



Abdulrehman Alghosaibi G.T.C.

Anti-Fraud Policy

This Policy is intended for internal use by Alghosaibi.



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Document Control Sheet

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1. Preface

1.1 Introduction

Abdulrehman Algosaiabi G.T.C. (hereinafter referred to as “Algosaiabi” or the “Company”) is committed to applying governance and transparency best practices that enhance management and oversight of the anti-Fraud framework to properly handle Fraud related incidents that may arise in the course of Algosaiabi’s business.

Algosaiabi has an established **Code of Business Ethics and Conduct** and **Compliance Policies and Procedures Manual** to ensure that business is conducted in accordance with sound business practices and ethical standards to prevent the perception and act of improper behavior. The **Code of Business Ethics and Conduct** in addition to the **Compliance Policies and Procedures Manual** should be referred to in conjunction with this anti-Fraud Policy (the Policy).

The Company aims to adopt this Policy as a directive and preventive measure to supplement Algosaiabi’s overall general obligation to act with integrity and fairness towards its business partners to ensure that the Company’s activities are free from Fraudulent matters, and to provide guidance on how to approach Fraudulent activities should they occur. Algosaiabi attempts, by adopting this Policy, to abide by Saudi Arabia’s Laws governing Fraud and corruption, and other applicable local and international regulations including but not limited to the United Kingdom’s Anti-Bribery Act of 2010, and the United States’ Foreign Corrupt Practices Act (FCPA), and to ensure the Company’s alignment with prevailing corporate governance practices.

1.2 Objective and scope

This Policy’s objective is to prevent, detect, investigate and remedy Fraud incidents in and against the Company. Compliance with anti-Fraud directs and promotes the values enshrined in the Code of Business Ethics and Conduct and related corporate policies.

The Policy applies to all actual, perceived and potential Fraud incidents that may involve the Company, its Board members and employees, as well as Algosaiabi’s Principals, customers and/or Third Parties and prospective customers and business partners.

It is essential that all employees understand the Policy requirements, the applicable laws and regulations that compliment it and comply with its content. Should a Fraud incident arise, it will be the responsibility of the Direct Supervisor and Division Head to manage and resolve the incident in consultation with the Compliance Officer.

1.3 Distribution

The Compliance Officer is the controller of this Policy; all inquiries and requests for revisions/changes relating to matters included in this Policy should be addressed to the Compliance Officer. The contents of this Policy are confidential and solely intended for internal use by Algosaiabi.



1.4 Revisions and Enhancements

This Policy shall be reviewed annually by the Compliance Officer to ensure that it is up-to-date. Any amendments made to the Policy will be as a result of one or a combination of the following reasons:

- Changes in relevant laws and regulations both locally and internationally.
- Changes in functions and activities of Algosaiabi.
- Changes in the Company's organizational structure or in the delegation of authority matrix.
- Changes in job roles, duties, and descriptions.
- Events that occurred within the Company warranting additional elaboration under this Policy.

1.5 Related Polices

This document is intended to provide guidance and should be read in conjunction with:

- Algosaiabi Compliance Policies and Procedures Manual
- Algosaiabi Code of Business Ethics and Conduct
- Algosaiabi Whistleblowing Policy
- Algosaiabi Conflict of Interest Policy

2. Definitions

This section aims to define the concepts used throughout the document, for the ease of user understanding:

- **Board:** refers to the Board members of Algosaiabi.
- **Business Unit Manager:** is the manager of the respective business unit. They will report back to the relevant Division Head.
- **CEO:** is the Chief Executive Officer of Algosaiabi.
- **The Management:** Division Heads and Business Unit Managers.
- **Compliance Officer:** is an individual who is in charge of ensuring that Algosaiabi complies with its outside regulatory and legal requirements as well as internal policies.
- **Direct Supervisor:** is the direct/line manager of an employee at Algosaiabi.
- **Division Head:** is the general manager for each of the divisions at Algosaiabi, which includes but is not limited to pharmaceutical and biological, medical and scientific, dental, veterinary operations, finance, supply chain, information technology and human resources.
- **Fraud:** In the broadest sense can encompass any crime for gain that uses deception as its principal method of operation. More precisely, Fraud is defined as: "A knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment" Indicatively, for the purpose of this document, Fraud may involve:
 - Manipulation, falsification or alteration of accounting records or documents;
 - Suppression or omission of the effects of transactions from records or documents;
 - Recording of transactions without substance;
 - Misappropriation (theft) or willful destruction or loss of assets including cash;
 - Deliberate misapplication of accounting or other regulations or policies;
 - Bribery and corruption;
 - Usurpation of corporate interests for personal gain;
 - Payment or receipts of bribes, kickbacks or other inappropriate payments;
 - Participation in sham or fraudulent transactions; and
 - Disclosing confidential and proprietary information to outside parties.



