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Programme

Anti-Fraud Policy

Summary

Equitable Earth commits to upholding the highest standards of honesty, integrity, and ethical conduct throughout its operations and with all involved parties. This document outlines Equitable Earth's anti-fraud procedures to ensure its legal, financial, and operational integrity.



Table of Contents

Table of Contents	1
Introduction	2
Scope	2
Normative References	2
Templates	2
Guiding Principles	3
Prevention	4
1. Continuous Training	4
2. Risk Assessment	4
3. Third-Party Screening	4
4. Third-Party Due Diligence	5
5. Contracts	8
Detection	9
1. Internal and Accounting Controls	9
2. Accounting Measures	9
3. Grievance Mechanism	9
4. Renewal of Due Diligence Reports	10
5. External Audits	10
Remediation	11
Implementation Of Corrective Measures	11
Confidentiality	12
Data Protection	12
Data Withdrawal	12



Introduction

Scope

To manage and mitigate all levels of risk, Equitable Earth devised a monitoring strategy based on three lines of defence: **prevention** (training, assessment of Third Parties, internal rules and procedures), **detection** (grievance mechanism, internal and accounting controls) and **remediation** (implementation of corrective measures and disciplinary sanctions) in the event of non-compliance.

In line with Equitable Earth's [Code of Ethics and Business Conduct](#) and [Rules of Procedure](#), this Anti-Fraud Policy applies to all Equitable Earth Agents and independent third parties, namely Validation and Verification Bodies, buyers, developers and other contractors including, but not limited to, accounting firms, legal and technical consultancy, insurance services and suppliers.

Normative References

This document must be read in conjunction with the following documents:

- [Equitable Earth Programme](#)
- [Code of Ethics and Business Conduct](#)
- [Equitable Earth Long-Term Administration Plan](#)
- [Rules of Procedure](#)
- [Quality Management System](#)

Templates

This document is linked with the following templates:

- [AML/CTF Risk Analysis](#)
- [Anti Corruption Risk Analysis](#)
- [Anti-Fraud Inquiry](#)
- [Declaration of Interest](#)
- [Third-Party Screening](#)
- [Due Diligence Report](#)
- [Annual Report](#)



Guiding Principles

Equitable Earth Anti-Fraud Policy allows to mitigate risks associated with fraudulent or harmful activities. This Anti-Fraud policy is built around four core principles:

- **Legal Compliance.** Equitable Earth must comply with various local, national, and international regulations, including anti-corruption, conflicts of interest, anti-money laundering, and counter-terrorism financing (AML/CTF).
- **Risk Mitigation.** Equitable Earth must identify and assess material risks associated with new or existing partnerships.
- **Quality Control.** Equitable Earth must perform third parties vetting.
- **Transparency.** Equitable Earth commits to transparent operations and partnerships.

By implementing this procedure, Equitable Earth ensures a secure, accountable, and transparent management of its activities. As such, non-compliance with this Anti-Fraud Policy may result in immediate termination of contracts and legal actions, as appropriate.



Prevention

Equitable Earth has instituted stringent preventive measures as the cornerstone of its Anti-fraud Policy. These measures exemplify Equitable Earth's commitment to proactively recognise, comprehend, and address potential fraud risks before they manifest.

1. Continuous Training

- 1.1. Anticorruption and AML/CTF are part of Equitable Earth's onboarding and periodic training for Equitable Earth Agents. Equitable Earth must ensure that all Agents are up-to-date on the latest compliance requirements and aware of the various forms of fraud.

2. Risk Assessment

- 2.1. Using a risk-based approach to AML/CTF and anticorruption, Equitable Earth has implemented the [AML/CTF Risk Analysis](#) and [Anticorruption Risk Analysis](#) tools to monitor and mitigate potential risk scenarios. Both documents are updated annually by the Executive team, and their results are communicated in the Equitable Earth [Annual Report](#) to inform the Equitable Earth [Administration Plan](#).

3. Third-Party Screening

- 3.1. **Objective.** The objective of the [Third-Party Screening](#) process is to quickly evaluate the reputation and basic credentials of third parties before establishing any form of business relationship with them, ensuring alignment with Equitable Earth's values and policies.
- 3.2. **Scope.** The Third-Party Screening process applies to all Equitable Earth contractors and partners, including, but not limited to, VVBs, buyers, accounting firms, legal and technical consultancy, insurance services, and suppliers.
 - 3.2.1. Third parties that are already audited annually are exempt from this procedure; in this case, the screening will consist of verifying their audit report.
 - 3.2.2. Developers are also exempt from this procedure as they undergo a full Due Diligence investigation.
- 3.3. **Activation.** The [Third Party Screening](#) or an update of an existing screening - can be triggered in the following situations:



