



WHISTLE BLOWING POLICY

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1. Policy Statement and Leadership Message

Arkan Building Material Company PJSC "**ARKAN**" leadership is committed to implement and maintain the highest standard of corporate governance, fiduciary duty, responsibility, and ethical behavior. ARKAN head Office is governed by the following four corporate values:

- ❖ Collaborative,
- ❖ Dependable,
- ❖ Insightful, and
- ❖ Dynamic.

Our values

We are governed by 4 values: Collaborative, Dependable, Insightful and Dynamic.

ARKAN is committed to an environment where open and honest communication is the norm, not the exception. Fraud and corruption can undermine the viability of our organizations, compromise the delivery of the services and breach the trust we proudly have among our stakeholders. In line with best practices, **ARKAN** is implementing procedures and specific controls to prevent and neutralize ethical misconduct, and shall continue to comply with all applicable and relevant legislation.

Our Commitment

ARKAN is committed to having an environment where open and honest communication is the norm, not the exception

A zero tolerance policy is **ARKAN's** answer to fraud. Fraud will not be tolerated under any circumstance. Appropriate disciplinary actions may be taken against any employee or external party involved if found of committing fraud. All efforts will be made to recover assets misappropriated or losses suffered due to fraud.

Instilling a "**zero tolerance policy**" at all levels is our solution to prevent fraud.

Fraud will not be tolerated under any circumstance

1.1 Purpose

The purpose of this policy is to:

- ❖ Encourage colleagues/ stakeholders to report any Fraud or Unethical Matters of which they are aware or become aware of;
- ❖ Provide colleagues/ stakeholders with a confidential means for reporting any Fraud or Unethical Matters;
- ❖ Protect individuals who report Fraud or Unethical Matters in good faith; and
- ❖ Improve the communication and transparency processes associated with the Whistle blowing Policy.

This policy is not designed to question financial, commercial or other business decisions taken by ARKAN, nor should it be used to reconsider any other matters which have already been addressed under other procedures.

1.2 Definitions

- ❖ **Fraud** is defined as a dishonest, unethical, irregular or illegal act or practice, and is characterized by deliberate intent at concealment of a matter of fact, whether by words, conduct or false representation, which may result in a financial or non-financial loss to ARKAN. This includes fraudulent accounting or financial reporting practices.

- ❖ **AEL** means ARKAN Ethics Line. AEL is internal email and phone number which allows one to submit reports relating to misconduct, fraud, violations of the Code of Ethics, or ARKAN's relevant policies.
- ❖ **Unethical Matters** are intentional or unintentional acts or practices, which are unethical, disreputable, unfair or otherwise do not conform to **ARKAN's** objective standards of professional or social behavior. Including but not limited to the following:
 - Unacceptable accounting & auditing practices,
 - Irregularities or conduct which is an offence or a breach of Laws & regulations, as applicable.
 - Fraud and Corruption.
 - Misrepresentation of facts.
 - Intentional omission of or hiding facts.
 - Decisions made & actions taken outside approved policies & procedures.
 - Failure to comply with any legal obligations, including failing to comply with the terms of a contract and failing to keep records as required by law.
 - Commission of crime.
 - Sexual harassment.
 - Abuse of Delegated Authorities.
 - Misuse of ARKAN assets.
 - Disclosures related to miscarriages of justice.
 - Health and safety risks, including risks to the public as well as other employees and contractors damage to the environment.
 - Other unethical conduct.
 - Serious failure to comply with appropriate professional standards.
 - Abuse of power, or use of ARKAN's authorities for any unauthorized use or personal gain.
 - Breach of statutory codes of practices / Code of Ethics.
 - Deliberate concealment of any of above.
- ❖ Whistleblower is a person who reports Fraud or Unethical Matters occurring within **ARKAN**, as well as among minority shareholders and those who conduct business with ARKAN. This includes but is not limited to third party agents and representatives, including consultants, contractors, suppliers, vendors, subcontractors and agents.
- ❖ Whistle blowing is the process of reporting Fraud or Unethical Matters within ARKAN:

1.3 Risk Evaluation

Failure to comply with this policy may expose ARKAN to a number of risks which include but are not limited to:

- ❖ Failure to identify and stop any Fraud which may result in substantial loss to the company;
- ❖ Potential adverse publicity, image, and reputational damage arising from Fraud or Unethical Matters;
- ❖ Failure to recover stolen or misappropriated assets;
- ❖ Potential legal risks; and
- ❖ Failure to comply with ARKAN Fraud Control Policy and Code of Ethics Policy.

