

UCLG CODE OF CONDUCT

Adopted by the 2019 Executive Bureau in Montevideo

The UCLG Code of Conduct aims at providing a reference document to reflect the values that have always guided the practice of the organization.

Fostering shared values and guaranteeing high ethical standards based on accountability, fairness, and transparency in all UCLG's actions as well as its relationship with stakeholders (memberships, donors, employees and partners) are the key objectives of this document.

The UCLG Code of Conduct relies on 5 main pillars that are the backbone of the values set out by the UCLG Constitution:

- Dignity
- Integrity
- Transparency
- Equality
- Solidarity

DIGNITY

Beyond the role of UCLG, its missions and its objectives, the Organization wants to stand strong - through this first pillar- in promoting and ensuring the respect of what constitutes the ultimate reason of existence of our organization: the people and their dignity.

In the context of the Organization operations, this translates into the promotion and the strict respect of an anti-harassment policy. It is also reflected in the provision of decent work under good conditions and responding as much as possible to the expectations of the person concerned.

Harassment regardless of its form, be it moral harassment (such as bullying, intimidation, direct insults, malicious gossip, victimization) sexual or driven by any other motives, are to be completely banned in all bodies, structures and activities directly and indirectly related or associated to UCLG.

UCLG staffers and workers will be contracted according to high professional standards. Their work will be acknowledged and regular follow up will be done to keep track of their expectations and conditions.

There is an open-door policy for team members to share concerns with the management of the World Secretariat and in particular with the Human Resources.

INTEGRITY

Integrity can be defined as the *"behaviours and actions consistent with a set of moral or ethical principles and standards, embraced by individuals as well as institutions, that create a barrier to corruption."*¹

In order to comply with its Integrity pillar, UCLG has developed an anti-corruption code.

¹ <https://www.transparency.org/glossary/term/integrity>

- ***UCLG's position on corruption***

UCLG rejects all forms of corruption and will apply a zero-tolerance approach in respect to any breach of this policy.

We are committed to implementing and enforcing systems that ensure zero-tolerance for and corrupt activities. Such systems shall be indicated in each entity's Administrative and Financial Procedure Handbook.

This Anti-corruption code not only applies to all employees of UCLG World Secretariat and Sections but also to all the committees, communities of practice, consultants, contractors, suppliers, agents and any third-party receiving funds or developing joint activities with UCLG. Third-party refers to any individual or organisation our company meets and works with.

Any arrangements UCLG makes with a third party is subject to clear contractual terms, including specific provisions that require the third party to comply with minimum standards and procedures relating to anti-corruption.

Should any behaviour be known by employees, they must promptly disclose the existence of the actual, potential or perceived fraud. They are expected to seek further advice and immediately inform UCLG management, even if it is only a suspicion. For security reasons, employees who detect or suspect a violation of this policy should not attempt to personally conduct investigations or interviews related to any suspected act.

- ***Anti-corruption code***

The UCLG Anti-Corruption code which is referenced below has the following headings:

- a. Purpose and commitment
- b. Definitions and forms of corruption
- c. Other behaviours against integrity

- a. Purpose and commitment

UCLG is committed to comply with prevention and combating corruption conducting business in an ethical and honest manner acting professionally, fairly, and with integrity in all business dealings and relationships, wherever in the country and partner we operate.

UCLG is committed to implementing policies, procedures and controls in order to prevent, detect, disclose and respond to corruption issues, as well as to make employees understand their responsibilities.

UCLG acknowledges that the most effective way to prevent fraud, conflict of interest and lack of transparency is to promote and maintain a corporate culture based on ethics and integrity.

During its long history, all employees and third parties have been made aware that the Organization holds its employees and representatives to the highest ethical standards. This values and practices will be backed up by the Code of Conduct and anticorruption code.

The UCLG anti-corruption code sets out the responsibilities of those working for the World Organization in regards to observing and upholding our zero-tolerance position on corruption. A strong system of internal controls is the most valuable fraud prevention measure since a preventive control can reduce opportunity and remove temptation from potential offenders. During the first decades of its existence the UCLG Constitution, the terms of reference of the different governing bodies and the Handbook of Administrative Procedures where rules, procedures and controls to be undertaken when contracting with third parties are exposed have been important instruments for the prevention of fraud.

