



Policies and Procedures Reference No.	COMPL-01.4
Policy Title	Zero Tolerance Policy for Fraud, Bribery, and Corruption
Category	Big 9 Policies
Author	Chief Compliance Officer
Vice President with Oversight	Vice President and General Counsel
Approver	Senior Management Team
Purpose and Description	These policies and related procedures describe Save the Children's zero tolerance approach to fraud, bribery, and corruption and reinforces our commitment to the highest standards of corporate governance, fiduciary duty, responsibility, and ethical behavior.
Compliance Requirement	☒ Statute: Foreign Corrupt Practices Act, 15 U.S.C. §§ 78dd-1, et seq. ☒ Regulation: 48 C.F.R. § 9.4; 2 C.F.R. § 200.113 ☒ Industry Standards: USAID Fraud Prevention and Compliance Standards; Transparency International Handbook of Good Practices: Preventing Corruption in Humanitarian Operations Circumstances ☐ Not Applicable
Audience	☒ SCUS ☒ All Head Start ☒ SCAN ☒ Sub-awardees, partners, vendors, suppliers, consultants and others with whom we provide assets in exchange for services or products (collectively, "Partners")
Effective date	May 5, 2015
Revision date	March 5, 2018
Retirement Rationale	N/A

POLICIES

1. Zero Tolerance Policy

Save the Children Federation Inc., Save the Children Action Network, and Save the Children Head Start (collectively, “SCUS”) are committed to the highest standards of corporate governance, fiduciary duty, responsibility and ethical behavior. Fraud, bribery, and corruption go against our core values of Accountability, Ambition, Creativity, Collaboration, and Integrity, diminish our impact for children, undermine the viability of our organization, and breach the trust placed in us by our donors.

SCUS has a **zero tolerance** policy with respect to fraud, bribery, corruption, and other forms of corporate dishonesty in its programs and operations. For the purposes of this policy, the following definitions apply:

- **Fraud** – Any act or omission that intentionally misleads, or attempts to mislead, another party in order to obtain a financial or other benefit or to avoid an obligation.
- **Bribery** – Giving, paying, promising, offering, or authorizing the payment of anything of value to any party to influence any person or entity to act improperly.
- **Corruption** – The use or abuse of one’s authority or position within Save the Children for private gain.

Conduct that constitutes fraud, bribery, or corruption includes, but is not limited to, the following:

- **Abuse of a Position of Trust** – The improper use of one’s position within SCUS or a connected organization to materially benefit oneself or any other party (*e.g.*, intentionally providing confidential material – such as the contents of a tender process – to a third party).
- **Bank or Check Fraud** – The dishonest manipulation of any banking system or record (*e.g.*, a check, bank statement, or electronic transfer).
- **Brand Fraud** – The use of Save the Children’s name, branding, or documentation for unauthorized or illegitimate ends.
- **Corruption of Government Officials** – Giving gifts to Government Officials in violation of applicable laws and/or gifts and ethics rules or making payments that are not required by law to Government Officials or to another person at the request of the Government Official. This includes so-called “Facilitating Payments.”
- **Embezzlement** – The misuse of funds, property, resources, or other assets that belong to SCUS or a connected organization or individual for personal gain.
- **Expenses Fraud** – The dishonest use of the expenses system to pay money or other benefits to which the recipient is not entitled or the falsification of expense reimbursement reports.
- **False Accounting** – The deliberate entry of false or misleading information into any form of accounting or financial record or the deliberate omission of relevant information, including maintaining “off-book” accounts.



- **Forgery or Falsification of Documents** – The dishonest creation, alteration, signing, or use of all or any part of a document, including without limitation contracts, reports, or other records.
- **Paying or Receiving Kickbacks** – Payments improperly made to an individual by a supplier or vendor, usually in exchange for unduly providing a business advantage or benefit to the supplier or vendor.
- **Money Laundering** – The concealment of illegally obtained money.
- **Nepotism or Patronage** – The improper use of one’s employment to favor or materially benefit friends, relatives or other associates.
- **Payroll Fraud** – The manipulation of the payroll system to make unauthorized payments to oneself or another.
- **Procurement Fraud** – Any dishonest behavior relating to procurement or tendering process, (e.g., falsely creating bids or quotes, sharing confidential procurement-related information with third parties, paying for product that does not meet the description of the product SCUS contracted to purchase, or agreeing to requests for false invoices).
- **Supply Chain Fraud** – The misdirection or theft of goods, forging of stock records, or creation of fictitious companies through which to channel payments.
- **Tax or Duty Evasion** – The avoidance of paying a tax or other duty that one is aware should be paid.
- **Theft** – The taking of anything of value that belongs to another.
- **Undisclosed Conflicts of Interest** – Failing to disclose accurate and complete information about personal or financial interests, commitments, or loyalties that relate to one’s duties at Save the Children.