2. Responsibility

Fraud prevention and control is the responsibility of all employees and not just a few individuals or departments within ARKAN.

The policy applies equally to everyone in ARKAN, including members of the Board of Directors and Executive Management. In terms of corporate governance, this policy will be extended to all stakeholders who conduct business with ARKAN. This includes third party agents, representatives, consultants, contractors, suppliers, vendors, subcontractors, customers, partners and agents, etc.

All employees should take responsibility for ensuring that any party or individual that does business with ARKAN strictly adheres to the standards and principles of this policy.

Reporting actual or potential fraud will not be considered an act of disloyalty, but an action which shows your sense of ownership, responsibility and loyalty to ARKAN and its stakeholders.

Who is responsible for reporting unethical acts?

Any employee, consultant, board member or third party is responsible for, and is required to, report any unethical act that will occur or has occurred.

Any allegations against one of the AC/BOD members, the matter will be escalated to the BOD's Chairman and other non-implicated members. Furthermore, any allegations against the BOD's Chairman, the matter will be escalated to Abu Dhabi Accountability Authority (ADAA).

3. Whistleblower Protection

ARKAN will not take action against a person making an allegation in good faith and which is not confirmed via subsequent investigation. A report of a breach may be made by an employee without fear of harassment, demotion, dismissal, disciplinary action, remedial action, suspension, threats or any method of discrimination or retaliation by the company (whether employees, third party agents, representatives, consultants, suppliers, vendors, subcontractors, customers, partners, agents, etc.). No act of victimization against a whistleblower will be tolerated and the identity of the whistleblower will be kept in the strictest confidence.

No act of victimization against a whistleblower will be tolerated and the identity of the whistleblower will be kept in the strictest confidence.

However, any false or malicious allegations may lead to appropriate disciplinary and legal action, up to and including termination of employment.

ARKAN shall not penalize and shall not tolerate any reprisals by Management or any other person directly or indirectly against anyone who acts in good faith, or who makes an allegation which was not substantiated in a subsequent investigation.

Any act of reprisals or victimization against the Whistleblower will result in disciplinary action, including termination of employment.

Persons who believe they are being penalized in any way for Whistle blowing or who believe that there has been a cover up of the alleged Fraud or Unethical Matter reported, or who do not consider that they have had a satisfactory response should write to the AERC immediately with the facts. So as not to jeopardize the investigation of the alleged Fraud or Unethical Matter, the Whistleblower is required to keep reported information, the nature of the matter reported, and the identity of those involved strictly confidential.

Whereas internal disclosure is encouraged at all times, a colleague may be of the view that there is an exceptionally serious issue which warrants reporting to an external body. This act of disclosure must be made in good faith and not for the purposes of personal gain.

4. ARKAN Ethics Review Committee (AERC)

The AERC comprises of the following:

- ❖ Head of Internal Control and Compliance / Compliance Officer – (Chairman)
- ❖ Vice President – Human Resources and Marketing Department
- ❖ Vice President - Legal Department

5. Guidelines to the Whistle blowing Policy

Any employee, consultant, board member, or third party who is aware or becomes aware of unethical or inappropriate acts, events, behavior or practices, as well as any potential breach of ARKAN's policies, procedures and rules and regulations ('the breach') is responsible for, and required to, report the act in accordance with ARKAN's policy.

In cases where an employee reports such matters directly to his/her line manager, the line manager is obliged to report the event immediately in accordance with the policy. The line manager should not investigate the event in any independent manner other than in accordance with ARKAN's policies and procedures.

