WECAN Foundation - Financial Policy

1. Definition, scope and aims

1.1 This Financial Policy (the "**Policy**") sets out the rules and conditions under which the WECAN Foundation (the "**Foundation**" or "**WECAN**") manages, controls, and oversees its financial resources to ensure responsible stewardship, compliance with legal and governance requirements, and support for the Foundation's mission and objectives.

1.2 This Policy specifies:

- the roles and responsibilities of every person at WECAN Foundation who has involvement in the management of WECAN Foundation's finances;
- the financial planning and reporting that the WECAN Foundation must undertake each year in line with its statutory obligations; and
- the financial policies to be followed by every person acting on behalf of the Foundation.

1.3 This Policy aims to ensure that:

- all financial activities comply with Dutch law and the Foundation's governing documents;
- Foundation funds are used solely to support WECAN's mission and objectives;
- Foundation funds are managed responsibly and transparently; and
- roles, approval thresholds, and internal controls are clearly defined.

1.4 This Policy applies to all persons and entities involved in WECAN financial activity, including:

- members of the Board of Directors;
- members of the Board of Trustees (oversight);
- representatives of the General Assembly (where reimbursements or project funds apply);
- Secretariat staff and contractors;
- workgroup and project leads; and
- external service providers handling WECAN funds (accountants, auditors, banks, payment platforms).

2. Legal basis and governing documents

2.1 This Policy must be interpreted in accordance with:

- WECAN Statutes (Articles of Association); and
- WECAN Operating Rules.

2.2 Key WECAN Statutes requirements that apply to this Policy include:

- <u>Financial year</u>: The Foundation's financial year is equal to the calendar year (see article 13§1).
- <u>Record keeping</u>: The Board of Directors must maintain accurate and complete records of the Foundation's financial position and activities, ensuring all rights and obligations are clear and traceable (see article 13§2).

- Annual financial statements: The Board of Directors must prepare annual financial statements within six months after the end of each financial year. These statements must be adopted by the Board of Trustees and signed by all the members of both the Board of Directors and the Board of Trustees (see articles 13§3 to 13§5).
- Retention period: All financial records and supporting documents must be kept for at least seven years (see article 13§6).
- Representation: The Foundation can be represented by the Chair of the Board of Directors alone, or by two Board members acting jointly. Representation can also be delegated to others through a written (including electronic) power of attorney (see article 7).
- Restrictions on transactions: The Board of Directors may not enter into agreements involving registered property, surety, guarantees, or similar financial commitments on behalf of the Foundation without the prior written approval of the Board of Trustees (see article 5§3).
- General Assembly information: The adopted annual financial statements and related documents must be sent to the General Assembly for information purposes (see article 13§5).
- No private benefit: No member of the Board of Directors, the Board of Trustees or Affiliated Organisations may receive remuneration other than reasonable expenses incurred in the performance of their duties (see articles 4§3, 9§8 and 12§5).

2.3 Key WECAN Operating Rules requirements that apply to this Policy include:

- Content of this Policy: This Policy defines the approval thresholds and criteria for when financial or operational decisions require interaction between the Secretariat and the Board of Directors (see 1. Board of Directors, j. Delegation of tasks).
- Additional Board of Directors' responsibilities: The Board of Directors is responsible for ensuring that the Foundation has adequate resources, drawing up a policy plan and budget, and submitting relevant reports to authorities (see 1. Board of Directors, e. Roles and Responsibilities).
- Board of Trustees responsibilities: The Board of Trustees must ensure the accounts, financial audit, and annual report of the Foundation are conducted, completed, approved, and submitted as defined in the Statutes and in the Operating Rules (see 2. Board of Trustees, d. Roles and Responsibilities).
- Financial oversight and audit: Accounts are certified by external auditors appointed by the Board of Directors. The Board of Trustees oversees the selection of the auditor. The annual budget plan must include funds for external audit expenses (see 1. Board of Directors, i. Annual report, accounts, accountability and policy plan).
- Delegation and Secretariat: The Board of Directors may delegate operational responsibilities to the Secretariat, which manages day-to-day operations, financial transactions, resources, and record-keeping, prepares the annual report, budget and accounts, liaises with accountant and reports to Dutch authorities (see 1. Board of Directors, j. Delegation of tasks and 4. Secretariat, a. Roles and responsibilities, financial tasks). The Board of Directors Finance Committee is responsible for monitoring the Foundation's financial processes implemented by the Secretariat (see 1. Board of Directors, a. Composition).

