

Approved
By Board of Directors
Meeting No. : 6/2016
Date : 29/06/2016
Wafra International Inv. Co.



**CONFLICT OF INTEREST
POLICY**



CONFLICT OF INTEREST - POLICIES AND PROCEDURES

ISSUE DATE: June 2016

VERSION: Final V1

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APPROVED BY:

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1. Introduction

Wafra International Investment Co. KSCC [“the Company”] is committed to conducting business in a fair, honest and sound manner to help assure that the long-term interests of its shareholders are being served. As part of this commitment, this Conflict of Interest Policy sets out the policies and procedures for the fair and honest business practices and behaviour that the Company expects from its Directors and employees.

This policy applies to all the company employees, contractors, officers, and members of the Board of Directors, who are collectively referred to below as “Employees”.

1.1 MANUAL OVERVIEW

1.1.1 PURPOSE


- 1.1.1.1. Capital Market Authority, Kuwait, the regulatory body of the Company, has as part of Corporate Governance, established regulations for publicly listed and specified licensed companies to develop policies for conflicts of interest including methods and processes to address and manage it. To meet these requirements, as well as to discourage such business conduct by Directors and executive management, that unethically co-mingles personal interests with that of their official responsibilities in the Company.
- 1.1.1.2. The purpose of this policy is to help Company and each of its direct and indirect subsidiaries, and each of Company’s directors and executive management, to identify and articulate the Company’s organizational values and approaches for properly managing actual and perceived conflicts of interest. These principles address our values, our responsibilities, and our actions.

1.1.2 SCOPE OF APPLICATION

- 1.1.2.1. Although it is impossible to describe every situation that might give rise to a potential conflict of interest, this policy and procedures addresses the following common situations that may give rise to a conflicts of interest.
 - A Director or Executive Management has a personal financial interest, whether direct or indirect, in a transaction or arrangement entered into by Company or in an entity doing business with Company.
 - A Director or Executive Management intends to exploit a corporate opportunity that rightfully belongs to the Company.
- 1.1.2.2. Any exception to the policies and procedures contained herein shall be approved by the Audit Committee

1.1.3 GUIDING PRINCIPLES

- 1.1.3.1. The Company acknowledges and accepts that on certain occasions, some level of bias is inherent in its work and that in some cases this may lead to conflict of interest—whether actual or perceived, individual or institutional.

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1.1.3.2. The primary goal of systems to manage conflicts of interest is to ensure that decisions are made – and are seen to be made – on proper grounds, for legitimate reasons and without bias. It endeavors to identify and actively manage these conflicts through these policies & procedures.

1.1.4 RESPONSIBILITIES

1.1.4.1. **Board of Directors:** The overall responsibility of this policy is of the Board of Directors represented by the Chairman of the Board. This Board may delegate the day to day responsibility for overseeing compliance and implementing it to the Board Secretary.

1.1.4.2. The Board of Directors responsibility as stated above includes monitoring and reviewing the implementation of the policy and underlying procedures as well as making recommendations for action resulting from investigation into complaints.

1.1.4.3. **Directors, senior officers and individual staff members** are responsible for understanding and managing individual conflict of interest issues. The Company has an additional responsibility to articulate its core values and educate staff in management of institutional conflict of interest issues.

1.1.4.4. **Human Resource Department** is responsible for ensuring that all personnel are aware of the Conflict of Interest Policy and Procedures by including it in the orientation package for all new employees. Conflict of Interest Policy and how to report under it, will be displayed at all times on the Company's website. Human Resources Department is also required to notify all employees of the Company, along with suitable e-mail / postal address of Manager - HR Department or Audit Committee Chairman, for reporting interests or to seek clarification on an matter arising from conflict of interest

1.1.4.5. The Company carries out its responsibilities mainly by:

- **Training**


The Company educates staff so they can effectively understand and manage individual and institutional conflict of interest issues in ways that support the Company's values.

- **External monitoring**

The Company monitors its business arrangements for changes in institutional conflict of interest concerns and, if necessary, restructure them.

- **Internal monitoring**

The Company monitors and updates, as appropriate, its own policies and procedures regarding both individual and institutional conflict of interest.

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1.1.5 DISTRIBUTION

- 1.1.5.1. The management considers the information contained in this manual to be of confidential nature. The distribution of the manual should be controlled and be made available only to persons authorized by the Chairman- Audit Committee /CEO.
- 1.1.5.2. No contents of this manual shall be copied or otherwise reproduced except with the prior written approval of the Chairman - Audit Committee/CEO.
- 1.1.5.3. The Human Resources Department will retain a distribution list for the policies and procedures manual so that all amendments to the manual will be distributed to the individuals listed in the distribution list.

