

CODE OF CONDUCT

STICHTING BUTTERFLY WORKS

Date

26-08-2014

Please note that we are currently updating our code of conduct. Some of the information in this document might be out of date.

By the beginning of 2015 we will have an updated version available.

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1 INTRODUCTION

1.1 Butterfly Works

Stichting (foundation) Butterfly Works was founded in 1999 by Ineke Aquarius, Emer Beamer and Hester Ezra. During this eleven-year period, we have initiated, developed and implemented many projects.

We are a 'social design studio' in which design is the leading factor for the work we do – namely finding answers to international, social issues. We believe in a cross-border effect of design linked to content. 'Co-design for a better world' is the visionary pursuit and claim of Butterfly Works. Everything we do originates from the philosophy of co-design.

This is the implementation of a sincere reciprocity, which should typify international co-operation. Our products, educational and branding programmes are the visible and recognisable proofs of this philosophy.

The work of Butterfly Works operates from two programmes:

A 'Learning / Media', the development of educational media campaigns that offer more skills, control and information to disadvantaged people, in order to enhance their standards of living.

B 'Social Branding', new social brands based on trends and matching markets. Social Branding creates new markets that give access to producers and creative people in developing countries. Thus, the creative industry in general is stimulated.

1.2 Structural set up

This code consists of four parts:

A Research principles and project development.

Both before the start of a project, and during its implementation, Butterfly Works will stick to a number of basic demands. These demands are illustrated in two charts in Section 2. These charts serve as guidelines for the project managers at Butterfly Works.

B Butterfly Works Values.

In Section 3, you find a survey of the Butterfly Works' values. It gives a clear description of what we, as Butterfly Works, stand for and how we want to operate.

C Challenges and difficulties.

Section 4, is a practical instruction for the co-workers of Butterfly Works. It answers the question: How do I deal with the challenges and difficulties that I meet?

D Management and complaint procedures.

In Section 5, you find a description of how Butterfly Works is managed on matters such as health and safety legislation, the development of talent, and what procedures to follow when complaints arise.

1.3 For whom?

In the first instance, our Code of Conduct is written for our co-workers. In addition, the Code of Conduct offers an insight for our freelancers, project partners and authorities, providers of funds, and other interested parties. Since it is of the utmost importance for our co-workers to spread our corporate culture and to act in accordance with the Code

of Conduct, all our co-workers are directly involved in the development of the Code of Conduct.

1.4 Guarantees and observing the regulations

The management expects the co-workers to take good notice of the Code and to work according to its stipulations. In the first instance, co-workers are responsible for correctly observing the Code of Conduct. The management stimulates the guaranties and observation of the Code of Conduct by discussing it at least once a year in a general meeting with all co-workers. Depending on the findings in this annual meeting, we shall decide to what extent the Code of Conduct must be renewed.

It is obvious that the Code of Conduct cannot replace the principle of common sense. If you find yourself in a situation that is in conflict with the Code of Conduct, then contact your immediate superior or a member of the management. For situations of lasting disagreement, we have formulated complaint procedures. See also Sections 5.6.

2 RESEARCH PRINCIPLES AND PROJECT DEVELOPMENT

Introduction

Butterfly Works operates in a very wide field of activities, and the projects that are implemented within the parameters of Butterfly Works' philosophy can differ substantially according to content, structure and duration. All projects are implemented in accordance with the body of thought of Butterfly Works and the accompanying working methods. Both in Experiential projects, as well as in Social Branding projects, potential partnerships are critically checked before the start of the project. In addition, the project has to be in accordance with the following criteria:

- 1 Innovation: does this project offer a new solution to a social problem?
- 2 Exit-potential: can the project exist independently within a period of three to five years, without the support of Butterfly Works?
- 3 Relevancy: does the project have sufficient added value for the target group (in terms of enhancing incomes, knowledge or an improvement of the quality of life)?
- 4 Sustainability: does the project lead to a 'positive chain of events'?

As was stated in the introduction to the Code of Conduct, co-creation or co-design is a major working method of Butterfly Works. This means the co-development and implementation of a creative and conceptually based project. It is understood, that every Butterfly Work project has to support this body of thought.

2.1 Charts

Preceding the start of new projects, a thorough research will take place. In addition, in the process of implementation, the development of the project will also be tested on a regular basis.

Since we deal with projects with an innovative character, there is a possibility that, in the process of implementation, a project plan that was settled in advance, demands adjustment.

Tests have been built in to establish changes in the process, and to anticipate them. Throughout the implementation of the project, our project managers guarantee that the tests will take place.

Both for the research phase and the implementation phase, Butterfly Works have formulated basic demands. These demands have been illustrated in the following charts.

The chart below offers an insight into the basic demands, applicable to the phase prior to the start of a project within 'Experiential Learning' or 'Social Branding'.

