



Banro Corporation Ltd

Corporate Fraud Policy

June 2018

1.0 Background

Any fraud in Banro Corporation Ltd and its subsidiaries (“**Banro**” or the “**Company**”) depletes funds and other resources intended for supporting its vision and mission. As such, fraud can undermine Banro’s effective functioning and divert scarce and valuable resources from its mission. Furthermore, fraudulent and corrupt behaviour can seriously damage Banro’s reputation and impair shareholders, financial institutions and potential investors’ trust in its ability to deliver results in an accountable and transparent manner. All Banro employees are the stewards of Banro resources, and are consequently accountable for their proper, effective and efficient use for achieving Banro’s vision and mission. This policy is meant to work in conjunction with Banro’s Whistleblower Policy, Business Conduct Policy and other relevant policies.

2.0 Purpose

This fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against Banro. It is the intent of Banro to promote consistent organizational behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

3.0 Scope

This policy applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, external parties doing business with employees of such parties, and/or any other parties with a business relationship with the Company. Any investigative activity required will be conducted without regard to the suspected wrongdoer’s length of service, position/title, or relationship to the Company.

4.0 Policy

Banro operates zero tolerance to fraud and is committed to the development, implementation, and regular review of fraud prevention, detection, and response strategies. As an employer, Banro has a responsibility to ensure that all employees understand this policy and act accordingly as per this policy.

As outlined in the attached Fraud Responsibility Matrix, all employees are responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Each employee should be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to the Chairman of the Banro Corporation Ltd Audit Committee (see “Reporting Procedures” section below), who will then request that the Head of Internal Audit coordinate the investigation with the Legal Department and other affected areas, both internal and external. Failing to report known acts of fraud under this policy and other contraventions of this policy may lead to disciplinary action of up to and including termination of employment and prosecution. Fraud and other acts of dishonesty can also be reported through Banro’s Whistleblower Policy.

4.1. Definition of Fraud

Fraud, incorporating all acts of dishonesty, is defined as any act or omission that intentionally misleads, or attempts to mislead, a party to obtain financial or other benefits or to avoid an obligation. Corrupt practices are generally understood as the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.

Under this policy, fraud is defined in a broader sense and includes, but is not limited to, theft, embezzlement, forgery and corrupt practices, defalcation, misappropriation, and other fiscal irregularities.

4.2 Actions Constituting Fraud

Examples of fraud include, but are not limited to:

- i. Any dishonest or fraudulent act including theft and kickback schemes;
- ii. Misappropriation of funds, securities, supplies, or other assets;
- iii. Impropriety in the handling or reporting of money or financial transactions;
- iv. Theft of gold, consumables, supplies or other items of Company property;
- v. Use of/theft of Banro’s assets, data, or intellectual property for personal financial gain;
- vi. Profiteering as a result of insider knowledge of company activities;
- vii. Disclosing confidential and proprietary information to external parties;
- viii. Disclosing to other persons securities activities engaged in or contemplated by the Company;
- ix. Asking for or receiving personal reward or other private gain in return for showing favour to a candidate in a recruitment process;
- x. The misuse or theft of a password for the unauthorized access to IT systems;
- xi. Collusion or other anticompetitive scheme between suppliers during a tender process;
- xii. Asking for or receiving money for providing information to a vendor in the procurement of goods and services;
- xiii. Offering or receiving something of value to improperly influence a procurement process. This includes accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Company;
- xiv. Unsolicited gifts received in exceptional circumstances (e.g. Christmas presents, lunches, etc.) must not exceed US\$100 in value and must be recorded in a gift register to be kept at all sites and offices;
- xv. Forging documents, preparing false entries in Banro’s systems or making false statements to obtain a financial or other benefit to which a person is not entitled;
- xvi. Alteration or provision of fictitious receipts of invoices;
- xvii. Creation of fictitious vendors for billing;

- xviii. Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or;
- xix. Any similar or related irregularity.

4.3 Other Irregularities

Irregularities concerning an employee's moral, ethical, or behavioural conduct should be resolved by departmental management and the employee relations unit of the Human Resources Department rather than the Internal Audit department. If there is any question as to whether an action constitutes fraud, contact the Head of Internal Audit for guidance.

4.4 Investigation and Reporting Responsibilities

The Internal Audit department has the primary responsibility for the investigation of all suspected fraudulent acts as defined in this policy. When appropriate and depending on cases, the Internal Audit department may be assisted by the security section of the Company, if any such section exists. If the investigation substantiates that fraudulent activities have occurred, the internal audit report shall be distributed to the CFO, CEO, Head of Projects (“**HP**”), Head of Operations (“**HO**”), Head of Security (“**HS**”) and Legal Counsel to determine the additional reporting channels based on the materiality of the infraction. All fraud will be reported to the Audit Committee regardless of materiality with management’s response to mitigate the re-occurrence of the fraud. The CEO, CFO, HP, HO, HS and Legal Counsel will determine how the findings will be disseminated to lower levels of the organization to allow for the disciplinary process to proceed and to enforce measures to reduce future fraud occurrences. Decisions to prosecute or refer the findings of the investigation to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on the disposition of the case.

