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## Barloworld Group Fraud Management Policy and Framework

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**APPROVAL AND OWNERSHIP**

<b>Policy Owner</b>	<b>Date</b>
Executive: Ethics and Compliance – Yondela Ndema	01 October 2022

<b>Approved By</b>	<b>Date</b>
Executive Committee	12 September 2022
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**REVISION HISTORY**

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V1.0			29 Sept 2015
V1.2	September 2016		25 July 2017
V1.3	July 2017	Removal of Barloworld Finanzauto: Iberia ethics line details	24 July 2018
V1.4	July 2018	Change in ownership. Addition of defined roles and responsibilities examples of fraudulent acts and response plan for investigations in the UK.	21 Sept 2020
V1.5	Sep 2020	Review conducted every 2 years by the policy owner	22 Sept 2022
V1.5	May 2022	Incorporated audit findings.	Sep 2024

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## **DEFINITIONS AND ABBREVIATIONS**

**Table 1: Definitions**

<b>Terminology</b>	<b>Definition</b>
Board	means the board of directors of Barloworld Ltd.
Defalcation	means to misuse funds; embezzle; failure to account for or pay over money (also read asset) that has been entrusted to one's care; also, misappropriation of assets or theft of assets by an organisation employees or officers of an organisation.
Employee	means any person who works for the Group, either on a permanent or fixed term contract basis, and who receives, or is entitled to receive, any remuneration and in any manner, assists in carrying on or conducting the business of the Group.
Fraud	<p>means the unlawful and intentional misrepresentation or concealment of facts resulting in actual or potential prejudice to another. Examples would include dishonest, non-compliant, irregular, or unfair practices with the intention to perpetuate fraud, aimed at personal gain, whether financial or otherwise. Personal gain applies not only to an individual but extends to family, friends and business associates or partners.</p> <p>Fraudulent activities include, but are not limited to the following: theft, misappropriation of assets, misrepresentation, misuse of assets, misuse of intellectual or private property, aiding and abetting a crime, insider trading, sharp business practices, misstatement of financial transactions and reports, and concealing transactions.</p> <p>Unethical conduct may or may not constitute illegal or fraudulent behaviour. The Barloworld Worldwide Code of Conduct defines ethical behaviour and required standards of conduct.</p>
Group	means Barloworld Limited, its subsidiary companies or business units. This includes divisions, companies in which Barloworld has management control or joint ventures where the joint venture partner has agreed that the joint venture will comply with the policy.
Policy	means this Fraud Risk Management Policy and Framework

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**Table 2: Abbreviations**

Abbreviations	Description
BGIAS	Barloworld Group Internal Audit Services.
HLRA	High-Level Risk Assessment.
SLO	<p>The Serious Fraud Office, a non-ministerial government department of the Government of the United Kingdom that investigates and prosecutes serious or complex fraud and corruption in England, Wales, and Northern Ireland. The SFO is a specialist prosecuting authority tackling the top level of serious or complex fraud, bribery, and corruption. They take on a small number of large economic crime cases. The Director of the SFO may investigate any suspected offence which appears on reasonable grounds to involve serious or complex fraud. In considering whether to authorize an investigation, the Director will take into account the actual or intended harm that may be caused to the public, or the reputation and integrity of the UK as an international financial centre, or the economy or prosperity of the UK and whether the complexity and nature of the suspected offence warrants the application of the SFO's specialist skills, powers, and capabilities to investigate and prosecute. They also pursue criminals for the financial benefit they have made from their crimes and assist overseas jurisdictions with their investigations into serious and complex fraud, bribery, and corruption cases.</p> <p>A potential case must meet certain criteria before it is taken on. In deciding, the Director will take into account all the circumstances of the case and consider cases which undermine UK commercial/financial PLC in general and the City of London in particular; cases where the actual or potential loss involved are high; cases where actual or potential harm is significant; cases where there is a very significant public interest element; and new species of fraud.</p>

## 1 Preamble and Policy Summary

The Group is committed to maintaining the highest standards of integrity and ethical conduct.

The Group has implemented a Barloworld Worldwide Code of Conduct (“**the Code**”), which requires Barloworld directors, management, and employees to comply with legislation and our policies to respect others, to be fair, objective, and honest, as well as to protect the environment.

