

medine

**MEDINE FRAUD
POLICY**

DECEMBER 2022

MEDINE FRAUD POLICY

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MEDINE FRAUD POLICY

1. INTRODUCTION

- 1.1. Medine values its reputation for financial probity and reliability. It recognises that over and above any financial damage suffered, fraud may reflect adversely on its image and reputation. It has a commitment to high integrity, ethical and moral standards. All members of staff are expected to share this commitment.
- 1.2. The Board is absolutely committed to maintaining an honest, open and well-intentioned atmosphere within Medine. It is therefore also committed to the elimination of any fraud within the organisation, and to the rigorous investigation of any such cases. The Board encourages anyone having reasonable suspicions of fraud to report them. For these purposes, reasonably held "suspicions" shall mean any suspicions other than those, which are raised maliciously and found to be groundless.
- 1.3. The purpose of this policy is to provide direction to all employees who find themselves having to deal with suspected cases of fraud and to advise on various aspects and implications of an investigation. It also sets out the responsibilities with regard to the prevention of fraud.

2. SCOPE OF THE POLICY

- 2.1. This policy applies to any irregularity, or suspected irregularity, involving employees as well as consultants, vendors, contractors, and/or any other party with a business relationship with the Company. Any investigative activity required will be conducted without regard to any person's relationship to the organisation, position or length of service.
- 2.2. Fraud committed by outside parties is included under this policy but thefts/burglaries by criminals are excluded and this needs to be reported to the police for investigation.
- 2.3. This policy applies to Medine Limited and its subsidiaries (hereinafter referred to as 'The Company'), and it should be read in conjunction with the Medine Whistleblowing Policy and Procedures.

3. DEFINITION OF FRAUD

- 3.1. There is no precise legal definition of fraud in Mauritius.
 - 3.1.1 Offences referred to as fraud are covered under the *Companies Act 2001*, namely under section 333:

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"Any director, employee, or shareholder of a Company who:

(a) fraudulently takes or applies property of the Company for his own use or benefit, or for a use or purpose other than the use or purpose of the Company; or

(b) fraudulently conceals or destroys any property of the Company, shall commit an offence and shall, on conviction, be liable to a fine not exceeding 1,000,000 rupees and to imprisonment for a term not exceeding 5 years."

3.1.2 Additionally, pursuant to sections 330 and 333 of the *Criminal Code*, swindling and embezzlement are criminal offences and involve fraudulent and dishonest practices aiming at obtaining money.

3.1.3 The *Association of Certified Fraud Examiners* defines fraud as "any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means."

3.1.4 The *IIA's International Professional Practices Framework* defines fraud as:

"...any illegal act characterised by deceit, concealment, or violation of trust. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organisations to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business advantage."

3.1.5 The following examples are among those considered to fall within the definition of fraud:

- theft of Company property, including information;
- forgery or alteration of Company documents;
- misappropriation or use of Company assets for personal gain;
- acceptance of bribes or gifts to favour third parties;
- knowingly generating or paying false claims or invoices.

4. RESPONSIBILITIES

4.1 Management are responsible for:

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

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4.2 The Company is responsible for:

- Ensuring compliance with Medine's policies and procedures throughout their operations.
- Encouraging an open and ethical culture amongst staff and management.
- Developing pro-active methods of fraud detection, for example data mining, analysis and surprise spot checks.
- Considering their exposure to fraud risk and introducing preventative controls into new and existing systems and processes.
- Implementing initiatives that enhance fraud risk management effectiveness, including procedures that enable employees to inform management of suspected fraud, theft and wrongdoing.
- Developing and maintaining effective controls to prevent fraud.
- Reporting all suspected cases of fraud or theft by an employee promptly to the Chief Executive Officer and/or the Head of Internal Audit & Risk Management.
- Carrying out vigorous and prompt investigations if fraud occurs.
- Taking appropriate legal and/or disciplinary action against perpetrators of fraud.
- Taking any relevant and proportionate actions deemed necessary against those business unit employees directly responsible for the control failures that have contributed to the commission of the fraud.

