



**Barloworld**

*Leading brands*

**ANTI-FRAUD POLICY AND RESPONSE PLAN  
FOR BARLOWORLD LIMITED**



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## GLOSSARY OF TERMS

Throughout this document, unless otherwise stated, the words in the first column below have the meanings stated opposite them in the second column:

“Group”	The Barloworld Limited group of companies. This includes divisions, subsidiaries, joint ventures or any other entities where Barloworld exercises control.
“Fraud and corruption”	<p>Includes, but is not limited to, the following:</p> <p>(a) The following legal definitions:</p> <ul style="list-style-type: none"><li>(i) <i>Fraud</i>, i.e. “the unlawful and intentional false representation or concealment of facts resulting in actual or potential prejudice to another”;</li><li>(ii) <i>Corruption</i> which can be summarised as: “giving or offering; receiving or agreeing to receive; obtaining or attempting to obtain any benefit which is not legally due to or by a person who has been charged with a duty or power by virtue of any employment, to do any act or omit to do any act in relation to that power or duty”; and</li><li>(iii) <i>Theft</i>, i.e. “the unlawful and intentional misappropriation of another’s property or property which is in his/her lawful possession, with the intention to deprive the owner of its rights”.</li></ul> <p>Fraud is often combined with Theft, therefore the need to encompass Theft within the definition of this policy. It should be noted that the definition of Fraud encompasses any manipulation, omission or misrepresentation of financial results or financial reporting.</p>
“BGIAS”	Barloworld Group Internal Audit Services
“Policy”	Anti-Fraud Policy and Response Plan

## 1. BACKGROUND

- 1.1 The Group is committed to maintaining the highest standards of honesty, integrity and ethical conduct and has adopted this policy to ensure consistent and effective investigation, reporting and disclosure and minimisation of fraud and corruption occurrences within the Group.
- 1.2 Furthermore, the purpose of this document is to confirm that the Group supports and fosters a culture of zero tolerance to fraud, corruption and theft in all of its activities.



## 2. ETHICS

2.1 The Group's Code of Ethics has the following elements:

- Obey the law
- Respect others
- Be fair
- Be honest
- Protect the environment

2.2 The Group maintains an ethics hotline where employees and other stakeholders can report non-compliance with company policies and fraud. The Barloworld Ethics Line is outsourced in Southern Africa to Tip-Offs Anonymous (an independent entity within Deloitte) and in other territories to Ethics Point Inc (a US-based specialist provider). These provide an opportunity to anyone wishing to report anonymously on unethical activities or dishonest behaviour that affects the Group.

## 3. SCOPE OF THE POLICY

3.1 This policy applies to all attempts and incidents of fraud and corruption impacting or having the potential to impact the Group.

## 4. THE POLICY

4.1 The policy of the Group is zero tolerance to fraud and corruption.

4.2 In addition, all fraud and corruption will be investigated and followed up by the application of all remedies available within the full extent of the Law, as well as the application of appropriate prevention and detection controls.

4.3 Employees who commit an act of fraud will be subject to disciplinary action, up to and including termination with cause.

4.4 Where possible and practicable, the Group will pursue full recovery of all losses resulting from an act of fraud.

## 5. REPORTING PROCEDURES AND RESOLUTION OF REPORTED INCIDENTS

5.1 It is the responsibility of all employees to immediately report all allegations or incidents of fraud and corruption to their immediate manager or, if the employee has reason to believe that his/her immediate manager is involved, to the next level of management.

5.2 Should employees wish to report allegations of fraud or corruption anonymously, they may contact BGIAS or alternatively report it to the Ethics Line numbers or website directly. Each division within the Group has its own





Ethics Line number or website address which should be clearly displayed at the business premises. The Corporate contact numbers are as follows:

- Within South Africa: 0800 003 248
- Outside South Africa: +27 31 571 5633

5.3 The Head of Internal Audit shall be included in the initial distribution of all Ethics Line reports to the responsible persons for action within the divisions and shall have unlimited access to all Ethics Line reports within the Group.

5.4 The Group has a responsibility to establish structures and processes to ensure that matters relating to manipulation, omissions or misrepresentation of financial results or financial reporting are escalated to the Audit Committee. To this end, it is envisaged that such items be reported confidentially through the Barloworld Ethics Line, with the initial reports being received by the Head of Internal Audit and escalated to the Audit Committee.

5.5 An employee who suspects dishonest or fraudulent activity should **not** attempt to:

- a) Personally conduct investigations or interviews/interrogations related to any suspected fraudulent act; or
- b) Contact the suspected individual in an effort to determine facts or demand restitution.

