

Flexera Standards of Business Conduct

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Introduction

These Standards of Business Conduct (collectively “the Standards”) do not alter the terms and conditions of your employment. Rather, they are intended as a code of conduct, which helps each Flexera employee know what the company requires of its employees so that we, as a company, always act with integrity and in compliance with applicable laws, regulations and Flexera policies.

The Standards are not a contract of employment and do not create any contractual rights of any kind between Flexera and its affiliates, officers or employees, or with any third parties.

The Standards help us protect our reputation for fair and ethical practices among our customers, vendors, fellow employees and shareholders. All Flexera employees will be informed of the Standards and are responsible for understanding and complying with the Standards, our policies and applicable government laws and regulations.

The Standards are not intended to cover every issue or situation you may face as an employee. Nor do they replace other more detailed policies. You should use the Standards as a reference guide in addition to the Flexera policies, including the Employee Handbook, that are required for your specific job.

We reserve the right in our sole discretion to add to, modify or eliminate any of the Standards' contents as and when appropriate or necessary and without prior notice. It is your responsibility to be fully aware of these Standards and follow them. The most current version of the Standards can be found on the Flexera Intranet under “Company Policies”.

Statement of our Commitment

Flexera is uniquely positioned to transform the relationships between the world’s software producers and their customers. Our employees are passionate and possess the deep expertise necessary to help customers be successful. We are candid, passionate and professional. We also keep score in everything we do, we celebrate success and give back to others. Flexera’s solutions help application producers and enterprises manage application usage and increase the value they derive from their software. Our next- generation software licensing, compliance, security and installation solutions are essential to ensure continuous licensing compliance, optimize software investments and future-proof businesses against the risks and costs of constantly changing technology. A marketplace leader for more than 25 years, more than 80,000 customers turn to Flexera as a trusted and neutral source of knowledge and expertise, and for the automation and intelligence designed into our products.

Our continued success depends on the commitment and dedication of our people. I truly believe that each of us, as Flexera employees, strives to do our very best every day. These Standards of Business Conduct help us do just that; they help us put our shared values into action daily.

A positive working environment does not just happen. It is the result of the honesty, integrity, courtesy, respect and thoughtfulness that we all extend to each other. As a representative of Flexera, you are expected to conduct your business activities professionally and with courtesy and respect for others.

We have issued the Standards to restate our longstanding commitment to uphold that responsibility. As we grow, the Standards will help ensure that our values continue to be reflected throughout our business activities.

As CEO, I am committed to providing an environment that encourages ethical behavior from all of our employees, regardless of department, level or location. Please review and ensure you understand these Standards. Refer to them frequently, and if you need assistance with any ethics or compliance-related issue, don't be afraid to ask for help from any of the resources identified in the following pages.

Thank you for your
continued commitment.

Regards,

Jim Ryan

Chief Executive Officer

Asking for Guidance and Voicing Concerns

These guidelines cannot describe every policy or regulation that may apply to you. If you need access to policies or have any questions, please ask for guidance or voice your concerns by contacting any of the following resources:

- Your manager or next-level manager
- The Legal Department at LegalEthics@flexerasoftware.com.
- Your Human Resources representative
- Business Ethics Committee at EthicsOffice@flexerasoftware.com
- Whistleblower Hotline at flexerasoftware@expolink.co.uk or <https://wrs.expolink.co.uk/flexerasoftware>.

Our core values require compliance with the law, as well as ethical conduct regardless of whether or not it is legally required. If you feel these standards have not been met, please submit your question or concern to the Business Ethics Committee. Any Flexera employee who knows of, or has reason to know or suspect,

the existence of any unethical conduct is encouraged to report such concerns promptly, in writing, to the Ethics Committee at the following addresses:

Chairman of the Ethics
Committee, Flexera c/o
General Counsel
300 Park Blvd, Suite
500
Itasca, IL 60143

Any Flexera manager who knows of, or has reason to know of or suspect, the existence of unethical behavior is required to make such a report.

All allegations of misconduct or improper actions will be thoroughly reviewed by the Ethics Committee, and appropriate action will be taken in response. As an employee, you should and are expected to cooperate fully with any investigation. Flexera will protect your identity whenever possible if requested, and will respond to any perceived or actual act of retaliation experienced by anyone who reports a concern in good faith.

Employees who submit their concerns shall be entitled to the protection of the Whistleblower Protection Policy set forth below.

