

Mercy Corps Anti-Bribery 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:
 - 2.2.1. Accepting or requesting any form of Bribe from any person or Organization;
 - 2.2.2. Giving, offering, promising, authorizing or Assisting any form of Bribe to any Employee of any Organization, including any Government Official, unless such Bribe is in the form of a Facilitation Payment that satisfies all of the requirements of one of the exceptions set out below (“Facilitation Payment Exceptions”):
 - A. Payment Under Duress – Facilitation Payments made under duress will not result in disciplinary action. In order to qualify for this exception, the Facilitation Payment must be made under duress, in circumstances where a reasonable person would believe that they have no alternative other than to provide the Facilitation Payment in order to protect life, limb or liberty. If a Facilitation Payment is made in these circumstances, the Employee or Partner must report the payment immediately. Such reporting should be in accordance with the procedures established for reporting incidents of Corruption.
 - B. Payments Made In Accordance with Local Legal Requirements – Facilitation Payments that are required or permitted by local written law (not local custom) are permitted. Such payments are not considered Bribes.

C. Payments Made with Prior Approval of Mercy Corps Chief Financial Officer – Facilitation Payments that are made with the prior approval of Mercy Corps’ Chief Financial Officer are authorized only if all possible efforts to avoid them have been made, the extent of the payment is as small as possible, and failure to make the payment would result in a significant negative impact on Mercy Corps’ ability to deliver life-saving and immediately necessary goods or services to beneficiaries. Circumstances where such approval will be granted are extremely rare.

Employees who violate this prohibition 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 subject to criminal prosecution.

- 2.3. Mercy Corps requires all Employees and Partners and encourages beneficiaries to immediately report any Bribe incident. Mercy Corps will review all such reports to determine credibility and will investigate any Credible Evidence of Bribery and ensure appropriate resolution. Mercy Corps will not tolerate any form of retaliation against Employees, Partners or beneficiaries who report suspected violations of this policy 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 Bribes 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 appropriate gift and hospitality policies;
- 3.4. Maintaining a reporting hotline, which allows Employees to report incidents of Bribery anonymously, and ensuring Employees are aware of the hotline and how to use it;
- 3.5. Maintaining a process detailing how incidents of Corruption, including Bribes are to be reported, reviewed, investigated and resolved in a systematic manner;
- 3.6. Maintaining a register of Bribe incidents, including payments made under any Facilitation Payments Exceptions, to identify trends and common issues and ensure incidents are reported to the Audit Committees;
- 3.7. Conducting training on this policy for all Employees;
- 3.8. Requiring all Employees to certify that they have understood this policy and are compliant with it;

- 3.9. 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 Bribery that (1) use or are related to resources provided to the Partner by Mercy Corps, or (2) involve any Mercy Corps Employee;
- 3.10. Conducting appropriate due diligence and monitoring of Partners to ensure they are not violating their commitments under this Policy; and
- 3.11. Continually reviewing its policies and procedures related to Bribery prevention and financial controls to ensure they are improved when necessary.

4. Definitions

- 4.1. **“Assist(ing)”** as used in the policy statement section of this policy means: (1) taking any act with the intention that it assist 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”** means (1) anything of any value (2) provided to a person or anyone associated with that person (3) with the purpose of inducing the person to do or omit to do (4) any act in violation of his or her lawful duty, to obtain any improper advantage, or to induce a person who is in a position of trust or loyalty to an Organization to use his or her influence to improperly affect or influence any act or decision of that Organization.

Courtesy gifts of small value relative to the context where they are given that are properly approved and authorized as set out in Mercy Corps’ gift acceptance policies are not Bribes and do not violate this policy. Facilitation Payments are a form of a Bribe.

Bribes paid through an intermediary (intermediaries are a form of Partner under this policy) are a violation. Using personal funds or some other source of funds to pay a Bribe on behalf of Mercy Corps is a violation. If the Bribe did not result in the intended action on the part of the person being bribed it is also still a violation.

- 4.3. **“Corruption”** has the meaning set out in Mercy Corps’ Anti-Corruption Policy.
- 4.4. **“Credible Evidence”** means evidence that a reasonable person would believe reliable under the circumstances.
- 4.5. **“Employee”** means members of Mercy Corps’ Boards of Directors, officers, management, employees, seconded employees, interns and volunteers.
- 4.6. **“Facilitation Payment”** means a facilitating or expediting payment that would otherwise qualify as a Bribe the purpose of which is to expedite or to secure the performance of a routine action.
- 4.7. **“Facilitation Payment Exception”** means the exceptions for certain Facilitation Payments stated in 3.2 of this policy.
- 4.8. **“Government Official”** means any officer or employee of a government or any government department, agency, or instrumentality, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such

public international organization. Government includes any city, local, regional or national government. It also includes politicians or anyone running for political office.

- 4.9. **“Mercy Corps”** means Mercy Corps Global and Mercy Corps Europe, their subsidiaries and affiliate organizations.
- 4.10. **“Organization”** means any company, non-governmental organization, governmental department, agency or instrumentality, or any other type of lawful organization.
- 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.

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).
