This report has been prepared to the best knowledge and judgment of the ICL unit based on information shared by the SOS regions and member associations.
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SOS Children’s Villages Anti-Corruption Framework

The SOS Children’s Villages policy on Good Management & Accountability Quality Standards was developed during 2011 and 2012 and adopted by the Federation in March 2013. It sets the quality standards in the areas of management and transparency, integrity of the organisation and protection of assets. These quality standards are mandatory for all member associations.

The Good Management & Accountability Quality Standards clearly state that we do not accept corruption and follow a “zero-tolerance” approach. Our zero-tolerance approach means that corruption always results in a response. This response varies according to the situation and ranges from criminal prosecution in serious cases to training and individual development measures for minor offences.

Two main documents complementing the quality standards are the Anti-Fraud & Anti-Corruption Guideline and the Code of Conduct. SOS Children’s Villages has developed the Code of Conduct, a legally binding document, to uphold and promote the highest standards of ethical and professional conduct among all co-workers within the federation, governing body members and other persons affiliated to the organisation. By signing this Code of Conduct all governing body members, co-workers and other specified persons commit, in unison with the entire SOS Federation, to aspire to and maintain the required conduct as a precondition for service to SOS Children’s Villages.

The Anti-Fraud & Anti-Corruption Guideline provides explanations on different forms of corruption and their consequences. Definitions and examples thereof are also outlined in Section 5.1 of this report. Specific responsibilities of co-workers at each hierarchical level (both in member associations and in the GSC) are laid out, and steps to be taken concerning reporting, investigation and responding to allegations are stated. This guideline is a legally binding document and applies to co-workers and governing body members at all levels of SOS Children’s Villages.

1.1 Overall Number of Corruption Cases

![Overall Number of Corruption Cases (2019-2020)]

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>36</td>
</tr>
<tr>
<td>2020</td>
<td>19</td>
</tr>
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</table>

Table 1
1.2 Corruption Cases per Programme Affected

The following chart shows all SOS programme/service types that are affected by the reported corruption cases in 2020. The percentage shown for each SOS programme or service type means the frequency of being referred to in the cases and not the number of confirmed corruption cases. We recognize that concerns of suspected corrupt conduct occur in a wide range of our programmes/services. This strongly supports SOS’ approach to implement a Federation-wide corruption prevention framework with extensive and mandatory training on our legally binding policies and procedures, including our Anti-Fraud and Anti-Corruption Guideline. It is also reflected in the decision to roll out a global Integrity & Compliance Network in 2017, which currently brings together over 138 contact persons from member associations and regions who contribute to the strengthening of corruption prevention within SOS. In comparison to 2019, suspected reported misconduct within the National Offices of the SOS member associations showed a considerable increase from 44% in 2019 to 55% in 2020.

![Type of SOS Programmes/Services Affected in % (2020)]

Table 3
Note: Multi-metering for a single case is possible, e.g., one case can relate to several programmes/services.

1.3 Corruption Cases per Category

![Corruption Cases per Case Categories (2020)]

Table 4
Note: Multi-metering for a single case is possible, e.g., one case can fall in several case categories, such as allegations of fraud and embezzlement.

In 2020, the most affected areas of corruption, as defined in the Anti-Fraud and Anti-Corruption Guideline, were embezzlement and fraud. In 55% of the overall 19 reported corruption cases, the allegations included embezzlement and fraud.

Apart from the definitions established in the Anti-Fraud and Anti-Corruption Guideline, we provide in our Question & Answers Section below and in the newly designed Corruption Reporting Information Wiki on the Federation’s Collaboration Platform, explanations and examples for corruption categories, such as:

- **Fraud** is the wilful deception to obtain an unlawful benefit to the disadvantage of our organisational resources.
  
  *Examples:* (1) A co-worker submits private receipts/invoices as part of business travel. (2) Payroll staff members create fake employees and pay these ‘ghost employees’, directing the money into their own bank accounts. (3) A co-worker forges the invoice of a supplier to personally collect the invoiced amount.

  - **Embezzlement** is the misuse of entrusted resources for one’s own or someone else’s benefit.
  
  *Examples:* (1) A co-worker claims to have lost his/her company mobile phone (=entrusted to him/her), while in fact she/he has given it to a family member for private use. (2) A co-worker who has access to company accounts (=entrusted company resource) transfers funds to his/her private bank account.