Customers and suppliers should be notified of such policy (at least the person who authorize the transactions from their side) on an ongoing basis and whenever there is change in management at their side; additionally, all invoices and purchase orders issued by ARKAN as well as agreements and contracts should include the following clause "For anonymous reporting of concerns about breach of laws & regulations, health and safety violation, fraud, corruption, bribes ... please email the issue to whistleblowing@arkan.ae or call 02 4060660".

5.1 Reporting Procedures

Complaints or breaches should be reported to AERC through the ARKAN Ethics Line (AEL) channels (see above) or alternatively, report the matter to the Head of Internal Audit / Compliance Officer, either in person or in writing.

5.1.1 Whistle blowing Phone

AEL is a resource for hotline reporting via telephone. It is a confidential service made available for everyone to discuss and report potential breaches or inappropriate or unethical conduct. The Whistle blowing phone can be accessed during working hours.

Individuals who call the Whistleblowing hotline need not identify themselves. Callers will be treated respectfully and their concerns will be heard seriously.

5.1.2 Email Reporting

Reports of potential breaches, inappropriate or unethical conduct can also be made by sending email to whistleblowing@arkan.ae

How can I report an allegation or unethical matters?

Through sending email to: whistleblowing@arkan.ae, or through calling ARKAN phone number 02 4060660.

5.2 Confidentiality and Anonymity

All reported breaches will be treated on a confidential basis. There might be instances that require external investigation by the relevant government authorities, but rest assured that the identity of the reporting person will be kept confidential and protected to the maximum extent possible. Only those with a need to know will be involved in, or know of, the investigation.

Due to the nature of the investigation, or where it may be required by law or regulation, it may be necessary to disclose the identity of the Whistleblower. This may occur in connection with legal proceedings and to adhere to the law of the land.

Is the process confidential?

All reported breaches will be treated on a confidential basis.

5.3 Investigation of Reported Breaches

All reports made will be reviewed and investigated by the delegated personnel assigned by SERC and must be thoroughly investigated and appropriately managed in a timely manner.

If violation is discovered or any incident that may result in a violation then AERC will request Audit Committee approval to inform ADAA according to the requirements of ADAA establishment Law No. (14/2008).

Once the investigation report and the decisions are approved by the Audit Committee, the AERC will send a copy to ADAA within a maximum period of 10 days from the date of the decision.

The investigation of Fraud cases and corrective actions relating to any of ARKAN's employees will be conducted in accordance with the provisions of Civil Service Law No. (1/2006) of the Emirate of Abu Dhabi and any subsequent amendments.

Please refer to the Fraud Control Policy for details on the applicable procedures.

5.4 Corrective Action

Upon completion of the investigation, relevant supervising stakeholders will determine whether corrective action is warranted. Corrective action will be determined based on the facts and circumstances of the breach and results of the investigation. Corrective action may include, but is not limited to:

- ❖ Disciplinary action;
- ❖ Dismissal;
- ❖ Recovery of assets;
- ❖ Filing an insurance claim; and
- ❖ Initiation of legal proceedings.

All corrective action will be agreed on by AERC and forwarded to the Audit Committee for final input and directions.

5.5 Investigation Feedback

As appropriate to the circumstances, the Compliance Officer/ Head of Internal Audit may engage with the Whistleblower who reported the concern, complaint or breach, for feedback so as to help determine whether the matter was dealt with reasonably, fairly and appropriately.

