

DUE DILIGENCE POLICY

Introduction

As a responsible organisation, Transparency International Rwanda (TI Rwanda) needs to perform due diligence checks to ensure it is not put at risk. Due diligence is one of the key tools in TI Rwanda's overall risk management framework which we use to help identify and manage risks that could threaten our work. It allows us to identify and understand potential risks faced when working with third parties and ascertain if those risks can be managed to ensure our protection.

This policy applies to all persons (natural and legal) who interact with TI Rwanda. The purpose of this policy is to identify certain objectives and requirements in relation to identification and assessment of risks and implementation of appropriate activities to manage corruption, money laundering and other illicit activities in order to meet applicable legal standards. To summarise, this policy is to ensure TI Rwanda does business only with ethical and acceptable third parties.

TI Rwanda is aware that it may suffer or be held liable for an act committed by third parties or any individual or entity that has some form of business relationship with TI Rwanda. Therefore, before entering into such relationships with third parties, subcontractors, joint ventures or individuals, TI Rwanda has taken active steps to draw up a policy to ensure that potential risks flowing from these relationships are responsibly evaluated and subsequently managed. This policy sets out the minimum requirements for due diligence when working with third parties.

1. Purpose

1.1. The Due Diligence Policy (the "Policy") was approved by the TI Rwanda Board on
Such Policy intertwines with the ethical values of TI Rwanda defined in its Code of Conduct adopted on 12 March 2012.

1.2. The purpose of this policy is to identify certain objectives and requirements in relation to identification and assessment of risks and implementation of appropriate activities to manage

corruption, money laundering and other illicit activities in order to meet applicable legal standards. This policy is to ensure TI Rwanda works only with ethical and acceptable third parties.

2. Definitions

Due Diligence: process to identify and review partners, stakeholders, suppliers and other third parties with whom TI Rwanda has relations, in the field of corruption, fraud, trade sanctions or similar risks.

Risk: serious incidents detected throughout the Due Diligence process that must be addressed with an Action Plan or which entail the impracticability of engaging in relations with a third party.

Action Plan: set of measures that must be implemented, or requirements that must be executed to address or mitigate a risk detected in the Due Diligence process.

Third party: any person, whether natural or legal, with whom TI Rwanda has relations.

3. Regulatory Standards

3.1. TI Rwanda is committed to ensuring that our engagement procedures incorporate key requirements of legislation such as the anti-corruption law that may be applicable to certain TI Rwanda operations. More information on our regulatory standards can be found in our Anti-Corruption Policy, Anti-harassment Policy, Risk management Policy and the code of conduct.

3.2. TI Rwanda considers the following areas as risk indicators requiring additional due diligence when on boarding new third parties or partners or monitoring existing relationships:

Key Risk Indicators

- Geographical location
- Industry
- Background
- Connection with Government officials or entities
- Big amount of money proposed in a given project
- Additional factors related to the scope of services

4. Scope of application

4.1. This Policy shall apply to TI Rwanda and its regional offices. It shall be binding for the entire staff, regardless of their job and position. The enforcement of this Policy, in full or in part, may extend to any natural and/or legal person associated with TI Rwanda on any terms.

4.2. The process to identify and review project partners, suppliers and other third parties engaged in relations with TI Rwanda, in the field of corruption, fraud, trade sanctions or similar risks (Due Diligence) is carried out by TI Rwanda although it may be carried out by an independent consultant hired by TI Rwanda for any reason.

5. Roles and responsibilities

5.1. Executive management of TI Rwanda will have the responsibility for complying with this policy and the discretion to define the process, procedures and other mechanisms by which the policy is implemented within the organisation.

5.2. It is the responsibility of TI Rwanda Board to ensure that all relationships and contracts with TI Rwanda are subject to the appropriate risk related due diligence process and other relevant activities completed in accordance with this policy.

6. Due diligence general requirements

6.1 A risk based approach to due diligence

6.1.1 The policy requires that a risk based approach to due diligence be applied and, at the organisation's discretion, integrated with existing procurement or other TI Rwanda engagement processes. The risk assessment process should be specific to each third party according to the nature of their work/business.

6.1.2 The due diligence process is on-going and should include a risk rating for existing and new third parties. At TI Rwanda's discretion, an initial risk assessment may be exercised which applies certain reasonable risk based criteria.

6.1.3 The criteria for risk rating should consider that a risk process is aimed at assessing, amongst other criteria both the probability and the severity of risk.