There is no set monetary threshold that defines Fraud. There is no need for the Fraud to be successful to be viewed as corrupt; the offering can be enough to amount to a criminal offense in certain jurisdictions.

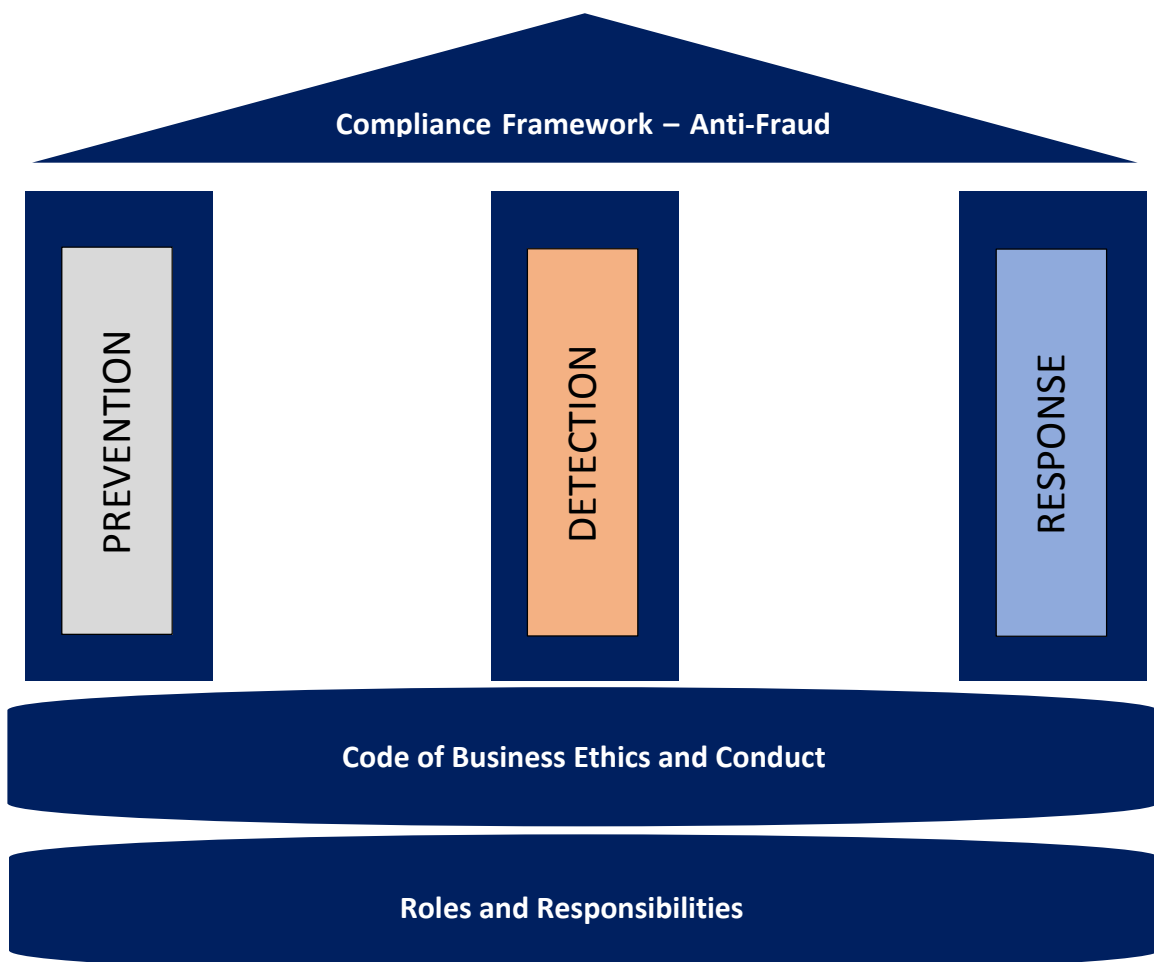
- **Fraud Risk:** The possibility of the organization being subject to fraudulent activity.
- **Fraud Risk Assessment:** is a process conducted to identify specific Fraud schemes and risks, assess their likelihood and significance, evaluate existing Fraud control activities, and implement actions to mitigate residual Fraud risks.
- **Fraud Risk Management:** is an internal program, usually part of the organization's overall risk management program, designed to identify and address instances of Fraud before, during and after its occurrence within the organization (prevention, detection and response plan). The program's objectives shall consider the organization's risk appetite, investment in anti-Fraud controls and prevention of material Fraud.
- **Internal Audit Plan:** Algosaibi's internal audit plan conducted by the Company's Internal Audit Department.
- **Principal:** is a multinational company that has an agreement with Algosaibi for the provision of distribution and or other services.
- **Third Party:** refers to any of the following:
 - A product supplier
 - Service provider
 - An associate of a product supplier or a service provider
 - A distribution channel
 - Any person who, in terms of an agreement or arrangement with a person referred to in the above mentioned Third Parties, provides a Financial Interest to a provider or its representatives.



