



INTERNATIONAL
PARTNERSHIP FOR
MICROBICIDES

Foreign Corrupt Practices Act Policy

Current as of January 2, 2020

IPM Headquarters

8405 Colesville Road, Suite 600 Silver Spring, MD 20910 USA

Phone 1-301-608-2221 | Fax 1-301-608-2241

www.IPMglobal.org

Introduction

IPM is committed to conducting business in an ethical manner and in compliance with applicable laws and regulations, including the United States Foreign Corrupt Practices Act (FCPA), an act which prohibits the use of bribery or corrupt practices to obtain any business advantage. Violation of the FCPA may result in financial penalties and imprisonment for individuals involved, and could damage the reputation of IPM as well as its relationship with donors.

In alignment with the FCPA, IPM has adopted a 'No Tolerance' policy toward bribery and other corrupt practices. This document serves to ensure that all employees, board members, contractors, and third-party business contacts are aware of IPM's commitment to good business ethics, prohibiting bribery, and other improper payments and practices in the conduct of IPM operations.

Policy Overview

The United States Foreign Corrupt Practices Act, along with the United Kingdom Anti-Bribery Act, European Union anti-corruption legislation, and the OECD Anti-Bribery Convention, strictly prohibits the use of bribes against both private sector individuals and government officials to gain business advantages. In compliance with these provisions, IPM strictly prohibits bribery and any other improper payments in all business operations, involving public and private parties alike.

IPM's Anti-Corruption Policy prohibits employees, contractors, consultants, and agents from making or authorizing bribes or other improper payments with the intent of gaining a business advantage. Under this policy, employees, contractors, consultants, and agents will be responsible for following the guidelines set forth in this document and for taking every measure to ensure they do not participate in any form of bribery, improper payment, or other related form of corruption. Failure to do so may result in termination of employment, federally imposed fines, or even imprisonment. IPM's Anti-Corruption Policy also ensures protection for whistleblowers and encourages staff to come forward with concerns about possible acts of bribery or corruption.

IPM has developed a program for implementing this policy through appropriate guidance, training, investigation, and oversight. This program is under the responsibility of The Chief Operating Officer and the Vice President of Human Resources, and is supported by the entire IPM executive team. All IPM employees, contractors, consultants, and agents will be informed of IPM's Anti-Corruption Policy and will be given guidance on how to respond to and report suspected bribery and other corrupt practices.

All IPM staff will participate in yearly training on IPM's Anti-Corruption Policy and on any new U.S. Department of Justice guidance on compliance with the Foreign Corrupt Practices Act. All IPM contractor will be made aware of the IPM Anti-Corruption Policy (which will be posted on the ipmglobal.org website, under governance within the IPM contract terms, and when IPM deems necessary, the contractors will be asked to sign an acknowledgement accepting the

terms of this policy before a new contract will be executed or an existing contract will be amended.

What are the prohibited activities?

It is prohibited to make or authorize **improper payments or to provide anything of value**, either directly or indirectly, **to a public official or at the request of a public official anywhere in the world**, whether or not there is any connection to the United States.

It is **unlawful to bribe a foreign official or any official** at another commercial entity **to gain an “improper business advantage.”** An improper business advantage may involve efforts to obtain or retain business, as in the awarding of a government contract, but also can involve regulatory actions such as licensing or approvals.

Employee Responsibilities and Compliance

The following standards apply not only to IPM directors, officers, and employees, but to all of IPM’s contractors, consultants, and agents:

- Employees may not use IPM or personal funds for any purpose that would violate this policy or that is in anyway unlawful.
- Employees must be alert to any information suggesting that a payment made by or on behalf of IPM may be used as a bribe. Employees must report a suspected or actual bribe to the Vice President of Human Resources and/or the Chief Operating Officer.
- Employees who are managing IPM’s relationship with contractors, consultants and agents should ascertain that these contractors, consultants and agents comply with anti-bribery laws and agree to stay in compliance with these standards.
- The books and records of IPM must accurately and fairly reflect the transactions and dispositions of assets. All transactions and acquisitions of assets must be disclosed.
- Employees must keep in mind that, even if payments or gifts are a customary part of the culture of a particular country, they may be prohibited under anti-bribery laws.
- Employees should use common sense and good business judgment when dealing with individuals and entities in a business relationship with IPM and in each case involving gifts or entertainment, whether offered or received by the employee.
- Employees may not solicit business gifts or entertainment from IPM’s actual or potential suppliers, vendors, contractors, and/or consultants.
- Employees should never give or receive cash as a gift or gratuity in connection with a business transaction.

- Employees cannot give or accept any gifts or entertainment that could be construed as a bribe or kickback.
- Offering or accepting attendance at any event should not be made if this acceptance or offer could be reasonably interpreted as an attempt to gain unfair business advantage or otherwise reflect negatively on IPM.
- Giving or accepting gifts or entertainment during a contract renewal process or a bidding process must be avoided.
- Employees should avoid a pattern of accepting frequent gifts or entertainment from the same person or companies.
- Any kind of adult entertainment or any sort of event involving lewd behavior is inappropriate.
- Employees who receive a gift at an event, that might not be appropriate under these guidelines but which would be impractical or offensive to refuse, may accept the gift and then promptly report it to Vice President of Human Resources and/or the Chief Operating Officer and his or her manager, so an appropriate response be discussed. An employee with a question as to whether the giving or acceptance of a particular gift is appropriate should contact the Chief Financial Officer for a determination.

