

# **DYADIC INTERNATIONAL, INC.**

## **WHISTLEBLOWER POLICY**

**(adopted May 10, 2010)**

### **Introduction**

The Sarbanes Oxley Act of 2002 was enacted in response to corporate and accounting scandals at major public companies like Enron and WorldCom. It aims to promote corporate responsibility and to encourage and protect employees who report misconduct, also known as “whistleblowers”. The Audit Committee of the Board of Directors of Dyadic International, Inc. (“Dyadic” or the “Company”) has adopted the following policy and procedures to notify its employees and other persons of (1) certain specific actions that are explicitly prohibited, (2) the procedures that Dyadic employees and others may follow if there is reason to believe that any laws are being violated, and (3) whistleblower protections designed to facilitate reporting of complaints regarding accounting, internal auditing controls and auditing matters.

### **Prohibited Actions Which Should be Reported**

Commission of any of the following acts by a Dyadic employee will be considered just cause for immediate dismissal and may subject him/her to criminal liability:

1. Destroying, altering, mutilating, concealing, covering up, falsifying, or making a false entry in any records that may be connected to a matter within the jurisdiction of a federal agency or bankruptcy proceeding, in violation of federal or state law or regulations.
2. Altering, destroying or concealing a document, or attempting to do so, with the intent to impair the document’s availability for use in an official proceeding or otherwise obstructing, influencing or impeding any official proceeding, in violation of federal or state law or regulations.
3. Fraudulently influencing, coercing, manipulating, or misleading any independent public accountant engaged in the performance of an audit of the financial statements of the Company for the purpose of rendering such financial statements materially misleading, in violation of federal or state law or regulations.
4. Discharging, demoting, suspending, threatening, harassing or discriminating in any manner against any employee, in violation of federal or state law or regulations, because of any lawful act by the employee in providing information to or assisting in any investigation by a supervisory employee, Congress or any federal agency; filing or assisting in any action alleging a violation of federal or state law or regulations; or knowingly taking any action harmful to any person for providing truthful information to a law enforcement officer relating to the possible commission of a federal offense.

## **Reporting of Concerns or Complaints**

Taking action to prevent problems is part of the Company's culture. If a Dyadic employee or other interested person observes possible unethical or illegal conduct, he/she is encouraged to report his/her concerns. Employees and others involved with the Company are urged to come forward with any such information, without regard to the identity or the position of the suspected offender.

Employees and others may communicate suspected violations of law, policy, or other wrongdoing, as well as any concerns regarding questionable accounting or auditing matters (including deficiencies in internal controls) by contacting the Company's Vice President and General Counsel Adam J. Morgan, Esq. by telephone at (561) 743-8333, by e-mail at [amorgan@dyadic.com](mailto:amorgan@dyadic.com) or by mail at 140 Intracoastal Pointe Dr., Suite 404, Jupiter, Florida 33477. If, for any reason, a whistleblower would prefer to contact someone else, he/she may call the Chairman of the Audit Committee of the Board of Directors Frank Gerardi at (561) 748-7230 or by email at [Gerardi700@aol.com](mailto:Gerardi700@aol.com). In order to be better able to respond to any information, the Company would prefer that a whistleblower identify him/herself and provide a telephone number and other contact information when making the report. Whistleblowers can be assured that any information will be treated with utmost confidence, as detailed below. However, if a whistleblower wishes to remain anonymous, it is not necessary to give a name and position in any notification.

## **Responsive Action**

When an employee or other person has made a whistleblower complaint, the Company will promptly commence an investigation and, as necessary, disclose information to the government. The Company's internal processes will result in the complaint reaching the highest levels of management such as, for example, the Chief Executive Officer of the Company or the Board of Directors. The Company may commission an independent investigation of the complaint by a neutral fact-finder. The Company will follow up with the whistleblower if his/her identity is known to find and fix any impropriety that is identified.

## **Confidentiality**

The Company will treat all communications under this Policy in a confidential manner, except to the extent necessary (1) to conduct a complete and fair investigation, or (2) for review of Company operations by the Company's Board of Directors, its Audit Committee and the Company's independent public accountants.

## **Retaliation**

Any employee, former employee, employment applicant, supervisor, manager, officer or independent contractor who in good faith reasonably believes and reports a possible violation of the Company's Code of Business Conduct and Ethics, or of law including mail fraud, wire fraud, bank fraud, securities fraud, any rule or regulation of the Securities & Exchange Commission or any provision of law relating to fraud against the Company's stockholders, or reports any concerns regarding questionable accounting or auditing matters, even if the report is mistaken, or who assists in the investigation of a reported violation, will be protected by the Company. Retaliation in any form against these individuals by Company officers, employees, contractors, subcontractors or agents will not be tolerated. Any act of retaliation should be reported immediately and will be disciplined appropriately. These include discharge, demotion, suspension, threats, harassment or other discrimination such as denial of a promotion, refusal to hire, reduction in pay or hours, blacklisting, discipline or assignment to undesirable job duties. A whistleblower who prevails against the Company in a civil action based on retaliation for whistleblowing is entitled to all the relief necessary to make the him/her whole, which may include (a) reinstatement to the same seniority status that the whistleblower would have had but for the adverse employment action, (b) back pay, with interest, (c) compensation for any special damages sustained as a result of the adverse employment action, including litigation costs, reasonable attorneys' fees and costs and expert witness fees, and (d) emotional distress damages and reputational loss damages. In addition to the potential for such civil damages, discrimination against whistleblowers may be criminal if the whistleblower made a report to law enforcement.

## **Questions**

If you have any questions regarding this information, please feel free to contact Mr. Morgan as indicated above.

*Adopted by Resolution of the Audit Committee  
May 10, 2010*

## ACKNOWLEDGMENT

I acknowledge that I have read and understand and agree to comply with the Whistleblower Policy, a copy of which was distributed with this acknowledgement.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

(Please print)