Whistleblower Protection Policy

Flexera does not tolerate retaliation against or the victimization of any person who raises concerns or questions regarding a potential violation of the Standards of Business Conduct or any Flexera policy that he or she reasonably believes to have occurred. Flexera will take all appropriate steps to prevent retaliatory or detrimental treatment of any individual making a report. Retaliation for a complaint under these Standards is a separate violation of these Standards and will result in disciplinary action, up to and including termination of employment. Employees should not remain silent if they are told not to raise or pursue a concern, even by a person in authority such as a manager.

Respectful Working Environment

How We Treat One Another

The knowledge, dedication and the diversity of Flexera employees strengthens our competitive advantage. As employees we are expected to treat each other, and all with whom we do business, with courtesy, fairness, dignity and respect. While on Flexera business, remember that we are always expected to conduct ourselves lawfully, professionally, and in a manner that would be considered respectful and consistent with our core values and the values of the communities in which we operate.

At Flexera we treat each other with respect and dignity. This means that all employees are entitled to work in an environment that is free of harassment, bullying and discrimination. Harassment, bullying and discrimination take many forms, including:

- Unwelcome remarks, gestures or physical contact
- The display or circulation of offensive, derogatory or sexually explicit pictures or other materials, including by email and on the Internet
- Offensive or derogatory jokes or comments (explicit or by innuendo)
- Verbal or physical abuse or threats

While it may be difficult to discuss the details, in any situation where you believe that you have been harassed or discriminated against, you are encouraged to report your concerns to management, the Legal Department, or Human Resources as outlined above, including through the anonymous Whistleblower Hotline. Flexera is committed to fair treatment in the workplace. All reports of harassment and/or discrimination are taken seriously and will be investigated in a timely manner and with discretion.

Wage and Hour Rules

Flexera is committed to following all applicable wage and hour laws and regulations. To help ensure that all work performed on behalf of the company is compensated correctly, any employee compensated on the basis of hours worked must report and record time accurately in accordance with established local laws. Flexera shall maintain a clear and fair employee compensation policy, and provide benefits as required by local regulations.

Managers must comply with all company-established or legally required limitations on minimum hiring age, and on hours and tasks performed by employees under the age of eighteen to ensure any work performed does not hamper their education, health, safety, and mental or physical development.

We oppose the use of forced labor or the unlawful employment of minors in any place where we do business, or by any contractor, agent or supplier with whom we do business. All laws relating to the terms and conditions of employment, especially child labor, must be obeyed.

Equal Opportunity Employment

Flexera provides equal opportunity to all applicants and employees and prohibits unlawful discrimination on basis of race, color, creed, citizenship status, religion, gender, sexual orientation, national origin, ancestry, age, disability, medical condition, genetic information, marital status or status as a Vietnam-era or other veteran or any other legally protected class. This policy applies to all areas of employment including recruitment, hiring, training, professional development, promotion, compensation, benefits, and other company programs.

An integral part of Flexera's equal opportunity program is our Affirmative Action Program (AAP) which aids in the identification and elimination of potential problem areas related to employment. All employees are expected to read and comply with our Equal Opportunity Policy and Affirmative Action Plan which is available on the Flexera Intranet under Company Policies.

Workplace Safety and Security

Flexera is committed to protecting the health, safety and welfare of our employees, and to promoting a safe and productive work environment. Employees are encouraged to inform management, facilities personnel, or Human Resources of any spill, hazardous condition, workplace accident or potential violation of safety or environmental policy or law that occurs in the workplace or while conducting company business. All reports of accidents, illnesses or violations of safety or environmental policy or law will be investigated promptly.

All employees should understand what to do, who to call and where to go in the event of an emergency in the workplace. This includes knowing whether, when and how to evacuate your facility, where to meet after the evacuation, and phone numbers for you to call to confirm that you are safe or in need of

assistance. Consult with management, facilities or Human Resources for questions related to emergency preparation, or to report any suspicious activity that could impact the business or workplace.

Sexual Harassment

Sexual harassment in the workplace is strictly prohibited. Any employee who engages in sexual harassment is subject to disciplinary action, up to and including termination of employment.

Prohibited sexual harassment includes sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature that has the purpose or effect of unreasonably interfering with an employee's work performance by creating an intimidating, hostile, humiliating or sexually offensive working environment. In addition, no manager or supervisor, male or female, may sexually harass any employee or potential hire by making submission to or rejection of sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature either explicitly or implicitly a term or condition of employment or a basis for employment decisions. Determinations of whether particular language or conduct is subject to disciplinary action under these Standards are made on an individual basis, in light of all of the circumstances. The following, however, is a non-exhaustive list of examples of conduct that all employees are advised to avoid.

