

Bribery, Fraud and Corruption Control Policy

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1 POLICY OVERVIEW

AusNet Services Limited and its subsidiaries (**AusNet Services**) 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 behavior would serve to undermine AusNet Services' *Values* and will not be tolerated.

The Bribery, Fraud and Corruption Control Policy forms part of AusNet Services risk management framework, and should be read in conjunction with the *Code of Conduct*, and *Whistleblower Policy*, and all other AusNet Services policies and procedures.

2 POLICY COVERAGE

In this policy, the term "**Personnel**" refers to AusNet Services directors, officers, and employees, and also to contractors, consultants and any other person engaged by AusNet Services to perform services for or on behalf of AusNet Services.

3 POLICY GUIDELINES

In keeping with the spirit of AusNet Services' Code of Conduct, AusNet Services 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 AusNet Services' 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

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

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Examples of conduct that may occur within AusNet Services' 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 AusNet Services;
- False invoicing;
- False work expenses;
- Improper use of commercially sensitive information;
- Inappropriate use of company property, the internet or e-mail;
- 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

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 regard to financial statements (eg. budget reallocation, capital projects, funding transfers and incentive schemes).

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

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



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Incidents of Bribery, Fraud and Corruption perpetrated by AusNet Services' Personnel may carry serious criminal and civil penalties for those individuals involved, and may also lead to serious reputational damage and financial loss for AusNet Services.

Wrongdoing includes unlawful conduct (including non-compliance with legislation, regulation, codes, guidelines and other regulatory instruments); conduct that is in breach of any AusNet Services policy (including the Code of Conduct); unethical, socially irresponsible or improper conduct; misuse of AusNet Services' 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 General Counsel has been appointed as 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 Management Committee (**ARMC**).

In conjunction with the Executive General Manager Governance & Company Secretary and the Head of Internal Audit, the Bribery, Fraud and Corruption Control Officer is to monitor, and report to the ARMC, on Bribery, Fraud and Corruption risk management.

4.2 BRIBERY, FRAUD AND CORRUPTION CONTROL RESPONSIBILITIES

The following provides a summary of Bribery, Fraud and Corruption control responsibility within AusNet Services:

4.2.1 The Board of Directors and the Audit & Risk Management Committee

The Board and the ARMC:

- 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 the other Executive General Managers are responsible jointly for the implementation of this Policy and are to:

- Promote Bribery, Fraud and Corruption awareness and ethics amongst AusNet Services 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 in conjunction with the Divisional Risk Management Co-ordinators and if required, the Risk Management Team;



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- Develop and monitor Bribery ,Fraud and Corruption control strategies and an implementation timetable;
- 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 Risk & Assurance Group, so that appropriate amendments can be made to internal audit plans and fraud risk assessments;
- Ensure Personnel complete annual compliance statements;
- 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 incidents of suspected Bribery, Fraud and Corruption.

4.2.3 General Counsel

The General Counsel 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 Managers

The responsibilities of all Managers within AusNet Services with regard to this Policy are to:

- Take a leadership role in promoting ethical behaviour within AusNet Services;
- Support other Managers and their Executive General Managers in implementing Bribery, Fraud and Corruption control strategies within AusNet Services;
- Identify potential Bribery, Fraud and Corruption risks and manage existing Bribery, Fraud and Corruption risks;



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- 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 their Executive General Manager (if appropriate), and in all circumstances to the Bribery, Fraud and 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 their Manager in implementing Bribery, Fraud and Corruption control strategies within AusNet Services;
- Identify potential Bribery, Fraud and Corruption issues to their Manager;
- 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

AusNet Services will maintain the following specific measures aimed at controlling the risk of Bribery, Fraud and Corruption:

- Employee screening;
- Supplier vetting;
- Rotation of Personnel in high corruption risk positions, as identified by divisional People Safety & Corporate Affairs representatives, or by Executive General Managers;
- Oversight of procurement activity by the central Procurement team;
- Maintaining a corporate gifts, entertainment and hospitality register;
- Making the details of the Whistleblower Hotline available on the AusNet Services intranet site; and
- Maintaining controls regarding making political donations.



