CONFLICT OF INTEREST PREVENTION AND MANAGEMENT

INTERNAL POLICY

CODE: ETI –PP Conflict of Interest Prevention and Management

PREPARED BY: DAF-Office of Administration and Finance

REVIEWED BY: DAF-Office of Administration and Finance

Our Mission

"Operating from the global south, we foster collaborative processes to drive systemic changes for human dignity and planetary care.."

CONTENTS **Page**

1-DOCUMENT TYPE

Internal Policy, derived from the Code of Ethics

2-BACKGROUND:

This policy is not intended to prohibit the relationship between the organization and third parties related to the governing body, employees or other individuals or groups associated with the organization, who may have shared interests in conducting joint activities (duality of interest and not conflict of interest).

This policy does require, in the event of possible occurrence, the obligation to report it to the entities included in this policy-backed up by the principles, values and complementary procedures set forth in the Code of Ethics in force-if there is a decision of an existing conflict of interest, the corresponding measures must be applied in a timely manner to ensure the ecosystems best interests.

This policy is subject to modifications and updates consistent with good practices and pragmatic functionality in the operation of the organization.

3-OBJECTIVE

The purpose of this policy is to provide all employees and consultants directly or indirectly related to Fundación Avina and its ecosystem, clear and accurate conflict of interest prevention and management measures to use in their daily work.

The purpose of this policy is to prevent that personal and/or institutional interests of the members of the governing body, management and personnel interfere with the regular performance of their work in the organization, ensuring that there is no personal, professional or political benefit to the detriment of the entity.

4-SCOPE:

This policy extends to all of Avina's employees in their various positions and roles, to people doing internships, volunteering or consulting work, as well as to all individuals and allies, investors and co-investors. It reflects the behavior of all individuals directly or indirectly related to Avina.

This means it is applicable to Fundación Avina ecosystem and it is mandatory for all employees and consultants related to such ecosystem (understood as the set of legal entities of Fundación Avina, Ikatu and WTT). This policy will become effective upon approval.

5-DEFINITIONS AND ABBREVIATIONS

- **Conflict of Interests:** Conflict of interest is a situation in which an individual's judgment regarding a primary interest and actions may be unduly influenced by a secondary interest, which is often economic, political or personal. Two sources of conflict have been identified: institutional and personal.
    - ***Institutional:*** An institutional conflict of interest arises when, due to other activities or relationships, an organization is unable to provide impartial services, and therefore the organization's objectivity in delivering its work under mandate is potentially affected.
    - ***Personal:*** a personal conflict of interest is a situation in which a person's private interests - such as external professional relationships or personal financial assets - interfere or may be perceived as interfering with the performance of the person's official duties and institutional role.

6-DEVELOPMENT:

6.1 -.EXPECTED BEHAVIORS IN THE EVENT OF CONFLICT OF INTEREST

Fundación Avina expects from all employees in its ecosystem, the following care and attention in their daily performance and actions:

- Identify the interests of Fundación Avina and deliberately *subordinate their own interests to those of the company*.
- *To look after the interests of Fundación Avina* at all times and under every circumstance.
- *Inform the CEO and Operations Management via email of any investment* made with their personal capital in any of the organizations that are linked to Fundación Avina[1], providing the explanations for making the investment. Avina under no circumstances can prevent employees from being investors.
- Inform the CEO and Operations Management when they know that a person or Organization Y[2] where there is a personal interest has approached Fundación Avina or its network of partners, with the intention of obtaining an economic and/or strategic benefit.
- *Comply with and enforce compliance with this policy*, in case of becoming aware of a potential conflict of interest.