3. Financial principles

3.1 No private benefit

WECAN funds belong to the Foundation and must not be used for private benefit, loans, or personal enrichment.

No member of the Board of Directors, the Board of Trustees or Affiliated Organisations may receive remuneration other than reasonable expenses incurred in the performance of their duties, in accordance with the WECAN Travel and Expense Reimbursement Policy.

3.2 Mission alignment

All spending must support WECAN's statutory objectives and activities.

3.3 Accountability and auditability

Financial decisions and transactions must be authorised, documented, traceable, and reviewable.

3.4 Segregation of duties

Wherever possible, WECAN will separate approval of expenditure, execution of payments, and reconciliation/review. Where staffing is limited, compensating controls must be applied.

3.5 Restricted funds integrity

Restricted income must be used strictly for the purpose defined by the donor agreement.

3.6 Collective responsibility

All Board of Directors members have a collective responsibility for the financial health of the organisation and the careful and honest use of the organisation's funds.

4. Roles and Responsibilities

4.1 Board of Directors

The Board of Directors is responsible for management of the Foundation and must:

- approve this Financial Policy and any amendments, which shall be ratified by the General Assembly;
- assume collective responsibility for the financial health of the Foundation and the careful and honest use of WECAN's funds;
- examine and question regular financial reports and formally approving them;
- approve annual budgets and material budget changes;
- ensure the Foundation has adequate resources;
- decide whether funded public projects fit into the objectives and mission of WECAN;

- ensure the Foundation has adequate financial controls;
- oversee the preparation of the Foundation's annual financial statements and the appointment of external auditors by the Secretariat;
- ratify and sign the annual report and the accounts approved by the Board of Trustees;
- keep records of the Foundation's financial position and of all the Foundation's activities;
- escalate urgent risks or suspected misuse to the Secretariat, the Board of Trustees and the General Assembly;
- escalate concerns to the relevant authorities if serious breaches or risks are identified; and
- ensure reporting to the Board of Trustees and General Assembly occurs as required.

All Board of Directors members must read and understand the Financial Policy, read and question the financial reports tabled at Board meetings, and avoid conflicts of interest by declaring any potential financial conflicts.

4.2 Chair of the Board of Directors

The Chair leads the Board of Directors and must:

- ensure the Financial Policy is implemented effectively;
- act as an authorised representative where required;
- ensure the Board meets regularly (at a minimum of 4 times a year) to review and approve financial reports;
- liaise with the Secretariat to ensure financial reports are prepared every quarter;
- ensure that financial decision-making reflects the Foundation's charitable purpose;
- read and question financial reports;
- ensure that all Board members have a copy of the Financial Policy and have read and understood all details.

4.3 Board of Directors Finance Committee

The Finance Committee is responsible for monitoring and guiding the Foundation's financial processes implemented by the Secretariat.

4.4 Board of Trustees

The Board of Trustees supervises the Board of Directors and the Foundation's general affairs and must:

- supervise the policy of the Board of Directors and the Foundation's general affairs, including financial management and compliance;

- approve the annual financial statements and ensure they are prepared and submitted in accordance with the Statutes and Operating Rules;
- oversee the selection of the external auditor and the audit process;
- inspect the Foundation's books, records, and correspondence as needed;
- provide advice to the Board of Directors as needed and request information at any time;
- ensure that the Foundation's accounts, audit process, and annual reporting are completed and submitted in accordance with the Statutes and Operating Rules;
- ensure that the Foundation is run in accordance with the Statutes and Operating Rules, that the tax exemption status is not jeopardised, and that no breach of law occurs; and
- approve, in advance and in writing, any agreements involving registered property, surety, guarantees, or similar financial commitments, as required by the Statutes.

4.5 General Assembly

The General Assembly oversees and approves all strategic decisions of the Foundation adopted by the Board of Directors and must:

- ratify this Policy and any amendments approved by the Board of Directors;
- receive the adopted annual financial statements and related documents for information; and
- provide input on strategic priorities and financial matters as appropriate.

