

Fraud and Corruption Policy

Regal Partners Limited ACN 129 188 450

1. Purpose of this policy

Regal Partners Limited ACN 129 188 450 (**Company**) and its controlled entities (**Group**) is committed to the highest level of integrity and ethical standards in all business practices. The Company recognises that the management of Fraud and Corruption is integral to good governance and management practice and critical to protect the Group, its assets and its reputation.

The Group operates a fraud and corruption control system (**Fraud and Corruption Control System**) which is an overall operational system relating to Fraud and Corruption of which this policy forms part. This policy is not an exhaustive list of all practices and procedures adopted by the Group in respect of Fraud and Corruption.

The purpose of this policy is to:

- (a) minimise the exposure of the Group to Fraud and Corruption, including dishonest acts, bribery, misuse of position and malicious behaviour and criminal acts committed by employees, officers, contractors, clients of, or engaged by, the Group (together **Relevant Parties**, and each a **Relevant Party**);
- (b) codify and promote practices and procedures which form part of the Group's Fraud and Corruption Control System which is aimed at preventing, detecting, and responding to Fraud and Corruption; and
- (c) provide a framework for the detection and reporting of, and response to, suspected or actual Fraud or Corruption.

2. Definitions

2.1 **Corruption** means dishonest activity carried out by a Relevant Party in abuse of his or her office, position of power or trust, which is contrary to the interests of the Group. This can also involve corrupt conduct by the Group or a person purporting to act on behalf of the interests of the Group, in order to secure some form of improper advantage for the Group, for him or herself, or for another person or entity either directly or indirectly. Examples of Corruption 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.

2.2 **Fraud** means dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property by persons internal and/or external to the organisation and/or where deception is used at the time, immediately before or immediately following the activity.. Examples of fraud include, but are not limited to:

- (a) misappropriation of funds, securities, stock, supplies or other assets including use of assets for private purposes;
- (b) cyber fraud;

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

3. Application of this policy

- 3.1 This policy applies to all Relevant Parties.
- 3.2 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.
- 3.3 The policy does not have regard to the Relevant Party's length of service, title or relationship to the Group.
- 3.4 This policy applies in addition to applicable laws and regulations. Relevant Parties should therefore also consider their legal and regulatory obligations, as well as the legal and regulatory obligations of the Group, in relation to Fraud and Corruption.
- 3.5 This policy should be read with reference to the Group's other policies, including without limitation the Company's Code of Conduct and Whistleblower Policy.

