

# Guidance to suppliers on conducting integrity due diligence

November 2022

## 1. Purpose of this Guidance

The Global Fund adheres to the highest standards of ethics and integrity to protect the values and the mission of the organization. A key pillar of this is suppliers' and third parties' commitment to maintaining the integrity of Global Fund-supported procurement activities.

When selecting agents, vendors, contractors, consultants, intermediaries or other providers of goods, services and advice, suppliers should be confident that their chosen counterparties are not only suitably qualified and experienced for the position, but can also act as role models of the [Code of Conduct for Suppliers](#) and enhance the reputation of the Global Fund. Consideration of the integrity and reputation of the candidate should form part of the supplier's decision to rely on a third-party organization or individual.

This memo presents guidance on some ways suppliers can effectively conduct integrity due diligence (IDD) into the candidates they are considering engaging as a third party.

Suppliers are expected to conduct an appropriate risk-based process in selecting their third parties, including obtaining an understanding of the third parties' integrity risk profiles. There are multiple avenues to obtaining this information, and suppliers can select whichever tools and activities are most appropriate for their context. IDD forms a part of the selection process, and many integrity-relevant matters are best addressed within and in parallel with a broader assessment of suitability.

Suppliers must act responsibly when carrying out the activities recommended in this guidance and must ensure that they follow applicable laws related to the protection of personal data, obtaining consent for reference checks, and any other requirements related to the activities recommended in this guidance.

## 2. Questions to be answered

IDD activities should be aimed at obtaining information around the potential third party's integrity risk profile, relevant to the proposed engagement, specifically:

- Does the candidate have a track record that positively establishes their ability and commitment to act according to all the values of the Global Fund? (Suppliers should consult the [Code of Conduct for Suppliers](#) for the values and the prohibited practices relevant to this exercise. Specifically, suppliers should consider significant links to fraud, corruption, sexual exploitation, abuse and harassment, discrimination, human rights violations and activities harmful to health.)
- Is the candidate involved in relationships or engagements which would create competing motivations and hinder their ability to serve in the interests of the Global Fund?
- Has the candidate been involved in any misconduct or prohibited practices, or are there credible allegations or investigations of such potential involvement, even if unproven?

The answers to these questions should inform the suppliers' modality of engaging the third party, becoming a part of the selection, contracting and vendor management processes that account for and mitigate potential integrity risks. The next section describes the two steps of effective IDD in more detail.

## 3. Due diligence process

### 3.1 Step one – information gathering

Suppliers should consider the activities listed below as potential options to enable them to answer the above questions. They should select the most appropriate methods for their context, on a risk basis, taking into account the role the third party would play and the risks a failure of their integrity could pose:

- **Candidates' self-disclosure of interests**
  - Obtain an understanding of the candidate's historical activities through a CV or similar
  - Request self-disclosure of any exposure (personal, professional, familial, etc.) to:
    - political or governmental activities, or persons holding official roles
    - litigation or investigation by any national authorities or the Office of the Inspector General of the Global Fund; and
    - financial interests in the work of the Global Fund.
- **Open-source research**
  - Assess the candidate's profile across all forms of print, online and social media, and assess whether it reflects the candidates' alignment with the values and

requirements of the Global Fund or rather could expose the Global Fund to an elevated level of risk, including reputational risk;

- Verify that the self-disclosed information is aligned with what is reported in the public domain; and
  - Establish whether the candidate has any reported links to significant individuals or organizations, e.g., companies, political parties, government agencies, movements, clans, etc., and whether these links could be a source of competing priorities for the candidate's work at the Global Fund.
- **Network enquiries**
    - Interview relevant individuals in the supplier's network to obtain a picture of the candidate's reputation among their clients, peers, colleagues, supervisors and subordinates;
    - Make enquiries with other stakeholders (including civil society organizations), which can be key to establishing specific aspects of the integrity risk profile such as human rights track record.
  - **Formal enquiries**
    - Request formal references from current or previous clients, employers, donors or industry networks, including comments on the candidate's integrity and reputation;
    - Request reports or summaries of any previous due diligence conducted into the candidate by other institutions or agencies, where the supplier has appropriate access.

### **3.2 Step two – Review and decision-making**

The supplier should make clear provisions for how the information gathered above is assessed and fed into the decision to engage the candidate as a third party. The decision should explicitly consider the candidate's integrity risk profile and its potential effect on the supplier and its contribution to the Global Fund.

Suppliers can decide to engage an organization or individual whose due diligence has identified some concerns. It is not a requirement or expectation that candidates have an absolutely "clean" record, as allegations can be unsubstantiated, historical or of limited relevance to the work of the Global Fund. If the third party will play a key role in the supplier's operations or the work for the Global Fund, key adverse findings should be shared with the Global Fund, alongside the decision-making process leading the supplier to engage the candidate as a third party.

## **4. Roles and accountabilities**

### **4.1 The candidate third-party**

The candidate acknowledges that a due diligence process forms a normal part of the selection process and cooperates with all reasonable requests from the supplier to disclose relevant information.

### **4.2 The supplier**

The supplier carries out due diligence process in line with the guidance and its risk management process before engaging the candidate.

### **4.3 The Global Fund's Ethics Office**

The Global Fund's Ethics Office is available to advise suppliers in confidence on the process, tools and decision factors involved in IDD, including developing this guidance. The Ethics Office supports the Global Fund Secretariat and reports to the Ethics and Governance Committee of the Board as a part of this process and has an obligation to be transparent about any significant issues it comes across with respect to suppliers and their third parties.

## **5. Due diligence process overall**

The Global Fund carries out due diligence on its suppliers on a risk basis following the principles that underly this guidance. The Global Fund's due diligence can include research on third parties, as well as the policies and processes that suppliers have in place with respect to third party integrity risk. It is primarily the responsibility of the suppliers to have appropriate risk management processes, including due diligence, to ensure that the requirements of the [Code of Conduct for Suppliers](#) are met. However, the Global Fund's own findings on third parties can be a factor in the selection of a supplier, or, where breaches of the [Code of Conduct for Suppliers](#) by a third party are identified, to a termination of the relationship.