4.6 Secretariat

Operational responsibilities are delegated to the Secretariat. The Secretariat is responsible for:

- preparing the annual report on the realisation of the Foundation's objective and the annual accounts of the Foundation's income and expenditure and on its assets;
- preparing the annual budget and implementing projects within the agreed budget;
- budgeting, accounting, bank transactions, annual report, monitoring income and expenses;
- identifying, acquiring and managing resources;
- maintaining financial and documentation records as required by national law;
- liaising with accountant and reporting to Dutch authorities; and
- providing quarterly budget vs actual reports to the Board of Directors and supporting the external audit process.

4.7 Workgroup and project leads

Where workgroups incur costs or manage project budgets, leads must operate within approved budgets, request approvals in advance, provide documentation to the Secretariat promptly, and ensure donor restrictions are followed.

5. Financial planning and budgeting

5.1 Annual budget

The Secretariat drafts an annual budget aligned to the Policy plan and priorities. The Board of Directors approves the budget.

5.2 Budget structure (minimum)

Budgets should include, at minimum:

- core operational costs (Secretariat, admin, IT, legal, accounting);
- project/programme costs by workstream;
- fundraising and communications costs;
- governance costs;
- audit and compliance provision; and
- contingency and/or reserves planning.

5.3 Budget monitoring and reforecasting

The Secretariat provides quarterly budget vs actual reports to the Board of Directors, including explanations of variances and forecast updates.

6. Income management and transparency

6.1 Permitted income sources

WECAN may receive funds through grants, sponsorship, donations, and other lawful fundraising activities aligned with WECAN objectives.

6.2 Income acceptance and documentation

All income must be supported by documentation and recorded in the accounting system with correct coding and traceability.

6.3 Restricted vs unrestricted funds

The Secretariat must maintain clear separation between unrestricted funds and restricted funds.

6.4 Sponsorship and independence safeguards

Funding must not compromise WECAN's independence or reputation. Conflicts must be declared and managed under WECAN governance rules.

6.5 Transparency and disclosure of funding

The Foundation is committed to transparency regarding its sources of funding. WECAN shall annually disclose, in a publicly accessible manner (e.g., on its website or in its annual report), the total amount of funding received from pharmaceutical companies, including the names of the companies and the amounts received from each. This disclosure shall be made within six months after the end of each financial year.

7. Expenditure management

7.1 General requirements

All expenditure must be mission-aligned, reasonable and necessary, have an approved budget allocation or approved deviation, be documented, and follow donor restrictions where applicable.

7.2 Approval and authorisation

- Budgeted expenditure may be approved and processed by the Secretariat as part of its delegated operational responsibilities.
- Unbudgeted expenditure or expenditure that creates a material deviation of 15% from the approved project budget must be approved by the Board of Directors (or by the Chair where urgent, with subsequent Board notification).
- High-risk or exceptional commitments (including long-term commitments, reputationally sensitive contracts, legal disputes/settlements, or commitments that materially affect the Foundation’s financial position) must be escalated to the Board of Directors for decision.
- Where the Statutes require prior written approval from the Board of Trustees (e.g., guarantees/surety or registered property transactions), such approval must be obtained before any commitment is made.

7.3 Payment execution

Payments should only be executed after approval is confirmed, documentation is complete, and vendor details are verified.

7.4 Credit cards

Credit cards may be issued to the Chair of the Board of Directors and Secretariat for Foundation-related expenditure only. All credit card expenses must be supported by receipts, and unauthorised use is prohibited.

8. Procurement and supplier management

8.1 Procurement principles

Procurement must be transparent, fair, documented, and best value for money.

8.2 Quote requirements

Quote requirements are to be defined by the project lead in collaboration with the Secretariat, and the approval by the Board of Directors at the latest when the project kicks off.

8.3 Contract storage

All signed contracts must be centrally stored and linked to accounting records.

9. Travel and expense reimbursements

Travel and expense reimbursements are governed by the WECAN Travel and Expense Reimbursement Policy. This Financial Policy governs the accounting treatment, approvals (where relevant), and internal controls associated with reimbursements, but does not duplicate the Travel Policy.

10. Banking and cash management

10.1 Bank accounts

All income and expenditure must be processed through WECAN bank accounts.