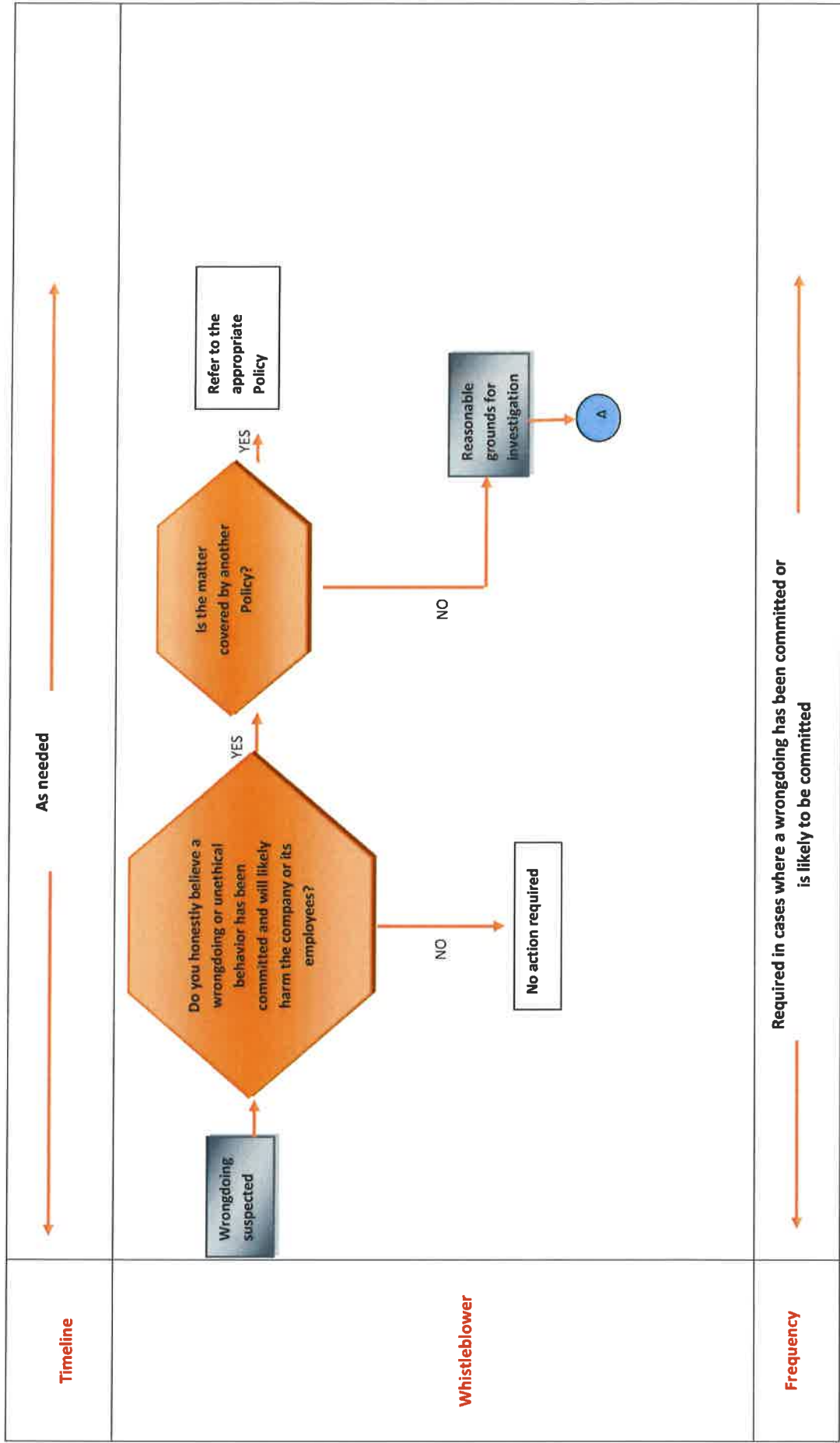
Upon completing the investigation, management is advised to implement the AERC recommendation by taking the corrective actions suggested and preparing a Lessons Learned document.