- Comments to, or about, any employee or his/her appearance that are sexually graphic or would otherwise tend to be degrading.
- Sexual advances or propositions.
- Any physical contact of a sexual nature.
- Jokes or other remarks with sexual content that is graphic or may otherwise be offensive to others.
- Display of objects, posters, pictures, or cartoons of a sexual nature.
- Greeting cards or gifts with sexual content.

Employees *shall not* repeat any words or conduct of a sexual nature after the person addressed has indicated that such words or conduct are unwelcome.

Please refer to the Sexual Harassment Policy located on the Flexera Intranet under Company Policies.

Substance Abuse, Weapons and Violence

Flexera has strict standards regarding substance abuse, weapons, and violence in the work place. Employees are not permitted to use or possess illegal drugs or controlled substances on company property or while you are engaged in any job-related activity. Employees may not report to work under the influence of alcohol, illegal drugs or controlled substances. Please refer to the Drug Free Workplace Policy located on the Flexera Intranet under Company Policies.

Employees may not have or possess any weapon while on company property. We take these rules regarding workplace health, safety and security very seriously. It is essential that you understand and follow them, together with any more detailed guidance provided to you.

Violence, any threat of violence, or behavior that creates an unsafe workplace environment is prohibited. Flexera will address and investigate all reported incidents of threats of violence or acts of violence against another employee,

vendor, visitor, or customer. Any employee who exhibits violent behavior or behavior that can be construed as violent will be met with immediate and appropriate punishment up to, and including, termination of employment and criminal prosecution.

Privacy and Confidentiality

Respecting and preserving the privacy of each other's personal information in accordance with local

policy and applicable law is important. We should always respect and protect all confidential information of others (sometimes known as "personal data"), including our customers, business associates, distributors and suppliers. Legal data privacy requirements differ from country to country, so it is important to know and understand how to fulfill specific legal requirements concerning handling, using and exporting employee, customer, supplier, dealer, consultant and similar data. Please refer to the Audits, Ownership, Privacy and Personal Data Policy located on the Flexera Intranet under Company Policies.

Social Media

Social media has changed the way many share information. Information shared amongst a small number of people can easily become widely disseminated whether intentionally or by accident.

Employees are all responsible for making sure that they use social media responsibly. Employees' social media presence should not be susceptible to a reasonable perception that it represents Flexera. If an employee wishes to make a comment about Flexera, they must ensure that their post clearly explains that they are speaking for themselves and not on behalf of Flexera. Lastly, employees must be careful to never post confidential information about Flexera or its customers, suppliers, or business partners.

Please refer to the Social Media Policy located on the Flexera Intranet under Company Policies.

Media Contacts

Only the Marketing Department is authorized to communicate to the media or to explain business practices, procedures, and policy positions of Flexera or otherwise speak on behalf of Flexera.

Employees receiving requests from the media should immediately contact the Marketing Department.

Commitment to a Professional Workplace

It is the policy of Flexera to conduct our business in accordance with the highest ethical standards in order to merit and maintain the complete confidence and trust

of customers and the public in general. All employees are expected to fully comply with the spirit and intent of all applicable laws, rules and

regulations. As employees, it is your responsibility to be familiar with, strictly comply with and help enforce the Proprietary Information, Inventions and Ethics Agreement you executed as part of your onboarding process. Likewise, it is your responsibility to be familiar with, strictly comply with and help enforce the Standards. In addition, we want you to be able to determine when to seek advice from others. We expect you to use good judgment and high ethical standards and to refrain from any form of illegal, dishonest or unethical conduct. If you have a question in the area of legal compliance, it is important that you seek answers from your Manager, Human Resources, the Legal Department, or the Ethics Committee.

Flexera Property and Resources

Flexera funds, work time, equipment, supplies, documents, electronic networks, intellectual property, mail, data and other tangible or intangible company resources should be used in a responsible manner, appropriately and solely in the service of conducting company business. Always exercise good judgment in using company resources, and always spend company funds in a manner consistent with Flexera policy and within the law.

Limited, incidental personal use of Flexera-provided technology is acceptable, (for example, copiers, printers, telephones, computers/laptops) as long as your use does not hinder or interfere with your job responsibilities and is not to harass others, access pornography, gamble, commit illegal acts or for any activity or behavior which is offensive, inappropriate or in conflict with the company's interests or intent and spirit of these Standards. Please refer to the Acceptable Use Policy located on the Flexera Intranet under Company Policies.

