



"FA5.5"

SNG Grant Thornton

20 Morris Street East
Woodmead, 2191
P.O. Box 2939
Saxonwold, 2132
T: 011 231 0600

28 July 2021

The Director: Legal
Independent Regulatory Board for Auditors
PO Box 8237
Greenstone
1616

Building 2
Greenstone Hill Office Park
Emerald Boulevard
Modderfontein
1609

Email: RIIs@irba.co.za

Telephone: 087 940 8800

Dear Madam

SECOND REPORT: REPORTABLE IRREGULARITY

Name of entity audited: 3Sixty Life Limited
Registration number of entity: 1935/007508/06

I refer to my report of 28 July 2021.

I have included a copy of the written notice which was sent together with the abovementioned report to the members of the management board of the entity within three days of my having sent the first written report to you.

I have discussed that report with the members of the management board and have afforded them an opportunity to make representations in respect of the report. I have also undertaken such further investigations as I considered necessary.

I have included written representations made by members of the management board of the entity in respect of the report.

I report that in my opinion the reportable irregularity is no longer taking place and that adequate steps have been taken for the prevention or recovery of any loss as a result thereof [*first part of the RI*] and the reportable irregularity is continuing [*second part of the RI, relating to the reporting requirements under PRECCA*].

Details and information in support of my statement above are as follows:

Expenses irregularly incurred with no value received by the entity

3Sixty Life Limited (3Sixty Life) and 3Sixty Global Solutions Group Proprietary Limited management (3Sixty GSG), indicated that 3Sixty Life irregularly incurred expenses, approved by the then Chief Executive Officer of 3Sixty Life, with no value having been received by the entity. We have reason to believe, based on the representations made by 3Sixty Life and 3Sixty GSG management that these expenses were fraudulently incurred resulting in material financial loss to 3Sixty Life. The invoices in respect of these irregularly incurred expenses, as provided by 3Sixty GSG management, summed up to R14,079,683.

Management represented in their response letter [dated 26 July 2021 but only received on 28 July 2021] that "... a preliminary investigation was initiated which uncovered a number of inexplicable invoices totaling about R14 million that were received from the same party and authorised for payment by the then CEO. Management resolved to embark on a disciplinary hearing in April 2021 and immediately suspend the then CEO from his employment pending the finalisation of the hearing. However, before the hearing could be finalised, the then CEO resigned his employment from the Company with effect from 3 May 2021, forfeiting to serve one month's notice as per his terms of employment."

The reportable irregularity [expenses approved by the then Chief Executive Officer of 3Sixty Life and fraudulently incurred resulting in material financial loss to 3Sixty Life] is no longer taking place and adequate steps have been taken for the prevention or recovery of any loss as a result thereof. The then CEO resigned from his employment with 3Sixty Life with effect from 3 May 2021 [without serving the required one month's notice as per his terms of employment]. While management had not provided us with the then CEO's resignation letter, at the date of this letter, we are aware that the then CEO has since left the employ of 3Sixty Life and that 3Sixty Life has appointed an Acting CEO. Management did, however, provide us with the then CEO's "Notice of Dismissal" dated 31 May 2021 signed by Minki Rasenyalo – Executive Director: Insurance and Funeral Solutions. The "Notice of Dismissal" indicated that the then CEO had been found guilty of all charges levelled against the then CEO (which involved fraud, theft, dishonesty and breach of company policy). 3Sixty Life management also provided us with the related general ledger expense account confirming that these expenses were last incurred on 27 January 2021.

3Sixty Life and 3Sixty GSG management have yet to provide us with the required support that the matter was reported to the police, as required by Section 34 of the Prevention and Combating of Corrupt Activities Act (PRECCA). Section 34 of PRECCA requires that any person in a position of authority who knows or ought reasonably to have known or suspected that any other person has committed an offence under PRECCA or the offence of theft, fraud, extortion, forgery or uttering a forged document involving an amount of R 100 000 or more must report such knowledge or suspicion, or cause it to be reported to any police official.

We received correspondence [dated 28 July 2021] from Baepi Attorneys Inc., who are acting for and are advising 3Sixty Life in reporting the criminal conduct of its previous CEO that Baepi Attorneys Inc. has assisted in the drafting and preparation of the statement by the authorised executive for submission to the SAPS. The matter was accordingly, at the date of this letter, not reported to the police, as required by Section 34 of the Prevention and Combating of Corrupt Activities Act (PRECCA). Management represented in their response letter [dated 26 July 2021 but only received on 28 July 2021] that "Acting on its zero-tolerance policy on fraud and other acts of dishonesty, management proffered a number of charges against the then CEO, including fraud, gross negligence, gross insubordination, despite the fact that the then CEO had abruptly resigned, and persisted with the disciplinary process which was concluded on 27 May 2021 with a recommendation for the then CEO's dismissal as he was found guilty of all charges levelled against him".

The reportable irregularity [failure to report such a matter to the police, when the then CEO was found guilty of all charges levelled against him, on 27 May 2021] is accordingly continuing.

Contact details of the entity:

- Chief Financial Officer
- Ellan Cornish
- 071 382 8969
- ellan.cornish@3sixtylife.co.za

Please acknowledge receipt of this report.

Yours faithfully



Pravesh Hiralall
Registered Auditor

IRBA registration number:

858099

Direct email address:

pravesh.hiralall@sng.gt.com

Direct telephone number:

011 231 0621