1.1.6 REVIEW AND UPDATE


- 1.1.6.1. The enclosed Manual should be reviewed on a yearly basis by the Audit Committee.
- 1.1.6.2. The Manual may be revised appropriately, taking into consideration the changes in internal and external environment. Any changes to the same however shall be recommended by the Audit Committee and approved by the Board.
- 1.1.6.3. A record of history of amendments made to the manual shall be maintained in the 'Revision History Form' provided in Appendix 5 to this manual.
- 1.1.6.4. When amendments and revisions are made, they will specify the policies and procedures which supersede it. These amendments will be distributed among the list of employees authorized to view such policies.

1.1.7 PROCEDURES FOR AMENDMENT

- 1.1.7.1. Any changes to manual may be initiated by the Audit Committee under the following circumstances:
 - 1.1.7.1.1. Change in applicable statutes.
 - 1.1.7.1.2. Any operational requirement as approved by management.
- 1.1.7.2. The Audit Committee shall submit the draft amendments to the Board for approval, after taking approval, the same will be included in the manual.

1.1.8 ORGANISATION OF THE POLICIES AND PROCEDURES MANUAL

- 1.1.8.1. This manual is organised by chapters. Policies have been further divided into units, when necessary, to organise the related activities.
- 1.1.8.2. Forms and appendices are attached at the end of the manual with individual numbers allocated to each form and appendix.
- 1.1.8.3. The purpose of each unit and the responsibilities of various personnel involved in the activities are documented at the beginning of the policy.


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1.1.9 EFFECTIVE

This manual is effective from the date of its approval by the Board.


1.1.10 APPROVAL

Any amendments to the manual shall be duly approved by the Board and sign off sheets will be updated.

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	1. Introduction	1.2 Definitions	APPROVED BY:

1.2 DEFINITIONS:

- 1.2.1 **Conflict of interest:** is the conflict between the private interests and official responsibilities of an individual or an institution in a position of trust, which may compromise impartiality or integrity or lead to unfair competitive advantage. A conflict of interest exists when an Employee's duty to give undivided business loyalty to the Company can be prejudiced by actual or potential personal benefit from another source.
- 1.2.2 While this Policy does not attempt to describe all possible conflicts of interest that could arise, the following are some of the conflicts of interest that Directors and employees must avoid:
- Receiving any advantage as a result of one's position as a Director or employee of the Company.
 - Engaging in conduct or activity that improperly interferes with the Company's existing or prospective business relationships with a third party.
 - Accepting bribes, kickbacks or any other improper payments for services relating to the conduct of the business of the Company.
 - Accepting, or having a member of a Director or employee's immediate family accept, a gift from persons or entities that deal with the Company, in cases where the gift, considered in light of the totality of the circumstances, would reasonably be expected to influence the Director or employee's actions as a member of the Company.
- 1.2.3 In identifying conflicts of interest, the Company will consider all of the factual circumstances and will take into account, inter alia, whether the Company's Director or Executive Management:
- 1) is likely to make a financial gain, or avoid a financial loss, at the expense of the Company, its Suppliers or Clients
 - 2) has an interest in the outcome of a transaction with the Company, its Suppliers or Clients or of a transaction carried out on behalf of the Suppliers/Clients, which is distinct from the Company's interest in that outcome;
 - 3) carries on or has interests in the same business line as of the Company that is or might be potential competition for the Company or its products/services.
- 1.2.4 **Bias:** Bias is a preference or inclination, especially one that may inhibit impartial judgment. In many cases, for example, a manager may have a bias toward a certain strategy because he believe it is the best way to improve profitability on investment. However, when a bias favors the individual or institutional private interests, a conflict of interest may emerge.
- 1.2.5 **Financial Interest:** A Director or senior officer has a financial interest if such person or, to the knowledge of such person, a related party of such person has, directly or indirectly, derived or can potentially derive personal financial benefit including but not limited whether through any business, investment or family relationship, or in dealings with the Company, or by representing or misrepresenting the Company, or using the Company's name or resources.

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1.2.6 **Actual vs. perceived conflict of interest:** Conflict of interest may be actual or perceived. Perceived conflict of interest often results from partial information. But conflict of interest, whether actual or perceived, reflects negatively on the Company.

1.2.7 **Individual conflict of interest vs. institutional conflict of interest:** Individual conflict of interest exists when the private interest of a staff member may conflict with his/her official responsibilities. Institutional conflict of interest exists when the private interest of a Company may conflict with the official duties or position of that Company

1.2.8 **Interested Person:** Any Director or senior officer who has a financial interest or whose related party has a financial interest and who or whose related party, is presented a potential opportunity of benefit involving transactions or dealings with the Company.