Conflicts of Interest

Employees should avoid creating a conflict of interest or the appearance of a conflict of interest for Flexera or fellow employees. A conflict of interest arises when an employee's personal interests interfere with the ability to objectively conduct company business. We expect our employees to be respectful, open, honest and transparent in all of their relationships.

If an employee feels that he/she is in a situation that might give rise to an actual or apparent conflict of interest, he/she *must* disclose it to the General Counsel or his/her designee. If an employee has any question or concern that an opportunity or activity may give rise to a real or apparent conflict of interest, the best course of action is to ask.

- This section provides several potential conflicts of interest as examples, but is not intended to be an exhaustive list of actions that could be reasonably interpreted as a conflict of interest.

Outside Business Activities

A conflict of interest may arise from activities, employment, or other relationships outside an employee's role with Flexera. Employees may not be employed by, act as consultants to, or have an independent business relationship with any of Flexera's customers, competitors, suppliers, or business

partners without pre-approval from the General Counsel or his/her designee. Employees should not have other outside employment or business interests that place them in the position of (i) appearing to represent Flexera, (ii) providing goods or services substantially similar to those Flexera provides or is considering making available, or (iii) lessening their efficiency, productivity, or dedication to Flexera in performing their everyday duties.

If you do accept work outside of Flexera, you should continue to meet the performance standards of your job, and should not perform any functions of that outside work during company time, using company resources or while on company premises. Employees are required to inform their managers of any outside work. There may be times when outside employment may represent a conflict of interest. By disclosing your employment or interest to seek outside employment, any potential for conflict of interest can be identified and eliminated.

Business Relationships with Friends & Family

A conflict of interest may also exist if an employee hires, manages, or otherwise establishes a business relationship with an entity owned or managed by, or which employs, an immediate family member, a close personal friend, or someone with whom the employee has an intimate relationship.

Investment/Business Opportunities

Employees may not take advantage of business or investment opportunities that may be attractive to Flexera if discovered in the course of their duties as a Flexera employee, nor may they assist any other person in taking advantage of such opportunities, unless Flexera has affirmatively declined to pursue the opportunities or otherwise authorized the employee to proceed with the opportunity.

Non-Profit/Charity Positions

Board positions with non-profit entities may also be a source of conflicts where there is, or may be, a Flexera business relationship with the entity, where

acceptance of the position may give rise to an expectation of financial or other support from Flexera, where the position interferes with the employee's ability to dedicate his/her full attention to Flexera.

Excellence in the Marketplace

Flexera is committed to doing business fairly, honestly and legally with our prospects, customers, suppliers, competitors, colleagues and others with whom we come into contact when conducting company business. In all our dealings we expect our employees to act with integrity and in compliance with applicable laws that promote competition in the marketplace. It is generally not acceptable to participate in any activity that would support unfair competition.

Anti-Bribery and Anti-Corruption

Flexera has adopted a comprehensive Global Anti-Bribery and Anti-Corruption Policy applicable to all employees and third parties acting on its behalf. All employees must conduct their activities in full compliance with the Global Anti-Bribery and Anti-Corruption Policy and all applicable anti-corruption laws, including the United States Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act, and other local laws. Accordingly, Flexera employees are prohibited from offering, promising, giving, soliciting, or accepting bribes or other improper benefits. A benefit may be considered improper if it is given with the intent to secure an improper advantage by inducing the recipient to act or refrain from acting. This prohibition extends to benefits given or received indirectly through third parties such as consultants, contractors or sub-contractors, agents or sub-agents, sponsors or sub-sponsors, joint-venture partners, advisors, customers and suppliers.

Violations of these laws may subject both Flexera as well as individual employees to substantial criminal and civil penalties. In addition to those penalties, violations of the Global Anti-Bribery and Anti-Corruption Policy may result in discipline by Flexera, including reprimand, suspension or termination.

Flexera may also report violations of the Global Anti-Bribery and Anti-Corruption Policy to the appropriate supervisory regulatory or law enforcement authorities. Employees who deal with third parties are responsible for taking reasonable precautions to ensure that the third parties conduct business ethically and in accordance with Flexera policy. For more details on the prohibition, including limitations on gifts, meals/entertainment/hospitality and other guidance on third party interactions, please refer to the Global Anti-Bribery and Anti-Corruption Policy.

