

# Solutions by STC

## Anti-Fraud and Corruption Policy

**Version: 2.0**

**Date: 08/05/2023**

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**Approval(s)**

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2.0	08-05-2023	Approved by the BoD on 08-05-2023

## 1. Purpose

Setting the main/key controls that will assist in the prevention and detection of fraud in the company, enhancing organizational efforts against this behavior and its indicators, strengthening corporate governance and internal controls.

Also, the policy defines the roles of various organizational stakeholders regarding fraud risk management.

## 2. Scope

This policy applies to all employees, consultants, suppliers, contractors, and any other party that has a business or benefit relationship with the company.

## 3. Policy Owner

This document is under the ownership of the Corporate Governance and Compliance division and is approved in accordance with the Delegation of Authority and must be reviewed in line with regulatory requirements, organizational changes and/or internal guidelines.

## 4. Terms and Definitions

4.1 **The Company:** refers to "Solutions by STC"

4.2 **Whistle-blower:** the person who provides the whistleblowing report.

4.3 **Whistleblowing Channels:** the approved channels for reporting.

4.4 **Fraud:** an act aimed in obtaining illegitimate interest by exploiting technical or documentary means, relationships, use of personal authority, intentional negligence or exploitation of weaknesses in controls in a direct or indirect manner or obtaining unfair interest by using tricks and deceptions.

4.5 **Corruption:** Any dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself for another person or entity.

- Determinant if the conduct/behavior constitutes a 'Fraud' is any or all of the following:
  - Is done in a confidential manner

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- Violates the employee’s standard of professional and ethical integrity
- Is committed for the purpose of direct or indirect illegitimate interest
- has resulted in a loss of the company’s assets, profits or provisions
- Examples of fraud and corruption cases, including (but not limited to):
  - Forgery or falsification of official documents
  - Forgery of signatures and stamps
  - Misappropriation of funds, tools, supplies, or other assets
  - Collusion with contractors, suppliers, or persons with a current or expected future relationship with the company
  - The use of employee position for any direct or indirect personal gains
  - Exploiting a gap in the system for personal gains

4.6 **Bribery:** is the offer or acceptance of reward to persuade someone to act dishonestly and/ or in breach of the law.

4.7 **Internal fraud:** any fraudulent activity which involve at least one internal party.

4.8 **External fraud:** any fraudulent activity conducted by an external party.

4.9 **Fraud loss:** any loss that occurs due to fraudulent acts whether internal or external.

4.10 **Forgery:** any creation or alteration of a document, legal tender or writing prepared to pass off as genuine with the intent to deceive or defraud.

4.11 **Fraud risk assessment:** an empowering method/process by which management and staff of all levels collectively identify and evaluate their fraud risks and controls under the guidance of a facilitator.

4.12 **Preventive controls:** controls to mitigate fraud risks.

4.13 **Detection controls:** controls to detect/uncover fraud events.

4.14 **Response controls:** controls to respond to the discovered fraud events.

4.15 **Conflict of interest:** Arises when the company’s employees fall or seem to have fallen under the influence of personal interests during their work.

4.16 **Confidential information:** Information is defined as the information owned by the company and not available to the public where only a related individual or the company itself can have access to it.

## 5. Classification of Key Anti-Fraud Controls

### 5.1 Preventive Controls:

- 5.1.1 Anti-fraud Policies and Procedures
- 5.1.2 Apply dual control principles
- 5.1.3 Apply segregation of duties principles
- 5.1.4 Conducting periodic fraud risk assessment.
- 5.1.5 Promoting Fraud risk awareness to all employees
- 5.1.6 Meet statutory control requirements

### 5.2 Detective Controls:

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- 5.2.1 The company’s approved whistleblowing channels
- 5.2.2 Oversight through advisory roles
- 5.2.3 Internal audit

**5.3 Response Controls:**

- 5.3.1 Response to fraud cases
- 5.3.2 Implementation of recommendations by respective departments to close gaps identified from a fraud incident
- 5.3.3 Take legal steps with concerned authorities to preserve the right of the company.

