

FRAUD POLICY

Real People Kenya Ltd

S. No	Version	Revision Date	Author	Areas Revised	Scope	Document Owner
1.	1.0.0	04 August 2010	Risk Officer	Initial Draft	Real People Group	Internal Audit
2.	1.1.0	August 2020	Violet Okoth	Entire Document	RPKL	Quality Assurance and Internal Audit
3.	1.2.0	June 2023	Violet Okoth	4.2.4,4.3.1.9,4.3.1.10,4.3.1.11,4.7.2,4.8.2, 5.1.2,5.1.3.	RPKL	Internal Audit and Risk

1. Introduction

- 1.1. This document sets out the Fraud Policy of Real People Kenya Limited. A policy that will continue to evolve as we make changes and improvements to our drive to promote good business ethics, as well as to fight fraud, corruption, theft and all other acts of dishonesty of a similar nature. The document also aims to achieve these objectives and to create awareness within the company structures as to these measures. Fraud forms part of the business risk and is integral to the risk management framework.

1.2. Fraud definition

- 1.2.1. "Fraud is the unlawful, intentional making of a misrepresentation which causes actual prejudice to another or holds potential prejudice to another."
- 1.2.2. "Fraud is the illegal and willful perversion of the truth which is made with the intent to deceive another, which results in actual prejudice to another"
- 1.2.3. The term "fraud, corruption, theft or any dishonesty activities of a similar nature" refers to but not limited to:
- 1.2.3.1. Any dishonest, fraudulent or corrupt act; Theft of funds, supplies, or other assets
 - 1.2.3.2. Maladministration of financial misconduct in handling or reporting of money or financial transactions
 - 1.2.3.3. Making a profit from insider knowledge
 - 1.2.3.4. Disclosing confidential or proprietary information to outside parties
 - 1.2.3.5. Irregularly accepting or requesting anything of a material value from contractors, suppliers, or other persons providing services / goods to the company
 - 1.2.3.6. Irregularly offering or giving anything of a material value to contractors, suppliers, or other persons providing services / goods to the company.
 - 1.2.3.7. Destruction, removal, or abuse of records, furniture, motor vehicles, equipment or any other company asset;
 - 1.2.3.8. Deliberately omitting to report or act upon reports of any such irregular or dishonest conduct;
 - 1.2.3.9. Any similar or related irregularity.

2. Scope

The scope of this policy includes Real People Kenya Limited. This includes the responsibility to report concerns through the reporting channels in the organization.

3. Statement of Policy

“The Executive committee of Real People recognize that Fraud and other acts of dishonesty undermine our commitment to the values and ethics that encompass good business practices. It is important that we take these values seriously and ensure that we do not permit activities that are not aligned with our norms. It is incumbent on all of us to be intolerable of this behavior and to report such findings. As such, we hereby irrevocable commit ourselves and Real People to a ZERO TOLERANCE POLICY to all fraud and corruption in all its forms. To this end, Fraud, Corruption and related conduct, including all acts of dishonesty, will not be tolerated and those parties found to be in violation of this policy, will face disciplinary action and where necessary, criminal charges will be laid”.

3.1. The role of the employer

- 3.1.1. Employers have a duty to their institution to ensure that they do all in their power to detect and prevent fraud and corruption.
- 3.1.2. Employers need to prevent fraud and corruption in order to protect and ensure the future prosperity of their institutions, and thereby protecting the interests of *inter alia*, shareholders, employees, etc.
- 3.1.3. The company undertakes to investigate all reported or suspected incidents of fraud, corruption, theft or any dishonest activities of a similar nature, and to take appropriate legal action to recover losses and damages arising from all such incidents.

3.2. The role of the employee

- 3.2.1. Refrain from committing fraud, corruption, theft, or any other dishonest activities of a similar nature.
- 3.2.2. Assist in the nurturing of a fraud-free environment within the workplace.
- 3.2.3. Maintain absolute integrity in all dealings with, for and on behalf of the company; Adhere to all internal control mechanisms implemented by the company;
- 3.2.4. Adhere to all principals and directives of the Code of Ethics as set out in each employment contract, good governance and the law; and
- 3.2.5. Report any incidents or suspected incidents of fraud, corruption, theft or any other dishonest activities of a similar nature, and to take the appropriate legal and other relevant action to recover losses or damages arising from such incidents.

4. Components of the Fraud Policy

4.1. Fraud Prevention Policy

The objective of the Fraud Prevention Policy is to develop and foster a climate within the company where all employees strive for the ultimate eradication of fraud, corruption, theft and all related acts of dishonesty by means of the application of various pro-active measures aimed at the prevention of fraud.

The Fraud Prevention Policy identifies the conceptual principles relating the company's approach to the prevention of fraud and corruption, theft or any other dishonest activities of a similar nature and is both applicable and binding on all company stakeholders, including directors, managers, employees, suppliers, customers and business partners.