This Handbook also covers factors such as approval and authorization processes, access restrictions, transactions controls, account reconciliations, division of responsibilities, authority

limits, purchase order procedures, dual signatures, maintenance of high password security and many other measures aimed at preventing fraud.

It is worth mentioning that UCLG has never known cases of fraud or unethical behaviour. The current code aims at enhancing the tools and documenting current practice.

b. Definitions and forms of corruption

The corruption concept is to be understood as an umbrella embracing different behaviours that have a common factor: The fact, for a person having some sort of power, to make use of it because they received a non-ethical advantage from another person who needed the use of that power.

In every case of corruption: there are at least 2 people involved: a corrupter and the corrupted.

Here are the different forms a corruption can take:

Bribery: The fact for a person A who has some type of power, to make use of it because they have received an illicit advantage from person B who wants person A to act in one's favour. Therefore, in a situation of corruption, at least two people are interacting: the corrupting person (who tries to obtain illicitly a decision in its favour) and the corrupted person (the person who has the power to make that decision).

Influence peddling is the illegal practice of using one's influence in government or connections with persons in authority to obtain favours or preferential treatment for another, usually in return for payment. Also called traffic of influence or trading in influence. Therefore, in a situation of influence peddling, at least three people are involved: the corrupting person (who tries to illicitly obtain a decision in its favour), the intermediary (who is selling his/her influence) and a public decision maker. The payment method is the same as in the case of corruption: offers, promises, donation or any other advantage.

Cronyism (favouritism): Cronyism is a bias that usually occurs in the context of public tenders and can occur at every stage of the tender process: during the drafting, the awarding or the execution. It happens when the rules of public tenders established by the entity have not been fully respected and that as a consequence it generates an unjustified advantage to the awarded.

c. Other behaviours against integrity

There are also other forms of behaviour that go against Integrity values. However, the difference in cases of Corruption (which implies at least 2 people) is that these behaviours can originate from a single individual.

Among these behaviours, we can find the following:

Misappropriation of funds: It refers to the intentional and illegal use made by a staff member of property or funds belonging to the Organization.

Unlawful acquisition of an interest: It happens when there is confusion between the personal interests and the interests of the Organization in the decision making (impartiality in the decision making).

The interest can be direct or indirect (advantage of an acquaintance) for the person who makes a decision.

TRANSPARENCY

Each one of UCLG governing bodies is subjected to fair and transparent procedures both in their appointment and functioning.

Members of the World Council are elected by the General Assembly, which includes all members of the organization.

Further, the nomination process for the World Council and Executive Bureau must follow a defined set of electoral procedure rules, taking into account a threefold balance:

- Regional balance
- Gender balance
- Member type balance

The Committee on Statutory Affairs is in charge of the adherence of these criteria.

Upon their appointment, all members receive a handbook "Basic Guide for Active Participation in UCLG's Governing Bodies", containing key information on their roles. The Committee on Statutory Affairs and Presidency are also subject to defined Terms of Reference for their roles and tasks, approved by the organization's governing bodies.

Transparency must rule the operations of the organization. The balance between the transparency and the non-disclosure of the information labelled as strategic or private, is safeguarded by the different leadership bodies and the relevant Secretariat. for the Organization.

Information to be provided must be accurate, not just in terms of quality but also in quantity.

As transparency is particularly critical in the financial field, best practices for the Financial Management Committee (FMC) have been implemented:

- a. On the occasion of the two annual meetings of the FMC, members can request additional information to be included in the agenda of the following meeting.
- b. Members will receive information in advance to analyse it and prepare for the meeting.
- c. All members will receive the same information. In case of additional information requested during one FMC session, all members will receive the information within one month of the previous session.
- d. Receive sufficient information about the litigation and contentious issues that the company has.
- e. Include in the web site or in the annual report the information about the key figures of the organization and other relevant information for memberships and partners.
- f. Strategic and confidential information require the adoption of measures for non-disclosure.
- g. Submission to the Financial Management Committee the annual accounts and the management report twice a year. Special mention to incidents occurring during the year.