- 3.3.1. **Entering a New Business Relationship.** This applies to individuals or entities that contract with Equitable Earth.
- 3.3.2. **Reputational Concerns.** If rumours, news reports, or public discourse raise concerns about one of Equitable Earth's Third Parties' practices or reputation.
- 3.3.3. **Financial Transactions.** Before executing financial transactions of over 50,000 USD, especially if these have not undergone this screening process for more than two (2) years.
- 3.3.4. **Operational Red Flags.** Anytime internal operational red flags, such as late payments, irregular documentation, or frequent changes in points of contact, are noticed.
- 3.3.5. **Changes in Third Party Ownership or Management.** Anytime a significant change in the ownership, board members, or senior management of a third party occurs.
- 3.4. **Screening Procedure.** An Equitable Earth Agent performs the screening using the [Third-Party Screening](#) template to verify the following information:
 - 3.4.1. **Online Reputation.** Conduct a quick online search on the third party using major search engines to gauge their public image, recent news articles, and any red flags. Special attention should be given to news relating to their involvement in ecosystem restoration projects or other relevant areas.
 - 3.4.2. **Database Check.** Use [WorldCheck](#) and regional registries to perform a basic check on the third party's background, any legal issues, or potential risks associated with them.
- 3.5. **Outcome.** Once the screening is completed, the Equitable Earth Agent may rate its outcome as "Clear" or "Flagged" in the [Third-Party Screening](#) report depending on whether the third party passed the screening without any concerns, or if discrepancies or potential concerns have been identified. In cases where a third party is flagged, a more detailed [Due Diligence Report](#) is needed before any further interaction.

4. Third-Party Due Diligence

- 4.1. **Objective.** The Third-Party Due Diligence process aims to collect identification information from third parties before establishing a contractual relationship. The process includes a questionnaire, to be



completed by the third party, and a [Due Diligence Report](#), composed of an investigation and a desktop review of disclosed information by an Equitable Earth Agent from the relevant team.

4.2. **Scope.** This process is the default procedure for developers. Other third parties may undergo the Third-Party Due Diligence process **only** if they are flagged during the preliminary Third-Party Screening.

4.3. **Third-Party Declaration**

4.3.1. **Questionnaire.** Equitable Earth sends a questionnaire for third parties to disclose the following information:

- **Identity check.** Third parties detail their legal identity and status.
- **Track-Record.** Third parties must provide information (relevant experience, records and references) that confirms their capacity to perform their role in collaboration with Equitable Earth.
- **Financial and Legal Compliance.** Third parties must submit documents proving their financial standing and debt status, and confirm that they are not involved in any legal disputes. Equitable Earth cross-checks such information using available registries and [WorldCheck](#).
- **Ethics.** Third parties must provide proof of their commitment against all forms of fraud, especially bribery, AML/CTF and conflicts of interest by:
 - Filling out a [Declaration of Interest](#) to disclose all actual and potential conflicts of interest, including any material transaction or relationship that could be expected to give rise to a conflict of interest.
 - Filling out the [Anti-fraud Inquiry](#) to inform Equitable Earth of the bribery and AML/CTF risks associated with their activities and the mitigation measures they have implemented.
 - Both forms must be completed every four years.



💡 Conflicts of Interests and AML/CTF risks are scanned thoroughly by the Certification Team as part of the Developer Due Diligence. As such, Developers are exempt from completing the Declaration of Interest & the Anti-Fraud Inquiry procedures.

4.4. Due Diligence Reports

4.4.1. **Objective.** [Due Diligence Report](#) ensures the accuracy of all information provided by third parties in the questionnaire, guaranteeing their competency, legal compliance, and alignment with Equitable Earth's requirements.

4.4.2. **Structure.** All Due Diligence Reports follow the same steps:

- **Verification.** Questionnaire answers are reviewed using [WorldCheck](#) and other national and regional registries to confirm the information.
- **Discrepancies.** The investigator cross-checks for discrepancies between the provided information and the results of their research.
- **Alert level assessment.** The investigator assigns an alert level for each risk category and summarises their findings for each item. This allows the report to be an effective decision-making tool.

4.4.3. **Validation.** Once the [Due Diligence Report](#) is completed, the investigator must sign it and, if the Global Alert Level is equal or superior to “3 - Medium Alert Level”, they must transfer it to the Secretariat for review.

4.5. Summary

	VVBs	Developers	Buyers	Other Third Parties (consultants, brokers,...)
Objective	To collect and cross-check identification information from essential third parties before entering into contractual relationships.			To quickly evaluate the reputation and basic credentials of third parties



				before entering into contractual relationships.
Required level of assessment	Third-Party Screening (Third Party Due Diligence if flagged during the screening)	Third-Party Due Diligence	Third-Party Screening (Third Party Due Diligence if flagged during the screening)	Third-Party Screening (Third Party Due Diligence if flagged during the screening)
When?	As part of the approval process	As part of the Feasibility phase	Before having the account approved in the registry	Before entering into contractual relationships with Equitable Earth.
Responsible Equitable Earth Entity	Secretariat	Certification team	External Relations team	Administrative Team

5. Contracts

- 5.1. **Know Your Customer (KYC).** Equitable Earth stipulates that contracts with third parties should only be finalised once the relevant KYC process (either a Screening or a Due Diligence) is thoroughly completed and the involved parties are validated in line with established protocols.
- 5.2. **Validation.** Before finalisation, these contracts must undergo scrutiny by the Administrative team, with the support of Equitable Earth's legal advisor. To be considered fully endorsed by Equitable Earth, a contract must then be signed by Equitable Earth's relevant highest level of management:
 - 5.2.1. The Director of Secretariat is the authority on all contracts with VVBs, TAB members and all other third parties providing services related to the operation of the Standard, its affiliated documents and the certification process.
 - 5.2.2. The CEO is the authority on all contracts with buyers, developers (at the sourcing phase only) and all other third parties providing services related to the administrative and financial management of Equitable Earth.