CHECKLIST GO-NO-GO

EXPERIENTIAL LEARNING

SOCIAL DESIGN

CRITERIA 01 INNOVATION INDICATORS

- Use of a new technology
- Use of a new media

- Pilot in a new social business model
- Reach a new market

CRITERIA 02 EXIT POTENTIAL (4 YEARS) INDICATORS

- It is scalable
- Possible to develop a blueprint/D.I.Y. kit
- Local partner is willing and capable
- Beneficiaries and partners really like it

- There is a return model integrated
- It is linked to certification models
- Local partner is willing and capable
- Possible to develop a blueprint/D.I.Y. kit

CRITERIA 03 RELEVANCE INDICATORS

- It is creating jobs
- It is building relevant capacities
- It improves participation in society
- It is accessible
- It promotes self-expression

- It is creating jobs
- It is building relevant capacities
- It increases trade opportunities
- It is sustainable, in terms of PPP

3 BUTTERFLY WORKS VALUES

Introduction

The Butterfly Works Values declare the principles of what we stand for and who we are. These values convey a certain meaning in regard to our commercial implementation of projects and professional working methods.

Herewith we elaborate these values: Our philosophy. What we believe in, our attitude and perception of public relations is applicable to the implementation of our objective – the co-design for a better world –, both in the Netherlands and abroad.

3.1 Values

Quality

It is not just the final result that matters, but also the sequences of the process which direct towards a successful implementation. Based on the idea of co-design, we polish every single phase for as long as is needed to achieve paramount quality.

Transparency

Our communication is open, honest and straightforward; we act like we communicate. We do not only wish but expect that our partners reveal their positions from all directions within their organisations clearly and faithfully. Transparency is the common essence for a good, true and successful co-operation.

Loyalty

We believe in people, their personality and qualification. We are loyal towards those who are involved, towards participants, and towards ourselves. This means that Butterfly Works lives up to its promises. And just as important: Butterfly Works will say in time and without much ceremony when processes are not feasible.

The second chart below offers an insight into the steps taken in the project development. These steps are applicable to all our projects, both long-term projects and short-term projects and commissions.



This offers the possibility to switch timely to another approach and to get going again, actively and collectively.

Empathy

A sustainable relationship is about balance and mutual understanding. Hence we actively take into consideration other cultures and habits and encounter them with an open and inquisitive mindset, adapting ones manners whenever necessary, and reading up on them. From that knowledge, empathy is the creation of space for collective ideas, in a context where we have to understand first in order to be understood.

Equality

To us, equality means acknowledging differences, accepting these and acting accordingly. It is essential to take the mean between autonomy and authority in which everyone's potential is used to the fullest. We share and further education to learn new things to encourage the accomplishment of prospective challenges.

Learning environment

Our knowledge, and with it our method of working, is dynamic. We look upon evaluations as important sources of knowledge. To evolve constantly we are not afraid to make mistakes. We learn from failures with the intention to improve our future decisions. We share ones successes and experiences as part of a vivid structure of knowledge.

Inspiration

At Butterfly Works we believe in the fulfilling of personal aspirations. That by appealing to and letting flourish everyone's creativity, solution oriented thinking is activated. Innovative ideas stimulate and improve the spirit of entrepreneurship constantly and, as a result, are the driving force behind processes of a positive change.

Corporate Social Responsibility

Our policy contains a honest competition that does not influence the market mechanism in an inappropriate way. Our aim is to create new possibilities on rising markets, without frustrating markets that are already in existence. In this area we operate meticulously; this as a result of a research prior to the project.

This means that our contribution, both with regard to content and financially, is limited to the implementation of carefully chosen routes, in order to neutralize thresholds when entering the market. Our project approach shows how funds are spent within the pillars of product innovation, social branding, or training.

4 HOW TO DEAL WITH...

Introduction

Butterfly Works focuses on projects that offer a possibility to enhance the quality of life in developing countries. It is challenging to work in countries, and with various parties from countries where the political and social situation can be instable. In the course of our work, both in the Netherlands and abroad, we can meet with situations that are not everyday occurrences; indeed, occurrences that may be conflicting with universal human rights.

Dealing with these non-everyday occurrences in a working situation requires more than just a theoretical knowledge.

Butterfly Works assumes that, initially, every co-worker and free-lancer is capable of making the right assessment of how to deal with these situations. Sharing experiences makes it easier to be prepared for these situations. Every now and again, we organize sessions with our staff to discuss situations you can come across as a co-worker while executing activities abroad, but of course in the Netherlands as well.

In this Section, we throw a light on the following subjects: Aggression and intimidation, child labour, forced labour, corruption, fraud, and the acceptance and offering of gifts.

