

Solutions by stc

Anti-Fraud and Corruption Policy

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Approval(s)

Version	Date	Approval
1.0	24/05/2021	Approved by the Board of Directors in the 1st Meeting on 24/05/2021 (12/10/1442H)

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1. Purpose

The prime objective of this anti-fraud and corruption policy is to prevent and detect fraud, corruption or misconduct, enhance the company governance and internal controls, establish the necessary process that will enable the company specialist to take an appropriate action in case of suspected facts of fraud, or corruption.

2. Scope

This policy applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with the Company.

3. Policy Owner

Internal Auditor Division.

This policy shall be reviewed every 24 months or as required (from the date of effectiveness) by Internal Audit.

4. Responsibilities

Compliance with the Policy

Solutions employees as well shareholders consultant, vendors, contractors, and/or any other parties with a business relationship with the company are required to comply with this policy.

5. Definitions

- **The Company:** Refers to "Solutions by stc"
- **Whistle-blower:** The person who provides the report.
- **Fraud, Misconduct or Corruption:** Deliberate deception to secure unfair or unlawful gain by the perpetrator or by others with his help, causing a loss to the deceived party. Irregularity "Fraud, Misconduct or Corruption" encompass

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a wide range of misconduct by employees, managers and executives ranging from pilferage of supplies to financial statement frauds .Common violations include asset misappropriation, corruption, false statements, false overtime, petty theft and pilferage, use of company property for personal benefit and payroll and sick time abuses.

- The key that this activity have all or one of the following:
 - Is clandestine
 - Violates the employees fiduciary duties to the company
 - Is committed for the purpose of direct or indirect financial benefit
 - Cost the employee company assets, revenues or reserves
- Sample Actions Constituting Fraud (not limited to):
 - Misappropriation of funds, supplies, or other assets,
 - Intentional negligence in handling or reporting of financial or operational transactions,
 - Abusing access to insider knowledge of STCS activities,
 - Disclosing confidential and proprietary information to outside parties,
 - Accepting or seeking anything of material value from contractors, vendors, or persons in current or expected relation to STCS except for what is permitted by STCS code of conduct and policies related to Accepting Gifts,
 - The use of employee position for any direct or indirect personal gains
 - Any similar or related irregularity

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6. Policy Statement

The Management recognizes that the management of fraud, misconduct and corruption is an integral part of good governance and management practice.

The Management shall develop and maintain a culture of honesty and integrity within the Company, Management is responsible for the detection and prevention of fraud, misconduct and corruption. Each member of the management team at all levels should be familiar with the types and signs of fraud that might occur within his area of responsibility, and be alert for any indication of irregularity.

- 6.1 Any fraud that is detected or suspected must be reported immediately through the whistle-blowing channel(s) as directed by the whistle-blower policy.
- 6.2 To report suspected/known fraud that they witnessed as well as to report any information that they might have/obtain shows or tend to show frauds
- 6.3 Internal Audit Division is responsible to provide in ongoing awareness about the risk of frauds and corruptions and other related topics as well as the roles and responsibilities that Fraud Audit Department are contributing to it
- 6.4 A fraud risk assessment should be performed by executive management by systematic and recurring bases with the involvement of appropriate personnel to consider relevant fraud schemes, scenarios and mapping those fraud schemes and scenarios to mitigating controls
- 6.5 All solutions employees as well contractors employees are required to disclose fraud cases and or any indications of fraud
- 6.6 **Principles:** In support of the above obligations, this policy is based on the following principles:
 - 6.6.1 **Sound ethical culture:** The Company will ensure that it has a sound and sustainable ethical culture through a process of awareness training, benchmarking and monitoring.
 - 6.6.2 **Senior management commitment** senior management will demonstrate a high level of commitment to controlling the risk of fraud, misconduct and corruption within and by the Company.
 - 6.6.3 **Management and staff awareness:** Every Employee and officer of the Company should have a general awareness of fraud, misconduct and corruption and how they should respond if this type of activity is detected or suspected.
 - 6.6.4 **Compliance with legal and supervisory regulations** in the organization of anti-fraud management and the execution of related measures, the applicable statutory and supervisory regulations "i.e. National Anti-Corruption Commission – NAZAHA" must be strictly complied with and personal rights of affected persons respected. This also applies where external consultants are used to investigate a case of fraud.

6.7 Responsibilities

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All levels of management and staff are accountable for setting the appropriate tone of for fraudulent, corrupt and misconducts act by displaying the proper attitude towards complying with laws rules, regulations and policies, including this anti-fraud policy

6.7.1 Board Committee "Audit Committee":

Audit committee "on periodic bases" should determine that the company has an update/appropriate programs and policies in a place to prevent and identify fraud. It should work with management to oversee the establishment of appropriate controls and antifraud programs and to take the necessary steps when fraud is detected. The audit committee should also be satisfied that the company has implemented an appropriate ethics and compliance program and established a complaint hotline.

