

Sahara International Petrochemical Company (SIPCHEM)



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Approval Record

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1. PURPOSE

This policy and procedure manual is intended to encourage staff and other relevant stakeholders to report perceived unethical or illegal conduct of employees, management, executive management, vendors and suppliers, contractors, and other stakeholders across the Group to the Group Chief Internal Auditor in a confidential manner without any fear of harassment, intimidation, victimization, or reprisal of anyone for raising concern(s) under this policy.

Specific objectives of the policy are:

- 1.1 To ensure Whistleblowers feel supported in speaking up in confidence and reporting matters they suspect may involve improper, unethical, or inappropriate conduct within the Group.
- 1.2 To encourage all improper, unethical, or inappropriate behavior to be identified and challenged at all levels of the organization.
- 1.3 To provide clear procedures for reporting and handling such concern(s).
- 1.4 To proactively prevent and deter Misconduct which could impact the financial performance and damage the Group's reputation.
- 1.5 To provide assurance that all disclosures will be handled seriously, treated as confidential and managed without fear of reprisal of any form; and
- 1.6 To help promote and develop a culture of openness, accountability, and integrity.


2. SCOPE & FIELD OF APPLICATION

This policy and procedure manual is designed to enable employees and other relevant stakeholders to report any perceived act of impropriety which should not be based on mere speculation, rumors, and gossip but on knowledge of facts.

3. ABBREVIATIONS & DEFINITIONS

3.1 Whistleblowing: the act of reporting an observed/perceived unethical Misconduct of employees, management, and other stakeholders of an organization by an employee or other person to appropriate authority. It is an early warning system that enables an organization to find out when something is going wrong in time to take necessary corrective action.

3.2 Whistleblower: a person or entity making a disclosure of any actual or suspected Unethical and Improper Practice that they have observed. Whistleblowers could be employees,

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contractors, contractor's employees, clients, vendors, internal or external auditors, law enforcement/regulatory agencies or other third parties.

3.3 Malpractice: for the purpose of this policy refers to *actions which may be:*

- 3.3.1** Illegal, improper, or unethical.
- 3.3.2** In breach of a professional code.
- 3.3.3** Possible maladministration, fraud, or misuse of funds; or
- 3.3.4** Acts which are otherwise inconsistent with the Code of Conduct.

3.4 Fraud: for the purpose of this policy refers to where an individual has undertaken, or intends to undertake, actions in order to obtain gain for him/herself or another, or cause loss to another, or expose another to risk of loss.

The term Fraud encompasses:

- 3.4.1** Fraud by false representation.
- 3.4.2** Fraud by failing to disclose information; and
- 3.4.3** Fraud by abuse of position.

3.5 Corruption: for the purpose of this policy refers to an individual who has given or obtained advantage through means which are illegitimate, immoral, and/or inconsistent with their duty to SIPCHEM Group or the rights of others. Examples include accepting bribes or incentives during procurement processes, seeking to influence others.

3.6 Misconduct: a failure by a staff member or other relevant stakeholder to observe the rules of conduct or standards of behavior prescribed by SIPCHEM Group.

3.7 Suspect: a person who is alleged to have committed a misconduct and subject of investigation.

3.8 Good Faith: This is evident when a report or concern is made without malice or consideration of personal benefit and the employee has a reasonable basis to believe that the report is true; provided, however, a report does not have to be proven to be true to be made in good faith. Good faith is lacking when the disclosure is known to be malicious or false.


3.9 Investigation: A process designed to gather and analyze information in order to determine whether Misconduct has occurred and if so, the party or parties responsible.

3.10 Disciplinary Action: means any action that can be taken on the completion of /during the investigation proceedings including but not limited to a warning, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.

3.11 The Group/SIPCHEM Group: SIPCHEM company and all its affiliates.

4. REFERENCES


None.

