



## FRAUD PREVENTION AND ETHICS POLICY

POLICY NUMBER

0000000

PAGE NUMBER

Page 1 of 10

REVISION NUMBER

4


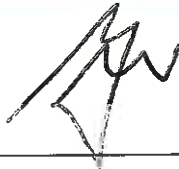
EFFECTIVE DATE

MARCH 2015

## FRAUD PREVENTION AND ETHICS POLICY

### TABLE OF CONTENTS

1. Purpose.....	2
2. Scope and Application .....	3
3. The Policy .....	4
3.1 Employees' Responsibilities .....	4
3.2 Reporting of Incidents.....	4
3.3 Course of Action.....	6
3.4 Initial assessment on merit of allegation(s) .....	7
4. Mis-use or Abuse of the Reporting System .....	7
5. False Allegations.....	8
6. Investigation and Prosecution.....	8
7. Non-fraud Related Irregularities .....	9
8. Abbreviations .....	9
9. References.....	10

ACCOUNTABLE	SIGNATURE	AUTHORISED FOR IMPLEMENTATION	SIGNATURE	CONTROL COPY NO.
COMPANY SECRETARY		PRESIDENT/CEO		



## 1. Purpose

The Foskor Group is committed to organisational integrity and sound business ethics, as stipulated in the codes of Corporate Governance best practices and relevant legislation aimed at combating corruption and crimes of dishonesty (for example fraud, theft, utterance and forgery).

The Group expects its employees to conduct all aspects of business at the acceptable level of professionalism, integrity and excellence in line with established organisational values and culture of reporting and maintaining systems of high quality.

It is an accepted fact that, no matter which stringent measures are in place to prevent or deter corruption or crimes of dishonesty, there is no guarantee that acts of unethical behaviour and deception will not occur. New ways of circumventing controls to perpetrate fraud are continually devised. It is therefore important that the Group be prepared to respond effectively to any levels of dishonesty and corruption to limit losses or reputational harm.

Acting ethically often amounts to the ability to make the correct decision or choose the correct course of action when faced with a number of conflicting alternatives. Accepting responsibility and accountability for decisions and being able to justify why a specific course of action was taken, with adequate evidence that the decision was ethical is what makes business ethics critical

ACCOUNTABLE	SIGNATURE	AUTHORISED FOR IMPLEMENTATION	SIGNATURE	CONTROL COPY NO.
COMPANY SECRETARY		PRESIDENT/CEO		

during every day operations. This is especially true when another official may have to judge a specific course of action and determine whether business was conducted in an ethical manner at a later stage.



The purpose of this Policy is to provide guidance to employees on what is regarded as ethical business conduct and how they should react should they discover unethical conduct or be faced with conflicting situations in the course of performing their duties.

## 2. Scope and Application

This Policy applies to all employees in the Foskor Group and other stakeholders such as suppliers, contractors and customers.

The Board is responsible for ensuring compliance with this Policy and will be aided in this task by Exco, the Group Internal Audit Manager, the Fraud Prevention and Ethics Committee as well as the Board Audit and Risk Committee.

Management and supervisory staff are responsible to enforce and monitor compliance with this Policy. Senior Management, Exco, the Board Audit and Risk Committee as well as the Fraud Prevention and Ethics Committee recognise that it is their duty to ensure appropriate management of risks associated with acts of dishonesty and corruption. The detection, prevention and appropriate reaction to such incidents are of vital importance.

ACCOUNTABLE	SIGNATURE	AUTHORISED FOR IMPLEMENTATION	SIGNATURE	CONTROL COPY NO.
COMPANY SECRETARY		PRESIDENT/CEO		

## 3. The Policy

### 3.1. Employees' Responsibilities

In terms of common law, a relationship of trust exists between the employer and employee and the employee bears a fiduciary responsibility to take reasonable action to prevent harm or loss to his or her employer, in the interest of enhancing shareholder wealth. Employees are thus accountable for their actions or omissions.



If an employee is aware of and / or becomes aware of any form of dishonesty, illegal activities and / or corruption taking place at Foskop, the employee has an obligation to immediately report such circumstances using one of the channels listed in section 3.2 below.

Failure to do so may result in disciplinary action against such an employee depending on the circumstances of the situation.

Any employee found guilty of dishonesty, corruption or any unethical conduct and who is subsequently dismissed or any employee who is formally charged with any misconduct and resigns prior to a disciplinary hearing, will not be allowed to perform work for Foskop as an employee or a vendor and will not be included on the Foskop vendor list.

### 3.2. Reporting of Incidents

All Foskop staff is obliged to report suspicious conduct which may amount to

ACCOUNTABLE	SIGNATURE	AUTHORISED FOR IMPLEMENTATION	SIGNATURE	CONTROL COPY NO.
COMPANY SECRETARY		PRESIDENT/CEO		

dishonesty, corporate acts of crime, corruption, irregularities or unethical conduct within the Foskor environment. It is essential that these reports be routed through a central "reporting channel" to ensure effective and consistent response.



It is anticipated that the following will be the sources of reports:

- Staff may approach the Group Internal Audit Manager, FGAS employees or investigators directly.
- All direct reports received by line managers and supervisors must immediately be conveyed either verbally or in writing to the Group Internal Audit Manager. Verbal reports must be confirmed in writing.
- Suppliers or customers may approach FGAS directly.
- In instances where staff, suppliers or customers wish to remain anonymous, they should report their suspicions through the Ethics Hotline.

The Ethics Hotline is set up in such a way that all reports will immediately be communicated to the Group Internal Audit Manager and Chairperson of the Fraud Prevention and Ethics Committee or to the CEO where it pertains to the Group Internal Audit Manager.