2. Compliance with Applicable Laws and Regulations

SCUS’s policy is to comply with all applicable laws pertaining to fraud, bribery, and corruption, including the Foreign Corrupt Practices Act (FCPA) and relevant donor requirements pertaining to fraud reporting and investigations. In the event of any perceived difference between the requirements of this Policy and any legal requirement, SCUS should always act in accordance with the highest applicable standard. For a detailed discussion of the FCPA, see Annex A.

3. Prevention and Detection of Fraud, Bribery and Corruption

In addition to personally refraining from the types of conduct prohibited above, all SCUS employees are responsible for taking appropriate steps to prevent, deter, and detect fraud, bribery, and corruption within their areas of responsibility. As set forth in Procedure II, SCUS employees should consider fraud, bribery, and corruption risks at the outset of new programs, operations, or other significant activities and take reasonable steps to mitigate those risks (in coordination with SCI, where appropriate). All SCUS employees and, especially Managers, must routinely monitor program activities and operations for any irregularities that could suggest the presence of fraud, bribery,

corruption, or corporate dishonesty and report any concerns in compliance with the procedures set forth below.

4. Reporting Requirements and Whistleblower Protections

As detailed in Procedures III and IV, all SCUS employees or Partners who suspect any type of behavior that is inconsistent with this Policy is occurring, may have occurred, or may occur must report it to their manager, the Legal Department, or through SCUS's anonymous hotline: <http://savethechildren.ethicspoint.com>. As indicated in Procedure V, reports of misconduct or concern may be made without fear of harassment, demotion, dismissal, disciplinary action, remedial action, suspension, threats or any method of retaliation by any party. SCUS will not tolerate any retaliation against an employee for making an allegation of fraud, bribery, or corruption in good faith.

5. Accountability of SCUS Management

As stated in Procedures VI and VII, SCUS Management is committed to taking all appropriate disciplinary, legal, and other corrective action in light of any findings of fraud, bribery, or corruption and to taking steps following any incidents of fraud, bribery, or corruption to review controls and protocols to identify and address any gaps or weaknesses in our procedures or, where relevant, our Partners' procedures.

6. Seeking Guidance About this Policy

The SCUS Chief Compliance Officer oversees and manages SCUS's anti-fraud and anti-corruption compliance efforts, and is responsible for the administration of this Policy. Any questions or concerns regarding topics covered in this Policy may be directed to your manager or the Chief Compliance Officer.

PROCEDURES

#	Procedure/ Action
I. General Compliance with the Zero Tolerance Policy	
1.	At the time of their onboarding or as directed by their managers, all SCUS employees must receive training on the contents of this Policy and certify that they have read and agree to comply with all provisions of this Policy. The certification may be submitted through an online training course.
2.	SCUS Employees in positions with internal control responsibilities (e.g., legal, compliance, risk management, finance, procurement, and internal audit) will receive trainings associated with detecting, preventing, reporting, investigating, and addressing fraud, bribery, and corruption relating to these particular areas, as requested by their manager.
3.	SCUS employees are encouraged to seek guidance from managers, relevant departments (e.g., Finance or Human Resources), or the Chief Compliance Officer any time questions arise about fraud, corruption, and bribery.



