



**SALTER
BROTHERS**

EMERGING COMPANIES LIMITED

Anti-bribery, fraud and corruption policy

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Salter Brothers Emerging Companies Limited
ACN 646 715 111 (**Company**)

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Anti-bribery, fraud and corruption policy

1. Purpose

The purpose of this policy is to protect the assets and reputation of Salter Brothers Emerging Companies Limited ACN 646 715 111 (**Company**) and its related bodies corporate (**Group**) by:

- reinforcing the commitment and responsibility of the board of directors of the Company (**Board**) and the management of the Group to identify fraudulent and corrupt activities and for establishing policies, controls and procedures for prevention and detection of these activities;
- reinforcing the requirement for all officers, employees (if any), contractors, managers (including the manager engaged by the Company to manage its investment portfolio) of, or engaged by, the Group and others (**Relevant Persons**) to refrain from corrupt and fraudulent conduct and encourage the reporting of any instance of fraud or corrupt conduct;
- acknowledging the serious criminal and civil penalties that may be incurred as a result of the Relevant Persons engaging in fraudulent and corrupt activities;
- providing a framework for conduct of investigations to ensure that all suspected fraudulent and corrupt activity is dealt with appropriately in accordance with the Company's values or statement of values (**Values Statement**); and
- assigning responsibility for the development of controls to prevent and detect fraud.

2. Scope

This policy applies to all Relevant Persons.

Any irregularity or suspected irregularity, involving a shareholder, vendor, consultants or any other third party agencies doing business with the Group or its officers, employees or contractors, is included in the scope of this policy.

This policy does not have regard to the Relevant Person's length of service, title or relationship to the Group.

This policy does not limit any rights or obligations which the Relevant Persons have at law.

3. Definition of fraud and corruption

Corruption is defined (for the purposes of this policy) as a dishonest activity in which a director, officer, executive, manager, employee or contractor of an entity acts in a manner that is contrary to the interests of the Group 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.

Examples of corrupt conduct include, but are not limited to:

- payment of secret commissions (bribes, facilitation payments or gratuities) in money, or some other value, to other businesses, individuals or public officials;
- receipt of bribes or gratuities from other businesses, individuals or public officials;
- release of confidential information, for other than a proper business purpose, sometimes in exchange for either a financial or non-financial advantage;
- an officer, employee or contractor of the Group manipulating a tendering process to achieve a desired outcome; or
- a conflict of interest involving an officer, employee or contractor of the Group acting in his or her own self-interest rather than in the interests of the Group.

Fraud is defined as an intentional act by one or more individuals among management, those charged with governance, officers, employees, contractors or other third parties, involving the use of deception to obtain an unjust or illegal advantage.

A fraud can typically result in actual or potential financial loss to any person or entity however this is not always the case.

Examples of fraud could include, but are not limited to:

- misappropriation of funds, securities, stock, supplies or other assets including use of assets for private purposes;
- causing a loss to the Group or creating a liability for the Group by deception;
- impropriety in the handling or reporting of money or financial records;
- profiting from insider knowledge of the Group's activities or intended activities;
- accepting or seeking anything of value from contractors, vendors or persons providing services or goods to the Group;
- false invoicing for goods or services never rendered or backdating agreements;
- submission of exaggerated or wholly fictitious accident, harassment or injury claims; or
- misuse of sick or family leave.

4. Policy

The Group requires all Relevant Persons at all times, to act honestly and with integrity and to safeguard the Group's resources for which they are responsible. The Group is committed to protecting all revenue, expenditure and assets from any attempt to gain illegal financial or other benefits.

The Group prohibits its Relevant Persons from engaging in activity constituting bribery, fraud or corruption. Any fraud or corruption committed against the Group is a major concern and as a consequence all cases will be thoroughly investigated and appropriate disciplinary action will be taken against any Relevant Persons who is found guilty of corrupt or fraudulent conduct. This may include referral to the appropriate law enforcement or regulatory agencies for independent investigation.

The Group acknowledges that serious criminal and civil penalties and serious reputational damage may be incurred if the Group is involved in bribery, fraud or corruption.

5. Code of conduct

The Company's code of conduct assists in preventing fraud and corruption within the Company and it specifically requires Relevant Persons to comply with the code.

6. Anti-bribery, fraud and corruption control

Board and senior management responsibility

The Board is ultimately responsible for 'setting the tone at the top' and has a responsibility to:

- ensure that there is an effective fraud and corruption risk management framework in place;
- understand the fraud and corruption risks to which the Group is exposed;
- maintain oversight of the fraud risk assessment and the controls in place to mitigate the risks identified; and
- monitor reports on fraud risks, policies and control activities that include obtaining assurance that the controls are effective.

Business unit responsibilities

All business unit managers (or equivalent, if any) are responsible for:

- fostering an environment within their businesses that makes active fraud and corruption control a responsibility of all Relevant Persons;
- articulating clear standards and procedures to encourage the deterrence of fraud and corruption; and
- the detection and reporting of offences should they occur.

All Relevant Persons are responsible for complying with Group policies and procedures, codes of personal conduct and ethics, avoidance of conflict of interest and maintaining vigilance in early detection, reporting and prevention of fraud and corruption.

