

# *Fraud and Corruption Policy*

Version: 04/24



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POLICY MANAGER	Company Secretary
APPROVAL AUTHORITY	Board
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# 1 Purpose

The purpose of this policy is to protect the assets and reputation of NextEd Group Limited ACN 105 012 066 (**Company**) by:

- 1.1 reinforcing the commitment and responsibility of the Board of Directors of the Company (**Board**) and NextEd senior management to identify fraudulent and corrupt activities and for establishing policies, controls and procedures for prevention and detection of these activities;
- 1.2 reinforcing the requirement for all NextEd employees and others to refrain from corrupt and fraudulent conduct and encourage the reporting of any instance of fraud or corrupt conduct;
- 1.3 providing a framework for conduct of investigations to ensure that all suspected fraudulent and corrupt activity is dealt with appropriately; and
- 1.4 assigning responsibility for the development of controls to prevent and detect fraud.

# 2 Scope

This policy applies to all officers, employees (including directors, executives and managers) and contractors of the Company and its subsidiary companies.

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

This policy does not have regard to the officer's, employee's or contractor's length of service, title or relationship to the Company.

This policy does not limit any rights or obligations which the Company's officers, employees or contractors have under the law.

The Company is committed to conducting its business ethically and in compliance with the relevant laws and regulations of the countries where it operates. This includes adherence to laws concerning corruption and fraud, such as the Australian Criminal Code Act 1995; the Canadian Corruption of Foreign Officials Act and Criminal Code; the United Kingdom Bribery Act 2010; the United States Foreign Corrupt Practices Act 15 U.S.C; Legislative Decree No. 231/2001 of the Italian Penal Code; Law 19/2003 of the Spanish Penal Code; French Penal Code; Law 1778 of 2016 of the Columbian Penal Code; Law No. 20,393 of the Chilean Penal Code and similar anti-bribery laws of other countries.

# 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 company 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:

- (a) payment of secret commissions (bribes, facilitation payments or gratuities) in money, or some other value, to other businesses, individuals or public officials;

- (b) receipt of bribes or gratuities from other businesses, individuals or public officials;
- (c) release of confidential information, for other than a proper business purpose, sometimes in exchange for either a financial or non-financial advantage;
- (d) an officer, employee or contractor of the company manipulating a tendering process to achieve a desired outcome; or
- (e) a conflict of interest involving an officer, employee or contractor of the company acting in his or her own self-interest rather than in the interests of the company.

**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:

- (a) misappropriation of funds, securities, inventories, supplies or other assets including use of assets for unauthorised private purposes;
- (b) causing a loss to the company or creating a liability for the company by deception;
- (c) impropriety in the handling or reporting of money or financial records;
- (d) profiting from insider knowledge of the company's activities or intended activities;
- (e) accepting or seeking anything of value from contractors, vendors or persons providing services or goods to the company;
- (f) false invoicing for goods or services never rendered or backdating agreements;
- (g) submission of exaggerated or wholly fictitious accident, harassment or injury claims; or
- (h) misuse of personal/sick leave entitlements.

## 4 Policy

The Company requires all officers, employees and contractors at all times to act honestly and with integrity and to safeguard the Company resources for which they are responsible. The Company is committed to protecting all revenue, expenditure and assets from any attempt to gain illegal financial or other benefits. Any fraud or corruption committed against the Company is a major concern and therefore all identified instances will be thoroughly investigated and appropriate disciplinary action will be taken against any officer, employee or contractor of the Company who is found guilty of corrupt or fraudulent conduct. This may include referral to the appropriate law enforcement or regulatory agencies for independent investigation.

## 5 Key Risk Areas for Fraud and Corruption

### Gifts, Entertainment, and Hospitality

Gifts, entertainment, and hospitality encompass receiving or offering gifts, meals, or tokens of appreciation, as well as invitations to events or social gatherings connected with our business operations. These activities are permissible only under the following conditions:

- They are of modest or symbolic value, align with customary business practices in the respective country
- They do not influence objective business judgment.
- They comply with applicable laws and industry codes.
- In case of any doubt as to the propriety of any gifts or hospitality, the employee should discuss the matter with their manager.
- Any gift with a value of A\$80.00 or more (including of cash or cash equivalents) must be notified to the Company's CEO by email and be added to the Company's 'Officer and Employee Gift Register'.
- Refer to the Code of Conduct for further information on Gifts and Hospitality

### **Donations and Sponsorships**

The Company and its representatives are strictly prohibited from making any direct or indirect contributions to political parties. Furthermore, the Company must vigilantly ensure that charitable contributions and sponsorships are not used as a guise for bribery. All charitable actions and sponsorships must comply with the relevant local laws and regulations.

### **Use of Third-Party Representatives**

'Third-party' encompasses anyone who is not an employee or officer of the Company. This includes agents, licensees, contractors, subcontractors, service providers, and joint venture partners. Risks can arise when a third-party conducts business activities on behalf of the Company in a way that could be perceived as beneficial to the Company.

All third parties engaged in such roles must always adhere to the Company's Code of Conduct and this Policy. Divisional Managers/ Regional Managers are tasked with evaluating each third-party relationship and assessing associated risks.

The Divisional Manager/ Regional Manager must assess the third party's background, experience, and reputation, understand their services and compensation methods, and evaluate the business rationale for their engagement. Additionally, they are responsible for continuously monitoring the third party's transactions to ensure they comply with the Company's standards and policies.

