

Fawaz Abdulaziz Alhokair & Partners Co.

Saudi Joint Stock Company

Conflicts of Interests Policy

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Introduction:

To comply with the executive regulations, instructions and decisions issued by Financial Market Authority (the Authority) for the application of the best governance practices which ensure protection of the rights of shareholders and interested parties, the Board of Directors of Fawaz Abdulaziz Alhokair & Partners Co. (the company) placed in its priorities the development and application of a governance system for the company conforming with the requirements of Companies Governance Regulation issued by the authority board in the Kingdom of Saudi Arabia under the Decision No. 2006-212-1 dated 12/11/2006 in accordance with the Financial Market Law issued by the Royal Decree No. M/30 dated 2/6/1424h.;

And the circulars issued recently: the Authority circular No. 4/5560 dated 01/11/2011 including the decision of the Authority Board No. 201133-1 dated 30/10/2011, Authority circular No. 4/3203 dated 09/07/1433h. concerning paragraph (B) of article 10 of Companies Governance Regulation which there are included in the Saudi Financial Market (Tadawul) starting from 01/01/2012;

In order to establish the rules and standards regulating the company work. The most important of these rules and regulations are the policies and procedures of disclosure and transparency; the policies and procedures of shareholders rights and the general assembly; the Board work regulation, and the policy of the conflicts

of interests of the board members, the executive administration and shareholders. The regulation of companies governance and the circulars issued by the Authority are the main source of the policy of the conflicts of interests of the board members, the executive administration and shareholders including misuse of the company assets and facilities, and misconduct resulting from transactions with relevant persons.

Definitions:

Independent board member:

The independent board member who is completely independent. The following are- but not limited to- are contradicting to independence:

- 1- The board member who owns 5% or more of the shares of the company or of any company of its group.
- 2- Representative of a corporate body who owns 5% or more of the shares of the company or of any company of its group.
- 3- The board member who is a senior executive of the company or of any company of its group in the last two years.
- 4- The board member who has a first kinship relationship with any one of the board members or of any company of its group.

- 5- The board member who has a first kinship relationship with a senior executive of the company or of any company of its group.
- 6- A member of the board of any company in the group of the company he is nominated to the membership of its board of directors.
- 7- The board member who is an employee- during the last two years- with any of the parties related to the company or of any company of its group such as chartered accountants and senior suppliers or a board member who possesses dominating shares in any of these parties during the last two years.

Non-executive board member:

A board member who is not a fulltime manager of the company or who does not receive a monthly or annual salary from the company.

Kin relatives:

Father, mother, husband, wife and sons.

Interested parties:

Any person who has an interest with the company such as shareholders, employees, creditors, clients, suppliers and society.

Small shareholders:

Shareholders whose shares are not dominant in the company and cannot affect the company.

Conflict of Interests:

1- General policy:

The interests of the board members, the executive management and shareholders are not allowed to conflict with the interests of the company except by permission from the general assembly to be renewed every year. The case of the conflict of interests generally occurs when the private interest of the board member, the executive manager or the shareholder contradicts or appear to contradicting in any way with the interest of the company or when the competence and objectivity of the board member or the executive manager is affected by personal interest at taking decision or when one of the relatives of the board member or the executive manager or the shareholder obtains special benefits as a result of his position in the company.

2- Executive procedures:

2-1 the board member may not have a direct or indirect interest in the works and contracts made for the company without permission from the general assembly renewable every year except the works awarded through general bid if the board member has the best bid. The board member shall notify the board of his personal interest in the works and contracts performed in favor of the company and this notification shall

be included in the meeting minutes. Any interested board member may not vote to the decision issued in this respect. The board chairman shall notify the general assembly in its meeting of the works and contracts in which any of the board members have a personal interest. A special report from the chartered accountant shall be attached to this notification.

2-2 a board member may not- without permission from the general assembly renewable every year- participate in any work competitive to the company work and he may not trade in any branch of the activity practiced by the company, otherwise the company shall have the right to claim indemnity from him or shall have the right to consider the operations performed by him for his own account as being performed for the account of the company.

2-3 the company may not provide any kind of cash loans to any of its board members without the consent of the general assembly, and the company may not guarantee any loan agreed upon by any board member with others except banks and other credit companies.

2-4 the board members may not disclose to the shareholders in meetings other than those of the general assembly or to others any of the company secrets which they become aware of by assuming the company management otherwise they will be fired and claimed to indemnify the company.

- 2-5 it is not permitted to combine with the work of accounts controller, participation in the company incorporation, the board membership, performing any technical or administrative work in the company even in the form of consultancy. The accounts controller may not be a partner of any of the company founders or any of the board members, an employee with him or near to him in the 4th grade. Any thing contradicting to this paragraph shall be deemed null and void and the violator must return what he receives from the company to the Ministry of Finance & National Economy.
- 2-6 the company shall be comply with the works performed with the board of directors within the limits of its competence, and it shall be claimed compensation for any damages which occur from illegal actions made by the company board members.
- 2-7 the board members shall be jointly responsible for compensating the company, shareholders or others for any damage which may occur from mismanagement of the company affairs, violating the provisions of the Companies Law, the company byelaw provisions or the provisions of this policy. Any condition violating to that shall be deemed null and void.
- 2-8 all the board members shall be responsible if any error results from a decision rendered by them unanimously.