**6. Policy Statement**

- 6.1 Solutions adopts a zero tolerance policy for Fraud or Corruptions related activities/ behaviors perpetrated by its staff, partners, vendors, customers or any associated personnel with the company.
- 6.2 Solutions shall promote the culture of anti-fraud, emphasize staff responsibilities and punishment in case of negligence while promoting the values of honesty and integrity.
- 6.3 Solutions recognizes that managing fraud risks is an integral part for sound corporate governance.
- 6.4 Solutions commits to implement effective controls to prevent, detect, and respond to fraud risks.
- 6.5 The responsibility for managing fraud risk falls on all employees of the company without exception. Each member under the Business Unit at all levels should be familiar with the types and signs of fraud within his/her area of responsibility and alert for any indication of irregularity.
- 6.6 All existing and new products must include internal control procedures to ensure an effective anti-fraud environment, including (segregation of duties, security standards for accessing company systems, dual control, and precise clarification of financial authorities).
- 6.7 BUs/FUs should perform a fraud risk assessment with the involvement of the Anti-Fraud Governance team to consider relevant fraud schemes and scenarios and map those to mitigating controls.
- 6.8 All staff must abide to report suspected fraud through the approved whistle-blowing channels.
- 6.9 All whistleblowing reports must be dealt with in complete secrecy, as the company pledges to ensure the anonymity of the whistleblowers from authorized stakeholders and to protect them from any retaliatory practices that may arise as a result of the reporting.
- 6.10 In the event of a fraud investigation, the anti-fraud officials shall have access to all solutions by stc records and premises. They shall have the authority to examine copy, and/or remove all or any portion of the contents of files, desks, cabinets and other

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storage on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilitate when it is within the scope of their investigation/ pro-active investigation.

- 6.11 The Chief Governance Officer has the authority to initiate an investigation with any Solutions employees with no exception. In addition, he has the authority to reject any case that do not fall under the scope of this policy and refer it to the concerned area.
- 6.12 The ethics and fraud investigations Director might see the necessity of composing a special committee to conduct investigations after obtaining the Ethics and Culture Committee endorsement.
- 6.13 The Ethics and Fraud Investigations department has the right to escalate cases to government authority if necessary, after obtaining the approval of the Legal Affairs General Manager Department and the endorsement of the Chief Governance Officer.
- 6.14 The company shall implement training programs for employees, including new employees, on their role in detecting and reporting fraud and raising awareness regarding fraud risks.
- 6.15 Failure to comply with this policy and related regulations may expose the company and employee to civil/ criminal liability, and fines. It also may lead to disciplinary actions including terminations of employments.

## 7. Roles and Responsibilities

### 7.1 Audit Committee:

- 7.1.1 Ensure the company has an effective anti-fraud program and policy in place.
- 7.1.2 Ensure availability of affective Reporting Channels to report Fraud and Corruption.
- 7.1.3 Ensure executive management is taking necessary measures in response to fraud.

The above information related to the roles and responsibilities are taken from Audit Committee Charter. For further details on the roles and responsibilities, refer to the AC Charter. In case the AC Charter is revised, the latest will be referred to for AC responsibilities regarding Anti-fraud.

### 7.2 Chief Executive Officer:

- 7.2.1 Foster a culture that makes combating fraud and its detection the responsibility of all staff.
- 7.2.2 Ensure the existence of clear standards that mitigate fraud risks and facilitate the detection and accountability of those responsible.
- 7.2.3 Ensure appropriate action is taken in response to detected fraud cases.

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**7.3 Executive Management:**

- 7.3.1 Ensure proper fraud prevention is implemented under their areas of responsibility and can provide reasonable assurance when required.
- 7.3.2 Ensure adequacy and effectiveness of internal controls under their area of responsibility.
- 7.3.3 Collaborate transparently with the respective stakeholders during investigations and fraud risk assessments.
- 7.3.4 Extend their full support to timely implement investigation recommendations and fraud mitigation plans.
- 7.3.5 Report any suspected fraudulent behavior through the approved whistleblowing channels.
- 7.3.6 Cultivate anti-fraud culture within their respective areas.

**7.4 Employees, Contractors, and Suppliers:**

- 7.4.1 Adhere to the value of integrity, cooperation, objectivity, accountability, openness, transparency and honesty at all times.
- 7.4.2 Comply with Anti-fraud Policies, procedures.
- 7.4.3 Possess a basic understanding of fraud, its red flags and their roles within the internal control environment.
- 7.4.4 Understand that their procedures are designed to manage and mitigate fraud risks and non-compliance with the approved procedures may create an opportunity for fraud or go undetected.
- 7.4.5 Report any suspected fraudulent behavior through the approved whistleblowing channels.
- 7.4.6 Collaborate transparently with the respective stakeholders during investigations and fraud risk assessments.
- 7.4.7 Extend their full support to timely implement investigation recommendations and fraud mitigation plans.
- 7.4.8 Not to discuss the details of any investigations whether at work or outside work.