II. Prevention and Detection of Fraud Bribery and Corruption	
1.	All SCUS employees must be alert to potential fraud, bribery, or corruption risks in their area of responsibility and take reasonable steps to verify the accuracy of information in documents that they create or approve. If there is any reason to believe something is inaccurate in a document they are signing, distributing, or reviewing, SCUS employees have an obligation to find out whether it is inaccurate and correct it or report the inaccuracy.
2.	SCUS Division VPs shall ensure that potential fraud, bribery, and corruption risks arising from activities and business processes under their management are assessed and reasonably mitigated. Key areas of potential risk include: international and remote programming in locations with moderate to high corruption risk; procurement of goods and services; working with Partners (see Procedure IV, below); conflicts of interest; providing and receiving hospitality, including gifts, meals, entertainment, travel, and other benefits; and interactions with government officials or entities (see Annex A on the Foreign Corrupt Practice Act for information about interactions with foreign officials).
3.	Resources to assist SCUS staff in assessing and mitigating fraud risks in their areas of responsibility are included in Annex B and are available on the Legal site on SaveNet.
III. Employee Reporting of Fraud, Bribery and Corruptions Concerns	
1.	SCUS employees must promptly report any information or suspicion concerning fraud, bribery, or corruption in SCUS's programs or operations (including those implemented by Save the Children International (SCI) on our behalf) through one of the reporting mechanisms: • Consistent with the <i>Policy on Resolving Employee Grievances and Reporting Possible Agency Policy Violations or Other Misconduct</i>, SCUS employees may report the matter to their direct managers or the Senior Manager of their Team or Department, who will refer the matter to the Chief Compliance Officer. • If an SCUS employee has any concern about reporting through their Team or Department Management, they can report the matter to the Legal Department directly via hotline@savechildren.org • SCUS employees also may file an anonymous report: ○ online at http://SavetheChildren.EthicsPoint.com or ○ via phone +1 (844) 287-1892 in the United States. If you are outside of the United States and would like to report by phone, go to http://SavetheChildren.EthicsPoint.com for a full listing of contact numbers by country.
2.	Information or suspicion concerning fraud, bribery or corruption must be reported by SCUS employees through one of the above mechanisms regardless of whether the suspected incident occurred in the U.S. or overseas in an SCI or other partner office. If/as relevant, the Chief



	Compliance Officer will inform SCI of allegations involving its programs, offices, staff and/or assets.
3.	Failure to report a reasonable suspicion of fraud, bribery, or corruption in accordance with this Policy will be treated as a serious issue and may result in disciplinary action being taken.
4.	Reports should be factual and include as much detail as possible so that SCUS can properly assess the nature and extent of the allegations. Reports will be treated confidentially upon request, to the extent permitted by applicable legal requirements.

IV. Rules and Procedures for SCUS Partners (other than SCI)

1.	SCUS Budget Holders or Business Teams responsible for managing relationships with sub-awardees, vendors, suppliers, consultants and others to whom we provide assets in exchange for services or products ("Partners") should be alert to red flags indicating potential fraud, bribery, or corruption by the Partner and take reasonable steps to assess and monitor risks related to fraud, bribery, and corruption. Such monitoring can include exercising contractual audit clauses, ensuring commissioned work has been performed, ordered goods have been received before paying invoices, performing random site visits, and routinely checking inventory.
2.	SCUS's Partners shall receive and review this policy prior to executing their agreements with SCUS. The policy shall be provided to the Partner by the SCUS Department issuing the agreement to them.
3.	Agreements with SCUS Partners shall include provisions in which the Partner acknowledges this Policy, and agrees (1) to report any credible allegations of fraud, bribery, or corruption related to their work with SCUS, (2) cooperate fully with any investigation or inquiry by SCUS and its donors, and (3) reimburse SCUS for all liabilities, losses, costs, penalties, charges, or other amounts incurred by SCUS due to a violation or breach by a Partner of this Policy. Pre-approved language satisfying these requirements is set forth in Annex C. Any exceptions to this requirement must be approved in writing by the Legal Department.

V. Whistleblower Protections

1.	As set forth in SCUS's Code of Ethics and Business Conduct, every SCUS employee and Partner has the right to address ethical concerns in good faith without fear of retribution, including punishment or harassment from co-workers, managers, or SCUS management. Reports of concerns will be treated confidentially upon request, to the extent permitted by applicable law. SCUS forbids retaliation of any kind against employees and Partners who in good faith report potential or actual violations of this Policy. If working on a USG-funded award, SCUS employees and Partners are also afforded the employee whistleblower protections and rights provided under 41 U.S.C. § 4712.
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VI. Investigating and Remediating Allegations of Fraud, Bribery, and Corruption



