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POLICY STATEMENT

WaterBear Education Limited (“**WaterBear**”) is committed to the proper use of public and private funds and the prevention of fraud. As part of our zero-tolerance approach to financial crime, we will not pursue, accept, or retain any business or profits that are derived from, or associated with, fraudulent or criminal conduct.

WaterBear expects all those working for or on behalf of WaterBear and its students to always act with honesty and integrity, and to safeguard the resources for which they are responsible. WaterBear operates a zero-tolerance approach to fraud and expects all those working for or on its behalf to proactively take steps to prevent fraud and to report any concerns.

WaterBear will investigate all instances of reported fraud and will take appropriate action in instances where fraud is considered to have occurred or have been attempted – including where relevant reporting to law enforcement.

WaterBear subscribes to the following business ethics principles:

- Ethical and honest conduct is an inherent part of how we conduct business.
- We have a zero-tolerance approach to all forms of financial crime, wherever it occurs.
- We do not engage in or tolerate fraudulent, dishonest or misleading conduct.
- We are committed to preventing fraud against and for the benefit of our business or our customers.
- We are committed to preventing any action that could lead to the inappropriate use of public funds.
- All records of business and financial transactions, including records of time, costs, expenses, fees, payments, and accounting records must be true and accurate.
- We expect all associated persons, suppliers, services providers and those who work with us to conduct business in an ethical and honest manner and to take steps to prevent financial crime.
- We encourage colleagues and all associated persons to speak out and up against suspected financial crimes.
- We will investigate suspicions and allegations of financial crime and will take all necessary remedial action.
- No person will suffer demotion, penalty, or other adverse consequence for refusing to engage in potentially fraudulent or dishonest conduct; nor will they suffer such adverse consequence by reporting such suspected conduct.
- We are committed to an ongoing programme to prevent financial crime.

Adam Bushell
CEO



1. GENERAL

- 1.1 This Policy sets out WaterBear's approach to preventing fraud and the standards and procedures required to ensure compliance with this Policy.
- 1.2 This Policy applies to the whole of WaterBear's business, its directors, officers, employees (staff, contract and temporary employees), students and all its third-party representatives (including agents, consultants and subcontractors) (collectively referred to as "**Associated Persons**").
- 1.3 WaterBear's activities require significant funds, and the organisation is accountable to a wide range of stakeholders for the use and management of those funds. It is the responsibility of all those working for or on behalf of WaterBear ensure that WaterBear's funds and resources are used honestly and appropriately, and to report any circumstances which may indicate their improper use.
- 1.4 This Policy forms part of our wider financial crime compliance programme including:
 - 1.4.1 Anti-Bribery and Corruption Policy.
 - 1.4.2 Conflicts of Interest Policy.
 - 1.4.3 Whistleblowing Policy.
 - 1.4.4 Risk Register.

2. WHAT IS FRAUD?

- 2.1 Engaging in fraud is a criminal offence. Fraud is the making of dishonest statements, usually to make a gain or cause another a loss. Fraud can also involve dishonestly withholding information or dishonestly abusing a position of trust. For fraud to be committed, there does not have to be any gain or loss to another person. All that matters is that the person engaging in the fraudulent behaviour intended to cause a gain or loss.
- 2.2 It is also a criminal offence to dishonestly make an incorrect accounting or business record (this is often referred to as false accounting) or to dishonestly evade tax or otherwise cheat the tax authorities (tax fraud).
- 2.3 Fraud can take many forms:
 - 2.3.1 ***Fraud by false representation:*** It is a fraud if a person dishonestly makes a false representation and, in doing so, intends to make a gain for themselves, WaterBear, or one of WaterBear's customers, or to cause a loss to another person. A representation is false if it is untrue or misleading and the person making it knows that it is, or might be, untrue or misleading.
 - 2.3.2 ***Fraud by omission:*** It is a fraud if a person dishonestly fails to disclose to another person information which he is under a legal duty to disclose and, in doing so intends to make a gain for themselves, WaterBear, or one of WaterBear's customers, or to cause a loss to another person. Remaining silent when you have an obligation to inform another person of something is just as much of a fraud as providing a person with false information.
 - 2.3.3 ***Fraud by abuse of position:*** It is a fraud if a person occupies a position of trust and dishonestly abuses that position and, in doing so, intends to make a gain



for themselves, WaterBear, or one of WaterBear's customers, or to cause a loss to another person.

2.3.4 ***False accounting:*** It is fraud for a person to dishonestly destroy, conceal or falsify any account, record or document made or required for any accounting purpose and, in doing so, intends to make a gain for themselves, or someone else, or to cause a loss to another person. False accounting could involve dishonestly altering financial records, recognising revenue or costs in the wrong financial year, moving costs between projects, or failing to disclose documents to auditors. Purely internal false accounting could still amount to fraud even where there is no gain or loss to a customer or WaterBear.

