FRAUD AND CORRUPTION PREVENTION POLICY

Airways does not tolerate Fraud or Corruption and will take all reasonable steps to prevent and detect such activities.
DOCUMENT MANAGEMENT

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Document Review

This policy document is to be reviewed every two years.
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1 WHY DO WE HAVE THIS POLICY?

As a State Owned Enterprise, Airways must be seen to set and maintain the highest standards of honesty and integrity. The Board of Airways is committed to high legal, ethical and moral standards. All Airways employees are expected to share this commitment.

Airways does not tolerate Fraud or Corruption and will take all reasonable steps to prevent and detect such activities. This includes acts committed against Airways as well as acts committed against outside parties. Suspected occurrences of Fraud or Corruption will be investigated appropriately in a fair, equitable and consistent manner (in accordance with the Code of Conduct), without regard to any person’s relationship to this organisation, position or length of service.

If Airways reasonably believes that there was intent to deceive, this may be sufficient to leave the offender liable to summary dismissal (after due investigation and consideration) and, if appropriate, reported to the Police, Serious Fraud Office or other appropriate body. It is Airways’ policy to recover losses where possible and practicable.

The policy is underpinned by: the Code of Conduct which sets out that Airways’ peoples’ personal responsibilities are to be trustworthy, honest and fair and to respect Airways’ property and resources entrusted to them; the Airways values of “We value Safety, Each Other, Excellence and Success”; and Airways’ Just Culture.

While this policy describes actions to be taken in certain circumstances, it is recognised that it cannot cover all scenarios. Where a situation arises that is not anticipated in this policy, Airways will use its judgement to determine how to proceed.

2 WHO DOES THIS POLICY APPLY TO?

This policy shall apply to all Fraud and Corruption incidents, whether suspected, alleged or proven, that are either committed:

► against Airways by a person (legal or natural); or
► by Airways’ employees, officers, directors, and as appropriate, business partners (whether in an official or private capacity) against any third party.

This policy shall apply to all Airways directors, employees (current and former), contractors, secondees and volunteers.

3 EXAMPLES OF FRAUD OR CORRUPTION

For the purposes of this Policy the following definitions shall apply:

Fraud: is an act by one or more individuals (including, but not limited to, employees, suppliers, contractors and customers) involving the use of deception to obtain an unjust, unfair or illegal advantage.

Corruption: is the lack of integrity or honesty (typically involving bribery) or the abuse of a position of trust for dishonest gain. In the context of this policy, corruption may relate to a person using their position for pecuniary or personal advantage, or it may relate to a variety of other matters.

Actions constituting Fraud or Corruption include, but are not limited to:

► forgery, unauthorised alteration, or misuse of any document, file, account or purchasing card
unauthorised possession or use of Airways’ funds, securities, supplies, or other assets
impropriety in the handling or reporting of money or financial transactions
accepting or offering bribes or inducements (such as invoice kickbacks and bid rigging)
granting a contract, or engineering the granting of a contract to a particular third party with a view to direct or indirect personal gain
disclosing confidential information to third parties with a view to personal gain or gain for another person
using official position to secure unwarranted benefits, privileges or profit • presenting false credentials or qualifications
money laundering
extortion by way of securing business by intimidation, blackmail or force
knowingly submitting a false timesheet, leave form or expense claim
improper use of commercially sensitive client information or our own intellectual property for either your own or another person’s pecuniary gain.

It is important to note that Fraud does not necessarily need to cause actual financial loss to Airways or gain for another person. It need only consist of dishonesty as described in this policy.

4 DISTINCTION BETWEEN THIS POLICY AND OTHER POLICIES
This policy is intended to prevent any Fraud and/or Corruption so it applies to all situations involving Fraud or Corruption (regardless of materiality or individuals involved). This contrasts with the purposes of the following policies (which may also require consideration in situations involving Fraud and/or Corruption):

• The Whistle Blower Policy enables individuals to report serious wrongdoing in a manner which triggers the Whistle Blower protections available under the Protected Disclosures Act.
• The Code of Conduct establishes Airways’ expectations for its employees’ behaviour and Airways’ behaviour as an employer.
• The Conflict of Interest and Disclosure of Relationships Policy establishes what Airways considers to be a relevant conflict or relationship then provides a mechanism for employees to make declarations or report their concerns about other employees’ conflicts or relationships.

