

DUE DILIGENCE PRINCIPLE

The principle of due diligence is a set of measures of verifying a potential grantee and examining their activity to form an impartial opinion on them with the aim to minimize risks. One of the key elements of the due diligence principle in the Foundation's activities is a rule "Know your customer" recommending development of adequate policies and procedures to get better understanding of the Foundation's audience, preventing corruption and increasing transparency. This rule is used in philanthropy to work both with donors and customers.

The Vladimir Potanin Foundation applies the due diligence principle with the aim to receive answers to the questions: how well we know a potential grantee and whether the information on them is reliable and consistent.

To achieve these goals, the Foundation checks all applicants against formal criteria to decide whether they can participate in competitions and involve independent experts to form an objective opinion on a received application. The independent experts and partner organizations help us to identify a potential grantee's profile, their reputation and ability to meet the requirements.

Due diligence is a key part of risks minimization. For this purpose, it is applied in all Foundation's programs and competitions to make a decision on supporting a potential grantee. For legal entities, the process includes legal analysis, examination of an organization's sustainability and its opportunities for a project implementation.

The process of a potential grantee's identification is organized online by analyzing an application and grantee's documents on the portal.

The following documents are usually required from a grantee:

- a higher education diploma;
- a reference letter from an educational institute;
- a charter of a legal entity;
- a power of attorney.

Confirming the formal compliance with a competition's requirements, documents attached to an application allow the Foundation to verify an applicant as an individual or a legal entity. This process is based on the applicant's documents (for example, a charter of a legal entity) and documents issued by third parties (for example, a higher education diploma or a HEI's reference letter). According to the due diligence system, it is called the trusted third party to verify a grantee.

Supporting documents, attached to an application on the Foundation's portal, serve the following purposes:

- checking compliance of an applicant with formal criteria;
- identifying an applicant as an individual and/or a representative of a legal entity.

The due diligence principle allows the Foundation to crosscheck an applicant's documents. For example, a higher education diploma for persons participating in a Fellowship Competition for Master's Students identifies them as an individual and confirms their educational status. At the same time, a HEI's reference letter also confirms a participant's status as a master's student and serves the goals of crosschecking and verification.

According to the Principles and Guidelines, the Foundation follows the principle of requiring a minimum set of documents for processing applicants' personal data.

The Principles and Guidelines of the particular competitions include information on the required documents.