



**ART**  
Architecture for  
REDD+ Transactions

# **ART Ethical Standards**

## **August 2019**

## ART Leadership

ART Leadership is entrusted with the strategic oversight to fulfill ART’s purpose. ART leaders should always:

- **Lead by example** and be a positive role model to others.
- **Promote awareness and give voice** to all stakeholders to ask questions and raise ethical and compliance concerns or issues.
- **Be responsive** to anyone who raises an ethics or compliance concern. Keep an open door for concerns, make sure that action is taken, and ensure concerns are resolved in a fair and appropriate manner.
- **Achieve ART’s commitment** to integrity, respect, and impact, and to the highest ethical standards, rules of law, and funder and partner expectations.

## ASK A QUESTION OR REPORT A CONCERN

### Your Duty to Speak Up

For everyone involved in ART, if you suspect a decision or action violates the Policy, raise it. If you have a concern that you or another may be acting unethically, or want to discuss an ethical dilemma, speak up. Reach out to any of those identified here, including Winrock’s Risk and Compliance Officer, whose duties include ethics. In addition to knowing the ethical and legal obligations that apply to your role in ART, you are required to speak up if:

- You are aware, or suspect, a violation of the Ethical Standards, Winrock Operational Policies and Procedures, or the law. Note that a suspicion is enough—you do not need to have all the facts or be certain.
- You are ever unsure about the proper course of action and need advice.
- Particular actions or decisions make you uncomfortable.
- You know or suspect that anyone has been or are about to engage in Policy violations or illegal or unethical activity in connection with ART’s work.

### Channels for Asking Questions or Raising Concerns

There are numerous channels of communication for ART employees, management and Board members with questions, seeking advice or wishing to report concerns. You should choose the channel that feels the most comfortable for you.

Channel for speaking up	Description
ART Ethics Committee	The ART Ethics Committee can be helpful with advice, questions and reporting a concern.
Winrock Chief Risk and Compliance Officer Charlotte Young	Charlotte oversees and facilitates the review of all Ethics policy concerns and compliance with all legal/regulatory and donor requirements.
Hotline (can be anonymous)	Winrock’s Hotline provides a means to report concerns by identifying yourself or remaining anonymous, if you prefer. You can call using the telephone or can make a report via the website.

## Winrock Ethics Hotline

The Hotline is available at any time to ask questions or raise concerns but is often used when:

- You feel uncomfortable using another channel of communication.
- Other channels prove ineffective, unable to respond or appear unresponsive.
- You wish to report your concern anonymously.

The Hotline is administered by EthicsPoint/Navex, which is an independent third party that does not log or identify telephone numbers or computer IP addresses. It is available 24 hours a day, seven days a week, in multiple languages. It is available for use by anyone involved with Winrock / ART including Board members, management, employees, consultants, partners, clients or beneficiaries.

If you use the telephone option, a trained specialist from EthicsPoint/Navex will make a detailed summary of your question or concern. The details will be forwarded to Winrock's Chief Risk and Compliance Officer or designated representative for further response.

**VIA WEB**  
**Winrock. [ethicspoint.com](https://code.winrock.org/)**  
**<https://code.winrock.org/>**

**VIA PHONE**  
**Click [here](#) for a list of phone numbers.**

## Anonymity and Confidentiality

You are encouraged to provide your name when raising a concern. This allows those who respond to your concern to contact you if additional information is needed to look into your concern thoroughly. Providing your name also helps us ensure that you do not experience retaliation for making a good faith report. (There may be unique circumstances when disclosing your identity is required by law or is necessary to fully investigate and address your concerns.)

If you choose to identify yourself when making a report, filing online, or accessing the Hotline, Winrock will endeavor to keep your information confidential, sharing it only on a need-to-know basis among those directly handling or overseeing the issues you reported.

If you make a report anonymously using the Hotline, it is important to provide detailed information. EthicsPoint will assign you a case number and you should regularly check the site to respond to information requests from those handling the issue(s) you reported. Cases that lack enough information to pursue may be closed.

Although anonymous reports are allowed, employees may not raise issues, file online, or use the Hotline in bad faith (e.g., to file fabricated complaints for dishonest or hidden reasons). Reports made in bad faith undermine the integrity of filing online or using the Hotline and are subject to disciplinary action.