5 RESPONSIBILITIES
Responsibilities of managers
The day to day responsibility for the implementation of sound systems of internal control and their on-going monitoring is the responsibility of all employees with management accountabilities. Managers are responsible for:

• ensuring that established controls are being complied with
• reviewing the ongoing effectiveness of controls in place to prevent and detect Fraud and Corruption
assessing and minimising the risk of Fraud and Corruption • promoting employee awareness of ethics

- being aware of potential Fraud and Corruption red flags or indicators (refer to the Fraud and Corruption Awareness guide for more detail).

**Responsibilities of all employees**

All employees, including managers, are responsible for:

- reporting irregular or improper behaviour and/or suspected Fraud or Corruption immediately and assisting with the prevention and detection of such fraudulent activity
- acting properly in the use of Airways’ assets, funds, cash or payment systems and in dealing with contractors, suppliers or customers.

6 **PROCEDURES**

**Reporting**

It is important that all staff are able to raise or report their concerns without fear of reprisal or victimisation and are aware of the methods to do so.

Anyone who suspects fraudulent or corrupt activity must report it immediately; in the interests of the welfare of the organisation. Reports may be made to the Head of Safety & Assurance or in accordance with the Whistle Blower Policy (e.g. either anonymously or to the Manager Legal Services and Company Secretary). Alternatively, such reports may be made to an appropriate senior manager (who will in turn be responsible for immediately reporting the matter as outlined above). Protecting the confidentiality of those who report a suspected Fraud or Corruption will occur where this is requested and is possible and practicable to achieve.

Care will be taken to ensure the suspected perpetrator is not prematurely alerted and given the opportunity to conceal activities.

**Investigation**

Any investigative activity will be conducted without regard to the suspected wrongdoer’s length of service, position or relationship to the company.

To the extent possible, all suspected Fraud or Corruption will be investigated internally in the first instance. The investigation will be overseen by the Head of Safety & Assurance. Investigations into suspected Fraud or Corruption will be fully documented. Internal or external specialists may be used to gather and analyse evidence to support any investigation.

All individuals coming under investigation shall have their rights respected as afforded to them under their employment agreement, the Code of Conduct and New Zealand law. Airways will respect Just Culture and the principles of natural justice in dealing with any case. Other advice may be sought on human resource and legal issues as appropriate.

**Communication of results**

The results of an internal investigation will be reported to the Chief Executive Officer or the Chair of the Airways Board of Directors (where the CEO or Executive Team members are involved). Where the investigation concludes that Fraud or Corruption occurred, disciplinary action will be pursued in accordance with the Code of Conduct.
The Chief Executive Officer or the Chair of the Airways Board of Directors (where the CEO or Executive Team members are involved) is responsible for determining whether the matter is passed to an external authority (e.g. New Zealand Police). The matter will be referred to the New Zealand Police in any situation where a formal prosecution is considered likely to result from the referral.

Subsequent recovery of all losses is to be sought unless it is grossly uneconomic to do so.

Depending on the nature and extent of the Fraud or Corruption, the Chief Executive Officer or the Chair of the Airways Board of Directors (where the CEO or Executive Team members are involved) will be responsible for informing the external auditors and any other parties as required.

**Lessons learnt**

Once an investigation has been closed, a review of the relevant systems and procedures will be carried out, documented, and any improvements will be made that are necessary to prevent recurrence of the Fraud or Corruption. A report will be provided to the Board’s Audit and Finance Committee detailing any measures put in place as a result of the review and to ensure the measures are monitored for on-going compliance.

7 **SUPPORTING PROCESSES OR DOCUMENTATION**

- Fraud Register
- Conflict of Interest Portal
- Whistle Blowing Procedure
- Business Investment Case
- Fraud and Corruption Awareness

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8 **RECORD AND QUALITY MANAGEMENT**

No records have been specified for retention under the Information Management Policy, NZ Archive General Disposal Authority or the Airways Retention & Disposal Authority, for the purposes of this policy, however some supporting processes may detail record keeping requirements.