10.2 Signatories and authority

The signatories to the WECAN Foundation bank account(s) shall be the Chair of the Board of Directors, designated Board of Directors members, and the Secretariat, in accordance with the Statutes and Board of Directors resolutions. Bank mandates must reflect the representation rules in the Statutes.

10.3 Cash handling

WECAN should minimise cash use. If petty cash exists, a petty cash log must be maintained, receipts are mandatory, and reconciliation must be done monthly.

11. Accounting, recordkeeping and document control

11.1 Accounting system

The Board of Directors must maintain accounting records so that WECAN's rights and obligations are apparent at all times, and income/expense is traceable to source and purpose.

The Secretariat is responsible for maintaining the Foundation's accounting records and financial systems, acting under operational authority delegated by the Board of Directors.

11.2 Minimum documentation standards

Each transaction must include approval evidence, invoice/receipt, proof of payment, correct coding, and a contract where applicable.

11.3 Record retention

The Board of Directors must maintain complete and accurate records reflecting the Foundation's financial position and activities, in a manner appropriate to the Foundation's operations. These records must be kept so that the Foundation's rights and obligations can be identified at any time, and so that all income and expenditure can be clearly traced to their origin and purpose, including clarity on what commitments have been entered into on behalf of the Foundation, by whom, and when.

The Board of Directors must retain these books, records, and supporting documentation (including electronic data carriers) for a minimum period of seven (7) years.

All physical and electronic financial records must be stored securely and backed up regularly.

12. Internal controls and fraud prevention

12.1 Control objectives

Internal controls aim to ensure prevention/detection of fraud and error, accuracy of reporting, protection of assets, and compliance.

12.2 Core controls (minimum)

The Secretariat must implement at least:

- documented approval trail for all spending;
- supplier verification (bank details confirmation);
- monthly bank reconciliation;
- restricted fund tracking;
- quarterly reporting to Board; and
- annual audit preparation process.

12.3 Cyber and payment fraud controls

WECAN will apply safeguards including controlled access to online banking (named users, MFA), prohibition of informal payment approvals without documentation, and callback verification for bank detail changes.

12.4 Suspected misuse of funds

Any suspected misuse or misappropriation of funds must be escalated to the Chair of the Board of Directors, and to the President of the Board of Trustees where serious. It will be investigated by the Chair of the Board of Directors and a designated Board member. Investigations should follow fair procedures. For serious offences, the matter will be referred to the appropriate authorities. The Chair will inform the Board of Directors of any serious offences and the actions taken.

13. Financial reporting

13.1 Quarterly reporting to Board of Directors

The Secretariat provides quarterly reports including income/expenditure vs budget, cash position and forecast, restricted fund balances, outstanding liabilities/commitments, and material variances.

Bank reconciliation should be carried out on a quarterly basis and checked by a designated Board member.

13.2 Annual reporting and accounts

Within six (6) months following the end of each financial year, the Board of Directors must prepare the Foundation's annual financial statements in accordance with applicable legal requirements.

The annual financial statements must then be formally adopted by the Board of Trustees.

Once adopted, the annual financial statements must be signed by all members of the Board of Directors and the Board of Trustees. If any signature is missing, the omission must be documented together with the reason. The signed annual financial statements must also be shared with the General Assembly for information.

14. External audit

14.1 Auditor appointment

The Board of Directors appoints external auditors and ensures budget provision for audit costs.

14.2 Audit support

The Secretariat coordinates preparation and supplies documents requested by auditors.

14.3 Audit findings

Audit recommendations must be reviewed and tracked with an action plan.

15. Reserves and financial continuity

15.1 Reserve principle

Surpluses must be used for the public benefit objective and WECAN should not hold more assets than necessary to pursue objectives and meet obligations.

15.2 Recommended reserve target

WECAN should aim for an operating reserve of 3–6 months of core operating costs (subject to income stability and restrictions).

16. Policy breaches and enforcement

Failure to comply with this policy may result in rejection of reimbursement/payment requests, suspension of approval authority, disciplinary actions (where applicable), escalation to governance bodies, and reporting to authorities if required.

17. Data protection

Personal data provided in financial transactions, reimbursements, or WECAN central arrangements will be processed in accordance with applicable data protection laws and the Foundation's privacy policy.

18. Policy review and update

This Policy will be reviewed and updated as necessary.

Approved: February 2026

Review date:

Version No: 1.0