## 2 Purpose & Objective

The Group has implemented this Fraud Management Policy and Framework, which is intended to ensure a consistent and effective approach to the process of fraud management, and minimisation of fraud occurrences within the Group. This is also intended to guide practical implementation of fraud control initiatives and prevention measures within the Group.

The Group reserves the right to utilise all avenues available to the full extent of the law to prosecute any perpetrators.

## 3 Scope

This Policy applies to all employees of Barloworld.

The FRMF aims to serve as the foundation of Barloworld’s fraud risk management framework with a focus on:

- a) fraud risk assessment;
- b) the prevention and detection of fraud;
- c) the identification and resolution of incidents of fraud and suspected fraud; and
- d) ensuring a sustainable fraud management approach.

## 4 Roles and Responsibilities

Divisional Executive Management has the responsibility to ensure compliance with this policy and the discretion to define the processes, procedures, and other mechanisms by which the policy is implemented.

### 4.1 Audit Committee

As per the terms of reference, the responsibilities of the Audit Committee are to disclose:

- a) “5.3.4 - to the board and the stakeholders in the integrated report weaknesses in financial controls, whether from design, implementation, or execution, that are considered material (individually or in combination with other weaknesses) and that resulted in actual material financial loss, fraud, or material errors”.
- b) “5.6.2 - establish and maintain a whistle-blowers line to enable employees and outside whistle-blowers to report in confidence their concerns about possible improprieties in matters of financial and sustainability reporting, or non-compliance with laws and regulations that may have a direct or indirect effect on integrated reporting.”

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- c) “5.6.4 - evaluate the effectiveness of the design and implementation of internal financial controls and the nature and extent of any significant weaknesses in the design, implementation or execution of internal financial controls that may have resulted in material financial loss, fraud, corruption or error.”
- d) “5.9.2 - to oversee fraud and corruption risks in relation to financial reporting.”

### **4.2 Social, Ethics and Transformation Committee**

As per the terms of reference, the responsibilities of the Social, Ethics and Transformation Committee is to:

- a) “5.4 Ensure that the whistle-blowers line is routinely publicized so that employees and other parties are aware of its existence. At least annually, consider and review whistle-blowers line reports and activities related to any fraud, misconduct, breakdown in internal controls, or conflicts of interest, as well as procedures for handling allegations from “whistle-blowers”.

### **4.3 The Risk and Sustainability Committee**

The Risk and Sustainability Committee, established and empowered by the Board, operates with terms of reference established by the Board. The Risk and Sustainability Committee assists the Board in reviewing the risk management process and the significant risks facing the Group.

### **4.4 Management**

Management is accountable to “set the tone at the top”. Managers are responsible for ensuring that an adequate system of control exists within their areas of responsibility and that controls operate effectively. The responsibility for the prevention, detection, and investigation of fraud, therefore, rests primarily with managers. Management should create an environment, which is intolerant to fraud.

Management is accountable to ensure that adequate fraud risk management processes are in place, including the identification of potential fraud risks. There is a need for all managers to assess the types of risk involved in the operations for which they are responsible; to review and test the control systems for which they are responsible regularly; to ensure that controls are being complied with and to satisfy themselves that their systems continue to operate effectively. Management should develop on-going monitoring processes to evaluate, remedy and continuously improve fraud prevention controls. Controls should be reviewed and updated as necessary, but in any event on an annual basis.

Please refer to the Barloworld Risk Management Plan and Policy for the Guidelines for the Execution of the HLRA Process and submission of divisional Risk Registers to the Corporate Office.

### **4.5 Group Risk**

Group Risk is responsible for providing the guidance to divisions regarding fraud investigations to ensure matters are investigated and followed up by the application of any remedies available within the full extent of the law.

#### **4.6 Internal Audit**

Consistent with The IIA’s International Standards for the Professional Practice of Internal Auditing on proficiency (1210.A2), internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation.

It is not Internal Audit’s direct responsibility to prevent fraud happening within the business. This is the responsibility of management as the first line of defense.

The Internal Auditor is responsible to evaluate the adequacy of the internal control system, prioritize auditing activities in accordance with a documented risk assessment plan, and provide recommendations, through consulting and assurance activities.

Group Internal Audit will on a bi-annual basis consolidate all defalcations reported by the divisions for submission to the Group Audit Committee.

