

FRAUD PREVENTION & ANTI-BRIBERY POLICY

The purpose of this policy is to explain our position on the handling of fraud and bribery concerns, to set out the standards to be met and procedures for recording and reporting. This policy is owned by the Board of Trustees and is overseen by the CEO and implemented by the CFO. Staff training is provided through e-learning.

1. INTRODUCTION

1.1 REACT expects its colleagues to adopt the highest standards of propriety and accountability. This policy outlines the organisation's position on preventing and prohibiting fraud and bribery, in accordance with the Bribery Act 2010. REACT (or its subsidiary REACT Group Solutions Ltd) will not tolerate any form of bribery by, or of, its workers, employees, agents or consultants or any person or body acting on its behalf (hereby referred to as colleagues), this is our zero tolerance approach to these matters and we will address concerns raised through its codes of conduct or may raise matters directly with law enforcement agencies depending on the circumstances.

- **Fraud is defined as:** 'the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain'. In addition, fraud can also be defined as: 'the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to mislead or misrepresent'.
- **Corruption is defined as:** 'The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person' and in addition: 'the failure to disclose an interest in order to gain financial or other pecuniary gain.'

1.2 This procedure is non-contractual but sets out the steps we take to minimise the risk of fraud and corruption in our organisation.

2 BRIBERY ACT 2010

2.1 Under the Bribery Act 2010, a bribe is a financial or other type of advantage that is offered or requested with the:

- intention of inducing or rewarding improper performance of a function or activity; or
- knowledge or belief that accepting such a reward would constitute the improper performance of such a function or activity.

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- 2.2 A relevant function or activity includes public, state or business activities or any activity performed in the course of a person's employment, or on behalf of another company or individual, where the person performing that activity is expected to perform it in good faith, impartially, or in accordance with a position of trust.
- 2.3 A criminal offence will be committed under the Bribery Act 2010 if:
- an employee or associated person acting for, or on behalf of REACT, offers, promises, gives, requests, receives or agrees to receive bribes; or a colleague acting for, or on behalf of REACT, offers, promises or gives a bribe to a foreign public official with the intention of influencing that official in the performance of their duties (where local law does not permit or require such influence); and
 - REACT does not have the defence that it has adequate procedures in place to prevent bribery by its colleagues.
- 2.4 All colleagues are required to comply with this policy, in accordance with the Bribery Act 2010.

3 WHAT IS PROHIBITED?

- 3.1 REACT prohibits colleagues from offering, promising, giving, soliciting or accepting any bribe. The bribe might be cash, a gift or other inducement to, or from, any person or company, whether a public or government official, official of a state-controlled industry, political party or a private person or company, regardless of whether the colleague is situated in the UK or overseas. The bribe might be made to ensure that a person or company improperly performs duties or functions (for example, by not acting impartially or in good faith or in accordance with their position of trust) to gain any commercial, contractual or regulatory advantage for REACT in either obtaining or maintaining commercial or volunteering business, or to gain any personal advantage, financial or otherwise, for the individual or anyone connected with the individual.
- 3.2 This prohibition also applies to indirect contributions, payments or gifts made in any manner as an inducement or reward for improper performance, for example through consultants, contractors or sub-contractors, agents or sub-agents, sponsors or sub-sponsors, joint-venture partners, advisors, customers, suppliers or other third parties.

3.3 KEY BRIBERY RISK AREAS

Listed below are some potential key bribery risk areas. The list is not comprehensive but describes some of the risks that an organisation such as REACT will face, depending on activities, where the work is undertaken and the nature of activities. REACT will

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carry out a risk assessment, informing controls and mitigation measures. Risks might include but are not limited to:

- Geographical – risks may be higher in certain countries or regions within countries. Activities in urban areas may pose different risks to activities in rural areas.
- Cultural – in certain cultures and work environments, bribes may be seen as “business as usual”.
- Emergency relief – the time pressure and security context may increase risk.
- Partners – many organisations work through partners. Factors that may impact bribery risk include size/structure/governance of partners; adequacy of partners’ control systems; partner selection processes; partnership contracts and agreements; and partners’ monitoring and support processes; political involvement or connections of partners.
- Procurement – increased risk where processes are not fair or transparent. Procurement is a high-risk area for bribery.
- Transactions – certain transactions may carry higher risk; for example, payments to government officials, major contracts and payments through third parties.
- Recruitment – bribes can be offered or sought as part of recruitment processes.
- New activities – there may be increased risk when organisations start new activities in which they have limited experience, such as humanitarian relief in a new country, or commercial operations.

