



APPROVED
By decision of the
Board of the Charitable Organization
"Charity Foundation "VOSTOK-SOS"
dated January 15, 2016

Chairperson of the Board
O. M. Dvoretzka

REGULATION
ON ANTI-CORRUPTION POLICY
OF CHARITABLE ORGANIZATION "CHARITY
FOUNDATION "VOSTOK-SOS"

KYIV – 2016

1. DOCUMENT PURPOSE

1.1. This document of the Charitable Organization "Charity Foundation "Vostok-SOS" (hereinafter referred to as the "Organization") defines the principles and requirements aimed at preventing corruption and adhering to anti-corruption legislation by members of its governing bodies, employees and other persons acting on behalf of the Organization.

2. POLICY OBJECTIVE

2.1. The Policy reflects the commitment of the Organization and its management to high ethical standards and the principles of open and honest conduct of affairs, as well as the Organization's aspiration to improve the corporate culture, follow the best corporate governance practices and maintain the Organization's business reputation at the proper level.

2.2. The Organization aims to:



2.2.1. minimize the risk of involving the Organization, members of governing bodies, and employees regardless of their position (hereinafter - employees) in corrupt activities;

2.2.2. to form among the Organization members, partners, donors, counterparties, employees, members of their governing bodies, employees and other persons the same understanding of the Organization policy regarding the rejection of corruption in any formats and manifestations;

2.2.3. establish the obligation of the Organization employees, know and adhere to the principles and requirements of this Policy, the key norms of the applicable anti-corruption legislation, as well as adequate procedures for preventing corruption.

3. SCOPE OF APPLICABILITY AND RESPONSIBILITIES

3.1. All employees of the Organization must adhere to this Policy and strictly observe its principles and requirements.

3.2. The Chairperson of the Board of the Organization is responsible for organizing all activities aimed at implementing the principles and requirements of this Policy, including the appointment of persons responsible for the development of anti-corruption procedures, their implementation and control over their execution.

3.3. The principles and requirements of this Policy apply to the Organization employees, the Organization members, as well as to other persons in cases where the respective responsibilities are enshrined in contracts with them, in their internal documents, or directly follow from the law.

4. DEFINITIONS

4.1. *Corruption offense* is a deliberate act containing signs of corruption, committed by a person who is entrusted with full official powers, for which criminal, administrative, civil and disciplinary liability is established by law.

4.2. *Corruption* is the use by a person of the official powers granted to him/her and related opportunities in order to obtain an unlawful benefit or accept a promise / offer of such a benefit for himself/herself or other persons, or, accordingly, a promise / offer or provision of an unlawful benefit to such a person or, at his/her request, to other individuals or legal entities in order to persuade this person to illegally use the official powers granted to him/her and related opportunities.



4.3. *Unlawful benefit* means money or other property, advantages, benefits, services of a tangible or intangible nature that are promised, offered, provided or received free of charge or at a price below the minimum market price without legal grounds.

5. KEY PRINCIPLES

5.1. The mission of senior management. The members of the Board, the Chairperson of the Board, and the Executive Director of the Organization must form an ethical standard of intolerant attitude towards any forms and manifestations of corruption at all levels, setting an example with their behavior and ensuring familiarization of all employees and counterparties with the anti-corruption policy.

5.2. Periodic risk assessment. The Organization periodically identifies, considers and assesses corruption risks specific to its activities in general and certain areas in particular.

5.3. Adequate anti-corruption procedures. The organization develops and implements adequate corruption prevention procedures that are reasonably consistent with the identified risks and controls their observance.

5.4. Checking counterparties. The Organization makes reasonable efforts to minimize the risk of business relationships with counterparties involved in corrupt activities. In the case of entering into long-term partnership agreements, the Organization resorts to checking whether potential partners have anti-corruption procedures or policies, their readiness to comply with the requirements of this Policy and include anti-corruption conditions (clauses) in agreements, as well as provide mutual assistance in the ethical conduct of affairs and the prevention of corruption.

5.5. The requirements of the Organization donor regarding the prevention of corruption practices contained in the grant agreement are an integral part of this Policy within the framework of this agreement implementation.

6. GIFTS AND REPRESENTATION EXPENSES

6.1. Gifts that employees may give to other individuals and organizations on behalf of the Organization, or the ones employees may receive from other individuals and organizations in connection with their work in the Organization, as well as representation expenses, including expenses for business hospitality and the Organization promotion that employees may incur on behalf of the Organization must simultaneously meet the following five criteria:



- 1). be directly related to the legitimate purposes of the Organization, for example, to the presentation or completion of projects, the successful completion of a task, or to national holidays, memorable dates, anniversaries;
- 2). be reasonably justified, proportionate and non-luxury;
- 3). not to be a hidden reward for a service, action, inaction, connivance, patronage, granting privileges, making a certain decision or attempting to influence the recipient for other illegal or unethical purposes;
- 4). not create a reputational risk for the Organization, employees and other persons in case of disclosing information about gifts or representation expenses;
- 5). not to contradict the principles and requirements of this Policy, the Accounting Policy, other internal documents of the Organization and the norms of current legislation.

6.2. Gifts on behalf of the Organization, its employees and representatives to third parties in the form of money, both cash and non-cash, regardless of currency, are not allowed.

7. SELECTION AND CONTROL OF CONSULTANTS AND EXPERTS

7.1. Considering that the choice of experts and consultants for the Organization activities is often limited, it is not always possible to conduct a competitive selection procedure. Therefore, the Executive Director and project managers are responsible for the constant quality control of the research (services) results provided by them.

