

Bega Group

Anti-Fraud and Corruption Policy

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Prepared By

Document Owner(s)	Role
Gunther Burghardt	Chief Financial Officer

Policy Approval

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1. Introduction

1.1 Purpose

The purpose of this policy is to provide guidance regarding Bega Cheese Limited's ("Bega Group's") position on fraud and corruption. This policy is part of the Bega Group's commitment to operate ethically, responsibly and with moral integrity.

This Policy applies to all officers, employees, agents and other intermediaries acting on the Bega Group's behalf. Corruption is dishonest activity in which an officer, employee, agent or intermediary of the Bega Group acts contrary to the interests of the business and abuses his or her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity. Fraud is dishonest activity causing actual or potential financial loss to any person or entity. It includes the deliberate falsification, concealment, destruction or use of falsified documentation or the improper use of information or position.

The framework for our approach to the management of fraud and corruption is based on the relevant Australian Standard (AS 8001- 2021).

1.2 Policy Statement

Bega Group will not tolerate any acts or attempted acts of fraud or corruption in any form whether direct or indirect. This includes acts of fraud perpetrated against external stakeholders through their interactions with the business.

2. Policy Requirements

2.1 Prohibited Conduct

In addition to the Code of Conduct and other related Bega Group policies such as the Gift and Entertainment Policy, Bega Group is complicit to the Australian Fraud & Corruption Standard (AS8001:2021) which provides the following as prohibited conduct:

Corrupt Conduct

- 2.1.1 Payment or receipt of secret commissions (bribes), which may be paid in money or in some other form of value to the receiver and may relate to a specific decision or action by the receiver or generally.
- 2.1.2 Release of confidential information for other than a proper business purpose in exchange for some form of non-financial benefit or advantage accruing to the employee releasing the information.
- 2.1.3 Collusive tendering (the act of multiple tenderers for a particular contract colluding in preparation of their bids).
- 2.1.4 Payment or solicitation of donations for an improper political purpose.
- 2.1.5 Serious conflict of interest involving a Director or senior executive of an entity or other entity acting in his or her own self-interest rather than the interests of the entity to which he or she has been appointed.
- 2.1.6 Serious nepotism and cronyism where the appointee is inadequately qualified to perform the role to which he or she has been appointed.

Fraudulent Conduct

- 2.1.7 Theft of plant and equipment by employees.
- 2.1.8 Theft of inventory by employees.
- 2.1.9 False invoicing (involving a staff member of the entity or a person external to the entity creating a fictitious invoice claiming payment for goods or services not delivered or exaggerating the value of goods delivered or services provided).
- 2.1.10 Theft of funds other than by way of false invoicing.

- 2.1.11 Accounts receivable fraud (misappropriation or misdirection of remittances received by an entity from a debtor). Credit card fraud involving the unauthorised use of a credit card or credit card number issued to another person (the most common fraud against the banking sector) or the use of stolen or fraudulently generated credit card numbers by merchants.
- 2.1.12 Theft of intellectual property or other confidential information.
- 2.1.13 Accounts payable fraud (inclusive of the creation of a fictitious vendor or inappropriately redirecting payments to third party bank accounts).
- 2.1.14 Payroll fraud (creation of fictitious employees or the falsification of time and attendance records).

Importantly, incidents of prohibited fraudulent or corrupt conduct that are not included in the above may still meet the definition provided in Section 1.1.

2.2 Business Rules and Response Plan Regarding Fraud and Corruption

- 2.2.1 In the event that an officer or employee is offered a bribe, they must refuse the offer immediately and report the incident as detailed in 2.2.4.
- 2.2.2 Payments to Government Officials must not be made unless authorised by the CFO or CEO. In the event that such payments are urgently made to ensure the health and safety of an employee, full details of the payment should be reported immediately to the CFO or CEO.
- 2.2.3 All Agents must have a written agreement in place in accordance with the Bega Group's Distributor and Agency Policy.
- 2.2.4 All officers, employees, agents and intermediaries of the Bega Group who have reason to believe that an alleged act of fraud or corruption has occurred, or may occur, must promptly report this information to the Whistle Blower Hotline, the CFO or the CEO.
- 2.2.5 The Company Secretary will maintain a register of fraudulent incidents and provide updates to the Audit Committee on the status of incidents as appropriate.
- 2.2.6 All gifts, donations, travel and entertainment given or received must be in accordance with the Bega Group's Gifts and Entertainment Policy.
- 2.2.7 All management are responsible for putting in place strategies to mitigate risks, develop and review systems and introduce effective controls to limit fraud and corruption including IT controls to mitigate the risk of electronic financial fraud and identity theft both when at Bega Group sites and when travelling.
- 2.2.8 Bega Group will not facilitate the evasions of duties or tax.
- 2.2.9 Bega Group will take immediate action on the discovery of a fraud and corruption event as appropriate, which may include identifying possible parties to the event, the quarantine, capture and collation of digital, documentary and other physical evidence, undertaking a risk assessment of the event and freezing any Bega Group account that the event has affected.