4.3 Individual members of staff have a duty to:

- Act with propriety in the use of official resources and in the handling and use of funds, whether they are involved with cash or payments systems, receipts or dealing with contractors or suppliers.
- Report known or suspected fraud to their direct reporting line in their Company/Business Unit or via the Medine Whistleblowing Policy and Procedures.
- Comply with the Company's policies and procedures.

5. FRAUD INVESTIGATION & REPORTING

- Where reasonable suspicion that fraud against the Company has taken place, the Managing Director/General Manager/Officer in Charge is entitled to investigate the matter thoroughly using recognised and legitimate investigative techniques.
- Once a fraud is confirmed, it should immediately be notified to the Chief Executive Officer, Head of Finance, Group Human Resources Manager, Head of Legal, the Head of Internal Audit & Risk Management and the Chairman of the Audit & Risk Committee.
- There is no minimum limit for a fraud report to be triggered since any potential weakness in internal controls is as relevant as the amount of the loss. The alleged fraud must therefore be reported whether or not it was actually successful and whether or not it was carried out by employees or outside parties.

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- All investigations will be carried out objectively and confidentially, and independently of the line management for the area in which the fraud has occurred or is suspected.
- In certain cases, the Medine Internal Audit or a third-party investigator may be outsourced/employed in order to gather sufficient evidence to hand the case over to the proper authorities (if need be).
- The appointed investigating team and/or the Head of Internal Audit & Risk Management are authorised to enter any Medine group premises, be given access to any information requested, and have access to all staff (with reasonable notice).
- The fraud report should include the following:-
 - The circumstances surrounding the fraud or irregularities;
 - A description of how it was discovered;
 - The modus operandi of the fraud;
 - A summary of actions taken on discovery;
 - An estimate of the loss; and
 - Recovery of the loss (insurance).
- The rights of individuals will be respected at all times.
- Lessons learnt will be shared across the group as soon as possible after an investigation is concluded.
- The investigation and actions are to be recorded.

