

Financial Transparency Policy

Asylum Research & Global Assistance

Preamble

Asylum Research & Global Assistance recognizes that **financial stewardship is not merely an administrative function but a fundamental ethical obligation** owed to donors, stakeholders, governments, partners, beneficiaries, auditors, regulators, and the public at large. The Organization therefore affirms that every financial resource entrusted to its custody must be managed with **absolute integrity, demonstrable accountability, and uncompromising fidelity to lawful and mission-aligned purposes**. No financial resource shall be treated as discretionary beyond the limits of its authorization, and no transaction, however minor in amount, shall be regarded as exempt from the standards of verification, documentation, and oversight that govern the conduct of a responsible international organization.

The Organization is committed to **full financial transparency** in all matters relating to the receipt, allocation, custody, use, reporting, and reconciliation of funds and assets. This commitment requires that all financial transactions, budgets, forecasts, payroll records, grants, reimbursements, procurement expenditures, advances, transfers, and asset-related movements be recorded **accurately, completely, timely, and in a manner capable of independent audit and legal scrutiny**. Financial data must reflect the true substance of each transaction, not merely its form, and must never be manipulated, obscured, delayed, selectively disclosed, or classified in a way that distorts the Organization's financial position, operational performance, or compliance status. The maintenance of financial records shall be sufficiently rigorous to permit a complete trace from original authorization to final accounting entry, supported at every stage by reliable source documentation evidencing legitimacy, necessity, approval, and proper application.

Asylum Research & Global Assistance shall conduct all financial reporting and accounting practices in accordance with **applicable International Financial Reporting Standards (IFRS), United States Generally Accepted Accounting Principles (US GAAP), local tax law, nonprofit governance requirements, donor restrictions, anti-corruption legislation, sanctions regimes, and applicable NGO regulations**. Where multiple legal or contractual frameworks apply, the stricter standard shall prevail whenever necessary to protect the integrity of the Organization and the interests of those who rely upon its reports. The Organization shall not knowingly engage in, condone, assist, or tolerate any practice involving falsified books, undisclosed liabilities, off-ledger activity, unauthorized expenditures, improper commingling of restricted and unrestricted funds, artificial categorization of expenses, concealment of commitments, or any conduct that may compromise the reliability, completeness, or lawfulness of financial reporting. **Truthfulness in accounting is mandatory, not optional**, and no internal preference, external pressure, or operational urgency shall ever justify deviation from this principle.

The Organization further acknowledges that **transparency without accountability is incomplete**, and accountability without verifiable records is illusory. For that reason, budgets shall be prepared in good faith, grounded in reasonable assumptions, aligned with approved strategic objectives, and subjected to ongoing monitoring against actual performance. Material variances, exceptional transactions, unusual patterns, unanticipated liabilities, and significant deviations from approved spending plans shall be identified promptly, explained fully, and escalated through the appropriate governance and oversight channels without delay. Financial statements, internal management reports, donor submissions, and statutory filings must present a **true, fair, and complete representation** of the Organization's financial condition, results of operations, and use of resources. Where required by law, contract, donor policy, or governance necessity, such reports shall be subject to internal review, independent examination, external audit, or additional assurance procedures to preserve confidence in their accuracy and reliability.

All officers, employees, consultants, contractors, agents, and authorized representatives who participate in financial activity are bound by this policy and are required to exercise the highest degree of diligence, candor, and professional restraint. **No instruction, hierarchy, operational deadline, or programmatic objective may authorize concealment, misstatement, omission, or unlawful treatment of financial information.** Any suspected irregularity, inconsistency, conflict of interest, fraud indicator, or breach of financial procedure shall be reported immediately through the Organization's established internal mechanisms and shall be investigated in a manner that is serious, impartial, confidential where appropriate, and free from retaliation. The Organization will treat attempts to suppress, distort, or obstruct financial truth as a grave breach of duty.

This policy exists to protect donor intent, preserve institutional credibility, safeguard public trust, and ensure that all funds entrusted to Asylum Research & Global Assistance are administered with **discipline, legality, moral seriousness, and unwavering accountability.** **Financial transparency is a condition of legitimacy**, and the Organization shall uphold it with the same rigor that it applies to its humanitarian, operational, and ethical commitments.

I. FINANCIAL REPORTING STANDARDS

A. Accounting Framework

Asylum Research & Global Assistance shall maintain its financial records and reporting architecture in accordance with the highest standards of integrity, transparency, and legal enforceability. The Organization's accounting framework shall be designed to ensure that financial information is **accurate, complete, contemporaneous, auditable, and capable of withstanding external scrutiny** at all times.

For purposes of consolidated financial reporting, the Organization shall apply **International Financial Reporting Standards (IFRS)** as the primary accounting basis for all consolidated accounts, unless a stricter mandatory requirement is imposed by applicable law or by a competent regulatory authority. IFRS shall govern the recognition, measurement, presentation, and disclosure of financial information in a manner that promotes **comparability, consistency, and faithful representation** across all reporting periods and operational structures.

In parallel, where the Organization operates within jurisdictions that impose local statutory accounting obligations, it shall also prepare and maintain financial records in accordance with the relevant **local Generally Accepted Accounting Principles (GAAP)** or equivalent national reporting rules, solely to the extent required for legal, tax, regulatory, or filing compliance. Where differences arise between IFRS and local GAAP, such differences shall be clearly identified, documented, and reconciled so that the Organization preserves both **global reporting consistency** and **local legal compliance** without ambiguity or concealment.

