



FRAUD PREVENTION POLICY

Policy Title: Fraud Prevention Policy

Policy Number: MFFP001

Effective Date: [01-July-2017]

Policy Statement

MF Fasteners is committed to maintaining the highest ethical standards and expects all employees, contractors, suppliers, and affiliates to act with integrity and honesty. This Fraud Prevention Policy outlines the company's stance on preventing, detecting, and reporting fraudulent activities.

Scope

This policy applies to all employees, contractors, suppliers, and affiliates of MF Fasteners, including its subsidiaries and affiliates.

Definitions

- a. Fraud: Any intentional act or omission carried out with the intent to deceive, manipulate, or mislead for personal or organizational gain.
- b. Fraudulent Activities: Examples include but are not limited to theft, embezzlement, misappropriation of funds or assets, bribery, kickbacks, falsification of records, financial reporting fraud, and unauthorized use or disclosure of company information.
- c. Whistleblower: An individual who reports suspected or actual fraudulent activities in good faith and with a reasonable belief that such activities have occurred, are occurring, or are likely to occur.

Responsibilities.

a. All Employees and Affiliates:

- i. Must familiarize themselves with this Fraud Prevention Policy and act in accordance with its guidelines.
- ii. Have a duty to report any suspected or observed fraudulent activities promptly.
- iii. Should not engage in any form of retaliation against whistleblowers.



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b. Management:

- i. Must promote a culture of transparency, integrity, and ethical behavior.
- ii. Should provide employees with adequate training and resources to recognize and prevent fraudulent activities.
- iii. Must promptly investigate reported fraud cases and take appropriate disciplinary action when necessary.
- iv. Shall establish and maintain internal controls to minimize the risk of fraud.

Prevention and Detection Measures.

- a. Segregation of Duties: Implement appropriate controls to ensure that no single individual has sole control over critical business processes.
- b. Internal Controls: Regularly review and enhance internal controls to minimize the risk of fraudulent activities.
- c. Asset Protection: Safeguard company assets, including physical and intellectual property, through appropriate security measures.
- d. Financial Controls: Establish robust financial controls to ensure accuracy, transparency, and accountability in financial transactions.
- e. Due Diligence: Conduct thorough background checks on employees, contractors, and suppliers to minimize the risk of fraudulent activities.
- f. Fraud Risk Assessments: Periodically assess the organization's fraud risks and implement necessary controls and mitigation strategies.

Reporting Fraudulent Activities.

- a. Any individual who suspects or observes fraudulent activities should immediately report the incident to their immediate supervisor, the Human Resources Department, or the designated Fraud Prevention Officer.
- b. The company encourages individuals to report their concerns in writing and provide as much detail and evidence as possible to facilitate an effective investigation.
- c. Whistleblowers may choose to remain anonymous, and the company will make reasonable efforts to protect their identity and confidentiality.



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Following

Investigation and Disciplinary Actions.

- a. Upon receiving a report of suspected fraud, MF Fasteners will initiate an internal investigation.
- b. The investigation will be conducted impartially and objectively, ensuring fairness to all parties involved.
- c. If an investigation substantiates fraudulent activities, the company will take appropriate disciplinary action, which may include termination of employment, legal action, or recovery of losses.

Training and Awareness.

- a. MF Fasteners will provide regular training programs and resources to employees, contractors Et cetera on fraud prevention, detection, and reporting procedures.
- b. The company will disseminate this Fraud Prevention Policy to all employees and affiliates, ensuring their understanding and compliance.

Review and Amendment.

- a. This policy will be reviewed periodically to ensure its effectiveness and relevance.
- b. Any amendments or updates to this policy will be communicated to all relevant parties.

By adhering to this Fraud Prevention Policy, MF Fasteners aims to protect its reputation, assets, and affiliates' interests while promoting a culture of trust and integrity throughout the organization.