6. RECOVERY OF LOSSES

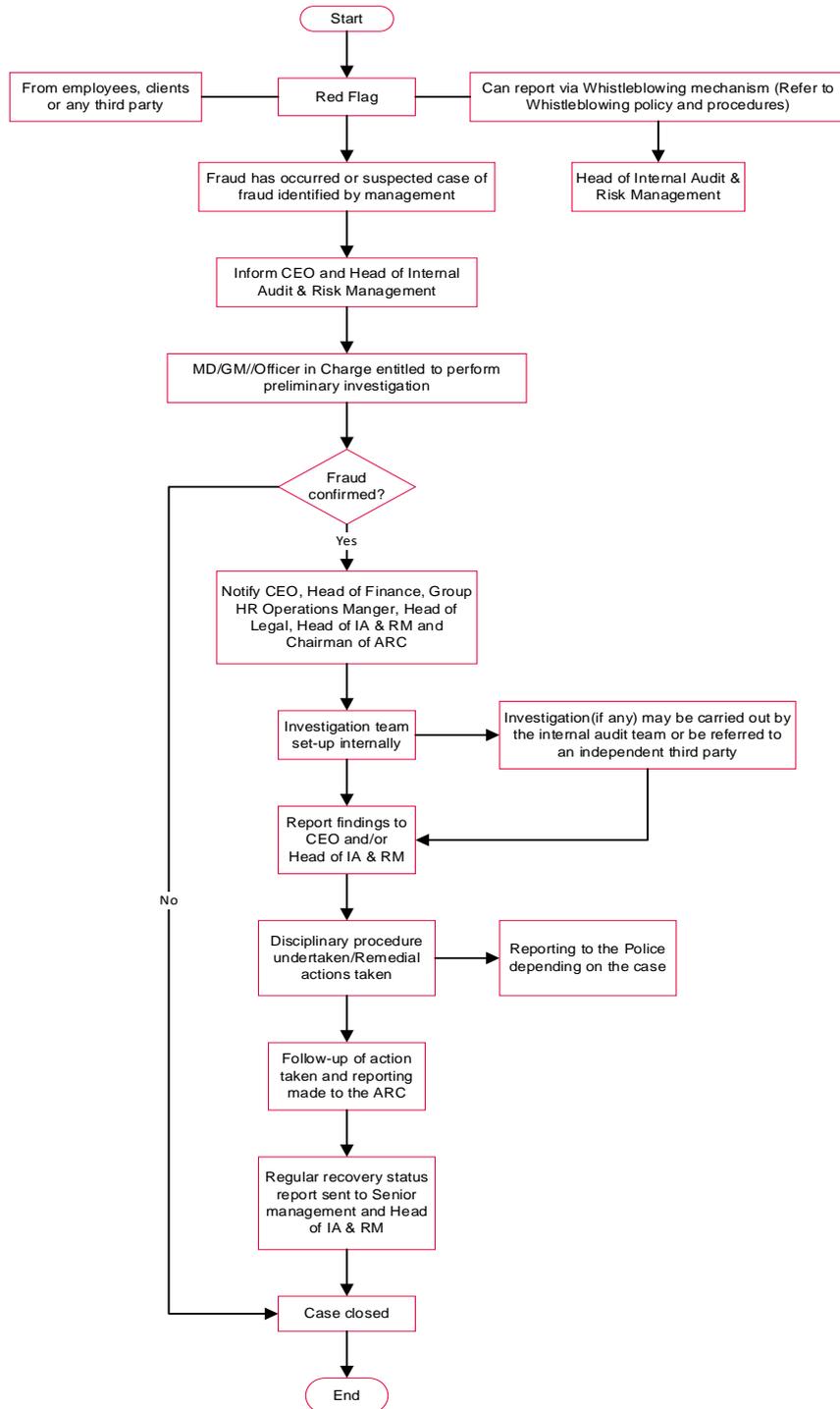
- Where members of staff have been found directly involved in a fraud against the Company, whether actual or attempted, they will be subject to disciplinary procedures, which will result in dismissal.
- Where Staff members were involuntarily involved in the fraud or attempted fraud, the Company shall determine any actions to be taken against them on a case to case basis.
- The Company will also seek to recover its assets through appropriate legal means available to it. This is without prejudice to any other action which the Company may take, such as reporting the matter to the authorities.
- Regular recovery status report should be sent to Senior Management and Head of Internal Audit & Risk Management until the case is closed.

7. FOLLOW-UP PROCEDURES

- The Managing Director/General Manager/Officer in Charge is responsible, together with the Head of Finance to identify corrective actions and improvements in the control environment to prevent similar losses from occurring in the future. The Audit & Risk Committee and/or the Chief Executive Officer may request the Head of Internal Audit & Risk Management to perform this task, if considered appropriate after having been discussed and approved by the Audit & Risk Committee.

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8. PROCEDURES FOR FRAUD INVESTIGATION



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Appendix 1 - Examples of Fraud

Some common fraud schemes include the following:

- **Asset misappropriation** involves stealing cash or assets (supplies, inventory, equipment, information) from the organisation. In many cases, the perpetrator tries to conceal the theft, usually by adjusting the records.
- **Skimming** occurs when cash is stolen from an organisation before it is recorded on the organisation's books and records.
- **Disbursement fraud** occurs when a person causes the organisation to issue a payment for fictitious goods or services, inflated invoices, or invoices for personal purchases.
- **Expense reimbursement fraud** occurs when an employee is paid for fictitious or inflated expenses.
- **Payroll fraud** occurs when a person causes the organisation to issue a payment by making false claims for compensation.
- **Financial statement fraud** involves misrepresenting the organisation's financial statements, often by overstating assets or revenue or understating liabilities or expenses.
- **Information misrepresentation** involves providing false information, usually to those outside the organisation.
- **Corruption** is the misuse of entrusted power for private gain. Corruption includes bribery and other improper uses of power.
- **Bribery** is the offering, giving, receiving, or soliciting of anything of value to influence an outcome.
- A **diversion** is an act to divert a potentially profitable transaction to an employee or outsider.
- **Relates-party activity** is a situation where one party receives some benefit not obtainable in a normal arm's-length transaction.
- **Tax evasion** is intentional reporting of false information on a tax return to reduce taxes owed.

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