### **5 Regulatory Background**

This section intentionally left blank.

### **6 Policy Statement**

The Group has a zero tolerance approach to all forms of fraud. The Group has implemented this Policy, which is intended to ensure a consistent and effective approach to the process of fraud management, and minimisation of fraud occurrences within the Group.

### **7 Fraud Risk Management Framework**

<b>A</b>	<b>The Fraud Management Framework</b>
<b>1.</b>	<p>There are six phases of fraud risk management, namely:</p> <ul style="list-style-type: none"><li>▪ <b>Fraud risk assessment:</b> To identify potential fraud threats and implement appropriate measures.</li><li>▪ <b>Prevention:</b> Actions taken to deter or prevent fraud from occurring.</li><li>▪ <b>Detection:</b> Actions aimed at uncovering or revealing the presence of fraud or fraud attempts.</li><li>▪ <b>Investigation:</b> Gathering evidence of the detected/uncovered fraud or fraud attempts which will assist to recover assets and/or build a case to stop the perpetrator, obtain resolution and facilitate successful prosecution and conviction.</li><li>▪ <b>Recovery and mitigation:</b> Action taken to recover assets or losses, implementation of prevention strategy to reduce fraud and avert further losses resulting from the fraud.</li><li>▪ <b>Continuous monitoring review:</b> The Group’s fraud risks are not static and may change over time as a result of changes brought about by internal and external risk factors. Accordingly, the Group will take steps to remain informed regarding the Group’s fraud risks by, amongst others, conducting periodic fraud risk assessments.</li></ul>



## **8 Risk Assessment**

<b>A</b>	<b>Conducting Periodic Risk Assessments</b>
1.	The conducting of periodic fraud risk assessments is a critically important step in the Group's fraud risk management strategy.
2.	Fraud risk assessments involve the process of identifying potential fraud risks, assessing the likelihood and impact of the potential fraud risk, and taking the necessary steps to prevent, detect and/ or minimise losses.
3.	All divisions in the performance of their own risk assessments should include an assessment of potential fraud risks and how to mitigate those risks. Please refer to the Barloworld Risk Management Plan and Policy for the Guidelines for the Execution of the Barloworld HLRA Process.
4.	Divisional management must ensure the responsible persons are tasked with the responsibility of ensuring the fraud risk assessments are performed and suitable persons assigned to conduct investigations.
5.	The Group's fraud risks are not static and may change over time as a result of changes to internal and external risk factors. Accordingly, the Group's fraud risks will be continually reviewed by conducting periodic fraud risk assessments.

## **9 Prevention and Detection of Fraud**

<b>A</b>	<b>Examples of Fraudulent Acts</b>
1.	<p>Examples of fraudulent acts include but are not limited to:</p> <ul style="list-style-type: none"> <li>▪ Impropriety in the handling or reporting of money or financial transactions;</li> <li>▪ Profiteering as a result of abuse of privileged information;</li> <li>▪ Misappropriation of funds, securities, supplies, or other assets;</li> <li>▪ Extortion where a person or entity is coerced into providing benefit in exchange for acting (or failing to act) in a particular manner;</li> <li>▪ Accepting tangible or non-tangible items or favours of material value from contractors, vendors or persons providing services/materials to the Group, unless this is done in terms of the Group Policy on the receipt of gifts by Employees;</li> <li>▪ Seeking anything of material value from contractors, vendors or persons providing services/materials to the Group, for an Employee's personal gain;</li> <li>▪ Embezzlement involving the theft of resources by persons entrusted with the authority and control of such resources; and</li> <li>▪ Wilful destruction, removal or inappropriate use of records, furniture, fixtures, and equipment.</li> </ul>