4.1 Aggression and intimidation

Butterfly Works supports the Universal Declaration of Human Rights and does not act contrary to these rights. This means that our co-workers will not participate in projects that include aggression or intimidation of any kind.

While executing our activities, there is a chance that you will encounter aggression or intimidation, for instance because of political or social instability in our project countries. While doing your job, always give priority to your own safety. Examples of how to act while executing your work are:

- 1 Draw your own line, be open about it, and stick to it.
- 2 Be transparent in your expectation management.
- 3 Make sure your partners know what you stand for; do not wait too long to discuss potential problems with your project partners.
- 4 Make sure you have one or more emergency telephone numbers of those colleagues who have agreed to be within reach twenty-four hours a day, in case of emergency.
- 5 Take a taxi instead of a bus, and always check in at a hotel in a safe area.

Of course, items 1 to 4 also apply to situations in which you sense an atmosphere of aggression or intimidation among the project partners.

4.2 Discrimination

Discrimination, as we see it, is the distinction, the unequal treatment and the disadvantage of people because of gender, colour, nationality, race, age, religion, disablement, sexual preference, chronic disease, or because of other personal characteristics.

Neither the content of our projects, nor the method of working of our co-workers and freelancers may be discriminating for others, no matter how.

In case of discrimination, very often you will find the solution by making it a subject of discussion.

4.3 Child labour / forced labour

For Butterfly Works, child labour refers to situations in which children cannot have access to education, because of the kind of work they have to do, and the intensity of it. Child labour also means work that is both physically and mentally damaging to the child's health, and that interferes with his development. Children must have the opportunity to be children.

The UN Convention on the Rights of the Child, and the treaty of the International Labour Organizations (ILO treaty 182), are used by Butterfly Works as guidelines and minimum standards.

To be able to control whether there is no child labour involved in the projects we initiated, it is of the utmost importance to Butterfly Works, to visit all our partners and manufacturers before entering into a co-operation.

If a partner or manufacturer should act in a way contrary to the above-mentioned treaties and to Butterfly Works' definition of child labour, the co-operation is cancelled or postponed, until there are no longer traces of child labour. This is also applicable to situations in which people are forced to do certain work.

4.4 Corruption

Corruption arises in many ways and can vary widely. Our definition of corruption is every form of abuse of power entrusted to you for your own personal profit, e.g. bribery or blackmail. If you, as a co-worker of Butterfly Works, have to deal with corruption, you will have to ask yourself whether there are sufficient reasons to continue the project. If, by continuing the project, you will nourish a corrupt system, altruistic reasons will be less important.

Keep in touch with your immediate superior, contact the local NGOs, and make sure that you stay well informed about the international political developments.

With regard to this item, Butterfly Works endorses the international regulations, including the UN Convention against Corruption, United Nations Convention against Transnational Organized Crime (UNTOC), and the European Union Convention on the Protection of the Communities Financial Interests and the Fight against Corruption and Two Protocols, to prevent corrupt activities.

The following obligations are applicable:

- Abstain from offering, promising, giving or demanding bribes, directly or indirectly, or other advantages, in order to obtain or retain commissions or other illegitimate benefits.
- Refrain from situations in which the general interest of Butterfly Works may conflict with your private interests, or with your personal financial interests.
- Make sure you only accept or give a payment to an agent or another person, if it is considered a reasonable remuneration for the work done by the agent or by another person.
- Make sure that you do not comply with, or participate in corrupt activities.
- Do not give any illegitimate donations to people running for public offices, political parties, or other government-affiliated organizations.

As a precautionary measure, Butterfly Works will always include an anti-corruption stipulation in their contracts with partner organizations.

4.5 Fraud

According to Butterfly Works, fraud is the deliberate embezzlement, falsification, omission, or removal of data, money, and / or goods. Another example of fraud is deceit. Deceit means a deliberate supply of incorrect, incomplete or non-transparent data, as a result of which financial information or decision-making is influenced in an incorrect way.

If you should have any suspicion about or directly hit upon a situation of fraud, deceit, or any other unlawful behaviour, inform your superior straightaway to discuss the necessary measures to be taken. Your superior will put the problem to the person, persons, or project partners involved. Depending on the gravity of the matter, we may decide to end the co-operation with the person or project partners involved.

4.6 Receiving and offering gifts

Butterfly Works is a non-profit organization; we are dependent on subsidies and funds, and quite often, we receive donations. There is a big difference between donations a project benefits from, and personal donations that may lead to a dependent position of co-workers personally. To deal with donations in a responsible way, donations to a project, must always be laid down in a written donation agreement.

There are different guidelines in relation to personal donations. Every culture has a different way of dealing with donations; indeed, in some countries it is rude not to offer small personal donations (tips) yourself. Every individual co-worker or freelancer must assess whether there is a reasonable balance between the donation and the working relationship.