5.6 It is the responsibility of the relevant managers to ensure that **all** incidents and allegations of fraud and corruption reported to them are reported immediately to the Head of Internal Audit, Barloworld Group Internal Audit Services and the Group Risk Manager. The following contact details are relevant:

**Head of Internal Audit**

Sameshan Moodley

[SameshM@barloworld.com](mailto:SameshM@barloworld.com)

Tel: +27 11 445 1061

**Group Risk Manager**

Hilary Wilton

[Hilaryw@barloworld.com](mailto:Hilaryw@barloworld.com)

Tel: +27 11 445 1168

All information received will be treated confidentially to the extent possible, while allowing a full investigation to be conducted into the suspected fraud or corruption allegation. The Group reserves the right to pass on any information to the proper law enforcement agency in order that such entity may determine whether criminal charges are warranted.

The reporting requirement above specifically **excludes** incidences of pure theft which will continue to be reported as part of the Defalcations reporting process at the interim and year-end Audit Committees and to the Group Risk Manager for insurance purposes.

5.7 The Group also encourages members of the public who suspect fraud or corruption to contact BGIAS or the Barloworld Ethics Line.



- 5.8 The Head of Internal Audit, in conjunction with the relevant senior member of management, have the primary responsibility to co-ordinate the investigation of all suspected fraudulent or corrupt acts reported under this policy.
- 5.9 Depending on the nature of the suspected fraud or corruption and availability and expertise of internal resources, the Head of Internal Audit, in consultation with the relevant senior member of management, has the discretion to determine the nature and extent of and resources applied to the investigation process. Should the investigation be outsourced to an external party, preference will be given to the use of established and preferred service providers to support the quality and voracity of the investigation.
- 5.10 If the investigation substantiates that significant fraudulent or corrupt activities have occurred, the Head of Internal Audit has the responsibility to notify the Audit Committee on a timely basis of such activities. Relevant senior divisional management are also responsible for including details of any such allegations of fraud or corruption in their bi-annual reporting of Defalcations to the divisional Audit Committees.
- 5.11 Any fraud or corruption committed by an employee of the Group will be pursued by thorough investigation and to the full extent of the law, including:
- Taking disciplinary action within a reasonable period of time after the incident; and/or
  - Instituting civil action; and/or
  - Initiating criminal prosecution by reporting the matter to the police service or any other relevant law enforcement agency; and/or
  - Any other appropriate and legal remedy available.

The judgement of senior management will be required to ensure that the economic and practical realities of taking the steps required above are adequately considered and applied appropriately in the particular circumstances. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title or relationship to the Group.

- 5.12 Managers are also required to ensure that losses or damages suffered by the Group as a result of all reported acts committed or omitted by an employee or any other person are recovered from such an employee or other person if he or she is found to be liable.
- 5.13 Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

## 6. CONFIDENTIALITY

- 6.1 All information relating to fraud and corruption must be treated confidentially. The progression of investigations will be handled in a confidential manner and



will not be disclosed or discussed with any person(s) other than those who have a legitimate right to such information. The opinion of the Group Legal Counsel will be sought in assessing this legitimate right in the event of a dispute. This is important in order to avoid harming the reputations of suspected persons who are subsequently found innocent of wrongful conduct.

## 7. PUBLICATION OF SANCTIONS

7.1 The Group Financial Director will decide, in consultation with appropriate senior managers, whether any information relating to corrective actions taken or sanctions imposed, regarding incidents of fraud and corruption should be brought to the direct attention of any person or made public through any other means.

## 8. PROTECTION OF WHISTLE BLOWERS

8.1 The Ethics Line of the Group is intended to encourage employees to raise serious concerns relating to specific matters (including fraud and corruption) without fear of victimisation. No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud or corruption.

8.2 Employees or other parties are discouraged from making allegations, which are false and/or made with malicious intentions. Where such allegations are discovered, the person who made the allegations must be subjected to disciplinary or other appropriate action.

## 9. APPLICATION OF PREVENTION CONTROLS AND DETECTION MECHANISMS

9.1 In respect of all reported incidents of fraud and corruption, managers are required to immediately review, and where possible, improve the effectiveness of the controls which have been breached in order to prevent similar irregularities from taking place in future.

9.2 The Head of Internal Audit will assist in deciding, in consultation with appropriate senior managers, whether any information relating to control deficiencies should be brought to the direct attention of any other senior member of management in an unaffected division, in order to assist all Group divisions to implement adequate preventative controls.

9.3 The Head of Internal Audit will ensure that all identified control deficiencies are considered in future internal audits conducted within the affected business unit and similar businesses within the Group.



**10. CREATING AWARENESS**

10.1 It is the responsibility of all managers to ensure that all employees are made aware of and receive appropriate training and education with regard to this policy.

**11. ADMINISTRATION**

11.1 The custodian of this policy is the Group Financial Director who is supported in its implementation by all managers of the Group.

11.2 The Head of Internal Audit, supported by all other managers of the Group, is responsible for the administration and revision of this policy. This policy will be reviewed annually and appropriate changes will be made should these be required.

**12. ADOPTION OF THE POLICY**

Adopted by:

\_\_\_\_\_  
Group Financial Director  
**Barloworld Limited**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chief Executive Officer  
**Barloworld Limited**

\_\_\_\_\_  
Date