



IAVI Policy for the Protection of Employees Who Provide Evidence of Fraud, Malfeasance, or Misconduct

Background

In 2002 the Congress of the United States of America passed into law The Sarbanes-Oxley Act. American legal scholars and the US business/ financial community considered it one of this generation's most significant pieces of legislation affecting institutions incorporated in the United States. Its provisions affect every major stakeholder in a corporation's life: board members, corporate officers, employees, a corporation's independent auditors and its legal counsel. The legislation's major intention is to protect the public (and certainly, investors in US capital markets) from corporate fraud and malfeasance. It does this by potentially preventing such activity or making it easier for such activity to be reported and/or exposed to appropriate authorities. This is done by requiring changes in corporate stakeholder relationships, reporting mechanisms and corporate organization.

While the law was at first said to be intended as regulation of for-profit, publicly traded companies, recent political developments in the United States and the legislation's own language suggest a potential broader audience. As a result, the Attorney General of the State of New York (the US state where IAVI is headquartered) has suggested that not-for-profit institutions and non-governmental organizations, like IAVI, begin to respond to various provisions of the Act, most notably Section 806: Protection for Employees of Publicly Traded Companies Who Provide Evidence of Fraud. This section of the legislation is intended to provide "corporate whistleblowers," employees willing to expose potential corporate fraud or malfeasance, with legal protection and remedy. It requires that corporations institute policies and procedures that call for:

1. Effective Incident Management: This means that information regarding alleged fraud or malfeasance provided by an institution's employee is vetted by the suitable corporate authorities and when appropriate acted upon.
2. Employee Protection: That such employee is protected from retribution, retaliation or injury to his/her person, reputation, work and/ or career.

In our judgment, sound business practice suggests that IAVI institute a system within the corporation that meets the following requirements:

- Establish multiple avenues for reporting compliance concerns.
 - Employees must be informed that every effort will be made to keep their concerns confidential and/or anonymous.
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- Where a “serious” ethics and compliance program has been established, there may be a hierarchy of people to report concerns to, including 1) A compliance officer or manager, 2) Legal department, 3) Any supervisor or manager.
- Establish guidelines for the investigation of purported misconduct.

In the case of IAVI we also have to establish policies and procedure that address as best as possible the following concern:

- If the reporting options are narrow, at the senior level in the organization, or require reporting to one’s direct supervisor, it is unlikely that the employees will be encouraged to use it without fear of retaliation.

Policy Statement

As a non-governmental organization, functioning at a global level it is IAVI policy to uphold the highest legal, ethical and moral standards. To achieve this institutional goal it is IAVI policy to honor and respect any and all information provided by an employee (whether staff or consultant) that alleges either directly or indirectly any fraud, negligence, illegality, malfeasance and/ or misconduct, whether through intentional or unintentional act or omission by an IAVI employee (whether staff or consultant), a member of the Board of Directors, an officer of the corporation, an independent auditor, legal counsel, grantee, business partner, contractor, sub-contractor or agent of the corporation.

The responsibility for ensuring that the organization has appropriate mechanisms and policies for receiving and resolving such issues belongs to the Audit/Finance Committee of the Board.

To this end, IAVI commits itself to the following principles:

1. IAVI will treat all such information with the strictest confidentiality.
2. When allegations of fraud, negligence, illegality, malfeasance and/ or misconduct prove to be true IAVI will take all necessary remedial actions.
3. When the nature of the information requires it, IAVI will notify the appropriate legal or regulatory authorities.
3. IAVI will ensure that any employee providing such information lawfully (whether staff or consultant) will be protected from any retribution, retaliation or injury to his/her person, reputation, work and/ or career that may be committed by the corporation or any of its agents.

Procedures

- 1) **Reporting:** It is IAVI’s policy that all employees shall report any problems, concerns or evidence of fraud, malfeasance, negligence or illegality. Employees are encouraged to report problems and concerns to immediate supervisors or managers where appropriate and where they feel comfortable. Alternatively, they may report these issues to the Chief Operating Officer (who serves as the Compliance Officer of IAVI). There may be situations however where an employee has evidence of corporate fraud, negligence, illegality and/ or malfeasance, whether through intentional or unintentional act or

omission by an IAVI employee (whether staff or consultant), a member of the Board of Directors, an officer of the corporation, an independent auditor, legal counsel, grantee, business partner, contractor, sub-contractor or agent of the corporation where reporting into one's management is not possible. In these situations the employee should follow the following procedure:

- a. IAVI has contracted with an external hotline service to provide for a confidential, 24 hour, international telephone and website mechanism to report such allegations and/or problems.
 - b. It is IAVI's policy that all allegations that fall under the scope of the Sarbanes Oxley Legislation; those which are of a fiscal and corporate fraud, misuse or malfeasance nature, may be reported anonymously. All other allegations must be reported by a named individual.
 - c. The information received through the employee interview or written complaint (herein complaint) will be forwarded to the following parties:
 - i. The Chief Operating Officer who for purposes of this policy will be deemed the Compliance Officer.
 - ii. In the event that the Compliance Officer is a party to the complaint, the complaint will be given to the Chair of the Audit/Finance Committee.
 - iii. All persons who have knowledge of this complaint are bound by the strictest confidentiality.
- 2) **Investigation:** The Compliance Officer, will have the primary responsibility for:
- a. Investigating or delegating the responsibility for investigating these complaints.
 - b. If the Compliance Officer initiated investigation has acquired corroboration of the complaint, and the corroboration suggests an infraction of the law or government regulation, the Compliance Officer will notify the appropriate legal or regulatory authorities when in his or her judgment it is appropriate and reasonable.
 - c. If in the Compliance Officer's judgment it is appropriate, the Compliance Officer will inform IAVI legal counsel.
 - d. Taking all necessary remedial action.
- 3) **Remedial Action:** Upon the completion of the Compliance Officer's investigation:
- a. The Compliance Officer, will take all remedial actions deemed necessary and appropriate.
 - b. The Compliance Officer will inform the Chair of the Audit Finance Committee in writing of all its actions, findings and the remedial action taken. This report will include, but not be limited to:
 - i. The success or failure of remedial action (s).
 - ii. Financial impact on the corporation of these actions, if any.
 - iii. Legal impact on, or consequences to, the corporation.
 - iv. The well-being of the employee who made the original complaintThe Chair will then be responsible for informing the IAVI Board of these actions.
- 4) **Board Member Party to Complaint:** When a board member is a party to the complaint, the Board of Directors will then have the full and exclusive responsibility of **Investigation** and **Remedial Action** described above in paragraph two (2) and paragraph three (3). The Board will then be responsible for informing the Compliance Officer in writing of all its actions, findings and the remedial action taken.

- 5) **Protection:** The Compliance Officer and the Audit Finance Committee will be responsible for ensuring that an employee making such allegations as defined in this policy will be free from any injury or harm including discharge, demotion, suspension, threat, harassment, or in any manner of discrimination in the terms and conditions of his/her employment because of any lawful act done by the employee.