**7.5 Enterprise Governance & Compliance**

- 7.5.1 Establish and maintain the anti-fraud framework, Anti-Fraud policy and procedures.
- 7.5.2 Drive anti-fraud awareness across the organization regarding fraud risks.
- 7.5.3 Lead an enterprise-wide Fraud Risk Assessment.
- 7.5.4 Suggest controls and corrective actions to business owners for potential fraud risks and monitor their implementation.
- 7.5.5 Follow-up on corrective actions/ recommendations to mitigate fraud risks.
- 7.5.6 Prepare periodic report on the result of FRA or top fraud risks and their relevant control's status to executives

**7.6 Internal Audit (Combined Assurance & Internal Audit Excellence)**

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- 7.6.1 Perform regular reviews adherence to the policies and processes that make up the control environment, disseminating best practices throughout the company by its monitoring and corrective action activities.
- 7.6.2 Provide Whistleblowing Channels for users to report suspected behavior including Fraud and Corruption.
- 7.6.3 Announce the whistleblowing channels periodically to ensure that they are accessible and available to all.
- 7.6.4 Receive all whistleblowing reports through the approved whistleblowing channels.
- 7.6.5 Provide Executive Management with reports on initial investigation of the received whistleblowing reports.
- 7.6.6 Prepare periodic reports on whistleblowing reporting and investigation results to Audit Committee.

**7.7 Ethics and Fraud Investigations Department:**

- 7.7.1 Contribute in the development of Anti-fraud Management Framework.
- 7.7.2 Investigate cases of identified or reported fraud or corruption.
- 7.7.3 Prepare a separate report for each fraud case, the report must include the following as a minimum (Occurrence of incident, related parties, related department, recommendations, loss if any).
- 7.7.4 Create and maintain a fraud database for all cases.
- 7.7.5 Provide People General Department with Legal disciplinary recommendations on investigations and escalate if not performed in accordance & adherence to relevant governmental laws and regulations.
- 7.7.6 Present to the Legal Department the necessary evidence to support termination/ firing recommendations.
- 7.7.7 Take all legal actions/ measures to concerned authorities related to filing and claiming against those involved in fraud cases.
- 7.7.8 Prepare periodic reports to executive management on investigations results.
- 7.7.9 Conduct all types of investigations excluding Labor Violations that are within the scope of the People General Department.

**7.8 Legal General Department:**

- 7.8.1 Assist the Ethics and Fraud Investigations Department for any legal advice needed in accordance to fraud cases.
- 7.8.2 Establish and follow-up the communication with courts in regards to fraud cases.
- 7.8.3 Provide feedback on terminations recommendations.
- 7.8.4 Perform recovery activities of funds due to fraud incidents.
- 7.8.5 Raise litigation acquired by Investigations, Ethics, and Fraud Investigations Department.

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**7.9 Ethics & Culture Committee**

- 7.9.1 Oversight whistleblowing reports and monitor measures to ensure an affective embedded speak-up culture.
- 7.9.2 Oversight of the Anti-fraud reports relevant to Fraud Risk Assessments and the Fraud Risk Awareness to assure quality and accuracy.
- 7.9.3 Review and endorse disciplinary actions resulting from fraud cases against the implicated employees based on the case classification and in accordance with the committee charter.
- 7.9.4 Suggest or authorize an entity to investigate cases related to employees with administrative position and submit them to the CEO and the Audit Committee.
- 7.9.5 Ensure that effective anti-fraud awareness and training programs are in place for all employees.
- 7.9.6 Upon the request raised by the Ethics & Fraud Investigations director the committee may conduct investigation or call an investigation panel to conduct investigations with solutions senior employees (General Managers and above) into any matters within its scope of responsibility and jurisdiction.

**7.10 People General Management:**

- 7.10.1 Perform appropriate background checks and pre-employment screening procedures for all new employees.
- 7.10.2 Provide the necessary human resources to ensure that the Anti-fraud teams carry out their responsibilities.
- 7.10.3 Determine the requirements and appropriate training and qualifications programs for combating Fraud.
- 7.10.4 Apply disciplinary actions as per the investigation results by the concerned team.
- 7.10.5 Provide the needed support/information to Anti-fraud teams on a top priority basis as and when requested.
- 7.10.6 Conduct interviews with the employees in regards to Labor Law violations.

**7.11 Supply Chain & Support Services:**

- 7.11.1 Ensure premises, sites and all related equipment's securities and safety measures meet regulatory and international standards.
- 7.11.2 Manage, investigate and report deliberate and none-deliberate incidents to physical assets.
- 7.11.3 Provide CCTV footage and other support/ information to Anti-fraud teams on top priority basis as and when requested.
- 7.11.4 Ensure supplier code of conduct is understood and signed by all suppliers and third parties.
- 7.11.5 Provide the needed support/ information to Anti-fraud teams on a top priority basis.

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## 8. Whistleblowing Channels:

Any suspicion of fraud and corruption must be reported immediately through the company's approved whistleblowing channels in accordance with Whistleblowing Policy.

## 9. Record Retention:

In the event that fraud or corruption has been confirmed, the company is required to retain documents related to supporting any confirmed cases for 10 years.

## 10. Relevant Documentations:

- 10.1 Anti-fraud Management framework
- 10.2 Code of Conduct Policy
- 10.3 Whistleblowing Policy
- 10.4 Anti-Bribery Law

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