

## SCHEDULE A

### Code of Conduct

#### 1. NO AFFILIATION TO POLITICS OR RELIGION

All bodies acting under the brand of Operation Smile should clearly state the absence of affiliation to politics or religion under all circumstances.

#### 2. ZERO TOLERANCE OF FRAUD AND CORRUPTION

Operation Smile adheres to the zero tolerance principle to fraud and corruption and requires staff and volunteers at all times to act honestly and with integrity and to safeguard the assets for which they are responsible. Fraud and corruption are an ever-present threat to Operation Smile's assets and reputation and so must be a concern of all members of staff and volunteers. Each Operation Smile entity shall investigate and, if necessary, take action, including legal measures, against any person or persons whom there is good reason to suspect of fraud, corruption or other improper gain.

- a) Each body acting under the brand of Operation Smile shall implement an anti-corruption Policy. This policy shall at a minimum include:
  - A stand against bribes
  - A stand against money laundering
  - A stand against fraud
- b) Internal processes and control systems shall be developed and strengthened to prevent, detect and take action against potential fraud and corruption.

The term fraud is used to describe a whole range of activities such as deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. It involves the act of deceit of the organization in order to obtain a personal or collective advantage, avoid an obligation or cause loss.

Corruption involves the act of dishonestly obtaining an advantage from a third party by abusing an entrusted power for private gain. Neither fraud nor corruption are restricted to monetary or material benefit, but could also include intangible benefits such as status or information.

The zero tolerance principle also includes a stand against:

- a) **Favoritism and nepotism:** favoring one person or group over and against other persons.
- b) **Money laundering:** using legal financial transactions to hide or dispose of money or property acquired from criminal activity.

#### 3. TRANSPARENCY

Each Operation Smile organization shall maintain transparency toward other Operation Smile entities and toward the local public. The transparency includes, but is not limited to:

- a) Maintain a webpage with accurate and updated information in regards to:
  - Contact information
  - Official financial information
  - Name of auditor
  - Vision and Mission
  - Description of activities
  - A list of names of all members/directors/executive committee members or trustees and their responsibilities.
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- b) The accounting of the organization shall include transparency related to the percentage of the funds used for administration, fundraising and programs.
- c) Each organization shall submit an openly available annual report that lists the organization's board and staff members, describe its mission, shares information on program activities, and outlines financial information including, at a minimum, its total income, expenses and ending net assets.
- d) Information provided about the organization to donors, members, clients, staff, and the general public shall be accurate and timely.

#### 4. HUMAN RESOURCE MANAGEMENT

Operation Smile will ensure we protect and nurture our most valuable resource; our employees and volunteers.

- a) All Operation Smile organizations should maintain an environment that protects the health and safety of employees and volunteers.
- b) All employees and volunteers will be treated with respect and compassion.
- c) Employees or volunteers shall not be subject to harassment or bullying in the workplace.
- d) Employees shall be selected and remunerated based on of their ability to do the job and no distinction, exclusion or preference shall be made on other grounds, such as (but not limited to) race, color, sex, religion, political opinion, age, disability, trade union membership, and sexual orientation.
- e) Human resource policies shall be available in written form and implemented accordingly. Remuneration and other facilities for the staff should be clearly provisioned in such policies.
- f) Operation Smile should provide members and employees an enabling environment and opportunities for personality development.

#### 5. WHISTLE BLOWING

Operation Smile Incorporated has implemented a whistle-blower function in which any employee, partner or donor shall be able to report misuse of Operation Smile assets or illegal conduct anonymously. This person shall be protected against any form of harassment, intimidation, discrimination or retaliation for making such a report in good faith.

Each Operation Smile entity has the responsibility of providing information in regards to the whistle-blower function openly on the organization's website.

#### 6. STEWARDSHIP AND AUDITS

All Operation Smile entities should exercise good internal governance, with a focus on transparency and accountability. The organization will be accountable for its actions and decisions, not only to its funding agencies and the government, but also to the people it serves, its staff and members, partner organizations and the public at large. Authority, responsibility and accountability among employees and board members should be clearly defined.

Operation Smile will have adequate internal control mechanisms.

- a) Internal control mechanisms should include procedures for
  - Proper Authorization – e.g. definition of authorization levels
  - Segregation of Duties – e.g. that all payments and reimbursements should require the authorization of two people
  - Adequate Documentation and Records retention policies
  - Independent Audits on Compliance
  - Quality control and assurance for all medical related activities

The organization shall adhere to professional standards of accountancy and audit procedures as stipulated by the law in its nation, and fulfill all financial and reporting requirements.

The organization should follow proper book-keeping and prepare Annual Financial Statements of income and expenditures. An Annual Report should be prepared containing the description and budget of activities, projects over last financial year and include a statement of how these have promoted Operation Smile's General Objectives.

