LEGACY LANDSCAPES FUND

FRAUD AND CORRUPTION POLICY

August 2024

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Last reviewed: August 2024

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Policy Statement

Ethics Statement: Legacy Landscapes Fund (LLF) maintains a principle of *zero tolerance* towards fraud and corruption. As a charitable foundation in the field of nature conservation, we recognize that fraud and corruption are significant impediments to achieving our mission, contributing to poverty, environmental degradation, and poor governance.

LLF is committed to promptly and thoroughly addressing all allegations of fraudulent or corrupt activities, irrespective of whether these activities are attributed to LLF staff or contracted parties.

Our zero-tolerance approach ensures that any confirmed instance of fraud, regardless of its scale or impact, will result in decisive and appropriate action, including disciplinary measures up to and including termination of employment or contracts, and potential legal proceedings.

Purpose: This policy outlines the standards of conduct related to fraud and corruption. It provides guidance on reporting any conduct prohibited under this policy, ensuring a clear framework for maintaining ethical behavior and accountability within LLF.

Scope: This policy applies to all LLF employees, Supervisory and Management Board members, employees of Nature Trust Alliance (NTA), implementation partners (grantees), any advisory committee members, volunteers, vendors, and all other third parties who enter into an agreement with LLF or use LLF funds (including consortium partners, sub-grantees, and sub-contractors). They must strictly adhere to contractual terms, procedures, and policies designed to prevent fraud and corruption.

All individuals covered by this policy are expected to uphold a culture of transparency and accountability, conduct themselves ethically and with integrity, protect LLF resources. They must be aware of potential fraud risks, take proactive measures to mitigate those risks, and report any suspected fraud immediately.

Conduct Prohibited by this Policy

Fraud involves deceit against the organization to obtain a personal or collective advantage, avoid an obligation, or cause a loss.

Under this policy, **internal fraud** and corruption refer to misconduct committed by LLF employees. This includes any fraudulent or corrupt activities that occur within the organization by its own staff members. **External fraud** and corruption refer to the misuse of funds by entities external to LLF. This includes any fraudulent or corrupt activities conducted by partner organizations (grantees), vendors, or any third parties that enter into an agreement with LLF regarding the use of their funds.

Corruption is dishonestly obtaining an advantage from a third party by abusing entrusted power for private gain.

Fraud and corruption are not limited to monetary or material benefits; they can also include intangible benefits. Examples of prohibited conduct include:

- Bribery, deception, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.
- Theft or misuse of assets, proprietary data, or intellectual property.

- Deception (e.g., misrepresentation of qualifications to obtain employment).
- Knowingly misrepresenting costs or financial status through false financial statements or falsified documents.
- Providing favors or money to public officials to pursue personal goals.
- Providing contracts to third parties for personal benefit.
- Submitting fraudulent expense reports.
- Misstating any accounts to managers or LLF auditors.
- Paying kickbacks (where the bribe is paid out of the contract proceeds themselves).
- Engaging in conflicts of interest that result in financial harm to LLF.
- Gifts, hospitality, or benefits that would compromise integrity or benefiting the person offering the service at the cost of LLF's reputation.

Conflicts of Interest

Conflicts of interest can arise if a contracted party (including immediate family) has a close professional, financial, personal, or other interest with an LLF employee or officer, or which competes with LLF's best interests. Any such conflict must be immediately disclosed in writing to the relevant LLF party. Failure to do so constitutes a breach of their agreement(s) with LLF and will result in appropriate action, which may include termination of the agreement or employment contract.

See LLF's Conflict of Interest Disclosure Protocol for more information.

Roles and Responsibilities

All individuals covered by this policy are required to act honestly and with integrity, escalate instances of suspected fraud and corruption promptly to the relevant colleagues below, and comply with all LLF policies and procedures. They must also cooperate fully in any response to reports of suspected fraud or misconduct. Failure to follow this policy may result in disciplinary actions, including dismissal. Responsiblities that fall under specific roles at LLF include:

Supervisory Board (SB)

- Ensures that LLF's fraud risk management aligns with its charter, goals and standards.
- Reviews and provides guidance on cases escalated by the Management Board for internal and external fraud and corruption.

Management Board (MB)

- Ensure the delivery of this policy and promote it in all aspects of their work.
- Own the response process to reports of external fraud, including all investigations, dismissals, and escalations to the Supervisory Board.
- Oversees LLF's fraud risk mitigations and internal control systems.
- Create a safe environment and hold themselves and others accountable.

Executive Director (ED) of LLF and Nature Trust Alliance (NTA) Staff

- Primary contacts for reporting instances of suspected **internal fraud**.
- Unless implicated, the ED owns the response process to reports of internal fraud, including all investigations, employee dismissals, and escalations to the SB.

