

SCC Group

Anti-fraud and Whistleblowing

DATE: 27.01.2021

REV: 0

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1.0 ANTI-FRAUD POLICY:

1.1 Fraud

Fraud refers to any deceptive act with the intention of seeking personal interests, circumventing obligations or causing losses in collusion with business partners. In the Company, fraudulent behaviors include: misstatement on one's expenses; kickback (including undue gifts or cash accepted); offering or accepting bribery, unauthorized pricing; fictitious suppliers; embezzlement of the Company's assets in one's position; fraudulent financial statements; the risk of existing or potential financial loss arising out of conflicts of interest; and fraud relating to cheque, salary and occupation. fraud relating to occupation is defined as an act of abusing or misusing the employer's resources or assets to line one's own pocket by taking advantage of one's duty.

1.2 Fraud Risk Factors

1.2.1 Fraud risk factors include employees, internal control, assets and IT.

- Employees: turnover of senior management or the staff; improper screening of candidates; absence of a rotation mechanism for key functions; management and the staff overstressed by performance targets.
- Internal control: inadequate or ineffective internal control and slow improvement; use of brokers with indefinite arrangement or inappropriate business mix; absence of timely and correct transaction records; significant, exceptional and/or complex transactions.
- Assets: slack physical control of fixed assets, cash and cash equivalents; inadequate monitoring of travel, entertainment and gift expenses; improper asset records; required material measurement and evaluation of assets, liabilities, revenue or expenses.
- IT: absence of robust access control for the IT system; absence of access control for the human resources system and the financial reporting system; improper authorization system and transaction approval; misconduct of the employees due to vulnerable security of the IT system.

In the present economic environment, fraud is more prone to occur because of the following reasons: advancement of science and technology; increasing complexity of organization setup; an increasing number of temporary workers; and economic recession.

1.3 Anti-fraud

- 1.3.1 Companies seek to improve the process and nip fraud in the bud by adhering to a set of code of conduct and the culture of good faith, high ethical standards and professionalism, and knitting effective internal control into the fraud risk evaluation process.

The Board of Directors organizes a formal fraud risk evaluation on an annual basis. Key fraud risks are evaluated and recorded. The controls intended to avoid the fraud risks identified are examined and optimized. The Human Resources Department will arrange for training on professional ethics and fraudulent behaviors. All managers must evaluate fraud risks within their scope of duty constantly and make sure adequate controls are in place. Material fraud risks must be reported to the Board of Directors.

1.4 Anti-fraud Measures

- 1.4.1 Anti-fraud measures are detailed as follows: guiding philosophy drawn up by the top management; good leadership; rotation of the staff; background check of new recruits; compliance with the Code of Conduct; assessment of the employees against ethical or compliance standards; ethics training.

1.5 Treatment of Suspected Fraud

- 1.5.1 Suspected fraudulent behaviors are addressed as follows. All information received is considered highly confidential. Suspected misconduct or delinquency must be investigated into with discretion, so as not to give rise to exposure, or framing, or let the suspects know an investigation is going on. No manager or employee is allowed to initiate a fraud investigation until the Board of Directors confirms and reaches agreement on the investigation process. When a suspected fraud is discovered, the competent manager must

assure security of relevant information (photocopies or electronic files) from the outset and provide files for investigation and subsequent procedures.

1.6 The Golden Rule of Fraud Reporting

1.6.1 For any fraud reporting, all evidence must be well protected and the Board of Directors must be informed of. Never tangle with the employee in question, or do investigation without permission, or tell anybody else your doubts.

1.7 How to Identify Fraud

1.7.1 It is assumed that anyone could commit a fraud when the conditions are right. It is important to use your knowledge of internal controls to spot loopholes and prove your suspicions. Keep firmly in mind that fabulous paperwork is not equivalent to the truth. Perhaps, someone is trying in vain to cook up the truth. Pay attention to written documents and the attachments and check if the dates, figures, amounts, taxes and other clauses therein are consistent and logical. Look into the account balances and accounting vouchers and particularly pay attention to adjustments.

2.0 WHISTLEBLOWING POLICY:

2.1 Objective

2.1.1 The Group is committed to maintaining a high standard of integrity, openness, probity and accountability. Conforming to this commitment, we encourage our employees and related third parties who deal with the Group to raise concerns, in confidence, about misconduct, malpractice or irregularities in any matters related to the Group. We endeavor to respond to the concerns fairly and properly.