## **10 Identification and Resolution of Incidents of Fraud and Suspected Fraud**

<b>A</b>	<b>Process for Reporting Fraud</b>
1.	Any employee who becomes aware of, or reasonably suspects, fraud should report it <b>immediately</b> to their Line Manager, divisional management responsible for risk and / or compliance or HC business partner, and that person is then responsible for reporting the matter immediately to the relevant divisional executive.
2.	Alternatively, matters can be reported <b>anonymously</b> by contacting the Barloworld Ethics Line as set out in the Global Whistle-Blowing policy. This is an independent and confidential system through which employees can report, inter alia, fraud or suspected fraud.
3.	The Barloworld Ethics Line is intended to encourage employees to raise serious concerns relating to fraud or suspected fraud without fear of victimisation. The Protected Disclosures Act 26 of 2000 and the Group Whistleblowing Policy aims to protect employees from being harassed, victimized or dismissed when they blow the whistle in good faith on wrongdoers in the workplace. Barloworld will not penalise an employee for raising an ethical issue in good faith. In addition, Barloworld does not tolerate any reprisal, retaliation, retribution, harassment, or occupational detriment by any individual against an employee for raising a concern or making a report in good faith.
4.	Employees will be subject to disciplinary action and may be subject to legal liability if malicious and/or false allegations are deliberately made.
5.	<p>An investigation team will be appointed via the relevant divisional executive management.</p> <p>Members of the investigation team will have:</p> <ul style="list-style-type: none"> <li>• Free and unrestricted access to all relevant company records and premises, whether owned or rented; and</li> <li>• The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.</li> </ul> <p>The members of the investigation team will inform divisional executive management of any cases of impairment of access to the information for the investigation.</p>
6.	All fraud allegations will be investigated and followed up by the application of any remedies available within the full extent of the law.
7.	<p>All investigations must be treated as strictly confidential. Only the Executive: Ethics and Compliance must be informed. Any further reporting is made by the responsible person / divisional executive management overseeing the investigation.</p> <p>Employees or management (other than the Executive: Ethics and Compliance) suspecting fraudulent activity are not permitted to personally conduct investigations or</p>

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	<p>interviews/interrogations related to any suspected fraudulent act, without consultation with their relevant divisional executive management responsible for investigations.</p> <p>Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the company or Group.</p> <p>Disclosing any information about the investigation to the person suspected of wrongdoing without the consent of the divisional executive management overseeing the investigation, and the Executive: Ethics and Compliance is a gross misconduct.</p> <p>All records and reports of the investigation process should be retained in a safe place with restricted access under the custody by the Executive: Ethics and Compliance.</p>
8.	When a fraud occurs, Divisional Management will immediately review all relevant controls in order to prevent similar frauds occurring.
9.	Divisional Management is responsible for ensuring that reported matters in scope of this policy (not received through the Barloworld Ethics Line) are escalated to the person/persons responsible, Divisional Audit Review Committee and Barloworld Group Audit Committee. Divisional Management must utilize the Group Defalcation reporting process which is completed on a bi-annual basis and consolidated by BGIAS to report all instances of fraud.
10	Where applicable, instances of Fraud or suspected Fraud (and/or any related offences) will be reported to the authorities in accordance with applicable laws.

<b>B</b>	<b>Investigation of fraud within UK owned entities or entities conducting business in the UK</b>
1.	For further consideration relating to internal investigations, the UK's SFO published the Corporate Cooperation Guidance for fraud. The memorandum sets out indicators of good practice which the SFO expects corporates to comply with in order to be seen as cooperative in the context of self-reporting to the SFO. Cooperation means providing assistance to the SFO that goes above and beyond what the law requires. Cooperation in this scenario is important as it is a relevant consideration for the SFO when deciding whether to invite a corporate to negotiate a Deferred Prosecution Agreement (DPA) or when taking charging decisions.
2.	Before commencing an investigation, Divisional Management should immediately inform the Executive: Ethics and Compliance about any facts / suspicions before investigations commence.
3.	The Executive: Ethics and Compliance will then decide if self-disclosure in terms of the SFO practice guide is necessary. No direct disclosures to the SFO must be made by the divisions. The Executive: Ethics and Compliance will advise on the proposed investigation from the SFO and communicate this to the division, in consultation with the Group General Counsel and Divisional Legal Executive.
4.	<p>For applicable cases with regards to Barloworld, the following are required for disclosure purposes:</p> <ul style="list-style-type: none"> <li>▪ Both digital and hard copy relevant material must be preserved using a method that prevents the risk of document destruction or damage;</li> </ul>

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	<ul style="list-style-type: none"> <li>▪ Provide a list of relevant document custodians and the locations (whether digital or physical) of the documents; and</li> <li>▪ Provide relevant material that is held abroad where it is in the possession or under the control of the organisation.</li> </ul> <p>Further guidance can be found at the following web address:  <a href="https://www.sfo.gov.uk/publications/guidance-policy-and-protocols/sfo-operational-handbook/">https://www.sfo.gov.uk/publications/guidance-policy-and-protocols/sfo-operational-handbook/</a></p>
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<b>C</b>	<b>Recovery and mitigation</b>
1.	Employees who commit fraud are in material breach of the contract of employment amounting to gross misconduct; and will be subjected to appropriate disciplinary action, in accordance with HC policies. Barloworld will pursue all appropriate action to the full extent available in law.
2.	The Group retains the full discretion to pursue full recovery of, including but not limited to, the wrongfully obtained assets from fraudsters.