Program Staff

- Understand the policy and its relevant implementation to the sites funded by LLF, including in the monitoring of grantees' use of funds.
- Escalate any external fraud risk or fraud incident to the Management Board.
- Escalate any case of internal fraud to NTA and ED (unless implicated).

Operations Coordinator

- Responsible for coordination of all **external fraud** cases, including maintaining comprehensive records of any reports or investigations, ensuring timely communications between all relevant parties, and ensuring appropriate follow-up actions are taken.

Fraud Prevention and Detection

Below is a high-level overview of fraud risk mitigations and controls under LLF's current counter fraud regime.

Risk Category	Fraud Risk	Mitigation Measures	
		Prevention	Detection
Grantee or Third party Fraud	Misuse of Funds	Due Diligence check, LLF Fraud and Corruption Policy, Detailed Grant Agreements, signed Declarations of Undertaking, signed Certificate of Acknowledgement of subgrantees	Regular audits, strict financial reporting requirements, Grievance and Feedback Mechanism, Training and Awareness
	Misreporting by grantees	Detailed grant agreements, Grant Implementation Guide	Monitoring and evaluation, site visits
	Procurement Fraud	Transparent procurement with oversight from external party(s), multiple approval levels, signed Declarations of Undertaking	
Fraud within LLF	Corruption / Misuse of funds	Fraud and Corruption Policy, Conflict of Interest Declarations, independent external finance function (NTA), segregation of duties, strong internal controls	Regular external audits, counter fraud training and awareness
	Procurement Fraud	Transparent procurement processes with oversight from external parties, multiple approval levels, guidance from KfW	

	Human Resources	Independent external HR function (NTA), registration with Misconduct Disclosure Scheme, asset registers, IT security measures / access controls, regular external audits	Regular audits of expense claims, multiple levels of internal / external oversight
	Donor non-compliance	Detailed grant agreements, strong internal controls, segregation of duties, Fraud and Corruption Policy	External audits, multiple levels of internal / external oversight

Reporting Fraud

Suspicions of internal or external fraud or corruption should be reported **as soon as possible**. As these situations can be complex, there is no requirement to have absolute proof to file a report, and the safety and well-being of the individual(s) who raise a concern are LLF's top priority during any investigation or follow up.

In order for investigations to be successful, individuals should try to be as specific as possible when sharing concerns. To the extent possible, they can (but do not have to) include details such as type of alleged wrongdoing, where and how the wrongdoing occurred, who was involved and may have knowledge of the matters being reported, and relevant documents or other evidence.

How to raise a concern

If you are a grantee or any other external recipient of funds from LLF and you would like to raise a concern regarding fraud or corruption, whether it involves internal misconduct (an LLF employee – see 4.) or external misconduct (a grantee, vendor, or other third party), there are several channels through which you may report your suspicions. These include:

1. Submitting a **written grievance** in any language by email. Please fill out the form you can download from this LLF web page, and send it to grievances@legacylandscapes.org. Please note that the report details will be viewed by LLF's Environmental and Social Safeguards Coordinator (Grievances Officer), the Environmental and Social Safeguards Director, and the ED.
2. Submitting an **oral grievance** in English, German, French, Spanish, or Portuguese by calling the following number: +49 (0)30-20092795. Please note that you would speak directly to LLF's Environmental and Social Safeguards Coordinator (Grievances Officer) who may escalate the matter to the Environmental and Social Safeguards Director and the ED.
3. Contacting a trusted member of LLF's Program Staff, or LLF's Executive Director directly.
4. Contacting the Head of Operations and HR[1] of Nature Trust Alliance (NTA), LLF's external operational support services organization who handles cases of fraud internal to LLF. This would be the ideal option **if an LLF staff member is implicated** in fraud or corruption.

[1] At the time of the publication of this policy, NTA's Head of Operations and HR is Ivana Springstein.

More information on LLF's Grievance and Feedback Mechanism can be found here.

If you are an employee of LLF and you would like to raise a concern regarding external fraud or corruption (within a grantee, vendor, or other third parties), please immediately contact LLF's Management Board. They will give you guidance on an appropriate response and take ownership of any investigation process. In cases of internal fraud where another LLF employee is implicated, immediately contact the Executive Director of LLF. If the Executive Director of LLF is implicated in the fraud or corruption, then the Head of Operations and HR of Nature Trust Alliance (NTA) should be contacted directly.