6.1.1 - Important components to identify a potential conflict of interest

When identifying potential conflicts of interest, the following fundamental components are considered:

*REFLECT *SHARE *REPORT

[1] ***companies linked to Avina as of (August 2019) to)*** *where Avina is a shareholder: AIC, Impact Innovation Alliance, PERA BV, Doble Impacto, Rede Dinheiro e Consciencia, FIS, Inversor, PymeCapital. b) where Avina has capitalization of credits: BRAERG; **c)** where Avina is not yet a shareholder but is under way: Sumatoria*

[2] **Organization X** *is that linked to business in which Fundación Avina participates, whether in-house or outside of the ecosystem. **Organization Y** is that not directly linked to Avina but in which the decision-maker has personal interests, whether financial investments or not (for example, a family member is a decision-maker of the organization.)*

How to proceed in the following particular situations:

1- *How do I proceed if I am an employee of Fundación Avina or Organization X with* ***decision making power*** *and I identify a potential conflict of interest of my own or of a colleague?*

- **Recognize** that I only have the potential conflict of interest because Fundación Avina has decided that I have a specific role in Fundación Avina or from Organization(s) 'X'.
- **Take a stance**, questioning our ethical principles, and considering the Paradigm of Care. Verify our real interest in deciding to act from our institutional role, or at other times act driven by our personal interest.
- **Accept the responsibility** that through access to institutional or Organization 'X' information, I can foresee situations that may change or affirm my decision making in favor of another organization in which I have a vested interest.
- **Reflect** on the potential for a conflict of interest of my own or of a third party and share the case with the supervisor or another colleague, depending on the case and the parties involved.
- **Report** *the organization by notifying the Risk Committee and the CEO with guidance from your supervisor.*

2- *How do I proceed as a* ***non-decision-maker*** *employee of Fundación Avina, if I identify a potential conflict of interest of my own or of a third party?*

- **Reflect on** the potential for a conflict of interest of my own or of a third party
- **Share** the case with the supervisor or another colleague, depending on the case and people involved.
- **Report** *the organization by notifying the Risk Committee and the CEO with guidance from your supervisor about the potential conflict of interest.*

6.2 -SHARING INFORMING ABOUT THE CONFLICT

1. In the event of a potential conflict of interest scenario in the program area, it will be up to the recipient(s) of the information to route it first to the Program Officer if this role is not involved in the potential conflict. If involved, the recipient(s) of the information should notify the Ethics Committee and submit a copy DIS and DAF management areas at the same time. If the Program Officer is not involved, the recipients of the information should notify the Program Officer, who will bring the case to the attention of the Ethics Committee and the addresses described above, stating his/her position and considerations.

2. The Ethics Committee shall identify whether a potential conflict of interest is in fact confirmed so that it can be addressed at the CEO level, who shall evaluate the case based on the opinion of the majority of the members of the Risk Committee, presenting all the information collected. Such information shall be processed in a confidential and impartial manner, defining the scope of the risk identified.

3. The CEO and the Risk Committee will initiate the resolution process if the case is deemed to be a conflict of interest, which may not exceed fifteen calendar days, informing the person involved in the conflict of interest of the content of the duly substantiated resolution and the implementation of the next steps that should be taken.

4. In the event that the CEO or members of the Risk Committee find themselves in the same position of conflict of interest, the CFO will invite one or more members who do not have a conflict of interest from other entities of the Fundación Avina ecosystem - such as Avina Americas, Fundación Avina Board of Directors and/or Viva Idea - to accompany the process of analysis, construction and decision-making on the case, in order to provide a benchmark for the decision-makers. These members have no voting rights.

6.3 - CRITERIA

The members of the organization aware of the conflict of interest may apply the following criteria for conflict resolution:

- A *fair and equitable assessment* of the context of the conflict, including the underlying inherent risks.

- The person involved in the conflict of interest shall be granted *a forum to be heard* so that they can clearly state their point of view.
- The *approach to the conflict of interest must be pragmatic* and the conflict resolution must be reported in a transparent manner. If required, the communications management may prepare a briefing note so that all members of the ecosystem are fully aware of the conflict of interest.

6.4 –INDICATIVE EXAMPLES

The following are indicative examples of possible situations that may give rise to a conflict of interest.

To help you understand these cases, remember the following:

Organization X is that linked to business in which Fundación Avina participates, whether in-house or outside of the ecosystem.

Organization Y is that not directly linked to Avina but in which the decision-maker has personal interests, whether financial investments or not (for example, a family member is a decision-maker of the organization.)

The following list includes but is not limited to some cases that might serve to reflect on similar situations that could give rise to a potential conflict of interest:

Namely:

6.4.1 I am a member of the Board of Directors or an adviser of Organization "X" (part of the ecosystem) whereby I have access to a contacts network, build relationships, receive strategic information and assist in defining strategies that create impact scenarios that benefit the mission and achievements of Fundación Avina. On the other hand, I want another Organization Y to participate directly and actively with Organization X in the definition of strategies and their implementation. ***How am I to act?***

I acknowledge, reflect on my position and then report it to the suggested reference point to identify if there is a potential conflict of interest, and consider whether the definition of the strategy and/or its implementation is consistent with Fundación Avina's objectives.

In the process of defining my stance, I must consider that, depending on my final decision, I may create scenarios that could represent a cost of opportunity for Fundación Avina with the loss of relationships and spaces to leverage power and advocacy.

If doubts still persist with the reference point*, I must comply with the process set out in the Internal Policy on Conflict of Interest Prevention and Management and the case will be sent to the Ethics Committee for further evaluation.*

6.4.2 I am a member of the Board of Directors or an adviser of Fundación Avina and I was asked to vote or give an opinion on funding another Organization Y in which I have a personal interest, given that I am an investor of the organization. ***How am I act?***

Initially there is no potential conflict of interest since there are converging interests.

Both Fundación Avina and the Board member or adviser want the organization to achieve its objectives. However, is important to define the scope of each situation and here the reference point *must know and participate in the context analysis, given that a potential conflict of interest could be identified when the requested funding is likely to jeopardize the expected impact of Fundación Avina by adjusting its programs or endanger to some extent the operation and sustainability of Fundación Avina. In this case, the process outlined in the Internal Policy on Conflict of Interest Prevention and Management and informing the Ethics Committee must be done.*

6.4.3 I am a member of the Board of Directors or an adviser of Organization "X" that has received funds from Fundación Avina to achieve its objectives and I have a personal career interest to achieve its objectives. ***How am I to act?***

I acknowledge, reflect on my position and then report it to the suggested reference point to identify if there is a potential conflict of interest.

Based on the unique context of each case, it is important to recognize that for a conflict of interest to be defined, there must be an asymmetry of interests of the parties, where interests are understood as the specific features of the process, its risks and costs to achieve the interest's objectives, as described in the previous and subsequent examples.

It is key not to overlook any component or facts of the context, background and value promises for the relationship in the future. This will give me a better chance that my final stance is based on objective criteria.

6.4.4 *I am a Board member of Fundación Avina and I am offered the possibility of making a partnership with one or more allies who provide an excellent economic benefit for Fundación Avina, but who have a "compromising" profile and/or is an ally with whom I have a personal interest.* ***How do I act?***

After completing the process of personal reflection in search of the definition of professional standing, I must present it to the CEO and/or Director of Operations and Risk Committee to inform them of the case.

In this case, considering the same situation, the Risk Committee must evaluate two fundamental aspects in its decision: the institutional perspective of partnering with an organization that has a compromising profile, taking into account the pre-established institutional standards expressed in the business relationship policy, and the conflict of interest that I have as a decision-maker.

6.4.5 I am an employee of the program team that has to determine investments to develop an agenda, I have long-standing relationships of friendship and commitment with a specialized organization where even before joining Fundación Avina I was a part of it (management, program, consulting, etc.). **How should I act?**

I am an employee of the program team that has to determine investments to develop an agenda, I have long-standing relationships of friendship and commitment with a specialized organization where even before joining Fundación Avina I was a part of (management, program, consulting,).

6.4.6 I am an employee of the DAF or DCE and in the selection process for a service provider where Fundación Avina is the beneficiary, I have a personal interest in the selection of a particular company. **How should I act?**

The duty is then to inform the supervisor about the existing relationship with the company and informing previous experiences with the service provider if applicable. The decision will be made by the supervisor of this person or the area manager.