1.2.9 **Related Party:** The party is considered related to the company in the following cases:

- 1) Owns any control whether directly or indirectly over the Company
- 2) Has significant influence over the reporting entity
- 3) A subsidiary or associate or joint venture of the Company
- 4) A member in the same group that the Company is a party of
- 5) Both entities are joint ventures of the same third party
- 6) One entity is joint venture of a third entity and the other entity is an associate of the third entity
- 7) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- 8) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.
- 9) Member of the Company's Board of Directors or a member of the Executive Management of the Company
- 10) Related up to the second degree to any person referred to in articles 1 or 9
- 11) A Company under the control or joint control or significant influence of the person referred to in article 1, 9 or 10 since they have important voting power directly or indirectly


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	2. Procedures for Mitigating Conflict of Interest	2.1 Mandatory	APPROVED BY:

2. Procedures for Mitigating Conflict of Interest

2.1 Mandatory

The Board of Directors must ensure the following:

- 2.1.1 Board members and senior officers should not have any direct or indirect interest in the contracts and transactions executed by the Company unless having a license/authorization from the general assembly on annual basis, unless the transaction was done under competitive market and the board member had the best to offer.
- 2.1.2 Board members and senior officials should inform the Board about any personal interest in the transaction and contracts executed by the Company. The following should be complied by the Company in such cases:
- 1) Such interests should be documented in the minutes of the Board meeting,
 - 2) Chairman should inform the General Assembly about such transaction, as and when convened.
 - 3) the concerned member who has the such interest should not participate in the voting on the matter.
 - 4) the same should be attached with the special report from the external auditor.
- 2.1.3 Board member and senior official should not participate in any transaction that compete with the Company's objective or make trading with the business branches, if any of the Company.
- 2.1.4 Company should not grant any credit facility to the board members or provide any guarantee on loan taken by the board member. Banks and other finance companies, following standards established by the Central Bank of Kuwait, are excluded from this clause.
- 2.1.5 The Board member should not participate in any transaction that may compete with the company, or make trading in one of the business branches of the Company.

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	3. Procedures for Mitigating Conflict of Interest	3.1 Best Practices	APPROVED BY:

3. Procedures for Mitigating Conflict of Interest

3.1 Best practices

3.1.1 Loyalty to the Company

No Employee should be subject, or even appear to be subject, to influences, interests or relationships which conflict with the best interests of the Company. This means avoiding any activity which might compromise or seem to compromise the Company or the Employee, or bring embarrassment to or adversely affect the reputation of the Company or the Employee.

- 3.1.2 **Disclosure of Information:** The Company directors and senior officers are required to complete and submit to the authorized person, a declaration of potential conflicts of interest of which he/she is aware. This declaration should be in a prescribed form provided by the Company,. [Refer Appendices 1, 2 and 3 for Declaration format]

Each director and senior officer should make this disclosure with following particulars, at the time of his/her joining the Company,

- investments through shareholdings, debts or deposits whether made directly or through related parties, [Appendix 1]
- directorships held by them or related parties [Appendix 2], and
- Related parties and nature of relationship [Appendix 3],

He/she has to also undertake to inform the Company of change/s if any to the above, within 15 days of which such change is effected.

- 3.1.3 **Dealing with Suppliers, Customers and Others-** All contacts and dealings with customers, suppliers, and potential suppliers must be conducted so as to avoid even the appearance of impropriety or violation of any applicable law/regulation or this Policy.

General policy and practice


Employees may not offer, ask for, provide or accept anything of value either for themselves or for others in return for favourable treatment from the Company, customers, suppliers or potential suppliers, or others.

- 3.1.4 **Disclosure by prospective staff, clients, suppliers and contractors:** Those who are applying for tenders, contracts or for supplying goods or for employment or rendering services, have to declare their interests including relationships with Director or Senior officers with the Company [Refer Appendix 4 for Declaration of interests by prospective staff/clients/suppliers and contractors]

3.1.5 Employee practices to avoid conflicts of interest

(a) Permitted gifts

Employees may give or receive gifts of a value of less than KD 100 that are motivated by accepted business courtesies. Finance department, with the approval of the M.D or CEO, may,

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but are not required to, establish guidelines for the gift or receipt of any gifts of a value below KD 100.

(b) Permitted gifts with prior approval

Employees may give or accept gifts that are motivated by accepted business courtesies of a value of more than KD 100 only with the prior approval of the MD or CEO.