4 RECORDS

- 4.1 Employees and workers and, where applicable, associated persons such as volunteers or Trustees, are required to take particular care to ensure that all company records are accurately maintained in relation to any contracts or business activities, including financial invoices and all payment transactions with clients, suppliers, beneficiaries and public officials.
- 4.2 Due diligence should be undertaken prior to entering into any contract, arrangement or relationship with a potential supplier of services, agent, consultant or representative.

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4.3 Colleagues are required to keep accurate, detailed and up-to-date records of all corporate hospitality, entertainment or gifts accepted or offered. Advice on how to maintain these records should be taken from the Director of People & Resources.

5 WORKING OVERSEAS

5.1 Colleagues conducting business on behalf of REACT outside the UK may be at greater risk of being exposed to bribery or unethical business conduct than UK-based colleagues. All colleagues owe a duty to REACT to be extra vigilant when conducting international business.

6 PROCEDURE

6.1 Colleagues are required to cooperate with our procedures and to report suspicions of bribery to their line manager. While any suspicious circumstances should be reported, particular attention should be paid to report:

- close family, personal or business ties that a prospective agent, representative or joint-venture partner may have with government or corporate officials, directors or employees.
- a history of corruption in the country in which the business is being undertaken.
- requests for cash payments.
- requests for unusual payment arrangements, for example via a third party.
- requests for reimbursements of unsubstantiated or unusual expenses; or
- a lack of standard invoices and proper financial practices.

6.2 If you are in any doubt as to whether a potential act constitutes bribery, you should raise the matter with the Director of People & Resources or Chief People Officer.

7 FACILITATION PAYMENTS

7.1 REACT prohibits its colleagues from making or accepting any facilitation payments. These are payments typically made to government officials for carrying out or speeding up routine procedures. They are more common overseas. Facilitation payments are distinct from an official, publicly available fast-track process. Facilitation payments, or offers of such payments, will constitute a criminal offence

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by both the individual concerned and REACT under the Bribery Act 2010, even where such payments are made or requested overseas. Colleagues are required to act with greater vigilance when dealing with government procedures overseas.

- 7.2 Where a public official has requested a payment, colleagues should ask for further details of the purpose and nature of the payment in writing. If the public official refuses to give these, this should be reported immediately to the Director of People & Resources.
- 7.3 If the public official provides written details, the Finance Team will consider the nature of the payment. Legal advice may be sought by the Finance Team.
- 7.4 If it is concluded that the payment is a legitimate fee, for example part of a genuine fast-track process, or is permitted locally, REACT will authorise the colleague to make the payment.
- 7.5 Where the Finance Team considers that the request is for a facilitation payment, the colleague will be instructed to refuse to make the payment and notify the public official that they are required to report the matter to REACT and the UK embassy.
- 7.6 If you have raised a concern, you will be invited to participate in an investigation, further we may determine that the matter should be referred to the prosecution authorities where your further cooperation will be required.
- 7.7 If a colleague has any other concerns about the nature of a request for payment, they should report it to the Finance Team using the reporting procedure set out in this policy and in accordance with REACT's Whistleblowing Policy.

8 CORPORATE ENTERTAINMENT, GIFTS, HOSPITALITY AND PROMOTIONAL EXPENDITURE

8.1 REACT does not permit corporate entertainment, gifts, hospitality and promotional expenditure except by the Senior Leadership team (SLT) If the SLT undertake such expenditure it must be undertaken:

- for the purpose of establishing or maintaining good business relationships.
- to improve the image and reputation of REACT; or to present our services effectively, if it is:
 - arranged in good faith, and
 - not offered, promised or accepted to secure an advantage for REACT or any of its colleagues to influence the impartiality of the recipient.