Books and Records

Flexera records must be accurate, complete and correctly reflect Flexera's transactions, business operations, and financial position. Employees must never knowingly make a false, misleading, or artificial entry in any such record, or provide false information or withhold information in a manner that would likely lead to a false entry. Accurate accounting of payments made by Flexera is of particular importance and implicates the Global Anti-Bribery and Anti-Corruption Policy. Employees with a concern regarding the accuracy of Flexera books or records must promptly report that concern to the General Counsel.

Fair Dealing

All employees should endeavor to conduct business in a fair manner with customers, suppliers, business partners, and competitors. Employees should not take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

Violations of antitrust and fair competition laws may put Flexera's business at risk. Therefore, employees must avoid illegal or unethical business practices designed to limit competition through sharing of information or other coordination with competitors. At the same time, employees must not

use illegal or unethical means to obtain information about competitors, or possess or use information obtained by others through such means. No information should be sought, obtained, or used that would violate applicable laws relating to fair competition or protecting proprietary data.

Trade Sanctions and Compliance

Employees may not engage in business dealings or facilitate business dealings by third parties involving countries, entities, or individuals subject to an applicable trade sanctions regime. To that end, all customers and third parties should be subject to a Specially Designated Nationals ("SDN") screening using both the US and consolidated EU lists of sanctioned individuals and entities. Flexera employees shall comply with all applicable trade sanctions laws, including the Office of Foreign Assets Control ("OFAC") sanctions regulations, the Export Administration Regulations ("EAR"), the U.K. Export Control Act of 2002, and the E.U. sanctions regulations (collectively "Trade Sanctions Laws").

Money Laundering

Employees are also prohibited from knowingly, or through willful blindness, facilitating or participating in any money laundering activity. Money laundering is the process by which persons attempt to conceal the true origin and ownership of the proceeds of illegal activities while still retaining control over such proceeds.

Customer Information, Privacy and Confidentiality

All employees, contractors or any individual or entity conducting business on behalf of Flexera has a contractual obligation of confidence and trust with respect to any information that is applicable to company business and any customer of the company.

Fraud Events

Flexera must ensure that it is taking steps to adequately document, monitor and review its business transactions, relations and activities. Flexera will promptly investigate any events which it knows or reasonably suspects to be fraudulent in accordance with the Fraud Response Plan (as set out in Annex A hereto), which provides for (without limitation):

- Who should perform the investigation;
- How the investigation should be performed;
- When a voluntary disclosure to a government or regulatory body should be made (if applicable);
- How to determine the remedial action;
- How to remedy control deficiencies identified; and

- How to administer disciplinary action.

In the event that a fraudulent event impacts (or is reasonably likely to impact) a third party, Flexera will provide prompt written notice of the event to the affected third party and, upon reasonable request (and where legally permissible and practicable to do so), will share details of the intended investigations and remedial plans to be adopted by Flexera.

Community Involvement

Environmental Commitment

Flexera is committed to minimizing the impact of our activities on the environment. As such, we have adopted an Environmental Management Plan to ensure that we remain true to our commitments. We seek to make continuous improvement in the

management of our environmental impact and work with our clients, partners and vendors to promote environmental care, increase or collective understanding of environmental issues and disseminate good practice. All employees are encouraged to identify ways to proactively address the environmental impacts of our business operations. At a minimum, we all must ensure that our business practices and activities comply with the letter and intent of the law and all company policies.

Charitable Activities

Flexera conducts its own charitable and community support programs in the company's own name. In addition, Flexera provides paid time off to employees for participating in community service activities, as well as provides matching charitable contributions. Charitable contributions given to secure an improper advantage, such as winning business from a customer who is personally involved in the charity, can be considered an improper benefit under anti-corruption laws. All contributions (or promises of contributions) of money, product or services on behalf of the company, or community service activities sponsored by the company should therefore be approved in advance in accordance with the corporate policy on charitable giving.

Political Activities

Political activities must be conducted on your own time and using your own resources. Similar to charitable contributions, political support given to secure an improper advantage can be considered an improper benefit under anti-corruption laws. You must not promote any political or personal views or beliefs (including by posting or distributing notices or other materials) on or around Flexera premises, and you may not indicate or suggest that you speak on behalf of the company or that the company supports your views.