2.4 There does not have to be a financial gain or loss for fraud to have occurred. Fraud can be non-financial. Examples of non-financial fraud include: deliberately overstating environmental or diversity statistics or credentials, deliberately overstating capabilities in bids or tenders, making false or misleading statements to regulators or insurers, misrepresenting project performance, or making false statements in advertising or marketing materials.

2.5 **Consequences for WaterBear?**

2.5.1 If one of WaterBear's Associated Persons were to engage in fraudulent conduct and in doing so intended to benefit WaterBear or one of WaterBear's customers, then WaterBear could face criminal liability for failing to prevent their Associated person from engaging fraud.

2.5.2 WaterBear has put in place and will maintain reasonable procedures designed to prevent its Associated Persons from engaging in fraud. These policies and procedures are designed to meet the standards of the guidance issued by the UK's Home Office under the Economic Crime and Corporate Transparency Act 2023.

3. **YOUR RESPONSIBILITIES**

3.1 All of WaterBear's employees and third party Associated Persons must comply with this Policy. They must also act with honesty and integrity and comply with all applicable laws, whether or not specifically covered by this Policy or other WaterBear Policies.

3.2 Managers should work to create an environment that encourages compliance with this Policy.

3.3 All of WaterBear's employees, Associated Persons and students should be aware of the fraud red flags set out in **Appendix 1** to this Policy.

4. **PROCEDURES**

4.1 WaterBear has internal controls and procedures to ensure that fraud risk areas are highlighted and risk mitigations are in place. Details of WaterBear's relevant procedures are set out below.

4.2 **Risk Assessment**

4.2.1 WaterBear has undertaken a fraud risk assessment and fraud is risk item on WaterBear's Risk Register.



4.2.2 WaterBear takes a risk-based approach to fraud compliance. WaterBear conducts risk assessments on a periodic basis (or following significant business change).

4.3 **Third Party Associated Persons**

Due Diligence

4.3.1 All third party Associated Persons are subject to risk-based due diligence to ensure that their suitability as a business partner of WaterBear can be assessed.

Contractual Provisions

4.3.2 All contracts with third party Associated Persons should be in writing and contain appropriate anti-financial crime wording. Any existing contracts which do not currently contain appropriate wording will have this wording inserted at the next contract renewal date.

Payments

4.3.3 No payments can be made to any third party unless an approved contract is in place.

4.3.4 No payments shall be made in cash, to numbered accounts, to third-country accounts or to third-party accounts, or with cheques written to "cash" or "bearer" unless specifically authorised by the WaterBear CFO prior to the making of any such payment.

4.3.5 All payments must be supported by properly documented invoices.

Monitoring Third Party Associated Persons

4.3.6 All contracts and engagements with third party Associated Persons are subject to a programme of monitoring and review on a periodic basis to ensure compliance with this Policy.

4.3.7 Services provided and payments made to and by third party Associated Persons should be monitored. Any receipt or invoice should be provided by the Associated Person, which should set out in reasonable detail the goods, services or expenses for which payment is requested. All receipts and invoices should be scrutinised by the person who receives the receipt or invoice and by the person who approves the payment.

4.4 **Accessing Public Funds**

4.4.1 All public funds received by WaterBear are received from Falmouth University. Falmouth University has in place processes designed to ensure that those obtaining, or continuing to receive, public funding are eligible to do so. Falmouth University's Data Quality Working Group meet monthly to identify, escalate and manage any data quality concerns. WaterBear has reviewed Falmouth University's processes, insofar as they are relevant to WaterBear.



4.4.2 WaterBear and Falmouth University engage in regular reporting to ensure the accuracy of any data submitted to other organisations for the purposes of receiving or accessing public funds.

4.4.3 WaterBear will ensure that it, and its Associated Persons, will always comply with the terms and conditions that specify or restrict how relevant public funds will be used.

4.5 **Student Enrolment**

4.5.1 Falmouth University is responsible for ensuring that, and has registration and enrolment process designed to ensure that, students hold the required academic and language qualifications and have a genuine intention to study on their course.

4.5.2 The Falmouth University Student Records team shares relevant student data and lists with WaterBear to ensure that students are registered and enrolled at Falmouth University. Regular ongoing checks are undertaken to ensure that this information remains accurate.

4.6 **Fraud Detection Controls**

4.6.1 WaterBear has implemented financial controls designed to detect and prevent fraud occurring in its financial systems. For further details on these controls please see WaterBear's Governance – Financial Procedures.

4.7 **Procurement**

4.7.1 All tenders and bids must be completed accurately and honestly. WaterBear and its Associated Persons must not make dishonest misrepresentations in any tenders, bids or other communications with clients or potential clients.

