

Bribery, Corruption & Fraud Policy

1. Policy Overview

Desane Group Holdings Limited and its subsidiaries (“**Desane**”) are committed to the highest level of integrity and ethical standards in all its business practices including accurate reporting of financial information. Bribery, fraud, corruption, misconduct and other unethical behaviour is prohibited. Such behaviour would serve to undermine Desane’s values and will not be tolerated.

The Bribery, Fraud & Corruption Policy forms part of Desane’s risk management framework and should be read in conjunction with the *Code of Conduct* and *Whistleblower Policy* and all other Desane policies.

2. Policy Coverage

In this policy, the term “**Personnel**” refers to Desane’s directors, officers and employees, and also to contractors, consultants and any other person engaged by Desane to perform services for or on behalf of Desane.

3. Policy Guidelines

In keeping with the spirit of Desane’s Code of Conduct, Desane encourages personnel who have witnessed, or know about, any suspected bribery, fraud or corruption to report it in accordance with this Policy.

Fraud, bribery and corruption control guidelines have been established to assist staff to understand and comply with Desane’s business practices relating to bribery, fraud and corruption.

3.1 What is Bribery, Fraud and Corruption?

This Policy applies to bribery, fraud, corruption and wrongdoing (together “bribery, fraud and corruption”).

Bribery is the offering, promising, giving, accepting or soliciting of an advantage as an inducement for action which is illegal, unethical or a breach of trust. A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage and can take the form of gifts, loans, fees, rewards or other advantages.

Examples of bribery include:

- Payment of bribes or other improper payments to public officials; and
- Payment of secret commissions.

Fraud includes, but is not limited to:

“Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.”¹

Examples of conduct that may occur within Desane’s business that are contained within the above definition of fraud include (but are not limited to) the following:

- Theft of inventory, equipment or any property of Desane;
- Improper use of commercially sensitive information;
- Inappropriate use of company property, the internet or email;
- Procurement fraud, including unsound or incomplete tender documents, shortcutting established company procedures and unethical or dishonest communication with vendors;
- False accounting practices or financial information; and
- Misuse of company credit cards.²

Corruption includes, but is not limited to:

“Dishonest activity in which a director, executive, manager, employee or contractor of any entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for himself or herself or for another person or entity.”

Corruption can also involve “corrupt conduct by the entity, or a person purporting to act on behalf of and in the interests of the entity, in order to secure some form of improper advantage for the entity either directly or indirectly.”³

¹ Australian Standard AS 8001 – 2008 “Fraud and Corruption Control”: page 15

² Australian Standard AS 8001 – 2008 “Fraud and Corruption Control”: page 7

³ Australian Standard AS 8001 – 2008 “Fraud and Corruption Control”: page 15

Examples of corrupt conduct include:

- Collusive activity with competitors or kickbacks from suppliers;
- Dishonest or unethical behaviour in awarding tender contracts eg. tender misrepresentation;
- Undeclared conflicts of interests;
- Dishonest or unethical contract management;
- Dishonest collaboration with competitors; and
- Dishonest or unethical business practices with regards to financial statements (eg. budget reallocation, capital projects, funding transfers and incentive schemes).

Incidents of bribery, fraud and corruption perpetrated by Desane's personnel may carry serious criminal and civil penalties for those individuals involved and may also lead to serious reputational damage and financial loss for Desane.

Wrongdoing includes unlawful conduct (including con-compliance with legislation, regulation, codes, guidelines and other regulatory instruments); conduct that is in breach of any Desane policy (including the Code of Conduct); unethical, socially irresponsible or improper conduct; misuse of Desane's funds or assets; and conduct that endangers personnel, the environment or the public generally.

4. Bribery, Fraud and Corruption Control Planning and Resources

4.1 Appointment of a Bribery, Fraud and Corruption Control Officer

The Company Secretary has been appointed the person responsible for the role of "Bribery, Fraud and Corruption Control Officer" and has direct reporting accountability for this Policy to the Executive Leadership Team and the Audit & Risk Committee.

