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napco national

CEO OFFICE WHISTLEBLOWING POLICY

APPROVED BY		
Department	Process Improvement	CEO Office
Function	Process Improvement Senior Manager	CEO
Date	01-OCT-2019	01-OCT-2019

Date of Adoption	01-OCT-2019
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REVISION HISTORY

Revision	Date	Status	Description
01	01-OCT-2019	1 st Issue	
02	14-JUNE-2023	Review	
03			

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1. Purpose

To encourage the employees to report suspected wrongdoings as soon as possible with the knowledge that their concerns will be taken seriously and that their confidentiality will be respected, without any fear of retaliation. Moreover, this policy establishes the guidelines for reporting those unlawful acts or omissions that constitutes, or may constitute a violation, or an inducement to violate, laws and regulations, as well as Napco National's values which could cause any type of harm to Napco National Business Units and their customers, shareholders and third parties.

2. Definition

- 2.1 "Disciplinary Action"** means any action that can be taken during the investigation or after their completion including but not limited to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter, in accordance with the local regulations and Napco Internal rules.
- 2.2 "Protected Disclosure"** means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity. Protected disclosures should be factual and not speculative in nature.
- 2.3 "Subject"** means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation under this policy.
- 2.4 "Whistle blower"** is someone who makes a protected disclosure under this policy.
- 2.5 "Investigator"** is the person assigned to probe the case with careful attention to details to identify its validity and potential business risks related while preserving a full confidentiality.
- 2.6 "Good Faith":** An employee shall be deemed to be communicating in 'good faith' if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrongful conduct. Good faith shall be deemed lacking when the employee does not have personal knowledge on a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical and improper practices or alleged wrongful conduct is malicious, false or frivolous. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

3. Policy Coverage

- 3.1 The policy covers Napco National employees, management, consultants, shareholders and more generally, the related parties.
- 3.2 This policy covers any unlawful act or omission reported that constitutes, or may constitute a violation of laws and regulations, Napco values and principles established in the Employees Code of Conduct, internal control principles, company policies/procedures, that may cause any type of harm, in relation with but not limited to:
- Any violation of Napco's Code of Conduct.
 - Administrative and Financial Corruption: Represented in any unlawful exploitation of financial resources or administrative organization in the company that results in a direct or indirect material or moral benefit.
 - Misuse of the company's assets and property: Through unauthorized use, or exceeding the powers, or that would risk the integrity of the company's property and assets.

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- Misuse of the powers granted by the company to its employees, such as exchanging secret numbers, and others.
- Concealment with bad faith or intended negligence by destroying, falsifying, deliberately concealing official documents or concealing financial reports for the purpose of deception or misleading.
- A conflict of interest in any of the business or contracts carried out by the company.
- Passing irregular operations or circumventing or covering up systemic errors.
- Abuse of authority.
- Negligence causing substantial and specific danger to the environment.
- Negligence causing substantial and specific danger to the public health and safety.
- Manipulation of company data/records.
- Financial irregularities, including fraud or suspected fraud.
- Any unlawful act whether Criminal/ Civil.
- Pilferage of confidential/propriety information.
- Deliberate violation of law/regulation.
- Bribery or corruption.
- Physical, Sexual or Moral Harassment.
- Retaliation.
- Breach of IT security and data privacy.
- Company Image and Social Media Misuse.
- Any Breach of the Fundamental Human rights (Forced Labor, Child Labor, etc.).
- Discrimination practices, in regards to gender, race, age, religion, language, and disability.
- Anti-competitive practices.

4 .Whistleblower Protection

The whistle blower protection is provided in two important aspects:

4.1 Confidentiality

In as far as possible, the confidentiality of the whistleblower will be maintained.

4.2 Retaliation

4.2.1 Napco National encourages employees to promptly report possible unlawful conduct or irregularities stated above. In doing so, Napco National guarantees the confidentiality of the Report and the information it contains, as well as the anonymity of the Whistleblower, even if the Report is subsequently proven to be incorrect or unfounded.