Exceptions

There are some exceptions of which all IPM employees, contractors, consultants, and agents should be aware:

- Some modest gifts and entertainment, if unlikely to be perceived as or intended to influence the recipient, do not require approval. These may include:
 - Occasional meals with and paid for by vendors, suppliers, or consultants;
 - Ordinary sport, theater, and other cultural events;
 - Promotional items of nominal value such as pens, calendars, coffee mugs, or hats.
- Gifts and entertainment valued at more than US\$100 (or the specific limit established locally) may be approved if protocol, courtesy, or other special circumstances exist. The giving or acceptance of such gifts must be approved by the Chief Operating Officer.
- FCPA laws do not prohibit reasonable promotional or other business activities, including legitimate charitable contributions or sponsorships. Special care is required, however, when foreign officials may be involved to avoid any appearance that benefits are being offered to improperly influence the performance of official duties.

- Payments can be made to foreign officials representing the relevant government office or organization for facilitating payments that need to be made for routine governmental actions. Routine government actions include:
 - Processing Visas
 - Providing police protection
 - Mail service
 - Supplying utilities (phone, power, water)

Travel Expenses

- IPM may pay for or reimburse reasonable bona fide expenses associated with visits from external personnel visiting IPM work sites, research centers, or other IPM related facilities. However, expenses for travel of a government official cannot be paid for or reimbursed unless this is directly associated with and in support of approved and recognized advice to IPM or its Directors.
- Reasonable expenses include: meals, hotel accommodations, and travel expenses, and may be covered for external personnel traveling to the IPM/ project specific location. Expenses for a spouse, side trips, or entertainment will not be covered.
- In order to ensure compliance with US and international anti-corruption and anti-bribery laws, expenses covered for external personnel traveling for IPM projects should be normally be reimbursed to that individual's agency, rather than to the individual themselves, unless specified by the agency otherwise.

Due Diligence When Working with Third Parties

IPM engages the services of many contractors, consultants, and agents to support our business activities. These relationships are an important part of IPM's success and provide valuable contributions in many areas of business, but can also pose compliance challenges and thus require appropriate oversight to prevent bribery. To ensure compliance with IPM's policies and all relevant anti-bribery legislation, special attention must be exercised when selecting third-party agents.

It is required that before entering into a business relationship with a third-party agent, you must perform reasonable due diligence. Additionally, when a contract or relationship is being renewed, the due diligence procedure must be repeated. The level of due diligence needed will depend on the type of business being done, and the location of the third-party agency.

The following factors should be considered as "red flags" when performing due diligence. Please note that if any red flags arise during the process of vetting a third-party, the Chief Operating Officer should be contacted to discuss the issues surrounding the third-party agent.

- 🚩 Known issues or concerns about the reputation of the third-party and their work with IPM or other organizations who operate in the region or have worked with the third-party in the past.

- ❖ Questionable business associates or business relationships with foreign officials appear to be maintained by the third-party.
- ❖ Pricing for work or commissions that seems abnormally above going rates for similar services.
- ❖ A request from the third-party for up-front payment or an all cash payment.
- ❖ A request from the third-party for payment to be sent to a bank in another country, a vendor name that is different from the third-party, or to a government official.
- ❖ A request from the third-party for additional payment that has a vague explanation for the payment's necessity. Contract terms should specifically describe services being performed.

It is IPM's responsibility to make third-parties aware of the anti-corruption policy. Therefore, IPM will include a contract provision that addresses this policy in each contract with a third-party. Information on the policy will also be available on IPMglobal.org. All third-party agents will need to agree to before a contract can be executed.

Whistleblower Guidance

Individuals may raise a concern through various channels including:

- Chief Executive Officer (CEO) **and/or**
- Chair of the Finance Committee
- Navex Global Hotline
 - Hotline Number: 844-252-3069 **and/or**
 - URL Address: ipmglobal.ethicspoint.com

All whistleblowing disclosures made to the parties above will be treated as confidential. In addition, all reports from the hotline will be sent as they are available to the Chief Executive Officer (CEO) and Chair of the Finance Committee.

The whistleblower should make it clear that the disclosure is being made under the terms of IPM's whistleblower policy. This will ensure that the recipient of the disclosure realizes this and takes the necessary action to investigate the disclosure and to protect the whistleblower's identity.

Upon receiving a complaint, IPM will promptly conduct a thorough investigation. It is the obligation of all employees to cooperate in such investigation. IPM will try to maintain the confidentiality of the allegations of the complaint and the identity of the persons involved, subject to the need to conduct a full and impartial investigation to remedy any violation of IPM's policies in compliance with legal obligations.

Possible outcomes after reporting a concern

IPM will not take any action harmful to any staff member who:

- Reports a complaint in good faith, pursuant to this guidance, to law enforcement officers, governmental agencies or bodies, or persons with supervisory authority over the complainant.

