ECOSYN FOUNDATION

FOUNDATION GOVERNANCE DOCUMENT

FINANCIAL RULES

Financial governance, accounting, approval and control rules

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Contents

1. Purpose and principles

These Financial Rules establish the framework for responsible financial management of ECOSYN Foundation. They remove the member-loan and diplomatic-expense wording from the source document and replace it with foundation-oriented controls.

1.1 Financial management must support the Foundation’s mission, comply with applicable law, protect independence and maintain public trust.

1.2 The Foundation shall apply the principles of legality, transparency, accountability, segregation of duties, value for money, prudent reserves and documented approval.

1.3 All funds and assets are held for Foundation purposes and may not be distributed for private benefit except lawful remuneration, reimbursement, contractual payment, approved project support or beneficiary assistance consistent with the Foundation’s purpose.

1.4 The Articles of Association, mandatory law, donor restrictions and approved grant agreements prevail over these Rules if stricter.

2. Sources of funds

2.1 Permitted sources of funds may include donations, grants, sponsorships, project funding, service contributions, event fees, publication income, membership or supporter contributions if applicable, interest, lawful investment income and other legitimate income.

2.2 The Foundation shall not accept funds that are unlawful, anonymous where prohibited, subject to improper influence, incompatible with the Foundation’s mission or likely to damage independence or reputation.

2.3 Restricted funds must be recorded and used only for the purpose accepted by the Foundation.

2.4 Donor conditions that conflict with law, ethics, independence or the Foundation’s purpose must be refused or renegotiated.

3. Budgeting and financial planning

3.1 The Board shall approve an annual budget or an equivalent financial plan before or shortly after the start of each financial year.

3.2 The budget should identify expected income, fixed costs, project costs, staff or contractor costs, reserves, restricted funds, capital expenditure and risk provisions.

3.3 Material departures from the approved budget require approval by the Board or delegated authority under these Rules.

3.4 Project budgets must identify funding source, responsible manager, deliverables, payment conditions, reporting obligations and closure requirements.

4. Approval authority and payment controls

4.1 No person may approve a payment to themselves. Reimbursements or payments involving a board member, officer, employee, volunteer or related party require independent review and recorded approval.

4.2 Payments up to EUR 500 may be approved by an authorized operational officer if within budget and supported by documentation.

4.3 Payments above EUR 500 and up to EUR 5,000 require approval by two authorized persons or one authorized person plus documented confirmation under the delegation matrix.

4.4 Payments above EUR 5,000, new recurring commitments, loans, guarantees, major contracts, asset purchases and extraordinary expenditure require Board approval unless the Board has granted specific prior authorization.

4.5 Emergency payments may be approved outside the normal process when delay would cause significant harm, but they must be reported and ratified as soon as practicable.

4.6 Bank access, payment platforms and accounting systems must use appropriate access controls, strong authentication and a current list of authorized users.

5. Accounting records and documentation

5.1 The Foundation shall maintain accurate and complete accounting records showing income, expenditure, assets, liabilities, restricted funds, grants, commitments and supporting documents.

5.2 Each transaction must be supported by appropriate documentation, such as invoice, receipt, contract, grant letter, approval note, bank record or expense claim.

5.3 Financial records shall be retained for the statutory retention period applicable in the Netherlands and, as a minimum internal rule, for seven years unless a longer period applies.

5.4 Records must be organized so that they can be inspected, audited, exported and explained within a reasonable time.

5.5 Corrections to accounting records must be traceable and must not conceal the original transaction history.

6. Procurement and contracts

6.1 Procurement must be fair, documented and proportionate to value and risk.

6.2 For routine low-value purchases, a single reasonable quotation or price check may be sufficient.

6.3 For higher-value or sensitive purchases, the Foundation should obtain comparable offers unless urgency, specialization or donor rules justify another method.

6.4 Contracts must be reviewed for scope, price, liability, intellectual property, data protection, termination, governing law and conflicts of interest before signature.

6.5 Suppliers must not be selected because of personal relationships, gifts or undisclosed private benefit.

7. Donations, grants and sponsorships

7.1 Donations and grants shall be recorded with donor identity where required, amount, date, restrictions, purpose and any reporting obligations.

7.2 Sponsorship must be transparent and must not give the sponsor improper control over Foundation decisions, research outcomes, public statements or grant awards.

7.3 The Foundation may issue receipts or acknowledgements, but shall not promise tax deductibility unless legally verified.

7.4 Grant funds must be used for the approved project or purpose. Unused restricted funds must be handled according to the grant agreement or donor instructions accepted by the Foundation.

7.5 The Foundation may provide beneficiary support, project grants or emergency assistance only where the purpose is lawful, mission-related, documented and approved.

8. Reserves, investments and risk management

8.1 The Foundation may establish reserves for continuity, emergency response, project obligations, legal or compliance costs, maintenance and strategic development.

8.2 Reserve levels shall be reviewed at least annually and should be proportionate to obligations, income volatility, project commitments and risk exposure.

8.3 Investments must be prudent, lawful, consistent with the Foundation's mission and approved by the Board.

8.4 The Foundation shall avoid speculative investments, unsecured lending, private benefit arrangements and transactions that could endanger the Foundation's assets or independence.

8.5 Insurance coverage should be reviewed periodically for general liability, directors' and officers' liability, events, travel, cyber risk and other relevant exposure.

9. Reporting, audit and supervision

9.1 The Board shall receive regular financial reports appropriate to the Foundation's size and risk profile.

9.2 At the end of each financial year, the Foundation shall prepare annual financial information, including at least an income and expenditure overview, balance overview and explanatory notes suitable for review.

9.3 Where the law, donors, grant agreements or the Board require audit or external review, the Foundation shall cooperate fully and maintain all required documentation.

9.4 Financial irregularities, suspected fraud, unauthorized payments, loss of funds or inability to meet obligations must be reported immediately to the Board.

9.5 The Board shall ensure that financial filings, tax obligations and public reporting obligations are assessed and completed where applicable.

10. Violations and recovery

10.1 Improper or unauthorized use of Foundation funds may lead to disciplinary action, termination of role, recovery of funds, civil claim or referral to authorities.

10.2 Persons who incur expenses without authority may be personally responsible for those costs unless the Board ratifies the expense.

10.3 The Foundation may freeze payments, suspend access or appoint an independent reviewer where financial risk or suspected misconduct exists.

10.4 Corrective measures shall be documented and monitored until the matter is closed.

Final Statement

This document is intended to be adopted, amended or withdrawn by the competent body of ECOSYN Foundation. If any provision conflicts with mandatory law, the Articles of Association or a valid board resolution, the stricter or higher-ranking rule shall prevail.

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