The Organization shall maintain **separate and traceable accounting treatment for restricted and unrestricted funds**. All donor-restricted contributions, grant receipts, earmarked allocations, and purpose-specific transfers shall be recorded in a manner that permits precise identification of the funding source, the applicable restriction, the authorized use, and the remaining balance available for expenditure. Restricted funds shall never be commingled with unrestricted operating resources in a way that obscures donor intent, impairs oversight, or compromises fiduciary accountability. Unrestricted funds shall likewise be maintained with sufficient clarity to demonstrate their lawful availability for general organizational purposes, administrative continuity, and approved strategic activity.

All accounting processes shall be supported by **documented internal controls**, including but not limited to authorization protocols, segregation of duties, reconciliation procedures, approval hierarchies, source-document retention, and periodic review of ledger accuracy. The Organization shall ensure that every transaction is supported by verifiable documentation and that every allocation of funds can be traced from receipt to ultimate use. This requirement applies with equal force to grants, donations, service revenue, reimbursements, foreign receipts, intercompany transfers, and any other financial inflow or outflow.

The Organization shall also ensure that accounting treatment reflects **substance over form**, recognizes liabilities and obligations in a timely manner, and avoids any practice that could distort the true financial position of the entity or mislead stakeholders, regulators, auditors, or donors. No financial classification shall be used for the purpose of obscuring deficits, masking contingent liabilities, inflating reserves, or misrepresenting operational solvency.

B. Financial Statements

The Organization shall prepare financial statements that are not merely compliant, but **institutionally credible, externally defensible, and legally reliable**. Financial reporting shall be conducted with sufficient rigor to demonstrate stewardship, accountability, and responsible governance to the Board, auditors, donors, regulators, and other authorized stakeholders.

The Organization shall issue **annual audited financial statements** within **six (6) months following the fiscal year-end of 31 December**. Such statements shall be prepared in accordance with the applicable reporting framework and shall be accompanied by an independent external audit conducted by a qualified and duly appointed auditor. The annual audit shall verify, to the extent required by professional standards, the fairness of presentation, the adequacy of disclosures, the integrity of underlying records, and the effectiveness of material

financial controls. The audit process shall be fully cooperative, evidence-based, and free from any attempt to influence, suppress, or condition the auditor's independent judgment.

In addition to annual reporting, the Organization shall provide the Board with **quarterly unaudited financial summaries**. These summaries shall be sufficiently detailed to enable meaningful oversight of financial performance, liquidity, expenditure discipline, grant utilization, cash sufficiency, and emerging risks. Quarterly reporting shall not be treated as a formality; it shall serve as a substantive governance instrument through which the Board may evaluate whether the Organization remains financially stable, mission-aligned, and fully compliant with applicable obligations and donor conditions.

At a minimum, the Organization's financial statements shall include the following core components: **Statement of Financial Position (Balance Sheet)**, **Statement of Activities (Income and Expense Statement)**, and **Statement of Cash Flows**. Each statement shall be prepared with full consistency across reporting periods and shall include comparative prior-period information where required by the applicable accounting framework. The Statement of Financial Position shall present assets, liabilities, and net assets with sufficient clarity to enable a proper assessment of solvency, liquidity, and resource deployment. The Statement of Activities shall present income, expenses, gains, losses, and changes in net assets in a manner that clearly distinguishes restricted from unrestricted activity where applicable. The Statement of Cash Flows shall accurately reflect operating, investing, and financing movements so that stakeholders can assess the Organization's actual cash generation and cash consumption profile, not merely its accrual-based results.

The financial statements shall further include all **material disclosures** necessary to ensure full transparency and compliance, including accounting policies, significant judgments, estimates, commitments, contingencies, liquidity considerations, foreign currency exposure where relevant, and any events occurring after the reporting date that may materially affect interpretation of the financial position. No material fact shall be omitted if its omission could reasonably alter the understanding of the Organization's financial condition, operational sustainability, or legal exposure.

All **related-party transactions** shall be disclosed in full, without exception, concealment, selective omission, or artificial recharacterization. This includes transactions involving directors, officers, key personnel, affiliated entities, controlled entities, family interests where legally relevant, and any other person or body that may reasonably be deemed related under applicable accounting or regulatory standards. Each related-party transaction shall be documented with the identity of the related party, the nature of the relationship, the transaction amount, the transaction terms, the basis for pricing, the approval process, and any outstanding balances or commitments. Related-party dealings shall be conducted only where they are demonstrably lawful, commercially justifiable, fully authorized, and **free from conflict, self-dealing, or abuse of position**. Any transaction that could compromise independence, fiduciary duty, or the Organization's moral and legal standing shall be subject to heightened review and, where appropriate, prohibited.

The Organization shall preserve all supporting records, working papers, reconciliations, audit correspondence, and approval documentation for the period required by law and, where no specific legal period applies, for a period that is reasonably sufficient to permit retrospective review, donor verification, regulatory inquiry, and forensic reconstruction if necessary. Financial reporting shall be treated as a matter of **institutional trust and legal duty**, not administrative convenience.

Accordingly, the Organization affirms that its financial reporting standards shall be governed by **accuracy, transparency, traceability, and uncompromising accountability**. No financial statement, summary, or disclosure shall be issued unless it reflects the true economic substance of the Organization's affairs and is capable of independent verification.