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5. REQUIREMENTS

5.1 Introduction

- 5.1.1 All organizations face the risk of things going wrong. SIPCHEM Group is committed to identify and take measures to remedy all Malpractice particularly with regard to issues of Fraud and Corruption.
- 5.1.2 SIPCHEM Group, in ensuring a high ethical standard in all its business activities, has established a Code of Conduct which set out the standard of conduct expected in the management of its businesses across the Group. All stakeholders are expected to comply with these standards in the discharge of their duties.
- 5.1.3 This Policy and Procedure provides a channel for the Group`s employees and other relevant stakeholders to raise concerns about workplace Malpractices, in a confidential manner; for the Group to investigate alleged Malpractices and take steps to deal with such in a manner consistent with the Group`s policies and procedures and relevant regulations.
- 5.1.4 This policy and procedures manual outline the Group`s Policy on Whistleblowing and the procedure for investigating and dealing with all reported cases of illegal and unethical conduct and any other Misconduct across the Group. This policy is in compliance with the requirements of various regulatory authorities.
- 5.1.5 This policy is not SIPCHEM Group normal grievance procedure. If you have a complaint about your own personal circumstances, then you should use the grievance procedure. If you have concerns about Malpractice within the organization then you should use the procedure outlined in this policy.
- 5.1.6 This Policy applies to SIPCHEM and its affiliated companies (being companies where SIPCHEM has a direct or indirect shareholding of more than 50%, more than 50% of the voting rights, or otherwise controls the business activities). This policy covers the activities of all the subsidiaries within SIPCHEM Group. This is without prejudice to the requirements (if any) by regulators of the various subsidiaries to put in place their respective Whistleblowing policies.
- 5.1.7 This Policy covers all SIPCHEM Group employees, employees of third-party vendors, consultants, and customers throughout the world, operating out of any location of SIPCHEM Group.

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5.2 Reportable Misconducts covered under this policy include:

- 5.2.1 All forms of financial malpractices or impropriety such as Fraud, Corruption, Bribery, theft, and concealment.
- 5.2.2 Financial irregularities, including Fraud or suspected Fraud or Deficiencies in Internal Control and check or deliberate error in preparations of Financial Statements or Misrepresentation of financial reports.
- 5.2.3 Wastage / misappropriation of company funds/assets.
- 5.2.4 Manipulation of company data/records.
- 5.2.5 Pilferage of confidential/proprietary information.
- 5.2.6 Failure to comply with legal obligations, statutes, and regulatory directives.
- 5.2.7 Actions detrimental to Health and Safety or the work environment.
- 5.2.8 Any unlawful act whether Criminal/ Civil.
- 5.2.9 Improper conduct or unethical behavior that undermines universal and core ethical values such as integrity, respect, honesty, accountability, and fairness.
- 5.2.10 Connected transactions not disclosed or reported in line with regulations.
- 5.2.11 Insider abuse.
- 5.2.12 Non-disclosure of interests.
- 5.2.13 Sexual or physical abuse of staff, customers, prospective staff, service providers and other relevant stakeholders.
- 5.2.14 Breach of IT Security and data privacy.
- 5.2.15 Retaliation.
- 5.2.16 Social Media Misuse.
- 5.2.17 Breach of Company Policy or failure to implement or comply with any approved Company Policy.
- 5.2.18 Other forms of corporate governance breaches; and
- 5.2.19 Attempt to conceal any of the above-listed acts.


The above listed reportable Misconducts or concerns are not exhaustive. However, judgment and discretion are required to determine Misconduct that should be reported under this policy.

The general guide in identifying reportable Misconduct is to report concerns which are repugnant to the interest of SIPCHEM Group, and the general public and appropriate sanctions applied.

5.3 Board and Management Commitment to the Policy

The Board and Management are aware that a robust internal system for employees and other relevant stakeholders to disclose workplace malpractices without fear of reprisal shows that employees take their responsibilities seriously and helps to avoid the negative publicity that often accompanies disclosures to external parties.

Hence the Board of Directors and Management is committed towards promoting a culture of openness, accountability, and integrity, and will not tolerate any harassment,

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victimization or discrimination of the Whistleblower provided such disclosure is made in good faith with reasonable belief that what is being reported is fact.

5.4 Policy Statement

SIPCHEM Group is committed to the highest standards of openness, probity, accountability, and high ethical behavior by helping to foster and maintain an environment where employees and other stakeholders can act appropriately, without fear of reprisal.