3. Anti-Fraud Compliance Framework

Algozaibi is committed to promoting honesty and does not tolerate Fraud. . Algozaibi is committed to the highest ethical and moral standards, openness and accountability. Employees at all levels are expected to share in this commitment and to lead by example in ensuring adherence to all appropriate regulations, procedures, practices and codes of conduct. Algozaibi owners and management expect individuals and organizations with whom it comes into contact, to act with honesty and integrity.

As illustrated below, the governance of the anti-Fraud Compliance Framework rests on two main foundations, the Code of Business Ethics and Conduct Policy and roles and responsibilities of various employees, departments and committees within the Company.





3.1 Code of Business Ethics and Conduct

The Code of Business Ethics and Conduct acknowledges Algosaiabi's business, environmental and social responsibilities and serves as a guide to ethical decision making by establishing best business practices and reflects the management commitment to Fraud Risk Management.

This Code applies to all full and part-time Algosaiabi employees and all temporary staff under Algosaiabi. In addition, the Code sets out the principles and standards with which we expect our third parties to comply with, when they conduct business for us or on our behalf, or in collaboration with us.

3.2 Roles and Responsibilities

The Policies, job descriptions, charters and or delegations of authority shall define the roles and responsibilities related to Fraud Risk Management. This will ensure clear lines of responsibility are assigned to prevent, detect and respond to incidents of Fraud.

3.2.1 Chief Executive Officer

The Chief Executive Officer ("CEO") shall ensure design of controls and effective Fraud Risk Management documentation to empower employees and to encourage ethical behaviour among stakeholders to meet these standards every day.

The CEO shall:

- Obtain a clear understanding of Fraud risk.
- Maintain oversights of Fraud risk management and address when general risks to the entity are considered.
-
- Ensure mechanisms are established for receiving accurate and timely information from employees, internal and external auditors and other stakeholder regarding potential Fraud occurrences.
- Ensure that management has adequate resources at its disposal to enable the organization to achieve its Fraud Risk Management objectives.
- Set appropriate tone at the top through job descriptions, hiring, evaluations, and succession planning process.
- Oversee the entity's assessment of Fraud risks and uses internal auditors, or other designated personnel, to monitor Fraud risks.
- Review high level reports on the status of reported or alleged Fraud. The periodicity of the report shall be decided based on the nature of the Fraud or allegation.
- Ensure procedures are in place for employees and others to report concerns about Fraud and unethical behavior and implementing a detailed process for the Internal Audit Department to monitor and follow through on these communications.
- Approve Action Plans as identified from the results of the Fraud Risk Assessment.
- Endorse a statement to be acknowledged by all employees, vendors and customers stressing the importance of the Fraud Risk mitigation, acknowledging the potential vulnerability to Fraud and establish the responsibility for each person within the Company to support Fraud Risk Management.



