



## Anti-Fraud and Corruption Policy



## 1. Purpose

stc is committed to conducting business in accordance with the highest ethical standards and prohibits all forms of fraud, bribery, and corruption. This Anti-Fraud & Corruption policy prohibits bribery of public officials as well as private sector employees or any third party bribery, including the offering, promising, authorizing, or providing anything of value to any customer or other third party in order to induce or reward such a person for obtaining or retain business, or other commercial or regulatory benefits. This policy further prohibits any other form of Fraud and Corruption, including theft, embezzlement, and financial irregularities. This policy also implements the Anti-Corruption statement in the stc Code of Ethics.

## 2. Scope

This Policy applies to stc employees. The policy also applies to

- Consultants.
- Suppliers.
- Contractors.
- Partners.
- Intermediaries.

## 3. Definitions

3.1 **Anything of Value:** includes but is not limited to:

- 3.1.1 Cash, stock, personal property, forgiveness of debt, other cash equivalents (e.g., crypto currency).
- 3.1.2 Entertainment, travel, gifts of all kinds or shapes, hospitality or meals.
- 3.1.3 Job offers, internships, to Public Officials, customer employees, or their relatives, or other close associates.
- 3.1.4 Charitable Contributions.
- 3.1.5 Sponsorships.

3.2 **Bribery:** is the request or acceptance of Anything of Value, and the offer or making, of any promise or gift of Anything of Value, by or to a Public Official or any other person for a corrupt purpose.

3.3 **Fraud:** Doing or refraining from doing an act with the aim of obtaining a benefit to the fraudster, directly or indirectly, or to a third party, who would not otherwise have obtained it.

3.4 **Corruption:** is dishonest, deceptive, or fraudulent conduct, including bribery; theft; misappropriation of funds, suppliers, and assets; accounting and financial statement irregularities, false statements, and violations of approved policies and procedures that create a benefit.

3.5 **Facilitation Payment:** any payment, whether small or not, made to a Public Official to expedite or facilitate the provision of government action or services to which stc is entitled.

3.6 **Internal Controls:** a set of activities that are layered onto the operating procedures in the organization, with the purpose of safeguarding its assets, minimizing errors, and ensuring that operations are performed in an authorized manner. Another way to look at internal control is that these activities are required to mitigate and reduce the amount and types of risk to which a company is exposed.

3.7 **Public Official:** is broadly defined and includes: (a) persons working for a government or any public administrative authority, whether on a permanent or temporary basis; (b) an arbitrator or expert appointed by the or any governmental, judicial body; (c) any person assigned to a specific mission by a government; and (d) directors and employees of any company or other business establishment who manage or maintain a public establishment or perform a public service, as well as directors and employees of joint stock companies or companies to which the government contributes capital or perform banking activities.

3.8 **Intermediary:** is a third party that represents stc, or works with stc in sales of stc products to customers. Intermediaries are (1) sales agents and sales representatives who represent stc with customers; (2) distributors and other external partners who work with stc to sell stc products to customers; and (3) other third parties that promote and sell stc products to customers, working with stc in specific sales transactions (4) stc's contractors.

3.9 **Promptly:** In the case of reporting potential Corruption, "Promptly" means that the employee should report such potential Corruption as soon as practical after learning of such potential Corruption.

The employee may report such potential Corruption in accordance with normal reporting lines, including via: [speak-up@stc.com.sa](mailto:speak-up@stc.com.sa)

4. **Policy Statement** stc's reputation for integrity and ethical business practices builds trust in our business and reflects favorably on our people, products and services. stc complies with the Applicable Laws and regulations prohibiting Fraud, Bribery, and Corruption. stc has a zero appetite for any risks causing incidents of corruption or fraud, whether involving employees, as well as shareholders, internal staff, third-party stakeholders, consultants, vendors, contractors, and outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with stc. stc has zero appetite for any risks causing any non-compliance with the Code of Conduct. stc will ensure that all reported incidents of fraud and code of conduct are investigated.

#### 4.1 **Employee Responsibilities Regarding Bribery:**

4.1.1 Do not Bribe.

4.1.2 DO NOT GIVE OR OFFER TO GIVE a Government or private official (either directly or through a Third Party) anything of value, including the following:

4.1.2.1 Cash, cash equivalents (e.g., checks, vouchers, gift cards) or loans.

4.1.2.2 Direct payment for travel. Do not make any payments directly to a government or private (nongovernment) travelers. All payments for travel must be approved in advance as required by the stc Gifts and Hospitality policy and paid directly to the travel provider, such as the airline or hotel.