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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 Risk & Assurance Group 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;
- Periodic and unannounced reviews of a sample of Level I and II⁵ Fraud and Corruption risk areas; and
- 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 section 5.5 of the *Code of Business Conduct* titled what happens when a Code of Conduct concern is raised and section 7.1 of the *Whistleblower Policy* titled “How to Report a Wrongdoing”.

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 their immediate supervisor or a higher level manager or, if the employee is concerned as to the actions of their supervisor, report to the Executive General Manager, People Safety and Corporate Affairs, the Bribery, Fraud and Corruption Control Officer, the Head of Internal Audit (collectively “**Authorised Officers**”), or use the externally operated Whistleblower Hotline. The details of the Whistleblower Hotline are as follows:

STOPline Pty Ltd
Phone 1300 30 45 50 between 8am and 6pm Monday to Friday;
E-mail ausnetservices@stopline.com.au; or
Write to AusNet Services c/- STOPline, Locked Bag 8, Hawthorn Vic 3122

Any report that relates to an alleged Bribery, Fraud, Corruption or Wrongdoing involving the Managing Director should be made to the Whistleblower Hotline, rather than to an Authorised Officer. The Whistleblower Hotline will directly and immediately notify the Chairman of the AusNet Services Board of any such report.

Any report that relates to an alleged Bribery, Fraud, Corruption or Wrongdoing involving an Authorised Officer may also be made to the Whistleblower Hotline.

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

⁵ AusNet Services Risk Management Framework.

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AusNet Services 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 Business Conduct* and *Whistleblower Policy*.

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 the AusNet Services Group; and
- Any action taken following discovery of the incident.

6.3 WHAT HAPPENS IF THE REPORT WAS NOT MADE ON REASONABLE GROUNDS?

If, at the conclusion of an investigation (either internally, or by the appropriate authorities), it is concluded that the Whistleblower did not suspect Bribery, Fraud and Corruption on reasonable grounds (for example, the Whistleblower did not reasonably believe the contents of the report to be true, or acted with malice) AusNet Services may respond in accordance with the contract between AusNet Services 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 law or the AusNet Services' Code of Conduct, Investigation Policy and Guidelines 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 ARMC will be notified of all reported incidents of Bribery, Fraud and Corruption. Notification to the ARMC generally occurs at the next ARMC meeting following the report, unless the alleged Wrongdoing involves a member of the AusNet Services Executive Management Team, in which case the Chairman of the AusNet Services Board and the Chairman of the ARMC will be notified directly and immediately.

At the end of each financial year, AusNet Services 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.



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7 CONFLICTS OF INTEREST

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

In all business activities, AusNet Services 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 AusNet Services *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 AusNet Services at risk, not only of actual conflicts of interest, but also a perception that such conflicts exist.

8 REVIEW OF BRIBERY, FRAUD AND CORRUPTION CONTROL POLICY

The General Counsel is responsible for reviewing the Bribery, Fraud and Corruption Control 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 and Corruption Control Policy.

9 QUESTIONS?

If you have any queries arising out of this Policy, you can discuss these with your immediate supervisor/manager, or:

General Counsel
Freshwater Place
Level 30, 2 Southbank Boulevard
SOUTHBANK VIC 3006
Telephone: (03) 9695 6000

Head of Internal Audit
Freshwater Place
Level 30, 2 Southbank Boulevard
SOUTHBANK VIC 3006
Telephone: (03) 9695 6088

10 RELATED POLICIES AND PROCEDURES

- Code of Conduct
- Whistleblower Policy
- Investigation Policy and Guidelines

11 SCHEDULE OF REVISIONS

Revision	Date	Details of Change
1	28 Mar 06	Published
2	22 Jan 08	Reviewed and Fraud Control Plan integrated to form one document.
3	26 Mar 10	Scheduled review includes changes to AS 8001:2008
4	14 Feb 2013	Scheduled review
5	18 Feb 2016	Scheduled review
6	3 May 2019	Policy reviewed, amended and approved by ARMC
7	24 March 2020	Policy reviewed, amended and approved by ARMC