II. BUDGETING & FORECASTING

The budgeting and forecasting framework of **ASYLUM RESEARCH & GLOBAL ASSISTANCE** shall be governed by a **formal, disciplined, and fully auditable financial planning process** intended to ensure that all projected and actual uses of funds are aligned with the organization's **mission, strategic priorities, legal obligations, operational requirements, and fiduciary responsibilities**. Budgeting shall not be treated as a purely administrative exercise, but as a core instrument of **institutional governance, accountability, risk management, and resource stewardship**. All assumptions, calculations, and allocations shall be prepared with **professional rigor, documentary support, and conservative judgment**, ensuring that financial planning reflects reality rather than aspiration. The organization shall maintain a budgeting culture that is **transparent, evidence-based, ethically grounded, and resistant to arbitrary or undocumented financial commitments**.

- **Annual budgets shall be prepared by the Finance Director**, drawing upon verified historical data, approved strategic priorities, departmental input, funding constraints, projected program activity, labor assumptions, inflationary pressures, contractual commitments, and known or reasonably foreseeable risks. The budget preparation process shall require the Finance Director to ensure that all material assumptions are expressly identified, internally consistent, and supported by reliable source documentation. Draft budgets shall be reviewed by the **Audit Committee** to confirm adequacy of controls, accuracy of assumptions, reasonableness of allocations, and compliance with applicable internal policies and external obligations. Following such review, the budget shall be submitted to the **Board** for formal approval. **No annual budget shall be considered operative unless and until it has been duly approved by the Board**. Once approved, the annual budget shall serve as the principal financial authority against which spending performance, resource utilization, and fiscal discipline are measured throughout the fiscal year. Any material revision to the approved budget shall require the same level of scrutiny and authorization as the original budget, including documented rationale, impact assessment, and evidence of necessity.
- **Variance analysis shall be conducted on a monthly basis** through a formal comparison of actual results against the approved budget, at both consolidated and

departmental levels, to ensure early detection of deviation, inefficiency, overspending, underutilization, or emerging operational risk. Every variance exceeding **10%** in either direction shall require a **written explanation** that is specific, substantiated, and sufficiently detailed to permit meaningful review by management, the Audit Committee, and the Board, as applicable. Such explanation shall identify the underlying cause of the variance, whether temporary or structural, whether controllable or uncontrollable, and whether the deviation indicates a need for corrective action, budget revision, cost containment, reforecasting, or program redesign. **Unsupported variance explanations shall not be accepted.** The purpose of variance analysis is not merely to document differences, but to preserve financial discipline, enforce accountability, and ensure that management remains fully informed of performance trends, emerging liabilities, and material departures from plan. Where repeated or adverse variances indicate systemic weakness, the Finance Director shall recommend appropriate remedial measures without delay.

- **A rolling three-year financial forecast shall be maintained and updated quarterly** to provide the organization with a forward-looking view of financial capacity, liquidity, cost exposure, revenue expectations, and operational sustainability. This forecast shall be developed using current financial results, anticipated funding flows, contractual obligations, staffing plans, project pipelines, inflation assumptions, regulatory changes, and other relevant variables that may reasonably affect the organization's financial position. The rolling forecast shall not be a static projection, but a living management instrument designed to support timely decision-making, scenario analysis, and strategic planning. Each quarterly update shall incorporate actual performance to date, revised assumptions, and any material developments affecting future periods. **The Finance Director shall ensure that forecast assumptions are explicitly documented, consistently applied, and subject to critical review** so that the forecast remains credible, decision-useful, and sufficiently conservative to protect organizational stability. Where forecasts indicate material shortfalls, funding pressure, or exposure to operational interruption, such matters shall be elevated promptly to senior leadership and the Board, together with recommended mitigation measures.
- **Departmental budgets shall be directly linked to strategic objectives**, ensuring that every material allocation of resources can be justified by reference to measurable institutional priorities, approved programs, and identifiable outcomes. Departments shall not operate on the basis of isolated spending preferences or historical entitlement; rather, their budgets shall reflect the organization's **strategic plan, mission objectives, service commitments, and performance expectations**. Each departmental budget shall include defined performance metrics that permit the organization to evaluate whether allocated resources are producing the intended operational and programmatic results. These metrics shall be sufficiently specific to enable management to assess efficiency, effectiveness, and value for money, and shall be monitored throughout the year as part of routine performance review. **Financial allocation and operational accountability shall remain inseparable:** where a department seeks increased

funding, it shall demonstrate the strategic necessity, measurable benefit, and expected return in organizational terms. Conversely, where performance results do not justify continued resource levels, leadership shall be obligated to reassess the allocation in a timely and evidence-based manner. In this regard, budgeting shall function not only as a financial plan, but as an instrument of **strategic governance, responsible administration, and disciplined institutional conduct**.