5.6 Documentation Procedures

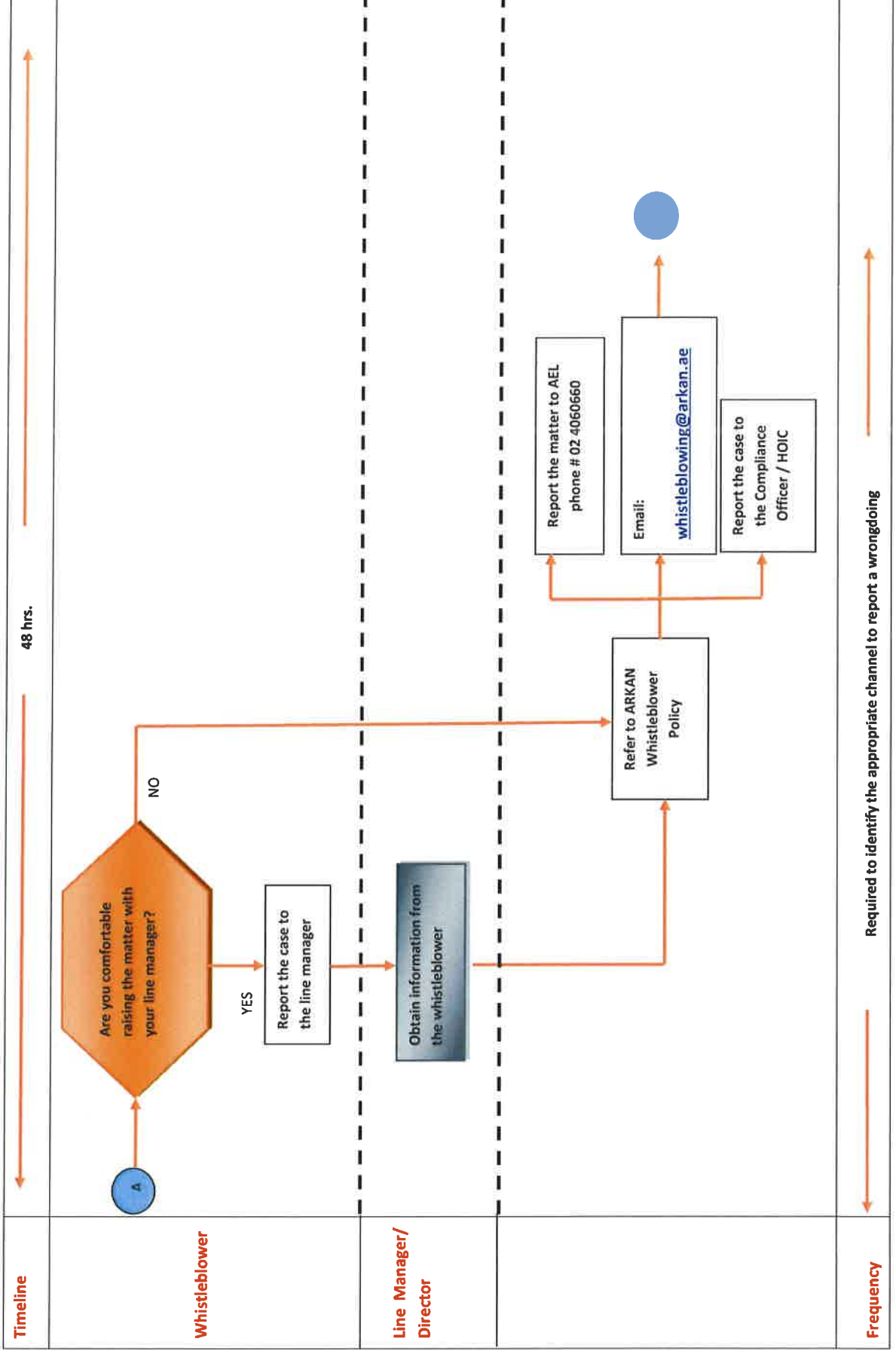
All reports of concerns, complaints or breaches received through the channels mentioned above shall be logged including details such as date, time and place of the complaint, nature of the complaint, details of investigation/ actions conducted and conclusion.

