

Zero Tolerance Policy Against Fraud Corruption & Other Sanctionable Practices

I. Introduction:

Infrastructure Development Company Ltd. (IDCOL) is committed to maintain highest ethical and legal standards in the organization practices and thus, ensure maintaining transparency, integrity, and accountability. This Policy of Zero Tolerance against Fraud and Corruption (the "**Policy**") is intended to foster and sustain organizational integrity into organizational system and practices. This Policy in combination with the Whistleblower Protection Policy will provide a direction toward curbing fraud, corruption and related offences and sets forth the conditions and procedures for investigations into allegations of corruption, fraud, collusive, coercive, and obstructive activities and any other willful misconduct (collectively the "**Sanctionable Practices**").

II. PURPOSE

The purpose of this Policy is to clearly set out procedures concerning the detection and prevention of Sanctionable Practices and the mechanisms to be followed by IDCOL's employees, suppliers, and third parties involved in any transaction with IDCOL as well as IDCOL Board of Directors if any Sanctionable Practice is suspected or detected.

III. Scope

The Policy and procedure applies to IDCOL employees, suppliers to services, contractors, consultants, and any other related parties.

IV. Definition of Fraudulent Practice and Corruption

1. A Fraudulent Practice is any dishonest act or omission, including, but not limited to a misrepresentation and abuse of position, that knowingly misleads or attempts to mislead, deceive or attempts to deceive or otherwise delude a party to obtain a financial or other benefit/gain, avoid an obligation or influence any party.

Internal fraud is refers to any Fraudulent Practice committed by IDCOL employees as well as IDCOL Board whereas external fraud refers to Fraudulent Practice committed against IDCOL or any of its employees by persons outside of the organization.

2. A corrupt practice is the act of offering, giving, soliciting of acceptance of an inducement or compensation including any gift, loan fee, payment, incentive, favor or advantage which may influence the action of any person; contrary to the proper conduct of their duties.
3. The following acts will also be identified as Sanctionable Practices:
 - (a) Falsification of documents of accounts.
 - (b) Misappropriation of funds, supplies of other assets etc.
 - (c) Impropriety in the handling or reporting of money or financial transactions.
 - (d) Theft or misuse of property, facilities or services.
 - (e) Bribery.
 - (f) Receiving false/fabricated invoices from a supplier.
 - (g) Receiving or offering gratification.
 - (h) Known instances of corruption, deception or misuse of resources.
 - (i) Any other action that may lead to inappropriate use of resources of the organization, by any person, internal or external as determined by the Head of Human Resources.

V. Authority and Responsibility

- (a) The authority for implementing this policy lies with the **Head of Human Resources**.
- (b) IDCOL employees are responsible for maintaining highest ethical and legal standards in conducting their activities and keep themselves from performing Sanctionable Practices. IDCOL expects all employees, suppliers or any other third parties involved in any kind of transaction with IDCOL to be honest and fair in conducting their activities with the organization as well.

VI. Detection of Sanctionable Practices

Allegations and concerns about Sanctionable Practices may either be raised by employees or by authentic third party or may be detected from audit reviews. IDCOL employees, suppliers or any other third party, have the obligation to report information pointing to fraudulent or corrupt practices involving IDCOL employees.

VII. Responses

- 1. Any Sanctionable Practice detected or suspected by any party shall be sincerely attended with maintaining the required confidentiality, as required.
- 2. If any case is identified as 'whistleblowing' in nature, it will be handled as per the Whistleblower Protection Policy.
- 1. Confidentiality must be maintained and information disclosed only to those who need to know about the matter or those who are authorized to intervene.

VIII. Reporting

- 1. A person reporting a Sanctionable Practice should include the following information:
 - (a) Location and time,
 - (b) Relevant actions or statements,
 - (c) How the individual, organization or company committed the alleged wrongdoing,
 - (d) Information and/or evidence documents
- 2. The reporting may be addressed to Executive Director & CEO or Head of Human Resource Unit.
- 3. IDCOL shall also make available hotline to potential whistleblowers and other complaints as "<http://idcol.org/home/feedback>". The facility shall be operated by the Human Resource Unit under the supervision of the Executive Director and CEO. In case of matters involving the Executive Director and CEO, the matter will be directly referred to the Organization Committee by the Human Resource Unit.
- 4. The external parties may use hotline to register complaints and make all allegations in strict confidence.
- 5. The complainant must identify himself/herself during reporting for the convenience of further investigation, except if/when he/she/it is able to provide substantive documentary or other proper evidence in support of the said allegation of Sanctionable Practice without disclosing identity.

IX. Compliant Handling Process

1. After lodging of a complaint, the case will be referred to the Human Resource Unit for handling it following Investigation Mechanism under this Policy.
2. After being approached, the Human Resource Unit shall acknowledge receipt of the allegation and, if appropriate, explain the subsequent actions to be taken and give an indication of when such actions are to be taken. The employee(s) making a disclosure should expect an official's corresponded within three months as to the preliminary evaluation by the Human Resource Unit.
3. All allegations received whether through hotline or through other channels provided for in the Policy shall be screened and then, evaluated to determine the creditability, materiality and verifiability by the Human Resource Unit.
4. To this end, the complaint will be evaluated to determine whether there is a legitimate basis to warrant an investigation.
5. A preliminary evaluation will determine whether there are grounds for a more detailed investigation. This assessment shall be based on information and documentary evidence provided by the whistleblower or the complainant and shall consider whether the disclosure has been made on the basis of reliable information and in good faith.
6. Where the preliminary evaluation reveals tangible and credible information that supports the existence of conditions identified by this Policy, a full investigation will be launched. The party or parties subject of the investigation shall be informed unless such communication interferes with the investigation.