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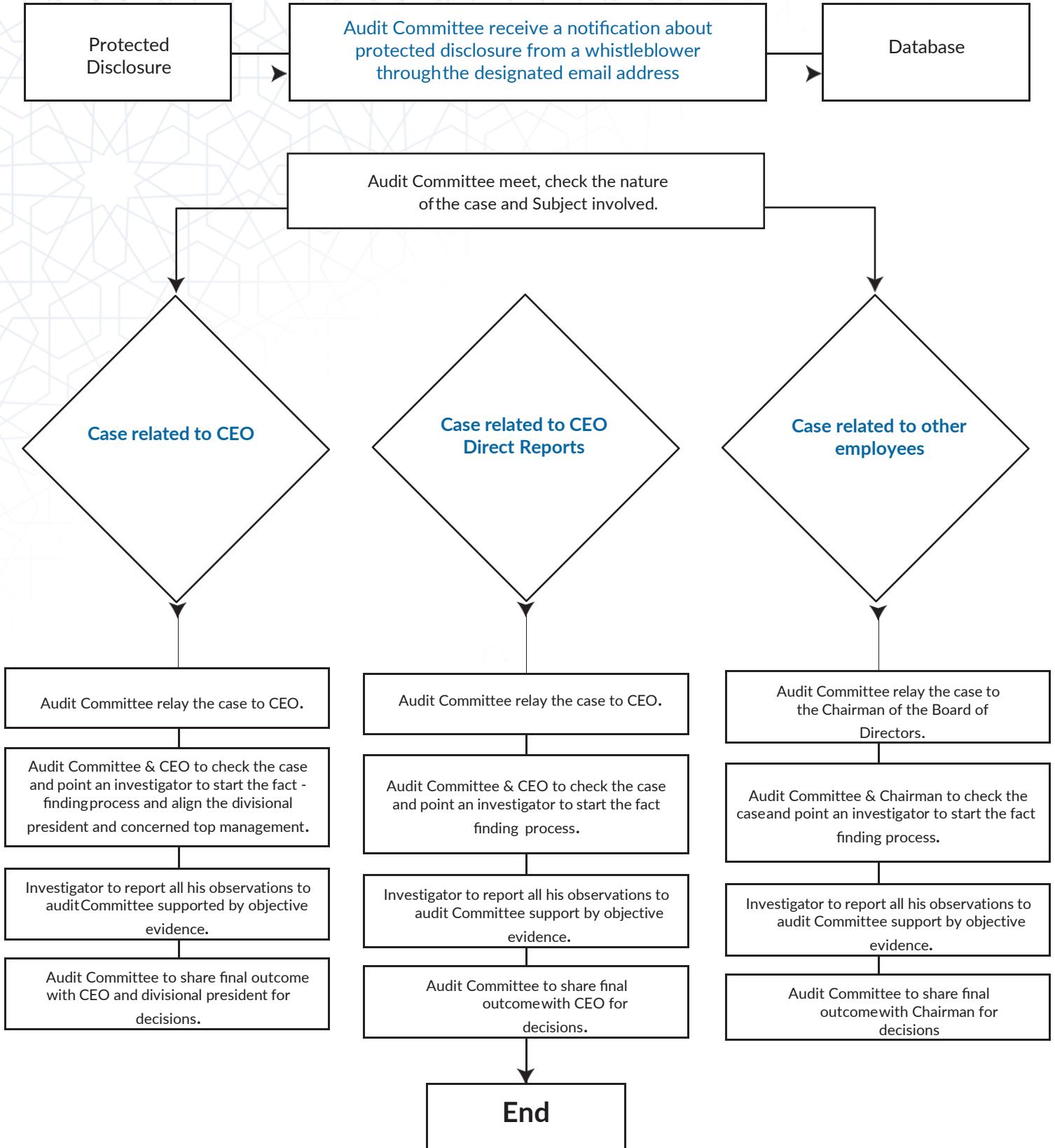
- 4.2.2 Any kind of threat, retaliation, penalty or discrimination against the Whistleblower or the Report ed Party – or anyone who has participated in the investigation into the validity of the Report – will not be tolerated.
- 4.2.3 Napco National reserves the right to take the appropriate actions against anyone who retaliates or threatens to retaliate against Whistleblowers who have submitted. Reports in accordance with this Policy, without prejudice to the right of the affected parties to seek legal protection.
- 4.2.4 Anyone who abuses the procedure (for example by maliciously raising a concern knowing it to be un-true) will be subjected to disciplinary action. Moreover, if considered appropriate or necessary, suitable legal actions may also be taken against such individuals.
- 4.2.5 No action will be taken against anyone who makes an allegation in good faith, reasonably believing it to be true, even if the allegation is not subsequently confirmed by the investigation.