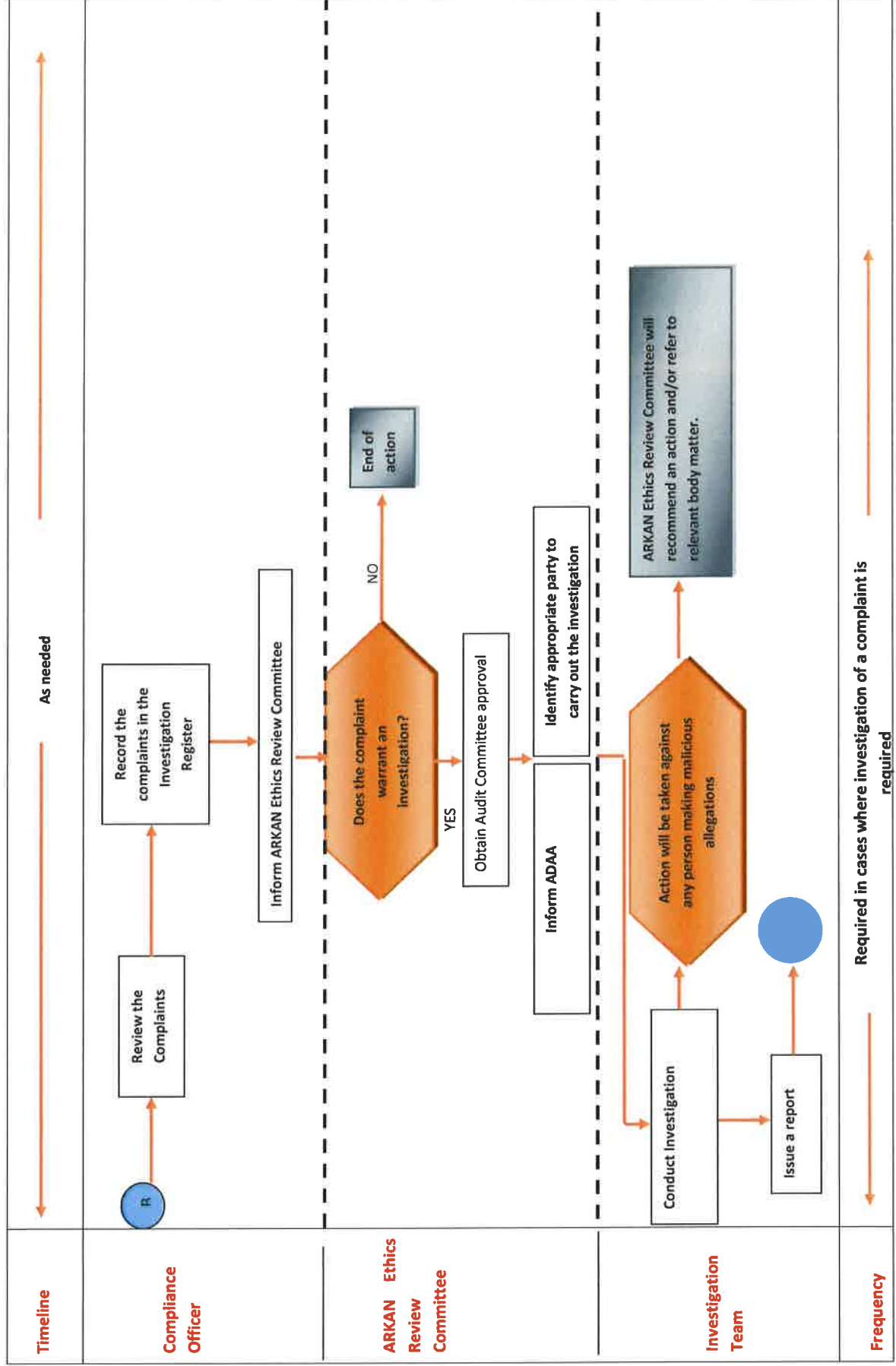
Log should be maintained for a period of 10 years with access restricted to the Head of Internal Audit / Compliance Officer.

Annexure 1 Whistleblower Process Flowcharts



Annexure 2 Identify Appropriate Reporting Channel





Annexure 4. Course of Action and Feedback of Investigation

