

MNT GROUP LIMITED

FRAUD CONTROL POLICY

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1. INTRODUCTION

1.1 Purpose

This document outlines MNT Group Limited (hereinafter referred to as "the Company" or "MNT Group") policy concerning fraud prevention, detection, investigation, and response. It provides guidelines for the implementation and enforcement of robust fraud control measures across all MNT Group divisions and operations.

This policy has been approved by the Board of Directors / Partners of MNT Group and may be amended from time to time with their approval.

1.2 Definitions

For the purposes of this policy, the following definitions apply:

Fraud:

All acts of dishonesty, including but not limited to: deliberate deception, breach of trust, misappropriation, embezzlement, bribery, theft, forgery, falsification of records, wasting of company resources, and any illegal act that could affect the financial interest of MNT Group. This encompasses both internal fraud (committed by employees) and external fraud (committed by third parties).

Corruption:

Any abuse of entrusted power for private gain, including but not limited to bribery, extortion, nepotism, and any conduct prohibited under the Prevention and Combating of Corruption Act, 2007 of Tanzania.

Misconduct:

Violations of law, regulations, internal policies, procedures, and the MNT Group Code of Conduct that do not necessarily involve financial loss but undermine the integrity of the Company.

1.3 Policy Objective and Scope

This policy is designed to:

- Protect MNT Group funds, assets, and other resources across all seven divisions
- Maintain the highest standard of ethics, professional conduct, and fiduciary responsibility
- Maintain the integrity and reputation of MNT Group and its employees
- Secure the business interests of all MNT Group divisions
- Communicate MNT Group's commitment to zero tolerance of fraud and best practice
- Comply with the Prevention and Combating of Corruption Act, 2007 and all applicable Tanzanian laws
- Provide clear guidelines for fraud prevention, detection, reporting, and investigation

This policy applies to all employees, partners, directors, contractors, suppliers, subcontractors, agents, and any person or entity conducting business with or on behalf of MNT Group (collectively referred to as "Covered Persons"). Investigations shall be conducted irrespective of the position, tenure, or relationship of the suspected party to the Company.

2. GOVERNANCE AND ETHICS STATEMENT

MNT Group is committed to promoting honesty, integrity, and transparency in all business dealings. The Company maintains a zero-tolerance approach to fraud, corruption, and misconduct. All employees at every level are expected to share this commitment and lead by example, ensuring adherence to all applicable regulations, procedures, and the MNT Group Code of Conduct (MNT-HR-003).

2.1 Code of Conduct Alignment

The MNT Group Code of Conduct (MNT-HR-003) establishes clear ethical guidelines that define our corporate culture and standards of behavior. All employees and stakeholders are required to adhere to these standards. This Fraud Control Policy operates in conjunction with the Code of Conduct, and any breach of either document may result in disciplinary action up to and including termination of employment.

2.2 Roles and Responsibilities

2.2.1 Partners / Board of Directors

The Partners / Board of Directors shall:

- Maintain overall oversight of the Fraud Control framework and address fraud risk as part of the Company's governance responsibilities
- Ensure Management designs and implements effective fraud risk management controls
- Set the appropriate "tone at the top" demonstrating zero tolerance for fraud
- Ensure adequate resources are available for fraud prevention and investigation
- Review and approve this policy and any amendments
- Receive and review reports on fraud incidents, trends, and control effectiveness

2.2.2 Management

Management shall:

- Develop and implement adequate internal controls to prevent and detect fraud within their areas of responsibility
- Be familiar with the types of fraud that may occur in their division and be alert to warning signs
- Create a culture where fraud is not tolerated and disclosures are encouraged without fear of retaliation
- Report to the Partners on actions taken to manage fraud risk, including any fraud incidents
- Ensure background checks are conducted on new suppliers, customers, and business partners
- Ensure separation of duties in financial processes, particularly in procurement and payment authorization

2.2.3 All Employees

All employees shall:

- Understand their role within the internal control framework and how their responsibilities relate to fraud prevention
- Read, understand, and comply with this policy, the Code of Conduct, and all related operational policies
- Act with propriety in the use of Company resources, funds, tools, and equipment
- Report immediately any suspected fraud, irregularity, or improper behavior through the designated reporting channels
- Cooperate fully with any fraud investigation
- Refrain from conducting independent investigations or confronting suspected individuals
- Maintain confidentiality regarding any suspected or reported fraud incidents

2.2.4 Finance / Accounts Department

The Finance Department shall maintain robust financial controls, conduct regular reconciliations, review the reasonableness of financial reporting, and flag any anomalies or discrepancies for investigation. The department shall also ensure compliance with Tanzanian tax and statutory requirements (PAYE, NSSF, SDL, WCF) to prevent fraudulent reporting.

3. FRAUD PREVENTION

MNT Group adopts a preventative approach to identifying, analyzing, and managing the risk of fraud. Prevention is the most effective and economical method of managing fraud risk.