4. Responsibility framework

- 4.1 The prevention and detection of Fraud and Corruption is the responsibility of all employees and other Relevant Parties. All employees and other Relevant Parties must report any instances of suspected or actual Fraud or Corruption in accordance with Section 6 this policy.
- 4.2 The Board of Directors of the Company (**Board**) is ultimately responsible for the Group's monitoring, preventing, detection, and reporting of, and responding to, Fraud and Corruption. A Fraud and Corruption Control System has been established to assist the Board with these responsibilities and, as a part of that system, the Board has assigned the following responsibilities:
 - (a) each senior manager and Executive Director of the Company is responsible for:
 - (i) fostering an environment within their businesses that makes active Fraud and Corruption control a responsibility of all employees;
 - (ii) articulating clear standards and procedures to encourage the deterrence of Fraud and Corruption; and
 - (iii) the detection and reporting of suspected or actual Fraud or Corruption;
 - (b) the Chief Executive Officer (**CEO**) is responsible for ensuring adequate rotation of employees and levels of staffing in place;
 - (c) the Group Chief Financial Officer (**CFO**) is responsible for:
 - (i) supporting the Compliance Officer of the Company (**Compliance Officer**) in discharging his or her responsibilities relating to Fraud and Corruption;
 - (ii) ensuring adequate procedures are in place that address:
 - (A) appropriate security screening and selection of employees;
 - (B) disciplinary and 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);
- (iii) making recommendations to the Board regarding the placement and maintenance of insurance cover for crime, fraud and fidelity risk for the Group;
- (iv) ensuring that the Group's finance team implements 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; and
- (v) providing advice and requisite management assistance regarding any prospective investigation or litigation linked to a fraud or corruption event;
- (d) the Compliance Officer(s) is responsible for:
 - (i) communicating and raising awareness of the risks relating to Fraud and Corruption with Relevant Parties, including communicating the contents of this policy and other relevant policies the Relevant Parties.
- (e) the Group's General Counsel (with the support of external auditors) is responsible for:
 - (i) investigating internal and external Fraud and Corruption matters, including using external parties where required, and notifying law enforcement or regulatory agencies as necessary.
- (f) the Group's Chief Risk Officer has the primary responsibility for:
 - (i) developing and implementing the Fraud and Corruption Control System in accordance with applicable standards, and conducting a review of that system at least annually;
 - (ii) monitoring and reporting on the implementation of the Fraud and Corruption Control System to the Board;
 - (iii) monitoring and reporting on the compliance of the Relevant Parties with this policy, including reporting (including recording in the Group's Risk Register) and responding to any suspected or actual Fraud or Corruption;
 - (iv) advising and consulting with senior managers to ensure that adequate and preventative controls, practices and procedures are in place to prevent and detect Fraud and Corruption at an early stage; and
 - (v) and in conjunction with the CFO, engaging external auditors and other advisers, as necessary, to:
 - (A) assist with discharging these responsibilities;
 - (B) assess the adequacy and effectiveness of the Group's Fraud and Corruption Control System;
 - (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;

5. Prevention of Fraud and Corruption

- 5.1 The Board recognises that the Group's primary defence to Fraud and Corruption is preventing fraudulent or corrupt conduct before it occurs. The Group seeks to prevent Fraud and Corruption by implementing and continually monitoring the Fraud and Corruption Control System and the responsibility framework set out in this policy. The Group shall also implement the practices set out in this Section 5 to prevent Fraud and Corruption.
- 5.2 The Group shall implement the following practices to prevent Fraud and Corruption by employees, officers, and contractors:
- (a) ensure that each new employee, officer, and contractor has been appropriately screened via police and other checks prior to commencing employment or service;
 - (b) ensure that each new employee, officer, and contractor has read and understood this policy, the Code of Conduct, and the consequences of failing to comply with Group policies, prior to commencing employment or service;
 - (c) ensure that each new employee, officer, and contractor is fully informed of their responsibilities (including any specific responsibilities which apply to their position) with respect to Fraud and Corruption;
 - (d) report any suspected or actual criminal conduct to relevant law enforcement and other government agencies;
 - (e) discipline and, if appropriate, dismiss or terminate employees, officers, and contractors for engaging in fraudulent or corrupt conduct or for failing to adhere to this policy, the Code of Conduct, or the relevant contract of employment or engagement;
 - (f) monitor annual leave entitlements to ensure that employees do not accumulate excessive annual leave entitlements; and
 - (g) adopt and implement appropriate recommendations arising out of internal or external audits of the Group's Fraud and Corruption practices relating to employees, officers, and contractors.
- 5.3 The Group shall also implement the following practices to prevent Fraud and Corruption:
- (a) regularly assess the risk environment of the business and identify any vulnerabilities to Fraud and Corruption, including by responding to internal and external risk drivers (e.g. fraud events which have occurred within other businesses);
 - (b) develop and implement the Fraud and Corruption Control System in accordance with applicable standards, and conducting a review of that system at least annually;
 - (c) implement appropriate training, raise awareness of Fraud and Corruption with employees, officers, and contractors, and ensure the appropriate resources (including this policy) are readily available to employees, officers, and contractors;
 - (d) maintain details of any Fraud and Corruption threats in the Group Risk Register;
 - (e) implement "stress-testing" to test the operational effectiveness of key controls through submission of test transactions (for example, false invoices or bank change requests);
 - (f) verify the identity of any third party customers, contractors, or counterparties prior to engagements to establish whether the third party has any higher risk attributes such as criminal history or close links to political persons, and to confirm that the third party is not listed on an Australian or other relevant sanctions list; and
 - (g) adopt and implement appropriate recommendations arising out of internal or external audits of the Group's Fraud and Corruption practices relating to third parties.
- 5.4 Each senior manager shall implement the following practices to prevent Fraud and Corruption:
- (a) always conduct themselves in manner which promotes honesty, integrity, and adherence to the Code of Conduct and this policy;
 - (b) develop and mitigate controls to prevent Fraud and Corruption in their area of responsibility and in the wider Group;
 - (c) identify and report on emerging risks regarding Fraud and Corruption; and

