



OCEANIA CAPITAL PARTNERS LIMITED

ABN 52 111 554 360

Fraud, Theft and Dishonesty Policy

December 2008

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1. Purpose

Oceania Capital Partners Limited ("OCP") is committed to conducting its business with honesty and integrity and promotes an organisational culture that will not tolerate any fact of fraud or corrupt conduct.

This policy is designed to mitigate OCP's exposure to fraud and criminal acts committed by employees, clients, vendors or other third parties. It is also designed to protect OCP's reputation and that of its clients and other stakeholders. This policy should be read in conjunction with the OCP Code of Conduct.

This policy applies to all divisions, business units and wholly owned subsidiaries of OCP. It also applies to all persons employed or engaged by OCP. All staff are required to read and understand the policy. Compliance with this policy is mandatory and any failure to comply will result in disciplinary action being taken in extreme cases this may result in the OCP staff member being dismissed.

2. Definitions

For the purpose of this policy, OCP defines fraud as:

"an intentional act by one or more individuals amongst management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage".¹

Corruption is defined as:

"dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity 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".²

Examples of fraud and corruption include:

- using false payment instructions, invoices or cheques in order to receive a payment to ones' own account, or to a third party account in exchange for a benefit

¹ Definition used in International Standard on Auditing, ISA 240, and Australian Auditing Standard, AUS 210.

² Definition used in Australian Standard on Fraud and Corruption Control AS8001-2003.

- submitting false expense claims or claiming personal expenses as work expenses
- the manipulation of accounts in order to unlawfully obtain customer funds
- using inside knowledge to obtain a financial advantage for oneself or an associate
- stealing passwords to payment systems and using them to make unauthorised funds transfers
- false accounting, including material and deliberate misstatement of financial information or investment performance
- accepting bribes or kickbacks in exchange for awarding business to a broker, contractor or supplier, whether or not it is to the benefit of OCP
- Serious conflict of interest involving a Director or senior executive of an entity or other entity acting in his or her own self-interest rather than the interests of the entity to which he or she has been appointed (e.g. failing to declare to a Board an interest in a transaction the entity is about to enter into or excessive payment of remuneration to Directors and senior executives).

The above list is not exhaustive: if you have a concern about a transaction or someone's behaviour, please discuss it with your manager, or follow the procedures in OCP's Whistleblower Policy.

3. Responsibility

All employees have a responsibility to act honestly and to diligently follow the procedures and controls that have been implemented to mitigate fraud and corruption. They must not bypass or avoid using those procedures or controls. They must immediately report identified weaknesses or loopholes in controls that could facilitate a fraud. They must also report immediately any incident of fraud or corruption, whether it is suspected or actual, either to their line manager or by following the procedures laid down in the Whistleblower Policy.

This responsibility also applies to instances of market misconduct which may come to the attention of OCP staff. Further details in relation to what constitutes market misconduct can be found in OCP's Code of Conduct and in the Staff Financial Products Dealing Policy.

Overall responsibility for the management of fraud and corruption risk within OCP rests with the Chief Financial Officer.

4. Reporting Fraud Incidents

If an OCP employee suspects a fraud or corruption incident has occurred, they must immediately report their suspicions to the Managing Director or the Risk Manager. Suspicions of fraud or corruption may be reported anonymously or directly, and all reports will be treated with the utmost confidence.

Reports will only be released where necessary to comply with legal requirements or in order to progress an internal investigation. Any OCP employee who makes a report of suspected fraudulent or corrupt behaviour will be protected from any adverse reaction to their report, providing this report is not vexatious and that they themselves have not been involved in the fraudulent or corrupt activity.

At no stage should an OCP employee confront a suspect in relation to an allegation of fraudulent or corrupt conduct. All matters should be reported immediately to the Managing Director or the Risk Manager who will co-ordinate any further investigation.

5. Investigation

Appropriate investigations will be conducted in a professional manner, and in a way which is consistent across OCP and mindful of natural justice.

Under no circumstances are staff and management to conduct an investigation on their own. On discovery of potential fraud or corruption, they must not take any actions that could prejudice the subsequent collection of evidence or influence potential witnesses.

Should a fraud be on-going, it may be decided not to secure relevant documents, in order to prevent alerting the suspected person.

6. Post Investigation

OCP will at all times comply with relevant state and federal legislation.

Where allegations are proven, OCP will respond appropriately, reporting the matter to the relevant authorities after consultation with OCP management and legal counsel and/or taking disciplinary action under the OCP Employment policies.

Each incident provides an opportunity to strengthen controls which are already in place. As a consequence, the Chief Financial Officer will work with the relevant personnel to ensure that any recommendations for improvement are properly implemented.