

POLICY ON REPORTING OF MALFEASANCE OR MISCONDUCT AND WHISTLEBLOWER PROTECTION

Independent Sector is committed to facilitating open and honest communications relevant to its governance, finances, operations, and compliance with all applicable laws, regulations, and internal policies. This policy requires the Board of Directors, officers, employees, volunteers and any Independent Sector representative to observe high standards of business and personal conduct and ethics in fulfilling their responsibilities to the organization.¹

OBJECTIVE

Independent Sector's Policy on Reporting of Malfeasance or Misconduct and Whistleblower² Protection aims to establish internal policies and procedures to:

- Prevent or detect and correct improper or unlawful activities or conduct;
- Encourage the Board of Directors, officers, employees, volunteers and any Independent Sector representative to report what he or she in good faith believes to be a material violation of law or policy;
- Ensure receipt, documentation, retention of records, and resolution of reports received under this policy;
- Protect reporting individuals from retaliatory actions;
- Encourage and enable employees and others to raise serious concerns within Independent Sector prior to seeking resolution outside the organization.

Reporting of malfeasance or misconduct (including any unlawful behavior) is a shared responsibility of all Independent Sector board members, officers, employees, consultants, vendors, volunteers, and any other representative of the organization.

TYPES OF MALFEASANCE OR MISCONDUCT

It is important that Independent Sector be apprised about unlawful or improper behavior and activity, including but not limited to, any of the following:

- Theft;
- Financial reporting that is intentionally misleading, false, or withholds material information;
- Improper or undocumented financial transactions;

¹ Principle 4 of the *Principles for Good Governance and Ethical Practice* recommends that charitable organizations establish and implement policies and procedures that enable individuals to come forward with information about illegal activity or violations of organizational policies.

² A whistleblower is a person who reports wrongdoing (i.e., malfeasance, misconduct, illegal activity) by or within an organization. For the purpose of this policy, whistleblowers can be employees of the organization, consultants, volunteers, vendors, board members, officers or anyone affiliated with or representing the organization.

- Improper use of assets or misappropriation of funds;
- Questionable accounting practices, internal controls, and/or auditing standards;
- Violations of Independent Sector’s Bylaws, Conflict of Interest Policy, Code of Ethics, and/or Records Retention Policy, all as may from time to time be updated or modified;
- Violation of federal, state³, District of Columbia, and/or local laws, rules, and regulations;
- Sexual misconduct or harassment, unlawful harassment, and/or employee intimidation⁴;
- Discrimination based on race, ethnicity, religion, gender, age, sexual orientation, or of any other form or on any other basis;
- Facilitation or concealment of any of the above.

If a reporting individual is an employee of Independent Sector and is unsure whether activity/conduct is within the scope of this policy or rises to the level of submitting a report pursuant to this policy, it is recommended that they consult with a supervisor, Human Resources personnel, Senior Leadership team member/s, or the President and CEO, as appropriate. A non-violation, reported in good faith, will not subject the reporting individual to disciplinary action.

REPORTING PROCESS

Duty to Act in Good Faith

1. Independent Sector expects all reporting individuals to take this policy seriously.
2. Reporting individuals must have a reasonable basis for reporting a violation under this policy, and a good faith belief that the information raised or disclosed represents a violation of law and/or policy or otherwise poses a real and significant risk of damaging Independent Sector’s organizational credibility and reputation.
3. The act of making allegations that are unsubstantiated or made maliciously, recklessly, with gross negligence, or with the foreknowledge that the allegations are false or materially untrue or speculative in nature, may result in serious disciplinary action, up to and including termination of employment.
4. Notwithstanding the above, under no circumstances will retaliation be encouraged or permitted in response to good faith reports submitted in the manner described in this policy.

Making A Report

1. Independent Sector encourages the Board of Directors, officers, employees, volunteers and any Independent Sector representative who has a reason to believe a violation of this policy has occurred to raise this concern *in person, in writing, or by any other means of communication* with a supervisor, Human Resources personnel, Senior Leadership Team member/s, or the President and CEO.