- (d) report any concerns regarding the Fraud and Corruption Control System in accordance with this policy; and
- (e) adopt and implement appropriate recommendations arising out of internal or external audits of the Group's Fraud and Corruption practices.

6. Detection and reporting of Fraud and Corruption

- 6.1 The Company recognises that it is primarily reliant on employee and management awareness to detect Fraud and Corruption. As such, all Relevant Parties must report any suspected or actual Fraud or Corruption in accordance with this policy.
- 6.2 While the Group is primarily reliant on employee and management awareness to detect Fraud and Corruption, it may also employ other techniques to provide early detection of suspected or actual Fraud or Corruption, including:
- (a) observation of unusual behaviours or patterns by Relevant Parties, including objective indications (long absences from work, poor timekeeping, refusal to take leave, over-riding of internal controls, unrealistic performance or abrupt / unexpected resignations, sign-ins at unusual times of the day, continuing to complete certain tasks remotely when away on leave, excessive instances of failed log-ins); and subjective indications (changes in wealth, either excessive spending or signs of financial hardship, reluctance to relinquish duties from a previous job function, evasive, ambiguous or misleading responses to questions, over-eagerness to assume another's duties, unusually inquisitive about payment, purchasing systems and processes, aggressive or abusive behaviour);
 - (b) observation of attempted breaches of the Group's systems or premises;
 - (c) identification and analysis of unusual patterns in financial transactions identified within the Group's systems; and
 - (d) identification of suspected Fraud or Corruption highlighted in internal or external audit reports.
- 6.3 **A Relevant Party who suspects or has witnessed Fraud or Corruption must report their suspicion and evidence in one of the following ways as soon as practicable after becoming aware of the conduct:**
- (a) by notifying the Group General Counsel; or
 - (b) by directly notifying the Chair of the Company (**Chair**); or
- 6.4 All information received will be treated confidentially. Investigations will not be disclosed to, or discussed with, anyone other than those who have a legitimate need to know. Information disclosed may be disclosed to law enforcement agencies if criminal conduct is suspected.

7. Response to Fraud and Corruption

- 7.1 The following escalation and response procedure applies if a suspected case of Fraud or Corruption has been identified or reported:

Size and nature of report	Escalation
Any report of suspected Fraud or Corruption received by the Company (regardless of the financial impact)	The General Counsel 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..

- 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 The Board is responsible for implementing a response plan to actual or suspected Fraud or Corruption, including taking disciplinary and/or remedial measures.

- 7.4 In the event of an external independent 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.
- 7.5 All materials and evidence that may relate to an investigation into Fraud or Corruption must be maintained in an appropriate manner.
- 7.6 All suspected and actual incidents of Fraud or Corruption must be recorded in the Group Risk Register.

8. Awareness and training

Relevant Parties should be provided with access to this policy on initial commencement or engagement and should be able to access any updates to this policy. The Company will provide training for Relevant Parties regarding this policy and how to support the Group's Fraud and Corruption Control System.

9. Review and changes to this policy

- 9.1 The Board will review this policy every two (2) years or more frequently as it considers necessary.
- 9.2 The Board may approve updates and amendments to this policy from time to time by resolution.

10. Approved and adopted

This policy was last reviewed and approved by the Board on 23 February 2023.