- 4.1.1. It is the inherent duty of every employee of this company to prevent fraud and corruption in the workplace.
- 4.1.2. The Fraud Prevention Policy is an integral part of the company's Fraud Policy and is a concise strategy that commits the company and its employees to proactively address the risk of fraud and corruption and provides the cornerstone for the development and implementation of the company's Fraud Policy.
- 4.1.3. The Fraud Prevention Policy identifies the conceptual principles relating the company's approach to the prevention of fraud, corruption, theft and all other acts of dishonesty of a similar nature and is both applicable and binding on all company stakeholders, including shareholders, directors, managers, employees, suppliers, customers and business partners.
- 4.1.4. Adherence to the policy will enable the company to:
 - 4.1.4.1. Recognize and award good service
 - 4.1.4.2. Promote a secure and stable work environment; and
 - 4.1.4.3. Re-invest funds saved into improving profitability.
- 4.1.5. Non-compliance will, however:
 - 4.1.5.1. Negatively affect service delivery to customers/ stakeholders.
 - 4.1.5.2. Undermine the concepts of good governance.

4.2. Fraud Prevention Plan

The Fraud Prevention Plan identifies and examines the fraud prevention initiatives that encompass the company's Fraud Prevention Strategy and that has and / or will be initiated in order to manage and reduce the company's exposure to fraud and corruption.

- 4.2.1. This document sets out the initiatives implemented by the company to actively prevent fraud and empowers all employees to assist in this process.

- 4.2.2. The purpose of the document is also to facilitate the early detection of fraud, corruption, theft or any dishonest activities of a similar nature, to provide for the professional investigation thereof and to minimize the negative effects of fraud, corruption, theft or any dishonest activities of a similar nature, should they occur.
- 4.2.3. Internal controls are, by their very nature, designed to protect against fraud and corruption and will always remain the best preventative measure available to any company. The proper implementation of our system of internal controls is crucial to the success of this Fraud Prevention Strategy and will minimize the opportunities to commit fraud, corruption, theft or any dishonest activities of a similar nature.
- 4.2.4. In addition to the company's system of internal controls, the following "special fraud prevention initiatives" with the view to minimizing the opportunity to commit fraud and corruption must be put into place:

Action	Responsibility
Drafting of the Fraud Policy	Internal Audit and Risk Officer
Providing fraud reporting lines with the implementation of the Fraud Response plan.	Internal Audit and Risk Officer
External Fraud awareness (Fraudulent documentation from the public, incidents in branches)	Internal Audit and Risk Officer, Marketing Manager
Employees found guilty on charges of fraud, theft and corruption must be communicated through to all other employees.	Human Capital Department
Reporting of transgressions of the Code of Ethics and Business Conduct policy to internal audit.	Human Capital Department
Monthly reporting on all financial losses in respect of fraud, corruption and theft in EXCO, to assess and evaluate the company's fraud risk profile on an on-going basis.	Chief Commercial Officer
Laying of criminal charges – Decisions not to prosecute to be reported to Internal Audit.	Legal Team and the Head of Department

4.3. **Fraud Response Plan**

This Fraud Response Plan is a guideline that sets out the procedure to be followed when a fraudulent incident is encountered. The Fraud Response Plan identifies the duties and responsibilities of all employees as to how, when and where to report the incident, how to deal with the incident and sets out the action to be taken when such an incident occurs. The Fraud Response Plan also furthers the company's aims and objectives in respect of the empowerment and protection of its employees in the disclosure process by providing protection in the form of discreet and / or anonymous reporting structure.

Reporting of dishonest activities

- 4.3.1. **Reporting of dishonest activities**
- 4.3.1.1. Employees have a right and a duty to report suspicious and/or irregular behavior of the employers/management and other employees.
- 4.3.1.2. The sanctity and authority of management should not be undermined by employees; however, the employee has a right to protect his future employment.
- 4.3.1.3. Therefore, should the criminal or suspected criminal action of employers have a potential negative effect of the future existence of an institution and therefore on the employment of its employees, an employee has a duty to report such actions. *This is known as a system of "Whistle Blowing".*
- 4.3.1.4. Every employer and employee has a responsibility to disclose criminal and other irregular conduct in the workplace.
- 4.3.1.5. Every employer has a responsibility to take all necessary steps to ensure that employees who disclose such information are protected from any reprisals as a result of such disclosure.
- 4.3.1.6. Disciplinary action will be taken against employees that are aware of dishonest activities and chooses to keep silent.
- 4.3.1.7. Any employee, supplier, customer and / or other stakeholder who suspects that fraud, corruption, theft or any other dishonest activities of a similar nature is or has occurred and who wish to remain anonymous may do so by reporting the said incident or suspected incident on the following:- **Toll Free telephone number: 0800 720 700.**
- 4.3.1.8. Any allegations of fraud, theft or any other irregularity should be reported via the ethics hotline email ethicshotline@realpeople.co.ke.
- 4.3.1.9. All allegations are reported anonymously, treated as confidential and are directed to the Internal Audit and Risk department for any further investigations.
- 4.3.1.10. All internal (staff involvement) related incidents where potential financial losses occurred or are suspected of occurring must be reported to Internal Audit and Risk for the purpose of establishing possible lack of internal controls.
- 4.3.1.11. The Internal Audit and Risk department is responsible to retain any relevant records, examine the allegations and plan the investigation and deterrence of fraud. Deterrence of fraud lies with management. The department will be responsible for ensuring that the investigations are conducted in a professional manner. They will also be responsible to ensure that the security and anonymity of the people making such allegations are kept to prevent harassment or discrimination.

