



Fraud Control Policy

1. Purpose

Futuris Corporation Limited (Futuris) is committed to protecting the revenue, expenditure and property of Futuris and its controlled entities (Futuris Group) from any attempt, either by members of the public, contractors, employees, or other stakeholders to gain by deceit, financial or other benefits. This policy is designed to protect Futuris Group funds and other assets, protect the integrity, security and reputation of the Futuris Group and its employees and assist in maintaining a high level of production and services. This policy is Futuris' integrated macro policy document on fraud prevention.

There are two core elements to this policy:

- Reducing losses through fraud by developing and implementing a Fraud Control Plan(s) within a working environment which promotes honesty and integrity;
- A commitment to detecting, investigating and prosecuting individual cases of criminal behaviour, including fraud.

2. Definitions

Fraud

For the purpose of this policy, fraud is defined as:

"The unlawful and intentional making of a misrepresentation or inducement of a course of action by deceit or other dishonest conduct, involving acts or omissions or the making of false statements, orally or in writing, with the object of obtaining money or other benefits from or evading a liability to the Futuris Group or other parties."

Dishonest or fraudulent activities include, but are not limited to, the following:

- (i) Forgery or alteration of documents (cheques, promissory notes, time sheets, agreements, purchase orders, budgets, etc.);
- (ii) Misrepresentation of information on documents;
- (iii) Misappropriations of funds, securities, supplies, or any other asset;
- (iv) Theft, disappearance, or destruction of any asset;
- (v) Improprieties in the handling or reporting of money transactions;
- (vi) Authorising or receiving payments for goods not received or services not performed;
- (vii) Authorising or receiving payment for hours not worked;
- (viii) Any violation of Federal, State, or Local laws related to dishonest activities or fraud;
- (ix) Any similar or related activity.

A basic test for fraud could include the following questions.

- Was deceit used?
- Was the action unlawful?
- Did it result in money or other benefits being received to which the person was not entitled?
- Was an attempt made to do this?



3. Applicability

This policy applies to everyone who directly or indirectly has an interest in the Futuris Group including but not limited to members of the public, contractors, consultants and all employees (casual, part-time, full-time, temporary, and permanent).

4. Expectations

Futuris expects all employees of the Futuris Group to maintain high standards in all activities, in particular with respect to Futuris Group resources, information and authority. The public rightly expects the Futuris Group to conduct its business in a fair and honest manner.

All Futuris Group employees are expected to develop, encourage, insist upon and implement sound financial and legal decision making within their responsibility levels. Measures to prevent fraud will be continually monitored, reviewed and developed.

Futuris expects all Futuris Group employees to be familiar with and act in accordance with Futuris' Code of Conduct and Ethical Principles.

Decision-making processes are to be as open and transparent as possible. Fraudulent conduct breeds in an environment where systems, standards and procedures are open to exploitation. It is in the best interests of fraud prevention for decision making to be visible and unambiguous.

5. Fraud Prevention

Fraud flourishes in an administrative environment where opportunities exist for waste, abuse and mismanagement. Futuris believe that an emphasis on fraud prevention rather than fraud investigation will lead to a reduction of these opportunities.

The underlying thrust of the Futuris policy on fraud prevention is to encourage the public and employees to understand that fraudulent acts against the Futuris Group and other parties are unacceptable, may constitute a criminal offence and may be prosecuted.

Any effective fraud prevention strategy must recognise that prompt action needs to be taken when fraud is detected, both to bring the fraud to an end and to discourage others who may be inclined to commit similar conduct.

6. Fraud Control Plan(s)

Management is to develop and implement fraud prevention procedures for activities within their areas, which will form part of an overall Futuris' Fraud Control Plan. The promotion of this Plan will include activities such as:

- Training awareness seminars;
- Promotion of Futuris' Code of Conduct;
- Articles in employee newsletters and information bulletins.

7. Code of Conduct

Fraud prevention goes beyond monitoring the effectiveness of financial controls. It also requires maintaining an appropriate climate that encourages all employees to be active in protecting the Futuris Group's funds and assets, and in reporting any breaches of accepted standards.

