

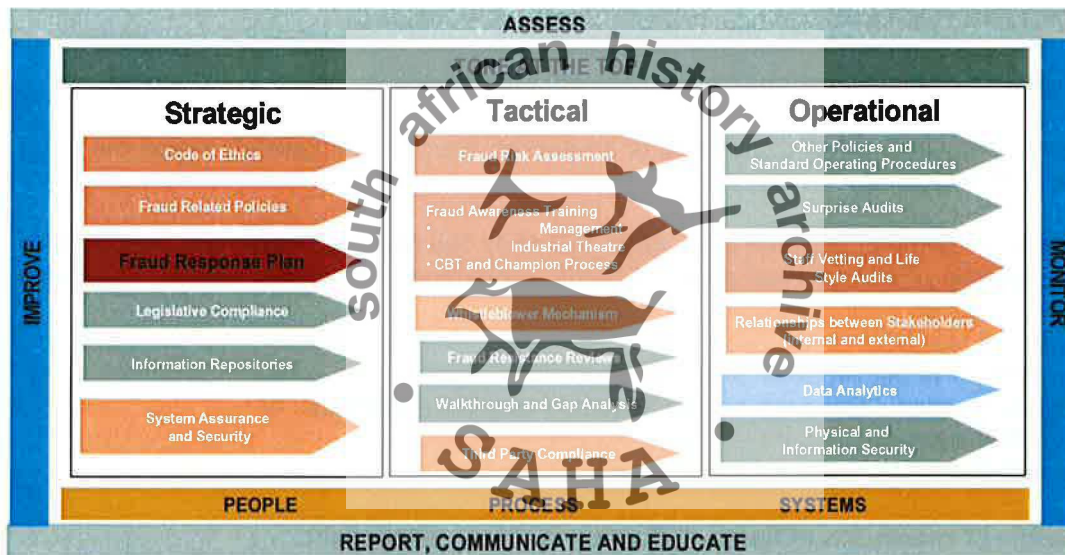


## Fraud Response Plan

### 1. INTRODUCTION

Transnet Limited ("Transnet") has developed a Fraud Prevention Plan to effectively manage its exposure to fraud. The term 'Fraud' is used expansively within Transnet, to include all aspects of economic crime (fraud, corruption and theft), refer to **Section 8** for definitions.

The diagram below outlines the key elements of the Fraud Prevention Plan. The Fraud Response Plan is one of the key elements of the Fraud Prevention Plan.



Transnet commits itself to actively fight fraud on a zero tolerance basis and to respond to allegations of fraud timeously, and in the most effective manner possible, in order to prevent or limit the occurrence of any potential or actual losses or damage. Prompt and appropriate action will be taken when fraud is detected or suspected.

### 2. THE FRAUD RESPONSE PLAN

The Fraud Response Plan sets out the procedure to be followed to manage allegations of fraud. Failure to appropriately manage such allegations may result in contravention of related legislation, violation of human rights, loss of critical evidence, loss of company assets and the alienation of employees.



### 3. DESIRED OUTCOMES OF THE FRAUD RESPONSE PLAN

In instances where allegations of fraud can be substantiated, Transnet will take any of the following actions:

- Disciplinary action - Without exception, disciplinary action will be taken in terms of Transnet's Disciplinary Policy; and/or
- Civil proceedings - Transnet will assess whether any civil action should be taken in cases where it has suffered losses due to fraud. All financial considerations in pursuing this option will be thoroughly investigated prior to instituting any action; and/or
- Criminal prosecution - Criminal action will be instituted against the perpetrators.

### 4. REPORTING PROCESS

#### Employees

Employees are required, when discovering or suspecting fraud, to immediately report the fraud to anyone of the following:

- Tip-offs Anonymous on: Free call - 0800 003 056; Toll free fax - 0800 007 788; Email - [Transnet@tip-offs.com](mailto:Transnet@tip-offs.com); Free post - Tip-offs Anonymous, Free Post DN298, Umhlanga Rocks, 4320; or
- Any Board Member;
- Any member of the Group or Divisional Executive Committee; or
- Group or Divisional Manager: Legal / Security / Employee Relations; or
- A Line Manager; or
- Any member of the Forensic Work Group.

Non-disclosure of known acts of fraud will be seen in a very serious light.

#### Members of the Public/Customer/Service Providers

Members of the public, customers or service providers can report fraud to any of the following:

- Tip-offs Anonymous on: Free call - 0800 003 056; Toll free fax - 0800 007 788; Email - [Transnet@tip-offs.com](mailto:Transnet@tip-offs.com); Free post - Tip-offs Anonymous: Free Post DN298, Umhlanga Rocks, 4320; or
- Group Chief Executive or any members of the Executive Team.



## 5. DECISION MAKING PROCESS

- All allegations of fraud received, will be considered and if appropriate, will be investigated and suitably dealt with by the Transnet Investigations team and/or Divisional Investigations team.
- The Investigations team, comprising of key representatives from the Corporate Office and Transnet Internal Audit, will be notified of all allegations received via the Forensic Working Group (hereinafter referred to as "FWG").
- The Transnet FWG will assess every matter, and if a matter can be investigated at a Divisional level, the Transnet FWG will forward the matter to the Divisional Investigations team, and provide the required guidance.
- The Divisional Investigations team will work with the Transnet Internal Audit representative to investigate and decide on the appropriate action to be taken regarding the allegations received.

