The Global Biodiversity Standard

Financial and Counterparty Due Diligence Policy

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The Global Biodiversity Standard (TGBS Ltd)

Financial and Counterparty Due Diligence Policy

TGBS Ltd company policy

TGBS will understand who it receives money from, pays, appoints and represents. Due diligence will be proportionate, documented and repeated when risk changes, with enhanced review for high-risk funding or counterparties.

1. Purpose

This policy governs acceptance of grants, donations, sponsorship, assessment or service fees and other finance, and the appointment/payment of hubs, assessors, suppliers, consultants, partners, subrecipients and other counterparties. It supports lawful, mission-aligned and reputable relationships without imposing a one-size-fits-all process.

The policy applies before onboarding or commitment, before material changes or extensions, and during the relationship. It covers financial crime, sanctions, ownership, capacity, conflicts, safeguarding, modern slavery, human rights, environmental integrity, data protection, reputation and mission alignment.

2. Scope

This policy applies to TGBS Ltd directors, officers, employees, workers, consultants, contractors, volunteers and interns. It also applies, to the extent stated in contract or appointment terms, to TGBS hubs, certified assessors, technical reviewers, committee members, delivery partners and any other person acting for or representing TGBS.

3. Policy principles

TGBS will apply this policy lawfully, fairly, consistently and proportionately, with effective oversight, documented decisions and protection from retaliation.

4. Roles and responsibilities

- The Board approves the policy, oversees material risks and ensures that allegations involving senior leadership are handled independently.
- The CEO implements the policy, assigns proportionate controls and reports material matters to the Board. A responsibility may be delegated, but accountability remains with the role that delegated it.
- Directors and managers model the required conduct, act on concerns promptly, protect reporters from retaliation and identify conflicts before taking part in a decision.
- All covered persons must understand the policy, complete required training, keep accurate records and raise concerns without delay.

- Each hub must nominate a responsible lead, cascade relevant requirements to assessors and subcontractors, maintain suitable local controls, comply with applicable local law, and report material concerns to TGBS. A hub remains responsible for its own legal duties and personnel.
- Assessors and reviewers must act impartially, declare conflicts, protect evidence and information, and never allow commercial or relationship pressures to affect their professional judgement.
- The relationship owner gathers information and monitors delivery; finance verifies payment controls; the CEO assigns or confirms risk and escalation; the approving authority decides within delegated limits.
- No person may approve their own conflict or a counterparty from which they could benefit. High-risk acceptance requires the CEO and one non-conflicted director; if the CEO is conflicted, the Chair and another non-conflicted director decide.
- Hubs must conduct proportionate due diligence on TGBS-related assessors and subcontractors and provide evidence to TGBS on request.

5. Policy requirements

5.1. Minimum due diligence

- **Identity and status:** legal name, registration, address, governing documents where relevant, authorised representative and operational existence.
- **Ownership and control:** beneficial owners, directors/key decision-makers, parent or related entities and conflicts of interest.
- **Purpose and capacity:** intended relationship, source/use of funds, technical and financial ability, references or delivery history.
- **Banking and finance:** account in the counterparty's name, audited or management information proportionate to value/risk, solvency concerns and unusual payment terms.
- **Integrity:** sanctions, Politically Exposed Person (PEP) status, credible adverse media, fraud, corruption, litigation/regulatory findings, safeguarding, modern slavery, human rights and environmental misconduct.
- **Governance and controls:** relevant policies, reporting routes, data protection, subcontracting, quality assurance and record keeping.
- **Mission and reputation:** consistency with TGBS objectives and whether association could reasonably undermine independence, biodiversity integrity or public trust.

Checks must use reliable, independent sources where possible. Self-declarations are evidence but are not sufficient alone for higher-risk matters. Information collected must be relevant, proportionate and handled under the Data Protection Policy.

5.2. Risk rating and approval

Rating	Typical features	Approval and controls
Low	Transparent established entity; ordinary value/geography; no material red flags.	Relationship owner within delegated authority; standard contract and monitoring.
Medium	New/less transparent entity, material value, delivery through partners, PEP or manageable adverse information.	CEO review; documented mitigations, enhanced clauses and more frequent monitoring.

Rating	Typical features	Approval and controls
High	Sanctions/high-risk geography, opaque ownership, serious allegations, substantial cash/subgranting, conflict, high reputational or safeguarding risk.	Enhanced due diligence and written approval by CEO plus a non-conflicted director; legal/expert advice where appropriate.
Prohibited	Confirmed sanctions prohibition, unlawful source/use, terrorism, bribery, modern slavery, deliberate deception or risk that cannot be lawfully or credibly mitigated.	Do not enter or continue; consider reporting, freezing or exit obligations.

Risk is a matter of judgement, not arithmetic alone. The rationale, red flags, mitigating controls, residual risk, approval and next review date must be recorded. A PEP relationship is not automatically prohibited but requires risk-sensitive enhanced review.

5.3. Enhanced due diligence and funding acceptance

- Identify source of funds and, where relevant, source of wealth and ultimate funder or beneficiary.
- Verify complex ownership/control and the legitimate reason for intermediaries, third-party payers or unusual jurisdictions.
- Review credible adverse information and obtain the counterparty's explanation and supporting evidence where fair and safe.
- Assess whether funding conditions could compromise TGBS independence, certification decisions, research integrity, public positions or stakeholder safety.
- Use conditions, ring-fencing, staged payments, audit rights, independent oversight, restricted claims, action plans or shorter review periods where they reduce risk effectively.

