



PARKSTONE
GROUP HOLDINGS

CONSTRUCTION PARTNERS WITH STRONG FOUNDATIONS

Fraud Policy

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Introduction and Policy

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Parkstone Group policy on fraud is:

- To take all allegations of fraud extremely seriously
- To investigate all allegations of fraud appropriately
- To educate staff on fraud awareness

Parkstone Group expects staff and partners to act honestly and with integrity at all times, and will not tolerate fraudulent activity.

Following a report of suspected fraud, Parkstone Group will take the appropriate steps to investigate and deal with fraud in all cases, as set out in this Policy.

This policy is relevant to the Board, management and all staff; this also includes our suppliers and contractors.

1. Definitions of Fraud

1.1 Definition

For Parkstone Group's purposes, the term 'fraud' includes a number of different types of illegal activity. These include:

- Stealing/theft of money and/or goods
- Forgery – altering documents, signatures
- Embezzlement – taking resources, money
- Misuse or misappropriation of funds
- False accounting – giving incorrect information, untrue details or fake invoices for example
- Bribery/corruption – offering or accepting inducements that are aimed at influencing someone - awarding contracts in return for a personal payment for example
- Being under undue influence – failing to disclose an interest, failing to record hospitality or offers of gifts
- Extortion – obtaining favours by the use of threats
- Conspiracy, collusion and corruption – entering into agreements with others to carry out illegal activities

1.2 Possible consequences of fraud to Parkstone Group

These include:

1. Loss of current and future contracts
2. Costs and disruption from investigation

3. Damage to Parkstone Group's reputation and standing with partners and stakeholders
4. Adverse publicity

Possible Consequences of Fraud to the individual

All cases where a suspicion of fraud has been raised will be dealt with. Individuals involved in fraudulent activity may face the following consequences:

1. Most of the categories of fraud set out above are criminal offences, and if convicted, the perpetrator may be subject to the criminal punishment of fines, imprisonment and recovery of assets, through the Magistrates or Crown Court.
2. The commission of any fraudulent activity is a disciplinary matter for that employee, and the person involved will be subject to Disciplinary Procedure.
3. If the property/materials obtained illegally belonged to Parkstone Group, it can be recovered through the Civil Courts, and the person involved (and their assets) can be subjected to civil claims, injunctions and penalties.

2. Scope of Application of this Policy

This Policy applies to the following groups of people:

1. Parkstone Group employees

Examples of this might take the form of:

- Accepting gifts; these could be seen as bribes or payment for favours
- Accepting hospitality: lunches, trips abroad etc
- Stealing Parkstone Group equipment, property or money

The first two examples might in fact be perfectly innocent, but we have to be aware of how these look to the outside world. We have to be careful not only to do the right thing, but to be seen to be doing it as well.

2. Suppliers and Contractors

Not everyone we deal with will have the same attitude to fraud that Parkstone Group has. Parkstone Group emphasises that it is not acceptable for any member of staff to accept or offer gifts and hospitality in exchange for personal or company gain. In addition, suppliers and contractors who suggest fraudulent should be warned that they risk sanctions.

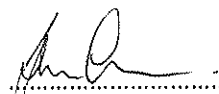
3. Responsibilities under this Policy

Depending on an individual's responsibilities within Parkstone Group, the Board and employees will have different roles to play in relation to identifying, reporting, investigating and dealing with fraud:

3.1 All Parkstone Group staff and Board Members

- Are all subject to criminal and civil laws and are responsible for complying with them
- Are all responsible to Parkstone Group (as employer or as members of the Board) to be aware of activities around them and to report suspicious of fraud, however minor.

Signed:


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John Love
27th October 2010