(c) Permitted business entertainment

Employees may provide business entertainment (refreshments, entertainment, meals) only if it is of reasonable value, motivated by accepted business courtesies and in accordance with the Company's policies.

(d) Travel and Entertainment Policy.

Employees may accept business entertainment only if it is of reasonable value and motivated by accepted business courtesies. In addition, Employees may accept any business entertainment of a value of more than KD 100, per Employee, only with the approval of the MD or CEO.

(e) No payments or "kickbacks"

Employees may not for their own benefit or the benefit of others solicit or accept any payment, "kickback" or loan of any amount from anyone (including any company or other entity) that does business or wants to do business with the Company. However, this prohibition does not extend to personal loans to Employees made in the ordinary course of business by financial institutions or consumer lenders with which the Company does business, unless it could reasonably be viewed as being done to gain a business advantage.

(f) Annual submission:

Each director and senior officer shall annually submit to the Audit Committee/Authorized officer, a statement which confirms that such person has received a copy of this Policy, has read and understands this Policy, is in compliance with the Policy and has agreed to comply with the Policy

All circumstances of conflict of interest, including those specified above, should be avoided. If an Employee has any doubt about whether an activity may create a conflict of interest, the Employee must report that activity to his or her immediate Manager or HR Manager.



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Appendices

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Appendices

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	Appendix-1	Declaration of Shareholdings & Investments	VERSION: Final V1
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Appendix 1: Declaration of Shareholdings and Investments

I (Name of the Interested Person) do hereby declare that, to the best of my knowledge and belief, have interest in the following Companies and will update my position as and when position will change.


(This declaration has to be given by the every Board Member and Senior Officer at the time of their appointment and has to reviewed annually. Every change, regarding this matter, should be intimated by the interested person within 15 days to the Audit Committee.)

Name of the Company in which declarant has investment	Nature of business of the Company	Total Share Capital of the Company	Percentage Share Capital held	Total other Investment [deposits, debentures etc.]	Date from when investment held

Name & Signature of the [Director/Senior officer].....

Position declared as of:.....

Date of Submission:.....

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	Appendix-2	Declaration of Directorships and Key Managerial positions	VERSION: Final V1
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Appendix 2: Declaration of Directorship and key managerial positions held in other Companies.

I (Name of the Interested Person) do hereby declare that, to the best of my knowledge and belief, I and/or my relative, have interest in the following Companies as director, executive management and also hereby undertake that I keep this declaration updates for any subsequent changes thereto.


(This declaration has to be given by the every Board Member and Senior Officer at the time of their appointment and has to reviewed annually. Every change, regarding this matter, should be intimated by the interested person within 15 days to the Secretary of the Audit Committee.)

Name of the Company	Directorship		Executive Management		Name of Relative	Nature of Relationship	Position held by Relative
	Executive	Non-Executive	Managing Director	Chief Executive Officer			

Name & Signature of the Director/Senior officer.....

Position declared as of:.....

Date of Submission:.....

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	Appendix-3	Declaration of Related Parties	APPROVED BY:

Appendix 3: Declaration of Related parties


I (Name of the Interested Person) do hereby declare that, to the best of my knowledge and belief, the following is a list of my related parties who are investors, directors or senior officers in other companies. I also hereby undertake that I keep this declaration updates for any subsequent changes thereto.

Name of the related party [who is a director/senior officer/investor in other companies]	Nature of relationship	Age and Gender	Address	Contact number and email	Name of the other company/ companies

Name & Signature of the Director/Senior officer.....

Relationships declared as of:.....

Date of Submission:.....

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	Appendix-4	Declaration of Interest	VERSION: Final V1
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Appendix 4: Declaration of Interest [by prospective Supplier / Client or Contractor]

I (Name of the prospective Staff/Client / Supplier/Contractor) do hereby declare that, to the best of my knowledge and belief, have relationship with the Director/Senior Officer.

[Every prospective staff/Client / Supplier or Customer as a condition to their being considered for any dealings, should report to the Company, about their relation with any Board Member, Senior Officer of the Co.]

Name of the Board Member / Senior Officer	Nature of contract with or applied with the Company & estimated value [in KD]	Vendor/Service Tender/ Application or Contract Ref.No.	Nature of Relationship

Name & Signature of the prospective Staff/Client/Supplier/Contractor.....

Position declared as of:.....

Date of Submission:.....



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Appendix-5

Revision History Form

APPROVED BY:

Appendix 5: Revision History Form

Policy Ref. No.	Issue No.	Revision No.	Date of Revision	Approved By	Approver's Signature