- **III. DONATION & GRANT MANAGEMENT**

- **A. Donor Due Diligence**

- ASYLUM RESEARCH & GLOBAL ASSISTANCE (“ARGA”) shall maintain a **strict, risk-based donor due diligence framework** designed to ensure that all philanthropic support accepted by the organization is consistent with its mission, lawful operations, reputational integrity, and uncompromising commitment to human rights, anti-corruption standards, and financial transparency. No donation or grant shall be accepted unless ARGA has first satisfied itself, to a level commensurate with the relevant risk profile, that the donor’s identity, legal status, source of funds, and intended purpose are legitimate, transparent, and free from any material compliance concern.
- All donors and all grants exceeding **€50,000** shall be subject to **enhanced due diligence**, including, as applicable, verification of the donor’s legal identity, beneficial ownership, governance structure, principal officers, jurisdiction of incorporation, business activities, and any relevant intermediaries, agents, advisors, or affiliated entities. ARGA shall conduct **source-of-funds verification** and, where risk indicators so require, **source-of-wealth assessment**, together with screening against applicable **AML/CFT**, sanctions, politically exposed persons (“**PEP**”), watchlists, adverse media, anti-bribery, anti-trafficking, and human rights risk indicators. Where the donor is a legal entity, ARGA shall identify and assess the natural persons who ultimately own or control such entity, as well as any persons exercising de facto influence over the donation.
- ARGA shall operate a **restricted donation acceptance policy** under which funds shall be refused, suspended, returned, or otherwise declined where there is any reasonable basis to conclude that the donor, the source of funds, an associated entity, or the conditions attached to the donation are linked to **corruption, bribery, money laundering, terrorist financing, sanctions evasion, organized crime, exploitation, repression, serious human rights abuses, forced displacement, trafficking, or any other conduct fundamentally inconsistent with ARGA’s ethical and legal standards**. ARGA shall not accept funding that would reasonably create the appearance of endorsement, concealment, or facilitation of unlawful conduct, nor shall it accept donations that are intended to influence ARGA’s independence, operational decisions, research integrity, advocacy positions, safeguarding obligations, or humanitarian priorities.
- Each donor agreement shall be **formalized in writing** and shall, at a minimum, define the amount and timing of the contribution, the precise charitable or programmatic purpose, any restrictions on use, the permitted geographic or thematic scope, reporting obligations, documentation requirements, audit and inspection rights, confidentiality terms, treatment

of unused balances, repayment or reallocation mechanisms, and the consequences of non-compliance. Such agreements shall expressly provide that ARGA retains full control over the execution of its programs and that no donor may direct, condition, or interfere with ARGA's professional judgment, compliance decisions, safeguarding measures, or legal obligations. Where appropriate, donor agreements shall include **anti-corruption warranties, compliance undertakings, sanctions representations, termination rights, clawback provisions, and rights of immediate suspension** in the event of compliance concern.

- Where a donor seeks anonymity, confidentiality, or special treatment, ARGA shall scrutinize the request with heightened caution and may reject such request if it would impede transparency, auditing, public accountability, or compliance with law. **Opacity shall never be treated as a substitute for legitimacy.** ARGA shall preserve complete internal records of all due diligence, review decisions, approvals, rejections, and any mitigating measures applied. No contribution shall be accepted until the responsible compliance or authorized governance function has determined that acceptance is lawful, ethical, and consistent with ARGA's institutional independence.
- **B. Fund Segregation**
- ARGA shall maintain **strict segregation of restricted funds** from unrestricted operational resources in order to ensure that each donation or grant is applied solely to the purpose for which it was given and in accordance with the donor's lawful restrictions. Restricted donations shall be held in **separate bank accounts, designated ledger codes, or equivalent accounting controls** sufficient to prevent commingling, misapplication, or loss of traceability. At all times, ARGA shall be able to demonstrate a clear and auditable chain between the receipt of funds, their allocation to approved activities, and the supporting expenditure records.
- The accounting treatment of restricted funds shall be governed by the principle that **funds are held in trust-like stewardship for the stated purpose**, not as discretionary general revenue unless the donor expressly designates them as unrestricted. ARGA shall implement internal controls to ensure that commitments, purchases, personnel costs, sub-grants, and vendor payments charged against restricted funds are supported by documentation showing that the expenditure is **directly related, necessary, reasonable, and allowable** under the applicable donor terms. Any reclassification, transfer, or reallocation of restricted funds shall require documented authorization and, where required by the donor agreement, **prior written donor consent**.
- ARGA shall provide **quarterly financial and narrative reports** to donors of restricted grants, unless a more frequent reporting schedule is required by the donor or by the nature of the project. These reports shall describe the status of implementation, the use of funds, key outputs or outcomes, budget variances, unspent balances, material risks, and any compliance issues affecting execution. In addition, ARGA shall obtain an **annual certified audit** or equivalent independent external assurance, which shall address, at minimum, the integrity of financial statements, the existence and adequacy of internal

controls, the proper segregation of restricted funds, and the accuracy of reported expenditures.