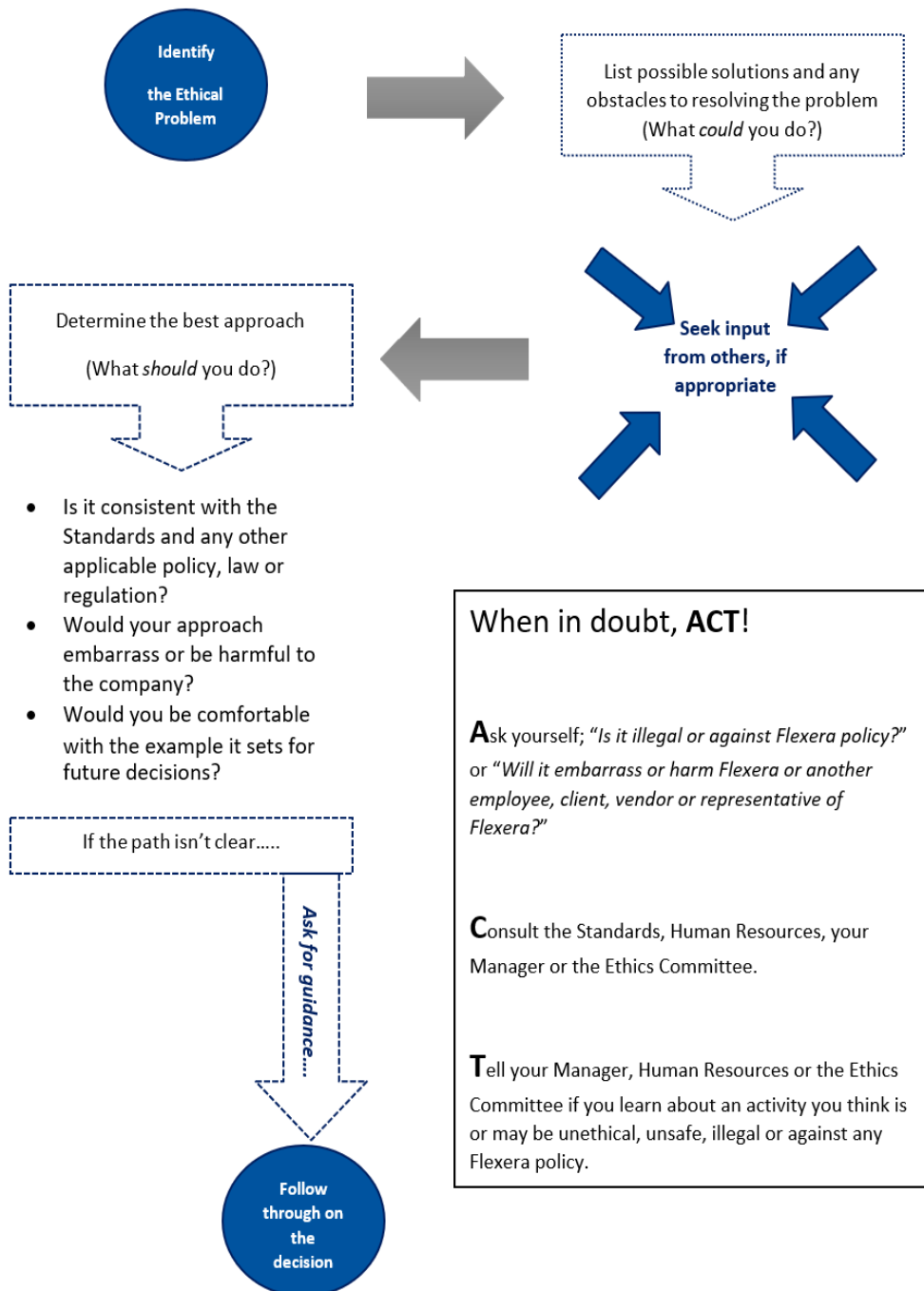
Public Relations

All information disclosed outside of Flexera must be accurate, complete and consistent, and disseminated in accordance with company policies. If you receive an oral or written inquiry from an outside contact about a company matter, you should direct the matter to the appropriate authorized Flexera spokesperson. Never attempt to respond to the inquiry yourself, even by saying "no comment". Sometimes a "no comment" is not the appropriate answer, as it leaves room for broad interpretation. Therefore, you should simply state that a Flexera spokesperson will be contacted and advised of the inquiry. The company spokespersons that are specifically trained and designated in particular areas to be responsible for communications to the public are:

- Human Resources, regarding all employment matters and practices, including verifications and references;
- The Marketing Department or Corporate Communications for all media inquiries; and

- The Legal Department for contracts, intellectual property and other legal matters.