Futuris' Code of Conduct outlines what are accepted practice and behavioural and ethical standards.

Management must be mindful of their responsibility to foster and develop the high standards of behaviour and commitment to an appropriate workforce culture.

8. Responsibilities

Fraud and corruption prevention is the responsibility of all employees. However, the following specific responsibilities apply:

8.1 Corporate Risk & Compliance Committee

The Corporate Risk & Compliance Committee (CRCC) is responsible for monitoring and promoting fraud prevention and has overall responsibility for coordinating fraud prevention measures.

The CRCC is also responsible for the development of fair and effective guidelines to assist in the investigation of any alleged fraud (Fraud Investigation Guidelines).

The Company Secretary (who is a member of the CRCC):

- Shall maintain the Fraud Control Policy, Fraud Investigation Guidelines, Reporting of Unacceptable Conduct (Whistleblower) Policy and Code of Conduct;
- Will advise (either personally or through delegation to the Secretary of the CRCC) the relevant Police Department (Federal or State as appropriate) when informed of any suspected or actual fraud;
- Will advise the Audit Committee, wherever there is prima facie evidence to support an allegation of fraud;
- Has the authority to isolate the area of investigation, to prevent destruction or manipulation of evidence and to prevent further damage;
- May recommend to the CRCC (who will liaise with the Chief Executive Officer) that any employee be suspended from duties during investigations;
- Will ensure employees who report fraud are advised that their concerns have been investigated and appropriate action taken.



8.2 Managers

Managers need to lead by example, to demonstrate integrity and fairness in decision and an open honest relationship in their dealings with others. Specific fraud prevention strategies must be implemented that are consistent with overall Futuris Group strategies, which include:

- Defining clear lines for supervisory responsibilities and accountabilities;
- Reinforcing the need for disciplinary measures when required;
- Adopting preventative measures to deter and detect instances of fraud – this places primary responsibility for deterrence and detection with each Divisional Head.

For Futuris, fraud prevention is a critical and integral element of good management. Three elements are involved:

- The Management attitude towards internal control, expressed through interest, involvement, policies and procedures;
- The selection and development of quality employees whose practices demonstrate high ethical standards. The appropriate application of leadership and training to all employees will enhance the quality of performance and therefore, control;
- The monitoring of systems, whether informal information gathering, active supervision or formal information systems.

Managers are required to report all instances of suspected or actual fraud in accordance with the relevant business unit Fraud Control Plan. Each Fraud Control Plan shall prescribe that the Company Secretary and the Secretary of the CRCC, are immediately advised of instances of suspected or actual fraud.

9. Investigation

Futuris Group employees who carry out investigations must be rigorously impartial, sensitive to the rights of individuals and ensure that the purpose of any investigation is to discover all relevant facts and not just those that are suggestive of guilt.

Guidelines for the conduct of investigations are contained within the Fraud Investigation Guidelines (see section 8.1).

At the conclusion of any investigation, the officer in charge of the investigation must submit a written report to the CRCC (who will liaise with the Chief Executive Officer).

10. External Reporting

In some obvious cases (e.g. armed hold-up or breaking and entering), Police presence will be required as a matter of urgency. The decision to call Police will normally be a common sense action by the most senior employee on the site at the time of the emergency. Any employee who calls the police shall also notify the CRCC (via the Secretary or the Company Secretary) as soon as practical.

In most cases the act of fraud will be more deceptive and less obvious. In such circumstances, the CRCC (via the Secretary or the Company Secretary) will refer the relevant Police Department (Federal or State as appropriate).



11. Raising Public Awareness

Futuris will take steps to ensure that customers and the public are aware that fraud committed against the Futuris Group is not acceptable.

12. Reporting of Unacceptable Conduct (Whistleblower) Policy

Futuris will maintain a Reporting of Unacceptable Conduct (Whistleblower) Policy to encourage and facilitate disclosures of fraud or illegal activity occurring in the company.

Futuris will take action to protect people from victimisation and ensure that they are not subjected to intimidation or discrimination in the workplace.

13. References

Futuris Code of Conduct.