- Any unspent restricted funds at the end of the applicable period shall be treated in accordance with the express terms of the donor agreement and applicable law. Where carry-forward is permitted, such funds shall remain **ring-fenced** and shall continue to be used solely for the original restricted purpose unless the donor provides written authorization for a revised use. Where carry-forward is not permitted, or where the donor so directs, ARGA shall **return the unspent balance** or otherwise dispose of it strictly in accordance with contractual and legal requirements. Under no circumstances shall restricted funds be silently absorbed into unrestricted reserves, used to conceal deficits, or redirected to unrelated activities without the requisite authority. Any interest earned, foreign exchange gain or loss, and other ancillary financial benefit arising from restricted funds shall be accounted for transparently and treated in accordance with the donor agreement and applicable accounting standards.
- **C. Indirect Costs**
- ARGA recognizes that the responsible implementation of programs necessarily entails legitimate overhead and administrative support. Accordingly, ARGA may recover **indirect costs up to a maximum of 25%**, unless the donor agreement expressly establishes a lower ceiling or a more specific cost model. This cap shall be applied consistently, transparently, and in accordance with the relevant budget approved by the donor. Where a donor prescribes a lower percentage, a fixed-cost arrangement, or a particular overhead treatment, ARGA shall adhere to the donor's requirement without exception, provided such requirement does not conflict with law or ARGA's mandatory compliance obligations.
- Indirect cost recovery shall be **allocated on a fair, rational, and auditable basis** that reflects actual organizational support to the relevant program. Permissible categories may include, as applicable, office rent, utilities, information technology, finance and accounting support, human resources, legal and compliance oversight, executive supervision, and other shared administrative functions, provided that such costs are prorated across programs using a documented allocation methodology that is consistently applied. ARGA shall not charge arbitrary, inflated, duplicated, or unsupported overhead. Every allocation method shall be capable of independent review and shall be grounded in objective measures such as headcount, floor space, usage time, transaction volume, or other reasonable allocation keys suited to the nature of the cost.
- ARGA shall conduct an **annual reconciliation** of indirect cost recovery against actual expenses to ensure that the amounts charged to donors are neither excessive nor insufficient relative to the true cost of organizational support. Any material variance shall be documented, explained, and corrected in subsequent budgeting cycles or through other appropriate accounting adjustments. Where indirect cost recovery exceeds actual allowable overhead, ARGA shall apply the surplus in accordance with donor terms, accounting rules, and internal financial governance requirements. Conversely, if actual

overhead exceeds the recoverable amount, ARGA shall absorb the difference through its general operations unless a lawful and donor-approved mechanism exists for supplemental recovery.

- Indirection must never become a vehicle for concealment. **Transparency, proportionality, and documentary integrity** shall govern all indirect cost practices. ARGA shall maintain clear internal schedules showing how each overhead category is calculated, allocated, and charged, and shall make such schedules available to auditors, regulators, and donors where legally permissible and contractually required. The organization shall take all reasonable measures to ensure that indirect cost recovery supports, rather than distorts, the faithful delivery of programs and the preservation of public trust.

IV. INTERNAL CONTROLS

A. Segregation of Duties

ASYLUM RESEARCH & GLOBAL ASSISTANCE shall maintain a strict and enforceable system of **segregation of duties** as a fundamental safeguard against fraud, error, unauthorized transactions, concealment of misconduct, and the concentration of incompatible responsibilities in a single individual. No employee, contractor, or officer may exercise unilateral control over the full life cycle of a financial transaction where such control would compromise the integrity of internal governance or create a reasonable risk of abuse. The organization's financial processes shall be designed so that the **initiation, review, authorization, recording, and reconciliation** of transactions are performed by different persons wherever practicable and always in a manner proportionate to the nature, value, and risk of the transaction.

Accordingly, **requisition authority, approval authority, and accounting posting authority** shall remain distinct and independent functions. Staff members may prepare requests for goods, services, or reimbursements only within the scope of their assigned responsibilities and in compliance with applicable budgets, procurement rules, and operational needs. Managers shall exercise approval authority solely on the basis of documented necessity, budget availability, and organizational purpose, and shall not approve any request where they have a personal, financial, supervisory, or operational conflict of interest. Finance personnel shall record transactions only after verifying the existence of complete supporting documentation, the correctness of calculations, the legitimacy of the business purpose, and the presence of all required approvals. No person may approve and record the same transaction, nor may any person reconcile an account that they have themselves processed, authorized, or paid.

All payments exceeding **€5,000** shall require **dual authorization**, specifically the prior written approval of both the **Chief Financial Officer (CFO)** and the **Chief Executive Officer (CEO)**, or such formally designated alternates as may be authorized in writing under emergency delegation procedures. This requirement is mandatory and non-waivable except under extraordinary circumstances expressly documented, time-limited, and retrospectively reviewed by senior management and, where applicable, the governing body. Dual authorization is not a ceremonial formality; it is a substantive control intended to ensure that high-value disbursements

are scrutinized for legitimacy, necessity, alignment with mission, and compliance with budgetary and legal obligations.

In addition, **bank reconciliations shall be performed by personnel who are independent of payment processing**, cash handling, invoice approval, and journal entry preparation. Reconciliations shall be completed on a timely basis, reviewed by a qualified supervisor, and retained with all supporting schedules, exception reports, and follow-up explanations. Any unreconciled item, unidentified movement, aged outstanding balance, or unusual adjustment shall be escalated immediately for investigation. **No reconciliation shall be deemed complete until all discrepancies are resolved, explained, and properly documented.** Where system limitations or staffing constraints create temporary incompatibilities in duties, compensating controls must be implemented in writing, approved in advance by senior management, and subjected to enhanced oversight.

B. Expense Management

All expenses incurred on behalf of ASYLUM RESEARCH & GLOBAL ASSISTANCE must be necessary, reasonable, properly authorized, and fully supported by contemporaneous documentation. Every claim for payment, reimbursement, or settlement of expenditure shall include a valid receipt, invoice, contract, order confirmation, travel record, or equivalent documentary evidence sufficient to establish the nature of the expense, the amount paid or owed, the date of occurrence, the vendor or payee, and the organizational purpose served. A mere assertion that an expense was incurred is insufficient. The organization requires evidence, not convenience; substantiation, not assumption.

