(A memeber of Custodian Investment Plc Group)

Anti-Fraud Policy

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1. Overview

1.1 Globally, businesses and organizations are continually exposed to the risks of fraud, deception, and misstatement, which can significantly threaten their sustainability and long-term success. Even seemingly minor fraudulent acts, if ignored, may escalate over time, influence other employees, or evolve to operate undetected. Research by the Association of Certified Fraud Examiners (ACFE) indicates that a typical fraud may last for up to two years before being discovered within an organization.

1.2 For UPDC Plc (UPDC), the challenge is to prepare proactively by establishing policies and controls that discourage employees and stakeholders from engaging in fraudulent practices. UPDC, as a leading property development and investment company, adopts a zero-tolerance stance on fraud, bribery, and corruption. No level of fraud, deception, or unethical conduct will be accepted under any circumstances.

1.3 UPDC is committed to safeguarding its assets, liabilities, and reputation by promoting honesty, transparency, and integrity in all its activities. UPDC is determined to detect, deter, and prevent all forms of fraud, bribery, and corruption, whether originating internally or externally. This Anti-Fraud Policy defines specific prevention, detection, investigation, and response measures applicable to fraud and corruption.

1.4 All stakeholders of UPDC, including employees, contractors, vendors, service providers, customers, and shareholders are expected to uphold the highest standards of accountability, propriety, and ownership. Each stakeholder plays a critical role in fostering and sustaining an anti-fraud culture across the Group.

2. Scope and Application

This Policy applies to all employees, directors, consultants, agents, vendors, service providers, and all other parties engaged in business with UPDC and its subsidiaries (the "UPDC Group"). The Policy takes effect from the date of approval by the Board of Directors of UPDC (the Board).

3. Definitions

3.1 Fraud: Fraud is an intentional act carried out by one or more individuals within or outside UPDC using deception, concealment, or misrepresentation to obtain an unlawful or unfair advantage, directly or indirectly, at the expense of UPDC or its stakeholders. Fraud is deliberate; it involves intent to deceive and is distinct from unintentional errors. Fraud is classified by the ACFE into three principal categories:

- Fraudulent Financial Statements
- Asset Misappropriation
- Corruption

Fraudulent Financial Statements

This is the deliberate misrepresentation of the financial position of an organization, or any part of its operations with the intention of misleading the financial statements users. Such misrepresentations could be made either by omission or misstatement of financial information, or failure to disclose material non-financial information. It typically involves the understatement of liabilities and expenses, overstatement of revenue, and improper valuation of assets, among others.

Asset Misappropriation
Asset misappropriation is the use of the assets of an organization for personal benefit. It includes the theft of cash either before (skimming) or after (larceny) entry into the accounting system, theft and misuse of non-cash items, false invoicing via vendors or shell companies, and unauthorized disclosure of confidential information, among others.

Corruption
Dishonest conduct by individuals abusing their position for personal gain. Includes bribery, receipt of kickbacks, economic extortion, receipt of illegal gratuities, and conflict-of-interest relationships with third parties.

3.2 **Error vs. Fraud:** Errors are unintentional misstatements or omissions without ulterior motive. Unlike fraud, errors are not concealed, do not involve destruction of evidence, and are typically revealed openly. The absence of intent distinguishes an error from a fraudulent act. Errors may be subject to correction and, depending on their gravity, may be excused; fraud, by contrast, attracts disciplinary and potentially criminal consequences.

3.3 **Bribery:** Bribery is the act of offering, promising, giving, accepting, or soliciting a financial or other advantage as an inducement to influence the actions or decisions of an individual in a position of trust. Bribery, whether by UPDC's employees or third parties, is strictly prohibited.

3.4 **Corruption:** Corruption involves an individual being dishonest in his/her dealings. It typically includes the following:

- Receipt of kickbacks from customers, vendors, and government agencies, among others
- Economic extortion
- Receipt of illegal gratuities
- Relationships with third parties which may result in conflict of interests

3.5 **Misconduct:** Improper or unacceptable conduct that violates UPDC's policies, procedures, or applicable laws and regulations, irrespective of whether financial gain is involved.

3.6 **Conflict of Interest:** A conflict of interest arises when an individual's personal interests financial, relational, or otherwise could interfere with, or appear to interfere with, their professional obligations to UPDC. All employees and stakeholders are required to disclose any external relationships, financial interests, or activities that could compromise their objectivity or UPDC's interests.

Appendix A of this Policy itemizes actions which are referred to as fraud and misconduct. However, this list is not exhaustive.

4. Fraud Prevention

UPDC is committed to proactively preventing fraud and corruption through a robust internal control environment. Prevention measures include, but are not limited to:

(a) Strict enforcement of internal controls, segregation of duties, and independent oversight across all functions.
(b) Regular internal audit reviews of procurement, project financing, property sales, vendor contracts, and financial transactions.
(c) Vendor and contractor due diligence and appraisal prior to engagement.
(d) Pre-employment background checks, reference verifications, and regulatory clearance for all new hires.
(e) Documented Standard Operating Procedures (SOPs), clear KPIs, and approved organograms for all departments.
(f) Mandatory disclosure of related-party transactions and conflicts of interest.
(g) Mandatory compliance with UPDC's Code of Business Conduct and applicable corporate governance codes (SEC CGC 2014, FRCN NCGC 2018).
(h) Periodic fraud risk assessments embedded in the Internal Audit risk-based planning process.

All employees are expected to exercise reasonable care in performing their duties and to remain vigilant for indicators of fraud, corruption, or misconduct within their operational area.

5. Fraud Detection

5.1 UPDC relies on multiple detection mechanisms to identify fraudulent activity at the earliest possible stage.

- Internal audit reviews and spot checks.
- External audit procedures and management letter findings.
- Regulatory examinations and supervisory oversight.
- Data analytics and anomaly detection in financial systems.
- Reports received through UPDC's whistleblowing channels.
- Management review of financial statements, budgets, and operational reports.
- Vendor and customer complaints or discrepancies flagged by third parties.

5.2 All employees are required to report suspected fraud immediately upon identification. Delays in reporting can result in material financial losses and reputational harm to UPDC.

6. Fraud Reporting

6.1 Suspected fraud or corruption may be reported through any of the following channels:

- UPDC Hotline: **08084403078**
- Email: **audit@custodianinsurance.com**
- UPDC: website reporting form.
- Direct report to the **Chief Executive Officer, Head of Internal Audit, Company Secretary or Head of Audit, CIP**.

6.2 Where possible, reports should include: the names or descriptions of parties involved, the nature and details of the incident, relevant dates and supporting evidence, and the reporting individual's contact information (if not anonymous).

6.3 Anonymous reporting is permitted and encouraged where reporters have concerns about identification. The absence of identifying information shall not, by itself, prevent an investigation from being initiated.

6.4 For matters involving the Head of Internal Audit, reports should be directed to the Chairman of the Board Risk, Audit & Compliance Committee (Committee). For matters involving an Executive Director or the Chief Executive Officer, reports should be directed to the Chairman of the Board through the Company Secretary.

7. Investigation Procedures

7.1 See the ***Investigation of Reported Concerns*** Section in the Whistleblowing Policy.

7.2 Where a potential conflict of interest exists in conducting an investigation internally, or where the seniority of the individuals involved warrants it, investigations shall be outsourced to independent external investigators or forensic specialists.

7.3 Investigation findings shall be formally documented and reported to the Board. Where criminal offences are identified, the matter shall be escalated to the relevant regulatory authorities, including the EFCC, ICPC, SEC, or the Nigeria Police Force, as appropriate.

7.2 UPDC shall preserve all evidence relating to suspected fraud and shall not destroy, alter, or conceal any documents or records relevant to an investigation.

7.3 Where a report is not anonymous, UPDC will endeavour to acknowledge receipt and provide updates on outcomes to the reporting party, subject to the requirements of confidentiality and any ongoing proceedings.

8. Fraud Response Plan

8.1 All suspected cases of fraud or corruption shall be treated as serious offences requiring prompt and structured response.

8.2 Fraud categories to which this Response Plan applies include:.

- System manipulation: Alteration of project records, vendor data, or financial systems.
- False financial claims: Inflated contractor invoices, misrepresented project costs, or fictitious expenses.
- Asset misuse: Diversion of construction materials, equipment, or unauthorised use of UPDC property.
- Resource diversion: Misuse or misappropriation of funds, land, or company resources.
- Corruption and abuse of office: Bribery, Kickbacks, conflicts of interest, extortion, and collusion.

8.3 Upon confirmation of a fraud incident, the following response actions shall be initiated:

- Immediate containment: Suspension of the suspected individual(s) pending investigation, and restriction of access to relevant systems and records..
- Evidence preservation: Securing all documentation, electronic records, and physical assets related to the incident., and collusion.
- Quantification of loss: Assessment of financial impact and potential recovery options.
- Regulatory notification: Disclosure to relevant authorities (EFCC, ICPC, SEC, NSE, CSCS) where required by law or governance codes.
- Recovery action: Pursuit of asset recovery, insurance claims, and civil or criminal proceedings as appropriate.
- Corrective action: Implementation of Management Action Plans (MAPs) to address identified control weaknesses.

8.4 Disciplinary measures are available in accordance with UPDC's disciplinary procedure and applicable law.

9. Roles & Responsibilities

9.1 Employees

- Report suspected fraud immediately upon identification; do not self-investigate.
- Cooperate fully with investigations and preserve relevant evidence.
- Always comply with UPDC's Code of Business Conduct and this Policy.
- Disclose actual or potential conflicts of interest promptly.

9.2 Line Managers and Heads of Department

- Escalate credible fraud concerns to the Internal Control & Audit Department without delay.
- Maintain departmental fraud registers and incident logs.
- Ensure evidence is preserved and not tampered with.
- Support investigation processes and implement approved corrective actions.

9.3 Internal Control & Audit Department

- Lead fraud investigations and coordinate with external investigators where required.
- Conduct periodic fraud risk assessments and audit reviews.
- Report findings and recommendations to the Committee.
- Maintain the fraud incident register and track the implementation of corrective actions.

9.4 The Committee

- Provide oversight of all fraud investigations and their outcomes.
- Review quarterly fraud and misconduct reports from Internal Audit.
- Publicly affirm the Board's commitment to anti-fraud culture.

9.5 Vendors, Contractors, and Third Parties

- Comply with UPDC's procurement standards, Code of Conduct, and anti-corruption requirements.

- Disclose any conflict of interest or related-party relationship prior to engagement.
- Cooperate with UPDC investigations as required.

9.6 External Auditors

- Report fraud identified during audit engagements to the Committee.
- Maintain independence and escalate concerns that arise during the course of their work.

10. Monitoring, Training, and Awareness

10.1 The Internal Control & Audit Department shall maintain a Fraud Incident Register tracking all reported cases, investigation outcomes, losses, and corrective actions implemented.

10.2 A summary of fraud incidents, investigations, and findings shall be presented to the Committee on a quarterly basis.

10.3 Fraud and corruption awareness training shall be conducted periodically for all employees.

10.4 This Policy shall be reviewed every two (2) years or whenever material changes in UPDC's operating environment, regulatory framework, or governance structure warrant an earlier review.

11. Non-Retaliation and Good Faith Reporting

11.1 Any employee or stakeholder who reports suspected fraud or corruption in good faith shall not be subjected to any form of negative treatment, including threats, harassment, demotion, dismissal, or unfavourable treatment, as a consequence of making that report.

11.2 This protection applies regardless of whether the reported concern ultimately proves valid, provided the report was made honestly and without malicious intent.

11.3 Where a reporter believes they have suffered negative treatment as a result of their report, a formal complaint should be made to the Chairman of the Board through the UPDC Secretary.

11.4 Allegations made maliciously, fraudulently, or in bad faith shall themselves constitute misconduct and may attract disciplinary action.

11.5 Reporters should be aware that, where a matter becomes the subject of administrative or judicial proceedings, the requirement for confidentiality may be subject to legal override.

Appendix A

The following list provides non-exhaustive examples of conduct that constitutes fraud, corruption, or misconduct under this Policy. Detection of any such conduct will trigger the investigation and response procedures set out herein.

- Any activities that may constitute bribery or corruption in breach of any relevant laws or the Anti-Corruption and Bribery Policy
- Forgery (false declaration of age, presentation of counterfeit documents etc.)
- Sexual harassment, bullying or physical abuse
- Theft or misuse of UPDC’s assets and property
- Any type of fraud or mismanagement
- Fictitious reporting of events (including non-financial events)
- Breach of internal policies and procedures
- Failure to comply with any legal, professional obligation or regulatory requirements
- Conduct that is likely to damage the UPDC’s reputation
- Damage to UPDC’s physical environment
- Abuse of office on the part of any member of staff or director
- Deliberate concealment of information relating to fraudulent activities and misconduct
- Miscarriage of justice
- Misuse of the UPDC’s information systems and computer databases
- Overriding the UPDC’s process controls
- Undisclosed conflicts of interest
- Unauthorized disclosure of confidential information
- Deliberate concealment of any malpractice
- Breach of UPDC’s Code of Business Conduct
- Non-compliance with the law(s) of the Federal Republic of Nigeria or any breach of statutory obligations
- Cases or risk of pollution or any other hazard to the environment
- Health and safety risks including risks to employees in the workplace and the public.

Endorsed by

Board Chairman

Revision History

Version	Author	Date	Description
1.0	Internal Control & Audit Manager	April 29, 2026	New Document