6.7.2 Chief Executive Officer:

The Chief Executive Officer is responsible for the effective implementation of the this Anti-Fraud Policy , including:

- Fostering an environment that makes active fraud, misconduct and corruption prevention the responsibility of all staff;
- Articulating clear standards and procedures that encourage the minimization and deterrence of fraud, misconduct and corruption, and facilitates the detection and prosecution of offences should they occur;
- Ensuring compliance with relevant legislation and policies; and
- Ensuring appropriate action is taken in response to investigation outcomes and recommendations including disciplinary action.

6.7.3 Executives and Management:

- Implement adequate internal controls including documenting fraud risk management policies and procedures and evaluating their effectiveness aligned with the organization Company's fraud risk assessment.
- Management has the overall responsibility for the design and implementation of the fraud risk management, including setting up the tone at the top for the rest of the organization Company. Including, but not limited to, expressing words and actions where it is clear that fraud is not tolerated, that any such behavior is dealt with swiftly and decisively, and that whistle-blowers will not suffer retaliation.
- To conduct a reasonable evaluation, it is necessary to compile information from various areas of the organization Company on fraud risks as part of the risk management program. This is in addition to reporting to the Board of Directors on what actions have been taken to manage fraud risks and regularly reporting on the effectiveness of the fraud risk management program. This includes reporting any remedial steps that are needed, as well as reporting actual fraud occurrences.

6.7.4 Legal Affairs:

- The Legal Affairs Department is responsible within its area of competence for providing the necessary legal advice to units affected by a case of fraud, corruption

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or misconduct and coordinates action to recover losses incurred and cooperation with the authorities.

- Notify the Fraud Audit Department "within a reasonable time" of actions have been taken/will be taken as a response to suspicious fraud, corruption or misconduct cases reported to them by the Fraud Audit Department as well provide a copy of the investigation reports to Fraud Audit Department.
- Notify the Fraud Audit Department "immediately" upon identification and or receiving information concerns a suspicious fraud, corruption or misconduct behaviors.

6.7.5 **Human Resources:**

- The Human Resources Department is responsible within its area of competence for all action in respect of Saudi Labor Law to be taken in connection with a case of fraud, corruption or misconduct.

6.7.6 **All Staff, Suppliers and Contractors**

- Comply with this Policy and Code of Ethics when undertaking their duties;
- Have a basic understanding of fraud and be aware of the red flags.
- Understand their roles within the internal control framework.
- Understand that their job procedures are designed to manage and mitigate fraud risks and that noncompliance with the approved procedures may create an opportunity for fraud to occur or go undetected.
- Read and understand policies and procedures (e.g. solutions Code of Ethics, and Whistle-blower Policy, as well as other operational policies and procedures, such as HR and procurement Policies.
- As required, participate in the process of creating a strong control environment and designing and implementing fraud control activities, as well as participate in monitoring activities.
- Report suspicions or incidences of fraud.
- Cooperate in investigations.

6.7.7 **Internal Audit Division and it is fraud audit team.** The Fraud Audit team shall implement and execute this Anti-Fraud Policy. Among other things, the Internal Audit Sector shall:

- The Internal Audit Division shall establish and maintain reliable communications channels (telephone hotlines, e-mail and mail) allowing for the anonymous reporting of actual or suspected instances of fraud or fraudulent behavior. Contact information for the various channels of communication shall be publicized so that actual or suspected cases of fraud or fraudulent behavior and violation of business ethics can be reported.
- Provide objective assurance to the Audit Committee and management that fraud, misconduct and corruption controls are sufficient for identified risks and ensure that the controls are functioning effectively.

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- Conduct a comprehensive engagement to review the comprehensiveness and adequacy of the risks identified by management especially with regard to management override risks.
- On a periodic basis consider the Company’s assessment of fraud, misconduct and corruption risks when developing their annual audit plan and review management’s fraud capabilities.
- Communicate regularly with concerned parties conducting the Company’s risk assessments, as well as others in key positions throughout the Company, to help them ensure that all fraud, misconduct and corruption risks have been considered appropriately.
- Instruct Internal Auditors as they perform audit engagements to spend adequate time and pay enough attention to evaluating the design and operation of internal controls related to fraud, misconduct or corruption risk management and pay attention for any signs of fraud, misconduct or corruption.
- Investigate cases of identified or reported fraud, misconduct or corruption as per the Whistle-blower policy in coordination and cooperation with key functions such as Legal and HR as required by the nature of the case.
- Quarterly/Annual reports shall be issued by the Internal Audit Sector to the Audit Committee regarding the nature and status of any complaints and/or investigations involving fraud or fraudulent behavior and the implementation and effectiveness of this Anti-Fraud Policy.

6.8 Records Retention

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

7. Documented related to this policy

- solutions Code of Ethics, Law and Regulations
- Whistleblowing Policy.
- Fraud Audit Manual.

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