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8.2 We will authorise only reasonable, appropriate and proportionate entertainment and promotional expenditure.

8.3 Any gifts, rewards or entertainment received or offered from clients, public officials, suppliers or other business contacts should be reported immediately to the Finance Team via the Gifts and Hospitality register. In certain circumstances, it may not be appropriate to retain such gifts or be provided with the entertainment, and colleagues may be asked to return the gifts to the sender or refuse the entertainment, for example, where there could be a real or perceived conflict of interest. Generally, small tokens of appreciation, such as flowers or a bottle of wine, may be retained by colleagues. (See policy on Gifts and Hospitality)

9 REPORTING ALLEGATIONS OF FRAUD OR CORRUPTION

9.1 Concerns must be raised when colleagues reasonably believe that one or more of the following has occurred, is in the process of occurring, or is likely to occur:

- A criminal offence.
- A failure to comply with a statutory or legal obligation.
- Improper unauthorised use of funds.
- Excessive unofficial use of company property (such as mobile telephones, cars, stationery etc.).
- Deliberate concealment of, or complicity in, any of the above.

9.2 REACT will ensure that any allegations received, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner. In addition, we also have a 'whistleblowing' Policy which our workers should use if they have any concerns about wrongdoing.

9.3 We will deal firmly with those who defraud REACT, who are corrupt or are involved in financial malpractice. Investigations will be conducted. This may include the instigation of the disciplinary process, which may lead to dismissal, and/or therefore any abuse such as employees raising malicious allegations, will also be dealt with as a disciplinary matter. When fraud or corruption has occurred because of a breakdown in our systems or procedures, the Senior Leadership Team will ensure that appropriate improvements in our control systems are implemented to prevent a re-occurrence.

10 PREVENTION - RESPONSIBILITIES OF COLLEAGUES

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- 10.1 Each colleague is required to comply with our relevant procedures and policies (for example, expenses, IT security, ethics), any codes of conduct issued from time to time and any guidance in our employee and volunteer handbooks (e.g. on gifts and hospitality, professional and personal conduct, and conflicts of interest.)
- 10.2 All colleagues are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of the charity.
- 10.3 Colleagues should remain vigilant for the possibility that fraud, corruption, or theft may exist in the workplace and must share their concerns with management. If for any reason, they feel unable to speak to their direct line manager they must refer the matter to the Director of People & Resources or Chief People Officer. They should utilise the Whistleblowing Policy. Failure to report such knowledge or suspicions may be seen as condoning the act and may itself be treated as a disciplinary offence.
- 10.4 If you suspect or discover fraud you should not attempt personally to investigate or interview or discuss the case with anyone, unless specifically authorised to do so by the Chief People Officer.

11 AUDIT AND INVESTIGATION

- 11.1 From time to time our systems and processes are subject to review by our auditors. This is vital to ensure that systems and procedures in place are effective. Reviews of financial controls and specific fraud and corruption tests, spot checks and unannounced visits will also be included in scope of our plans to ensure effectiveness.
- 11.2 An investigation will follow any notification of a potential fraud that has occurred elsewhere and will inform the relevant manager. The Chief People Officer or the nominated representative will have free and unrestricted access to all records and premises when carrying out this function and will have our authority to examine; copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on our premises. without the prior knowledge of any worker who may use or have custody of any such items if they are considered within the scope of the investigation.

12 ESCALATING CONCERNS

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12.1 Any decision to refer a matter to the police will be taken by the Chief Executive: we will normally wish the police to be made aware of, and investigate independently, offenders where financial impropriety is discovered.

12.2 Our disciplinary procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by colleagues.

13 IMPLEMENTATION, MONITORING AND REVIEW OF THIS PROCEDURE

13.1 The Chief Executive has overall responsibility for implementing and monitoring this procedure, which will be reviewed on a regular basis following its implementation and may be changed from time to time.

13.2 Any queries or comments about this procedure should be addressed to the Director of People & Resources.

Review February 2026

Next review February 2027

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