When these situations are identified, I am able to measure the scope or impact of the potential harm or benefit of my decision on Fundación Avina. By recognizing Fundación Avina and reflecting on my stance and weighing the consequences; I can definitely avoid the possibility of acting irresponsibly or making decisions which differ from the interests of Fundación Avina, thus consolidating our loyalty and alignment with the mission entrusted, acting truthfully and being consistent with opportunity for professional growth and our institutional mandate.

6.5 - COMPLIANCE AND DISCLOSURE

- Each member of Fundación Avina ecosystem, as well as any person to whom any decision-making power is delegated in Fundación Avina, shall commit to know, understand and comply with the Conflict of Interest Prevention and Management policy.

- Likewise, the Conflict of Interest Prevention and Management policy will be posted on Fundación Avina's intranet so that all employees and consultants of the ecosystem are aware of it.

6.6 - REVIEW

The Risk Committee must review and issue a report regularly and periodically providing justification that transactions, contracts or agreements entered into, in which a conflict of interest has arisen or is likely to arise, are still justified in terms of their beneficial conditions for the Fundación Avina ecosystem to the detriment of other possibilities that would not entail a conflict of interest.

7-RESPONSIBILITIES:

Employees:

- Identify situations of conflict of interest and route the information according to the provisions of this policy.

Program Officer.

- Evaluate the potential conflict of interest and elevate the case as provided in this policy by expressing his stance.

Ethics Committee

- Validate that there is no previous information that explains the potential conflict of interest and, if it exists, suggest lines of action to the CEO.

CEO

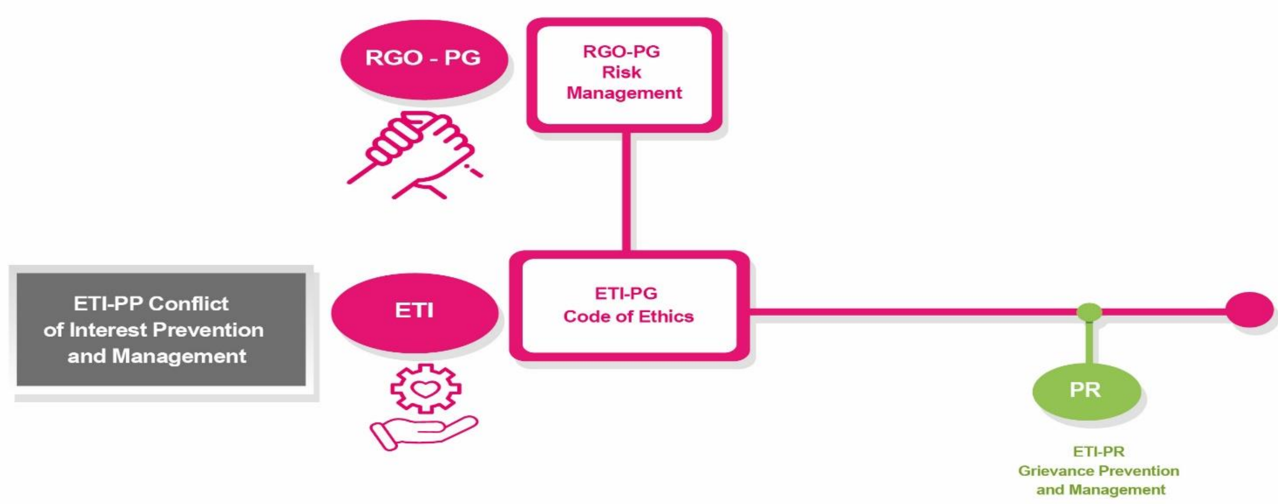
- Evaluate each case of potential conflict, supported by the opinion of the majority of members of the Risk Committee.
- Initiate together with the Risk Committee the resolution process of the conflict detected, whose resolution must be issued within fifteen days.

Members of the Risk Committee

- Evaluate each case of potential conflict together with the CEO.
- Initiate together with the CEO the resolution process of the conflict detected, expressing the opinion of each member within a period not exceeding fifteen days.

8-RELATED DOCUMENTS:

This policy is linked to the following policies and procedures:



9-GRAPHIC SUMMARY:

Figure of the Conflict of Interest Detection and Resolution Flowchart