3.2.2 Compliance Officer

The Compliance Officer Shall:

- Adopt a proactive approach to Fraud Risk Management.
- Monitor compliance to Algosaiabi Code of Business Ethics and Conduct.
- Assess, monitor, and influence the tone at the top and reinforce a zero-tolerance Policy for Fraud.
- Maintain an active role in the oversight of the entity's assessment of Fraud risks and uses internal auditors, or other designated personnel, to monitor Fraud risks.
- Ensure that legal, accounting and other professionals are hired when deemed necessary.
- Seek the advice of internal and/or external counsels whenever dealing with issues of Fraud allegations, provide specific consideration and oversight of this exposure when reviewing the work of management and internal auditors, and require them to be alert for and report any such exposure as they carry out their duties.
- Supervise and conduct investigations for the alleged or suspected Fraud cases.
- Liaise with relevant departments to carry out investigations.
- Register and compare Fraud incidents reports by maintaining a log of the reported Fraud cases. The log should include the report number or subject, date of incident, report source, investigator name, incident receiving date, delivery date after completing the investigation, investigation outcome, date of reporting the case to law enforcement for review, date of receiving the reply from the authorities and the authorities' opinion, if any, on the reported case.
- Provide other insight into implementing or strengthening anti-Fraud measures.

3.2.3 Management

The management shall be responsible for the development and implementation of the Compliance Policies and Procedures Manual including each manager's responsibility for detecting Fraud or related dishonest activities in their areas of responsibility.

Management shall:

- Establish and implement adequate internal controls to prevent and detect Fraud.
- Be familiar with the types of Fraud that might occur in their area and be alert to them.
- Create a culture through words and actions where Fraud is not tolerated, that any such behavior is dealt with swiftly and decisively, and that Confidential Disclosures will not suffer retribution.
- Report to the Direct Supervisor/Internal Audit on what actions have been taken to manage Fraud risk and regularly report on the effectiveness of the Fraud Risk Management Program. This includes reporting any remedial steps that are needed, as well as reporting actual Fraud.
- Evaluate the policies and procedures for screening potential employees, including background checks.
- Ensure that background checks are carried out on new and existing suppliers, customers and business partners to identify any issues of financial health, ownership, reputation, and integrity that may represent an unacceptable risk to the business.

3.2.4 Employees

All levels of staff, including management, shall:

- Have a basic understanding of Fraud and be aware of the red flags.



- Understand their roles within the internal control framework and how their job procedures are designed to manage Fraud risks and when non-compliance may create an opportunity for Fraud to occur or go undetected.
- Read and understand policies and procedures pertaining to Fraud management (e.g. the Anti-Fraud Policy, Code of Business Ethics and Conduct and Whistleblowing policies), as well as other operational policies and procedures, such as procurement, human resources, finance, etc.
- Participate in the process of creating a strong control environment, designing and implementing Fraud control activities, as well as participate in monitoring such activities.
- Cooperate in investigations.
- Act with propriety in the use of the Algosaiabi's resources and in the handling and use of funds whether they are involved with cash or payment systems and receipts or dealing with suppliers or customers.
- Report immediately according to the Fraud Reporting Process (Section 6) if they suspect or believe that there is evidence of irregular or improper behavior or that a Fraud or misconduct may have been committed.
- Refrain from further investigation of the incident, confrontation of the alleged violator, or further discussion of the incident with anyone unless requested to by the CEO, Internal Audit, Legal Advisor, Compliance Officer and/or law enforcement personnel.
- Take into consideration the employee's right to report any Fraud or suspected Fraud case. The Employee must be committed to the requirements of the Code of Business Ethics and Conduct and the required respect to the occupation, as his/her report should be done using proper language and not based on hearsay or false allegation not supported with sufficient evidence.