### 1.4 Corruption Cases per Source

![CORRUPTION CASES PER SOURCE](image)

In 2020, 95% of the suspected corruption cases were reported by SOS co-workers and/or beneficiaries, external third parties and anonymous whistleblowers. We find that the consistently high percentage of whistleblowing reports by SOS staff, including beneficiaries, indicates a growing awareness of what constitutes corruption and the awareness that it harms the Federation and should therefore be reported. It also shows how important it is to inform and train our employees, including senior and top management on a federation wide level on corruption awareness and prevention topics.
1.5 Remediation Efforts and Measures

The overall recovered funds from 2010 through 2020 amount to EUR 217,020. In 2020, in three out of four less critical cases we were able to recover the full amount of embezzled funds in the amount of 1,200€. In only one case the amount of 560€ was officially declared as a loss to the organization. This may appear as a considerably moderate amount, however, the recovery of funds under the different legal regimes in the countries in which our member associations operate can be complex and difficult. Nevertheless, the recovery of funds is an important step in the remediation process, and we urge all member associations to put the corresponding efforts into it. Other remediation measures include the introduction of structural enhancements, including optimised finance and controlling mechanisms, and HR measures which in 2020 ranged from individual trainings over sensitisation workshops for co-workers to disciplinary warnings and, in severe cases, to termination of the employment and possible judicial actions according to respective national laws.

![Volume of Funds Recovered (2010-2020)](image)

Table 6

2 SOS CVI Online Whistleblowing Channel Statistics

Since 27 November 2017, SOS CVI operates an online whistleblowing channel for reporting suspected corrupt conduct. We introduced the online channel to complement the existing reporting options, outlined, inter alia, on our [Corruption Reporting Information Wiki](#) on the Federation's Collaboration Platform. The online channel offers co-workers and external persons the possibility to submit information regarding suspected corrupt conduct from anywhere in the world and at any time, also anonymously if desired. As a child-focused organisation, we also recognise children/adolescents as an audience which may observe potential corruption. Therefore, we also offer the online channel in a child/youth-friendly version, avoiding any rather complex and technical wording. Since the implementation of the online whistleblowing channel in November 2017, the whistleblowing introduction page has been visited 55,943 (status: 31 December 2020). In comparison to the prior year, the introduction page was visited 9,628 times more.

![Hits per Introduction Page](image)

The online channel is not based on a standard email system but on a specially secured internet-based communication application, the BKMS® System. The introduction page is the landing page that the whistleblowers are directed to through the links on our [SOS CVI website](#). The number of hits on the introduction page indicates both knowledge of the channel and interest in the channel. The hits must not be confused with or expected to become reports of suspected corrupt conduct.

Table 7

*Visits of whistleblowing channel introduction page*
For corruption-related reports, the online whistleblowing channel is managed by ICL. As regards reports on other forms of misconduct, including harassment and child-safeguarding incidents, and on programme quality, such reports are internally forwarded to the respective expert units.

All whistleblowers have the possibility and are actively encouraged to set up a personal post-box within the online channel. This allows them to engage in a dialogue with us, facilitating a more efficient review and follow-up of reported incidents, if desired while remaining anonymous. Out of the 34 reports received through the Online Whistleblowing Channel, 25 whistleblowers made use of the possibility of setting up a respective post-box.

Table 8
* Total percentage of whistleblowers who set up a postbox in 2020

| Postbox Set up* | No Postbox Set up; 26% = 9 times | Postbox Set up; 74% = 25 times |

Feedback from Whistleblowers
Total reports received: 34

Table 9

Table 10 above shows that 19 out of 24 whistleblowers actively used the post box set up within the Online Channel in order to communicate and provide feedback/information to the ICL unit. Although having set up a post box and if desired, the whistleblower can still remain completely anonymous. Experience shows, however, it is useful if the whistleblower disclose(s) his/her/their identity those cases, in which the whistleblower does not provide enough factually sufficient information in order for ICL to be able to properly conduct the necessary pre-assessment. Therefore, it is highly appreciated that most whistleblowers at least set up a box for having the technical possibility of communication with ICL.
Specially trained staff in ICL reviews the corruption-related reports submitted through the online channel in a pre-assessment. Before a reported suspicion is taken up for an investigation, it must be established that the allegation contains sufficiently concrete information to justify an investigation. If there are not sufficiently enough factual indications, an investigation will not be conducted.