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The accuracy of the financial reports shall be subject to audit by an independent, qualified auditor. The audit reports shall be made available to other entities within Operation Smile and a copy maintained by Operation Smile Headquarters.

Records on required audit trails should be held for at least 5 years at the registered office.

- a) Risk management for assets :  
A review shall be made annually of potential risks to the organization's significant assets, such as its property, its good will, and its key programs and activities, and decisions about the most appropriate ways to protect those assets from loss.
- b) Each organization shall have openly available, written procedures for selecting suppliers and partners. Procurement of goods, works and services shall be carried out in accordance with internationally accepted principles and good procurement practices.
- c) The Operation Smile entity should use registered bank accounts for money flows in case of every transaction
- d) The organization should perform regular evaluation of the organization's way of working and how well the defined targets are being met. (performance metrics)
- e) Conflicts of Interest  
All conflicts of interest involving employees (or the families of employees) must be disclosed in writing to the employee's supervisor and next level supervisor, and the employee must not take part in decisions related to the transaction.
- f) Fundraising  
Each Operation Smile entity shall exercise Responsible Fundraising. Contributions must be used for purposes consistent with the donor's intent and messaging used to solicit the funds.

### 7. BOARD STRUCTURE AND STEWARDSHIP

The board of directors and trustees bears the primary responsibility for ensuring that the Operation Smile entity fulfills its obligations to the law, its donors, its staff and volunteers, its patients, and the public at large. The board must protect the assets of the organization and provide oversight to ensure that its financial, human and material resources are used appropriately to further the organization's mission. The board will also work with Operation Smile International to set the vision and mission for the organization and establish the broad policies and strategic direction that enable the organization to fulfill the purpose of Operation Smile.

Board members should evaluate their performance as a group and as individuals no less frequently than every three years, and should have clear procedures for removing board members who are unable to fulfill their responsibilities.

Each board should establish clear policies and procedures setting the length of terms and the number of consecutive terms a board member may serve.

### 8. CORPORATE POLICY

Operation Smile entities shall strive to cooperate with companies that follow the United Nation's Convention on the Rights of the Child, the principles of the UN Global Impact, such as the United Nation's Declaration of Human Rights, the regulations and procedures of the ILO, the United Nation's Convention against Corruption and the OECD Guidelines for Multinational Enterprises.

The intention of all Operation Smile entities shall be to cooperate with companies that:

- a) Respect human rights
- b) Take responsibility for the rights of children
- c) Take responsibility for the environment

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Before entering into a cooperation with an external partner, the Operation Smile entity shall evaluate if the partnership may have negative consequences for Operation Smile in any other country, such as a negative impact on the brand. If this is the case, the Operation Smile entity shall refrain from entering in the partnership.

### **9. ENVIRONMENTAL RESPONSIBILITY**

All Operation Smile entities should support a precautionary approach to environmental challenges and undertake initiatives to promote greater environmental responsibility for our planet.

### **10. CHILD PROTECTION POLICY**

Operation Smile shall at all times show due respect for the rights of all children and the tenants of the Convention on the Rights of the Child.

The Child Protection Policy shall apply to all Operation Smile staff, associates, volunteers, visitors and managers who must comply with its requirements. It is intended that this policy will set a minimum global standard for all Operation Smile stakeholders. Where required by law or local practices, Operation Smile entities may enhance the standards as set out in this policy.

This policy is informed by a set of principles that are derived from the UNCRC and include:

- a) All children have equal rights to protection from abuse and exploitation.
- b) Each child has a fundamental right to life, survival and development.
- c) All children should be encouraged to fulfil their potential, and inequality and discrimination should be challenged.
- d) Children will be assured the right to express their views freely and this will be given 'due weight' in accordance with their age and level of maturity. We will not discriminate against the child. The child will be treated with respect irrespective of gender, nationality or ethnic origin, religious or political beliefs, age, physical or mental health, sexual preference and gender identity, family, socio-economic and cultural background, or any history of conflict with the law.
- e) Everybody has a responsibility to support the care and protection of children
- f) Operation Smile has particular responsibilities to children who come into contact with us. No child must come to harm as a result of their engagement with Operation Smile, as a benefactor of our services or as part of Operation Smile communication and fundraising material.
- g) These particular responsibilities extend to those individuals or organizations who are associated with Operation Smile. Therefore, each Operation Smile entity has the responsibility to assure that everyone working for or associated with Operation Smile's work must be aware of and adhere to the provisions of this policy.

### **11. GLOBAL STANDARDS OF CARE**

Each Operation Smile entity is responsible to ensure that all medical activities performed by the entity follow the medical standards defined by the Operation Smile Global Standards of Care. It is also the responsibility of the Operation Smile entity to ensure that the volunteers registered through that office are educated on, and follow these standards.