerance attitude towards fraud and corruption to all partner organisations and as part of all partner agreements
- incorporate mechanisms for fraud and corruption prevention into partnership agreements (such as regular milestone reporting and staged payments)

- maintain regular monitoring of all projects and ensure that Fairtrade ANZ employees, liaison officers and project managers are alert to guarding against fraudulent and corrupt practices
- where appropriate, support its partner organisations and producer organisations in implementing financial and governance policies and procedures that assist in reducing the risk of fraud and corruption.

7. Reporting and Investigations

7.1 Fairtrade ANZ will investigate all suspected acts of fraud and corruption in accordance with the process in the Fairtrade ANZ Complaints Handling and Whistleblowing Policy. All proven fraud and corruption will constitute grounds for dismissal (for employees) or termination (for partner organisations).

7.2 All Fairtrade ANZ employees staff and in-country liaison officers and project managers who suspect corruption of the commission of fraud must report their suspicions to their immediate supervisor or manager, or the CEO, immediately. Any suspicion of fraud and/or corruption or fraud related to the CEO should be reported to the Chair of the Fairtrade ANZ. Board.

7.3 The CEO is responsible for investigating all reported instances of suspected fraud or corruption or fraud. Reports of suspected corruption or fraud will be handled confidentially and the identity of the person making the report will not be revealed to the accused without their consent.

7.4 The CEO will inform the Fairtrade ANZ Board of any reports of suspected fraud and/or corruption or fraud, actions taken and the resolutions (if any) at the next Board meeting following receipt of the report or of sooner should the case be deemed serious.

7.5 Allegations of fraud, if substantiated any investigation, may result in disciplinary and/or administrative actions by Fairtrade ANZ.

7.6 Serious cases of fraud, whether suspected or proven, will be reported to the appropriate authorities in Australia, New Zealand or as appropriate in the overseas country.

7.7 Requests for confidentiality by persons making a complaint will be honoured to the extent possible within the legitimate needs of the investigation, following the Whistleblowing Policy. All investigations undertaken by the CEO will be confidential. Information will only be disclosed as required by the legitimate needs of the investigation.

8. Responsibilities

8.1 Fairtrade ANZ's Board of Directors have the ultimate responsibility for the prevention and detection of corruption and fraud and is responsible for ensuring that there are appropriate and effective internal control systems.

8.2 Fairtrade ANZ's CEO is responsible for:

- investigating reported instances of corruption and fraud;
- explaining this Policy to all Fairtrade ANZ's employees and volunteers, including as part of the induction process for new employees; and
- ensuring that all employees and partner organisations carry out the procedures here included to minimise the risk of supporting terrorist organisations or individuals or supporting corrupt or fraudulent practices.

8.3 Fairtrade ANZ managers and supervisors are responsible for:

- assessing the risk of corruption and fraud within their area of responsibility;

- communicating this Policy to all partner organisations and ensuring that partner organisations communicate this policy to their board members, employees, volunteers and contractors implementing funds and development programmes, to aid compliance with this Policy funded by, or through Fairtrade ANZ.
- facilitating the reporting of suspected corruption and fraudulent activities.

8.4 All employees, volunteers and contractors are responsible for complying with this Policy.

9. Document Control

This Policy is available in the shared Fairtrade ANZ drive for all employees and it also on its website. A copy of this policy will be provided to any person or organisation on request.

10. For Further Information

For more information, contact info@fairtrade.com.au or info@fairtrade.org.nz

11. Approval and Review

This Policy will be reviewed once every three years.

Last Approved by the Board: August 2024

Scheduled Review date August 2027

1. Appendix 1: Examples of Corruption and Fraud

Examples of corruption, fraud and other dishonest behaviour include (but are not limited to) the following:

- Forging documents, preparing false entries in Fairtrade ANZ systems or making false statements to obtain a financial or other benefit for oneself or others
- Collusion or any other anti-competitive scheme between suppliers during a procurement process
- Providing information in relation to an insurance claim or another entitlement that the claimant knows to be false
- Using another's IT identity or password, or creating a false identity or password, without the consent of authority in order to manipulate Fairtrade ANZ's processes or cause the approval or denial of actions
- Improper payments prohibited by the Policy, including bribes, kickbacks, excessive gifts or entertainment, or any payment made or offered to obtain an undue business advantage. These payments should not be confused with reasonable and limited expenditures (as agreed with the CEO or relevant manager) for gifts, business entertainment and other legitimate activities directly related to the conduct of Fairtrade ANZ's business
- Failing to disclose a financial or familial interest in a business or outside party while participating in the award or management of a contract to the benefit of that business or outside party
- Processing the cost of personal travel as part of an official travel
- Making misrepresentations, including educational credentials or professional qualifications, on a personal history form in the context of a job application
- Falsifying documents, making false statements, preparing false entries in Fairtrade ANZ's systems or other deceptive acts to the detriment of someone, to disfavour or to discredit a person, programme or the organisation
- Payments securing an improper advantage, including a decision to select Fairtrade ANZ to provide any products or services, or to provide Fairtrade ANZ with more preferential terms, including, but not limited to, providing any confidential, proprietary or competitor information that may provide Fairtrade ANZ an improper advantage
- Payments to influence any act or decision of a government or third-party employee in their official capacity
- Payments to induce a government or certification organisation or third-party employee to perform or fail to perform any act
- Payments inducing a government employee to use their influence with a government or government instrumentality to affect or influence any act or decision of a government or instrumentality
- Payments inducing a government employee to perform a routine duty or service, commonly referred to as 'facilitation payments.
- Fraud also includes actions taken via the internet through "activities like phishing, credit card fraud, and identity theft that aim to deceive individuals for financial gain."
- Non-cash misappropriation which occurs when a person takes company goods or any other physical assets and uses the assets for their personal benefits
- Expense reimbursement fraud in which false or inflated claims for reimbursement of work-related costs
- Payroll fraud which refers to when an employee deceives the HR department in order to receive the payment they haven't earned

2. Appendix 2: Definitions

Corruption

Corruption is the abuse of power for private gain. This includes financial corruption such as fraud, bribery and extortion and also non-financial forms such as the diversion of aid to non-target groups, the allocation of resources in return for favours and the preferential treatment of family and friends. These practices may be associated with coercion and intimidation of staff or beneficiaries who decline to participate in corruption.

Fraud

Fraud is dishonestly obtaining a benefit or causing a loss by deception or other means. This includes (but is not limited to):

- misappropriation of funds, supplies or other assets, including the use of assets for private purposes
- falsifying costs or expenses or forgery, falsification or alteration of documents
- providing false or misleading information or failing to provide accurate information where there is an obligation to do so
- seeking or accepting cash, gifts or other benefits from third parties in exchange for preferential treatment or personal benefit
- Corruption or abuse of position.

Bribery

Bribery is the act of promising, giving, receiving or agreeing to receive money or some other item of value with the corrupt aim of influencing a public official in their discharge of their duties.