

Fraud and Corruption Policy

Regal Partners Limited ACN 129 188 450

1. Purpose

The purpose of this policy is to protect the assets and reputation of Regal Partners Limited ACN 129 188 450 (**Company**) and its controlled entities (**Group**) by:

- (a) reinforcing the commitment of the board of directors of the Company (**Board**) and the senior management of the Group (**Management**) to, and their responsibility for, identifying fraudulent and corrupt activities and for establishing policies, controls and procedures for prevention and detection of these activities;
- (b) reinforcing the requirement for all officers, employees, consultants and contractors of, or engaged by, the Group as well as other parties interacting with the Group (together **Relevant Parties**, and each a **Relevant Party**) to refrain from corrupt and fraudulent conduct and encouraging the reporting of any instance of fraud or corrupt conduct;
- (c) acknowledging the serious criminal and civil penalties that may be incurred and the reputational damage that may be done as a result of the Relevant Parties engaging in fraudulent and corrupt activities;
- (d) providing a framework for conduct of investigations to ensure that all suspected fraudulent and corrupt activity is dealt with appropriately; and
- (e) assigning responsibility for the development of controls to prevent and detect fraud.

2. Scope

2.1 This policy applies to all Relevant Parties.

2.2 Any irregularity or suspected irregularity involving a shareholder, vendor, consultants or any other third party agencies doing business with the Group or its employees or contractors of which the Relevant Party is aware, is included in the scope of this policy.

2.3 The policy does not have regard to the Relevant Party's length of service, title or relationship to the Group.

3. Definition of fraud and corruption

3.1 **Corruption** is defined as a dishonest activity in which a director, officer, executive, manager, employee or contractor of an entity acts in a manner that is contrary to the interests of the Group and abuses his / her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.

3.2 Examples of corrupt conduct include, but are not limited to:

- (a) payment of secret commissions (bribes, facilitation payments or gratuities) in money, or some other value, to other businesses, individuals or public officials;
- (b) receipt of bribes or gratuities from other businesses, individuals or public officials;
- (c) release of confidential information, for other than a proper business purpose, sometimes in exchange for either a financial or non-financial advantage;
- (d) a Relevant Party manipulating a tendering process to achieve a desired outcome;
- (e) serious nepotism and cronyism where the appointee is inadequately qualified to perform the role to which he or she is appointed; or

- (f) a conflict of interest involving a Relevant Party acting in his or her own self-interest rather than in the interests of the Group.

3.3 **Fraud** is defined as an intentional act by one or more individuals among management, those charged with governance, employees or third parties, involving the use of deception to obtain an unjust or illegal advantage.

3.4 Fraud can typically result in actual or potential financial loss to any person or entity however this is not always the case.

Examples of fraud could include, but are not limited to:

- (a) misappropriation of funds, securities, stock, supplies or other assets including use of assets for private purposes;
- (b) causing a loss to the Group or creating a liability for the Group by deception;
- (c) impropriety in the handling or reporting of money or financial records;
- (d) profiting from insider knowledge of the Group's activities;
- (e) accepting or seeking anything of value from contractors, vendors or persons providing services or goods to the Group;
- (f) false invoicing for goods or services never rendered or backdating agreements;
- (g) submission of exaggerated or wholly fictitious accident, harassment or injury claims; and
- (h) misuse of sick or family leave.

4. Policy

4.1 The Group requires all Relevant Parties at all times to act honestly and with integrity and to safeguard the Group's resources for which they are responsible. The Group is committed to protecting all revenue, expenditure and assets from any attempt to gain illegal financial or other benefits.

4.2 Any fraud or corruption committed against the Group is a major concern and as a consequence all cases will be thoroughly investigated and appropriate disciplinary action will be taken against any staff member who is found guilty of corrupt or fraudulent conduct. This may include referral to the appropriate law enforcement or regulatory agencies for independent investigation.

5. Code of conduct and whistleblower policy

The Company's Code of Conduct and Whistleblower Policy assists in preventing fraud and corruption within the Group and the Group specifically requires all Relevant Parties to comply with the Code of Conduct and Whistleblower Policy.

6. Fraud and corruption control

6.1 The Board and Management are ultimately responsible for 'setting the tone at the top' and have a responsibility to:

- (a) ensure that there is effective fraud and corruption risk management framework in place;
- (b) understand the fraud and corruption risks to which the Group is exposed;
- (c) maintain oversight of the fraud risk assessment and the controls in place to mitigate the risks identified; and
- (d) monitor reports on fraud risks, policies and control activities that include obtaining assurance that the controls are effective.

6.2 Management and each executive director of the Company is responsible for:

- (a) fostering an environment within their businesses that makes active fraud and corruption control a responsibility of all employees;

- (b) articulating clear standards and procedures to encourage the deterrence of fraud and corruption; and
- (c) the detection and reporting of offences should they occur.

All Relevant Parties are responsible for complying with Group policies and procedures, codes of personal conduct and ethics, avoidance of conflict of interest and maintaining vigilance in early detection, reporting and prevention of fraud and corruption.

Management and the Company's compliance officer (**Compliance Officer**) are responsible for communicating and raising awareness of the risks relating to fraud and corruption with Relevant Parties and for ensuring compliance with Group policies and procedures, adequate rotation of employees and levels of staffing are in place.

