

# FRAUD & MALPRACTICE POLICY



This Policy is designed to protect Company operations, customers, shareholders and employees from the adverse effect of fraudulent behaviour, and this Policy applies to all employees, directors, contractors and consultants.

The Company requires all staff at all times to act with honesty, integrity and to safeguard the resources for which they are responsible. Fraud and theft is an ever present threat to these resources and hence must be a concern to all members of staff.

Fraudulent and dishonest behaviour can result in substantial cost to the Company, loss of business and damage to our reputation. The Company is committed to working with other organisations, such as clients, suppliers, industry bodies, trade associations, etc, to prevent bribery and corruption in the supply chain, following a request from such an organisation.

## What is Fraud?

Fraud is the deliberate action by a person; or allowing action to be taken by another; for the purpose of, or intention of:

- Obtaining money, assets or services
- Distorting business performance
- Causing loss to the Company, supplier or employee
- Accepting high value gifts or inappropriate hospitality
- Prejudicing the Company's competitive position or business reputation
- Money laundering
- Unauthorised release of confidential information
- Employment of illegal emigrants, those working under an assumed name or anyone unauthorised to work or carry on business in the UK
- Avoidance of taxation

## What is Your Role?

All persons covered by this Policy have a role to play in preventing, detecting and reporting fraud. You must:

- Work in such a way as to prevent fraud, such as in the use of official resources, in the handling and use of corporate funds, whether cash or payment systems, receipts, or dealing with contractors or suppliers
- Immediately report any suspicion of fraud, bribery or corruption to one of the Directors or another Senior Manager

You should not:

- Confront the suspect
- Discuss the suspicion more widely, or
- Begin any investigation that may result in loss of evidence

Employees have a statutory duty to report suspicion of money laundering or knowledge of unlawful funds or bribery immediately to one of the Directors.

Managers are responsible for:

- Identifying the risks to which systems and procedures are exposed
- Developing and maintaining effective controls to prevent and detect fraud, bribery and corruption
- Ensuring that controls are being complied with

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### **Measures to Prevent or Identify Fraud or Malpractice**

The Company will take up references for all new staff engagements and will seek to establish whether or not candidates have a criminal record or have been engaged in malpractice.

Staff should not accept inducements or bribes from clients or suppliers, no matter how small, where the purpose is for the manipulation of the outcome in business dealings.

Staff should not solicit any gift or inducement from clients or suppliers. Staff may accept low value unsolicited gifts and corporate hospitality but not high value gifts or inappropriate hospitality. All such gifts must be registered in the Corporate Gifts and Hospitality Register – using the standard form. The register is to be maintained by one of the Directors.

Staff may not offer any gift or inducement to clients or suppliers beyond properly authorised corporate hospitality from time to time. Hospitality and entertaining of clients and suppliers must be approved by one of the Directors.

Staff should not use any company property or asset for their personal use without the pre-approval of one of the Directors. Such approval should be evidenced in writing and a copy maintained on the personnel file of the relevant member of staff.

Staff should notify their line manager if they believe they have a conflict of interest in any proposed transaction with a supplier or customer.

Staff are to be vigilant and should take all reasonable steps to ensure that confidential information is neither deliberately nor accidentally made available to third parties that are not bound by confidentiality agreements.

Staff should take care to report facts accurately and to exercise prudent and reasonable judgements when reporting forecasts and should take care not to omit important information from reports.

Managers should not use influence to cover up bad news or to suppress good news. Staff who believe their managers are attempting to use such influence should report their suspicion to one of the Directors in confidence.

### **Following the Reporting of Suspected Fraud**

Every reported incident of fraud will be investigated. The confidence of those reporting the incident or suspicion of fraud will be respected.

The investigation will be carried out either internally by Managers, appointed by one of the Directors, having no operational responsibility within the business unit implicated or externally by an appointed agency reporting to one of the Directors.

Following investigation, every fraud involving member of staff will be reported directly to one of the Directors.

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Suspicion of money laundering will be reported to one of the Directors immediately without investigation commencing in order that appropriate external authorities can be notified.

In all cases one of the Directors will take the decision as to whether the police or other authorities should be brought into the investigation.

Staff who are found to have abused the Fraud and Malpractice Policy in a deliberate and malicious attempt to damage the reputation of the Company or any individual will be the subject of disciplinary action.

### Consequences of Committing Fraud

Any employee or director who has committed a fraud should expect suitable disciplinary procedures, which may include summary dismissal. Individuals will normally be prosecuted and the Company will seek to recover losses.

### Review

This Policy will be reviewed following any changes to working practices or applicable legislation, or at least annually.

A handwritten signature in black ink, appearing to read "M Roberts".

Signed:  
Mike Roberts  
Managing Director  
Watermark Systems (UK) Ltd

Date: 6<sup>th</sup> January 2022

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