Each expense submission must include a clear and truthful **business justification** that demonstrates the direct connection between the expenditure and the legitimate operations, programs, compliance obligations, or approved strategic activities of the organization. The justification must be specific enough to permit an independent reviewer to determine whether the expense was appropriate, budget-aligned, and compliant with policy. Vague descriptions, incomplete documentation, altered receipts, duplicate claims, split invoices designed to avoid approval thresholds, and after-the-fact rationalizations are prohibited. Finance personnel may reject any claim that lacks adequate support, and management may require additional evidence where the circumstances suggest ambiguity, excess, or potential misuse.

Reimbursement requests must be submitted within **30 days of the date the expense was incurred**. Claims submitted after this period may be denied unless an exception is expressly approved in writing by senior management and supported by a credible explanation demonstrating that the delay was unavoidable and did not prejudice verification of the expense. Timeliness is essential to preserve evidentiary reliability, maintain budget discipline, and prevent the retroactive reconstruction of unsupported claims. Late submissions may be subject to heightened review, and repeated noncompliance may result in denial of reimbursement and disciplinary action.

Personal expenses are strictly prohibited and shall never be charged to the organization, whether temporarily, inadvertently, or with an intention of later repayment. Any attempt to use

organizational funds, credit facilities, or reimbursement procedures for personal benefit constitutes a serious breach of trust and may amount to misconduct, fraud, or a violation of applicable law. Where a personal element is inseparable from a legitimate business expense, only the clearly identifiable organizational portion may be reimbursed, and the personal portion must be excluded and paid directly by the individual. **Violation of this rule shall constitute grounds for disciplinary action**, up to and including termination, restitution, and referral to law enforcement or regulatory authorities where warranted.

Corporate credit card activity shall be reviewed **monthly** by designated finance personnel and an independent approver to verify compliance with policy, budget limits, travel and entertainment standards, and documentation requirements. Monthly review shall include examination of statements, receipts, merchant descriptions, unusual transaction patterns, cash advances, split purchases, geographic anomalies, duplicate charges, and any transaction that appears inconsistent with the cardholder's duties or approved activity. Cardholders are responsible for the secure use of corporate cards and for ensuring that all charges are promptly reconciled and supported. Any unexplained, unauthorized, or prohibited charge must be reported immediately and addressed in accordance with the organization's corrective and disciplinary procedures. **A corporate credit card is not a private convenience; it is a controlled instrument of organizational trust.**

C. Fixed Asset Management

All tangible assets with an acquisition cost exceeding **€500** shall be capitalized in accordance with the organization's accounting policies and recognized as fixed assets rather than expensed, unless a different treatment is required by applicable accounting standards or an approved policy exception. Capitalization shall occur only when the asset is expected to provide future economic benefit or operational utility beyond a single reporting period and when the cost can be measured reliably. The organization shall maintain a consistent and documented approach to capitalization, depreciation, impairment, tagging, custody, and disposal. Asset classification decisions must be made objectively and in accordance with sound accounting judgment, not for the purpose of managing results, obscuring spending patterns, or circumventing control requirements.

Each capitalized asset shall be recorded with sufficient detail to permit identification, including a unique asset number or tag where appropriate, description, date of acquisition, supplier, location, custodian, cost, estimated useful life, depreciation method, and residual value if applicable. Assets shall be safeguarded against loss, theft, misuse, unauthorized transfer, or improper disposal. Custodians are accountable for the physical care and reasonable stewardship of the assets assigned to them, and management remains responsible for ensuring that controls exist to protect organizational property from deterioration, misappropriation, or concealment. Where assets are portable, sensitive, or high risk, additional safeguards such as restricted access, periodic verification, or sign-out records may be required.

Depreciation shall be applied over the asset's **useful life** in a systematic and rational manner consistent with approved accounting policy and applicable financial reporting requirements. The selected depreciation approach must reflect the pattern of consumption of the asset's service potential and be applied consistently from period to period unless a justified change is approved

and documented. Impairment indicators, obsolescence, physical damage, and operational redundancy must be evaluated as part of ongoing asset management, and any material reduction in recoverable value must be recognized promptly in the accounts where required. The organization shall not delay necessary write-downs or fail to reflect the true economic condition of its asset base.

An **annual physical inventory count** of fixed assets shall be conducted and reconciled to the accounting records. This exercise is mandatory and shall be performed with care, independence, and documentary rigor. The count must verify the existence, location, condition, and custody of assets, and any discrepancy between the physical inventory and the ledger must be investigated, explained, and resolved in writing. Missing assets, unidentified items, duplicate records, or untagged property shall be treated as control exceptions and reported to management. **No asset register shall be considered reliable unless it is periodically tested against physical reality.**

Disposal of assets with an estimated value or expected sale price exceeding **€5,000** shall be conducted through **competitive bids** or another transparent market-based process approved by senior management. The disposal process must ensure fairness, independence, and value protection, and may not be manipulated to favor insiders, vendors, related parties, or unauthorized buyers. Prior to disposal, the organization shall confirm ownership, remove confidential data where applicable, and obtain any necessary internal approvals. The final disposition must be documented with evidence of the bids received, the basis for selection, the date of transfer, and the identity of the purchaser or recipient. **All proceeds from the disposal of assets shall be recorded as revenue or other appropriate accounting gain in accordance with the organization's financial reporting policy**, and no proceeds may be retained personally, diverted informally, or omitted from the accounting records.