4.5 Confidentiality

The Internal Audit department treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Chairman of the Banro Corporation Ltd Audit Committee immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see “Reporting Procedures” section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Company from potential civil liability.

4.6 Authorization for Investigating Suspected Fraud

Members of the Internal Audit department, who are required to sign a confidentiality agreement, will have:

- i. Free and unrestricted access to all Company records and office premises and camp accommodation, whether owned or rented, strictly for business purposes; and
- ii. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities at the office premises and accommodation without prior

knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation. Internal audit will sign a form acknowledging removal/copy of such documents.

4.7 Reporting Procedures

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact the Chairman of the Banro Corporation Ltd Audit Committee immediately by mail (post), telephone or e-mail as follows:

The Chairman of the Banro Corporation Ltd Audit Committee
c/o 20 Dayton Avenue
Greenwich, Connecticut
06830, United States
Phone: +1 416-366-1937
E-mail: AuditCommitteeChair@banro.com

The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her counsel or representative, or any other inquirer should be directed to the Internal Audit Department or the Legal Department. No information concerning the status of an investigation will be given out. The proper response to any inquiry is, "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference. The reporting individual should be informed of the following:

- i. Do not contact the suspected individual in an effort to determine facts or demand restitution.
- ii. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Legal Department or Internal Audit Department.

4.8 Termination

If an investigation by the Company results in a recommendation to terminate an employee, the recommendation will be provided to the Chairman of the Banro Corporation Ltd Audit Committee, who will then determine whether the recommendation should be reviewed for approval by the appropriate individuals, and whether a legal opinion should be secured from an external counsel, before any such action is taken.

The Internal Audit Department does not have the authority to terminate an employee, or to recommend the termination of an employee. The recommendation to terminate an employee and the decision to terminate an employee are made as per the Banro Disciplinary Policy. Should the Internal Audit Department consider the management decision inappropriate for the facts presented, the facts will be presented to executive level management for an appropriate decision.

4.9 Prevention of Conflicts of Interest

A conflict of interest occurs when a staff member's private interests, such as outside professional relationships or personal financial assets, interfere with the proper performance of his or her duties as a Banro employee.

4.10 Fraud Risk Assessment, Awareness Communication and Training

The risk of fraud and corruption is assessed and managed in accordance with Banro's Enterprise Risk Management Framework. Managers shall identify and assess the risks in their responsibility areas, including the risk of fraud and corruption, and apply mitigating measures, taking due account of the level of risk involved. Where a high risk of fraud has been identified within the general risk assessment, an additional and specific fraud risk assessment may be necessary.

Periodically, fraud risk surveys will be conducted among Banro employees and external business partners in order to identify specific fraud risks.

To ensure that managers and staff members are aware of their responsibilities regarding preventing fraud and corruption, a plan for communication, dissemination and awareness-building of this policy is critical to ensure its integration into Banro processes and procedures. In this regard, all Banro entities should reiterate the duty of all staff members to report credible acts of fraud and other corruption, [not rumours]. Such communication and awareness programs may include:

- i. References to the policy in public information material, Banro online resources, information and guidelines available through the intranet and the Banro webpage;
- ii. The training and development section developing fraud prevention material – how to detect fraud and comply with the policy; and
- iii. Providing for a section of the policy in the existing induction material.

4.11 Roles and Responsibilities

4.11.1 Managers

Managers must act as role models and take proactive steps to prevent and detect fraud, misappropriation and other irregularities. Managers who fail to take appropriate action or tolerate or condone fraudulent activity will be held accountable.

4.11.2 Individual Employees

Each employee must realize that fraud, whatever its extent and form, is contrary to the standards of conduct expected of Banro employees, and that fraud constitutes serious misconduct for which any employee may be summarily dismissed.

In addition, the evidence may be referred to the legal system for criminal prosecution of those involved.

Employees have the obligation to complete mandatory training on this policy.

4.11.3 Contractors

Individual independent contractors, as well as employees of companies doing business with Banro, are under the obligation not only to interact honestly in the provision of their services for Banro, but also to report fraud allegations to Banro.

Upon proof that contractors have engaged in fraud or theft that has caused a financial loss to the organization, Banro will seek restitution for any such loss and reserves the right to report such cases for investigation and criminal prosecution.

4.12 Administration

The Head of Internal Audit and the CFO are responsible for the administration, revision, interpretation, and application of this policy. This policy will be reviewed annually and revised as needed.

Approval

Chairman and Chief Executive Officer

Date