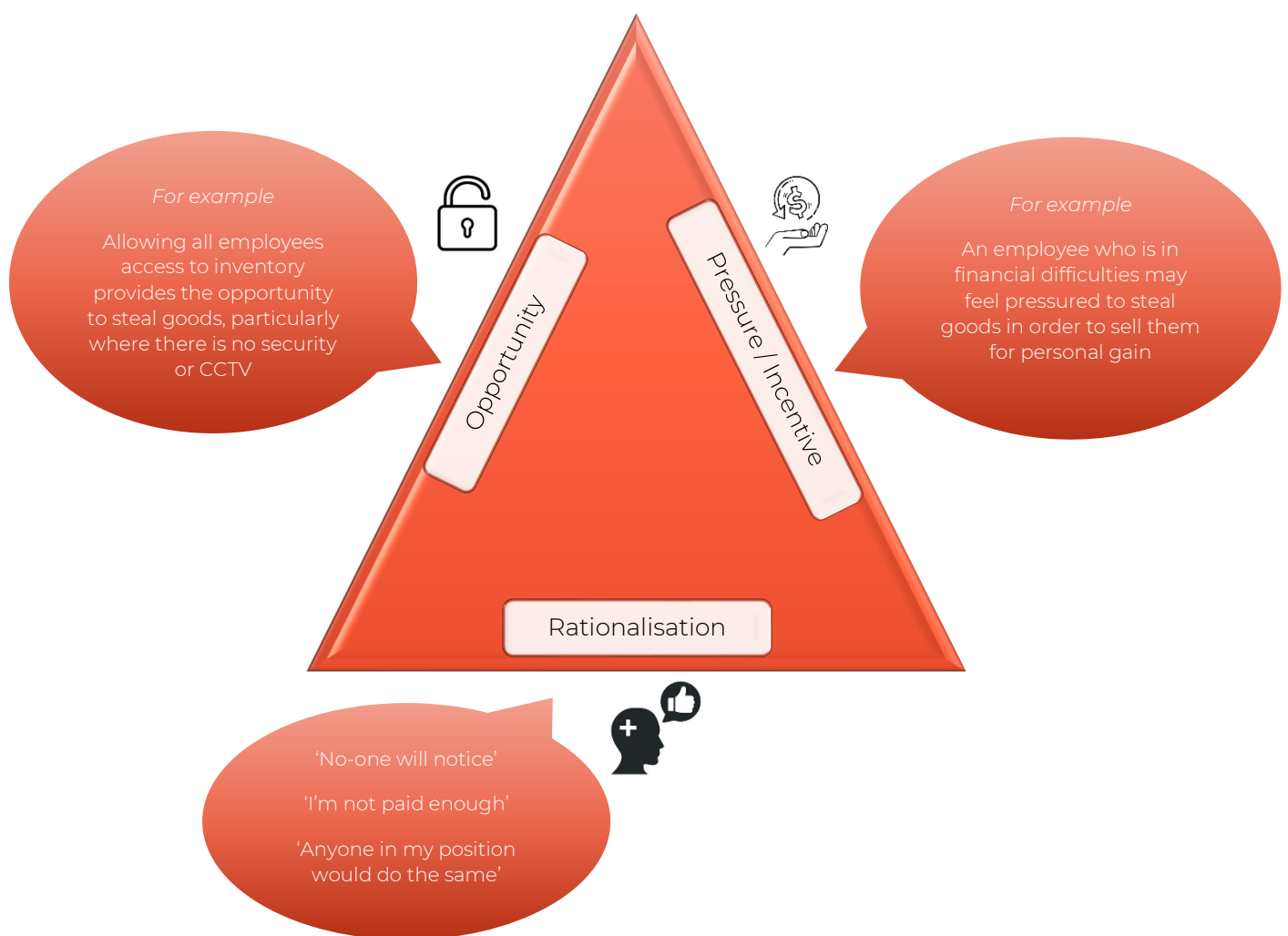


FRAUD RED FLAGS PROTOCOL

DiscoverIE Group employees and external partners are vital in the prevention and detection of fraudulent activity. The purpose of this Protocol is to summarise how you can help.

