

TRANSPARENCY INTERNATIONAL RWANDA

Paid Service due Diligence Policy

February 2025

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1. Background

In line with the LAW N° 058/2024 OF 20/06/2024 GOVERNING NON-GOVERNMENTAL ORGANISATIONS in Rwanda, “Article 10: Carrying out commercial”, alin.1, 2 & 3; NGOs in Rwanda are allowed to conduct income generation activities, Transparency International Rwanda has created a consultancy firm with 100% of TI-RW’s shareholder.

TI- Rwanda, as a beacon for transparency, accountability, and anti-corruption, recognizes the importance of conducting due diligence before embarking on paid service engagements in the framework of its consultancy services and in line with the law above mentioned.

By defining parameters and processes of engagement in paid services, we ensure that our operations align seamlessly with our vision, mission and core values.

2. Purpose of the Policy

This policy provides clarity on the procedures and guidelines that TI-Rwanda follows when considering potential paid service engagements, ensuring they reflect our commitment to transparency, uphold our reputation, and are free from conflicts of interest.

3. Definitions

Paid Service: Services delivered by TI-Rwanda in exchange for compensation, whether monetary or in kind.

Risk: Potential deviations that may adversely impact TI-Rwanda's values, reputation, operational efficiency, or its stakeholders.

Stakeholders: Any entities or individuals involved in, affected by, or having a vested interest in TI-Rwanda's operations.

4. Criteria for accepting paid services

4.1 Eligibility Criteria

Engagements must meet the following conditions:

Mission alignment: The nature of the service should be in line with TI-Rwanda’s mission and core values.

Transparent terms: The terms of engagement must be well defined, ensuring that both parties are clear on deliverables, timelines, and compensation.

Conflict-free: The engagement should not present any conflicts of interest that might impair objective decision-making.

4.2 Exclusion Criteria

Engagement will be avoided under the following circumstances:

History of unethical practices: If the potential client or partner has verifiable past incidents of unethical or corrupt behavior.

Compromised neutrality: Any engagements that could jeopardize the impartiality or independence of TI-Rwanda.

5. Guidelines on accepting or excluding paid services

Before approval of paid service engagements, TI-Rwanda should understand the stakeholders/clients (step 1), undertake sanctions screening (step 2), assess the general level of risk posed by each proposed partner (step 3), conduct enhanced due diligence (where required)(step 4), formalizing the relationship (step 5) and undertake periodic checks to ensure that the risks have not changed (step 6).

Step 1: Understanding our stakeholders/clients

Understanding who TI-Rwanda’s stakeholders/clients are is key to helping TI-Rwanda address legal and commercial risks. TI-Rwanda cannot conduct business with an anonymous or fictitious company or with any stakeholders/clients with an unclear identity or business activities. In order to understand who our stakeholders/clients are, and the degree of risk they present, we must

conduct an appropriate level of Due Diligence before entering into any business with them. Where possible and appropriate, TI-Rwanda is expected to undertake the following checks:

1. Obtain key company information from the potential stakeholders/clients. This may include:
 - ✓ company name, parent company details (if applicable), company registration number, tax number, and website URL;
 - ✓ registered office address and head office address (if applicable);
 - ✓ a copy of the certificate of incorporation (if applicable);
 - ✓ an official extract of the register of companies (or equivalent) (if applicable);
 - ✓ articles of association of the company (if applicable);
 - ✓ names of Directors (if applicable);
 - ✓ contact details of the person who is your single point of contact;
 - ✓ the list of people authorized to sign on behalf of the company and corporate documents/powers of attorney confirming those rights (if applicable);
 - ✓ the last two years' worth of financial statements and audit reports (cash flow, balance sheet, and profit & loss account);
 - ✓ payment address/purchase ordering address if different to head office address;
 - ✓ payment details, including the full name and address of stakeholder 's bank, as well as their account details; and
 - ✓ confirmation on behalf of the stakeholder that all the information required above is correct and accurate.
2. Know and verify the identity of the stakeholder using reliable and independent sources, documents, data or information.
3. If the stakeholder is a company, identify and verify the beneficial owners of stakeholders/clients who have more than a 10% ownership interest in the stakeholder.
4. Run a credit record check, as needed, on the Stakeholder.
5. Be familiar with the nature and history of the Stakeholder's activities.
6. Identify the stakeholder's source of, or use of, funds. The information can be obtained from the potential Stakeholder, internet searches, third party screening databases, credit checks and general market knowledge. In carrying out these checks, TI-Rwanda must record the steps that they have taken, the information that they have gathered and the sources of that

information. Any information that has not been obtained should be clearly identified, along with efforts to obtain such information.

All records must be kept in the relevant Books and Records in a form as required by the Compliance Officer from time to time in a way that is accurate and complete.