4.2 Bribery, Fraud and Corruption Control Responsibilities

The following provides a summary of bribery, fraud and corruption control responsibility within Desane:

4.2.1 The Board of Directors and the Audit & Risk Committee

The Board and the Audit & Risk Committee:

- Oversee the implementation and operation of the *Code of Conduct*, this Policy and the *Whistleblower Policy*; and
- Receive and consider the results of the internal and external audit investigations and bribery, fraud and corruption risk reporting.

4.2.2 Executive Leadership Team

The Managing Director, Chief Financial Officer and other Executive Directors are responsible jointly for the implementation of this Policy and are to:

- Promote bribery, fraud and corruption awareness and ethics amongst Desane personnel;
- Promote and support the bribery, fraud and corruption reporting structure, including the *Whistleblower Policy*;
- Develop and implement procedures for the detection and prevention of bribery, fraud and corruption;
- Conduct periodic bribery, fraud and corruption risk assessments, as applicable;
- Develop and monitor bribery, fraud and corruption control strategies, as applicable;
- Liaise with the Bribery, Fraud and Corruption Control Officer and act appropriately in relation to all reports and investigations of bribery, fraud or corruption;
- Ensure that any structural or system changes, which may affect the level of risk, are communicated to the Audit & Risk Committee, so that appropriate amendments can be made to internal audit plans and fraud risk assessments;
- Identify potential bribery, fraud and corruption risks;
- Provide advice and guidance to personnel seeking clarification as to what constitutes bribery, fraud and corruption;
- Report on any instances of suspected bribery, fraud and corruption activity in accordance with section 5 of this Policy; and
- Be a reporting point for instances of suspected bribery, fraud and corruption.

4.2.3 Company Secretary

The Company Secretary will act as the Bribery, Fraud and Corruption Control Officer and is responsible for:

- Promoting awareness of this Policy and the *Whistleblower Policy*;
- Managing the bribery, fraud and corruption reporting process; and
- Receiving reports of bribery, fraud and corruption.

4.2.4 Chief Financial Officer

In addition to clause 4.2.2, the Chief Financial Officer is also responsible for ensuring:

- The integrity of the financial systems; and
- An appropriate level of internal controls to support the financial transaction and reporting processes.

4.2.5 Other Executive Directors

The responsibilities of all Executive Directors within Desane with regard to this Policy are to:

- Take a leadership role in promoting ethical behaviour within Desane;
- Support other Directors in implementing bribery, fraud and corruption control strategies within Desane;
- Identify potential bribery, fraud and corruption risks and manage existing bribery, fraud and corruption risks;
- Contribute to the establishment and maintenance of an effective internal control system to minimise bribery, fraud and corruption risks; and
- Report any incident or suspected incident of bribery, fraud and corruption of which they become aware to the Corruption Control Officer.

4.2.6 Other Personnel

Other personnel have a responsibility to:

- Act in a professional and ethical manner at all times;
- Comply with this policy;
- Attend relevant training and awareness sessions or undertake online bribery, fraud and corruption awareness training, as required;
- Support the implementation of bribery, fraud and corruption control strategies within Desane;
- Identify potential bribery, fraud and corruption issues to the Company Secretary;
- Report any incident or suspected incident of bribery, fraud and corruption of which they become aware but not to investigate matters independently; and
- Above all, perform their duties with skill, care, diligence, honesty, integrity, impartiality and in compliance with the law.

4.3 Bribery, Fraud, Corruption Prevention and Control Initiatives

Desane will maintain the following specific measures aimed at controlling the risk of bribery, fraud and corruption:

- Employee and Director screening;
- Supplier vetting;
- Rotation of personnel in high corruption risk positions;
- Maintaining a corporate gifts, entertainment and hospitality register, if applicable;
- Maintaining controls regarding making political donations, if applicable.

5. Bribery, Fraud and Corruption Detection

5.1 Implementing a Bribery, Fraud and Corruption Detection Program

The Bribery, Fraud and Corruption Control Officer will work with management and the Audit & Risk Committee to formulate effective bribery, fraud and corruption detection systems and procedures which may include:

- Post-transactional reviews;
- Analysis of management accounting reports to identify trends;⁴
- Strategic use of the internal audit function including targeted and rotational risk and internal controls reviews;
- Utilising software and other computer data analytic tools to proactively identify potentially fraudulent transactions.