Under no circumstances may any person who receives a report:



- Fail to convey the report or;
- Act on the reported suspicion without referring it to the Group Internal Audit Manager or to the CEO where it pertains to the Group Internal Audit Manager.

ACCOUNTABLE	SIGNATURE	AUTHORISED FOR IMPLEMENTATION	SIGNATURE	CONTROL COPY NO.
COMPANY SECRETARY		PRESIDENT/CEO		

The Fraud Prevention and Ethics Committee is responsible for investigations relating to dishonesty, acts of corporate crime, corruption or unethical conduct and plays a leading role when incidents of dishonesty, corruption and breaches of ethical standards occur. This allows transparency in the investigation process.

### 3.3. Course of Action

- All ICT related fraud will be investigated by external consultants.
- Allegations against Group Internal Audit Manager, Company Secretary, GML officials and Exco members will be investigated by external investigators, should an investigation be necessary.
- The mandate of FGAS only allows investigation of fraud or irregularities relating to officials on SML and lower levels.
- Allegations against FGAS staff should be referred to the Group Internal Audit Manager and Chairman of the Fraud Prevention and Ethics Committee.
- Allegations against the Group Internal Audit Manager, Company Secretary and GML officials and Exco members should be referred to the CEO.
- Allegations against the CEO and Foskor's Directors (other than the Chairman), should be referred to the Chairman of the Board.
- Allegations against the Chairman of the Foskor Board of Directors should be referred to the Chairman of the Board Audit & Risk Committee.



ACCOUNTABLE	SIGNATURE	AUTHORISED FOR IMPLEMENTATION	SIGNATURE	CONTROL COPY NO.
COMPANY SECRETARY		PRESIDENT/CEO		

### 3.4. Initial assessment on merit of allegations

- The Group Internal Audit Manager in consultation with the Chairman of the Fraud Prevention and Ethics Committee will assess whether allegation(s) against employees on SML and lower levels have merit or not and make a decision on whether the allegation(s) should be investigated or not.
- The CEO will assess whether allegation(s) against the Company Secretary, Group Internal Audit Manager, GML officials and Exco members has merit or not. The decision on whether the allegation(s) should be investigated or not will be made by the CEO.

## 4. Mis-use or Abuse of the Reporting System

- All reported allegations shall be screened for authenticity by the highest level of authority as laid out on paragraph 3.3.
- The Hotline and FGAS resources shall not be used to settle personal disputes and/ for personal gain.
- While the anonymity of the reporter and the integrity of the Hotline system will be maintained, abuse of the system by employees shall be investigated to discourage such reports which might absorb the resources for no good course to Foskor and its stakeholders.
- Such discarded allegations shall be collated and reported to the next level of investigation authority to ensure consistency and no obstruction of justice.

ACCOUNTABLE	SIGNATURE	AUTHORISED FOR IMPLEMENTATION	SIGNATURE	CONTROL COPY NO.
COMPANY SECRETARY		PRESIDENT/CEO		

## 5. False Allegations



Individuals reporting concerns must understand the implications (resources and costs) of undertaking investigations, which are false. Where such vexatious or false allegations are suspected it may result in the individual being subjected to disciplinary action or other appropriate action if the individual is an external party.

## 6. Investigation and Prosecution

All reported incidents will be investigated and will respect the basic human rights of all involved. The outcome will be made known to the Company through the relevant available channels.

The persons authorised to conduct investigations will have access to all records, data and information pertaining to the investigation, including the storage thereof on any Company owned asset. All employees are required to co-operate with the persons conducting the investigation. Failure to do so may result in the employer taking disciplinary action against the employee, as it deems appropriate.

The Company reserves the right to take such action as it deems necessary at the time. The highest consistency will be applied, with no discrimination, irrespective of title or length of service.

ACCOUNTABLE	SIGNATURE	AUTHORISED FOR IMPLEMENTATION	SIGNATURE	CONTROL COPY NO.
COMPANY SECRETARY		PRESIDENT/CEO		

## 7. Non-fraud Related Irregularities

Identification or allegations of personal improprieties or irregularities whether moral, ethical, or behavioural, should be resolved by the Human Capital Department.

All disciplinary procedures and CCMA cases should be managed by the Human Capital department.



Theft and all aspects of asset protection are to be investigated and resolved by the Security section, who report to the SHREQ department.

Only material or sensitive investigations relating to above will be conducted by FGAS investigators in consultation with the parties referred to above.

## 8. Abbreviations

Abbreviations used in this Policy are listed below:

- FGAS - Foskor Group Audit Services
- CEO - Chief Executive Officer
- Exco - Executive Committee
- VP - Vice President
- GML - General Management Level
- SML - Senior Management Level


ACCOUNTABLE	SIGNATURE	AUTHORIZED FOR IMPLEMENTATION	SIGNATURE	CONTROL COPY NO.
COMPANY SECRETARY		PRESIDENT/CEO		

- Lower levels – Level 1 to Level 7 and Middle Management Level
- ICT – Information Communication Technology

## 9. References

The following sources were used to compile the Policy:

- Protected disclosures Act no. 26 of 2000;
- The Electronic Communication and Transactions Act no. 25 of 2002;
- Regulation of Interception of Communication and Provision of Communication - Related
- Information Act no. 70 of 2002;
- Prevention and Combating of Corruption Activities Act no. 12 of 2004;
- Auditing Profession Act no. 26 of 2005; and
- Access to Information Act no. 2 of 2000

ACCOUNTABLE	SIGNATURE	AUTHORIZED FOR IMPLEMENTATION	SIGNATURE	CONTROL COPY NO.
COMPANY SECRETARY		PRESIDENT/CEO	