



LATVIJAS
PILSONISKĀ
ALIANSE

ETHICAL FUNDING GUIDELINES

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Introduction

Civic Alliance - Latvia (**CAL**) Ethical Funding Guidelines (the **Guidelines**) govern:

- ✓ the procedure to be followed by the CAL when assessing whether to accept funding;
- ✓ the criteria for assessing the potential ethical risks associated with potential funding and the financier;
- ✓ the basic principles of transparency regarding the financier, the funding and its use.

Purpose of the Guidelines

The Guidelines are designed to ensure sound financial management, the link between the funding and the purpose and values of CAL, and to maintain independence from financiers. The Guidelines also set out transparency regarding the identity of the funding sources in order to avoid any suspicion of influence or conflicts of interest, reputational risks and other risks that the acceptance of funding could pose to the operations of CAL or its direct partners.

CAL applies the principles contained in the Guidelines to all types, sources and amounts of funding.

“Funding” within the meaning of these Guidelines is support to CAL, most often in the form of financial resources, but it may take the form of support in kind.

Acceptance of funding: general provisions

Following the requirements set out in the Guidelines, CAL retains a discretionary power in determining which funding to accept and which not to accept.

Before making its decision, CAL:

- ✓ makes sure that the funding complies with the applicable legislation and any rules applicable to the funding in question;
- ✓ makes sure that there are no conflicts of interest in accordance with the CAL guidelines for the prevention of conflicts of interest;
- ✓ has established with reasonable confidence that the funding complies with anti-money laundering and prevention of terrorism and proliferation legislation, with special focus on receiving funding from countries with high risks in these areas;
- ✓ draws attention to and takes into account risks of corruption, for example when funding is taken from a partner country exposed to a high risk of corruption;
- ✓ makes sure that the requirements for providing and disclosing information comply with the CAL privacy policy and the privacy rights of its employees and recipients;
- ✓ makes sure that the procedures for accepting and using the funding comply with the principles of transparency and independence of CAL, including whether it is not in conflict with the Code of Ethics of Associations and Foundations ;

- ✓ verifies the reputation of the financier, based on publicly available information. CAL shall not accept funding from persons (legal and natural persons) whose ideology or practice is illegal, unethical or threatens the reputation of CAL;
- ✓ makes sure that there is no significant risk that the financier will jeopardize the integrity of CAL, including whether it does not contradict the CAL Members' Policy. In carrying out this due diligence, CAL considers, inter alia, the following factors:
 - transactions in which the financier is involved or is associated with;
 - whether there is negative information about the financier's activities in the media;
 - whether the financier has been or is currently involved in any legal proceedings;
 - financier's position on civil society and other issues related to the operation of CAL.

When evaluating the potential financing and the financier, the information available in public registers and services offered by information re-users can be used as an additional source (for example, SRS Public Information databases, SIA "Lursoft" databases, SIA "Firmas.lv" databases, State Unified Computerized Land Register and other sources).

Purpose of due diligence regarding the potential financier

The due diligence regarding the potential financier and the business relationship is performed to allow CAL to identify the related risks and cases when the business relationship goes beyond the acceptable limits or corresponds to risk characteristics. In conducting due diligence, CAL must obtain such information and documents that allow reducing and preventing the risk of being involved in money laundering and terrorism financing and proliferation already at the beginning of the business relationship. CAL documents the conducted due diligence (identifying information, including the true beneficiaries of the financier, sources of funding, analysis of negative information about the financiers) and monitors the transactions.

Accepting funding

Funding from public administration

CAL accepts funding from public administration institutions, agencies or other bodies if all of the following criteria are met:

- ✓ there is no risk of political influence in the current and future activities of CAL;

- ✓ CAL has established that the policies and practices implemented by the public administration institution aligns with the values and principles of CAL;
- ✓ CAL has established that accepting the funding will not restrict the operation and strategic choices of CAL.

Funding from foundations

CAL accepts funding from foundations, including foreign diplomatic corps funding, charities and similar civil society organizations, only if all of the following criteria are met:

- ✓ CAL has established with reasonable certainty that the source of the funding is legal and transparent;
- ✓ CAL has reviewed the history of the foundation, including publicly available information on previous allocations and funding of the foundation;
- ✓ CAL has established that any philosophical or other activities of the foundation are not in conflict with the goals, values and basic principles of the operation of CAL.