4.4. Code of Ethics and Business Conduct

- 4.4.1. Our Code of Ethics and Business Conduct policy forms the foundation of the company's Fraud Policy and aims to enhance the ethical environment in which we would like to do business, as well as create a culture of "zero tolerance" towards fraud and corruption within the company.
- 4.4.2. The Code defines the behavior expected from our directors, managers, and employees alike as well as all other stakeholders in their dealings with the company.
- 4.4.3. The purpose of the Code is to serve as a guideline to directors, managers and employees as to what are expected of them, from an ethical perspective, in the ever-changing social dynamics of the business environment.

4.5. Company Policies and Procedures

- 4.5.1. The company Policies and Procedures, which includes the Whistle Blower Policy and Disciplinary Code and Procedures is an integral component of the company's Fraud Policy.

4.6. Implementation Strategy

- 4.6.1. The company has developed a comprehensive implementation and communication strategy that has been designed to create awareness of the Fraud Policy and its components in particular, amongst employees and other stakeholders through the use of communication and training.
- 4.6.2. The responsibility for the implementation, development and on-going maintenance of the Fraud Policy is not the sole responsibility of Internal Audit but also involves senior and line managers as well as representatives from the various operational departments of the company.

4.7. Recording of statistics

- 4.7.1. All statistics must be kept on record for external audit/executive purposes.
- 4.7.2. All records and reports of the investigation process will be under the custody of the Internal Audit and Risk Department, retained in a safe place with restricted access in the company Head Office.

4.8. Internal Fraud (Staff involvement)

- 4.8.1. All incidents or suspected incidents of fraud, corruption, theft or any other dishonest activities must be investigated internally and is the responsibility of management.
- 4.8.2. Internal fraud will be investigated by Internal Audit and Risk team

4.8.3. All criminal matters identified during the course of the internal investigation must be reported to the Kenya Police Services for investigation and prosecution. Internal Audit will facilitate this process in liaison with the Head of Department.

4.8.4. All employees who have been found to have committed, participated in and / or aided or abetted the commission of any incidents of fraud, corruption, theft or any other dishonest activities of a similar nature (criminal or otherwise) identified during the course of the internal investigation must be subjected to disciplinary action. It is the policy of Real People Kenya Limited to institute disciplinary proceedings against all such employees, no matter how small their participation in the matter may have been.

4.9. **Blacklisting of Suppliers / Customers**

4.9.1. All suppliers and / or customer of Real People who will have been found to have committed, participated in and / or aided or abetted the commission of any incidents of fraud, corruption, theft or any other dishonest activities of a similar nature (criminal or otherwise) identified during the course of the internal investigation will be "blacklisted" and will be prevented from contracting and / or doing business with our company again. It is the policy of Real People Kenya Limited to "blacklist" all such suppliers and / or customers, no matter how small their participation in the matter may have been.

4.10. **Implementation of Preventative Measures**

4.10.1. It is essential that, after every exposure fraud, corruption, theft or any other dishonest activities of a similar nature (criminal or otherwise), the specific internal controls that were implemented to prevent or mitigate the risk of such exposure be revisited and reviewed. The following scenarios need to be considered:

4.10.1.1. Internal controls were non-existent

4.10.1.2. Internal controls were in-effective

4.10.1.3. Internal controls were overridden

4.10.2. It is the duty of Internal Audit to ensure that the system of internal controls is reviewed with a view to determining why the system of internal controls was not able to prevent the exposure, and to report such findings.

5. **Outcome of Investigation.**

5.1.1. If an investigation results in a recommendation is to terminate an individual, the recommendation will be reviewed for approval by the designated representatives from

Human Capital and the Legal Department and, if necessary, by outside counsel, before any such action is taken.

- 5.1.2. The Internal Audit and Risk Department does not have the authority to terminate an employee. The decision to terminate an employee is made by the employee's management.
- 5.1.3. Should the Internal Audit and Risk Department believe that the management decision is inappropriate for the facts presented, the facts will be presented to executive level management for a decision.

End.

Signed by: Dr. Robert Shibutse

CEO- RPKL



Date: