



# Ethics & Governance Program Plan 2018

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## SECTION 1. FORWARD

### 1.1 Introduction

Director, Corporate Governance & Internal Audit plans the Corporate Governance activities as part of his duties in the overall management of AEC's corporate governance, ethics, anti-fraud / corruption, risk management, and compliance initiatives.

AEC continually identifies, measures, and lists mitigating action to manage the risks related to governance and ethics.

The following paragraphs details the activities planned in 2018 in maintaining and improving governance and transparency.

## SECTION 2. ACTIVITIES PLANNED FOR 2018

### 2.1 Awareness Sessions

We will continue with the awareness session programs to constantly remind new and existing employees on the importance of effective governance and ethics.

The following sessions are planned:

1. Anti-Fraud & Ethical Conduct Awareness Session: A further 5 sessions are planned for 2018. However, for 2018, the concentration shall be onto technicians that form the largest employee group in AEC.
2. Risk Management Session: 10 sessions are planned for 2018 which shall cover business units, and new departments arising from the restructuring of AEC's organization structure.
3. Export Control: The Export Control team shall conduct 9 awareness sessions focusing onto departments that provide input towards the Export Control Compliance program.
4. Refresher on AEC Corporate Governance Framework – This will be targeted to Director level and above. The session aims to refresh these targeted employees on what are the components of AEC Corporate Governance Framework and the activities undertaken to manage governance and ethics.

In addition to the awareness sessions, the Corporate Governance team has plans in place to promote the Ethical Conduct Handbook. A number of campaigning activities have been lined-up which shall include the use of social media platforms, banners, competitions, and souvenir items.

## 2.2 Conflict of Interest

AEC's Conflict of Interest Policy requires employees who has submitted their conflict of interest disclosure form to renew them every 2 years or as and when there are any changes to their situation that requires them to submit a new disclosure form.

For 2018, AEC will obtain renewal disclosures from employees who submitted in 2016.

## 2.3 Updating Ethical Conduct Handbook

The Ethical Conduct Handbook will be improved with the inclusion of Frequently Asked Questions (FAQs) to further assist AEC employees in dealing with ethical situations.

## 2.4 Review and Update of Policies & Procedures

To guide employees in the discharge of their responsibilities, AEC has an extensive array of policies and procedures ranging from Corporate Strategic Planning to leave application.

The policies and procedures are reviewed every three years to ensure their applicability to meet business requirements but at the same time embedded with necessary controls to manage the risks attributed to each process.

46 procedure (process maps) and 83 policies are due for review in 2018.

## 2.5 Improvements towards Corporate Governance and Compliance

The followings are further planned for in 2018:

1. Integrating risk appetite as part of the risk register – In the effort to continually improve the risk register to be in line with best practices, the Risk Management team shall be inserting the concept of risk appetite into the register. This shall assist the owners to effectively respond to risks and prioritize their efforts onto risks that are beyond the risk appetite of the company;
2. Improving the Disaster Response and Recovery Plan (DRRP) – The template of the DRRP shall be updated and improved to be more relevant to guide departments onto their response and recovery actions should they are faced with disasters.
3. Aligning AEC Corporate Governance Framework to Capital Market Authority of Saudi Arabia's Corporate Governance Regulations (CMA-CG) – The CMA-CG has been updated to contain a number of best practices relating to effective governance. The AEC Corporate Governance team undertakes to bring up the level of AEC's to be at par with relevant principles contained in the CMA-CG.
4. Improving the employee authorization process for export control projects - The current process of authorizing employees enabling them to have access to Export Control projects shall be automated to provide more control.



## SECTION 3. CONCLUSION & SUMMARY

AEC's Governance & Ethics Program encompasses aspects ranging from corporate governance, ethics, to anti-fraud / corruption.

The Director of Corporate Governance & Internal Audit shall provide periodic report to Senior Management and the Audit Committee on all activities mentioned above as well as any other activities that will have an impact on governance and ethics of the company.