2.3 Breach of Policy

Employees conducting activities identified in Section 2.1 will be subject to disciplinary action, up to and including dismissal. Breaches can also result in prosecution by law enforcement authorities.

2.4 Self-Assessments and Compliance Programs

- 2.4.1 An 'International Activities Anti -Corruption Self-Assessment' process is to be undertaken every six months by all managers responsible for international transactions (See Appendix 1). The conduct of these self-assessments will be facilitated by internal audit.
- 2.4.2 The Annual Bega Group Internal Audit Plan will allocate a minimum of 20% of internal audit's time allocation to activities that relate to the sufficiency of controls that mitigate fraud risk.

3. Responsibilities

The CFO has overall responsibility for this policy, supported by the Executive team and is responsible for giving advice on the interpretation and application of this policy, supporting training and education, and responding to reported concerns.

All officers, employees, agents and intermediaries are responsible for understanding and complying with the Policy.

4. Supporting Policies

- Code of Conduct,
- Gifts and Entertainment Policy,
- Employee Expense and Card Policy,
- Ethical Sourcing Policy,
- Ethics and Compliance Policy

5. Training and Incident Reporting Process

All members of the leadership team, sales team, procurement team and finance must annually read this Policy. Advice on matters involving fraud and corruption can be sought either via the Company Secretary, the CFO or Internal Audit.

More senior staff and other staff in particular departments such as sales and procurement must attend and participate in an annual refresher workshop.

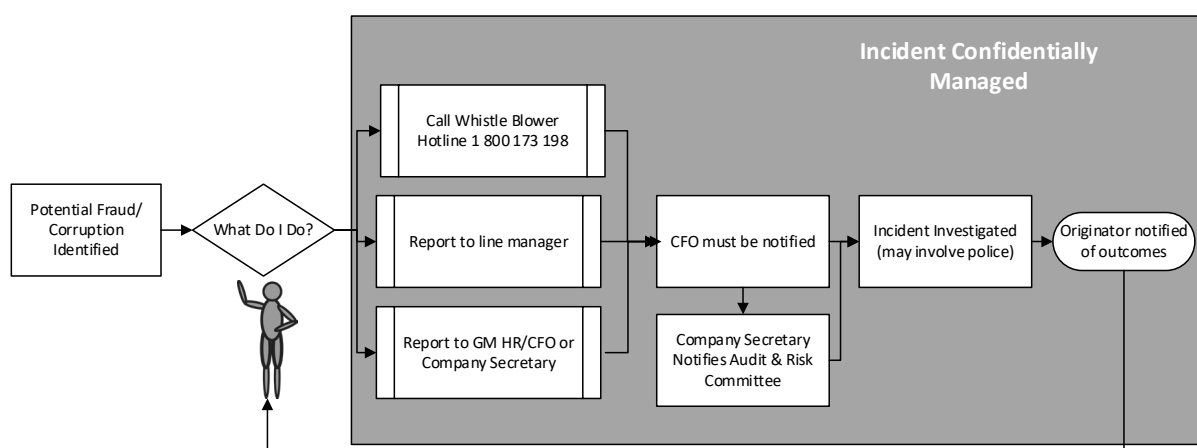
Senior staff should ensure that they set the tone in relation to acting with integrity and in line with the Bega Group's relevant integrity policy framework.

5.1 Fraud or Corrupt Conduct - Incident Reporting Process

Our approach to fraud incident reporting is in ensuring that these matters are managed in a confidential manner protecting the individual who identified the incident.

The below diagram illustrates the circumstances as to how

Diagram 1: Bega Cheese Limited Fraud/Corruption Reporting Process



APPENDIX 1

Bega Group Internal Control Review Program

International Activities Anti-Corruption Profiling

The purpose of this profiling activity is to understand Bega Group's corruption risk and is to be completed by managers responsible for international transactions.

Name: _____

Role: _____

Responsible for (international activities only): _____

SECTION 1: Overall Business Activity

High risk corruption activities involve

1. Business with a foreign government agency.
2. Sales and marketing resource based internationally.
3. Business with companies within high risk corruption nations (see Appendix 2)
4. Employment of foreign officials (or relatives) as employees, contractors or agents.

Does Bega Group involve itself with any of the above activities? If so, the business is rated a high risk in terms of its potential exposure to corruption. Elaborate below on the circumstances if the answer is yes to any of the above activities having existed within the last six months trading.

SECTION 2 Anti-Corruption Profiling

The following questions are to be answered yes or no. If yes please provide additional detail.