## Anti-Retaliation Policy

Winrock will not tolerate retaliation against anyone who, in good faith, reports a concern or participates in an investigation, even if the allegation ultimately is not substantiated. Anyone, regardless of position

or tenure, found to have engaged in retaliatory conduct against someone who has raised an ethics or compliance concern will be subject to disciplinary action, and possibly termination. If you feel you have been subjected to retaliation, you should access the Ethics policy Hotline online or by telephone for assistance or directly contact Winrock's Chief Risk and Compliance Officer.

Winrock encourages ART managers and employees to self-report violations and, depending on the specific circumstances, may treat self-reporting as a mitigating factor when assessing any disciplinary measures.

### **Responsiveness and Employee Cooperation**

Investigations of Policy and policy violations will be led by the Chief Risk and Compliance Officer, working with partners such as HR, Finance, and Programs, as needed and while respecting the need for confidentiality. Employees are required to cooperate with an investigation.

Winrock takes all concerns seriously and will address all reports. Out of respect for the privacy of individuals who may be affected by your report, Winrock may be unable to provide you with detailed results of our investigation and may not tell you what actions were taken in response. Whenever practicable, we will provide you with status updates, so you know that your concern is receiving an appropriate response. Our Chief Risk and Compliance Officer, members of the Executive Team and the Compliance and Audit Committee of Winrock's Board of Directors also monitor the resolution of cases.

## **ENFORCEMENT**

Anyone who violates ART's Ethical Standards or Winrock's Operational Policies and Procedures, regardless of position or tenure, may be subject to disciplinary action by Winrock, including termination. The following are examples of conduct that may result in disciplinary action:

- Violating the Policy
- Directing or encouraging others to violate the Policy
- Failing to report known or suspected violations of the Policy
- Interfering with an audit or investigation
- Being uncooperative or untruthful during an audit or investigation
- Retaliating against others for raising a concern

The disciplinary action will vary depending on the seriousness of the offense, whether there is a history of prior conduct, the certainty of the facts, and other factors. Disciplinary action could be any of the following:

- No action taken/no action necessary
- Policy/process review
- Training/advice
- Verbal warning
- Written warning
- Termination

In addition, violations of laws or regulations can trigger legal action against you, your colleagues, Winrock / ART or its partners, that could result in:

- Fines
- Suspension
- Debarment
- Imprisonment

ART employees and Board members will be asked to sign a statement certifying that they understand and will abide by this Ethical Standard. Each ART employee and ART Board member will sign the statement when they begin work for ART, and every year after.

### **EXCEPTIONS TO THIS POLICY**

ART Board members and employees who requests an exception to this Ethical Standards should obtain the exception, in writing, in advance, from Winrock's Chief Risk and Compliance Officer. No others are authorized to allow an exception.

***Nothing in the ART Ethical Standard or other Winrock Policies and Procedures is intended to create an express or implied contract of employment. In the U.S. and other applicable countries, the maintenance of this Policy does not modify the employment-at-will relationship that may exist between Winrock and its employees. Nothing in this Policy creates a contractual obligation on the part of Winrock, nor does it expand any third party or employee legal rights or Winrock's legal obligations.***

## **Confidential Information**

ART must be vigilant in safeguarding confidential information; protect information that, if disclosed, could adversely impact ART's mission, good name, legal status and business reputation, and ensure that it complies with legal requirements for non-disclosure of private information.

Confidential information (including sensitive information) should be kept secure, with access limited to those who have a need to know in order to perform their role and only used for authorized purposes.

Confidential information includes, but is not limited to, information including:

- Project, program, or other business planning
- Intellectual and/or proprietary ART information
- Agreement, grant, or contract performance
- Donor, funder, customer, client, or partner development
- Marketing and communications strategies
- Donor and perspective donor or funder lists
- ART corporate or other records
- Costs, expenses, sourcing and pricing information
- Payroll, salary, and employee benefits information and costing
- Any personal employee, Board or other work data and information and personnel file records, including data such as health records, passport numbers, government identification numbers
- Confidential information about third parties who perform services for ART regardless of location

ART Board members and staff are required to ensure that all confidential information in hardcopy or electronic form is secure at all times.

Confidential information protection extends to information of ART Board members and staff, donors or funders, partners and contractors.

Employees' confidential information protection obligation extends beyond ART employment for three years.

### **Take Action:**

Use and disclose confidential information only to those who have a need to know to perform their job and only for authorized purposes.

Properly label confidential information to indicate how it should be handled, distributed, and destroyed.