Managers and supervisors are responsible for:

- communicating and raising awareness of the risks relating to fraud and corruption with Relevant Persons and for ensuring compliance with Company policies and procedures, adequate rotation of those involved in the management of the Group's business and levels of staffing are in place; and
- establishing and maintaining adequate internal controls that provide for the security and accountability of Group resources and prevent / reduce the opportunity for fraud and corruption to occur.

Risk team

The risk team or appropriate personnel (with the support of external auditors) has the primary responsibility for:

- investigating internal and external fraud and corruption matters, including using external parties where required and notifying law enforcement or regulatory agencies as necessary;
- conducting a review, at least annually, of the adequacy and effectiveness of the Group's fraud and corruption risk management systems;
- ensuring that the risk of fraud and corruption is being appropriately managed and controlled by business units;
- analysing loss trends arising from fraud; and
- advising and assisting relevant business units in the implementation and maintenance of best practice techniques and controls to prevent and detect fraud and corruption.

External auditors

The external auditors will be instructed, as part of their audit activity to:

- assess the adequacy and effectiveness of the Group's fraud and corruption risk management processes, in line with the Group's risk management policies
- support the risk team (or appropriate personnel) with any investigation of any suspected fraud or corrupt activity
- deliver asset audits with a focus on protecting and substantiating Group assets, with the main focus of this aspect of their audits being on payment and invoicing systems, physical security and other asset and customer level processes;
- 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
- analyse loss trends arising from fraud and advise/assist relevant units, process owners and officers, employees and contractors in the implementation and maintenance of best practice techniques and controls to prevent and detect fraud and corruption.

Additionally, any specific fraud risks (with high or moderate risk rating) flagged by the annual fraud risk assessment will form part of the annual external audit program.

Human resources

The human resources team (or appropriate personnel) is responsible for ensuring that adequate procedures are in place that address:

- appropriate security screening and selection of officers and employees;
- disciplinary / dismissal procedures;
- employment contracts that include relevant conditions of employment relating to fraudulent and corrupt conduct;
- monitoring of annual leave entitlements to ensure that officers and employees (if any) do not accumulate excessive annual leave entitlements i.e. four weeks over and above their yearly entitlement; and
- clarification and formalisation of responsibilities / segregation of duties (where possible, these should be included in relevant position descriptions).

The human resources team (or appropriate personnel) will also be responsible for providing regular training in respect of this policy that will:

- assist with the identification and mitigation of fraud and corruption risk;
- provide effective fraud and corruption mitigation techniques; and
- enforce the Company's zero tolerance policy on fraud and corruption.

The Company's engaged investment manager and any persons assisting with the management of the Company's investment portfolio (**Investment Team**) is responsible for making recommendations regarding the placement and maintenance of insurance cover for crime, fraud and fidelity risk for the Company.

Finance

The Group's finance team (or appropriate personnel) must implement 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 accounting policies and procedures.

Investigations

The Investment Team (or appropriate personnel) will provide advice and requisite management assistance regarding any prospective investigation or litigation linked to a fraud or corruption event.

7. Investigation protocols

If an investigation identifies that fraud or corruption has occurred, the risk team (or appropriate personnel) will escalate the matter in accordance with section 8 below.

Decisions to prosecute or refer the examination results to the appropriate law enforcement or regulatory agency will be made in conjunction with the Investment Team, and in the case of a significant matter, with the Board.

In the event of an investigation, members of the investigating team will have free and unrestricted access to all the Company's records and premises. They will have the authority to examine, copy and remove any information within the scope of the investigation.

8. Reporting

Any Relevant Persons who suspects fraud or corrupt activity has the ability to report the matter confidentially through one of the following options;

- notifying his or her immediate manager; or
- directly notifying the chairperson of the Audit, Risk and Compliance Committee (**Chairperson**).

It is the responsibility of all Relevant Persons to report any breaches of this policy including all suspected, attempted or actual fraud or corruption incidents. All information received is treated confidentially by the risk team and its relevant supporting functions (asset protection, human resources and internal audit).

Investigations will not be disclosed to, or discussed with, anyone other than those who have a legitimate need to know.

The table below outlines the escalation requirements upon receiving a report of suspected fraud or corruption.

Size and nature of report	Escalation
Any report of suspected fraud or corruption received by management	The Chairperson
Where the incident meets the definition of corruption (regardless of the financial impact)	The Chairperson will escalate to the Board. The Chairperson will discuss the matter, including any legal action or required disclosure, with the Board and the Audit, Risk and Compliance Committee as appropriate.
Where the incident is fraudulent in nature and the financial impact is greater than \$20,000	The Chairperson will prepare an immediate report for the Board. The Chairperson will discuss the matter, including any legal action or required disclosure, the Board and the Audit, Risk and Compliance Committee as appropriate.
Where the incident has a financial impact of less than \$20,000 and the matter can be immediately contained	The Chairperson will ensure the incident is reported in a risk report to Board.

9. Policy review

The Board will initiate a review of this policy at least annually. Any proposed changes to this policy must be approved by the Board.

10. Approved and adopted

This policy was approved by the Board on 20 April 2021.