

CORDAID CORPORATE RESPONSIBILITY POLICY

Organizations have a responsibility to those groups and individuals that they can affect, i.e., their stakeholders, and to society at large. This responsibility is not set in law, yet a form of self-regulation integrated into the business model of an organization. A Corporate Responsibility policy functions as a self-regulatory mechanism whereby an organization monitors and ensures its active compliance with the spirit of the law, ethical standards and national or international norms.

For an internationally operating non-profit organization like Cordaid, corporate responsibility is part and parcel of our core business. The “why” (vision and mission) and “what” (our programs) encompass topics, which are the focus areas for our corporate strategy. For Cordaid, corporate responsibility manifests itself in how we work as an organization. From our vision and mission, the core values guiding how we take the responsibility to limit negative impacts of interventions, to do no harm and to respect human rights.

Our vision: We envisage a world where the basics of life in dignity are available to all. Where the poorest and the excluded can influence the decisions that affect them. Where each person is free to flourish, and can live in peace.

Our mission: Cordaid’s mission is to reduce fragility and the vulnerability of people in fragile and conflict-affected states. We pursue this mission by: promoting equality and (social) inclusion; increasing resilience (of people and systems); strengthening the social contract between governments and their citizens, and by implementing a tailored set of interconnected approaches: strengthening the capacity of organizations; building partnerships; lobby and advocacy; system strengthening; provision of aid and equity; emergency response when and where required.

To prioritize the topics of our Corporate Responsibility policy, we considered topics from both the Cordaid and the stakeholder perspective. These are topics related to social, environmental, financial and governance issues. Key stakeholders considered are people in fragile and conflict affected states (FCAS), governments and partners in FCAS, Catholic institutions, private and institutional donors, other international NGOs, employees, members of the Supervisory Board, and charity accreditation bodies.

Several topics of our Corporate Responsibility policy are integrated into other parts of our strategy and organization. For more information, refer to the Cordaid Strategy 2018-2010.

1. Social Topics

1.1. Safety of our people

Working in sometimes dangerous conditions comes at a cost, both personally for the people involved and financially for the organization. As Cordaid works in fragile states, the safety of our people is a key topic for us. Cordaid people work in places where others choose not to go. To ensure the safety of our people and partners in these conditions, each country has a Safety Plan and a Safety Coordinator. As part of the Cordaid Committee on Safety, Security and

Crisis (CSSC), Cordaid has a Safety Plan which is mandatory to adhere to for all staff. In addition, trainings on safety are mandatory and conducted regularly.

1.2. Investment in our people

To equip people to work in fragile states and/or to generate the required expertise, we invest in our people. To develop our staff, there is a personal training budget for staff to make sure that they develop professionally. In addition, Cordaid offers training program that are strategically important such as bid management, project management, negotiation skills, language skills, etc.

1.3. Staff diversity

Through a 2018 Diversity policy, we will strive to ensure a diverse workforce, tailored to the conditions in the areas where we work, both in the headquarter office and in the country offices.

1.4. Remuneration

We have a clear salary grid for all our staff. For the remuneration of our executive team, we adhere to the guidelines set out by the Dutch Bureau for Fundraising (CBF). Each year, the salaries of our executive board members are published in the annual report.

2. Environmental Topic

2.1. Climate Change

People in fragile states are central to Cordaid's vision and mission. The environment in which they live is usually part of the projects we implement, but as these same people are often affected disproportionately by climate change, this is also part of our Corporate Responsibility policy at the organizational level.

As an organization, our main climate change impact is in the area of carbon emissions. Air travel is estimated to account for 80% of our carbon emissions. Air travel is an essential part of our work. We have invested in video conferencing facilities to limit air travel, but air travel will continue to be essential to meet with key partners and our local offices for discussion, monitoring and capacity building. We offset our carbon emissions generated by flights through the Climate Neutral Group.

3. Financial Topics

3.1. Socially responsible investments

To improve the social and environmental impacts of Cordaid Investment Management and to ensure our investments are not supporting poor practices that could lead to reputational and other risks, Cordaid Investment Management has developed an Environmental, Social and Governance (ESG) policy for investments. ESG criteria are incorporated in each phase of the investment process. At the selection stage, investees are screened against minimum social investment criteria and ESG risks are defined. In the investment decision, ESG policy, practice and performance are assessed by the investment committee. Investment agreements

include ESG criteria, which are monitored post investment. For more information, please refer to our comprehensive ESG policy for Investments. For management of Cordaid's own assets a Treasury policy is in place, which will be updated in 2018.

3.2. Donor scans

To fund our programs, we approach institutional donors, often in partnership with local partner organizations. There is a risk that actual or potential donors directly or indirectly harm the interests of our primary beneficiaries, or carry out activities that contradict our mission and vision. For this reason, it is important to screen donors before committing to a funding partnership. We have a policy in place to screen donations and other organizations based on the exclusion of certain sectors, the endorsement of the UN Global Compact for companies, the Equator Principles for financial institutions and the EITI Principles for extractive companies. For more information, please refer to our Private Sector Partnership policy and our Donations policy, which will be updated in 2018.

3.3. Indirect costs

We strive to maximize our spending on programs, projects and public information and awareness. But we cannot implement and execute our programs and projects without the support of administrative, fundraising, campaigning in other essential activities in both our head office in The Hague and in our country offices around the world.

The Dutch Central Bureau for Fundraising (CBF) offers guidance on transparency regarding fundraising. In line with their guidance, in our annual report and on our website, we explain our fundraising strategy and methodologies and the ratio between the costs and returns of fundraising. We have budgeted our own targets for this in line with the CBF guidance, and in our annual report we publish how our actual spending on our mission, fundraising and other indirect costs compares to the budgeted costs.