Ethical Decision Making Framework



Annex A – Fraud Response Plan

Introduction

Flexera (the “Company”) has a commitment to high legal, ethical and moral standards. All members of staff are expected to share this commitment. The Board of Directors tries to ensure that a risk (and fraud) awareness culture exists in this organization. Fraud is an ever-present threat and hence must be a concern to all members of staff. Company views fraud as an extremely serious matter and is committed to the promotion of an Anti-Fraud Culture throughout the organization.

This document is intended to provide direction and help to those who find themselves having to deal with suspected cases of theft, fraud or corruption. This document gives a framework for a response, advice and information on various aspects and implications of an investigation. It is not intended to provide direction on prevention of fraud.

This Policy applies to any irregularity, or suspected irregularity, involving employees as well as consultants, vendors, contractors, and/or any other parties having a business relationship with the Company. Any investigative activity required will be conducted without regard to any person’s relationship to this organization, position or length of service.

Definition – What is Fraud?

Fraud can be defined as dishonestly obtaining an advantage, avoiding an obligation or causing a loss to another party. The term “fraud” commonly includes activities such as theft, corruption, conspiracy, embezzlement, deception, bribery and extortion. It may involve:

- manipulation, falsification or alteration of records or documents;
- suppression or omission of the effects of transactions from records or documents;
- recording of transactions without substance;
- misappropriation (theft) or wilful destruction or loss of assets including cash; and
- deliberate misapplication of accounting or other regulations or policies.

The criminal act is the attempt to deceive, and attempted fraud is therefore treated as seriously as accomplished fraud.

Computer fraud arises where information technology equipment has been used to manipulate programs or data dishonestly (for example, by altering, substituting or destroying records, or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources is included in this definition.

Purpose of the Fraud Response Plan

The purpose of the Fraud Response Plan (the “Plan”) is to ensure that effective and timely action is taken in the event of a fraud. The Plan aims to help minimize losses and increase the chances of a successful investigation.

The Plan defines authority levels, responsibilities for action, and reporting lines in the event of a suspected fraud or irregularity. It acts as a checklist of actions and a guide to follow in the event of fraud being suspected. The Plan is designed to enable Company to:

- prevent further loss;
- establish and secure evidence necessary for criminal, civil and/or disciplinary action;
- determine when to contact the police and establish lines of communication;
- assign responsibility for investigating the incident;
- minimize and recover losses; and
- review the reasons for the incident, the measures taken to prevent a recurrence, and determine any action needed to strengthen future responses to fraud.

Company Responsibilities

Company must undertake fraud investigations where there is suspected fraud and take the appropriate legal and/or disciplinary action in all cases where that would be justified. Whether there is fraud (proven or suspected), Company should make any necessary changes to systems and procedures to prevent similar frauds occurring in the future. Company should establish systems for recording and subsequently monitoring all discovered cases of fraud (proven or suspected).

Responsibility for exercising disciplinary actions rests with the Human Resources function, although this should be done in consultation with other Executives where appropriate

Managing the Risk of Fraud – Personnel Responsibilities

Overall responsibility for managing the risk of fraud has been delegated to Line Managers. Their responsibilities include:

- Identifying the risks to which systems, operations and procedures are exposed;
- Developing and maintaining effective controls to prevent and detect fraud; and
- Ensuring that controls are being

complied with. Every member

of staff is responsible for:

- acting with propriety in the use of Company resources and the handling and use of Company funds whether they are involved with cash or payments systems, receipts or dealing with suppliers or customers.
- being conscious to the possibility that unusual events or transactions could be indicators of fraud;
- reporting details immediately through the appropriate channel, if they suspect that a fraud has been committed or see any suspicious acts or events; and
- co-operating fully with whoever is conducting internal checks, reviews or fraud investigations.

Fraud Detection

Line Managers should be alert to the possibility that unusual events or transactions could be symptoms of fraud or attempted fraud. Fraud may also be highlighted as a result of specific management checks or be brought to management's attention by a third party. Additionally, irregularities occasionally come to light in the course of audit reviews.

The factors which gave rise to the suspicion should be determined and examined to clarify whether a genuine mistake has been made or an irregularity has occurred. An irregularity may be defined as any incident or action which is not part of the normal operation of the system or the expected course of events.

Preliminary examination may involve discreet enquiries with staff or the review of documents. It is important for staff to be clear that any irregularity of this type, however apparently innocent, will be analyzed.