7.2. Responsible persons must quickly respond to the deterioration in the quality of services provided and delays in the implementation of contracts.

7.3. The Executive Director and project managers should constantly work to broaden the database of consultants and experts.

8. RELATIONSHIPS WITH EMPLOYEES

8.1. The Organization requires its employees to adhere to this Policy, informing about the key principles, requirements and sanctions for violations and including them in the job responsibilities of the Organization employees.

8.2. The Organization arranges secure, confidential and accessible means of informing the Organization management about the facts of corrupt practices,



corruption and obtaining illegal benefits from persons providing services for the benefit of the Organization or on its behalf. The Organization management may receive proposals to improve anti-corruption procedures and control, as well as requests from employees and third parties.

8.3. To form an appropriate level of anti-corruption culture, employees study this Policy and relevant documents, and periodic information seminars are held for existing employees in person and / or remotely.

8.4. The organization conducts trainings of a special (purposeful) nature. In this case, training is provided for employees holding certain positions, performing functions with a high degree of corruption risks or participating in certain anti-corruption procedures. The purpose of the training is to master the techniques and skills of using anti-corruption policies and procedures in practice for each employee.

8.5. Adhering to the principles and requirements of this Policy by the Organization employees is taken into account when promoting to positions, as well as when imposing disciplinary sanctions.

9. KEEPING ACCOUNTING BOOKS AND RECORDS

9.1. All financial transactions must be accurately, correctly and with a sufficient level of detail reflected in the Organization's accounting, documented and available for verification. At the same time, the Financial Policy of the Organization is strictly followed.

9.2. The Organization appoints employees who are responsible under the current legislation of Ukraine for the preparation and submission of complete and reliable financial statements within the time limits established by the relevant legislation.

9.3. Distortion or falsification of the Organization's financial statements is prohibited.

10. NOTICE OF DEFICIENCY

10.1. Any employee or other person in case of doubts about the legality or compliance of their actions with the objectives, principles and requirements of this Policy, as well as actions, inaction or proposals of other employees, counterparties or other persons interacting with the Organization, may inform their immediate supervisor and/ or an authorized body (authorized person), which, if necessary, will provide recommendations and explanations on the current situation.



10.2. No employee will be subject to sanctions, including dismissal, demotion, withholding of a bonus, etc., if he/she reported a committed or suspected act of corruption, or if he/she refused to commit or facilitate the commission of an act of corruption, including, if such conduct has resulted in adverse consequences for the Organization.

10.3. Suspicions of corruption must be immediately brought to the notice of the Supervisory Board and/or the Chairperson of the Management Board and/or the Executive Director in order to immediately take measures to minimize potential threats and adverse consequences and initiate an investigation. If necessary, by decision of the Supervisory Board, a group is formed or a person is appointed to investigate suspicions of corruption.

11. AUDIT AND CONTROL

11.1. The Organization regularly conducts an external audit of financial and operational activities, exercises control over the completeness and correctness of the data presentation in accounting and compliance with the requirements of current legislation and internal normative documents of the Organization, including the principles and requirements established by this Policy. The audit is conducted in accordance with the Provision on External Audit.

11.2. As part of the internal control procedures in the Organization, the Supervisory Board carries out inspections of key activities, including selective inspections of the legality of the payments made, their economic feasibility, appropriateness of expenses, including for confirmation by primary accounting documents and compliance with the requirements of this Policy.

11.3. The risks associated with corruption must be taken into account when drafting and approving internal documents of the Organization.

12. CONFLICTS OF INTEREST

12.1. A conflict of interest means that the employee responsible for or influencing the decision obtains his/her own benefit from this or the benefit is obtained by a close relative of this employee.

12.2. In case of revealing signs of a conflict of interest in accordance with Clause 12.1 of this Policy, the employee suspends the decision-making process and submits a Conflict of interest Statement to the Chairperson of the Board of the Organization. The Statement must provide detailed information on the circumstances that may give rise to a conflict of interest.



12.3. The Chairperson of the Board includes this issue in the agenda of regular (extraordinary) meetings of the Board or brings up the issue for decision of the Board by means of electronic voting. The Board makes a decision on overcoming the conflict of interests for each Statement.

12.4. In case that the Board decides that there is an insurmountable conflict of interest, the employee should be removed from making the relevant decision and the decision should be made by the Executive Director; if the conflict of interest arose with the Executive Director, then the decision is made by the Chairperson of the Board or the Board. If the Board decides that the conflict of interest is resolved, the decision-making procedure is resumed.

13. LIABILITY

13.1. Members of the Board, the Executive Director, and employees of all organizational units of the Organization, regardless of the position they hold, bear liability provided for by the current legislation of Ukraine for violating the principles and requirements of this Policy, as well as for actions (inaction) of persons subordinate to them that violate these principles and requirements.

13.2. Violation of this Policy and the Regulations drafted for its implementation is grounds for bringing a person to disciplinary responsibility.

14. PROCEDURE FOR APPROVAL, AMENDMENTS AND ADDENDUMS

14.1. The Regulation is approved by the Board of the Organization by a simple majority of votes from the Board.

14.2. If insufficiently effective provisions of this Policy or related anti-corruption procedures of the Organization are identified, or if the requirements of the legislation of Ukraine change, the Chairperson of the Board of the Organization organizes the drafting and implementation of an action plan to review and amend this Policy and / or anti-corruption procedures.

14.3. Amendments and addendums to the Regulation are made in accordance with the procedure for its approval. Any member of the organization has the right to propose amendments and addendums to the Regulation, and they must be discussed at the next meeting of the Board.