FUNDACIÓN Xcalibur

Due Diligence Policy of the Fundación Xcalibur

Index

1. Introduction

Fundación Xcalibur is committed to fostering inclusive, ethical, and sustainable development through partnerships that promote social equity and environmental sustainability. To uphold our values and ensure the responsible use of resources, we maintain a robust due diligence framework to select and engage with partners, suppliers, beneficiaries, and collaborators.

1.1. Purpose

The purpose of this Due Diligence Policy is to ensure that Fundación Xcalibur establishes partnerships and financial relationships with individuals, organizations, and institutions that demonstrate alignment with our values, comply with legal and ethical standards, and represent minimal risk to our mission. This policy defines the procedures for evaluating third parties, particularly implementing partners, contractors, donors, and beneficiaries, prior to and during collaboration.

The purpose is to:

- Identify and assess risks (financial, legal, reputational, operational, and environmental) before entering into any partnership or formal agreement.
- Ensure compliance with local and international laws, donor regulations, and internal rules.
- Promote transparency, accountability, and integrity across all partnerships and procurement processes.

2. Scope

This policy applies to all prospective and current partners, beneficiaries, contractors, suppliers, and funders with whom Fundación Xcalibur engages in any form of collaboration. It is relevant to personnel involved in program implementation, procurement, finance, grant management, and strategic partnerships.

3. Definitions

- Due diligence: A systematic process to evaluate the legal status, operational capacity, financial integrity, ethical practices, and risk profile of an organization prior to formal engagement.
- Partner: Any organization or institution collaborating with Fundación Xcalibur on project implementation, advocacy, capacity building, or service delivery.
- Supplier: A provider of goods or services under a contractual agreement.
- Grantee: An organization or entity receiving funds from Fundación Xcalibur to implement a project.
- Risk-based approach: Tailoring the scope and depth of due diligence activities based on the level of risk associated with the entity and the engagement.
- Enhanced Due Diligence (EDD): A deeper, fully documented investigation process applied to partners with medium or high-risk profiles.
- Compliance check: Evaluation of applicable laws, donor restrictions, sanctions, and ethical standards.

4. Policy Coverage

This policy applies to:

- Local and international implementing partners
- Sub-grantees and consortium members
- Service providers, consultants, and vendors
- Strategic collaborators, networks, and coalitions

5. Core Principles

The following principles govern Fundación Xcalibur's due diligence practices:

- Transparency: Clear documentation of procedures and decision-making.
- Accountability: Clearly defined and followed roles and responsibilities.
- Risk sensitivity: Customized due diligence based on the assessed risk level.
- Fairness and inclusion: Respect for human rights, non-discrimination, and gender equality.
- Safeguarding: Ensuring that partners commit to ethical conduct, including the protection of vulnerable groups.
- Sustainability: Commitment to minimizing environmental harm and promoting eco-friendly practices.
- Compliance: Alignment with international sanctions, donor standards, and applicable law.

6. Due Diligence Process

Stage 1: Preliminary Assessment

- Collect legal registration and governance documents.
- Conduct basic background checks and online media screening.
- Verify initial alignment with Fundación Xcalibur's mission and values.
- Obtain a conflict of interest declaration.
- Complete an initial risk assessment (Annex B).

Stage 2: Full Due Diligence (Standard or Enhanced)

- Review organizational policies (e.g., anti-fraud, safeguarding).
- Analyze financial statements and operational capacity.
- Conduct reference checks and reputational analysis.
- Perform comprehensive conflict of interest and sanctions screening (Annexes C and D).

Stage 3: Capacity and Risk Assessment, Risk Categorization, and Decision-Making

- Classify the partner as low, medium, or high risk.
- Approve, reject, or conditionally approve with mitigation measures.
- Record all findings and approvals in a due diligence file.

7. Ongoing Monitoring

- Annual review of long-term partners.
- Spot checks and audits based on performance and risk alerts.
- Capacity building for partners with identified gaps (Annex E).

8. Roles and Responsibilities

- Program Manager: Lead due diligence and partner assessments.
- Finance and Compliance Officer: Conduct financial reviews and assessments.
- Executive Director: Final approval of high-risk contracts.
- Board of Directors: Oversight of policy compliance.

9. Sanctions and Exclusion Criteria

All partners must be screened against international sanctions lists, in particular:

- United Nations Security Council Consolidated List
- EU Sanctions Map
- US OFAC Specially Designated Nationals (SDN) List
- National and sector-specific watchlists
- Credible reports of fraud/abuse
- Lack of governance transparency
- Activities contrary to Fundación Xcalibur's values

Any partner appearing on these lists will be disqualified unless exceptional approval is granted and fully documented.

10. Confidentiality and Data Protection

All due diligence records will be stored securely and accessible only to authorized personnel. Sensitive data will be processed in accordance with Fundación Xcalibur's Data Protection Policy and applicable laws (e.g., GDPR).

11. Review and Amendments

This policy will be reviewed every two years or when triggered by changes in applicable law, donor regulations, or organizational strategy.

Annex A: Due Diligence Checklist

Use this checklist during the initial assessment phase of partners/suppliers.

- ☐ Legal registration certificate
- ☐ Memorandum of understanding or articles of association / bylaws
- ☐ Audited financial statements (last 2 years)
- ☐ Bank account details (official letterhead)
- ☐ Organizational chart
- ☐ Governance structure (board of directors list)
- ☐ Strategic or mission statement
- ☐ Anti-fraud and anti-corruption policy
- ☐ Safeguarding policy (children/vulnerable adults)
- ☐ Gender and inclusion policy
- ☐ Environmental or sustainability policy
- ☐ Whistleblower protection policy
- ☐ Recent programmatic reports or evaluations
- ☐ Conflict of interest declaration

Annex B: Partner Risk Assessment

Rating: Low (1), Medium (2), High (3)

1. Legal compliance ____________
2. Financial transparency ____________
3. Internal control systems ____________
4. Governance and board oversight ____________
5. Programmatic experience ____________
6. Staffing and technical capacity ____________
7. Ethical and safeguarding standards ____________
8. Environmental practices ____________
9. Media reputation ____________
10. Compliance history ____________

Total score: ____ / 30

Risk category: ☐ Low ☐ Medium ☐ High

Recommended Action:

Annex C: Conflict of Interest Declaration

I, ____________________________________, representing __________________________________, declare that:

- ☐ I have no conflict of interest that could affect my objectivity when working with Fundación Xcalibur.
- ☐ I will immediately disclose any conflict that arises during the engagement period.

Signature: ___________________________ Date: _______________

Annex D: Sanctions Screening Protocol

Screen each partner/supplier against the following databases:

- ☐ UN Sanctions List
- ☐ LEU Sanctions List
- ☐ US OFAX Sanctions List
- ☐ National criminal records and anti-terrorism registries
- ☐ General internet/media check (Google, Factivia, etc.)

Screening Date: _______________ By: ___________________
Results and comments:
____

Annex E: Partner Capacity Building Framework

Areas to assess and support:

1. Financial managements systems
2. Procurement and asset control
3. HR practices and staffing
4. Gender mainstreaming capacity
5. Environmental responsibility measures
6. Monitoring and evaluation processes
7. Implementation of safeguarding policies

Support Plan Summary: ____

Capacity Building Activities:
____
Timeline: ________________ Responsible personnel: __________________