

WBHO ALERT AND WHISTLE BLOWING POLICY

The purpose of this document is to provide WBHO employees (both management and staff) and other stakeholders with essential information regarding the fight against fraud, corruption and anti-competitive behaviour being undertaken the company.

WHISTLE BLOWING — ONUS ON EMPLOYEES TO NOTIFY MANAGEMENT OF FRAUD

Whistle blowing is the process whereby employees or other individuals can report dishonest activities within the organisation. It is a warning system and a means for the company to find out when irregular activities are taking place. It is WBHO policy that any fraudulent, corruptive or anti-competitive activities such as theft and collusive behaviour are not tolerated. These will be investigated and followed up within the full extent of the law.

It is the responsibility of all WBHO management and staff to report all dishonest activities to his or her line manager. If the individual is not comfortable reporting such matters to the line manager, then that employee should report the matter to the line manager's superior, with final recourse to the Manager of Internal Audit or any member of ExCo; furthermore, employees can report incidents via the Alert hotline, should they wish to remain anonymous or for any other reason.

WBHO will take appropriate legal recourse to recover losses or damages arising from fraud, corruption, theft or any other dishonest behaviour.

If the matter leads to the laying of criminal charges, it must be reported to the police.

Where an employee is accused of having committed any dishonest activity, the line manager must institute disciplinary proceedings as soon as is practically possible, which must be in terms of the disciplinary policy and procedure of WBHO.

The following legislation and policies, amongst others, deal with corruption in South Africa:

- [WBHO Code of conduct](#)
- Corruption Act, Act 94 of 1992
- Competition Act 89 of 1998 and
- Protected Disclosure Act.

Protection of Whistle Blowers

The Protected Disclosures Act, 26 of 2000 aims to reassure employees with genuine concerns about irregular activities that there is a better and safer option than that of silence, by providing protection against victimisation to those responsible employees who report suspicious, dishonest or any other irregular activity. This Act protects employees from any kind of victimisation resulting from whistle blowing. An employee or individual, who suspects or reports suspected dishonest activity, must be afforded the opportunity to remain anonymous should he or she so require.

The Protected Disclosures Act does not protect false disclosures.

Directors:

M.S. Wylie (Chairman) • E.L. Nel (CEO) • C.V. Henwood (CFO) • J.P. Botha • A.N.N. Matyumza* • N.S. Maziya* • N.S. Mjoli-Mncube* • M.J. Ngobeni* (**Non-executive)

Company Secretary

S. Vally-Kara

WBHO ALERT

Where an employee or individual reports an irregularity that person may do so anonymously through WBHO Alert, either by the free telephone service number 0800 202 121, by email wbhoalert@telkomsa.net or by post to WBHO Construction (Pty) Ltd, Freepost no. JHZ 1331, Bergvlei 2012. These details are displayed at Head Office, all branches and on every site.

WBHO Alert has been setup to achieve the following:

- To encourage hesitant whistle blowers, the individual will not pay for postage or phone call.
- To teach employees that WBHO is serious about dealing with fraud, corruption and anti-competitive behaviour.
- To detect incidents of fraud by encouraging whistle blowers to report incidents which they witness.
- To create a channel through which whistle blowers can report irregularities of which they become aware. Those who wish to remain anonymous are encouraged to report via WBHO Alert; and
- To assist WBHO to identify areas of risk so that internal controls can be implemented or improved.

BRIEF EXPLANATIONS OF CORRUPTION AND FRAUD

Corruption

Corruption is described as any conduct or behaviour in relation to persons entrusted with responsibilities that violate their duties as employees and which are aimed at obtaining undue reward of any kind for themselves and/or for others.

Fraud

Fraud is defined as “the unlawful and intentional misrepresentation which causes actual and or potential prejudice to another”. It includes all aspects of economic crime and acts of dishonesty. Fraud can also be described as conduct or behaviour that is dishonest and/or where misappropriation takes place.

Certain Elements of Corruption and Fraud:

1. Bribery

Bribery involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of employees. This benefit may accrue to the employee, another individual or entity.

Example: A buyer accepts a cash payment on condition that goods are ordered from a particular supplier.

2. Embezzlement

This involves theft of resources by employees who have been entrusted to control such resources.

Example: An accountant creates a fictitious supplier and pays himself.

3. Fraud

This involves actions or behaviour by an employee, person or entity that provides a benefit that should not accrue to that employee, person or entity.

Example: An employee sells an old company computer and pockets the money.

4. **Conflict of interest**

This involves an employee acting or failing to act on a matter where that employee has an interest or another person or entity that has a relationship with employee has an interest.

Example: An employee tenders for a sub-contract for WBHO when his or her partner is a shareholder, partner or director of that sub-contractor.

5. **Favouritism**

This involves giving service providers, suppliers, subcontractors or consultant preferential opportunity to be awarded work for the company.

Example: An estimator ensures that a particular company is successful in tendering for the supply of materials.

6. **Nepotism**

This involves employees ensuring that family members are appointed to positions within the company or that family members receive subcontracts from the company.

Example: A line manager appoints his or her sister's child to a position when a more suitable candidate has applied for the position.

Please note that corruption and fraud appear in various permutations and degrees of intensity.

FRAUD AND CORRUPTION – KEY INDICATORS

Indicators where individuals may be committing fraud:

- High personal debts
- Living beyond their means e.g. driving an expensive vehicle
- Excessive gambling habit
- Alcohol / drug abuse
- Undue family or peer pressure to succeed
- Feeling of being underpaid
- Feeling of insufficient recognition for job performance
- Close association with suppliers
- Desire to “beat the system”
- Criminal record
- Not taking leave
- Not allowing anyone access to a particular area of responsibility
- Undisclosed conflict of interest, and
- Rationalisation for conflicting behavioural patterns.

Occurrences where the company could be targeted by fraudsters:

- Lack of competent personnel
- No clear lines of authority and responsibility
- Where proper procedures for authorisation of transactions are not being followed
- Lack of adequate documentation and/or records
- Lack of separation of duties
- Inadequate disclosure of personal investment and other income
- Operating in “crisis” mode
- Too much trust placed on key employees
- Failure to discipline those who contravene company policy; and

- Inadequate reference checking when recruiting new employees.

Opportunities to commit fraud:

- Rapid staff turnover of key employees
- Dishonest and dominant management
- Inadequate training
- Complex procedures
- No effective internal audit function
- Continuous problems with adhering to legislation, and
- Late certification and unacceptably high debit WIP.