Most importantly, they should establish and maintain adequate internal controls that provide for the security and accountability of Group resources and prevent/reduce the opportunity for fraud and corruption to occur.

6.3 The Compliance Officer (with the support of external auditors) has the primary responsibility for:

- (a) investigating internal and external fraud and corruption matters, including using external parties where required and notifying law enforcement or regulatory agencies as necessary;
- (b) conducting a review, at least annually of the adequacy and effectiveness of the Group's fraud and corruption risk management systems;
- (c) ensuring that the risk of fraud and corruption is being appropriately managed and controlled by business units;
- (d) analysing loss trends arising from fraud; and
- (e) advising and assisting relevant business units in the implementation and maintenance of best practice techniques and controls to prevent and detect fraud and corruption.

6.4 The external auditors will be instructed, as part of their audit activity to:

- (a) assess the adequacy and effectiveness of the Group's fraud and corruption risk management processes, in line with the Group's risk management policies;
- (b) support the Compliance Officer with any investigation of any suspected fraud or corrupt activity;
- (c) deliver asset audits with a focus on protecting and substantiating the Group's assets as well as assets held by custodians or clients;
- (d) ensure that fraud and corruption risk is being appropriately managed and controlled by business units when auditing business units including compliance with this policy; and
- (e) analyse loss trends arising from fraud and advise/assist relevant business units, process owners and employees in the implementation and maintenance of best practice techniques and controls to prevent and detect fraud and corruption.

Additionally, any specific fraud risks (with high or moderate risk rating) flagged by the annual fraud risk assessment should form part of the Group Risk Register.

6.5 The Chief Financial Officer (**CFO**) is responsible for ensuring adequate procedures are in place that address:

- (a) appropriate security screening and selection of employees;
- (b) disciplinary / dismissal procedures;
- (c) employment contracts that include relevant conditions of employment relating to fraudulent and corrupt conduct;
- (d) monitoring of annual leave entitlements to ensure that employees do not accumulate excessive annual leave entitlements; and
- (e) clarification and formalisation of responsibilities / segregation of duties (where possible, these should be included in relevant position descriptions).

6.6 The CFO is responsible for making recommendations regarding the placement and maintenance of insurance cover for crime, fraud and fidelity risk for the Group.

- 6.7 The Group's finance team must implement robust processes and controls in relation to expenditure, investments and transfers of money. Provisions, losses and write offs in relation to fraud must be made in accordance with the Group's group accounting policies and procedures.
- 6.8 The Compliance Officer will provide advice and requisite management assistance regarding any prospective investigation or litigation linked to a fraud or corruption event.

7. Investigation protocols

- 7.1 If an investigation identifies that fraud or corruption has occurred, the Compliance Officer will escalate the matter in accordance with **paragraph 8** below.
- 7.2 Decisions to prosecute or refer the examination results to the appropriate law enforcement or regulatory agency will be made in conjunction with the CFO and other members of Management, and in the case of a significant matter, with the Board.
- 7.3 In the event of an investigation, members of the investigating team will have free and unrestricted access to all of the Company's records and premises. They will have the authority to examine, and copy any information within the scope of the investigation.

8. Reporting

- 8.1 Any Relevant Party who suspects fraud or corrupt activity has the ability to report the matter confidentially through one of the following options:
 - (a) notifying his or her immediate manager, the Compliance Officer or the CFO; or
 - (b) directly notifying the Chairman of the Company (**Chair**).
- 8.2 It is the responsibility of all Relevant Parties to report all suspected, attempted or actual fraud or corruption incidents. All information received will be treated confidentially by the Compliance Officer (and other persons to whom incidents are reported) and its relevant supporting functions (asset protection, human resources and internal audit).
- 8.3 Investigations will not be disclosed to, or discussed with, anyone other than those who have a legitimate need to know.
- 8.4 The table below outlines the escalation requirements upon receiving a report of suspected fraud or corruption.

Size and nature of report	Escalation
Any report of suspected fraud or corruption received by Management	Members of Management will escalate to the Compliance Officer. The Compliance Officer will escalate to the CEO.
Where the incident meets the definition of corruption (regardless of the financial impact)	The Compliance Officer will escalate to the Chair of the Company. The Compliance Officer will discuss the matter, including any legal action or required disclosure, with the Chair of the Company, the Board and the Audit and Risk Committee of the Board as appropriate.
Where the incident is fraudulent in nature and the financial impact is greater than \$5,000	The Compliance Officer will prepare an immediate report for the Chair of the Company. The Compliance Officer will discuss the matter, including any legal action or required disclosure, with the Chair of the Company, the Board and the Audit and Risk Committee of the Board as appropriate.
Where the incident has a financial impact of less than \$5,000 and the matter can be immediately contained	The Compliance Officer will ensure the incident is reported to the CEO.

9. Training

The Company will provide training for its senior managers and employees, which will focus on ensuring senior managers and employees are able to recognise fraudulent or corrupt activities and know how to deal with such activities.

10. Review and changes to this policy

10.1 The Board will review this policy every two (2) years or more frequently as it considers necessary.

10.2 The Board may approve updates and amendments to this policy from time to time by resolution.

11. Approved and adopted

This policy was last reviewed and approved by the Board on 6 June 2022.