Objectors who state their objection expressly in the meeting minutes shall not be responsible for decisions rendered by majority. Absence from a meeting from which a decision is rendered shall not be deemed a reason for exoneration from liability unless it is proved that the absent is unaware of the decision or if he cannot object it after being aware of it.

2-9 the company shall have the right to file a lawsuit on the responsibility of the board members for errors from which damages occur to all shareholders. The general assembly shall decide to file such a lawsuit and shall appoint a person to act for the company in such cases. If a decision is rendered on the company bankruptcy, the bankruptcy representative shall be responsible for filing the lawsuit. If the company is dissolved, the liquidator shall assume filing the lawsuit after obtaining the approval of the ordinary general assembly meeting.

2-10 except the cases of fraud and forgery, the responsibility case decided for the company shall expire by the consent of the general assembly to exonerate the board members from management liability. The said case shall not in all cases be considered after the elapse of one year from this consent.

2-11 any shareholder shall have the right to file a liability lawsuit for the company against the board members if an error made by them causes damages to him. The said shareholder may

not file the said case unless the company right to raise it is still existing, and the shareholder shall notify the company of his intention to file the lawsuit. If the shareholder files the said case, only the damage occurred to him shall be decided to him.

2-12 shareholders who represent at least 5% of the company capital shall have the right to request Commercial Disputes Settlement Commission to order inspection to the company if suspect occurs to them as result of the disposals of the board members or accounts controllers in the company affairs. The Commission shall have the right to order carrying out inspection in the company on the account of complainants after hearing statements of the board members or accounts controllers in a special hearing. The Commission shall have the right to order complainants to provide guarantee if necessary. If it is proved that the case is correct, the Commission may have the right to take any precautionary procedures it deems necessary, and shall have the right to ask the general assembly to take the necessary decisions. The Commission may in cases at utmost necessity fire the board members or accounts controllers and shall appoint a temporary manager and to decide his power and his task period.

3- Exchange upon internal instructions:

3-1 Concepts of disclosure and exchange upon internal information

3-1-1 for the purposes of applying the provisions of the Financial Market law and the provisions of this policy:

- Any person shall be deemed directly or indirectly exchanging the company share in any of the following cases:
 - a- if he performs a deal on the share for any account in which he has interest.
 - b- If he provides an offer to purchase or sell the share in the market.

- Every person shall be deemed directly or indirectly exchanging the company share in any of the following cases:
 - a- if he performs a deal as an agent of another person.
 - b- If he arranges a deal which one of its parties is one of his kin relatives or a person who has work or contractual relation with him.
 - c- If he arranges share exchange to his agent or to any person who acts on his behalf or according to shares exchange instructions.

- exchange shall be made upon internal information if it is directly or indirectly performed on the share according to internal information:

2-1-3 an aware person shall particularly mean any of the following:

- a board member, an executive official or a company employee.
- A person who obtains internal information through family relationship or through any person who has relation to the person who obtains the information.
- A person who obtains internal information through work relationship including obtaining the information through the company or through any person who has work relationship with the person who obtains the information or through any person who is work partner of the person who obtains the information.
- A person who obtains internal information through contractual relationship including obtaining the information through the company or through any person who has contractual relationship with the person who obtains the information.

3-1-3 internal information shall particularly mean the following information:

- Information related shares
- Information not disclosed to the public and not available to the public in any other way
- The information which an ordinary person knows from its nature and content that disclosing them to the public will materially affect the share price or value

3-2 prohibition of internal information disclosure:

3-2-1 any person who is aware of the information is prohibited from disclosing any internal information to any other person if he is aware or worthy of being aware that the other person can exchange shares upon these information.

3-2-2 any person who is unaware of the information is prohibited from disclosing any internal information to any other person if he is aware or worthy of being aware that the other person can exchange shares upon these information.

3-3 prohibition of exchange upon internal information:

3-3-1 any person who is aware of the information is prohibited from exchange upon internal information.

3-3-2 any person who is unaware of the information is prohibited from exchange upon internal information if he obtains these information from another person and he is aware or worthy of being aware that these information are internal information.

3-4 prohibition of the transactions of the board members and senior executives:

3-4-1 the board members, senior executives or any person who has relationship with any of them is prohibited from dealing in any financial papers of the company during the following periods:

- 10 days period before the end of the financial year quarter and until the date of announcement and publishing the initial results of the company.
- 20 days period before the end of the financial year and until the date of initial announcement of the annual results of the company or the final announcement of the annual results of the company whichever is shorter.