Action Following Detection

When any member of staff suspects that a fraud has occurred, he/she should notify his/her Line Manager or Internal Auditor immediately. Speed is of the essence and this initial report can be verbal and must be followed up by a written report addressed to the Line Manager which should cover:

- The amount/value, if established;
 - The position regarding recovery;
 - The period over which the irregularity occurred, if known;
 - The date of discovery and how the suspected fraud was discovered;
 - Whether the person responsible has been identified;
 - Whether any collusion with others is suspected;
 - Details of any actions taken to date; and
- Any other information or comments which might be useful.

Before completing the report above it may be necessary for line management to undertake an initial enquiry to ascertain the facts. This enquiry should be carried out as speedily as possible after suspicion has been aroused: **prompt action is essential.**

The purpose of the initial enquiry is to confirm or negate, as far as possible, the suspicions that have arisen so that, if necessary, disciplinary action including further and more detailed investigation may be initiated.

Consultation and Reporting within the Company

On verbal notification of a possible fraud the Line Manager must immediately contact the General Counsel or an Associate General Counsel. The GC or AGC will inform and consult with Directors in cases where the loss is potentially significant or where the incident may lead to adverse publicity.

GC and AGCs will maintain a log of all reported suspicions, including those dismissed as minor or otherwise not investigated. The log will contain details of actions taken and conclusions reached. Significant matters will be reported to the Board of Directors as soon as practical.

Where a member of staff is to be interviewed or disciplined, GC/AGC will consult with, and take advice from Human Resources.

Investigation/Further Action

If it appears that a criminal act has not taken place, an internal investigation will be undertaken to:

- determine the facts;
- consider what, if any, action should be taken against those involved;
- consider what may be done to recover any loss incurred; and
- identify any system weakness and look at how internal controls could be improved to prevent a recurrence.

After proper investigation, the Company will take legal and/or disciplinary action in all cases where it is considered appropriate. There will be consistent handling of cases without regard to position or length of service of the perpetrator.

Where an investigation involves a member of staff and it is determined that no criminal act has taken place, GC or AGC will liaise with the Human Resources and appropriate Line Manager to determine which of the following has occurred and therefore whether, under the circumstances, disciplinary action is appropriate:

- gross misconduct (i.e. acting dishonestly but without criminal intent);
- negligence or error of judgment was seen to be exercised; or
- nothing untoward occurred and therefore there is no case to answer.

Where GC or AGC judges it cost effective to do so, the Company will normally pursue civil action in order to recover any losses.

Where initial investigations point to the likelihood of a criminal act having taken place, the GC or AGC will report to the Board of Directors and will contact the police. The advice of the police will be followed in taking forward the investigation.

The investigations described above will also consider whether there has been any failure of supervision. Where this has occurred, appropriate disciplinary action will be taken against those responsible for this failure.

Recovery of Losses

The recovery of losses should be a major objective of any fraud investigation. To this end the quantification of losses is important. Repayment of losses should be sought in all cases. Where necessary, external advisors can be involved, or legal advice should be sought on the most effective actions to secure recovery of losses.

Managers' Duty of Care

Managers conducting initial enquiries must be conscious that internal disciplinary action and/or criminal prosecution may result. If such action is later taken, then under proper procedure the member of staff concerned has a right to representation and may have the right to remain silent. Utmost care is therefore required from the outset in conducting enquiries and interviews.

In addition, in order to protect Company from further loss and destruction of evidence, it may be necessary to suspend the member of staff concerned immediately the allegation has been made or following the submission of the Manager's initial verbal report. Specific advice should be sought from Human Resources before proceeding.

Protection of Evidence

If the initial examination confirms the suspicion that a fraud has been perpetrated, then to prevent the loss of evidence which may subsequently prove essential for disciplinary action or prosecution, Head of investigation should:

- take steps to ensure that all original evidence is secured as soon as possible;
- be able to account for the security of the evidence at all times after it has been secured, including keeping a record of its movement and signatures of all persons to whom the evidence has been transferred. For this purpose, all items of evidence should be individually numbered and descriptively labelled;
- not alter or amend the evidence in any way;
- keep a note of when investigators came into possession of the evidence. This will be useful later if proceedings take place;

- remember that all memoranda relating to the investigation must be disclosed to the defence in the event of formal proceedings and so it is important to carefully consider what information needs to be recorded. Particular care must be taken with phrases such as “discrepancy” and “irregularity” when what is really meant is fraud or theft; and
- ensure that electronic evidence is appropriately handled by certified specialists.

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