TGBS will refuse finance or a relationship where it is unlawful; the source or purpose cannot be understood; control or beneficial ownership is concealed; conditions compromise TGBS independence or integrity; serious harm is unremedied; or residual risk exceeds TGBS's documented appetite.

Where disengagement could harm workers, communities or legitimate project outcomes, TGBS will plan a lawful and responsible exit while not continuing prohibited activity.

5.4. Ongoing monitoring and changes

- Monitor delivery, invoices, claims, outcomes, complaints and payment behaviour against the approved profile.
- Refresh screening and core information at renewal and at least annually for high-risk relationships; lower-risk relationships may be reviewed on a longer documented cycle.
- Reassess after changes in ownership, leadership, bank account, geography, activity, subcontracting, sanctions, adverse information or project scope.
- Contract owners must escalate material breach, misrepresentation, unexplained delay, diversion, stakeholder harm or refusal to provide information.

5.5. Due diligence record template

Field	Record
Counterparty and relationship	Legal name, registration, address, country, website, contact, purpose, value, term and relationship owner.
Ownership and control	Beneficial owners, directors/key managers, parent/affiliates and identified conflicts.
Funds and banking	Source/use of funds, payer/payee, verified bank account and expected transaction profile.
Checks completed	Sources and dates for sanctions/PEP, adverse information, references, capacity and policy/control review.
Risks and mitigations	Red flags, impact/likelihood, contractual or operational controls and residual risk.
Decision	Risk rating, approve/condition/decline, approving persons, reasons and conflict declarations.
Monitoring	Owner, required evidence, review frequency, trigger events and next review date.

6. Reporting and escalation

A person may raise a concern orally or in writing and may be accompanied or supported where appropriate. Anonymous reports will be considered as far as the available information allows. Reports should include the facts known, relevant dates, people involved and any evidence that can be preserved safely.

Situation	Route
Ordinary route	Report to the CEO and copy the Board Chair or another non-conflicted director.
Concern involves the CEO	Report to the Board Chair and at least one other non-conflicted director. The CEO must not receive, direct or decide the matter.
Concern involves the Board Chair	Report to the CEO and at least one other non-conflicted director. The Chair must not receive, direct or decide the matter.
Concern involves both the CEO and Chair, several directors, or internal independence is reasonably in doubt	Report to any non-conflicted director or to the Governance Contact, who must notify at least one other non-conflicted director and arrange an independent response. External professional advice or an external investigator must be used where necessary.
Immediate danger or suspected crime/regulatory breach	Contact emergency services, law enforcement or the relevant regulator where appropriate. Internal reporting is not a precondition.

The Board will maintain a current Policy Contact Register containing direct contact details for the CEO, Chair, Governance Contact and at least two other directors. The Governance Contact means the Company Secretary, if appointed, or a non-conflicted director designated by the Board.

No person may investigate, influence, decide or hear a review of a matter in which they are implicated or have an actual, potential or perceived conflict of interest. A report received by an implicated person must be forwarded immediately to a non-conflicted route without screening or alteration.

Retaliation, victimisation, obstruction, concealment, destruction of evidence and knowingly false or malicious allegations are prohibited. A report made honestly will not attract action merely because it is unsubstantiated.

7. Response and resolution

Concerns will be assessed promptly by a competent, non-conflicted person. TGBS will take proportionate interim and final action, give affected people a fair opportunity to respond where appropriate, document the outcome and track agreed actions to completion.

8. Confidentiality and records

Information will be shared only with those who need it to protect people, assess the matter, comply with law, obtain advice or take action. Absolute confidentiality cannot be promised where disclosure is necessary for a fair process or legal duty.

Due-diligence evidence, risk assessments, approvals, contracts, monitoring and exit decisions will normally be retained for at least six years after the relationship ends, subject to data minimisation, applicable finance/sanctions law, limitation periods and the retention schedule.

Personal data will be handled under the TGBS Data Protection Policy. Records must be factual, access-controlled and kept separately from general personnel or project files where sensitivity requires it.

9. Breaches and corrective action

TGBS may impose conditions, pause onboarding or payment, require remediation, increase monitoring, remove personnel, decline or return funds where lawful, suspend/terminate a relationship, recover loss and report to a bank, funder, regulator or law-enforcement authority.

10. Monitoring and review

The CEO will report at least annually to the Board on the distribution of risk ratings, high-risk approvals, declined relationships, overdue reviews, material incidents and improvements. The Board will review whether controls remain proportionate to TGBS strategy and delivery model.

11. Related documents and legal framework

- TGBS Anti-Fraud, Bribery and Corruption Policy (including anti-money-laundering controls); Counter-Terrorist Financing Policy; Modern Slavery Policy; Safeguarding Policy; Data Protection Policy; Conflicts of Interest Policy; delegated-authority procedures.

- Companies Act 2006; Bribery Act 2010; Fraud Act 2006; Proceeds of Crime Act 2002; Criminal Finances Act 2017; Sanctions and Anti-Money Laundering Act 2018; Modern Slavery Act 2015; applicable local law and binding funder/bank requirements.