Step 2: Sanctions screening

TI-Rwanda must undertake sanctions screening on all potential stakeholders/clients and to ensure that TI-Rwanda is not breaching sanctions. This means that the following people and entities are screened to find out if any of them is a sanctioned person prior to entering into a business relationship with the stakeholders/clients:

- ✓ the potential stakeholders/clients; and
- ✓ if the potential stakeholders/clients is a company, any of the stakeholder's Directors, officers and owners who we have identified.

A person will be a Sanctioned Person if they are located or incorporated in a sanctioned country or targeted by sanctions. Therefore, sanctions screening involves checking whether the potential stakeholder has any links to a sanctioned country and/or whether they are targeted by the sanctions.

Step 3: Determining whether enhanced due diligence is required

After the completion of Steps 1 and 2 above, TI-Rwanda must assess the general level of risk posed by each proposed stakeholder in order to determine whether enhanced Due Diligence is required. The information needed to carry out this risk assessment should be based on the information obtained from the proposed stakeholder, internet searches, third party screening databases and general market knowledge.

TI-Rwanda must retain a written record in the Books and Records of the steps that are taken in assessing the risks associated with the potential stakeholder. The risk associated with the proposed stakeholder should be assessed according to the following:

- **Red flags:** is there anything unusual, suspicious or otherwise different about the potential stakeholder that could give rise to Money Laundering, Terrorist Financing, Bribery and/or Corruption-related concerns?
- **Geography:** is the potential stakeholder based in, or is the underlying transaction otherwise connected to, a country that is perceived as being of higher risk from a Bribery and Corruption perspective?
- **Services:** are the services the stakeholder would be providing perceived as being at higher risk?
- **Contract value:** is the expected value of the contract opportunity over USD100,000 (or equivalent)? These are each addressed further below.

Red Flags

Bribery and Corruption comes in many different forms and further background information can be found in TI-Rwanda's Anti-Corruption Policy. Where an Employee is or becomes aware of anything unusual, suspicious or otherwise different about the stakeholder which could give rise to Bribery and/or Corruption-related concerns, this should be regarded as a red flag.

Red flags include but are not limited to:

- ✓ any behavior that would be prohibited by the TI-Rwanda's Anti- Corruption Policy;
- ✓ unusually high proposed fees for the services to be provided.
- ✓ fee arrangements, or requests for payment, that are unusual or not transparent (e.g. asking for payments to be sent to an unconnected third party, requesting payments into a foreign bank account);
- ✓ a history of Bribery or Corruption-related issues in the proposed stakeholder's organization.
- ✓ rumors that the proposed stakeholder is or has been involved in Bribery or Corruption.
- ✓ an unclear ownership structure or lack of office or work address.
- ✓ the involvement of Public Officials in proposed stakeholders or the underlying transaction or services.
- ✓ proposals from the proposed stakeholder to make payments (not provided for by law), give gifts or provide entertainment or hospitality to Public Officials;

- ✓ where the contract will be performed by additional third parties – i.e., where the contract with the proposed stakeholder is likely to be sub-contracted;
- ✓ where the proposed stakeholder suggests that no written agreement be put in place, or where there is otherwise a lack of visibility or clarity around the stakeholder’s actual services or how it operates;
- ✓ where the proposed stakeholder makes any of the following demands:
 - ❖ payments of commission to other third parties; payments of commission in cash or other untraceable funds; and/or payments of commission into foreign bank accounts or to unidentifiable companies;
 - ❖ where the stakeholder relies heavily on contacts rather than expertise in order to win business, or otherwise has an apparent lack of qualifications or resources needed to perform the services they are offering;
 - ❖ where payments are or proposed to be made from any tax havens or offshore jurisdictions that are considered high risk from a Money Laundering or Terrorist Financing perspective; and
 - ❖ where the proposed stakeholder is refusing to provide requested screening information or to include any Bribery and Corruption-related legal provisions in the contract.

When one or more red flags are identified in respect of a stakeholder, enhanced due diligence will be required.

Geography

Bribery and Corruption are perceived as being more likely to occur in certain locations and countries. For the purposes of assessing jurisdictional risks, TI-Rwanda should refer to the latest “Corruption Perceptions Index” prepared by Transparency International.

Where the stakeholder is located in, or the underlying transaction or services are otherwise significantly connected to, a country with a score of less than 30 on the latest published TI Corruption Perceptions Index, enhanced Due Diligence is required.

Services

The type of services that a stakeholder provides for TI-Rwanda influences the level of risk that may be associated with such stakeholder. A Stakeholder who is a distributor, agent or partner will require enhanced Due Diligence.

