

## **Fraud and Corruption Policy**

### **1. Introduction**

This statement aims to protect the reputation and assets of Clean Energy Corporation Australia (**CECA** or '**The Company**') by administering the following:

- Enforcing the Company's requirement that all staff and levels of management are restricted from participating in fraudulent or corrupt conduct and encouraging the reporting of such activity.
- Reinforce the Company's commitment to identifying fraudulent and corrupt practices and our responsibility to establish controls and procedures to prevent, detect and manage instances of such activities.

### **2. Scope of this policy**

This statement refers to all employees, managers, directors, subcontractors and partner companies.

All instances of possible misconduct involving a shareholder, consultant or other third-party agent conducting business with CECA is also included in this statement.

All employees, managers and contractors are treated equally under this policy regardless of age, length of service or any other performance and relationship factor.

### **3. Legislation and regulatory compliance**

The overarching piece of legislation that ensures the protection of society from fraudulent and corrupt conduct is the **Criminal Code Act 1995 (cth)**. This has important implications for how CECA operates in relation to the above activities.

### **4. Description of fraud and corruption**

For the purpose of this statement, we define an act of corruption as an act done with an intent to give some financial gain or personal advantage to the wrongdoer which is inconsistent with official duty and the rights of others. Such examples include:

- Creating a liability or loss to the company through intentional deception;
- Deception or misconduct in the handling of financial transactions and records;
- Insider trading or profiteering off internal company information;
- Misappropriation or misuse of securities, inventory, assets, supplies or funds for personal advantage;

- Submission of fictitious or exaggerated claims of harassment, injury or accident;
- Misuse of sick or family leave;
- Accepting or seeking value from third parties involved with the Company for personal gain;
- False or purposely inaccurate invoicing for goods, services and supplies.

#### **5. Our Policy**

At Clean Energy Corporation Australia, we require that all levels of the company engage their work with honesty and integrity and to manage their responsibilities to their corresponding company resources. We are committed to protecting clients, shareholders and the company's revenue, assets and liabilities from illegal financial gain and other benefits.

All cases of suspected fraudulent or corrupt activity will be thoroughly investigated and appropriate disciplinary action will be undertaken on those proven guilty of such activities. This may result in the offender being referred to relevant legal authorities or regulatory agencies for additional investigation.

All levels of the company are subject to Clean Energy Corporation Australia's Code of Conduct which provides a regulatory framework for assisting fraud and corruption within the company and improves compliance with the code.

#### **6. Control of Fraud and Corruption**

Senior management are required to set an example in respect to fraud and corruption control by:

- Ensuring that a risk management framework is available in relation to fraud and corruption;
- Identify the risks in which CECA may be subject to;
- Overseeing the controls in place to mitigate such risks identified in the management framework;
- Monitor reports of fraud risk to ensure the Company is up to date with additional risks and policies.

The director(s) of Clean Energy Corporation Australia is/are required to:

- Encourage preventative measures by clearly articulating procedures and standards.
- Detect and report all suspected offences as they occur.

Managers and supervisors are required to:

- Raise awareness of fraud and corruption risks with their superiors and employees to encourage compliance and reduce misinformation;
- Maintaining adequate control that protect the integrity of the Company to reduce the opportunity and potential for fraudulent practices to take place.

When auditing takes place, external and internal auditors have the responsibility to:

- Ensure the effectiveness of current preventative measures and controls as well as CECA's risk management system;
- Support senior management with their investigation of alleged fraudulent activity;
- Monitor inventory misuse through the investigation of stock level abnormalities or variances;
- Conduct audits that focus on the protection of company assets and revenue with a strong focus on point of sale procedures, physical security of storage units or workplaces, cash intake and other sales level processes;
- Analyse trends in profit loss arising from corruption and educate/advise all levels of staff of best practices and control in the detection of such activities deemed as non-compliant.

The human resources manager is required by the company to:

- Ensure a security screening process exists for the selection of management and employees;
- Maintain a clearly articulated dismissal or disciplinary procedure for those that break the Company's Code of Conduct;
- Monitor employees and manager's leave schedules and entitlements to ensure they do not accumulate leave in excess of the Company's Code of Conduct i.e. two weeks in excess of their yearly entitlement;
- Ensure that employment contracts specify the Company's policy on corruption and fraudulent activities and their corresponding consequences of participating in such activities;
- Clarify the rules and responsibilities of different positions within CECA;
- Provide training services to assist staff to identify instances of fraudulent activity and to provide techniques to mitigate the probability of such activities occurring;

The Chief Financial Officer is responsible for recommending insurance cover for losses incurred due to fraud or other white collar crimes for the Company

CECA's finance team must ensure expenditure, investments and other transactions are undertaken with honesty and integrity. The company prohibits the use of undisclosed or unrecorded transactions which are a violation of CECA's Code of Conduct.

CECA's Company Secretary will advise senior management on the most appropriate form of action relating to a prospective investigation or formal litigation related to a case of corruption or fraud.

All staff members of CECA who have the authority to enter into a contractual arrangement, financial or otherwise, (**'Counterparty'**) must ensure that:

- There are no elements of fraud or corruption present in the ongoing relationship with the counterparty;
- The counterparty knows that it is subject to the Company's code of conduct prior to its engagement with the Company;
- Any contracts drawn up with a counterparty must include provisions detailing their obligation to compliance in relation to fraud and corruption;
- The above provisions should also allow CECA to immediately terminate transactions or contractual arrangements should the counterparty violate the anti-fraud and anti-corruption provisions of the contract.

#### **7. Investigation Protocols**

If there is a proven instance of fraud or corruption, the Chief Financial Officer will make further arrangements in accordance with the 'Reporting' section below.

Further consultation with senior management and in special cases with the director(s) of CECA will be arranged when deciding to refer the results of an investigation to an appropriate law enforcement agency.

All those conducting an investigation will have unrestricted access to all company financial records and transactions and can freely copy or remove any information that may assist in the investigation of fraudulent conduct.

#### **8. Reporting**

All employees and members of senior management who suspects that fraudulent or corrupt activities are taking place can report the matter confidentially by notifying their immediate superior or human resources manager or by directly notifying the Chief Financial Officer.

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Investigations into corrupt practices are confidential with details only being released to those who legitimately take part in either the investigation, disciplinary process or referral to law enforcement process.

The table below outlines the reporting process when evidence of fraudulent activity is identified:

Size/Nature of report	Reporting hierarchy
Report of suspected fraudulent activity to any level of management.	Reported to Chief Financial Officer.
When the incident is identified as meeting the definition of corruption as outlined in CECA's policy statement regardless of impact.	Chief Financial Officer will report to the Company Secretary, General Manager of Human Resources or the Director(s) of CECA.
Where the activity has caused a financial loss of more than \$10,000.	An immediate report will be made to the Director, Company Secretary and Human Resources Manager. A meeting will take place to identify disciplinary action or law enforcement agency referrals.
Where the activity has caused a financial loss of less than \$10,000.	The incident will reported in a monthly risk management report by the Chief Financial Officer which is sent to Senior management for review.