6.1.4 There should be specified criteria for conducting the risk rating so that there is a consistent approach within TI Rwanda. The criteria to be considered by TI Rwanda may include, inter alia:

- The amount of money involved in the project as proposed by the third party as a measure of the severity and/or probability of bribery or corruption occurring.
- The nature of the work/business relationship such as agent, intermediary, service provider, contractor, sub-contractor and whether there is an inherent risk or probability of bribery or corruption. Consideration should be given to the manner of compensation such as commission based, fee for service, hours worked or agreed contractual charge.
- Known vulnerability of the industry sector or product to fraud and corruption.
- Country of origin of the third party with reference to the Transparency International Corruption Perception Index.

6.1.5 According to the applicable risk rating determined for the relevant third party, further due diligence and other related activities should be defined and deployed by TI Rwanda within a particular risk category. TI Rwanda must define a proportionate process and deployment plan for each risk category comprising, inter alia, the following steps:

- Information gathering to obtain pertinent information on each third party
- Assessment, analysis and validation process
- Approval process
- Reporting and assurance

6.1.6 On-going reviews will be required periodically depending on the risk rating of each third party as defined by TI Rwanda in accordance with this policy.

6.1.7 For new third party relationships, a risk related due diligence should be conducted before any contracts are approved and before any business transactions may be commenced. However, there may be valid business reasons where, at the discretion of TI Rwanda, an exception may be approved by Executive management of TI Rwanda. These cases must be managed in accordance with a predefined and approved procedure by Executive management, under specific conditions and within a limited time period.

6.2 Information gathering

6.2.1 Subject to the risk assessment, information gathering may require a variety of procedures including interviews, questionnaires, documentation, review of publically available information, site visits, credit checks and declarations.

6.2.2 While some of this information may already be required in the procurement or other TI Rwanda engagement process to meet financial control requirements, quality control or product specifications, these procedures should be supplemented as necessary with additional due diligence processes pertaining to the risk of bribery, fraud and corruption.

6.2.3 The nature and extent of the information required will ultimately be determined by the risk ranking process and the level of risk involved.

6.3 Assessment, analysis and validation process

6.3.1 Collecting the information itself does not constitute a due diligence review. The review requires that the data is assessed and analysed.

6.3.2 Documents should be carefully scrutinised to confirm and check the information provided.

6.3.3 The procedures for assessing and validation will vary according to the risk rating, from a limited validation that checks consistency to detailed corroboration which may include site visits, interviews or checks with regulatory authorities as appropriate.

6.4 Approval process

6.4.1 A process of approvals must be devised that is practical and that does not create undue delays in TI Rwanda engagement process.

6.4.2 The approval process should be appropriate to the risk rating. It is suggested that standard formats are agreed whereby the relevant information and motivations are summarized.

6.5 Reporting and assurance

6.5.1 A reporting process should be defined according to the risk ratings and the required approval process.

6.5.2 It is the responsibility of Executive management, in the first instance, to ensure that procedures are being properly applied. The Board may establish periodic reviews or supervisory controls to confirm that the required procedures are being complied with.

6.5.3 If TI Rwanda discovers anything suspicious during the due diligence process or from ongoing monitoring, there may be regulatory or legal requirements to report such activity to the relevant authorities. TI Rwanda prides itself on its ethical and transparent processes and will always engage constructively with the relevant authorities.

6.5.4. By utilising consistent monitoring TI Rwanda will benefit from having the most up to date information on its third party relationships ensuring we have the most effective risk management procedures throughout our business relationships. If there is any doubt as to the process to follow or you would like to report an issue, which you may consider suspicious or potentially suspicious, please contact info@tirwanda-org.

6.5.5 The internal auditors may from time to time review the due diligence process and/or the documentation and control of high risk in accordance with this policy. This is an independent process that is determined by Constitution (bylaws) of TI Rwanda.

7. Compliance with related policies

7.1. This policy should be read in conjunction with the following:

- a) Anti-Corruption Policy
- b) Anti-harassment Policy
- c) Risk management Policy

8. Disclosure of the Policy

8.1. This Policy will be available to all members and employees and to all stakeholders of TI Rwanda on the organisation's website. Likewise, the Policy shall be subject to the appropriate disclosure, training and awareness-raising action, aimed at its full understanding and enforcement.

9. Update and Review of the Policy

8.1 The Policy will be reviewed and updated, where applicable, to bring it into line with any changes that the organisation's activity model may undergo, or that may occur in the context where TI Rwanda operates, ensuring at all times the effective implementation thereof.

This policy has been adopted and approved by the Board of Administration of TI-Rwanda, in its meeting held on 21st November 2023, at Grande Legacy Hotel, Kigali – Rwanda

**Chairperson,
Transparency Int. Rwanda
Ms. Ingabire Marie Immaculée**

**Executive Director,
Transparency Int. Rwanda
Mr. Mupiganyi Apollinaire**