5. Reporting Allegations of Misconduct or Improper Activities

- 5.1 Any person may report allegations of suspected serious misconduct, or any breach or suspected breach of law or regulation stated in the scope in 3.2.
- 5.2 Acts of misconduct shall be disclosed in writing to the e-mail address values@napconational.com, or via text message "SMS" on the mobile number [+966-550173015](tel:+966-550173015) ; in order to assure a clear understanding of the issues raised, the format provided in **Appendix 1** should be used as a template for reporting.
- 5.3 Although the whistleblower is not expected to prove the truth of an allegation, he / she needs to demonstrate to the investigator that there are sufficient grounds for concern.
- 5.4 All reports should be sent directly to the audit committee.
- 5.5 Audit committee meet, check the nature of the case and subject involved and re-direct it through the following workflow.

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Whistleblowing Workflow



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6. Investigating Alleged Misconduct or Improper Activities

- 6.1 The audit committee after receiving the protected disclosure should notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days.
- 6.2 The investigator has the responsibility to conduct the required investigations. In addition, other parties may also be involved in the investigations. Investigations are carried out using appropriate channels, resources, and expertise.
- 6.3 Some concerns may be resolved by agreed action between audit committee, Chairman & CEO without the need for an investigation.
- 6.4 The management reserves the right to take any appropriate decision based on the report issued.

7. Roles and Responsibilities

7.1 Whistleblowers:

Whistleblowers should act in good faith and should not make false accusations when reporting acts of misconduct by the company's employees.

7.2 Subject:

Subject has a duty to cooperate with investigators, his identity shall remain confidential.

7.3 Investigators:

Investigator has the authority to handle all matters seriously, confidentially, and promptly.

All investigators should:

- 7.3.1 Be independent and unbiased both in fact and appearance.
- 7.3.2 Conduct the enquiry in a fair, unbiased manner.
- 7.3.3 Ensure complete fact-finding based on objective evidence.
- 7.3.4 Maintain strict confidentiality, especially of the whistle blower's identity (if available).
- 7.3.5 Decide on the outcome of the investigation, whether an improper practice has been committed and if so by whom.
- 7.3.6 Recommend an appropriate course of action - suggested disciplinary action, including dismissal, and preventive measures.

7.4 Investigation Participants:

Employees who are interviewed or asked to provide information have a duty to fully cooperate with the investigators. Participants should refrain from discussing or disclosing matters concerning the investigations.

8. Right of a Subject

- 8.1 Subject is presumed innocent unless proven otherwise.
- 8.2 Subject has the right to be heard and the investigator must give adequate time and opportunity for the subject to communicate his / her say on the matter.

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5.1 Subject has the right to be informed of the outcome of the investigation and shall be so informed in writing by the company after the completion of the inquiry/ investigation process.

5.2 Subject is not authorized to ask for or be given information about the identity of the whistleblower, even if it is available.

6. Access to the report and investigation records

6.1 All reports and records associated with 'Disclosures' are considered confidential information and access will be restricted to the audit committee, the investigator, and the Chairman.

6.2 'Disclosures' and any resulting investigations, reports or resulting actions will not generally be disclosed to the public except as required by any legal requirements or regulations or by any corporate policy in place at that time.

7. Retention of Documents

All protected disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of 10 years.



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8. Appendix 1 Whistle-blower Report Form

REPORTER'S CONTACT INFORMATION	
(This section may be left blank if the reporter wants to be anonymous)	
Name /Employee #.	
Position	
Department/ Operation	
Contact Number	
E-Mail Address	

SUBJECT'S INFORMATION	
Name /Employee #.	
Position	
Department/ Operation	
Contact Number	
E-Mail Address	

WITNESS(ES) INFORMATION (If any)			
Name /Employee #.		Name /Employee #.	
Position		Position	
Department/ Operation		Department/ Operation	
Contact Number		Contact Number	
E-Mail Address		E-Mail Address	

COMPLAINT:
(Briefly describe the misconduct / improper activity and how you know about it. Specify what, who, when, where, and how. If there is more than one allegation, number each allegation and use as many pages as necessary.)
What misconduct / improper activity
Who committed the misconduct / improper activity?

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When did it happen and when did you notice it?	
Where did it happen?	
Is there any evidence that you could provide us?	
Are there any other parties involved other than the suspect stated above?	
Do you have any other details or information which would assist us in the investigation?	
Any other comments?	
Date	Signature (Optional)

Note: You SHOULD NOT attempt to obtain evidence for which you do not have a right of access since whistleblowers are 'reporting parties' and NOT 'investigators.'



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