3.1 Fraud Risk Assessment

A fraud risk assessment shall be performed on a regular basis (at minimum annually) and shall involve appropriate personnel from across MNT Group's divisions. The assessment shall consider relevant fraud schemes and scenarios applicable to the electrical trading and contracting industry, including but not limited to:

- Procurement fraud (inflated invoices, phantom suppliers, kickbacks from electrical equipment suppliers)
- Expense reimbursement fraud (falsified field work expenses, inflated travel claims)
- Payroll fraud (ghost employees, unauthorized overtime, falsified timesheets for site workers)
- Asset misappropriation (theft of electrical materials, tools, copper wiring, or other inventory)
- Financial statement manipulation
- Bribery and corruption in contract tendering and government licensing processes
- Falsification of electrical safety certifications or inspection reports
- Unauthorized use of company vehicles, equipment, or electrical testing instruments

3.2 Fraud Prevention Controls

MNT Group shall implement the following preventive controls:

Segregation of Duties:

No single individual shall have control over all aspects of any significant financial transaction. This includes separation of authorization, custody, and record-keeping functions. In procurement of electrical materials and equipment, the person approving the purchase order shall not be the same person receiving goods or processing payment.

Authorization Limits:

Clear authority approval levels shall be established for financial transactions, procurement, and contract signing. These limits shall be documented and communicated to all relevant personnel.

Declaration Process:

All employees and key stakeholders shall acknowledge they have read, understood, and will comply with this Fraud Control Policy. This declaration shall be completed upon employment and renewed annually. See Appendix A for the Declaration Form.

Conflict of Interest Disclosure:

All employees must disclose potential or actual conflicts of interest in accordance with the MNT Group Conflict of Interest Policy (MNT-HR-CI-001). This includes any personal relationships with suppliers, contractors, or competitors in the electrical industry.

3.3 Human Resources Procedures

The Human Resources function shall:

- Perform background verification checks on all new hires, including verification of qualifications, employment history, and professional references
- Verify electrical licensing and certification credentials for technical positions
- Include fraud awareness components in employee onboarding and orientation programs
- Ensure that performance evaluations consider adherence to ethical standards and this policy
- Conduct exit interviews with departing employees and review resignation letters for any information regarding potential fraud
- Maintain records of all policy training attendance and acknowledgments

3.4 Authority Limits

The Partners must establish and document clear authority approval levels for:

- Purchase orders and procurement of electrical materials and equipment
- Contract signing and project commitments
- Financial payments and bank transactions
- IT system access and financial software permissions
- Petty cash disbursements and expense approvals

3.5 Fraud Awareness and Training

MNT Group shall provide fraud awareness training to all employees during onboarding and on a regular basis thereafter (at minimum annually). Training shall cover the contents of this policy, how to recognize common fraud indicators, and the procedures for reporting suspected fraud. Managers shall receive additional training on their oversight responsibilities.

4. FRAUD DETECTION

4.1 Detection Procedures

MNT Group shall maintain effective systems and procedures to identify potential fraud, including:

- Regular financial reconciliations and variance analysis
- Periodic inventory audits of electrical materials, tools, and equipment
- Review of procurement patterns for unusual transactions or supplier relationships
- Monitoring of expense claims for anomalies, particularly for field and site-based workers
- Periodic review of payroll records against active employee lists
- Reconciliation of project material usage against project budgets and delivery records
- Regular review of bank statements and cash flow for unauthorized transactions

4.2 Red Flags and Warning Signs

All employees should be alert to the following potential indicators of fraud:

- Unexplained lifestyle changes inconsistent with an employee's salary level
- Reluctance to take leave or share duties (may indicate concealment of irregular activities)
- Unusual or unexplained close relationships with suppliers or contractors
- Frequent overrides of internal controls or approval processes
- Missing documentation, altered records, or unexplained adjustments
- Discrepancies between physical inventory of electrical materials and recorded quantities
- Complaints from suppliers about non-payment despite records showing payment
- Consistent selection of the same supplier without competitive quotation processes
- Unexplained project cost overruns or material shortages on electrical contracting sites

5. FRAUD REPORTING PROCESS

5.1 Reporting Channels

Any employee who suspects or becomes aware of fraudulent activity must report it immediately. The following reporting channels are available:

Primary Channel: Direct Supervisor / Line Manager

Employees should first report concerns to their direct supervisor, unless the supervisor is implicated in the suspected fraud.

Alternative Channel: Partners / Management

If the direct supervisor is implicated or the employee is uncomfortable reporting to them, the report should be made directly to any Partner or to the designated compliance contact.

Confidential Reporting:

Reports may be submitted in writing (sealed envelope marked “Confidential – Fraud Report”) to the Partners, or via email to [DESIGNATED EMAIL ADDRESS].

Reports should include, where possible: the nature of the concern, names of individuals involved, dates and locations, and any supporting evidence or documentation.

5.2 Whistleblower Protection

MNT Group strictly prohibits retaliation against any person who, in good faith, reports suspected fraud. This protection extends to employees, contractors, and any stakeholder. Retaliation includes but is not limited to termination, demotion, suspension, threats, harassment, or discrimination. Any person found to have retaliated against a whistleblower will face severe disciplinary action. For full details, refer to the MNT Group Whistleblowing Policy (MNT-HR-WB-001).