3 Selected Multi-Year Statistics

3.1 Overall Number of Corruption Cases 2010-2020

The following chart indicates the number of reported corruption cases from the years 2010 through 2020.

Table 11

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1 See Anti-Fraud & Anti-Corruption Guideline, Sec. 7.3.
2 Cut-off date for the collection of the data is information available at ICL by 31 December 2020.
4 Questions & Answers

4.1 What are examples of suspected corruption that I shall report?

Below we have provided explanations and examples of suspected corruption that shall be reported:

**Bribery:** A person, organisation or institution provides goods and/or services in return for some form of improper benefit.  
*Examples:* (1) A co-worker makes a payment to a city official to obtain a building permit; (2) A co-worker accepts money from a supplier in return for awarding the supplier a contract.

**Embezzlement:** Embezzlement is the misuse of entrusted resources for one’s own or someone else’s benefit.  
*Examples:* (1) A co-worker claims to have lost his/her company mobile phone (=entrusted to him/her), while in fact she/he has given it to a family member for private use. (2) A co-worker who has access to company accounts (=entrusted company resource) transfers funds to his/her private bank account.

**Extortion:** Extortion is the act of obtaining something by force or threats.  
*Example:* A co-worker threatens to spread lies about his/her supervisor if she/he is not allowed to use the company car for private purposes.

**Fraud:** Fraud includes the wilful deception to obtain an unlawful benefit to the disadvantage of our organisational resources.  
*Examples:* (1) A co-worker submits private receipts/invoices as part of business travel. (2) Payroll staff members create fake employees and pay these ‘ghost employees,’ directing the money into their own bank accounts. (3) A co-worker forges the invoice of a supplier to personally collect the invoiced amount.

**Theft:** Theft includes the unauthorised removal or taking of organisational property.  
*Example:* A co-worker steals an SOS computer.
4.1.1 How can I report through the SOS CVI Online Whistleblowing Channel?

**ONLINE CHANNEL SPECIFICS:**

Once you have accessed the [Online Whistleblowing Channel](link)

The reporting process includes four steps:
1. First, kindly read the Security Advice, grant permission for the collection, processing and use of personal data in accordance with the provided information about data protection, and respond to the Security Question.
2. On the following page, please categorise the incident.
3. In the next step, please describe the incident and select from a list of pre-defined responses to answer additional questions. You can also upload a file of up to 10 MB. After submitting your report, you will receive a reference number as confirmation.
4. Finally, you can set up your personal secure postbox by selecting your own username and password. This postbox will be used to communicate with the specially trained SOS staff and to receive information about the assessment and the outcome of the reported incident. Therefore, we encourage you to set up your postbox and check it regularly. Of course, you can choose to remain anonymous during this communication.

If you have already reported an incident and set up a postbox, you can access it directly via the ‘Login’ button on the channel.

**ILLUSTRATION OF PROCESS:**

Can I report and remain anonymous?

Yes, if you wish, you can report anonymously. However, we encourage you to disclose your identity as this facilitates a more efficient review and follow-up. To remain anonymous, it is important that you do not submit any personal information, e.g., your name or your position title. If you report in person, you can ask for your identity to be kept confidential. All reports, whether anonymous or not, follow the same process.

I feel that anonymous reporting could open the door to malicious complaints that are knowingly false. How are my colleagues and I protected against such defamation?

At SOS, we are committed to conducting proper investigations, dealing with allegations in a fair and transparent manner. This means that individuals concerned are treated fairly throughout the entire process, which is reflected through standard investigation principles. Amongst others, before a reported suspicion is taken up for investigation, it must first be established that the allegation contains sufficient information to justify an investigation being carried out. In addition, the scope and depth of an investigation must be appropriate and investigation subjects must be given the opportunity to explain their point of view at the earliest possible time. Once an investigation is closed, further steps may include clarifying in an appropriate manner (addressees, communication channel, etc.) that the investigation did not confirm the suspected improper conduct.
5 Selected Corruption Case Examples

The following corruption cases, actually occurred in our Federation, are supposed to make the case processing and performance statistics more tangible. These cases have been anonymised, and they illustrate how reporting, investigation and response is handled. We chose three different examples in terms of case category, case sensitivity\(^3\) and case result to provide a broad insight into our work.

5.1 Case Example – Fraud / Embezzlement

Allegation: Confirmed

Allegation:
A National Management Team Member and a Finance co-worker fabricated and submitted fake purchase contracts, cheques, invoices and payment vouchers in order to collect the association’s money for private purposes.

Investigation:
Through an ad-hoc site visit, comprehensive document reviews, and interviews with both the concerned individuals and on-site staff, the allegation was confirmed.

Remediation Measures & Lessons Learned:
- Immediate dismissal of the concerned individuals, incl. cancelation of their signatory powers
- Initiation of legal proceedings against the concerned individuals to recover the funds with support of external legal counsel
- Cross-functional audit to confirm there are no broader structural weaknesses in similar set-ups
- Strengthening of internal control system

5.2 Case Example – Conflict of Interest

Allegation: Not Confirmed

Allegation:
A senior manager personally benefits from donations in kind made to the association, specifically by purchasing donations in kind when these are not needed in the programs for a favorable price which he/she is personally involved in setting.

Investigation:
Interviews with co-workers from concerned units were conducted, and relevant documents were reviewed. As a result, the allegation could not be confirmed. However, some weaknesses in the respective internal processes were identified.

Lessons Learned:
The association strengthened its donations in kind procedures in order to further enhance the general process of administration and usage of donations in kind.

5.3 Case Example – Bribery

Allegation: Confirmed

Allegation:
An external supplier informed the National Director of an association that they were asked to make personal payments to a co-worker in exchange for being selected as preferred supplier.

Investigation:
The concerned co-worker was interviewed and confessed that he/she asked the external supplier for such personal payment. This was also confirmed by written communication between the external supplier and the concerned co-worker.

Remediation Measures & Lessons Learned:
The concerned co-worker resigned from his/her job with immediate effect. The National Director informed the external supplier about the investigation result, thanked them for speaking up, and reassured them that SOS does not tolerate any form of corruption.
6 Annexes

6.1 Referenced Guidelines and Related Materials

Good Management and Accountability Quality Standards, in particular ‘Standard 2’

Anti-Fraud & Anti-Corruption Guideline

Code of Conduct

6.2 Abbreviations

ESAF Eastern and Southern Africa
EUCM CEE (Central & Eastern Europe) & CIS (Commonwealth of Independent States) / Middle East
EUNA Western Europe and North America
LAAM Latin America and the Caribbean
WCNA Region West, Central and North Africa

SOS ‘SOS’ refers to ‘SOS Children’s Villages federation’

We are a federation of autonomous, interdependent member associations. The General Secretariat runs the federation’s daily business, implements and monitors the implementation of the decisions of the federation’s legal bodies, and provides support and services to and facilitates cooperation among member associations.

6.3 List of Countries & Territories of SOS Operations (By Region)

Table 15

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<th>EUNA</th>
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</tr>
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</tr>
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<th>ASIA</th>
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<td>Bangladesh; Cambodia; China; India; Indonesia; Japan; Laos; Mongolia; Nepal; Pakistan; Philippines; South Korea; Sri Lanka; Taiwan; Thailand; Vietnam</td>
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INTEGRITY & COMPLIANCE

Corruption prevention at SOS Children’s Villages

At SOS Children’s Villages, transparency and accountability underline everything we do. We are committed to using all of our funds and resources wisely, ensuring they are being appropriately utilised and accounted for.

➢ We value integrity & compliance.
Our core values of courage, commitment, trust and accountability guide our actions, decisions and relationships.

➢ We prevent.
SOS Children's Villages recognises the realities of corruption risks and continuously works to strengthen its approach to prevent corruption.

➢ We report. We respond.
SOS Children's Villages does not tolerate any form of corruption.

➢ We promise.
By fostering transparency, awareness and corruption prevention efforts throughout the federation, we continuously strive to enhance the accountability of our organisation and live up to the trust of our stakeholders.

For more information, please visit our website at:
www.sos-childrensvillages.org/integrity-and-compliance