

FRAUD PREVENTION POLICY AND RESPONSE PLAN

1. TERMS AND ABBREVIATIONS

Throughout this document, unless otherwise stated, the terms below shall bear the following meanings:

1.1. "Fraud" Includes, but is not limited to the following:

Fraud, i.e. the unlawful and intentional making of a misrepresentation resulting in actual or potential prejudice to another;

Theft, i.e. the unlawful and intentional misappropriation of another's property or property which is in his/her lawful possession, with the intention to permanently deprive the owner of its rights.

2. THE FRAUD PREVENTION POLICY AND RESPONSE PLAN

2.1. Qmuzik subscribes to the principles of good corporate governance, which requires the conducting of business in an honest and transparent fashion.

2.2. Consequently Qmuzik is committed to fighting fraudulent behaviour at all levels within the organisation.

2.3. The main objectives of this Plan are the following:

- Creating a culture which is ethical and intolerant of fraud;
- Deterring fraud;
- Preventing fraud which cannot be deterred;
- Detecting fraud;
- Investigating detected fraud;
- Taking appropriate action in the event of fraud, e.g. disciplinary action, recovery of losses, prosecution, etcetera; and
- Applying sanctions that include blacklisting.

2.4. This applies to all allegations, attempts and incidents of fraud impacting or having the potential to impact Qmuzik.

2.5. All employees, management, trading partners and customers of Qmuzik must comply with the spirit and content of the policy.

2.6. Policy Stance

Qmuzik is zero tolerant to fraud. All incidents will be investigated and followed up by applying all remedies available and implementing appropriate prevention and detection controls.

These prevention and detection controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies and procedures of Qmuzik.

The application of instructions contained in the policies and procedures of Qmuzik, is one of the most important duties of each employee.

What should an employee do if he/she suspects fraud?

It is the responsibility of all employees to immediately report all allegations or incidents of fraud to their immediate manager. Should an employee be concerned that the manager is involved, the report can be made to any other member of management.

2.7. What should a customer, other trading partners or member of the public do to report fraud?

Qmuzik encourages customers, other trading partners or members of the public to report fraud to any member of management.

2.8. How will allegations of fraud be dealt with?

For issues raised by employees, customers or members of the public, the action taken will depend on the nature of the concern. The matters raised will be screened and evaluated and may subsequently:

- Be investigated internally; or
- Be referred to a law enforcement agency.

Any fraud committed will be investigated to the full extent of the law, including (where appropriate) consideration of:

- In case of employees, taking disciplinary action within a reasonable period of time after the incident;
- Instituting civil action to recover losses;
- Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; and
- Any other appropriate and legal remedy available.

2.9. Recovery of Losses

Qmuzik will endeavour to recover all losses arising from fraud.

2.10. Confidentiality

All information relating to fraud that is received and investigated will be kept confidential.

The progression of investigations will not be disclosed or discussed with any person(s) other than those who have a legitimate right to such information on a “need to know basis”. This is in order to avoid harming the reputation of suspected persons who may subsequently be found innocent of wrongful conduct.

2.11. Media

No person is authorised to give information with regard to allegations or incidents of fraud to the media without the express permission of the managing Director.

2.12. Protection of Whistle Blowers

An employee who reports suspected fraud may remain anonymous should he/she so desire.

Concerns expressed anonymously are difficult to investigate; nevertheless, they will be followed up.

2.13. Employee Ethics Policy

The term “ethics” may be defined as written standards that are reasonably designed to promote ethical conduct and deter wrongdoing. Employees must at all times act within the guidelines of the Qmuzik ethics policy.

2.14. Contracting with Business Partners

Qmuzik has several other stakeholders with whom it interacts. All stakeholders with whom Qmuzik interacts are expected to abide by sound and ethical business principles. Although Qmuzik has limited legal rights to enforce these principles on external stakeholders, it can exercise moral persuasion to gain compliance, and furthermore will not to enter into relationships with stakeholders who do not comply.

2.15. Other Control Environment Considerations

Qmuzik has a number of systems, policies and procedures designed to ensure compliance with specific laws and basic internal controls.

All employees and other stakeholders are expected to comply with the applicable policies and procedures. A fundamental risk in this area is the lack of knowledge, awareness, effective communication and training relating to prevailing systems, policies and procedures.

2.16. Discipline

The disciplinary code and procedures prescribe appropriate steps to be taken to address disciplinary matters. Human Resources processes support Qmuzik in instituting and completing disciplinary action for cases of fraud and corruption.

Qmuzik will endeavour to remain consistent and efficient in its application of the disciplinary measures.