

Haskins Laboratories Fraud Reporting Policy

Background This fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud involving Haskins Laboratories. This policy is intended 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 as well as consultants, vendors, contractors, outside agencies doing business with employees of Haskins Laboratories (also called the “Institution”). Any investigative activity required will be conducted without regard to the suspected wrongdoer’s length of service, position/title, or relationship to the Institution.

Policy Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. 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 a member of the Board of Directors, who will coordinate all investigations with the affected areas, both internal and external.

Actions

Constituting Fraud

The terms 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.
- Disclosing confidential and proprietary information to outside parties.
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Institution. 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 should be resolved by departmental management and the Human Resources Department of Haskins Laboratories. If there is any question as to whether an action constitutes fraud, contact either the Vice President of Finance and Administration, or the President, for guidance.

Investigation

Responsibilities

The respective board member has the primary responsibility for the investigation of all suspected fraudulent acts as defined in this policy. If the investigation substantiates that fraudulent activities have occurred, the board member will issue reports to appropriate designated personnel and, if appropriate, to the entire Board of Directors.

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 The Board of Directors will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Board member 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 the Institution from potential civil liability.

Authorization for Investigating

Suspected Fraud Members of the Investigation Unit will have:

- Free and unrestricted access to all internal 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 a member of the Board of Directors 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 the respective Board Member. 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 *anyone* unless specifically asked to do so.

Termination

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

Administration

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