Funding from the business and academic sector

CAL accepts funding from the business and academic sector only if all of the following criteria are met:

- ✓ the agreement between the financier and CAL clearly distinguishes philanthropic funding from sponsorship, service provision or other type of business relationship;
- ✓ CAL has ascertained the reputation of the financier, mainly by using publicly available information to ensure that the cooperation cannot adversely affect the reputation of CAL. CAL does not accept funding from individuals whose business practices are illegal or unethical.

Donations

General principles of accepting donations to CAL:

- ✓ CAL accepts donations only from donors of good repute, whose legality of funds is not in doubt;
- ✓ CAL does not accept anonymous donations. Donations received through mediation (Mobilly, ziedot.lv and other donation platforms) and in cash in fundraising campaigns are not considered anonymous donations;
- ✓ Donations up to 50 euros (fifty euros) and donations from CAL members do not pose significant risks. Such donations are accepted without further verification;

- ✓ For donations over 50 euros (fifty euros) from donors who are not members of CAL, the Director verifies the donor's identity, collects information from publicly available resources, if necessary, interviews third parties, CAL members and employees, as well as contacts the donor to find out the motivation for donation;
- ✓ For donations over 50 euros (fifty euros), CAL checks the management of the donors that are legal entities and their real beneficiaries here: <https://sankcijas.fid.gov.lv/>;
- ✓ The Director shall make a decision on donations from 51 (fifty one) to 500 euros (five hundred euros) and inform the CAL Council thereof;
- ✓ For donations over 500 euros (five hundred euros), the Director informs the CAL Council in writing, which makes the final decision on accepting or rejecting the donation;
- ✓ At the same time, the CAL monitors the amount of each unique donor's donation on an annual basis. If the total amount of donations exceeds the minimum thresholds mentioned above, the appropriate procedure applies;
- ✓ If CAL finds non-compliance with the Guidelines during the due diligence regarding the donation, CAL shall not accept such a donation. If the donation has already been handed over to CAL and it is possible to identify the donor to whom and where to refund the donation, CAL refunds the donation immediately.

Donations from individuals

CAL accepts funding from individual donors only if all of the following criteria are met:

- ✓ CAL has established that there is no risk of undue influence and that accepting the donation will not interfere with the achievement of the purpose of CAL and its operation;
- ✓ CAL has ascertained the legality and legitimacy of the source of the funding and the reputation of the individual.

Donations from companies

CAL accepts funding from corporate donors only if all of the following criteria are met:

- ✓ CAL has ascertained the reputation of the financier, mainly by using publicly available information to ensure that the cooperation cannot adversely affect the reputation of CAL. CAL does not accept funding from individuals whose business practices are illegal or unethical;
- ✓ CAL has established that there is no risk of undue influence and that accepting the donation will not interfere with the achievement of the purpose of CAL and its operation;

- ✓ CAL has ascertained the legality and legitimacy of the source of the funding and the reputation of the individual;
- ✓ CAL is certain that donations are made solely on charitable grounds and not for consideration or other benefits.

Anonymous donation

In the event that (1) a donation is made with the donor's request for anonymity, or (2) a donation is made to CAL by a donor whose identity cannot be verified, CAL shall consider the following additional considerations:

- ✓ CAL accepts a donation if it is less than 500 euros (five hundred euros) and records such funding as anonymous;
- ✓ In the event that CAL receives any reasonable indication that such funding is inconsistent with the Guidelines and the values of CAL, CAL will reject or return the funding accordingly;
- ✓ CAL accepts funding from funders who request anonymity only if the following requirements are met:
 - CAL has sufficiently ascertained the identity of the financier to be sure that no conflicts of interest, undue influence or other risks can arise;
 - CAL has ascertained that the anonymous representative does not raise doubts as to the compliance of the funder and the funding with the applicable law and the Guidelines;
 - If the anonymous representative has approached CAL through a representative and it is established that the representative is trustworthy, with good reputation and meets the requirements of the Guidelines;
 - CAL Council has acknowledged that the reason why the financier wishes to remain anonymous is justified in the circumstances and does not pose a significant risk of violating the Guidelines, applicable law or any additional considerations.