³ Independent Sector is registered in 42 states as a charitable organization and can legally accept gifts/donations/grants from entities based in those states subject to their laws and requirements.

⁴ Independent Sector’s Employee Manual defines and prohibits sexual and unlawful harassment. As stated in the *Principles*, human resources violations should only be subject to whistleblower policies and protection when other human resources processes fail to appropriately handle the violations.

2. If for any reason the reporting individual does not believe these channels of communication are adequate, the report should be made immediately to either the Board chair or the Audit Committee chair, who will then be responsible for coordinating the investigation, or anonymously to Independent Sector's third-party receiver as detailed in the next section.

The contact information for the Board Chair and the Audit Committee Chair are as follows:

- Board Chair: Jeffrey L. Bradach, Managing Partner and Co-Founder. The Bridgespan Group – email: jeff.bradach@bridgespan.org; cell: 617-306-9325; address: The BridgeSpan Group, 88 Kearny Street, Suite 200, San Francisco, CA 94108
 - Audit Committee Chair: David Williams, Principal, Deloitte LLC – email: davidswilliams@deloitte.com; cell: 201-707-4327; address: Deloitte LLP, Rockefeller Plaza, New York, NY, 10112
 - If mailing a report, please mark envelope: TO BE OPENED BY ADDRESSEE ONLY – PERSONAL AND CONFIDENTIAL
3. Anonymous reports will be accepted, and all reports will be handled confidentially. Independent Sector has engaged the firm Sheppard Mullin to be the third-party receiver of reports, and they will ensure that such reports are properly processed and addressed in a manner consistent with this policy.

To make an anonymous report:

- Go to send-email.org, a portal that allows users to send emails anonymously, and send the report to Denise Giraudo at dgiraudo@sheppardmullin.com; or
- Send an email directly to IS counsel at Sheppard Mullin, Denise Giraudo at dgiraudo@sheppardmullin.com who will protect the whistleblower's identity to the extent possible.

Review Process

Reported violations will be investigated in compliance with this policy and other laws, and in a manner that is consistent with Independent Sector's values and that upholds its organizational integrity. Accordingly, the authorized representative who receives a report of a violation of this policy will:

1. Notify the person and acknowledge receipt of the reported or suspected violation within 48 hours. All reports will be promptly investigated, and appropriate corrective action will be taken if warranted by the investigation.
2. Initiate the investigation and ensure that a review and written report of the findings is compiled. This report will include a description of all corrective actions taken, any recommendations for changes to Independent Sector's policies and/or procedures.

3. Communicate the status of the investigation to the person who filed the complaint within 60 days.
4. Ensure that all allegations with merit are reviewed by either the Executive Committee or the Board of Directors.

WHISTLEBLOWER PROTECTIONS

1. *Confidentiality.* Violations or suspected violations may be submitted on a confidential basis or may be submitted anonymously. Reports will be kept confidential to the extent possible, consistent with the need to take appropriate action as is deemed justifiable by the circumstance. Disclosure of information relating to an investigation under this policy by any Independent Sector employee not involved in the investigation and/or for any purpose other than investigating a claim or report may result in serious disciplinary action, up to and including termination of employment.
2. *No Retaliation.* Any individual or person who has a reasonable belief or suspicion about any improper action should feel free to raise issues of concern without fear of retaliation. Employees will not be disciplined, demoted, terminated or be retaliated against for asking questions, voicing concerns, or reporting a violation under this policy. Under no circumstances will retaliation be encouraged or permitted in response to good faith reports submitted in the manner described in this policy.

STANDARD PRACTICE

This policy is to be posted on Independent Sector's website, included in the Staff Manual and communicated to all new staff as part of their orientation. In addition, every year, after the annual election of the Board Chair and after the Audit Committee Chair has been selected, the contact information for both individuals will be updated and a revised version of this policy with the updated contact information will be provided to all staff and posted on Independent Sector's website.

*Approved by Independent Sector Board:
September 29, 2020*