- Provides in good faith information regarding a complaint to law enforcement officers, governmental agencies or bodies, or persons with supervisory authority over the complainant, or otherwise assists in any investigation conducted by IPM.
- Otherwise participates or assists in a proceeding filed or about to be filed. An individual who deliberately or maliciously provides false information may be subject to disciplinary action, up to and including termination of employment.

The following actions may be taken **after** investigation of the concern:

- Disciplinary action (up to and including termination) against the wrongdoer dependent on the results of the investigation; or
- Disciplinary action (up to and including termination) against the whistleblower if the claim is found to be malicious or otherwise in bad faith; or
- No action if the allegation proves unfounded

The whistleblower will be kept informed of progress and the outcome of the investigation, within the constraints of maintaining confidentiality or observing legal restrictions generally. A confidential record of the steps will be retained.

Violations and Penalties

- Any individual who deliberately fails to follow either IPM's Anti-Corruption Policy or federal or local anti-bribery legislation may be subject to disciplinary action, up to and including termination of employment.
- Violations of the United States Foreign Corrupt Practices act (FCPA) can carry a fine of \$2 million for corporations and fines of up to \$250,000 and imprisonment of up to 5 years for individuals such as officers, directors, stockholders and agents of the company.
- Violations of the FCPA accounting provisions can result in fines up to \$25 million, and individuals are subject to fines up to \$5 million and imprisonment for up to 20 years.
- Violations under the United Kingdom Bribery Act can carry unlimited fines for the company and all contracts associated with the bribe will be made void. Additionally, the company may become debarred from competing for public contracts. Any individuals associated with the act may be subject to unlimited fines and/or imprisonment for up to 10 years.

FCPA Accounting Provisions

The FCPA's accounting provisions apply only to issuers, whether based in the United States or elsewhere, who are required to keep records and accounts which accurately reflect the transactions and dispositions of the assets of the issuer. Any inaccurate or misleading entries not in conformance with GAAP procedures are prohibited.

A company may be in violation of FCPA accounting provisions if its records:

- Omit a transaction, such as a bribe, illegal commission, or other improper payment.

- Disguise records to conceal improper activity or fail to identify the improper nature of a recorded transaction.

The FCPA accounting provisions stipulate that:

- With regard to internal controls, issuers must maintain books, records, and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer and must devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (1) transactions are executed in accordance with management's authorization and (2) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles (GAAP) or other criteria applicable to such statements to maintain accountability for assets. Access to assets must only be permitted only with management's authorization. Additionally, recorded accountability for assets must be compared with existing assets at reasonable intervals and appropriate action must be taken with respect to any differences.
- In matters of national security, the accounting provisions do not apply if an issuer's liability results from its cooperation with the federal government on matters of national security.
- With regard to liability for acts of subsidiaries, issuers can be held liable for the conduct of foreign subsidiaries, even if the conduct occurred in a foreign country. The scope of liability is based on their incorporation of the subsidiary's financial statements in its own records.
- With regard to obligations of minority owners, an issuer who owns 50% or less of the voting power of another company is subject to modified accounting provisions.
- Senior management may be liable if they certify statements which fail to disclose known violations of the Foreign Corrupt Practices Act's accounting provisions.

Definitions

What is a "Government Official"?

- Any officer or employee of a government or any of its departments or agencies or incorporated entities (e.g., state-owned utilities, airlines)
- Any officer or employee of any legal entity or joint venture that is wholly or in part owned or controlled by a foreign government, by any department or agency thereof, or by any state-owned enterprise
- Any public international organization officer or employee (e.g., United Nations, World Bank)
- Any person acting in an official capacity, even if honorary
- Any director, officer, or employee of a government-owned company
- Any close relative of a high government official
- Any officers or employees of government-owned enterprises in which the government has a significant or controlling interest

What does “Corruptly” mean?

- An intent or desire to wrongfully influence a recipient. The word “corruptly” is used in order to make clear that the offer, payment, promise or gift is intended to induce the recipient to misuse his official position

What is a “Bribe”?

- Any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value for the purpose of:
 - Influencing any act, or failure to act, in the official capacity of that business or government official or his or her political party; or
 - Inducing the business, government official or his or her political party to use influence to affect a decision of a foreign government or agency in order to obtain or retain business for anyone, or to direct business to anyone.

What does the term “Anything of Value” include?

- Gifts, entertainment or other business promotional activities;
- Covering or reimbursing an official’s expenses
- Offers of employment or other benefits to a family member or a friend of a foreign official;
- Political party or candidate contributions
- Charitable contributions and sponsorships

What does the term “Payments” include?

- Money
- Transfer of Stock, bonds or any property
- Payment of expenses
- Providing services of any kind
- Forgiveness of debts
- Transfer of any goods, services or intangible benefits that can accrue value

How are “Gifts and Entertainment” defined?

- Items offered as business courtesies, which may include:
 - Meals or drinks
 - Invitations to sport or social event
 - Recreation
 - Transportation
 - Equipment and materials