Whistleblower Protections

LLF is committed to creating an environment where individuals feel safe and supported when reporting concerns about fraud and corruption. Our whistleblower protection includes the following key elements:

- Confidentiality: LLF will ensure that the identity of the whistleblower is kept confidential to the fullest extent possible. Information will only be shared with those directly involved in the investigation and necessary to address the issue.
- Protection from Retaliation: LLF strictly prohibits any form of retaliation, discrimination, or harassment against individuals who report concerns in good faith. This includes protection from adverse employment actions such as termination, demotion, suspension, or any other form of punitive action.
- Anonymous Reporting: LLF accepts anonymous reports and will investigate them as thoroughly as possible. While providing a name can facilitate the investigation, anonymous reports will be treated with the same level of care and seriousness.
- Prompt Investigation: LLF is committed to investigating all reports of fraud and corruption promptly and thoroughly. Whistleblowers will be informed of the progress and outcome of the investigation where possible and appropriate.

WARNING SIGNS

- Abnormal cash payments, wire transfers, or lavish gifts.
- An individual who never takes time off or insists on dealing with specific contractors themselves.
- Unauthorized signature of consultant contracts during management's absence.
- Missing documents or poorly labeled records regarding payments, expenses, meetings, or decisions.
- Presence of other misconduct such as sexual exploitation, abuse and harassment (SEAH) that indicates a lack of integrity in organizational culture

Responding to Fraud

LLF Staff play a crucial role in safeguarding LLF's resources and reputation. When staff suspect or receive a report of potential fraud[2], it is essential to act promptly and follow the procedures outlined here. It is extremely important to limit communication about the issue to as few colleagues as necessary, especially if concerns were raised by a whistleblower. It is our responsibility to protect the safety and privacy of

[2] Reports or suspicions of fraud may reach LLF staff through various channels: via an audit of LLF funds, the grievance mechanism, discussions with a grantee, or during a review of grantee reporting. Any concerns about fraudulent activities or potential fraud risks should be promptly escalated.

individuals reporting fraud by handling their information with utmost care and sensitivity.

Internal Fraud Procedures

If there is a suspicion of fraud involving an LLF employee, indviduals should immediately report their concerns to LLF's Executive Director, who is responsible for coordinating a response in coordination with Nature Trust Alliance (NTA). The matter will remain confidential, and communication about the issue with other LLF staff will be kept to a minimum. If the allegation appears credible, the Executive Director will escalate the issue to the rest of the Management Board, and to the Supervisory Board with a memo providing a high-level overview of the fraud risk and detailing the proposed response plan. Relevant donors will also be informed according to LLF's reporting obligations.

If the Executive Director of LLF is implicated in fraud or corruption, individuals should contact the Head of Operations and HR[3] of NTA directly. NTA colleagues will then coordinate a response and escalate the issue to LLF's Supervisory Board.

External Fraud Procedures

Upon receiving a report of external fraud, the following steps should be taken:

- Initial Assessment: A meeting will take place as soon as possible between the receipient of the report of fraud, the Management Board, the Operations Coordinator and any relevant Program Staff (if fraud is suspected within the site(s) they oversee). The reported fraud allegation will be assessed to determine its validity and seriousness, and response plan should be decided upon and owned by the Management Board. This plan should include clear details on which colleagues to keep informed on this issue, allocation of resources, assigned responsibilities, and details on how to best protect the privacy and safety of any individuals involved.
- Communication: If the allegation appears credible, the Management Board will escalate the issue to the Supervisory Board in the form of a memo, including the proposed plan of response. Relevant donors will also be informed as per LLF's reporting obligations.
- Investigation: If deeemed necessary, LLF will initiate an investigation, a process overseen and owned by the Executive Director. The nature and scope of the investigation will be guided by the severity of the fraud risk and the sensitivity of the situation, prioritizing the protection and safety of whistleblowers as stated in this policy. Depending on the circumstances, an external investigator may also be involved.
- Interim Measures: Depending on the severity of the allegation, LLF reserves the right to take interim measures to mitigate further risk or damage. This could include a request to pause grant spending, or a suspension of the release of payments to grantees pending an investigation.
- Final Report: Upon completion of an investigation, a final memo or report should be drafted and shared with the Supervisory Board. This should include: an overview of the incident, the methodology (actions taken) and scope of the investigation, a summary of findings, and recommendations for further action.

[3] At the time of the publication of this policy, NTA's Head of Operations and HR is Ivana Springstein.

Response and Disciplinary Actions

If an LLF employee is found to have committed fraud, appropriate disciplinary actions will be taken based on the severity and impact of the misconduct. These may include but are not limited to a verbal or written warning, suspension from duties, demotion, or termination of employment. LLF reserves the right to pursue legal actions against employees involved in fraudulent activities, depending on the findings of the investigation and the legal advice received.

If external fraud is confirmed within grantees, vendors or any other third parties, LLF will review the terms of the agreement with the external party implicated in fraud and may take contractual actions, including suspension or termination of the agreement.

LLF will pursue the recovery of misappropriated funds or assets through legal means, as applicable. LLF may blacklist external parties involved in fraud, preventing them from future engagement or collaboration with the organization.