To maintain these standards, the Group encourages employees and relevant stakeholders who have material concerns about suspected Misconduct or any breach or suspected breach of law or regulation that may adversely impact the Group, to come forward and report them through appropriate channels without fear of retribution or unfair treatment.

SIPCHEM Group conducts its business on the principles of fairness, honesty, openness, decency, integrity, and respect. It is the intention of this policy to encourage employees and other relevant stakeholders to report and disclose improper or illegal practices or activities. The Group is committed to investigate promptly any reported Misconduct and to protect those who come forward to report such activities. The Group further assures that all reports shall be treated in strict confidence.

SIPCHEM Group's operating procedures are intended to detect and prevent or deter improper activities. However, the best systems of controls may not provide absolute safeguards against irregularities. This policy is intended to investigate and take appropriate action against any reported Misconduct or concern.

5.5 Raising concern(s) by Whistleblower

5.5.1 Whistleblower may raise concern through any of the following media:

5.5.1.1 By a formal letter to the Group Chief Internal Auditor.


5.5.1.2 E-mail to the Group Chief Internal Auditor:

Dedicated E-mail account: Ethics@SIPCHEM.com

5.5.2 *The concern(s) shall be presented in the following format:*

5.5.2.1 Background of the issue with relevant dates

5.5.2.2 Reason(s) why the Whistleblower is particularly concerned about the situation.

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5.5.3 Where the concern is received by staff other than the Group Chief Internal Auditor, ***the recipient of such concerns shall be required to:***

5.5.3.1 Immediately pass the concern(s) to the Group Chief Internal Auditor.

5.5.3.2 If the concerns affect the Group Chief Internal Auditor, the CEO is notified, and where Board Member is involved, the Chairman is notified.

5.5.3.3 ***Disciplinary measures*** in line with the Saudi Labor Law, other applicable Labor Laws and SIPCHEM policies and procedures shall be taken against any staff that receives concerns from a Whistleblower and fails to immediately pass same to the Group Chief Internal Auditor.

5.6 Protection of Whistleblower

5.6.1 The policy of SIPCHEM group to protect Whistleblowers who disclose concerns, provided the disclosure is made.

5.6.1.1 In the reasonable belief that that it is intended to show Malpractice or impropriety.

5.6.1.2 To an appropriate person or authority (as indicated in this policy); and

5.6.1.3 In good faith without malice or mischief.

While all disclosures resulting from Whistleblowing shall be treated with a high level of confidentiality, staff and other relevant stakeholders are encouraged to disclose their name to make the report more credible.

5.6.2 ***The Group Chief Internal Auditor will take the following into consideration in considering anonymous disclosure:***

5.6.2.1 Seriousness of the issues being reported.


5.6.2.2 The significance and credibility of the concern; and

5.6.2.3 The possibility of confirming the allegation.

Concerns will be treated seriously, and actions taken in accordance with this policy. All matters will be treated in confidence. The Group Chief Internal Auditor will give you reasonable feedback on any investigation and be sensitive to any concerns you may have as a result of any steps taken under this procedure.

SIPCHEM Group will not subject a Whistleblower to any detriment where a Whistleblower feels unfairly treated owing to his/her actions.

Any kind of threat, retaliation, penalty or discrimination against the Whistleblower or anyone who has participated in the investigation into the validity of the concern raised will not be tolerated. Any retaliation, including, but not limited to, any act of discrimination, reprisal, harassment, suspension, dismissal, demotion, vengeance, or any other occupational detriment, direct or indirect, recommended, threatened, or taken against a Whistleblower because he/she

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has made a disclosure in accordance with this policy will be treated as gross Misconduct and dealt with accordingly.

Any internal Whistleblower that feels victimized (as a result of raising a concern) can report his/her grievance(s) to the Group Chief Internal Auditor.

Whistleblowers must ensure that they do not make disclosure outside of the prescribed channels (as indicated in this policy).

5.7 Time Limit for Investigation

SIPCHEM Group policy is to handle investigations promptly and fairly. While it might not be possible to set a specified time frame for the conclusion of investigation, since the diverse nature of potential concerns may make this impracticable. The Chief Internal Auditor shall endeavor to resolve all concerns within four weeks.