WHAT DOES FRAUD LOOK LIKE?

Fraud comes in many shapes and sizes. Typically, three elements are present: **incentive**, **opportunity** and **rationalisation**.



Reducing the **opportunity** is where Group **employees** can most effectively play a part in the fight against fraud.

Most frauds occur when weak internal controls, a lack of commitment to proper ethics in the organisation, or weak accounting measures present an **opportunity** to commit fraud.

External partners may also spot one or more of the 'Red Flags' overleaf – we encourage partners to report such instances to help prevent possible fraud.

RED FLAGS WHICH MAY INDICATE POTENTIAL FRAUD

<p>BEHAVIOURAL / GENERAL</p> <ul style="list-style-type: none"> Alteration of documents or records Regular or repeated failure to gain appropriate approvals or authorisation Reluctance to take holidays or share responsibilities Significant discrepancy between an employee's earnings and their lifestyle Unusual, irrational or inconsistent behaviour 	<p>FINANCE</p> <ul style="list-style-type: none"> Extensive use of suspense accounts Inappropriate or unusual journal entries Lack of segregation of duties (particularly around payroll and payment processes) Multiple bank accounts used with no clear reason why Subsidiary ledgers do not reconcile with control accounts
<p>SALES</p> <ul style="list-style-type: none"> Extensive or unexplained use of credit notes Facilitation payments made to customs officials or customer purchasing teams Inappropriate/excessive gifts or hospitality offered to or accepted from customers Recorded sales do not match customer orders (amounts, quantities, dates etc.) Unnecessary or excessive samples offered 	<p>INVENTORY</p> <ul style="list-style-type: none"> Customer complaints about lost goods Missing documentation for the receipt or shipment of inventory Increased, unnecessary or unexplained write-offs and/or scrapping of inventory Unexplained fluctuations in stock account balances, inventory variances and turnover rates and/or unexplained inventory adjustments
<p>PURCHASING</p> <ul style="list-style-type: none"> Criteria changed to favour a supplier Continued acceptance of low quality/non-compliant goods Inappropriate/excessive gifts or hospitality offered to or accepted from suppliers Purchases made without approval, or split to keep values below an employee's purchasing limit 	<p>SYSTEMS / IT</p> <ul style="list-style-type: none"> Audit logs switched off or otherwise tampered with Higher than average failed log in attempts Permissions inconsistent with job roles Phishing emails and/or increased pop-ups Poor access controls Systems accessed outside of normal working hours

WHAT TO DO IF YOU SUSPECT FRAUD

DiscoverIE employees and external partners are encouraged to report all instances of suspected fraud.

DO	DO NOT
<ul style="list-style-type: none"> Act quickly Document the details Report it Use the Group Whistleblowing hotline 	<ul style="list-style-type: none"> Approach or accuse individuals directly Delay reporting Remove or alter documentation Talk about it with colleagues or friends Try to investigate it yourself

HOW TO REPORT SUSPECTED FRAUD

DiscoverIE Group employees and external partners are encouraged to report any suspected fraud via one of the following methods:

1. If the person reporting potential fraud is a DiscoverIE Group employee, they may consider speaking with their local management team if they feel comfortable doing so.
2. The Group Risk Team can be alerted to potential fraudulent activity at auditandrisk@discoverieplc.com.
3. The Group Whistleblowing Policy enables employees and external parties to report potential fraud anonymously. Reports can be made:
 - a. directly to the Group Company Secretary by emailing whistleblowing@discoverieplc.com.
 - b. via [Safecall.com/reports](https://safecall.com/reports) or,
 - c. by calling the 24/7 Safecall hotline in the Global Whistleblowing Policy available on the DiscoverIE Group website¹ and on posters displayed at Group company premises. Reports to Safecall can be made anonymously.

Version	Date	Author	Summary of Changes
1.0	31 st March 2023	C.Sudlow	Initial release

¹ <https://discoverieplc.com/sustainability/whistleblowing-policy/default.aspx>