4.1.2.3 A business opportunity or favor.

4.1.2.4 Favors, employment (including consultancy agreements) or internships, including for family members or associates of the Government Official.

4.1.2.5 Any promise to give anything of value to obtain an improper advantage.

4.1.3 DO NOT ATTEMPT TO BRIBE or engage in conduct that could be construed as a bribe or payoff to a Government Official (either directly or through a Third Party).

4.1.3.1 Even if the offer is not accepted or does not produce the desired result, the attempt to bribe or improperly influence a Government Official is illegal and a violation of this policy.

4.1.3.2 The mere appearance of attempting to bribe or influence a Government Official may embarrass the Company, damage its or your reputation, and require the payment of fines and expenses.

4.1.4 No Facilitation Payments: stc expressly prohibits the payment of Facilitation Payments.

Facilitation Payment may in certain circumstances constitute a bribe and is unlawful under the law in the Kingdom of Saudi Arabia and other jurisdictions where stc conducts business. Some common examples of government interactions where Facilitation Payments may be solicited include:

4.1.4.1 Obtaining permits, licenses, or other official documents to qualify a company to do business.

4.1.4.2 Processing governmental papers, such as visas and work permits, and obtaining documents and certificates from governmental offices.

4.1.4.3 Customs clearance and related activities, including inspection of goods during the import and customs clearance processes.

4.1.4.4 Border Control interactions with border control agents.

## 4.2 **Mitigating the Risks related to Anti-Corruption.**

4.2.1 Approval of Intermediaries: In certain circumstances stc may be legally liable for the improper acts of, or unlawful payments made by Intermediaries acting on behalf of stc. Accordingly, this policy prohibits

Intermediaries or any other third party acting on behalf of stc from offering, promising, authorizing, or paying Bribes to any person, including a Public Official. Further, stc will engage Intermediaries only after approval of such Intermediaries.

4.2.2 Anyone who uses force, violence, or threats against a public official in order to obtain from him the elimination of an illegal order or to induce him to avoid performing one of the acts assigned to him by law shall be punished by the penalty provided in the Anti-Bribery Law

4.2.3 Approval of Charitable Contributions: In certain circumstances a donation made to a Charitable

Organization made at the request of, or for the benefit of, a Public Official (or customer employee), their family members, or close associates, may constitute Bribery, even if made to a bona fide Charitable Organization.

Accordingly, stc employees must strictly follow stc's Charitable Contributions policy

4.2.4 Approval of Sponsorships: In certain circumstances a Sponsorship made at the request of, or for the benefit of, a Public Official (or custom employee), their family members, or close associates, may constitute Bribery, even if made to a bona fide Organization. Accordingly, stc employees must strictly follow the approved policies in stc.

4.2.5 Gifts and Hospitality: stc may authorize the giving or receiving, payment or reimbursement of Gifts and Hospitality provided that such expenses are in accordance with approved policies in stc.

4.2.5.1 Even where legally permitted, all Business Gifts and Hospitality for Government Officials, including travel, lodging and meals, must be modest and reasonable in amount and must be approved in advance in accordance with the approved policies in stc.

4.2.5.2 Do not provide a Government Official with a "per diem" payment or cash allowance in lieu of legally permitted Business Gifts or Hospitality. Per diems are not allowed to be provided to Government Officials.

4.2.5.3 For any expenditure in connection with a Government Official, retain the original receipts with itemized descriptions of the expenses incurred.

4.2.6 Hiring Process: In certain circumstances the hiring or promise to hire of a current or former Public Official(or customer employee) or a family member or close associate may constitute Bribery or be perceived as seeking to improperly influence a customer or government decision in favor of stc. stc and its hiring managers are required to work with stc's talent acquisition and human resources teams to ensure that every offer of employment (including paid and unpaid internships) is managed and approved through stc's standard recruitment and talent acquisition processes, procedures and stc's external recruitment policy.

4.2.7 Internal Record Keeping: stc and its employees shall record and report accurate and complete books and records and accounts which honestly, accurately, and timely reflect transactions and the disposition of stc's assets as per related laws and policies. This requirement applies to all documents and records created in connection with any stc business dealings with any Intermediary. This policy prohibits maintaining undisclosed or unrecorded funds, accounts, or assets for any purpose. This prohibition applies to all payments, not merely those that may be material to stc. Examples of such prohibited accounts and records include, but are not limited to:

4.2.7.1 Unrecorded petty cash accounts or "slush" funds.

4.2.7.2 Bank accounts held in the names of individuals, which contain stc funds.

4.2.7.3 Records, which reflect that a payment was made for "purpose X" when the payment was in fact made for undisclosed "purpose Y."

4.2.7.4 Records which reflect the payment by stc of a certain amount to an Intermediary in circumstances where the Intermediary has agreed to pay some portion of such payment to a Public Official, or other person or entity.

4.2.8 Red Flags: Red Flags are circumstances that may require further information to assess and evaluate prior to making a decision. The existence of a Red Flag does not mean that a transaction or business activity cannot go forward. However, Red Flags must be addressed and resolved prior to entering into a transaction or business activity. When a Red Flag is identified, stc employees should seek the assistance of stc's Investigations and Anti-Fraud General Department in resolving such Red Flags.

4.2.8.1 In the context of Anti-Corruption, stc employees should be conscious of the following potential Red

Flags of corruption and seek their resolution prior to making a decision:

4.2.8.1.1 Requests for employment or internships made by a Public Official on behalf of family members, or other close associates.

4.2.8.1.2 A Public Official or customer employee makes an unusual request in connection with Business Courtesies, for example, requesting a Gift or payment for a spouse or other person not connected to the business opportunity.

4.2.8.1.3 Charitable Organization run by a Public Official, customer employee, or family member or close associate.

4.2.8.1.4 Sponsorship request by a Public Official or customer employee near in time to a pending procurement or regulatory action.

4.2.8.1.5 High or unusual frequency of Business Courtesies to the same recipient.

4.2.8.1.6 Insufficient, inaccurate, or non-existent explanations recorded with respect to use of petty cash.

4.2.8.1.7 Invoices for customs or other-government related services with inadequate or vague explanations as to services rendered, for example, expediting fee, miscellaneous fee, or extra fee.

4.2.8.2 Examples of Red Flags involving Intermediaries: The proposed Intermediary:

4.2.8.2.1 Was proposed for stc's use by a customer or Public Official.

4.2.8.2.2 Is owned by a customer employee or Public Official, or a family member or close associate.

4.2.8.2.3 Has a family or other relationship that could improperly influence the decision of a customer or Public Official.

4.2.8.2.4 Requests for reimbursement of expenses that are poorly documented or non-transparent

4.2.8.2.5 Requests for payments to Third Parties or for payment in a country other than country where Government Intermediary is located.

4.2.8.2.6 Approaches stc near in time to a specific tender or procurement and informs stc that the Intermediary has special access to a Public Official or customer representative.

4.2.8.2.7 Engages in or has been alleged to engage in improper business practices.

4.2.8.2.8 Does not appear to have the expertise to perform the required services.

4.2.9 Responding to Improper Requests: In the event an stc employee receives a request for a Bribe or is aware of facts and circumstances that a Bribe is contemplated, the following rules apply:

4.2.9.1 Refuse to make a Bribe payment and explain that stc prohibits such unlawful payments.

4.2.9.2 If the situation warrants further explanation, inform the requestor that you would lose your job were you to agree to or make such a Bribe payment.

4.2.9.3 Promptly report the request for a Bribe or any facts and circumstances related to a contemplated Bribe, to the Investigations and Anti-Fraud General Department.

4.2.9.4 If the request for the Bribe payment comes from an Intermediary, instruct the Intermediary that the Bribe payment is prohibited and Promptly inform the Investigations and Anti-Fraud General Department .

4.2.10 Risk Assessment Process: stc periodically assesses risks, including compliance risks applicable to stc's operations that cater to fraud & Corruption, in line with the stc Risk Management Policy and stc Risk

Management Framework. Such risk assessments shall include an assessment of stc's vulnerability to fraud & Corruption by analyzing the risks associated with its operations, supplier and customer base, products & services, and geographical locations. These outcomes of the risk assessments will support the Investigations and Anti-Fraud General Department in identifying focus areas and provide a basis for planning oversight as well as the allocation and assignment of Anti-Corruption resources.

4.2.11 Record Keeping: stc shall maintain accurate and complete records relating to Intermediaries, Charitable Contributions, Sponsorships, Business Courtesies, Audits, and investigations undertaken under this policy (where such case was confirmed) in accordance with Applicable Law and stc's record retention requirements as per stc's document governance policy.

4.2.12 Violations of this Policy: The consequences of violation of applicable anti-corruption legislation can be severe. Violation of this policy or the applicable anti-fraud & corruption and fraud laws, subject to disciplinary action up to and including termination. Persons who violate anti-corruption and fraud laws may be ordered to pay significant civil and criminal penalties. stc may in such circumstances also be required to pay major civil or criminal penalties, or incur other substantial legal liability.

4.2.13 Duty to report suspected Corruption: If an stc employee or any other party has a good faith belief that a transaction or any other business activity raises a concern regarding potential Corruption, then the employee must Promptly raise a concern using the reporting channels available to employees: - Their Manager, any other Company Manager, - Human Resource.

- The General Department of Investigations and Anti-Fraud, or
- The dedicated Speak Up email address (Speak-up@stc.com.sa). Which is supervised by the General Department of Investigation and Anti-fraud.

4.2.14 Duty to Cooperate: Every stc employee has the obligation to cooperate with company investigations regarding suspected compliance violations, including any potential or suspected violations of this policy.

4.2.14.1 The Investigation & Anti-Fraud General Department cooperates and specializes in providing the necessary support to the relevant supervisory departments such as the General Department for Business Assurance and the Control Departments in the investigation and follow-up of the cases discovered and monitored by them in the company itself and with subsidiaries also in communicating with the official authorities if necessary.

Cooperation and integration between all units in stc and its subsidiaries with the General Department of investigation and Anti-Fraud are necessary for achieving anti-fraud goals. For example, by providing essential support or providing it upon request to the General Department of Investigation and Anti-fraud and Anticorruption. Furthermore, the lessons learned and feedback from all units and subsidiaries or other parties in fraud cases are also represented a sound foundation for raising awareness about combating fraud and corruption also the use of other methods based on the Anti-fraud department's experience in suggesting topics in educating and providing awareness or workshops to all different related parties.

The General Department of Investigations and Anti-Fraud and Anti-Corruption recommendations should be considered obligatory and given the utmost importance. Therefore, the related party might receive a recommendation with the degree of importance and a timeframe to implement each recommendation. When the

recommendation is likely to fail to be implemented, the concerned party must find the appropriate treatment for the observation (recommendations) and submit it to the General Department for Investigations and Anti-fraud with justifications. It is up to the General department of investigation and Anti-Fraud to accept or reject the alternative proposed recommendation. In collaboration with other entities, the Anti-Fraud Team proposes a process for Cases classification criteria and measuring the impact of fraud cases. The proposed process can be reviewed regularly by the Director General of Anti-Fraud and Corruption, who has the authority to change, update or approve these classification criteria.

4.2.15 Compliance with legal and supervisory regulations: stc shall manage its Anti-Fraud & Corruption compliance and related investigations of potential or suspected cases of Corruption in accordance with Applicable Law.

#### 4.3 Other Obligations:

4.3.1 Department for Investigations and Anti-fraud employees work with, as well as the control departments within sets, no employee shall be employed until the required background check, and necessary security examinations are conducted.

4.3.2 It is also prohibited to begin procedures for transferring any employee of the General Department of Investigations and Anti-Fraud to any party within stc or its subsidiaries without first notifying and obtaining approval from the General Department of Investigations and Anti-Fraud.

- Precautionary measures can be taken when discovering or suspecting any signs of fraud including, but not limited to:
- Stopping the service.
- Notifying the relevant departments.
- Suspension or cancellation of authorities/access.
- Suspension of suppliers, contractors or contractors or any other party.
- Suspension of employees from work.
- Suspension of a procedure or (issue corrective action) or correct a procedure.
- Suspension of payments.
- instruct to review policy or document or create a new policy or document.

4.3.3 The General Department of Investigations and Anti-Fraud has the right to free and unrestricted access to all Company records and premises, access to data, information, systems, documents, people, devices, offices and any place within stc's surroundings and properties, without restriction or condition, according to the precautionary measures that must be taken to prove, detect or prevent fraud.

4.3.4 Whoever submits false information or forged documents, or demonstrates that he or she has hidden information related to fraud or corruption, or that he or she has abused the authority or authority granted to him or her by work to achieve a personal benefit for himself or herself or others, either directly or indirectly, shall be punished with the maximum penalty specified in the stc work regulations Bylaws and the Labor Law.