5.8 Investigation of Concerns and update on progress of investigation

Group Chief Internal Auditor shall on receipt of the concern(s) acknowledge receipt of the concern from the Whistleblower within 5 working days, and immediately commence investigation.


During the course of the investigation, the Group Chief Internal Auditor may request assistance from the Group departments/functions competent in each instance. Where appropriate, he may also request the assistance of external consultants specializing in the area of the investigation, provided their involvement is conducive to verifying the concern raised and ensuring its confidentiality.

5.8.1 *The purposes of investigation are to:*

- 5.8.1.1 Establish if a wrongdoing has occurred based on the concern(s) raised, and if so to what extent; and
- 5.8.1.2 To minimize the risk of further wrongdoing, prevent any further loss of assets, damage to the Group`s reputation and protect all sources of evidence.

If preliminary investigation shows that the concern falls within the Whistleblowing reportable concerns, then further investigation shall be carried out.

Finally, if the concern raised by the Whistleblower is frivolous or unwarranted, the Group Chief Internal Auditor shall ignore such concern.

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5.9 Ownership and Frequency of Review

This policy document remains the property of SIPCHEM Group. However, its custody and management rest with the Internal Audit Department.

This policy document and procedure manual shall be subject to review every two (2) years or as may be deemed necessary. All suggestions for review and or amendments shall be forwarded to the Group Chief Internal Auditor for necessary action.


6. RESPONSIBILITIES

6.1 Whistleblower: Whistleblowers are expected to act in good faith and should refrain from making false accusations when reporting his/her concern(s), and provide further evidence at his/her disposal to aid investigation of the issues reported.

6.2 Suspect: Suspect has a duty to cooperate with investigators during the period of investigation including provision of relevant information, documents or other materials as may be required by the investigator.

6.3 Chief Internal Auditor: The Chief Internal Auditor must handle all matters with high professionalism, confidentially and promptly. The Chief Internal Auditor is responsible for the overall management of the Policy and the concern handling process. **This includes:**

- 6.3.1** Developing and maintaining the Policy.
- 6.3.2** Managing the Anti-Fraud Program.
- 6.3.3** Conducting or assigning investigations of concerns.
- 6.3.4** As appropriate, referring concerns raised to other departments such as Legal, Security & or Human Resources for handling.
- 6.3.5** Communicating with employees, management, and others who have raised concerns, either directly or through the designated channels.
- 6.3.6** Consolidating, filing, and retaining all records of concerns received, together with the status/results of investigations.
- 6.3.7** Chief Internal Auditor must be independent and unbiased in carrying out investigation.
- 6.3.8** The Chief Internal Auditor has the responsibility of acknowledging all concern(s) reported.
- 6.3.9** The Chief Internal Auditor shall on a quarterly basis provide to the CEO and the Audit Committee a summary of all cases reported and the result of the investigation; and
- 6.3.10** The Chief Internal Auditor shall refrain from discussing or disclosing matters under investigation.

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6.4 All Employees and Management:

Responsibilities include;

- 6.4.1 Acting with integrity and honesty in all financial reporting and other duties; and
- 6.4.2 Reporting any wrongdoing or concerns, including those related to:
- 6.4.3 Financial Reporting.
- 6.4.4 Suspected Fraudulent Activity.
- 6.4.5 Breaches of the Code of Conduct, Other Compliance Policies and Laws and Regulations; and
- 6.4.6 Retaliation or Retribution.

6.5 Human Resources:

Human Resources shall handle the report of investigation that relates to the Group's employees in line with the laid down disciplinary procedure as contained in Saudi Labor Law, other applicable Labor Laws and SIPCHEM policies and procedures.

7. VERIFICATION AND FEEDBACK PROCESSES

None.

8. RELATED STANDARDS AND DOCUMENTS

- 8.1 SIPC-IA-Y-003 Anti-Fraud Procedure
- 8.2 SIPC-HRCE-N-001 HR General Policy and Procedure

9. SYSTEM DOCUMENTATION & RECORDS

The soft copy of this document will be issued in Q-Pulse and retained for its validity.

10. ATTACHMENT

None.