1.	SCUS employees must cooperate fully with any investigation or inquiry by SCUS and preserve all records relating to any alleged fraud.
2.	The Chief Compliance Officer, his/her delegate, or the General Counsel is responsible for recording and reviewing all allegations of fraud, bribery, and corruption relating to SCUS activities and operations and determining the appropriate next steps.
3.	Unless otherwise directed by the Chief Compliance Officer or the General Counsel, credible allegations of fraud, bribery, and corruption shall be investigated as follows: • Consistent with the Master Programming Agreement between SCUS and SCI, credible allegations arising from SCUS's international programs implemented by SCI shall be investigated by SCI, with results reported to the Chief Compliance Officer; and • Credible allegations arising from SCUS's domestic programs and operations shall, at the request of the Chief Compliance Officer, be investigated by the Internal Audit Department with support from other SCUS divisions as appropriate, with the results reported to the Chief Compliance Officer. At the direction of the Chief Compliance Officer and/or the General Counsel, SCUS may assign additional staff to any investigation or retain an external party to conduct or assist in any investigation.
4.	The findings from any fraud, bribery, or corruption investigation conducted by SCUS shall be documented in writing and filed with the allegation. If the investigation identifies any misconduct by an employee or Partner of SCUS or any weakness in SCUS's internal controls, then the report shall include recommendations on how to respond, including measures to prevent or deter similar misconduct in the future.
5.	SCUS Management shall take timely and appropriate corrective action in response to any recommendations arising from a fraud, bribery, or corruption investigation. Such actions shall be documented in writing by Management and the management actions will be monitored by the Internal Audit Department with results reported to the CCO (unless another representative of Management, if this responsibility is delegated).
6.	As appropriate, the Chief Compliance Officer, his/her delegate, or the General Counsel shall provide notice and updates on fraud, bribery, and corruption allegations and investigations to relevant SCUS staff, SCUS's external auditors, and SCUS's Board of Trustees. In addition, and in accordance with applicable regulations and donor terms and conditions, the Chief Compliance Officer, his/her delegate, or the General Counsel shall provide notice and updates to SCUS donors, federal or state law enforcement agencies, and other persons or entities.
VII. Consequences for Violations	
1.	Participating in fraud or corruption can result in serious criminal, civil, and reputational, consequences for SCUS, for individual SCUS employees, and for SCUS Partners.



2.	Any SCUS employee who is found to have engaged in fraud, bribery, or corruption or to have known that fraud, bribery, or corruption was ongoing and not reported it in compliance with this policy and procedures shall be subject to disciplinary action up to and including separation from SCUS and to legal action by SCUS. SCUS may also disclose information concerning their identity and actions to donors, government regulators, enforcement agencies, and other entities.
3.	SCUS will also take appropriate remedial measures if any SCUS or SCI Partner is found to have engaged fraud, bribery, or corruption in their interactions with SCUS or SCI, including terminating the relationship with the Partner, barring them from participating in future work, and taking additional legal action where appropriate. SCUS may also disclose information concerning their identity and actions to donors, government regulators, enforcement agencies, and other entities.

TRAINING REQUIREMENTS

Training Course	Frequency	Training moment
Fraud, Bribery, and Corruption Awareness Training	Every 2 years	Initial training within three months of induction or, for current employees, within three months following promulgation of this Policy. Subsequent trainings will be provided according to agency training calendar.
Other trainings as directed by the Senior Management Team or Division Vice Presidents based on specific risks and responsibilities	To be decided on a case-by-case-basis	To be decided on a case-by-case-basis

MONITORING MECHANISMS

What are you monitoring?	Data source	Action Owner	Escalation levels	Frequency
Policies and procedures are being communicated	Certifications on file with Human Resources	Policies and Procedures Management	Vice President of Human Resources	Annual



to relevant audience		System Administrator		
Relevant Trainings	Human Resources training tracker	Human Resources	Vice President of Human Resources	Annual
Reporting of Fraud, Bribery, and Corruption Information	Emails to hotline@savechildren.org and reports to Ethicspoint	Associate Legal Counsel	Chief Compliance Officer	Annual
Incorporation of anti-corruption clause into partner agreements	Partner and Vendor Agreements	Grants & Contracts; Strategic Sourcing; Legal	Chief Financial Officer General Counsel	As needed
Policies and procedures are reviewed at least every 3 years	Expiry date from the Policies and Procedures Library	Policies and Procedures Library Administrator	Vice President(s) who has oversight of the policies and procedures.	Quarterly

EXCEPTION APPROVAL PROCEDURE

Procedure/ Action	Action Owner
Submit a written request to the Chief Compliance Officer, setting forth the relevant circumstances and the reasons for the requested exceptions.	Employee seeking exception to Policy
Review the request and respond to the employee seeking the exception	Chief Compliance Officer (or his/her delegate)
File and retain relevant documents	Chief Compliance Officer (or his/her delegate)

VERSION CONTROL

Version number	Version Date	Revisions made
COMPL-01.4	March 5, 2018	Revision of existing Zero Tolerance Policy
COMPL-01.3	May 5, 2016	Revision of existing Zero Tolerance Policy
COMPL-01.2	May 5, 2015	Revision of existing Zero Tolerance Policy
COMPL-01.1	November 23, 2013	
COMPL-01.4	March 5, 2018	Revision of existing Zero Tolerance Policy



Annex A:

The FCPA and Other Anti-Corruption Laws

The prohibition on bribery in this policy covers dealings with any party. However, interactions with government officials present heightened risk, and thus receive special attention in this Policy and in many international and domestic anti-corruption laws – including the U.S. Foreign Corrupt Practices Act (“FCPA”), the UK Bribery Act (“UKBA”), and other applicable laws.

FCPA

The FCPA was enacted by the U.S. Congress in 1977. The FCPA is aimed at preventing corrupt practices by business organizations and individuals doing or seeking business in foreign countries. As a U.S. entity, SCUS, as well as every SCUS employee, is subject to the FCPA. In addition to the FCPA, SCUS and its employees may be subject to other anti-corruption laws and regulations, particularly the laws of those countries in which SCUS operates or has a physical presence, or where we conduct or seek to work.

Anti-Bribery Provisions

The FCPA’s anti-bribery provisions prohibit certain entities, such as SCUS, and their officers, directors, employees, and representatives, as well as third parties under their control or direction, from:

- Offering, promising, authorizing, or paying
- Anything of value (whether money or gifts, hospitality, etc.)
- Directly or indirectly (e.g., through another party)
- To a foreign official (including any officer or employee, or elected or appointed official, of a local, state, provincial, regional or national government, at any level; anyone “acting in an official capacity” on behalf of a government to carry out government responsibilities; any political party, party official, or candidate for political office; any official or employee of a public international organization such as the World Bank, the United Nations, or the International Organization for Migration; or any officer or employee of a state-owned entity.
- With a corrupt intent to
- Obtain or retain business or an improper advantage (e.g., award of contract, favorable tax or customs treatment, etc.).

Facilitating Payments

The FCPA provides a very narrow exception for payments made to low-level government officials in order to expedite or secure routine government actions, such as processing paperwork. However, many other anti-corruption laws, including the UKBA, make facilitating payments illegal, and they are prohibited by Save the Children International’s Policy on Fraud Bribery and Corruption. Because of the many legal and ethical issues they pose, facilitating payments are likewise prohibited by the SCUS.

Penalties and Sanctions

Under the FCPA, companies are subject to criminal and civil liability, including criminal prosecution (in federal court), criminal and civil fines, disgorgement of profits, and prejudgment interest. Individuals are also subject to criminal and civil liability, including criminal prosecution and incarceration, criminal and civil fines, and other consequences. An individual may be the target of a DOJ or SEC enforcement action under the FCPA independent of any related action against SCUS.



Additional collateral sanctions for companies include termination of government licenses, debarment from contracting with U.S. and other governments and international organizations (e.g., USAID or the World Bank). Further, enforcement agencies are increasingly seeking appointment of independent compliance monitors over FCPA corporate violators for multi-year periods, a process that can be very expensive and cumbersome for companies.

Other Anti-Corruption Laws

In addition to the FCPA, we must also be mindful of the laws of the countries in which we operate or where we seek to conduct any business. Many countries have enacted laws designed to prohibit and penalize acts of corruption and bribery, which apply to us because of our status in those countries. Please direct questions about compliance with the FCPA, the UKBA, or any other anti-corruption laws or regulations to the SCUS Chief Compliance Officer.

Annex B:

Fraud, Bribery, and Corruption Risk Assessment and Mitigation Resources

An interactive, web-based training on fraud, bribery and corruption for all SCUS staff is available on Cornerstone.

In addition, several of SCUS's core policies and procedures address fraud risks in our operations. These include:

- the SCUS Procurement Policy;
- the SCUS Code of Ethics and Business Conduct;
- the SCUS IT Procedures and Guidelines; and
- the SCUS Employee Entertainment Expenses Policy

SCUS and SCI have also jointly developed tools to identify fraud risk in our programs, including the SCI Joint Opportunity Risk Tool and the SCI Award Risk Assessment, and in our work with partners, specifically the SCI Partner Assessment Tool. SCI has also developed a Fraud Red Flags Guide.

Finally, we encourage staff to review relevant donor resources and best practices from our sector, including:

- USAID Fraud Prevention and Compliance Standards;
- Transparency International Handbook of Good Practices: Preventing Corruption in Humanitarian Operations Circumstances;
- Global Fund "i Speak Out Now" eLessons on Coercion, Collusion, Corruption, and Fraud.

Please contact the SCUS Chief Compliance Officer if you require with any requests for additional fraud, bribery and corruption risk assessment and mitigation resources.



Annex C:

Model Clauses

The following clauses have been approved for use in contracts with SCUS's sub-awardees (excluding SCI), vendors, suppliers, consultants and others with whom we provide assets in exchange for services or products ("Partners") subject to any additional, donor-specific requirements. If you have any questions about the use of these clauses, or if the Partner refuses to accept or wishes to alter the language significantly, please contact the Legal Department. Upon incorporation of this clause into a contract, please replace all references to "the Partner" in square brackets with the appropriate term used throughout the contract (for example, the counterparty's company name).

Anti-Corruption Clauses

[The Partner] represents that its responsible officer(s) have received and reviewed SCUS's Code of Ethics and Business Conduct, SCUS's Zero Tolerance for Fraud, Bribery, and Corruption Policy, and SCUS's Child Safeguarding Policy, and that [the Partner] will comply with these policies in all activities undertaken pursuant to this agreement, including without limitation:

- 1) [The Partner] represents and warrants that it has complied and will comply with all applicable anti-corruption laws. [NB: If the contract includes work to be performed outside the United States, add the following "including the U.S. Foreign Corrupt Practices Act ("FCPA"), and that it has not made, offered, or authorized and will not make, offer, or authorize any payment, gift, promise or other benefit, whether directly or through any other person or entity, to any "government official" (as defined in the FCPA), for purposes of influencing official actions or decisions or securing any improper advantage in order to obtain or retain business. Except as otherwise disclosed in writing to SCUS, as of the date of this Agreement's execution and during the term of this Agreement, no "government official" or immediate family member of a "government official" is or will become associated with, or presently owns or will own any interest in [the Partner].]
- 2) [The Partner] shall promptly report to SCUS any credible information or allegation of fraud, bribery, or corruption relating to its work with SCUS:
 - a) Reports may be submitted to the Partners' key contact(s) at SCUS; or
 - b) Reports may be made directly to SCUS's Legal Department via hotline@savechildren.org or file an anonymous report:
 - i) online at <http://SavetheChildren.EthicsPoint.com> or
 - ii) via phone +1 (844) 287-1892 in the United States. If you are outside of the United States and would like to report by phone, go to <http://SavetheChildren.EthicsPoint.com> for a full listing of contact numbers by country.
- 3) [The Partner] shall preserve all documents pertaining to any credible information or allegation of fraud, bribery, or corruption relating to its work with SCUS and shall cooperate fully in any investigation or audit commenced by SCUS or its donors, including making documents, facilities, and personnel available to SCUS or its donors.
- 4) [The Partner] shall promptly and fully reimburse SCUS for any losses or penalties arising from any incident of fraud, bribery, or corruption involving their employees or agents and shall hold SCUS harmless from and against any claims, demands or expenses (including attorney's or other professional fees) arising from or relating to [the Partner's] noncompliance with the terms of the anti-corruption clauses of this Agreement.



- 5) SCUS shall have the right to terminate this Agreement with immediate effect, and shall have no further obligation to [the Partner] if SCUS reasonably believes that [the Partner] is in noncompliance with the anti-corruption clauses of this Agreement.