To ensure Transparency in all areas of the Organization, several documents have been developed during these years:

- a. Terms of Reference for the Committee on Statutory Affairs.
- b. Terms of Reference for the Roles and Tasks of the Presidency.
- c. Political Agreement with UCLG Sections.
- d. Electoral Procedures Rules.
- e. Basic Guide for Active Participation in UCLG's governing bodies.
- f. Security and Privacy Policy.

EQUALITY

UCLG considers equality a key principle to ensure the optimal inclusion of the richness of the global and diverse membership that the organization represents.

- **Non-discrimination policy**

One of UCLG's objective as stated by its Constitution is "to promote race and gender equality, and to combat all forms of discrimination that are illegal with regard to international law, and/or illegitimate in relation to the values and policies of the organisation;"

In accordance to this objective and its values in general, UCLG is committed in pays special attention to fostering equality and non-discrimination.

Non-discrimination measures are to be applied and promoted not only within the own bodies of the Organisation (employees), but also in its day to day operations (relations with supplier/provider and external experts, values promoted during the activities implemented by the Organisation, etc.)

- **Gender equality and mainstreaming**

The UN Economic and Social Council defines "Gender Mainstreaming" as: "*a strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality.*"²

UCLG has a longstanding practice of promoting equality and is currently developing an All UCLG Gender Equality Strategy. The strategy will be adopted in 2020 and will be an integral part of this code.

- **Geographical equality and equality among types of members**

As the network of representatives of local governments around the world, serving both the populations of rural and urban communities, either in small/medium towns, metropolises or regions, UCLG commits to equal treatment of all employees, members or partners regardless of geographical criteria or location.

SOLIDARITY

As stated in its Constitution, UCLG recognises the vital role of local government as a force for solidarity between peoples.

At an operational level, whether it is through partnerships, twinning, international local government diplomacy, sister city links, capacity-building programmes, international municipal solidarity initiatives, or any other form of cooperation that UCLG implements or participates in, UCLG will pay special attention at always making sure it fosters mutual assistance.

At the internal level, UCLG promotes solidarity among employees, sections, committees, observatories, working groups, etc. in order to help the whole network to work together in a fairer and enhanced manner.

² <https://www.un.org/documents/ga/docs/52/plenary/a52-3.htm>

❖ **COMMITMENTS TO IMPLEMENT THE CODE OF CONDUCT**

As an organization, UCLG commits:

- a. Not to influence on the objectives or decisions of persons to obtain any benefit through practices that are unethical or contrary to applicable laws.
- b. Not to give, promise or offer, directly or indirectly, cash, rewards, advantages or benefits of any kind to any third party in order to obtain undue benefits for the UCLG or the Network.
- c. Not to request or unduly receive, directly or indirectly, commissions, payments or rewards from third parties as a result for work assignment.
- d. To pay special attention to any activity or operation that might be suspicious to be lack of integrity or conflict of interests with any person or third party whom UCLG deal with.
- e. To follow the complete Handbook Manual for Procedures approved by the Statutory bodies of the World Organization and ensure that all operations, finance, human resources, purchasing, contracts etc are in compliance with the aforementioned.
- f. To be inspired by the UCLG Constitution in all relationships, MoU, Contracts and promote internal training on preventing and combating corruption.
- g. To treat all information received related to an investigation with confidence. This Anti-corruption policy complements the Confidentiality Policy and the Protection of Data Privacy in place in UCLG. The results of investigation will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputation of persons suspected but subsequently found innocent of wrongful conduct.

Actions and norms that aim at respecting the Code of Conduct are integrated into the Handbook of Administrative and Financial Procedures that should be established by every legal entity forming part of the WO-UCLG.

❖ **CODE OF CONDUCT COMPLIANCE**

In order to ensure this Code of Conduct is fully implemented and respected by the whole UCLG network, a UCLG Committee on Conduct will be in charge of addressing any complaint formulated by a member, a staff member, a partner, or any part of the network.

The Committee will be convened by the Committee on Statutory Affairs upon request.

The UCLG Committee on Conduct will be guided by its own rules that include the following:

- a. Define the methodology to be followed in case of complaint (reception, treatment, investigation, response to be given, and eventually penalty to apply)
- b. Define the timeline of each of the step listed on the previous point.
- c. Determine the penalties to be applied in case of infringement (warning, fine, temporary expulsion, irrevocable expulsion, legal charges).