All third-party agreements are governed by legally binding contracts.

Relationships between NextEd subsidiaries, are governed by a partnership agreement which complies with the ESOS Act 2000, National Code 2018, VET Student Loans Act 2016, and the various consumer laws throughout Australia.

## **6 Code of Conduct**

The Company's Code of Conduct assists in preventing fraud and corruption within the Company and specifically requires employees to comply with the code.

## **7 Fraud and Corruption Control**

### **Board and Senior Management Responsibility**

The Company's Board and senior management are ultimately responsible for setting the tone at the top and have 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 Company 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.

### **Divisional/Functional Management Responsibilities**

All divisional/functional managers of the Company are responsible for:

- fostering an environment and culture within their businesses that makes active fraud and corruption control a responsibility of all officers, employees and contractors;
- implementing standards and procedures as required by the Board to encourage the deterrence of fraud and corruption; and
- the initial detection and reporting of offences should they occur.

All officers, employees and contractors are responsible for complying with Company policies and procedures, including its codes of conduct, and maintaining vigilance in early detection, reporting and prevention of fraud and corruption.

### **Managers are responsible for:**

- communicating and raising awareness of the risks relating to fraud and corruption with their employees and for ensuring compliance with Company policies and procedures, adequate rotation of employees where appropriate, and ensuring that sufficient levels of staffing are in place; and
- implementing and maintaining adequate internal controls that provide for the security and accountability of Company resources and prevent / reduce the opportunity for fraud and corruption to occur.

### **Audit & Risk Management Committee**

The Company's Audit & Risk Management Committee (ARC) (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 an annual fraud and corruption risk assessment via workshops with the businesses to assess the adequacy and effectiveness of the company's fraud risk management processes;
- ensuring that the risk of fraud and corruption is being appropriately managed and controlled by business functions / divisions;
- analysing loss trends arising from fraud; and
- overseeing 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 Company's fraud and corruption risk management processes, in line with the Company's risk management policies;
- support the ARC with any investigation of any suspected fraud or corrupt activity; and
- deliver asset audits as part of their substantive audit testing with a focus on protecting and substantiating Company 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.

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

### **People & Culture**

The NextEd Group People & Culture team 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, employees and contractors 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 People & Culture team will also be responsible for providing training in respect of this policy that will:

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

### **Finance**

The Chief Financial Officer (CFO) is responsible for making recommendations regarding the placement and maintenance of insurance coverage for crime, fraud and fidelity risk for the Company.

The Company's Finance team is responsible for implementing robust processes and controls in relation to expenditure, investments and monetary transactions. They will also ensure that provisions and write offs in relation to any detected fraud are made in accordance with the Company's group accounting policies and procedures.

### **Record Keeping**

The Company will maintain financial records and implement suitable internal controls that clearly document the business rationale for payments made to third parties.

Personnel are required to submit all claims for expenses related to hospitality, gifts, or payments to third parties in compliance with the Company's expense procedures, ensuring each expense is clearly justified.

All documents and records related to transactions with third parties, such as clients, suppliers, and business contacts, must be accurately and completely prepared and maintained.

### **Investigations**

The Company Secretary will provide advice and requisite management assistance regarding any prospective investigation or litigation linked to a fraud or corruption event.

## 8 Investigation Protocols

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

If an investigation identifies that fraud or corruption has occurred, management will escalate the matter in accordance with section 8 below and appropriate disciplinary action will be implemented accordingly.

Decisions to prosecute or refer the investigation results to the appropriate law enforcement or regulatory agency will be made in conjunction with the Chief Executive Officer (CEO) and the ARC, and in the case of a significant matter, with the Board.

The Company considers a violation of this policy by a third party to be a very serious issue and may utilise any available contractual or civil remedies at its disposal. The decision to pursue civil action to recover misappropriated property will be made at the discretion of the CEO following consultation with the Board.

## 9 Reporting

Any officer, employee or contractor who suspects fraud or corrupt activity has the ability to report the matter confidentially through one of the following options:

- notifying the Head of People & Culture;
- notifying the CEO or CFO; or
- directly notifying the Company's ARC.

It is the responsibility of all officers, employees and contractors to report all suspected, attempted or actual fraud or corruption incidents. All information received is treated confidentially.

Investigations will not be disclosed to, or discussed with, anyone other than those who have a legitimate need to know. If an individual is concerned about making a disclosure, they are encouraged to refer to the NextEd Whistleblower Protection Policy, and can make a confidential disclosure to one of our Whistleblower Protection Officers, listed below:

- General Manager, Group Quality, Accreditation and Compliance
- Chair of Audit & Risk Management Committee

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	CEO / CFO / Head of People & Culture
Where the incident meets the definition of corruption (regardless of the financial impact)	The Company's Audit & Risk Management Committee
Where the incident is fraudulent in nature and the financial impact is greater than \$25,000	The Company's Board



## 10 Related Policies

- Code of Conduct Policy
- Whistleblower Protection Policy
- Privacy Policy
- NextEd Group Limited: Board Risk Appetite Statement
- Security Policy
- Employee Handbook

## 11 Policy review

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

## 12 Approved and Adopted

- This policy was approved by the iCollege Board on 26 May 2022.
- Version 02/23 was created with Company name change to NextEd Group and font changes only in February 2023.
- This version, 04/24 includes relevant laws, key risk areas for Fraud and Corruption, related policies and further investigation and reporting protocols.