Contract value

Higher value contracts can be considered more exposed to Bribery and Corruption related risks. Similarly, if Bribery and Corruption-related issues are identified in higher value contracts, regulators and enforcement agencies are more likely to actively investigate, and take action in respect of, the same.

For these reasons, TI-Rwanda requires that higher standards be applied to high value contracts being, for the purposes of this Policy, contracts which have a total associated or annual value more than **USD 100,000** (or equivalent). Enhanced Due Diligence will be needed if TI-Rwanda is entering into such a contract with a stakeholder.

Step 4: Conducting enhanced due diligence (where required)

Where enhanced Due Diligence is required, it will typically involve the following steps, as applicable and depending on the nature and extent of the risks identified:

- ✓ request that the potential stakeholder provides additional information to address the specific issues of concern;
- ✓ in the case of a company, obtain its full corporate profile and history;
- ✓ in the case of a person, obtain their full employment history/CV and request professional references;
- ✓ undertake litigation and criminal records searches;
- ✓ where appropriate, contact trusted third party stakeholders and other sources in the same sector or geography to seek their views; and
- ✓ consider holding in-person site visits and/or interviews with the potential stakeholder.

TI-Rwanda can also instruct specialist advisors to assist with or conduct enhanced Due Diligence on our behalf.

Step 5: Formalizing the relationship

Once the preceding steps have been successfully completed, the relationship with the stakeholder can be formalized. This involves documenting the relationship through a written contract which:

- ✓ clearly identifies the services to be provided to the stakeholder and how they will be remunerated;
- ✓ provides that payments are only made to the stakeholder in a bank account held in their home country; and
- ✓ includes appropriate contractual protections to ensure that our stakeholder will comply with applicable sanctions and trade controls, money laundering, terrorist financing, bribery and corruption-related laws and regulations; and
- ✓ includes provisions requiring the stakeholder to comply with, our Anti-Corruption Policy.

Step 6: Ongoing monitoring

It is not enough to make sure that there are no red flags identified with a stakeholder at the start of a new relationship. It is important that TI-Rwanda remains alive to the risks associated with stakeholder and, where necessary, undertake periodic checks to ensure that the risks have not changed. The frequency and nature of the periodic checks should take into account the general level of risk posed by the relationship with the stakeholder in question.

However, TI-Rwanda must undertake a re-assessment of the relationship in any circumstances where a new red flag is identified, it becomes aware of any information obtained in respect of the stakeholder being incorrect or incomplete, and prior to any renewal of, or change in, its relationship with the stakeholder (for example, where TI-Rwanda will provide additional or new services).

6. Speaking up and reporting

Any Employee or stakeholder who becomes aware of breach of this Policy or any other event or circumstance that give rise to an actual or suspected breach to any Bribery, Corruption, Money Laundering, Terrorist Financing and Sanctions-related laws by any of TI-Rwanda's stakeholder, is obliged to escalate the issue in accordance with the Speak Up Policy as prescribed in our Anti-corruption policy.

Employees and other stakeholders may report a matter anonymously (although we would encourage them to go on the record). TI-Rwanda's top management will provide comprehensive support to any of its Employees who report any issues in accordance with the Speak Up Policy in good faith.

Retaliatory behavior resulting from good faith reporting in accordance with the Speak Up Policy is never acceptable and Employees and stakeholders will not be punished for good faith reporting (even if their concern is not substantiated). Those who engage in retaliatory behavior will be subject to disciplinary and legal action.

7. Violation of this Policy

Where TI-Rwanda is informed of any breaches of this Policy or any event or circumstance that gives rise to an actual or suspected breach of any Bribery, Corruption, Money Laundering, Terrorist Financing, Sanctions or Trade Controls-related laws by any of TI-Rwanda's stakeholders, it will initiate an internal investigation thereof in accordance with the Speak Up Policy and involve law enforcement and other competent authorities, if necessary.

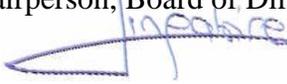
All TI-Rwanda's stakeholders/clients and employees bear responsibility for the compliance with this Policy and any other documents aimed at its implementation. Failure to comply with the requirements of this Policy shall be grounds for partnership termination for stakeholders and disciplinary action up to and including dismissal for employees. Any questions about this Policy can be raised with the Compliance Officer or emailed to info@tirwanda.org

8. Evaluation and review

In order to ensure that this Policy continues to be effective, it shall be reviewed periodically. TI-Rwanda's Executive Director is responsible for initiating this review by the Board of Directors at intervals not to exceed five (5) years.

This policy has been reviewed and approved during Transparency International's Board Meeting of February 10th, 2025

Mrs. Ingabire Marie Immaculée
Chairperson, Board of Directors



Mr. Apollinaire Mupiganyi
Executive Director