3.2.5 Internal Audit

Internal Audit function shall:

- Assist in the Fraud Risk Assessment Process.
- Incorporate Fraud Risk Assessment when developing the annual internal audit plan.
- Conduct Fraud Risk Assessments (including follow-ups) in accordance with the internal audit plan.
- Review the comprehensiveness and adequacy of the risks identified particularly with regards to management override risk.
- Monitor compliance with the action plans approved by the CEO. This should be done at least on an annual basis.
- Provide objective assurance to the CEO and management that adequate Fraud controls exist to identify Fraud Risk and ensure that the controls are functioning effectively.
- Spend adequate time and attention to evaluating the design and operation of internal controls related to Fraud Risk Management.
- Act independently and have adequate access to the Board.
- Develop action plans to address the findings from the Fraud Risk Assessment.
- Spend adequate time and attention to evaluating the design and operation of internal controls related to Fraud Risk Management.
- Implement an ongoing monitoring of this Policy.
- Oversee the internal control function established by management for prevention, detection and response to Fraud.



4. Fraud Prevention

Management must adopt a preventative approach for identifying, analyzing and managing the risk of Fraud that could prevent the Company from achieving its business objectives or strategies.

The key elements of Fraud prevention are:

- Fraud Risk Assessment
- Affirmation process
- Disclosure of Conflict of Interest
- Human Resource Controls
- Authority Limits and Segregation of Duties
- Training and Awareness

4.1 Fraud Risk Assessment

A Fraud Risk Assessment shall be performed on a systematic and recurring basis, preferably once annually, involve appropriate personnel, consider relevant Fraud schemes and scenarios, and map those Fraud schemes and scenarios to mitigating controls.

A Fraud Risk Assessment shall also result in Action Plans that need to be followed to mitigate potential Fraud risks. This forms a key element of Fraud prevention as the organization limits opportunities, incentives and rationale to commit internal and external Fraud by understanding Fraud risks and taking proactive steps to deter incidents.

4.2 Affirmation Process (Declaration)

All employees and stakeholders shall acknowledge they have read, understood, and complied with the Anti-Fraud Policy to support the Company's Fraud Risk Management. This shall be submitted electronically or via manual signature. Disciplinary action will apply for refusal to sign-off and apply such action consistently.

This sets the honor code within Algosaiabi that binds employees to act with integrity and with highest ethical standards.

4.3 Disclosure of Conflict of Interest

All employees and stakeholders must disclose potential or actual conflicts of interest if they are responsible for covering out any procedure or taking a decision or express an opinion. The management has to be informed through the employee's Direct Supervisor or the Board of Director if the employee is a member of the board.

This should be documented according to the requirement of the Code of Business Ethics and Conduct and Conflict of Interest Policy. Any constraints placed on the situation must be monitored.

4.4 Human Resources Control

The Human Resources (HR) Department has several controls that ensure that Fraud risk is minimized within Algosaiabi. The HR Department shall particularly:



- Perform background investigations, document verification and reference checks to verify an employee's credentials and competence, match skills to the job requirements, and be aware of any issues of personal integrity that may impact on their suitability for the position.
- Confirm work history and education presented on a job application or resume.
- Evaluate performance and compensation programs of all Algosaiabi employees. This evaluation must take into consideration work related competence, the behavior and performance of the employees.
- Conduct exit interviews of terminated employees or those who have resigned. HR must review the content and information contained in resignation letters as they may contain information regarding possible Fraud existing within the Algosaiabi.
- Be responsible for developing and providing the necessary training on the purpose of the Fraud Risk Management program, what constitutes Fraud, and what to do when Fraud is suspected. In addition, HR must maintain records of annual attendance and test results from these trainings, if applicable.

4.5 Authority Limits and Segregation of Duties

Algosaiabi shall develop authority limits for key financial decisions, ensuring that it assigns authorities to employees within the Company as per their role and principles of Segregation of Duties. Principle of Segregation of Duties states that to the extent possible, an employee should not be assigned responsibilities and duties which would enable him to record and complete a transaction: custody, authorization, recording and execution responsibilities should be split between different employees. If the level of staffing is insufficient to achieve proper segregation of duties, higher level management must become more involved in the review functions.

