



## FRAUD AND CORRUPTION POLICY

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## 1. OVERVIEW AND OBJECTIVES

Hillgrove ("Company") aims to promote the prevention, identification, reporting and investigating of fraud and corruption and to educate employees on identifying fraud and reducing potential for fraud through mitigation procedures.

The Company shall deal appropriately with employees found to be involved in fraud or corruption.

The Company has appointed the Chief Commercial Officer as the Fraud Officer.

## 2. DEFINITION OF FRAUD AND CORRUPTION

### FRAUD

Fraud is defined in AS 8001-2003 as being:

"...dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and whether or not this deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for normal business purpose or the improper use of information or position".

Fraudulent behaviour may include, but is not limited to, theft or misappropriation of funds, deriving personal gain from this misuse of authority, credit card or expense claim fraud, false accounting or releasing misleading financial information for the purposes of deceiving or to hide wrong-doing.

### CORRUPTION

Corruption is defined in AS 8001-2003 as being:

"...dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity 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"

Corruption may include, but is not limited to false invoicing, material and deliberate misstatement of accounting information or the financial position of the Company, benefitting from secret commissions, collusive tendering, tax evasion and engaging in misleading and deceptive conduct within the meaning of the *Trade Practices Act*.

Corruption may also include assisting other people in inappropriate or dishonest behaviour.

## 3. RESPONSIBILITY

All Directors and employees of the Company are responsible for the control of fraud and corruption in the Company.

### BOARD

The Board of the Company has a fiduciary duty to act in the interests of the Company, its shareholders and its employees.

## **DIRECTORS**

Each Director is responsible for ensuring that Management does everything within its power to prevent fraud and corruption.

## **EXECUTIVE**

Each member of the executive is responsible for promoting a culture of ethical conduct within each business unit of the Company.

## **EMPLOYEES**

All employees have a responsibility to prevent fraud. Employees are also responsible for reporting actual or potential fraud. Employees should also encourage their peers to promote ethical conduct within the Company.

## **4. RECRUITMENT PROCEDURES**

All potential employees of the Company may be subjected to recruitment procedures.

These procedures may include:

- Reference checks
- Verification of identification
- Verification of relevant qualifications
- ASIC register checks
- Bankruptcy checks
- Criminal history checks

## **5. IDENTIFICATION OF FRAUD AND CORRUPTION**

It is important that all Directors and employees are alert to potential instances of fraud and corruption. Matters that could indicate fraud or corruption include, but are not limited to:

- Disappearance of assets
- Suspicious movements in account balances
- Unexplained activities that arouse suspicion

## **6. REPORTING**

It is extremely important that all instances of fraud and corruption are reported as identified or suspected.

Employees should report via one of four channels:

- To the Chief Commercial Officer;
- To the employee's immediate Line Manager;
- To any member of the Executive; and/or
- Chairman of the Audit and Risk Committee.

## **7. INVESTIGATION**

All potential and identified instances of fraud and corruption will be investigated by the Chief Commercial Officer.

The process may include:

- Interviews with employees;
- Access to employee records and files;
- Requests for data – electronic and hard copy;
- Access to computer information; and
- Alerting of appropriate regulatory authorities.

## **8. RECOVERY OF PROCEEDS**

The Company will pursue those who have committed fraudulent or corruptive acts against the Company and will aim to recover any losses incurred. The Company may also seek compensation through legal proceedings where it is deemed appropriate to do so.