2.2 Scope

2.2.1 This policy shall be applied to all employees (full time and part time) of the Group and related third parties who deal with the Group (e.g. consultants, contractors and suppliers) (“Whistleblowers”).

2.3 Roles and Responsibilities

2.3.1 “Whistleblowing” refers to Whistleblowers alerting the management to information which reasonably suggests there is misconduct, malpractice or irregularities within the Group. This policy encourages Whistleblowers to raise the matter through an established confidential channel.

2.3.2 Any Whistleblowers having such concern should raise them in accordance with paragraph 2.4.1.

2.4 Policy

2.4.1 Reporting Channel

2.4.1.1 Any Whistleblowers who becomes aware of any existing or potential misconduct, malpractice or irregularities within the Group shall report promptly to the CFO. If the matter pertains under CFO, it should route to EMD.

2.4.1.2 Concerns that may constitute misconduct, malpractice or irregularities may include but is not confined to:

- (a) any existing or possible improprieties in financial reporting, internal controls or other matters;
- (b) non-compliance of the Group’s “Code of Ethics” (maintained by Human Resources Department);
- (c) non-compliance of legal or regulatory obligations; and
- (d) corruption or criminal activity.

2.4.1.3 Any Whistleblower can make a report in person, by phone or in writing (by post or by email) using the suggested form as set out in the Appendix 1.

2.4.2 Protection

If the Whistleblower is an employee raising genuine and appropriate concerns under this policy are assured of fair treatment, including protection against unfair dismissal, victimisation or unwarranted disciplinary action, even if the concerns turn out to be unsubstantiated.

2.4.3 Confidentiality

2.4.3.1 The Group will keep a Whistleblower's identity confidential. However, if an investigation leads to a criminal prosecution, it may become necessary for a Whistleblower to provide evidence or be interviewed by the relevant authorities. The Whistleblower will be advised in advance if his/her identity may become apparent or need to be disclosed.

2.4.3.2 In order not to jeopardise the investigation, the Whistleblower is also required to keep confidential the fact that he/she has filed a report as well as the nature of concerns and the identities of those involved.

2.4.4 Investigations

2.4.4.1 The Audit Committee will assess every report received and decide if a full investigation is necessary. If an investigation is warranted, the Audit Committee will then review the matter and decide how the investigation should proceed.

2.4.4.2 The actions to be taken by the Group after investigations include disciplinary action, termination of employment or preventive action. Cases of suspected corruption or other criminal offences will be reported to the police or other relevant authorities. Once the matter is referred to the authorities, the Group will not be able to take further action on the matter. Please refer to Appendix 2 for investigation procedures.

2.4.4.3 The Whistleblower will receive in writing the outcome of the investigation. Due to legal constraints, the Group will not be able to give out details of the action taken or any copy of the investigation report.

2.4.5 Record retention

2.4.5.1 Records shall be kept for all reported improprieties by the Internal Audit Department. In the event a reported impropriety leads to an investigation, all relevant information relating to the case shall be retained, including details of corrective action taken, for a period as long as is necessary considered by the Audit Committee or a period may be specified by any relevant legislation.

2.4.6 Approval and review of this policy

2.4.6.1 This policy has been approved by the Board of the Group. The Audit Committee is responsible for monitoring and regular review of this policy and the services provided by

the independent third party. Any subsequent amendment of this policy shall be reviewed by the Audit Committee and approved by the Board.

3.0 REVISION HISTORY:

REV NO	DATE	DESCRIPTION	REVISED BY

4.0 APPENDIX:

Appendix 1

To:	
STRICTLY PRIVATE & CONFIDENTIAL	
Your Name/Contact Telephone Number and Email	Name: _____
We encourage you to provide your name with this report. Concerns expressed anonymously are much less powerful but they will be considered as far as practicable.	Address: _____
	Tel No: _____
	Email: _____
	Date: _____
The names of these involved (if known):	
Details of concerns: Please provide full details of your concerns: names, dates and places and the reasons for the concerns (continue on separate sheet if necessary) together with any supporting evidence.	

Appendix 2

Investigation Procedures

