

Fraud and Corruption Prevention

Policy and Procedures



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RISK TECHNOLOGIES

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1. Introduction

Razor Risk Technologies' Fraud and Corruption Prevention Policy and Procedures together set out the approach adopted by the Company in the management of fraud and corruption prevention. They detail Razor Risk Technologies' approach to the prevention, detection, reporting and investigation of fraud and corruption.

Effective implementation of this policy and procedure will help ensure that shareholder confidence in the integrity of Razor Risk Technologies is maintained and its ability to achieve objectives are enhanced.

2. Policy Statement

Razor Risk Technologies promotes an organisational culture that is committed to the highest level of honesty and ethical dealings and will not tolerate any act of fraud or corruption. The Fraud and Corruption Prevention Policy is designed to put these principles into practice.

It is Razor Risk Technologies' policy to protect itself and its resources from fraud and other similar malpractices, whether by members of the public, contractors, sub-contractors, agents, intermediaries or its own employees. Razor Risk Technologies will pursue all suspected acts of fraud or similar malpractices and report these to police as required.

Apart from the legal consequences of fraud and corruption, improper acts have the potential to damage Razor Risk Technologies' image and reputation and financial position. Unresolved allegations can also undermine an otherwise credible position and reflect negatively on innocent individuals.

All staff must be above fraud and corruption. Sanctions will apply to those who are not. In addition, staff must act so they are not perceived to be involved in such activities. Through transparent and accountable decision-making, together with open discussion by staff and managers about the risks of fraud and corruption, Razor Risk Technologies seeks to foster an organisational culture which does not tolerate fraud or corruption.

Razor Risk Technologies will deal fairly with all parties in the course of investigating allegations of fraud or corruption. However, if fraud or corruption is proven to its satisfaction, Razor Risk Technologies will apply appropriate sanctions and matters referred to the police may lead to criminal proceedings.

The prevention of fraud and corruption requires that all staff members act ethically and professionally, in accordance with Razor Risk Technologies' Code of Conduct.

3. Scope of the Policy

This policy applies to any fraud or corruption activity, or suspected fraud or corruption activity, involving employees, Razor Risk Technologies Board Members, Board Committee Members, consultants, vendors contractors, outside agencies doing business with Razor Risk Technologies and / or any other party with a business relationship with Razor Risk Technologies.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position / title or relationship to Razor Risk Technologies.

4. Objectives

The Objectives of this policy are:

- To provide a clear statement to staff forbidding any fraudulent or illegal activity
- To ensure that management is aware of its responsibilities for identifying possible areas of exposure to fraudulent activity and for establishing controls and procedures to prevent such fraudulent activity
- To provide guidance to employees as to action that should be taken where they suspect any fraudulent or corrupt activity; and

- To provide guidelines for conducting investigations into fraudulent and corrupt activities.

5. Definitions

Fraud and corruption can be distinguished from other forms of unethical behaviour. Razor Risk Technologies applies the following definitions which are adapted from those contained in the Australian Standard for Fraud and Corruption Control (AS 8001-2008).

Corruption Dishonest activity in which a Razor Risk Technologies employee, Razor Risk Technologies Board member, Board Committee member, contractor, volunteer or work experience student acts contrary to the interests of Razor Risk Technologies 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.

Fraud Dishonest activity, by a Razor Risk Technologies employee, Razor Risk Technologies Board member, Board Committee member, contractor, volunteer, work experience student or external person, causing actual or potential financial loss to Razor Risk Technologies, including the theft of moneys or other property. This includes the deliberate falsification, concealment, destruction or improper use of documentation used for a normal business purpose or the improper use of other information of position.

Examples of fraud and corruption are provided in Appendix I.

6. Other Inappropriate Conduct

Suspected improprieties concerning an employee's moral, ethical or behavioural conduct should be resolved by departmental management, in conjunction with Human Resources if required, rather than be dealt with under this Policy.

7. Roles and Responsibilities

7.1. Razor Risk Technologies Board

The Razor Risk Technologies Board endorses all Razor Risk Technologies policies.

7.2 Razor Risk Technologies Managing Director and Executives

The Managing Director and Executives consider and recommend all policies and procedures relating to the control and investigation of fraud and corruption including:

- Establishing and maintaining ethical policies, systems and procedures for all aspects of Razor Risk Technologies' work
- Ensuring that staffing policies and practices are fair and equitable
- Ensuring that mechanisms for responding to potentially unethical circumstances are appropriate and effective (eg. grievance and complaint handling systems)
- Ensuring that areas of work that are of inherently higher risk in terms of ethics and corruption are identified and that preventive strategies are in place
- Monitoring the ethical health and culture of Razor Risk Technologies and responding to any issues identified.

All reasonable suspicions of fraud or corruption are reported to the Managing Director and either the Chairman or the Chair of the Risk Management and Audit Committee. All fraud and corruption investigation reports are referred back to the Managing Director and either the Chairman or the Chair of the Risk Management and Audit Committee, who then decide what action is necessary to address the investigation findings.

7.3 Executives

Razor Risk Technologies Executives must ensure that effective fraud and corruption prevention risk management strategies are established in their area and that staff are aware of the provisions of this Policy. They are responsible for instituting, documenting and maintaining a system of internal controls to provide reasonable assurance of the prevention and detection of fraud and corruption in the workplace.

7.4 All Razor Risk Technologies Staff

All Razor Risk Technologies staff have a duty to:

- Comply with policies, procedures and controls
- Act ethically, lawfully and in accordance with the principles contained in the Code of Conduct
- Report potentially unethical or corrupt practices via the established mechanisms
- Make management aware of any weaknesses in the internal control systems / practices that might lead to fraud and assisting to improve such procedures or controls where they are found to be inadequate.

8. Fraud and Corruption Risk Management

Razor Risk Technologies systematically assesses its functions and responsibilities to identify all potential risk areas and to develop a risk management plan to control high and medium risk issues. Significant, strategic or agency wide risks are incorporated into Razor Risk Technologies' Corporate Risk Register and monitored by Executives.

Building on this broad risk assessment, a further specific risk assessment of potential fraud and corruption issues is undertaken periodically. Razor Risk Technologies Executives oversee this risk assessment activity.

Following the fraud and corruption risk assessment an action plan is developed to address those areas where improved control is warranted.

9. Review of Fraud Control Arrangements

Razor Risk Technologies' Fraud and Corruption Prevention Policy and Procedures is subject to an ongoing process of continuous improvement, monitoring and adjustment to ensure it appropriately addresses all current fraud and corruption issues.

Appendix 1: Examples of Fraud and Corruption

The following list is not exhaustive but includes some of the more common examples of fraud and corruption:

Theft of assets, such as:

- Equipment
- Consumables or supplies
- Cash
- Information
- Intellectual property
- Workers' compensation reimbursements

Unauthorised or illegal use of assets, information or services for private purposes, including:

- Computers, including email and the internet
- Motor vehicles
- Clerical and other support
- Confidential information
- Equipment, including photocopiers, telephones and fax machines
- The Razor Risk Technologies name or logo eg. through use of letterhead or staff authority /access card

Abuse of position and power for personal gain, such as:

- Seeking and obtaining bribes or other gifts in exchange for favourable treatment
- Nepotism in staff appointments

Manipulation and misuse of account payments, such as:

- Fictitious employees on the payroll
- Ordering equipment for private and personal use
- Favouring suppliers whose costs/products are not as competitive as other suppliers
- Favouring suppliers who have a personal relationship with the employee

Falsification of records, including;

- Timesheets
- Travel claims
- Purchase orders
- Petty cash vouchers

Manipulation of computer programs for improper purposes, such as:

- Unauthorised approval to pay
- Diversion of proceeds
- Writing off debts