4.8 **Record Keeping and Accounting**

4.8.1 Books, records and accounts must be kept which accurately and fairly reflect all transactions.

4.8.2 WaterBear takes steps to ensure that (i) financial records are not altered dishonestly, (ii) revenue is recognised in accordance with generally accepted accounting practices, (iii) costs are accurately recorded to the correct project, and (iv) documents will be retained for appropriate periods of time.

4.8.3 WaterBear will ensure that its Annual Financial Return and all other data submitted to the Office for Students (including data relating to the use of public funds) is accurate.

4.8.4 WaterBear will not conceal or fail to disclose documents to its auditors.

4.9 **Reporting and Public Statements**

4.9.1 WaterBear's annual report, financial statement and other public statements must be accurate. This includes any environmental, diversity and inclusion, or any other environmental, social or governance reporting.



4.9.2 WaterBear must be honest and accurate in all its dealings with the Office for Students, the Student Loans Company, UCAS and other regulators or government bodies.

4.10 **Conflicts of Interest**

4.10.1 WaterBear has a Conflict of Interest Policy which sets out the steps taken to ensure that potential and actual conflicts of interest are managed.

4.11 **Expenses**

4.11.1 All expenses claims must be accurate and honest. All expenses claims must be supported by receipts or other supporting documentation and submitted in accordance with WaterBear's Expenses Policy.

4.11.2 Fraudulent expenses claims must not be made, and expenses must not be used as a means of paying bribes.

5. **RESPONSIBILITY FOR THIS POLICY**

5.1 The WaterBear Senior Management Team will ensure and oversee the implementation, monitoring and enforcement of this Policy and WaterBear's compliance programme more generally. The WaterBear CFO will be responsible for the day-to-day implementation and monitoring of this Policy.

6. **REPORTING CONCERNS AND INVESTIGATIONS**

6.1 Employees are required to notify any member of the WaterBear Senior Management Team of any concerns or suspicions they may have in relation to fraud or any breaches of this Policy.

6.2 For further information on whistleblowing please see WaterBear's Whistleblowing Policy.

6.3 WaterBear will take steps to ensure that all cases of reported fraud will be investigated in accordance with WaterBear's Investigation Protocol.

7. **COMMUNICATION AND TRAINING**

7.1 WaterBear takes steps to ensure that this Policy, and the underlying procedures, are embedded and understood by its Associated Persons (both internal and external) through a programme of communication and training that is proportionate to the risks faced.

7.2 All relevant employees and any other Associated Persons must receive mandatory anti-financial crime training. Refresher training is provided from time to time as required and as deemed necessary.

8. **BREACHES OF THIS POLICY**

8.1 Breaches of this Policy are treated seriously by WaterBear and may result in disciplinary action, which could result in dismissal for misconduct or gross misconduct or WaterBear seeking appropriate contractual or other remedies – including references to law enforcement.



8.2 We may terminate our relationship with other individuals and organisations working on our behalf if they breach this Policy.

9. **MONITORING AND REVIEW**

9.1 This Policy, and the underlying procedures, is regularly reviewed to ensure that they remain effective and relevant to the risks faced by WaterBear.

9.2 Updates to this Policy will be approved by the WaterBear Senior Management Team.



APPENDIX 1 FRAUD RED FLAGS

Examples of fraud red flags or warning signs are set out below:

- Do individuals appear to live an expensive lifestyle that seems disproportionate to their means?
- Are there related party transactions (i.e. business activities with personal friends, relatives or their companies)?
- Are there unrecorded or unmanaged conflicts of interest?
- Are people subject to unachievable or unrealistic deadlines or targets?
- Students providing false or misleading information or refusing to provide information or answer questions.
- Address duplication between multiple student applicants.
- Students lacking sufficient English language skills.
- Students dropping out shortly after enrolling.
- Is there inadequate or inappropriate segregation of duties regarding initiation, authorisation and recording of transactions, maintaining custody of assets and the like?
- Are there transactions that receive minimal oversight or where one person seeks to manage the whole transaction or project without input from others?
- Are documents missing, copies rather than originals, in pencil or altered, or do they contain false signatures, the signature of an incorrect person or no authorisation where it would be expected?
- Is there deviation from standard procedures (for example, all files but one having been handled a particular way or all documents but one having been included in a file)?
- Are there excessive or poorly evidenced journal entries, or a lack of explanation for journal entries?
- Are materials, goods or services fictitiously or erroneously reported as having been purchased, with evidence fabricated to support the claim, so they can be used as a conduit to remove funds from the organisation? Potential evidence could include:
 - repeated purchases of the same items;
 - identical items purchased in different quantities within a short time period;
 - invoices and statements used as evidence for purchases facilitating duplicate transactions or payments;
 - anomalies in the format of purchase invoices;
 - goods and equipment not being used as promised, or that do not work or do not exist.



- Service providers or subcontractors not providing evidence to support their charges or sums claimed for.
- Do people appear to be claiming for more hours on their timesheets than they are on site?