Something that makes our program expense structure somewhat different from other NGOs is our investment in the safety of our people and our partners. We choose to work in fragile states and therefore costs to keep our people and our partners safe are an essential part of our local office and program expenses.

4. Governance Topics

4.1. Cordaid Risk Assessment and Partner Scans

As part of our do no harm approach during program implementation, we want to make sure none of our program partners harm the interests of our primary beneficiaries or carry out activities that contradict our mission and vision. For all programs, we therefore screen our partners.

The Enterprise Risk Management Uniform Partnering Process aims to establish a risk rating for each of Cordaid's stakeholders (donors, co-applicants, implementing partners), taking into consideration stakeholder's role and type of financing agreements among others. Once established, the risk rating provides inputs for risk management, including the assurance and

mitigation activities. For more information on this process, please refer to the Enterprise Risk Management (ERM) – Uniform Partnering Process (UPP) document.

In case new stakeholders do not meet our criteria, we either support them to strengthen their capacities, advocate them to implement different responsible ways of working, or other partnerships will be sought. This strongly depends on how crucial and instrumental the stakeholder is for Cordaid to pursue its strategy.

Existing (implementing) partners are monitored through on-site reviews, spot checks of their financial records, programmatic monitoring of activities and scheduled and/or special audits (financial or internal control). Automation of this process has been proposed and is foreseen for early 2018. Automating the risk assessment and rating process will allow Cordaid to perform these tasks in a single environment, hence resulting in a unique risk rating available and visible across the organization. Four processes of the risk categories (reputational, programmatic, organizational and financial) will be managed independently, as types and scope of assessment criteria and questions differ. Automation of this process will provide:

- a unique and unambiguous risk rating for partners visible in a single location;
- a structured and uniform assessment and rating process, comparable across the board;
- a control of the ratings through the rating approval process;
- the ability to flag high risks (through reporting) or non-assessed partners;
- the ability to monitor the risk evolution over time and get notifications for a periodic risk review.

Donors and other clients will also measure our performance alongside a 2018 Cordaid Client Satisfaction monitoring mechanism.

4.2. Privacy

As a result of changed legislation, privacy has become a hot topic for organizations with databases of personal and contact details, such as our list of private donors. A Cordaid Data Protection policy is being drafted to ensure compliance with the EU General Data Protection Regulation (GDPR). This policy will include data management application administration (mapping of data management systems and mitigating data protection or security measures) and a privacy policy (governing Cordaid's handling of all personally identifiable information and guidelines on rights of data subjects). It will be finalized prior to the GDPR deadline in May 2018.

4.3. Organizational Governance

The work of Cordaid is supported by government grants, institutional funding and donations from private individuals. As the recipient of public funds and the trust of hundreds of thousands of individual donors, we have a clear duty of care. Moreover, as governance is one of the cornerstones of everything we do, Cordaid itself must be accountable to beneficiaries, clients and donors. Good governance is also an essential element in increasing the organization's capacity to implement our Corporate Responsibility policy.

Good governance relates to how we are managed, how we are supervised, how we work with constituents, and how the interests of those constituents are taken care of. Cordaid's governance is based on a two-tier system, with a Supervisory Board (SB) overseeing the

Board of Directors (BoD). Our governance is described in full in the Articles of Association and in our 2017 updated Governance Regulations.

In 2017, the SB approved an updated Code of Conduct, which applies to all staff and consultants. It starts from Cordaid's character and values, and then details specific topics like private life, conflict of interests, sexual relationships, weapons and protection, drugs and alcohol, HIV/AIDS and child labour. The Code of Conduct is provided to all new employees and they need to sign for receipt and content in their employment contract. It is also published on the Cordaid Intranet for all existing staff. In contracts with implementing partners, suppliers and other parties we refer to the Code of Conduct as published on our website and is an integral part of the contract.

4.4. Accountability

Our Corporate Results Framework has been established to measure our outputs, outcomes and impacts. The information generated through this framework helps Cordaid to account for what has been achieved. Internally this enables learning, informed decision making and course corrections. Externally, this information supports us to be accountable to our donors and other stakeholders, both at the project and organizational level.

4.5. Transparency

Cordaid want to be recognized as amongst the most transparent NGOs in terms of openness on program and project outcomes and impacts. This means that we communicate ethically, both in our corporate communications and lobby and advocacy activities. We avoid the provision of misleading information and take care to avoid irresponsible political interference. We avoid every connection with bribery and corruption. An Anti-corruption policy is in place to set out guidelines, measures and procedures to prevent and detect corruption. It also outlines the action to be taken in case of presumed corruption and the sanctions to be imposed.

We encourage openness and transparency both internally and externally. We publish all our policies and guidelines on the Cordaid intranet. A Whistleblower code is in place to enable staff to adequately and safely report any suspicion of irregularities within the organization.

Our website provides news updates from the countries in which we work, as well as information on our projects, goals, money flows, results and partner organizations. Information on our goals, activities and results is publicly available in our annual report. Starting with the Annual Report 2017, the annual report will incorporate the GRI Sustainability Reporting Standards for reporting on our corporate responsibility topics.

Since 2013, comprehensive project details are published in the International Aid Transparency Initiative (IATI) framework, responding to transparency requirements of our donors and partners. This is a globally accepted open digital standard for publishing information on development cooperation activities in a timely, comprehensive and forward-looking manner. Our data files are as comprehensive as possible, but if the publication of data poses a danger to our partner organizations or our country staff, project details are made inaccessible.