These controls are mandatory, not aspirational. They are intended to preserve the integrity of the organization's resources, ensure lawful stewardship of funds and property, and uphold the highest standard of fiduciary responsibility. Any deliberate circumvention, concealment, falsification, or repeated neglect of these requirements shall be treated as a serious breach of duty and addressed with uncompromising corrective action.

V. AUDIT & ASSURANCE

Asylum Research & Global Assistance shall maintain a comprehensive, independently verifiable audit and assurance regime designed to safeguard institutional integrity, confirm compliance with all applicable legal, regulatory, contractual, and internal requirements, and ensure that governance, operations, controls, and reporting are conducted with the highest degree of accuracy, transparency, and accountability. This framework shall operate on the principle that **no function, process, record, or management practice is exempt from review where assurance is necessary to protect the Organization, its stakeholders, its beneficiaries, and its mission.** Audit and assurance activities shall not be treated as a procedural formality, but as a continuing instrument of institutional discipline, risk containment, and ethical governance.

The Organization shall engage an **independent external auditor on an annual basis.** The auditor shall be selected exclusively by the **Audit Committee** through a documented, objective,

and defensible selection process that gives full effect to the requirements of independence, competence, professional standing, and impartial judgment. The selection process shall expressly prohibit any appointment where there exists **any actual, potential, or reasonably perceived conflict of interest**, whether financial, professional, personal, organizational, or advisory in nature. The appointed auditor must be demonstrably free from relationships or engagements that could impair, or appear to impair, independence, objectivity, or professional skepticism. The external audit shall be conducted in accordance with applicable auditing standards and shall encompass, at a minimum, the financial statements, material accounting judgments, internal control environment, compliance posture, governance arrangements, and any additional matters necessary to provide a **full, fair, and reliable assurance opinion**. The auditor shall be afforded complete access to relevant records, personnel, systems, and supporting documentation, subject only to lawful confidentiality protections and applicable privilege considerations.

In parallel, the Organization shall maintain a robust **internal audit function** with a clear mandate to conduct **quarterly reviews** of compliance, efficiency, effectiveness, control design, control operation, and risk management performance across all material functions and activities. Internal audit shall operate with sufficient authority, independence from day-to-day management interference, and unrestricted access to information necessary to discharge its responsibilities. Its work shall not be limited to verifying procedural adherence; it shall assess whether controls are **fit for purpose**, whether operational practices are **economical and effective**, whether compliance obligations are being met in substance as well as form, and whether corrective measures previously adopted are producing measurable and sustainable improvement. Internal audit findings shall be reported in a timely manner to the appropriate governance body, together with clear analysis of root causes, severity, exposure, and recommended remedial actions.

Audit findings, management responses, and material conclusions shall be published in the annual report in a manner that is candid, complete, and sufficiently detailed to permit meaningful oversight. Disclosure shall reflect not only the existence of deficiencies, but also the Organization's response to them, the status of remediation, and any continuing risks that require monitoring. The annual report must therefore serve as more than a summary document; it shall function as a **formal public record of accountability**, demonstrating what was identified, what was acknowledged, what has been corrected, and what remains under active remediation. Where confidentiality or legal constraints require limited redaction, such restrictions shall be narrowly applied and shall never be used to obscure material weakness, conceal governance failure, or diminish the integrity of disclosure.

Where audits or internal reviews identify deficiencies, weaknesses, control failures, non-compliance, or other material concerns, **corrective action plans shall be developed without delay**. Each plan shall specify the nature of the issue, the underlying cause, the required remediation, the accountable owner, the implementation timeline, the performance indicator for completion, and the method by which effectiveness will be verified. Corrective action shall be tracked through to closure using a formal monitoring mechanism that records progress, evidences completion, and confirms whether the underlying weakness has been genuinely resolved rather than merely administratively addressed. **Repeated deficiencies, unjustified delay, or ineffective remediation shall be treated as a serious governance concern** and

escalated accordingly. The Organization shall not regard non-compliance as acceptable, nor may it allow unresolved audit findings to persist without documented management responsibility and active oversight.

Accordingly, the Audit & Assurance function shall be governed by the following core requirements:

- **Annual external audit:** performed by an independent auditor selected by the **Audit Committee** under strict conflict-of-interest controls and independence safeguards.
- **Quarterly internal audit review:** examining compliance, operational efficiency, effectiveness, control integrity, and remediation progress across the Organization.
- **Transparent reporting and remediation:** findings, management responses, and corrective actions disclosed in the annual report, with implementation actively monitored until completion.

The governing standard is unequivocal: audit is not ceremonial, and assurance is not discretionary. It is a mandatory and continuing obligation designed to ensure that **Asylum Research & Global Assistance remains accountable, law-abiding, operationally disciplined, ethically uncompromising, and institutionally trustworthy** at every level of activity.

VI. TAX COMPLIANCE

ASYLUM RESEARCH & GLOBAL ASSISTANCE shall maintain a comprehensive, proactive, and fully documented tax compliance framework designed to ensure that all fiscal obligations are met **accurately, timely, transparently, and in strict conformity with the laws of each applicable jurisdiction.** Tax compliance shall not be treated as a mere administrative function, but as a core element of governance, legal integrity, and institutional accountability. All filings, disclosures, calculations, elections, and supporting records shall be prepared and retained in a manner capable of withstanding regulatory review, audit inquiry, and any governmental or judicial scrutiny. Where local law imposes different or overlapping requirements, the most stringent applicable standard shall govern, unless a higher mandatory standard is required by statute, regulation, treaty, or administrative guidance.

