



ANTI-FRAUD POLICY

Background

The institutional anti-fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against International Peace Institute, Inc. (IPI). It is the intent of IPI to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Scope of Policy

This policy applies to any irregularity, or suspected irregularity, involving employees, including management, as well as board members, consultants, vendors, contractors, outside agencies doing business with employees of IPI, and/or any other parties with a business relationship with IPI.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to IPI.

Policy

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Under IPI's Whistleblower Policy it is also the responsibility of all directors, officers and employees to report violations, with the understanding they will be protected from any retaliation. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to the President, who coordinates all investigations with the Management Team and other affected areas, both internal and external. If senior Management is suspected of Fraud the Human Resources department or Board Treasurer as IPI Compliance officer should be informed.

Actions Constituting Fraud

The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

- Any dishonest or fraudulent act
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of IPI activities
- Disclosing confidential and proprietary information to outside parties
- Disclosing to other persons securities activities engaged in or contemplated by IPI
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to IPI. Exception: Gifts less than \$50 in value.

- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or any similar or related irregularity.

Other Irregularities

Irregularities concerning an employee's moral, ethical, or behavioral conduct that could pose a reputational or legal risk for IPI should be resolved by the supervisor and the Human Resources department.

If there is any question as to whether an action constitutes fraud, contact the Human Resources department.

Investigation Responsibilities

The Human Resources department has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Human Resources department will issue reports to appropriate designated personnel and, if appropriate, to the Board of Directors through the Management team. If the Management team is suspected of fraud, the reports will go direct to the Board of Directors Treasurer.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

Confidentiality

Human Resources department treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify Human Resources department immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see REPORTING PROCEDURE section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect IPI from potential civil liability.

Authorization for Investigating Suspected Fraud

Members of the Investigation Unit will have:

- Free and unrestricted access to all Company records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

Reporting Procedures

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact Human Resources department immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to Human Resources department. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with any- one unless specifically asked to do so by the Legal Department or Unit.

Termination

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated representatives from Human Resources Department and, if necessary, by outside counsel, before any such action is taken. The Human Resources Department does not have the authority to terminate an employee. The decision to terminate an employee is made by the employee's management. Should the Human Resources Department believe the management decision inappropriate for the facts presented, the facts will be presented to executive level management for a decision.

Policy Administration

The Management team is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.