

POLICY: FRAUD

BACKGROUND

The corporate fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against Reverside. It is the intent of Reverside to promote consistent organisational behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations where fraud is concerned. It should be noted that fraudulent activity falls under Misconduct in the Disciplinary Code.

SCOPE OF POLICY

This policy applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with Reverside. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to Reverside.

POLICY

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to the Chief Executive Officer and the Director: Human Resources, who must coordinate all investigations with all affected areas, both internal and external.

ACTIONS CONSTITUTING FRAUD

The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

- Any dishonest or fraudulent act;
- Misappropriation of funds, securities, supplies, or other assets;

- Impropriety in the handling or reporting of money or financial transactions;
- Profiteering as a result of insider knowledge of company activities;
- Disclosing confidential and proprietary information to outside parties;
- Disclosing to other persons securities activities engaged in or contemplated by the company;
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to Reverside. Exception: Gifts less than R50 in value;
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or;
- Any similar or related irregularity.

OTHER IRREGULARITIES

Irregularities concerning an employee's moral, ethical, or behavioural conduct should be resolved by departmental management and the Director: Human Resources before concerning the Chief Executive Officer.

If there is any question as to whether an action constitutes fraud, contact the Director: Human Resources for guidance.

INVESTIGATION RESPONSIBILITIES

The Chief Executive Officer has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Chief Executive Officer will issue reports to appropriate designated personnel and, if appropriate, to the Board of Directors.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and the Board of Directors, as will final decisions on disposition of the case.

CONFIDENTIALITY

The responsible parties must treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Chief Executive Officer and Director: Human Resources immediately, and should not attempt to personally conduct investigations or

interviews/interrogations related to any suspected fraudulent act (see REPORTING PROCEDURE section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect Reverside from potential civil liability.

AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD

The Chief Executive Officer and his designated responsible parties will have:

- Free and unrestricted access to all Reverside records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation. Such activity will be thoroughly documented and recorded.

REPORTING PROCEDURES

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact the Chief Executive Officer and the Director: Human Resources immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Chief Executive Officer and the Director: Human Resources. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should take cognisance of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution;
- Do not discuss the case, facts, suspicions, or allegations with anyone who is not directly involved with the investigation or the outcome of the investigation and who have no legitimate need to know. This includes any family member and/or friend.

OUTCOME

If an investigation results in a finding that fraudulent activity has occurred, then the appropriate disciplinary action for Misconduct must occur. The Director: Human Resources is responsible for this procedure and, if necessary, outside counsel may be sought in order to take the necessary disciplinary action.

It should be noted that Riverside has a ZERO TOLERANCE policy regarding fraudulent activity, and as such, should a person be found guilty of Misconduct based on fraudulent activity following the disciplinary procedure, the sanction of Dismissal is recommended.

Following the internal disciplinary procedures for Misconduct, it will be incumbent on the Chief Executive Officer or his designated responsible parties to contact the appropriate law enforcement in order to report the fraudulent activity.

ADMINISTRATION

The Director: Human Resources is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

APPROVAL

(Chief Executive Officer)

Date