

***Fraud & Corruption
Prevention and Investigation Policy***

Matanataki Pte Ltd and Matanataki Pacific Fund 1 is committed to an effective approach to the management of the risk of fraud and corruption. Matanataki Pte Ltd and Matanataki Pacific Fund 1 has a zero-tolerance principle to fraud and corruption. As an organization that condemns and fights corruption as one of the key drivers of poverty, environmental degradation and bad governance, it requires its own members and co-contractors at all times to act and comply with its zero-tolerance principle by fully conforming to all procedures and policies adopted to prevent corruption and fraud in our offices. All members and co-contractors should therefore be irreproachable in their personal conduct.

For this Policy, co-contractors are defined as hired consultants, volunteers, interim staff, other organizations' staff hired by Matanataki Pte Ltd and Matanataki Pacific Fund 1 or working on Matanataki Pte Ltd and Matanataki Pacific Fund 1 projects.

Fraud and corruption are an ever-present threat to Matanataki Pte Ltd and Matanataki Pacific Fund 1's assets and reputation and so must be a concern of all members of staff and co-contractors. Where there is any evidence or possibility of fraudulent or corrupt activities, Matanataki Pte Ltd and Matanataki Pacific Fund 1 will deal with it in a firm and controlled manner. Matanataki Pte Ltd and Matanataki Pacific Fund 1 seeks, at all times, to deal with its staff, co-contractors, partners, supporters and suppliers with honesty and integrity. The organization expects these individuals to treat it and each other in the same way. Behaviour that falls short of the required standards is not acceptable. Where such behaviour is suspected it will be investigated and, where proven, legal and/or disciplinary action taken.

All staff of Matanataki Pte Ltd and Matanataki Pacific Fund 1 are tasked with ensuring that appropriate measures are in place to prevent, deter, detect and communicate potential fraud and corruption. This Policy is designed to:

- Define fraudulent and corrupt activities and increase awareness
- Encourage prevention;
- Define standards of personal conduct for the organization;
- Define the responsibilities at different levels;
- Promote and understand methods of detection; and
- Identify a clear pathway for the investigation and reporting of fraud and corruption.

In all cases, if any staff has any concerns as to whether actions may be fraudulent or corrupt, they should first seek advice from the relevant senior staff or Line Manager and its contracted advisors.

Definitions

What is Fraud and Corruption?

The term fraud is used to describe a whole range of activities such as deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. It involves the act of deceit against the organisation in order to obtain a personal or collective advantage, avoid an obligation or cause a loss.

Corruption involves the act of dishonestly obtaining an advantage from a third party by abusing an entrusted power for private gain. Neither fraud nor corruption are restricted to monetary or material benefit, but could also include intangible benefits such as status or information.

It can be seen from the above that fraud and corruption covers a wide range of activity including (but not exclusive to):

- Theft of assets
- Misappropriation of funds
- Misuse of the organization's assets (e.g. using Matanataki Pte Ltd and Matanataki Pacific Fund 1 assets privately without permission)
- Deception (e.g. misrepresentation of qualifications to obtain employment)
- Knowingly misrepresenting the financial status (e.g., through false financial statements) of an office, a project, an activity, etc.
- Theft from a partner, customer or supplier
- The theft or misuse of proprietary data
- Theft of Intellectual Property
- Providing favours or money to judges or other government officials to pursue personal or Matanataki Pte Ltd and Matanataki Pacific Fund 1 goals
- Providing contracts to third parties for the provider's personal benefit.

Prevention

Matanataki Pte Ltd and Matanataki Pacific Fund 1 seeks to regulate the actions of staff and to ensure that appropriate procedures are in place to prevent fraud and corruption. These procedures include

- Field operations/procedures manuals - both those issued by Matanataki Pte Ltd and Matanataki Pacific Fund 1 or manuals issued for specific offices and in particular
 - travel and expense policies
 - management and control of vehicle usage
 - management and control of the use of consultants
 - ensuring adequate segregation of duties where required
- The personnel procedure/employee handbook
- The employment contract
- Network standards and in particular the standard for recruitment of consultants
- I.T. policies
- Standard contract conditions protecting the use of the Matanataki Pte Ltd and Matanataki Pacific Fund 1 logo etc.

Although the Company bear's overall responsibility for establishing, maintaining and ensuring enforcement of a sound system of internal control, in practice these responsibilities fall directly on line management and many involve all of Matanataki Pte Ltd and Matanataki Pacific Fund 1's staff wherever located

Personal Conduct

Matanataki Pte Ltd and Matanataki Pacific Fund 1 staff must have, and be seen to have, high standards of personal integrity. They

should not accept or offer gifts, hospitality or benefits of any kind from a Matanataki Pte Ltd and Matanataki Pacific Fund 1 third party that might be seen to compromise their integrity or to be benefiting the person offering the service or the recipient personally and/or at the cost of Matanataki Pte Ltd and Matanataki Pacific Fund 1's reputation. However, small gifts with no material value may be received or offered in appropriate situations provided there is no appearance of corruption or conflict of interest.

In particular, it is Matanataki Pte Ltd and Matanataki Pacific Fund 1 policy that under no circumstances should any payments or anything of value be made, promised or offered to any government employee in contravention of applicable laws in the relevant country. Furthermore, no assistance, payments or anything of value (monetary or non-monetary) should be made, promised, offered to, or accepted any government employee or official to:

- Influence any official government act or decision;
- To induce any government employee or official to do or omit to do any act in violation of his/her lawful duty;
- To obtain or retain business for, or direct business to any individual or entity.

The Company's Responsibilities

The company has specific responsibility for the promotion of an anti-fraud/corruption environment and is responsible for:

- Providing guidance on the measures to be taken by the company in order to implement this policy.
- Arranging for reported incidents of actual or suspected fraud/corruption to be promptly and appropriately investigated in conjunction with the appropriate directors/managers.
- Through these management resources, ensuring that appropriate legal and/or disciplinary action is taken against the perpetrators of actual or attempted fraud or corruption as well as those complicit in such acts.
- Reporting incidents of fraud/corruption to relevant third parties as required.
- Updating this policy in line with current best practice.
- his Fraud/Corruption Prevention and Investigation Policy is communicated to all managers and members and implemented in full. (If needed, the Policy and related training materials should be translated into local language.)
- Managers and members have the necessary training in order to comply with their obligations.
- Managers and members have the necessary "atmosphere" in which to ensure compliance (e.g., there is an understood and accepted "zero-tolerance" rule vis-à-vis fraud/corruption, staff know how and to whom to address their concerns if fraud or corruption is suspected, etc.).
- Reports of suspected fraud and corruption are notified to their superior as appropriate.
- Recommendations for control improvements following any investigations are promptly implemented.
- Ensure all staff, consultants and, where relevant, sign this Policy, acknowledging their understanding and compliance of it, as well as sign a Conflict of Interest Disclosure.
- Ensure this Policy – including the "Whistle Blower" contact (see below) – is readily available to all staff (e.g., publish as appropriate on office's intranet site, and staff know where to go to find it, display the phone number via posters etc).
- Procedures are in place to ensure co-contractors read, approve and sign this Policy.

- Assessing the types of fraud and corruption risk involved in the operations for which they are responsible.
- Ensuring that an adequate system of internal control exists within their areas of responsibility and that these controls are effective.
- Ensuring that all staff reporting to them fully understand the internal control system in place and that they adhere to these control procedures at all times.
- Regularly reviewing these control systems to ensure compliance and to satisfy themselves that the systems continue to operate effectively.

Line managers should be alert to the possibility that unusual events or transactions could be symptoms of fraud or corruption. Managers should ensure that satisfactory controls are in place and be alert to any “red flags” that come to their attention. Particular *examples* of such “red flags” are as follows:

- Unusual or inadequately documented payments.
- Purchases which have not passed through the normal procedure for obtaining estimates.
- Excessive rates of remuneration paid to consultants.
- Regular use of the same consultants (e.g., due to family connections).
- Use of government officials as consultants or the provision of travel grants to government officials.
- Excessive fuel usage.
- Sale of assets to third parties which do not follow laid down procedures.

Such activity may be highlighted as a result of specific management checks or be brought to management’s attention by a third party. Irregularities may also occasionally come to light in the course of an internal audit or during the annual year-end audit.

Internal Audit Responsibilities

Internal Audit is required to give independent assurance on the effectiveness of the processes put in place to manage the risk of fraud or corruption. As part of this role Internal Audit will:

- Review and report on prevention and detection processes put in place by management.
- Make recommendations to improve those processes.
- Lead or assist such investigations when requested by senior management.
- Consider fraud risk in every audit.
- The Director(s) / Partner(s) are to engage an internal audit firm when needed.

Staff Responsibilities

Every staff of Matanataki Pte Ltd and Matanataki Pacific Fund 1 has a duty to ensure that the organization’s assets and funds

are safeguarded and to report immediately if they suspect a fraud has been committed or they see any suspicious acts or events (see investigation section below). In addition they should alert the relevant senior staff or Line Manager where they believe that the opportunity for fraud or corruption exists because of weak procedures or the lack of effective oversight. Staff should assist in any investigation by making available all relevant information and by co-operating in investigations (e.g., interviews, provision of documentation, etc)

All staff must read and sign the Policy document *on an annual basis*, stating that he or

she has read, understands and commits to it. In addition, every staff member completes a Conflict of Interest Disclosure *on an annual basis*.

Investigation of Fraud or Corruption

Reporting Suspected Fraud

Where any staff suspects a fraudulent or corrupt act has been or is being committed she/he should immediately report it to the relevant senior staff or Line Manager. This may be done directly or via the relevant senior staff or Line Manager. The manager must then inform the Director(s) / Partner(s) who will ensure that the allegation is promptly and appropriately investigated. If the employee feels unable to report the allegation through these channels then he/she should use Matanataki Pte Ltd and Matanataki Pacific Fund 1's Whistle Blower Policy to do this (see below).

Investigating Suspected Fraud

It is the relevant senior staff or Line Manager's responsibility to ensure that each allegation is appropriately and promptly investigated in accordance with the response plan. The relevant senior staff or Line Manager should ensure that all concerned are kept aware of developments as appropriate. As a minimum requirement the relevant senior staff or Line Manager should report at the end of any investigation of fraud or corruption:

- Details of what has taken place, the loss to the organization (if any), how it was
- detected and the likely reasons this fraudulent or corrupt act was able to take place.
- Action taken (if any) to deal with the persons involved in the fraud or corruption.
- Action taken to recover lost assets and funds where applicable.
- Lessons learned and actions taken to prevent recurrence of such fraudulent or
- corrupt activities.

Proven fraudulent or corrupt activity by an employee will be treated as gross misconduct and appropriate disciplinary action will always be taken. ***In any event, whether an outsider or an employee commits the fraud, Matanataki Pte Ltd and Matanataki Pacific Fund 1 may also initiate civil action to recover losses.***

Whistle Blower Policy

The whistle blower policy provides a mechanism for the reporting of illegal activity or the misuse of Matanataki Pte Ltd and Matanataki Pacific Fund 1 assets while protecting the employees who make such reports from retaliation.

Questionable Conduct. This policy is designed to address situations in which an employee suspects another employee has engaged in illegal acts or questionable conduct involving Matanataki Pte Ltd and Matanataki Pacific Fund 1's assets. This conduct might include outright theft (of equipment or cash), fraudulent expense reports, misstatements of any accounts to any manager or to Matanataki Pte Ltd and Matanataki Pacific Fund 1's auditors, or even a member's conflict of interest that results in financial harm to Matanataki Pte Ltd and Matanataki Pacific Fund 1 but also extends to acts of corruption. Matanataki Pte Ltd and Matanataki Pacific Fund 1 encourages members to report such questionable conduct and has established a system that allows them to do so anonymously if necessary.

Making a Report. If an employee suspects illegal conduct or conduct involving misuse of

Matanataki Pte Ltd and Matanataki Pacific Fund 1 assets or in violation of the law, he or she may report it, anonymously if the member wishes, and will be protected against any form of harassment, intimidation, discrimination or retaliation for making such a report in good faith.

Staff can make a report to any of the following Matanataki Pte Ltd and Matanataki Pacific Fund 1 Senior Management at any time: Director, Partner. Their names and contact information are available at the end of this policy statement. Reports can be made by telephone or in writing.

Matanataki Pte Ltd and Matanataki Pacific Fund 1 will promptly conduct an investigation into matters reported, keeping the informant's identity as confidential as possible consistent with our obligation to conduct a full and fair investigation.

Alternatively, staff can make a report by calling an independent “whistle blower” phone line that will be answered by an outside company. The information provided will be forwarded promptly to Matanataki Pte Ltd and Matanataki Pacific Fund 1 for investigation. Callers to the whistle blower hotline may remain anonymous if they wish. The whistle blower phone line and access requirements are set out at the end of this policy.

All reports received either directly or via the Whistleblowing hotline will be passed to Matanataki Pte Ltd and Matanataki Pacific Fund 1’s Director(s) and/or Partner(s) and handled with the assistance of Matanataki Pte Ltd and Matanataki Pacific Fund 1’s legal counsel.

Protection of Employees Who Report Misuse of Matanataki Pte Ltd and Matanataki Pacific Fund 1 Assets

No Retaliation. A staff who has made a report of suspicious conduct and who subsequently believes he or she has been subjected to retaliation of any kind by any Matanataki Pte Ltd and Matanataki Pacific Fund 1 staff is directed to immediately report it to the relevant senior staff or Line Manager. Reports of retaliation will be investigated promptly in a manner intended to protect confidentiality as much as practicable, consistent with a full and fair investigation. The party conducting the investigation will notify the member of the results of the investigation.

Matanataki Pte Ltd and Matanataki Pacific Fund 1 strongly disapproves of and will not tolerate any form of retaliation against employees who report concerns in good faith regarding Matanataki Pte Ltd and Matanataki Pacific Fund 1’s operations. Any employee who engages in such retaliation will be subject to discipline up to and including termination.

Whistle Blower Phone Line: Please see below the telephone contact number and email for the Whistleblower hotline – call charges may be reversed if caller wishes.

WHISTLEBLOWER HOTLINE TELEPHONE NUMBER AND EMAIL
In House Legal Counsel, Matanataki Pte Ltd, +679 345 0215, info@matanataki.com