In the event of any doubt, it is crucial to consider whether accepting or offering a donation will put you in a position of dependence; it is wise to discuss the matter with your immediate superior.

Butterfly Works advises co-workers who receive or offer a gift of € 20 or more, to consider carefully if it is wise to receive or to offer this gift.

4.7 Registration and sanction policy

Butterfly Works has developed an internal registration system to avoid, to fight against, and to put a stop to the above-mentioned forms of aggression and intimidation, discrimination, child labour / forced labour, corruption, fraud, or accepting and offering donations. Co-workers, freelancers, partners, authorities, or other persons involved, can report possible indications via: attention@butterflyworks.org.

Butterfly Works will take every indication of every form of undesirable behaviour very seriously. The registration enables Butterfly Works to spread this information very easily, to warn parties concerned, and to learn from situations of the past.

As for co-workers of Butterfly Works whose work conflicts with the anti-corruption, fraud and gifts policy, appropriate measures will be taken, including suspension, dismissal, or reporting to external (legal) authorities.

5 **MANAGEMENT AND COMPLAINT PROCEDURES**

Introduction

In this Section, we provide a description of Butterfly Works' most important responsibilities with regard to the partners concerned, and in particular with regard to Butterfly Works' co-workers.

5.1 Compliance with laws and regulations

Butterfly Works' policy is to comply with all the laws and regulations that apply to all our activities. During the execution of projects and general activities, Butterfly Works meets with all kinds of legal issues. Butterfly Works seeks to inform its partners and co-workers in advance as extensively as possible about the appropriate laws and regulations. If you have any questions, contact your immediate superior or our legal adviser.

5.2 Transparent accounting

Transparency is of the utmost importance within the development co-operation. Partly, our income consists of government finances and donations.

That is why Butterfly Works pursues a transparent and lucid financial policy. All financial transactions are registered carefully and completely. You can contact us and ask for the annual report, including the financial report.

5.3 Confidentiality and secrecy

Butterfly Works acknowledges the importance of the protection of personal data, and the protection of confidential information.

By personal data, we mean all information related to Butterfly Works co-workers and freelancers, such as work agreement, medical report, finances, education, and courses. Butterfly Works will see to it that all confidential (personal) data will be treated as such.

Processing and spreading of these data can only take place in consultation with the person concerned or with the company.

In the case of business partnerships that are still at an initiating phase, Butterfly Works will sign an agreement of secrecy to guarantee the confidentiality of the corporate confidential information of both parties.

5.4 Work environment

Butterfly Works seeks to create optimal working conditions that guarantee the co-workers maximum safety and health, and a work atmosphere of mutual inspiration and stimulation.

Good working conditions provide co-workers with a pleasant and efficient environment in which they can execute the activities.

Butterfly Works acts according to the Occupational Health and Safety Act. Among other things, this means: the adaptation of the workspace to the personal characteristics of the co-worker, timely breaks, and informing the co-workers about possible risks that may result from the job.

5.5 Stimulating and developing talents

Butterfly Works seeks to create an open working atmosphere. Stimulating a working atmosphere in which everybody feels appreciated and involved, contributes to the success of our organization.

The personal talents of each individual are used and stimulated in the best possible way. To realize this, Butterfly Works has drawn up an evaluation policy for its co-workers.

Every six months, or halfway through the contract period, a performance evaluation conversation with each co-worker will be held.

The aim of this conversation is to map out the competences, the personal development wishes and potentials of the co-worker. Based on the results of the evaluation conversation, a Personal Development Plan is drawn up.

5.6 Complaints and conflicts

Butterfly Works is doing its utmost to avoid complaints. Acting according to our Values contributes to realizing this. For our freelancers, project partners, authorities, benefactors and other interested parties, Butterfly Works has developed complaint procedures. If, despite our efforts to avoid complaints, a situation of conflict should arise, you can consult our complaint procedures.

The basic aim is to reach an amicable settlement.

Our trusted re-presentative will do her utmost to find a solution for the complaint in a careful way. The trusted representative is very familiar with our organization, without being directly linked to Butterfly Works. Reliability and discretion are warranted.

In the following chart, you will find a survey of our complaint procedures.

I HAVE A COMPLAINT / CONFLICT



I MAKE MY COMPLAINT A SUBJECT OF DISCUSSION AT BUTTERFLY WORKS

➤ SOLVED



I CONSULT BUTTERFLY WORKS TRUSTED REPRESENTATIVE

➤ SOLVED



WE DECIDE TO CALL IN A MEDIATOR

➤ SOLVED



THE COMPLAINT / CONFLICT MUST BE BROUGHT BEFORE THE COURT

For an extensive description of the complaint and conflict procedures, see Annex I.

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BUTTERFLY WORKS