Detection

To uphold the integrity and reputation of Equitable Earth, it is essential to promptly detect any discrepancies, irregularities, or potential misconduct that might emerge during Equitable Earth's activities. This section outlines the procedures and mechanisms that Equitable Earth follows to detect fraud.

1. Internal and Accounting Controls

- 1.1. **Internal Controls.** The Administrative team is responsible for conducting yearly randomised internal audits focusing on high-risk areas. To complement the Administrative monitoring role, the Secretariat can act on its initiative when suspicions emerge or concerns are raised via the [Grievance Mechanism](#). These internal controls are informed by Equitable Earth's [AML/CTF Risk Analysis](#) and [Anticorruption Risk Analysis](#), and consist of:
 - 1.1.1. **Regular Operational Reviews.** Examination of the efficiency and effectiveness of various operational processes to ensure they align with Equitable Earth's objectives.
 - 1.1.2. **Compliance Checks.** Verification that all activities are compliant with local, national, and international laws and regulations.

Refer to Equitable Earth [Quality Management System](#) for more details.

2. Accounting Measures

- 2.1. In collaboration with Equitable Earth chartered accountants, the Chief of Staff is responsible for:
 - 2.1.1. **Transaction Monitoring.** Equitable Earth monitors all its financial transactions in real time. Any irregularity triggers an immediate investigation.
 - 2.1.2. **Budget Analysis.** Monthly meetings with Equitable Earth's subcontracted accountant to reconcile financial records with bank statements and to accurately compare budgeted and actual expenses with revenues.

3. Grievance Mechanism

- 3.1. If an Equitable Earth Agent or a third party has suspicion of any problem or possibility of wrongdoing, they are encouraged to report it through the



[Grievance Mechanism](#). The Secretariat must then thoroughly investigate the grievance and provide a resolution.

4. Renewal of Due Diligence Reports

- 4.1. The Due Diligence process shall be updated for each third party every 4 years. The Secretariat can also request an update before this four-year delay if an event is expected to significantly change the situation.

5. External Audits

- 5.1. External audits are essential to evaluate the effectiveness of the other lines of defence and should take place annually or as required by the Executive team. These checks verify that Equitable Earth's stringent criteria are continually maintained and updated as necessary.



Remediation

Equitable Earth acknowledges the potential for unexpected challenges and discrepancies. This section outlines Equitable Earth's systematic approach to addressing such issues, guaranteeing prompt, transparent, and efficient resolution of any non-compliance or anomalies that may arise.

Implementation Of Corrective Measures

Should non-compliance or irregularities be detected, Equitable Earth has established a robust set of remedial actions. The Secretariat, in consultation with the Executive and Administrative teams, will lay out a roadmap for corrective measures:

1. **Suspension or termination of the business relationship.** If violations of Equitable Earth's Anti-Fraud rules are discovered, Equitable Earth reserves the right to take immediate action such as suspending or terminating the business relationship with the third party.
2. **Disciplinary sanctions.** Individuals violating Equitable Earth's policies or legal obligations may face disciplinary action, as outlined in the [Code of Ethics and Business Conduct](#).
3. **Corrective action plan.** If Equitable Earth decides to pursue the business relationship with the third party, a detailed corrective action plan outlining the actions to address the issue must be developed and implemented. The timeline for implementation will depend on the severity of the non-compliance.
4. **Third-party notification.** If a violation is discovered, Equitable Earth should inform other potentially affected third parties of the issue and the steps taken to resolve it, preserving the integrity and trustworthiness of the Equitable Earth business relationships.
5. **Policy review.** All incidents, non-compliances and grievances will be analysed to determine if systemic issues require adjustments to Equitable Earth's policies or procedures.
6. **Reporting.** All corrective measures and outcomes will be fully documented and included in Equitable Earth's [Annual Reports](#) for full transparency.



Confidentiality

Data Protection

All collected data will be stored securely, compliant with data protection laws, and accessible only to authorised Equitable Earth Agents. Personal data is stored for three years. At the end of this period, Equitable Earth will request the third party to renew its file-keeping authorisation.

More information can be found in Equitable Earth's [Privacy Policy](#).

Data Withdrawal

Stakeholders who wish to withdraw their accreditation or request data deletion are advised to contact **secretariat@eq-earth.com**.

The email subject should read "GDPR - AUDITOR DATA DELETION," and the body of the email should describe the specific scope of the data deletion request.



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