4.3.5 The General Department for Investigation and Anti-Fraud is the body in charge of direct or indirect communication in integrity cases and issues, as well as dealing with what falls under the classifications of fraud and

corruption received from within or outside the stc or issued to it, whether ministries, agencies, or other parties, including the National Anti-Corruption Commission, as well as the Saudi Arabia Financial Investigation (SAFIU), Employees and entities within stc must refer any request or, communicate with these entities regarding the referral and receipt of cases and information related to issues of integrity, fraud, corruption, financial crimes, and combating terrorism.

4.3.6 The General Department of Investigations and Anti-fraud has the authority to request experts specialized in specific fields, whether from within or outside the stc and its subsidiaries or to raise a recommendation to form committees to examine some cases of fraud, according to the discretion of the Director General of Investigations and Anti-fraud.

#### 4.4 Related parties' Obligations:

4.4.1 All parties within stc are obligated to provide the General Department of Investigations and Anti-fraud and its employees with the necessary support to perform their duties by facilitating work and notifying in the event of any indications of fraud, corruption, or suspicious behavior or anything else that may affect stc's reputation, business, image, revenues, or expenses.

4.4.2 The Second Line of Defense functions in stc shall provide copies of any relevant violations and notes that they monitored or detected to the General Department for Investigations and Anti-Fraud so that the General Department for Investigations and Anti-Fraud can take them into account when carrying out its responsibilities and duties towards prevention and detection.

- The Third Line of Defense monitors compliance with anti-fraud and Anti-corruption policies and procedures and provides recommendations for improvements and corrective actions to relevant internal controls.
- The first line of defense, such as business groups or operating groups, service groups, or others, which primarily responsible for identifying non-compliance violations, misconducts, or events suspected to be fraud or corruption. They are responsible for putting the necessary precautions into practice to mitigate and protect against non-compliance violations or fraud and corruption violations. They are obligated to report violations and regularly send reports on incidents related to fraud and corruption violations.
- Communication, cooperation, and coordination among the three lines of defense are critical for the success of efforts to combat fraud and corruption.

4.4.3 All sectors are committed to notify the General Department of Investigations and Anti-Fraud of any noticeable increase in customer complaints or observations about a service, product, contractor, distributor, marketer, partner, or business related to stc, so that the General Department of Investigation and Anti-Fraud and can take required action.

4.4.4 The General Department for Special Technologies Solutions is committed to coordinating with the General Department of Investigations and Anti-fraud in advance regarding requests from security or judicial authorities related to any complaints submitted against the company or its employees resulting from the provision of services or the sale of products or its procedures to protect stc from any legal consequences due to the actions of Employees, contractors, marketers, or partners

4.4.5 The Second Line of Defense functions in stc, which cater to fraud and embezzlement, is obligated to submit periodic reports to the General Department for Investigations and Anti- Fraud, in addition to the immediate notification of any cases of fraud or embezzlement that occur for work or are being dealt with, whether within stc or through its subsidiaries.

4.4.6 The Anti-Fraud Department cooperates with other parties by receiving information and reports about any identifying gaps that other departments determine or discover. For example, but not limited to, when information technology and cyber security each carry out their duties.

- Examine informational and technical gaps and threats to Information technology.
- Monitoring activities.
- Evaluating and closing gaps.
- Providing and implementing the techniques and reports necessary to reduce technical gaps.
- Revealing possible areas where systems could be bypassed inside or outside the software systems.

In fraud-related inquiries, the General Department of Investigation and Anti-Fraud benefits from having the necessary support from Information Technology and Cyber Security.

## 5. References

- 5.1 Anti-Bribery Law, Royal Decree No. M36/1412 H.
- 5.2 Law of Criminal Procedure, Royal Decree No. M2/1435 H.
- 5.3 Anti-Forgery Law, Royal Decree No. M11/1435 H.
- 5.4 National Strategy for Maintaining Integrity and Combating Corruption, Resolution No.:43, Dated: 01/02/1428 A.H.
- 5.5 Corporate Governance Regulations, issued by the Board of the Capital Market Authority Pursuant to Resolution Number (8-16-2017), Amended by Resolution of the Board of the Capital Market Authority Number 357-2019, Dated: 15/09/1440 H.
- 5.6 stc Code of Ethics.