This protection is consistent with the Whistleblower and Witness Protection Act, 2015 of Tanzania.

6. INVESTIGATION PROCESS

6.1 Investigation Procedure

Upon receipt of a fraud report, the Partners shall determine whether an investigation is warranted. If so, the following principles shall apply:

Confidentiality:

All information gathered during an investigation shall be kept strictly confidential, distributed only to those with a legitimate need to know. This protects the reputations of individuals who may ultimately be found innocent.

Independence and Objectivity:

The investigation team must be independent of the matter under investigation. Where necessary, external professional investigators or legal counsel may be engaged.

Evidence Preservation:

All evidence must be secured and preserved so that it is not destroyed, tampered with, or made inadmissible in legal proceedings. This includes physical evidence (documents, materials, equipment) and electronic evidence (emails, financial records, system logs).

Legal Involvement:

Legal counsel should be involved early in the investigation process. Where fraud constitutes a criminal offense under Tanzanian law, the matter shall be reported to the relevant law enforcement authorities, including the Prevention and Combating of Corruption Bureau (PCCB).

Due Process:

All investigations shall respect the rights of the accused, consistent with the Employment and Labour Relations Act, 2004, including the right to be heard and the presumption of innocence until proven otherwise.

6.2 Corrective Actions

Following the completion of an investigation, the Company shall determine appropriate follow-up actions, which may include:

- Disciplinary action against the individual(s) involved, up to and including termination of employment, in accordance with the MNT Group Disciplinary Procedure (MNT-HR-DP-001)
- Referral to law enforcement authorities for criminal prosecution
- Civil proceedings to recover losses
- Strengthening of internal controls to prevent recurrence
- Review and update of relevant policies and procedures
- Additional training for affected departments or teams

6.3 Recovery of Proceeds

MNT Group shall take all reasonable steps to recover property, funds, or assets that have been misappropriated as a result of fraud. This may include the institution of criminal or civil proceedings as permitted under Tanzanian law.

7. ELECTRICAL INDUSTRY SPECIFIC PROVISIONS

Given MNT Group's operations in the electrical trading and contracting industry, the following additional fraud risks and controls are specifically addressed:

7.1 Material and Inventory Controls

Electrical materials (cables, switchgear, panels, transformers, meters, and related components) represent significant Company assets. Controls shall include regular physical inventory counts reconciled against records, secure storage facilities, documented material issuance for each project, and reconciliation of materials used against project specifications.

7.2 Project Cost Controls

For electrical contracting projects, project managers shall maintain detailed cost tracking including labor, materials, and subcontractor costs. Significant variances from project budgets shall be investigated and documented.

7.3 Certification and Licensing Integrity

The falsification of electrical safety certifications, EWURA licenses, inspection reports, or any regulatory compliance documentation is treated as a serious fraud offense. All certifications must be genuine, current, and verifiable.

7.4 Supplier and Subcontractor Relationships

Given the nature of electrical trading, relationships with suppliers and subcontractors present elevated fraud risk. Controls include mandatory competitive quotation processes for purchases above [THRESHOLD AMOUNT], documented supplier selection criteria, and prohibition of personal financial interests in supplier companies.

7.5 Tool and Equipment Management

Company-issued electrical testing instruments, power tools, safety equipment, and vehicles shall be tracked through an asset register. Unauthorized personal use, lending, or removal of Company equipment is prohibited and may constitute fraud.

8. REVIEW AND AMENDMENTS

This policy shall be reviewed by the Partners at least annually and updated as necessary to reflect changes in legislation, industry standards, organizational structure, or lessons learned from fraud incidents. All employees will be notified of any material changes to this policy.

APPENDIX A: FRAUD CONTROL POLICY DECLARATION FORM

I, the undersigned, hereby declare that:

1. I have received, read, and understood the MNT Group Limited Fraud Control Policy (MNT-HR-FC-001).
2. I understand my obligations under this policy, including my duty to report any suspected fraud.
3. I will comply with all requirements of this policy and the MNT Group Code of Conduct.
4. I understand that violation of this policy may result in disciplinary action, up to and including termination of employment, and may be subject to criminal prosecution under Tanzanian law.
5. I am not currently aware of any fraudulent activity within MNT Group that I have not previously reported.

Employee Name: _____ Signature: _____

Position: _____ Date: _____

Department/Division: _____ Witness: _____

APPENDIX B: FRAUD INCIDENT REPORT FORM

Report Reference:	[AUTO-GENERATED]
Date of Report:	
Reported By:	(Optional – may be anonymous)
Department/Division:	
Contact Information:	(If willing to be contacted)

INCIDENT DETAILS

Nature of Suspected Fraud:
Name(s) of Individual(s) Involved (if known):
Date(s) and Location(s) of Suspected Activity:
Description of Events (provide as much detail as possible):
Estimated Financial Impact (if known):
Evidence or Supporting Documentation Available:
Any Other Relevant Information:

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Received By:	
Date Received:	
Action Taken:	
Investigation Assigned To:	
Outcome:	
Date Closed:	

———— **END OF FRAUD CONTROL POLICY** ————
For questions about this policy, contact hr@mntgroup.net