Crowdfunding

In the case of crowdfunding, CAL will take into account the following additional considerations:

- ✓ CAL has ascertained that the reputation and methods of the crowdfunding platform are acceptable to CAL and meet the requirements of the Guidelines;
- ✓ CAL has ascertained that the platform identifies the financiers;
- ✓ CAL has ascertained that the platform maintains compliance checks and compliance with the standards to ensure compliance with all relevant legislation on the prevention of money laundering and other legal enactments.

Acceptance of funding: types of financing

There are two types of funding - general and targeted funding.

Targeted funding is funding for which donors determine the use for a specific purpose, such as earmarked donation or grants.

General funding is funding that financiers allow CAL to use for any purpose consistent with the purpose of CAL, such as general donation. General funding is usually directed to the achievement of CAL's strategic priorities, covering administrative costs or creating savings.

CAL can only accept targeted funding if CAL has determined that it is justified and that CAL can meet the conditions without compromising its independence and being exposed to reputational risks. Therefore, CAL, when deciding on the acceptance of targeted funding, evaluates the following additional factors:

- whether the permitted use of the funding complies with CAL policies and procedures;
- whether the use of funding is not in conflict with regulatory enactments, including the requirements for the prevention of money laundering and terrorist and proliferation financing;
- whether the acceptance of target funding may hinder the fulfillment of the tasks and goals of CAL;
- whether the conditions for targeted funding meet the requirements of the Guidelines.

In the event of an emergency situation where fundamental democratic freedoms and human rights are endangered, the CAL Council is entitled to decide on derogations from the due diligence process or to decide to conduct due diligence within 6 months from the acceptance of funding.

Use of funding

CAL agrees in writing with the financiers on the conditions for the use of funding.

In the event that CAL receives credible evidence that the information provided by the financier was incomplete or inaccurate, or has become inaccurate, CAL shall immediately assess whether the contract with the financier needs to be revised, amended or terminated.

In the event that CAL finds that it has received funding in violation of the requirements of the Guidelines, or if circumstances have changed, thus violating the requirements of the Guidelines, CAL shall consider the matter in the CAL Council and decide on further action.

In case the received funding provides for further transfer, including to the implementation partners to which the funding is intended to be transferred, CAL assesses the risks and ensures that the requirements of the Guidelines are not violated, including ensuring that funding is not diverted to persons involved in terrorism or terrorist financing.

The Director and employees of CAL (persons who perform economic activities of CAL) observe the requirements specified in regulatory enactments, take all necessary measures to avoid conflicts of interest, as well as to promote transparency and sound financial management. The internal procedure of CAL stipulates that in cases when the estimated contract amount is at least 1000 euros (one thousand euros) in a 12-month period, market research is performed (price inquiry is conducted in person or by correspondence, research of potential service providers and suppliers catalogs, or according to publicly available information).

The "4 eyes principle" has been introduced for all activities where funding is foreseen.

Transparency and communication

CAL publishes detailed financial statements of its income and expenses that comply with the requirements of applicable legislation and provides clear, complete and accurate information on the CAL's activities to all interested parties - CAL members, other non-governmental organizations, cooperation partners from the public administration, diplomatic corps, business sector, financiers and society at large.

The business relationship between CAL and the financier is made public after the financing has been accepted, using the CAL communication networks:

- On the website www.nvo.lv in the sections "Activity Report" and "Activities";
- On the website www.nvo.lv in the section "News";
- In the annual report, submitting it to the State Revenue Service and publishing it on the website www.nvo.lv in the "Activity Report" section. Detailed information about the sources of funding and its use is available in the annual report.
- In publications that contain information related to the acceptance and use of funding, which is published on the website, the news page "Nesēdi tumsā", social accounts on Facebook, Twitter, Instagram.

With regard to the publication of donations, the restrictions of Section 12, Paragraph six, Clause 4 of the Corporate Tax Law are observed, which is the publication of the donor's name (including the company's brand), not exceeding one twentieth of the text area.

The communication shall comply with the other publication requirements set out in the grant agreement.