<b>D</b>	<b>Disclosure to Third Parties</b>
1.	The Executive: Ethics and Compliance, where applicable, will be responsible for any necessary disclosures to any third parties as required by the laws or regulations of any country in which the Group operates for substantiated cases of fraud.
2.	Barloworld employees may not make official statements on behalf of Barloworld unless they are duly authorised to do so.

## 11 Ensuring A Sustainable Fraud Management Approach

<b>A</b>	<b>Periodic Review</b>
1.	<p>The Group's fraud risks are not static and may change over time as a result of changes to internal and external risk factors. Accordingly, the Group will:</p> <ul style="list-style-type: none"> <li>• periodically review this Policy and effect any amendments that may be required, from time to time.</li> <li>• conduct periodic fraud risk assessments.</li> </ul>

<b>B</b>	<b>Internal Audit</b>
1.	Consistent with The IIA's International Standards for the Professional Practice of Internal Auditing on proficiency (1210.A2), internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation.

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	The Internal Auditor is responsible to evaluate the adequacy of the internal control system, prioritize auditing activities in accordance with a documented risk assessment plan, and provide recommendations, through consulting and assurance activities.
2.	Group Internal Audit will on a bi-annual basis consolidate all defalcations reported by the divisions for submission to the Group Audit Committee.

### 12 Communication

This Policy must be communicated to all employees.

Communication and training for new and existing employees must be included in annual training plans for anti-bribery and corruption as appropriate. Training content should be refreshed periodically so that it remains current and relevant.

Training records must be maintained as evidence of completion of training and these records should be monitored and included in reports to divisional executive management at least annually.

### 13 Related Policies & Other Documents

Document Name
Barloworld Worldwide Code of Conduct
Barloworld Anti-Bribery and Corruption Policy
Barloworld Gifts and Hospitality Policy
Barloworld Group Social Media Policy
Barloworld Group Acceptable Use Policy
Barloworld Risk Management Policy
Barloworld Risk Management Plan
Group Whistleblowing Policy
The UK's Serious Fraud Office (SFO) the Corporate Cooperation Guidance

### 14 Raising Concerns and Seeking Guidance

If any person becomes aware of a circumstance or action that violates or appears to violate this policy on bribery and corruption, they are encouraged to contact their manager, the Group General Counsel, the Group Compliance Manager, or alternatively the Barloworld Ethics Line at [www.tip-offs.com](http://www.tip-offs.com).

The Barloworld Ethics Line is an independent and confidential system for reporting allegations of unethical behaviour, illegal actions, or actions that violate the Barloworld Worldwide Code of Conduct.

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The Barloworld Global Whistleblowing Policy applies to the use of the Barloworld Ethics Line, and it contains the contact details pertaining to each company, division, or business unit.

Barloworld is committed to ensuring that no employee suffers any occupational detriment as a result of reporting a genuine concern in good faith.

### **15 Breach of Policy**

Failure to comply with this Policy could amount to gross misconduct, a material breach of the contract of employment, disciplinary action in line with the applicable Barloworld disciplinary codes, and fines or penalties in terms of applicable laws.

### **16 Deviations from Policy**

It is the responsibility of divisional executive management to ensure that this Policy is adopted and approved by an appropriate divisional executive committee and minimum requirements set out in this Policy are implemented.

Any deviations from this Barloworld policy that amend the meaning or raise the minimum standard of these Barloworld policy requirements must be pre-approved in writing by Barloworld Executive: Compliance and Ethics. Once approved, such deviations must be tabled, approved, and recorded at an appropriate divisional executive meeting.

Language translations of Barloworld policies must be conducted or checked by a professional language translator to avoid translation errors that may change the meaning of the policy requirements.