Immediately report any loss or theft of confidential information to your manager.

Abide by all protocols, operation procedures, and system requirements to use, store, and maintain confidential information.

Limit external discussions of confidential ART information to secure locations and without others present.

Do not send confidential information to unattended printers or fax machines.

## **Anti-Corruption and Bribery**

All forms of bribery, kickbacks, and other corrupt practices are prohibited regardless of local customs. ART is committed to complying with all applicable anti-corruption laws. ART does not pay bribes, kickbacks or facilitation payments at any time for any reason. This includes to government officials as well as non-government officials. This applies equally to any person or firm who represents ART. The only possible exception is if a potentially improper payment is necessary to protect an individual's health or safety. In such a situation, you should immediately report the payment to Winrock's Chief Risk and Compliance Officer.

### **Key Definitions**

*Corruption* is the abuse of an entrusted power for private gain.

*Bribery* means giving or receiving anything of value (or offering to do so) to obtain business or a financial or commercial advantage.

*Kickbacks* are payments made with the intent to influence or gain something from a company or person.

*Facilitation payments* are typically small payments to a low-level government official that are intended to encourage the official to perform his responsibilities.

## **Conflict of Interest Policy**

It is the policy of ART that before engaging in an activity, Board members and employees shall identify conflicts of interest and situations that may give rise to an appearance of a conflict of interest, and also obtain approval to proceed, so that proceeding mitigates damage to our integrity and reputation. Certain high-level conflicts are required to be reported to the U.S. Internal Revenue Service and other regulators.

### **What Is a Conflict?**

A conflict of interest exists when an individual who is responsible for acting in the best interests of ART has another interest or loyalty that could influence or impair, or may appear to influence or impair, the individual's ability to act in ART's best interests. Conflicts exist, for example, when a ART Board or staff member can either influence or make a decision on contractual, procurement, recruitment and employment, or other business transactions, and that employee has a relationship with the business or persons being hired. Conflicts of interest may be actual, potential or even just a matter of perception. Conflicts must be approved per this policy before proceeding.

### **Who Is Covered?**

Conflicts can be caused by relationships with or among these covered persons:

- Board members
- Employees
- Families of employees
- Close personal friends
- Families of board members
- Entities owned or controlled by employees, board members, or their families

**Families** means (as defined by the U.S. Internal Revenue Service) spouse, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren, and any person with whom the covered person shares living quarters under circumstances that closely resemble a marital relationship or who is financially dependent upon the covered person. Families may also extend to members of the same clan, tribe, or communities and vary depending on the location and culture.

### **Conflict Review, Mitigation, and Approval**

If an actual, perceived, or potential conflict is present, an ART Board or staff member must first disclose the conflict. In the case of staff, if avoidance / recusal is not in the best interest of ART, approval of a conflict management approach must be obtained by Winrock's Chief Risk and Compliance Officer before proceeding, and the ART Ethics Committee will be informed and review that decision. ART Board members must disclose any conflicts to the ART Ethics Committee, with a proposed means to mitigate—or minimize—the conflict. The Ethics Committee will make a recommendation to the ART Board, which will review the proposed conflict management approach and have final approval authority. Winrock's Chief Risk and Compliance Officer will be available to consult with the ART Ethics Committee and Board in an Advisory Capacity.

### **Take Action:**

#### **Disclosure and Management of a Conflict of Interest**

**Employees (report and obtain approval for conflicts):** All ART employees shall identify conflicts of interest before taking any conflicted action and address the conflict as noted above (obtain approval from the Chief Risk and Compliance Officer before proceeding).

**Senior Directors, Directors, and Project Directors (report and obtain approval for conflicts and annually acknowledge the Policy):** In addition to the above, Senior Directors, Directors, and Project Directors have an enhanced obligation to report and address conflicts because of their position within ART. The Chief Risk and Compliance Officer shall circulate annually a *Conflicts Acknowledgment Form* that requires acknowledgment that each understand and adhere to ART's Conflict of Interest Policy. The form must be acknowledged immediately upon receipt.

**Executive Team and Board of Directors (report and obtain approval for conflicts, annually acknowledge the policy and annually disclose all affiliations):** ART's Executive Team and members of the ART Board of Directors also have enhanced obligations to report conflicts, as conflicts relating to this group may require reporting of conflicts to regulators. In addition to addressing conflicts as they arise per this policy, both acknowledgment and affiliation disclosure is required. The Chief Risk and Compliance Officer shall circulate annually an Acknowledgment and Affiliation Disclosure Form for the ET and Board to:

1. Acknowledge understanding of and adherence to ART's Conflict of Interest Policy, and
2. List entities in which they, or a member of their families, have a material interest or occupy a position that might create a conflict of interest under this policy.

