



▲ FRAUD RISK
MANAGEMENT
POLICY

Board Approved July 2011



▲ FRAUD RISK MANAGEMENT POLICY

1. WHAT IS THE PURPOSE OF THE FRAUD RISK MANAGEMENT POLICY?

Boom Logistics Limited (“Boom” or “Company”) is committed to ensuring that a culture of honesty and opposition to fraud is established and maintained to ensure that effective fraud and corruption prevention is an integral part of the day to day operations of Boom.

The purpose of this Policy is to assist the Directors, Executives and employees of Boom to understand their obligations in relation to fraud and corruption and to explain the protocols to be followed if they become aware of suspected/actual fraud.

It is the aim of Boom that:

- All management and employees are aware of and understand this policy;
- An environment is established in which fraud is not tolerated and in which all employees are required to act honestly;
- External parties that we deal with on a regular basis are aware that we take fraud and corruption seriously and that Boom have this policy in place; and
- Employees feel empowered to report genuine concerns of fraud or corruption at every level of the company without the fear of retribution.

2. WHO MUST COMPLY WITH THIS POLICY?

This policy applies to all Directors, Executives and all employees of Boom.

3. WHAT IS THE POLICY?

Directors, Executives and employees must not engage in fraudulent or corrupt behaviour or assist others in such behaviour.

This policy is to be read in conjunction with the *Speaking Up Policy*. The *Speaking Up Policy* protects employees’ rights when they report genuine concerns in respect of suspected fraud and corruption.

This Policy should also be considered in conjunction with Boom’s Code of Conduct Policy.

4. WHAT ARE THE KEY OBLIGATIONS FOR ALL EMPLOYEES UNDER THIS POLICY?

Under this Policy, all employees must:

- Be alert to any fraudulent activity at all times;
- Act in accordance with the Code of Conduct Policy, with honesty and integrity and in the spirit of ethical standards, in all aspects of their work;
- Never “turn a blind eye” to suspected fraudulent activity;

- Not engage in fraudulent or corrupt behaviour or assist others in such behaviour (examples of such behaviour includes obtaining an illegal payment or benefit, submitting a false claim for expenses, misstating timesheets etc); and
- Report any fraudulent activity they see or genuinely suspect immediately to the appropriate personnel (please refer to the “Speaking Up Policy” for further guidance).

5. WHAT IF I BREACH THE POLICY?

Boom will not tolerate fraud or corruption within the company, therefore breaches of this policy will be taken very seriously. All confirmed reports of fraud and corruption will result in termination of employment and will be reported to the relevant law enforcement agency.

Boom will take all reasonable steps to recover the amount of the loss as a result of fraud from the perpetrator through civil recovery proceedings.

Other breaches of this policy will result in serious disciplinary action and/or termination of your employment with Boom.

6. WHAT IF I BECOME AWARE OF FRAUD AND CORRUPTION?

Employees of Boom may often be the first to realise that there is fraudulent or corrupt activity in the Company. However, some employees may not have the confidence to speak up and express their concerns for fear of being disloyal to their work colleagues. There may also be times when a fear of harassment or victimisation means the easiest option for employees may be to ignore the concern rather than report their genuine suspicion.

Boom has implemented employee safeguards, as outlined in more detail in the “*Speaking Up Policy*”, which have been established to encourage employees to raise genuine concerns of suspected frauds to appropriate personnel within the Company. Boom will not tolerate harassment or victimisation and will take action to protect those who raise a concern in good faith.

In the event of a suspected fraud, employees should consult the “*Speaking Up Policy*” for further guidance.

Reports of fraud and corruption can be done in person, in writing or by email to the appropriate personnel, as outlined in the “*Speaking Up Policy*”. All reported incidents will be treated with the utmost confidentiality and investigated and resolved in a timely and fair manner.

7. WHAT HAPPENS IF A FRAUD OF CORRUPTION ALLEGATION IS FOUND TO BE UNTRUE?

If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator.

If, however, individuals make malicious or vexatious allegations, action may be considered against the individual making the allegation

8. DEALING WITH CONFLICTS OF INTEREST

A conflict of interest may arise when personal, financial, and business or other interests might affect, or be seen to affect, the way an employee performs their duties. Boom recognises the impact that conflicts of interest can have and therefore intends to be transparent with all transactions that occur.