6. Reporting and Investigations

In all circumstances, personnel should report suspected bribery, fraudulent or corrupt activity. The following should be read in conjunction with the *Code of Conduct* and the *Whistleblower Policy*.

6.1 How to Report Bribery, Fraud or Corruption

Personnel who have any suspicions about bribery, fraudulent or corrupt activity in the workplace should advise the Bribery, Fraud and Corruption Control Officer.

Any report that relates to an alleged bribery, fraud, corruption or wrongdoing involving the Managing Director should be made to the Chairman of Desane.

Any report that relates to an alleged bribery, fraud, corruption or wrongdoing involving the Bribery, Fraud and Corruption Control Officer may also be made to the Chairman of Desane.

Desane will investigate all reported bribery, fraudulent or corrupt activities including those reported anonymously. Investigations will be conducted by appropriately skilled and experienced people, who are independent of the business unit where the alleged bribery, fraudulent or corrupt activities occurred. All reports will be handled in accordance with the *Code of Conduct* and *Whistleblower Policy*.

⁴ As recommended by Australian Standards AS 8001 – 2008 “Fraud and Corruption Control”: page 43

6.2 Bribery, Fraud and Corruption Incident Register

The Bribery, Fraud and Corruption Control Officer will maintain a Bribery, Fraud and Corruption Incident Register which will include the following information:

- Date and time of report;
- Date and time the incident was detected;
- How the incident came to the attention of management (eg. anonymous report, normal report, supplier report, annual compliance statement);
- The nature of the incident;
- Value of loss (if any) to Desane; and
- Any action taken following the discovery of the incident.

6.3 What Happens if the Report was not Made on Reasonable Grounds?

If, at the conclusion of the investigation (either internally, or by the appropriate authorities), it is concluded that the whistleblower did not suspect bribery, fraud or corruption on reasonable grounds (for example, the whistleblower did not reasonably believe the contents of the report to be true, or acted with malice) Desane may respond in accordance with the contract between Desane and the relevant personnel.

6.4 Actions Following Receipt of Report of a Fraudulent Act

Provided all appropriate details have first been given to the Bribery, Fraud and Corruption Control Officer, the Officer will, when required, further investigate the alleged conduct and take any necessary action as required by the law or the Desane Code of Conduct and any other relevant policy.

6.5 Reporting Requirements

The Bribery, Fraud and Corruption Control Officer will maintain a record of all reported bribery, fraud and incidents of corruption in accordance with clause 6.2. The Audit & Risk Committee will be notified of all reported incidents of bribery, fraud and corruption. Notification to the Audit & Risk Committee generally occurs at the next Audit & Risk Committee meeting following the report, unless the alleged wrongdoing involves a member of the Desane executive management team, in which case the Chairman of the Desane Board and the Chairman of the Audit & Risk Committee will be notified directly and immediately.

At the end of each financial year, Desane will provide management representations to the external auditors of all known and suspected fraudulent or corrupt acts in accordance with its obligations under AUS 240.

7. Conflicts of Interest

It is imperative that Desane conducts all its business having regard to probity, openness and transparency.

In all business activities, Desane needs to ensure that personnel at all times conduct their duties in the best interests of the organisation, rather than acting in their own best interests or interests of another body corporate (including a related body corporate) or based on personal or other bias.

The Desane *Code of Conduct* outlines requirements in respect of employee obligations to disclose potential conflicts of interests. Employees must comply with those requirements. Failure to do so could place Desane at risk, not only of actual conflicts of interest, but also a perception that such conflicts exist.

8. Review of Bribery, Fraud & Corruption Policy

The Company Secretary is responsible for reviewing the Bribery, Fraud & Corruption Policy and associated policies every two years, or sooner as appropriate, to check if it is operating effectively and whether any changes are required, including if there are material changes to the business.

The Board is to approve any changes to the Bribery, Fraud & Corruption Policy.

9. Questions?

Any queries arising out of this Policy can be discussed with the Company Secretary.

10. Related Policies and Procedures

- Code of Conduct
- Whistleblower Policy