Futuris Reporting of Unacceptable Conduct (Whistleblower) Policy.

Futuris Fraud Investigations Guidelines.

Reporting of Unacceptable Conduct (Whistleblower) Policy

1. Objective

Futuris Corporation Limited (Futuris or the Company) is committed to ensuring that all group companies, directors, officers, employees, contractors and advisors discharge their duties, responsibilities and contractual obligations honestly and in accordance with all applicable laws and regulations and under the Company's standards of conduct.

It is the responsibility of all directors, officers, employees, contractors and advisors not only to act honestly and within the law and the Company's standards of conduct but also to report any instances of misconduct.

This policy encourages the reporting of unacceptable conduct where other alternatives have been exhausted or are not available.

Where a report is made honestly, without malice and on the basis of reasonable, knowledge, information or belief, the policy provides guidelines for protection of identity, securing information and protection from reprisals. It also establishes a procedure for making and investigating reports.

Benefits expected from this policy include more effective compliance with relevant laws and Company standards of conduct and promoting a workplace environment where all are comfortable working in the knowledge that co-workers are conducting themselves, and discharging their duties, in an appropriate manner.



2. Unacceptable Conduct

Futuris encourages the reporting of any unacceptable conduct, including conduct that may cause loss to the Company or be detrimental to the Company's reputation, or be the result of workplace harassment, unsafe practices or any other breaches of Company policy or applicable laws.

Specific examples of reportable misconduct include (but are not limited to)

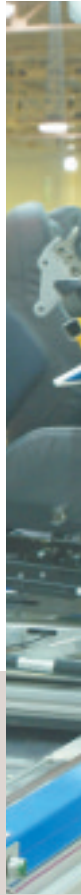
- (i) dishonesty;
- (ii) fraud;
- (iii) illegal acts (including theft, drug sale/use, violence or threatened violence, criminal damage against property);
- (iv) breaches of legislation, including for example safety and environmental legislation and regulations and other legislation relating to the conduct of the Company's operations or business;
- (v) unconscionable, deceptive or misleading conduct and other serious improper conduct, including breaches of the Company's standards of conduct and other policies and procedures and purchasing or selling securities in the Company or other companies contrary to the Corporations Act;
- (vi) the identification of potential matters that might for example give rise to a failure on the part of the Company to comply with its continuous disclosure or financial reporting obligations;
- (vii) unsafe work practices;
- (viii) repeated instances of breach of administrative procedures;
- (ix) malicious or other inappropriate behaviour; and
- (x) any other conduct which may cause financial or non-financial loss to, or otherwise be detrimental to the interests of, the Company.

It is not the intention of this policy to establish a system where the reporting of known or suspected breaches of the policy is abused. Nor is the policy intended to provide a mechanism through which anonymity can be abused or honest inadvertent mistakes, made in good faith, used to the detriment of the relevant person. It is expected that normal reporting channels and processes will be used where possible. However, where normal reporting channels have been ineffective or are unavailable then it is appropriate to use the mechanism provided through this Policy. For example, where the matter involves a direct supervisor and anonymity needs to be maintained.

Reports may be made anonymously and all reports, including any abuse of the policy or malicious behaviour, will be treated seriously. Reports should include as much factual information as is reasonably available. As a minimum, information should include the person suspected to be involved in the unacceptable conduct, when it occurred and who or what was affected. If there are any doubts whether the concern constitutes a reportable incident, it is recommended the matter be informally discussed with the Conduct Protection Officer.

3. False Reporting

Where it is shown that a person intentionally or maliciously makes a false report of unacceptable conduct, then that conduct itself is considered a serious matter and the person concerned may be subject to disciplinary action.



4. Reporting Mechanisms

Any concerns should initially be discussed with your supervisor or other senior appropriate contact within the Futuris Group and, in most cases; this should result in the concerns being adequately addressed. Where the Reporting Person is not satisfied with the response or where the established process is not considered appropriate (for example, where the supervisor or contact is involved,) then a report should be made to the Conduct Protection Officer.