All employees are required to follow authority approval levels established across the enterprise to serve as an entity-level control. Individuals working within a specific function must be assigned only limited IT access as a process-level control.

4.6 Training

Training and seminars should be provided to employees on a regular basis to create awareness of the Anti-Fraud Policy.

5. Fraud Detection

The management must have Fraud detective procedures in place. Incidents of Fraud must be detected as early as possible so as to cause minimum reputational damage and/or loss of assets/ information.

5.1 Fraud Detection Procedures

- Effective automated systems must be used to identify potential red flags within all financial transactions. Data analysis, continuous auditing techniques, and other technology tools effectively to detect Fraud activity shall be used.
- A reporting mechanism shall be put in place that provides for anonymity, unless the employee reporting the Fraud case expressed his/her desire to disclose his/her name, to any individual who willingly comes forward to report suspicious Fraud and encourages such reporting. Algosaiabi preserves the confidentiality of the reporter during the investigation process and provides assurance to employees that they will not be retaliated against for reporting their suspicious of wrongdoing



including wrongdoing by their superiors. Please refer to Algosaiabi's internal **Whistleblowing Policy** for further details.

6. Fraud Reporting Process

- Each employee shall inform his/her Direct Supervisor or higher management of any suspected Fraud activities that comes to their attention. If the instance is related to the employee's Direct Supervisor or any senior employee in Algosaiabi, the employee may report the case to the Compliance Officer.
- The Direct Supervisor or the higher management shall inform the Compliance Officer about the case when it comes to his/her attention to take the necessary action and decide on the required procedures, conducting investigations or informing the concerned supervisory and law enforcement bodies to take the necessary action.
- The Fraud reporting process has been further detailed out in Algosaiabi's **Whistleblowing Policy**.

7. Investigation Process

- All investigation of the Fraud cases related to the Algosaiabi's employees or external parties shall be carried out as per this Policy.
- A detailed investigation plan shall be developed for each reported incident. The investigation plan should include the following elements:
 - **Confidentiality:** Information gathered must be kept confidential and distribution limited to those who have a legitimate need to know. This is important to avoid damaging the reputation of persons suspected but subsequently found innocent of wrongful conduct and to protect Algosaiabi from potential civil liability.
 - **Legal involvement:** Legal counsel must be involved early in the process or, in some cases, in leading the investigation, will help safeguard work product and attorney-client communications.
 - **Securing evidence:** Evidence must be protected so that it is not destroyed and so that it is admissible in legal proceedings.
 - **Objectivity:** The investigation team must be removed sufficiently from the issues and individuals under investigation to conduct an objective assessment.
 - **Goals:** The investigation must not affect the running of business in the Company.
 - **Notification:** Notifying the concerned parties, law enforcement, and regulators with the outcome of the investigations.
- In all cases a cross functional team shall be established to investigate the reported Fraud incident. The individuals with the following roles or capacities shall be among the members of the team responsible for the internal initial investigation. This team shall also liaise with and/or supervise the investigation conducted by competent authorities:



- Legal counsel
- Compliance Officer
- Internal auditors
- External auditors
- Accountants
- HR personnel
- Security
- IT personnel
- Management representative

7.1 Reporting the Results

- The investigation team shall report its findings to the party overseeing the investigation, such as management, Internal Audit and CEO.

7.2 Remediation

- After the investigation has been completed, follow up actions must be determined to remediate the consequences of Fraud incident(s). Consideration must be given to the potential impact of its response and the message that it may send to the public, stakeholders, and others.
- All reasonable steps (including the institution of criminal or civil proceedings) shall be taken to recover property of the organization that has been misappropriated or otherwise been obtained as a result (either directly or indirectly) of Fraud.

8. Whistleblowing

Algosaiabi, in alignment with the guidance provided in the **Whistleblowing Policy** will provide the appropriate channels for the reporting /whistleblowing of Fraud cases within the Company where an employee considers this to be the appropriate channel to draw the matter to Algosaiabi's attention.

