



**DYADIC INTERNATIONAL, INC.**  
**Policy Relating to the Handling of Whistleblower Claims**  
**Status of Policy: Approved (June 2015)**

**1.0 Scope of Policy**

This policy applies to all officers, directors and employees of DYADIC INTERNATIONAL, INC. and its subsidiaries (the “Company”). This policy governs procedures that must be followed when allegations of impropriety are made by an employee and such allegations: (i) regardless of scope of liability, involve accounting, internal accounting controls, or auditing matters; (ii) regardless of the scope of liability, could cause material damage to the Company’s brand or reputation; or (iii) could result in a material liability to the Company.

Allegations of impropriety outside the scope of this policy should be reviewed with the Chief Executive Officer of the Company to determine an appropriate course of action.

**2.0 Purpose of this Policy**

This policy establishes guidelines and procedures for handling whistleblower claims. Consistent with the Company’s commitment to maintain the highest standards of integrity, compliance with the law and the Company’s Code of Conduct and Ethics is a responsibility that everyone in the Company must assume. By appropriately responding to allegations by employees, suppliers, customers or contractors that the Company is not meeting its legal or ethical obligations, the Company can better support an environment where compliance is the standard and thereby avoid a diminution in stockholder value.

**3.0 Summary of Policy Requirements**

It is Company policy to closely scrutinize and appropriately respond to allegations by employees, suppliers, customers or contractors that the Company is not meeting its legal or ethical obligations or complying with generally accepted accounting and reporting principles when such allegations: (i) regardless of scope of liability, involve accounting, internal accounting controls, or auditing matters; (ii) regardless of the scope of liability, could cause material damage to the Company’s brand or reputation; or (iii) could result in a material liability to the Company. In accordance with Section 301 of the Sarbanes-Oxley Act of 2002, the Audit Committee of the Board of Directors of the Company (the “Audit Committee”) will be responsible for establishing procedures for the receipt, retention, and treatment of any allegations described in (i), (ii) and (iii) above. *All complaints made by employees in connection with this policy will be kept confidential and anonymous, except as otherwise required by law and as necessary to conduct a full investigation of the complaint in accordance with the guidelines set forth below.*

**4.0 Detailed Policy Requirements**

**4.1 Allegations that may form Whistleblower claims**

The following is a non-exhaustive list of the types of allegations that could form the basis for whistleblower claims within the scope of this policy:

- Internal business practices that are inconsistent with generally accepted accounting and reporting principles and legal requirements;
- Any falsification, alteration or substitution of Company records; and
- Violations of the Dyadic Company Code of Conduct and Ethics, including:
  - conflicts of interest
  - inaccurate books and records
  - insider trading
  - collusion with competitors
  - money laundering
  - failure to comply with the various compliance programs of the Company.
  - authorizing, directing or participating in material breaches of Company policy
  - deliberately failing to report, concealing, or withholding relevant information concerning, material breaches of Company policy.

#### **4.2 Manager responsibilities**

All managers of the Company are responsible for continually emphasizing integrity as a standard of performance for all employees of the Company. Managers who are apprised by employees, suppliers, customers or contractors that the Company is allegedly not meeting its legal or ethical obligations with respect to those allegations described in Section 3.0 above MUST contact the Chairman of the Audit Committee, so that an appropriate investigation can be conducted.

#### **4.3 Employee responsibilities**

Employees reasonably suspecting material breaches of Company policy or the law MUST report such breaches immediately to their managers. If it is impractical or inappropriate for the employee to notify their immediate manager, the employee may contact the Chairman of the Audit Committee. Employees may forward such information on a confidential and anonymous basis to either their manager or the Chairman of the Audit Committee, as applicable, by e-mail, regular mail or phone (see contact information for the Chairman of the Audit Committee provided herein below). Subject to Section 4.4(C) below, the identity of an employee and such allegations will remain confidential to the extent possible, consistent with the need to conduct an adequate review. In those instances when information needs to be disclosed, such disclosure will only be to those on a need to know basis and only to the extent necessary. Employees who have reason to believe that a material breach of Company policy or law has occurred must retain all documents that could be relevant to an investigation of the matter. Employees are advised that this policy does not absolve them of any duties to maintain confidentiality with respect to trade secrets or any other confidential information of the Company.

#### **4.4 Investigating whistleblower claims**

- A. The Audit Committee is responsible for investigating and resolving all reported complaints concerning those allegations described in Section 3.0 above. The Audit Committee is responsible for responding to such claims on a prompt and regular basis (includes notifying the sender and acknowledging receipt of the allegation within five business days), and will determine what, if any, steps need to be taken and coordinate any further action. Unless the Audit Committee believes that the Chief Executive Officer (the “CEO”) is involved in any of the allegations, the Audit Committee will promptly notify the CEO of all allegations and will keep the CEO apprised of the progress of the investigation on a regular basis.

- B. No officer, director or employee should be interrogated, terminated, disciplined or otherwise advised of investigations arising out of Section 4.4(A) above until management has been instructed to do so by the Audit Committee. In appropriate situations, outside counsel, outside auditors, special agents or others may be engaged to conduct the investigation. Complaints determined not to be within the scope of this policy will be forwarded to the CEO for further attention.
- C. Anyone filing a complaint concerning a violation or suspected violation of Company policy or the law must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of Company policy or the law. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.
- D. The Company, as directed by the Audit Committee, will make every effort to cooperate with law enforcement authorities.

#### **4.5 Corrective measures**

Once investigated, the Audit Committee (concerning those allegations described in Section 3.0 above) will make a determination as to whether any corrective action is warranted. All disciplinary actions relating to allegations described in Section 3.0(ii) and (iii) above must be approved by the Chief Executive Officer. Consideration will be given to whether or not a violation is intentional, as well as to the level of good faith shown by an employee in reporting the violation or in cooperating with any resulting investigation or corrective measures.

#### **4.6 Retaliation Against Whistleblowers**

No adverse employment action (*e.g.*, suspension, termination, counseling, lower rating, etc.) may be taken against an employee solely in retaliation for reporting allegations of impropriety that fall within the scope of this policy and which the employee reasonably believes to be true, nor will the Company threaten, harass, or discriminate in any manner against, such employee.

#### **4.7 Record of Complaints**

The Company will maintain a record of all complaints, investigations and related reports in accordance with the Company's document retention policy.

#### **4.8 Contact Information**

<b>Chairman of the Audit Committee</b>
Name: Jack Kaye
E-mail: jkaye5575@aol.com
Phone: (732) 713-1444

**ACKNOWLEDGEMENT OF RECEIPT**

I hereby acknowledge that I have received a copy of the "Policy Relating to the Handling of Whistleblower Claims" and agree to comply with its terms. I understand that violation of Whistleblower policy may subject me to severe civil and/or criminal penalties and that violation of the terms of this policy may subject me to discipline by Dyadic International, Inc.. and its subsidiaries up to and including termination for cause.

Signed: \_\_\_\_\_

Name (please print): \_\_\_\_\_

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