## Principles for Evaluating Conflicts

In evaluating conflicted situations to determine an appropriate course of action, the ART Ethics Committee (and Chief Risk and Compliance Officer as required) shall be guided by the following:

- Are there alternative approaches that would avoid the conflict?
- Is there an actual or perceived private benefit or private inurement that must be avoided?
- Is the transaction being conducted transparently, with full disclosure of the conflict?
- Does the transaction support ART's mission?
- Is there a consequence to ART for not proceeding that might outweigh the reputational or other impact of the conflict?
- What is the nature and the risk to ART's reputation if the action proceeds?
- What is the mitigation proposed and does it minimize risk to ART?

Specific examples of conflicts and the approval requirements are set forth below. Approval requirements vary depending on the level of risk incurred.

## Examples of Conflicts of Interest

Conflicts of interest are not always clear-cut and easy to define and require case-by-case analysis; not all types are listed here. Early consultation with the ART Secretariat and Board Ethics Committee and Winrock's Chief Risk and Compliance Officer can assist in determining if a conflict exists, by analyzing the facts and determining strategies for avoidance or mitigation.

### 1. Transactions with Persons or Entities Covered by this Policy

Transacting business can create conflicts. Examples include hiring a company that is owned by a relative; entering into a partnership with a company that you own or control or your relatives own or control; or giving business to a close personal friend. If money flows between ART and the conflicted entity or person, that creates the conflict.

### 2. Acceptance of Gifts, Gratuities, or Business Courtesies

We avoid any actions that create a perception that favorable treatment of outside entities by ART was sought, received or given in exchange for personal business courtesies.

**Business courtesies** include gifts, gratuities, meals, refreshments, entertainment or other benefits from persons or companies with whom ART does or may do business. ART will neither give nor accept business courtesies that constitute, or could reasonably be perceived as constituting, unfair business inducements that would violate law, regulation or policies of ART or our partners, donors and funders or beneficiaries, or would cause embarrassment or reflect negatively on ART's reputation.

#### Accepting Business Courtesies

Most business courtesies offered to us are because of our positions at ART. We should not feel any entitlement to accept and keep a business courtesy. Although no ART Board member or employee may use their position at ART to obtain business courtesies, or ask for them, we may accept unsolicited business courtesies that promote successful working relationships and good will with the entities that ART maintains or may establish a business relationship.

### **Meals, Refreshments and Entertainment**

ART Board members and employees may accept occasional meals, refreshments, entertainment and similar business courtesies that are shared with the person who has offered to pay for the meal or entertainment, provided that:

- They are not inappropriately lavish or excessive for the local context.
- The courtesies are not frequent and do not reflect a pattern of frequent acceptance of courtesies from the same person or entity.
- The courtesy does not create the appearance of an attempt to influence business decisions.
- The individual accepting the business courtesy would not feel uncomfortable discussing the courtesy with the ART Board or having the courtesies known by the public.

### **Gifts**

ART Board members and employees may accept unsolicited gifts, other than money, that conform to the reasonable ethical practices of the local marketplace, including:

- Flowers, fruit baskets and other modest presents that commemorate a special occasion.
- Gifts of nominal value, such as calendars, pens, mugs, caps and t-shirts (or other novelty, advertising or promotional items).
- Gifts with market value above \$25 may not be accepted.

### **Offering Business Courtesies**

An ART Board member or employee who offers a business courtesy must assure that it cannot reasonably be interpreted as an attempt to gain an unfair business advantage or otherwise reflect negatively upon ART. Accounting for business courtesies must be done in accordance with approved ART operating procedures.

Other than to government customers, for whom special rules apply, we may provide nonmonetary promotional gifts such as company logo apparel or similar promotional items to our partners, donors or funder, or beneficiaries. Further, Unit Director or equivalent may approve other courtesies, including meals, refreshments or entertainment of reasonable value, provided that:

- The practice does not violate any law or regulation or the standards of conduct of the recipient's organization.
- The business courtesy is consistent with industry practice, is infrequent in nature, and is not lavish.
- The business courtesy is properly reflected on the books and records of ART.