Boom guidelines are as follows:

- Employees should avoid participating in any business activity outside of Boom that may conflict with their duties within the Company;
- Employees should not accept gifts which could be seen as a past, present or future conflict of interest in carrying out their duties; and
- If an employee is faced with a possible conflict of interest, the conflict should be declared, the circumstances discussed with their general manager or other senior executive, and action taken to avoid any real or perceived conflict of interest.

9. RELATIONSHIP WITH OTHER BOOM POLICIES

This policy should be read in conjunction with the following policies:

- *“Code of Conduct Policy”*;
- *“Speaking Up Policy”*; and
- *“Securities Trading Policy”*.

10. WHO CAN PROVIDE ME WITH MORE INFORMATION?

Some Frequently Asked Questions in respect of this Fraud Risk Management Policy are attached at Appendix 1.

If you have any questions about this policy or concerns about possible breaches or have any other related queries please contact the General Manager Human Resources or the Company Secretary.

POLICY BREACH REMINDER

Boom will regard breaches of this policy as serious misconduct.

If you are guilty of fraud you may be subject to criminal liability. Penalties include fines and imprisonment.

Breaches of this policy will also lead to disciplinary action and/or termination of your employment with Boom.

ALL BREACHES OF THIS POLICY MUST BE IMMEDIATELY REPORTED TO THE GENERAL MANAGER, HUMAN RESOURCES AND THE COMPANY SECRETARY.

▲ FREQUENTLY ASKED QUESTIONS

What does “fraud” mean?

Fraud is defined in Australian Standard AS 8001-2003: Fraud and Corruption Control, as:

“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.

The theft of property belonging to an entity by a person or persons internal to the entity but where deception is not used is also considered ‘fraud’.”

Under Section 9 of the *Corporations Act 2001*, serious fraud means an offence involving fraud or dishonesty, being an offence:

- (a) against an Australian law or any other law; and
- (b) punishable by imprisonment for life or for a period, or maximum period of at least 3 months.

What does “corruption” mean?

Corruption is defined in Australian Standard AS 8001-2003: Fraud and Corruption Control, as:

“Dishonest activity in which a director, executive, manager, employee or contractor of an 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 him or herself or for another person or entity.

The conception of ‘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.”

An example of corruption would be where a serious conflict of interest involving a Director or senior executive or employee of the Company or other Company acting in his or her own self-interest rather than the interest of the Company to which he or she has been appointed.

Examples of fraud

Examples of fraud include and are not limited to:

- Theft of cash;
- Misstating timesheets;
- Theft of plant and equipment or inventory;

- Forgery or alteration of cheques, invoices, computer records and other documents;
- False invoicing (creating a fictitious invoice claiming payment for goods or services not delivered or exaggerating the value of goods delivered or services provided);
- Theft of funds other than by way of false invoicing;
- Disclosure of confidential information for the purposes of fraud;
- Accounts receivable fraud (misappropriation or misdirection of remittances received by the company from a debtor);
- Any claim for reimbursement of expenses that are not made for the exclusive benefit of Boom;
- Any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes;
- Unauthorised use or misuse of Boom plant and equipment, materials or records;
- Financial reporting fraud (falsification of the company's financial records or statements with a view to obtaining some form of improper financial benefit);
- Release or use of misleading or inaccurate information for the purposes of deceiving, misleading or to hide wrongdoing; or
- Misuse of position by employees, senior executives or directors in order to gain some form of financial advantage.

The following is also an example of fraud:

- Insider trading (buying or selling shares on the basis of information coming into the possession of the perpetrator by reason of his or her position which is not known to investors generally).

Insider trading is covered in more detail within Boom's ***"Securities Trading Policy"***.

Commonly asked questions to determine whether fraud has occurred

A basic guide for determining fraud could include the following questions:

- Was the conduct deceptive?
- Was the conduct unlawful?
- Was the conduct premeditated?
- Did the conduct result in money, benefits, or other advantages including information being received, to which the recipient or any associate of the recipient, was not entitled?
- Was any attempt made to do any of the examples of fraud above?