1. Are all employees who conduct international transactions aware of countries that have a particularly high risk or history of corruption? If so are there any additional practices put in place to mitigate this risk (i.e. what are they)?

2. Does any part of the business under your control conduct any direct business with a foreign government? If so how does Bega Group ensure that all payments made or received are appropriate?

3. Are gifts, meals and entertainment provided in conjunction with those with whom you do business in overseas markets? If yes, how are they controlled in terms of authority, transparency and oversight?

4. Are there unusual payments (such as special financial arrangements, one off payments or high commission structures) made involving foreign parties (such as agents, suppliers or customers)? If so how are these payments controlled?

5. Does Bega Group have agents operating on behalf of the business in countries with a high risk of corruption (see Appendix 2 of the Anti-Fraud and Corruption Policy)? If so what are the practices in place to mitigate the risk of corrupt payments or practices made on behalf of Bega Group?

6. To your knowledge are any of the following maintained:

- Overseas bank accounts
- Foreign assets or other inventory holdings.
- Expense management systems or company credit card transactions that lack independent visibility with regards to overseas use.

If yes, how are the above managed to mitigate the risk of corruption?

7. In your opinion does the part of the business you are responsible for have a clear understanding as to what permits, certifications and inspections are required in order to conduct business in overseas locations? If yes, how are these records maintained?

Responses to the above seven questions are sent to Internal Audit (via the Group Manager – Internal Audit) for review and assessment.

APPENDIX 2

High Risk Corruption Nations

(Source: *Transparency International – Corruption Perceptions Index 2023*) Note the higher the corruption ranking, the lower the CPI score. The below shows the lowest ranked 150 countries in the world in 2023.

Country	Score	Country	Score	Country	Score	Country	Score
Somalia	11	Guinea	26	Gambia	37	Jordan	46
Venezuela	13	Cameroon	27	Ethiopia	37	Armenia	47
Syria	13	Paraguay	28	Belarus	37	Vanuatu	48
South Sudan	13	Mali	28	Albania	37	Namibia	49
Yemen	16	Laos	28	Argentina	37	Greece	49
Nicaragua	17	Gabon	28	Morocco	38	Malaysia	50
North Korea	17	Papua New Guinea	29	Maldives	39	Croatia	50
Haiti	17	Pakistan	29	Lesotho	39	Mauritius	51
Equatorial Guinea	17	Bolivia	29	Kazakhstan	39	Malta	51
Turkmenistan	18	Mauritania	30	India	39	Saudi Arabia	52
Libya	18	Eswatini	30	Tunisia	40	Fiji	52
Tajikistan	20	Djibouti	30	Tanzania	40	Rwanda	53
Sudan	20	Togo	31	Suriname	40	Grenada	53
Myanmar	20	Mexico	31	Guyana	40	Georgia	53
Dem. Rep. of the Congo	20	Kenya	31	Cote d'Ivoire (Ivory Coast)	40	Cyprus	53
Comoros	20	El Salvador	31	Colombia	40	Slovakia	54
Chad	20	Niger	32	Vietnam	41	Poland	54
Burundi	20	Uzbekistan	33	South Africa	41	Saint Lucia	55
Afghanistan	20	Peru	33	Kosovo	41	Costa Rica	55
Eritrea	21	Mongolia	33	Burkina Faso	41	Slovenia	56
Guinea-Bissau	22	Angola	33	Trinidad and Tobago	42	Italy	56
Congo	22	Turkey	34	North Macedonia	42	Dominica	56
Cambodia	22	Sri Lanka	34	Moldova	42	Czechia	57
Iraq	23	Philippines	34	Hungary	42	Qatar	58
Honduras	23	Malawi	34	Cuba	42	Botswana	59
Guatemala	23	Indonesia	34	China	42	Spain	60
Azerbaijan	23	Ecuador	34	Bahrain	42	Saint Vincent and the Grenadines	60
Zimbabwe	24	Thailand	35	Timor-Leste	43	Latvia	60
Lebanon	24	Sierra Leone	35	Solomon Islands	43	Portugal	61
Iran	24	Panama	35	Senegal	43	Lithuania	61
Central African Republic	24	Nepal	35	Oman	43	Israel	62
Bangladesh	24	Egypt	35	Ghana	43	South Korea	63
Nigeria	25	Dominican Republic	35	Benin	43	Cabo Verde	64
Mozambique	25	Bosnia and Herzegovina	35	Jamaica	44	Bahamas	64
Madagascar	25	Ukraine	36	Sao Tome and Princip	45	Chile	66
Liberia	25	Serbia	36	Bulgaria	45	Taiwan	67
Uganda	26	Brazil	36	Romania	46	UAE	68
Russia	26	Algeria	36	Montenegro	46	Bhutan	68
Kyrgyzstan	26	Zambia	37	Kuwait	46	USA	69