The Conduct Protection Officers are the Futuris Company Secretaries, Michael Sadlon and Sonya Furey. They can be contacted by telephone on 08 8425 4999, or in writing care of Futuris Corporation Limited GPO Box 551, ADELAIDE SA 5001.

5. Protection of those making a Report

Anyone making a report will not be disadvantaged if the report is made in good faith and following processes set out in this policy (by actions such as dismissal, demotion, suspension, any form of harassment, current or future bias or in any other manner discriminated against in the terms and conditions of employment).

Futuris will take action to protect anonymity. However in certain circumstances, the law may require disclosure of identity in legal proceedings or it may not be possible to do so. In these instances, all reasonable steps will be taken to protect the identity of persons making reports. In certain instances, the Company may (in consultation with those persons) arrange transfer to a different site or role. Other safeguards include securing information and reports and only disclosing information required for the investigation of the matter raised and compliance with this policy and the law. Unauthorised release of information by the Reporting Person or unauthorised release of information that may lead to identification of the Reporting Person is a breach of this policy and will be regarded as a serious disciplinary matter and dealt with accordingly.

The Conduct Protection Officer is responsible for safeguarding interests and will have direct access to independent financial, legal and operational advisors as required for this purpose.



6. Independent Review

Where there are reprisals against the Reporting Person and the matter cannot be adequately resolved internally, the Reporting Person has the right to request the Chairman of the Audit Committee of the Board or a nominee of the Chairman of the Board to investigate the issue.

7. Investigations

The Conduct Investigations Officer will receive reports from the Conduct Protection Officer and is responsible for investigating any matters raised to determine whether there is evidence to support or refute the report. Investigations will be conducted without bias and, where an allegation is made against a person, that person will be given the opportunity to respond.

The Conduct Investigations Officer will report back to the Conduct Protection Officer on the outcomes of the investigation including recommended actions. The Conduct Protection Officer will take reasonable steps to protect the Reporting Person and rectify any wrongdoing identified by the investigation. The Conduct Protection officer will keep all parties informed of the material outcomes of the investigation. Depending on the seriousness and the complexity of the issues raised, considerations of privacy of those against whom the allegations are made and confidentiality of information within the Company, the Conduct Protection Officer will endeavour to report back within 30 days.

The Conduct Investigations Officer will have access to outside investigators and consideration will be given to employing outside investigators where matters raised are of a serious or complex nature. A nominee of the Chief Financial Officer will act as the Conduct Investigations Officer.

8. Reporting

On a regular basis the Conduct Investigations Officer will provide a summary report to the Board on the number, nature, treatment and outcome of investigations made under this policy. Where individual, investigations relate to accounting, internal accounting control or auditing matters, these reports and findings will also be reported to the Audit Committee.

9. Policy and Program Review

The Reporting of Unacceptable Conduct (Whistleblower) Policy and the effectiveness of the program will be reviewed at least every two years by the Company Secretary in consultation with the Chairman of the Company and the Managing Director, following which any proposed amendments to the policy are to be submitted to the Board for review and, if considered appropriate, approval. In particular, the review will consider the general efficacy of the program the fairness of investigations undertaken, the actual consequences of making disclosures on whistleblowers and overall performance of the program.

10. Responsibilities

Conduct Investigations Officer:

Investigate reports received from the Conduct Protection Officer without bias and ensuring the confidentiality of information obtained. Report to the Conduct Protection Officer on the outcome of the investigation. Report to the Board the number, nature and outcomes of investigations and to the Audit Committee on any reports relating to financial or auditing matters.

Conduct Protection Officer:

Receive reports from Reporting Persons and pass those matters onto the Conduct Investigation Officer for investigation. Take action to safeguard the interests of the Reporting Person. Report back to the Reporting Person on the outcome of the investigation. Take reasonable steps to rectify any wrongdoing identified.

Managers/Team Leaders/Supervisors:

Act on any reports received from employees under their supervision through normal reporting channels. Assist with any investigations for matters reported under this Policy.

Directors, Officers, Employees, Contractors and Consultants:

Report any reportable matters to the Conduct Protection Officer

11. Corporations Act

This policy in no way limits any rights or obligations under the Corporations Act 2001 (Cth)



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