X. Investigation Mechanism

The reporting of a Sanctionable Practice will trigger an investigation following the process mentioned below:

(a) Inquiry Commission

1. An inquiry commission of three members will be formed comprising three officials from three different departments with one being represented by the Human Resource Unit.
2. Considering the severity of the complaint, the committee may be formed by the Executive Director and CEO, IDCOL/ Board with requisite number of members. The Executive Director and CEO or Chairman, at their discretion, will decide on the level of severity of a matter of complaint.
3. In case of a Sanctionable Practice being committed by the Executive Director and CEO or any members of the Board of Director, the matter will be referred to the Organization Committee. The composition of the inquiry commission in that case will be decided by the Chairman of the Organization Committee.

(b) The Investigation Process

1. If the complaint involves any employee, s/he shall be served a “show cause” letter requiring him/her to furnish an explanation within seven (7) working days of the date of the said letter.
2. Following submission of the letter, the committee will independently verify the accuracy of the information or facts in question within the following thirty (30) working days.
3. During the process, the committee will interview the employee as well as may also interview other employees in an effort to gather more information in support of the investigation. The employees will cooperate the **Organization Committee** in this regard;
4. After completion of the investigation, the **Organization Committee** will submit a report to the Head of Human Resource with a copy to the Executive Director and CEO stating the findings of the investigation in detail;
5. Subsequently, the Executive Director and CEO will determine the disciplinary action(s) to be taken;
6. After completion of an investigation, the commission will be responsible to document the complaint, the summary of investigation process and findings as well as the disciplinary action(s) taken through a memo which will duly be signed by the members of the **Organization Committee**, Head of Human Resource Unit, members of Management Committee, and Executive Director and CEO.
7. Notably, in the event the official admits to the charge(s), the competent authority shall be entitled to impose on him/her in writing one or more disciplinary actions referred in the following section.

If the official denies the charge(s) or fails to answer the charge(s), the **Organization Committee** will launch an inquiry into the charge(s).
8. During the process of inquiry, sufficient opportunity shall be given to the staff member to defend himself/ herself.
9. In case of matters involving the Executive Director and CEO or any member of the Board of Directors, the matter will be directly referred to the Organization Committee by the Human Resource Unit and the Investigation Process will be handled and conducted by the Organization Committee. The Chairman of the Organization Committee, on behalf of the Organization Committee, will supervise and be reported to the Board of Directors in place of the Executive Director and CEO in the Investigation Process described in this section.

XI. Disciplinary Actions

(a) Penalties

Depending on the type, effect and degree of indiscipline and/or inefficiency and the recommendation of the inquiry committee, IDCOL may impose any one of the following punishments on the staff member concerned:

- A written warning letter
- Suspension without pay not exceeding 7 days
- Defer increment for a period not exceeding 2 years
- A down grade of the employee’s position
- Termination of service

- Imposition of any other lesser punishment
- Judicial actions

(b) Follow-up Action

- (i) The Executive Director and CEO jointly with the Board of Directors and the Organization Committee will ensure that the affected area is questioned on the process of the investigation.
- (ii) Fraud/Sanctionable Practice investigation usually highlights if there has been a failure of supervision or an absence of control; the course of action required to improve systems should be documented in the investigation report and implemented when this report is finalized.

(c) Recovery of losses

- (i) The recovery of costs will be required from individuals or organizations responsible for the loss. If the individual or organization cannot make good the loss, consideration will be given to taking legal action to recover losses.

Even if the organization can recover the material loss, the board of directors should consider taking the case to court, an action that will be encourage impunity of a criminal act.

(d) Law

The provisions of the Penal Code 1860, Prevention of Corruption Act 1947 and other relevant laws of Bangladesh (collectively the "Acts") are incorporated herein and in case of any conflict between the Policy and the Acts, the relevant statute(s) will prevail.

XII. Third Party Dealings

(a) General Considerations:

- (j) IDCOL will take the following into consideration while selecting consultants, suppliers or any other party:
 - i. The need for high quality results or services;
 - ii. The need for capacity and efficiency.
 - iii. The need for transparency in the selection.

Contracts with borrowers, suppliers, implementing organizations and other third parties related to any kind of transaction with IDCOL should make explicit reference to the prohibition of fraud and oblige to partner agencies and consultants to report any fraud that arises in their relationships with the organization or in any way involving the resources of the organization.

(b) Conflict of interest:

Borrowers, suppliers, consultants or any other third party must provide professional, objective, and impartial advice and at all times hold the interests of IDCOL. IDCOL will not appoint consultant, suppliers and other third parties in the following circumstances:

- (i) Conflict between consulting activities and procurement of goods, works or services.
- (ii) Neither providers nor other third parties or their affiliates shall be hired for any assignment that, by its nature, may be in conflict with another assignment.
- (iii) Consultants and any other third parties (including their personnel and sub-consultants) that have a business or family relationship with a member of the IDCOL's employee who are directly or indirectly involved in any part of:
 - (a) The preparation of the terms of reference of the contract or project;
 - (b) The selection process for such contract or project;
 - (c) Supervision of such contract or project 'may not be awarded a contract or project, unless the conflict stemming from this relationship has been resolved in a manner acceptable to IDCOL's board of directors, throughout the selection process and the execution of the contract or project.
- (iv) To ensure that consultants and any other third parties related to any kind of transaction with IDCOL have prohibited interest that may affect their judgment in the performance of their duties, it is required to submit an official statement, stating that will not fall into any of the conditions listed above and contained in this Policy.