## 6. ROLES AND RESPONSIBILITIES

### Transnet Management

If a fraud allegation is reported directly to Transnet Management ("Management"), Management (*please see the definition of management below*), will ensure that the matter is forwarded to the Investigations team. Management may be required by the Investigations team, to do the following:

**Secure Assets:** Immediately secure the assets or property, where the possibility exists that the physical assets or property of Transnet may be vulnerable to damage or misappropriation, e.g. locking away of moveable assets such as laptops. Access to assets by potential suspects should be restricted. Other assets include, but are not limited to:

- Fixed property e.g. buildings;
- Moveable assets e.g. locomotives, cash, stock, vehicles and computers;
- Documentation e.g. invoices and purchase requisitions;
- Other intangible assets e.g. Intellectual property rights, Share Certificates and cheques; and
- System software and information in soft copy.

**Collect Documentation:** Ensure the integrity and preserve the chain of custody of documentation which may be needed as evidence, by taking the following steps:

- Collect all related original documents;
- Record where / when / from whom the document was collected;
- Do not mark, staple or alter originals in any way; and
- Store original documents in plastic sleeves and in a lockable storage area where access is restricted.





Contact the Head of Information, Communication and Technology (ICT) department, to assist with the search and seizure of any computer related or electronic evidence, where the computer or electronic evidence is involved.

Contact the Head of Group Insurance to establish whether a potential financial loss may be recoverable.

#### **The Forensic Work Group will:**

- Ensure that all allegations of fraud are considered and if appropriate, investigated by the Investigations team;
- Review the progress of all current investigations in order to ensure that all allegations are investigated and reported upon timeously;
- Review and monitor the disciplinary, civil and/or criminal actions taken against employees and third parties as a result of the outcomes of the investigations; and
- Escalate, as appropriate, any pertinent issues and other information to Group Internal Control Committee.

#### **Employee Relations**

The Employee Relations department will ensure that all internal disciplinary procedures are adhered to and that there is maintenance of an appropriate database of all disciplinary matters.

#### **Legal Advisors**

Legal advisors may be contacted for legal advice in the following respects:

- Obtaining relevant documents;
- Identifying / locating witnesses; and
- Drafting the charge sheet.

#### **Information, Communication and Technology Department (ICT)**

If computers are required for evidential purposes, the ICT department will assist with:

- Search and seizure of any computer related or electronic evidence, if the computer or electronic evidence is involved;
- Providing and sorting electronic data into manageable or readable formats.

#### **The Investigations Team**

The Investigations team will consists of professional forensic specialists, and/or people with investigative skills, experience and personal characteristics to investigate fraud. The Investigations team will be responsible for:

- Investigating the fraud allegations and communicate the outcome to the relevant committees;
- Interviewing the suspects in the presence of a senior employee and/or Line Manager;



- Keeping a record of all questions, answers, the date, time, venue of the interview and people present during the interview;
- Assessing and establishing the cases which can be handed over to the South African Police Services for criminal prosecution;
- Compiling reports of all matters under investigation and submitting the reports to the Forensic Work Group and Internal Control Committee.

## Employees

When an employee receives confidential information from another employee, that employee will:

- Take steps as are necessary to prevent unauthorised disclosure or misuse;
- Not to disclose these, or any other confidential information made available to him/her to any third party, (being a party other than those to whom the information is supposed to be reported).

## 7. DEFINITIONS

### Fraud

The unlawful and intentional misrepresentation, which causes actual prejudice or which is potentially prejudicial to another.

### Corruption

The act is committed by any person who directly or indirectly –

- (a) accepts, agrees or offers to accept any gratification from any other person, whether for the benefit of himself or herself or for the benefit of another person; or
- (b) gives, agrees or offers to give to any other person any gratification, whether for the benefit of that other person or for the benefit of another person, in order to act, personally or by influencing another person so to act, in a manner -
  - (i) that amounts to the -
    - illegal, dishonest, unauthorised, incomplete, or biased; or
    - misuse or selling of information or material acquired in the course of the, exercise, carrying out or performance of any powers, duties or functions arising out of a constitutional, statutory, contractual or any other legal obligation;
  - (ii) that amounts to-
    - the abuse of a position of authority;
    - a breach of trust; or
    - the violation of a legal duty or a set of rules;
    - designed to achieve an unjustified result; or



- that amounts to any other unauthorised or improper inducement to do or not to do anything.

### **Theft**

The unlawful and intentional appropriation of property which belongs to another with the intention of permanently depriving the person of the property.

### **Transnet Management**

Transnet Management shall include: Supervisors, Line Managers, Junior/Senior Managers, General Managers, and Exco members, both in the Corporate Office and the Divisions.

## **8. ACCOUNTABILITY**

**Accountable:** Group Chief Financial Officer

**Responsible:** Group Head of Internal Control

**Support:** Group ER & HR

**Monitors and maintains:** Group Head of Internal Control  
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