- **Annual tax filings** shall be prepared and submitted in **all jurisdictions of operation, registration, incorporation, presence, or tax nexus** by the applicable statutory deadline, without exception and without reliance on assumptions as to extension, tolerance, or administrative discretion. This obligation includes, where applicable, **corporate income tax returns, payroll and employment tax filings, value-added tax or goods and services tax returns, withholding tax returns, social contribution filings, branch profit filings, local surcharge filings, information returns, and any other mandatory periodic or annual declarations** required by law. Each filing shall be based on complete, verified, and internally reconciled financial data, supported by source documentation, accounting records, bank statements, payroll records, invoices, contracts, and any other evidence necessary to substantiate the positions taken. **No return shall be filed unless it is reasonably supported by a documented legal and factual basis,** and no material item shall be omitted, misstated,

deferred, or mischaracterized for convenience, expediency, or administrative ease. Where a filing position depends on interpretation, judgment, or classification, such position shall be reviewed in advance by qualified tax personnel and, where necessary, by external tax counsel or a licensed CPA in the relevant jurisdiction. **Timeliness is mandatory; accuracy is non-negotiable; completeness is essential.**

- **Tax-exempt status, where applicable, shall be continuously maintained through strict ongoing compliance** with all statutory, regulatory, filing, governance, and operational conditions imposed by the relevant tax authority and applicable law. This includes the timely submission of **annual compliance documentation, exemption confirmations, activity reports, financial statements, governance attestations, and any renewals, declarations, or certifications required to preserve exempt treatment.** The organization shall not rely on exemption status as a static or presumed condition; rather, it shall actively monitor eligibility criteria, usage limitations, permitted activities, jurisdictional reporting obligations, and any event that may trigger partial or full loss of exemption. Any material change in operations, governance, revenue sources, intercompany flows, geography, or organizational purpose shall be evaluated immediately for its effect on exempt status and related reporting obligations. **Failure to maintain documentary support for exemption is treated as a compliance failure of the highest order,** because exemption exists only to the extent that the law is satisfied in substance and in form. Accordingly, all records necessary to demonstrate eligibility, continuity, and lawful use of exempt status shall be preserved in an organized, audit-ready state for the full retention period required by law, and longer where a dispute, inquiry, or preservation notice so requires.
- **Permanent establishment risk shall be assessed on a country-by-country basis** for each jurisdiction in which the organization conducts, supports, directs, solicits, or otherwise sustains activities that may create taxable presence under local law, treaty provisions, domestic anti-avoidance rules, or administrative interpretation. This assessment shall be conducted with disciplined attention to **fixed place presence, dependent agent exposure, service presence, construction thresholds, management location, digital or remote operational footprint, and recurring decision-making functions** that may, individually or collectively, constitute a taxable nexus. The analysis shall be updated whenever there is a material change in personnel, contracts, authority, delivery model, local presence, or commercial behavior. Where a permanent establishment is identified or reasonably possible, the organization shall ensure that appropriate registrations, tax apportionment, local books and records, filing obligations, withholding requirements, and profit attribution analyses are promptly implemented in accordance with local law. In parallel, **transfer pricing documentation shall be prepared, maintained, and updated** in a manner that demonstrates that intercompany transactions, cost allocations, service arrangements, licensing terms, reimbursements, and cross-border dealings are conducted on an **arm's-length basis**, supported by contemporaneous economic analysis, functional analysis, benchmarking where required, and written intercompany agreements. The organization

shall not engage in artificial structuring, disguised dependency, or paper-only arrangements intended to obscure taxable presence or shift profit without lawful basis. **Substance, control, and documentation shall govern over form wherever the law so requires.**

- **A qualified external tax professional, including an independent CPA and/or tax advisor, shall be retained for compliance review, technical oversight, and risk validation** in all matters where legal interpretation, jurisdictional complexity, or material exposure is present. The external tax professional shall review annual filings, exemption-related submissions, permanent establishment assessments, transfer pricing files, and other material tax positions to confirm that they are consistent with applicable law, current administrative practice, and the organization's actual operational facts. This review is intended not only to reduce error, but to ensure that the organization can demonstrate a **good-faith, defensible, and professionally supervised compliance posture** in the event of audit, inquiry, or dispute. The external advisor shall be granted timely access to the necessary books, records, agreements, internal policies, and transaction data, subject to confidentiality and privilege arrangements where applicable, so that review can occur before deadlines and not after exposure has already crystallized. **No material tax position should be adopted without informed review, documented rationale, and clear accountability.** Where a difference of opinion arises between operational practice and tax law requirements, the organization shall favor the legally compliant position, document the basis for that conclusion, and, where required, adjust conduct to eliminate the underlying risk rather than merely report around it.

In all matters of taxation, the organization shall act with rigor, candor, precision, and complete respect for the rule of law. Tax compliance is not optional, not discretionary, and not subject to convenience. It is a continuing legal duty that requires disciplined execution, documentary integrity, and unwavering adherence to the highest professional standard.

Signed by:



Sergei Khrabrykh

President, Asylum Research & Global Assistance

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