

## Ethinvest Approach to Fraud Risk V1.1

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Ethinvest approaches the risk of fraud in four key ways:

1. ensuring that **all staff** are competent and show integrity,
2. implementing strict **procedures and policies** to reduce the risk of fraud,
3. ensuring our **IT systems** are as robust as possible, and
4. holding your **assets securely and separately** from all other clients' and those of Ethinvest

### Staff

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When Ethinvest hires a new staff member, a comprehensive vetting process is undertaken. This process includes thorough reference and employment history checking, a criminal history check, a review of the ASIC 'Banned and Disqualified Adviser register' and a check against the National Bankruptcy Register for those being employed as Financial Advisers.

### Internal Procedures and Policies

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Internally, we have implemented a range of procedures and policies to reduce the risk of fraud. Some examples of these policies and procedures are provided below.

#### Fee Debits

Any direct debit of fees from your bank account requires the approval of two management staff before it can proceed, and those fees can only be transferred to the Ethinvest business account.

#### Funds Transfers

It is our policy when you email a staff member to request a transfer of funds from your account the staff member **must call you and confirm the details of the request verbally before arranging the transfer**. This helps protect against the situation where your email account has been hacked or is being used by someone other than you without authorisation.

Similarly, when we provide instructions for you to move funds from your personal bank account(s) into an account belonging to a fund manager or platform, **we will always confirm these details with you over the phone**. We ask that you never act on an email giving you such instructions, without first confirming the details over the phone with us. In the event the email you have received is fraudulent, this step will prevent money being lost.

### **Share Trading Confirmations (Contract notes)**

Both Ethinvest and you receive confirmation of any share transactions which occur, and transactions across all accounts are reconciled regularly. This means any unusual or fraudulent activity can be identified and addressed quickly.

### **Secure document destruction**

Ethinvest uses a secure shredding service to dispose of documents containing our clients' personal information of all types to reduce identity theft and fraud risks.

### **Regular Fraud and IT security training**

Ethinvest provides regular IT security and fraud awareness training which all staff are required to attend to ensure they are aware of and following procedures and are up to date with the latest fraud and IT related risks.

## **IT Security**

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Ethinvest contracts an Australian IT Consulting firm (with offices in Melbourne, Sydney and Perth) called [Priority Networking](#) to maintain our internal IT systems. Part of their responsibility is ensuring that our IT systems are secure and are kept up to date with protections against new and existing threats.

### **Two Factor authentication**

Ethinvest has implemented [two factor authentication](#) across its email and database management systems to reduce the risk of any of those systems being compromised. This means that for staff to access any system storing client data they must not only know the password to log in, but also authenticate their login via another device (such as their mobile phone), any time a log in occurs on a new computer.

### **DocuSign - Electronic Signatures**

Ethinvest uses a system called DocuSign where possible, which allows for secure online signatures. This system reduces the risk of fraudulent signatures and makes paperwork quicker and easier for you and Ethinvest to complete.

Some changes to bank and share trading accounts and managed fund assets still require wet (ink) signatures, so cannot be changed on the instruction of a DocuSigned form. With this type of change, Ethinvest is notified when a change occurs, so any fraudulent activity will be quickly identified. If Ethinvest ever receives a DocuSigned authority from you that requests a change of bank account or other action unexpectedly, then the relevant staff member will call you to confirm first and not action the change it until they receive verbal confirmation that you requested the change.

## Asset Security and Safety

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Your investments, including cash, are always held in your own name, or that of your Super Fund, Company or Trust. This means that they are not held 'custodially' by Ethinvest but are separate from both Ethinvest's company accounts/assets and all other clients' assets.

Holding investments in your own accounts provides greater visibility for you and makes it easier to take control of your assets if you decide to remove Ethinvest as your adviser for any reason, including if anything unforeseen was to happen to the Ethinvest business itself.

While Ethinvest looks after the mail (electronic and postal) regarding your investments, you can always find the details of your Holder Identity Number (HIN) and share trading account details on the contract notes you receive when share trades are completed. Similarly, account numbers for managed funds are found on the holding statements which are sent to you and your accountant each year in your tax pack.

Should you ever wish to take control of your own assets, you can contact the relevant fund manager/share broker with this information and arrange to have Ethinvest removed.

## Concerns?

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If you ever have any question or concern regarding the risk of fraud or the security of your assets being managed by Ethinvest, we encourage to contact your adviser or our General Manager, Fiona Thomas on 02 9413 9558 or [f.thomas@ethinvest.com.au](mailto:f.thomas@ethinvest.com.au).