



[•] 2018

**CONFLICT OF INTEREST AND BUSINESS ETHICS  
POLICY**

**RABIGH REFINING AND PETROCHEMICAL  
COMPANY**

**(PETRO RABIGH)**

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## **Part 1:      Introductory Provisions**

### **1.      Introduction and Purpose**

- 1.1      The purpose of this policy (the “**Policy**”) is to ensure that the Company’s Directors, Officers, and Employees act ethically and honestly at all times and act in the best interest of the Company, comply with applicable legal requirements and are not influenced by undue personal interests when making business judgments and decisions on behalf of the Company.
- 1.2      The provisions of this Policy are mandatory. The Company’s Board and each Director shall oversee the implementation of the measures required to ensure the Company’s compliance with this Policy.
- 1.3      All Employees are required to read, understand, sign and comply with their employment and confidentiality agreements with the Company, as well as all Company’s policies.
- 1.4      The terms and expressions used in this Policy shall have the meanings assigned to them in Appendix 1, unless otherwise required by context.
- 1.5      This Policy is intended to implement and supplement the relevant provisions of the Bylaws. In case of conflict between this Policy and the Bylaws, the Bylaws shall prevail.

### **2.      Policy Scope**

- 2.1      This Policy sets forth the Company’s policies and procedures governing the identification, disclosure, review, and approval of conflicts of interest and potential conflicts of interest, whether direct or indirect, in the transactions or contracts concluded for the company by its Directors, Officers, and Employees, as well as setting out guidelines for professional conduct and code of business ethics.

## **Part 2:      Conflict of Interest**

### **3.      Conflict of Interest Examples and Guidelines**

- 3.1      It is neither practical nor possible to enumerate all the situations that might fall under this Policy. However, the following examples represent common situations of conflict of interest:
  - (a)      Investment relating to Directors, Officers, Employees, who personally or their Relatives has an investment interest with current or potential competitor or with any of the Company’s suppliers, contractors, consultants or clients. Such investment is considered as bearing a conflict of interest if the person gains a “substantial interest” linked personally to him or his family members (Parents, Spouse(s) and Children); or the percentage owned by such person or his direct Relatives equals or exceeds more than 5% in a listed Company or 30% in a non-listed Company.
  - (b)      Directors, Officers, Employees of the Company connected to any board of directors, whether profitable or non-profitable or to a committee, whether charitable or professional, that may imply directly or indirectly actual or potential conflict of interest.
  - (c)      Participating in a work or provision of services to another competitive entity or to an entity providing or trading in any of the Company’s activities, partially or fully, may imply, directly or indirectly, an actual or potential conflict of interest.

- (d) Directors, Officers, Employees who has a role in taking a decision to facilitate contracting with a commercial firm belonging to a family member (Parents, Spouse(s) and Children), or has an administrative power over a direct Relative.
- (e) Using the Company's assets and property for personal interest, may constitute actual or potential conflict of interest. This includes exploiting work hours, Company Employees, equipment or facilities for interests other than the Company's interests or its objectives and misuse of information gained through the relation with the Company, for achieving personal, family or professional gains.
- (f) Provision of any sort of loans to the Directors of the Company or its shareholders, or giving guarantee for loans presented from a third party, may be considered as manifestation of conflict of interest; except for the loans and guarantees granted by the Company in accordance with its Employees incentive program, approved by the management.
- (g) Gifts presented by a Company's client to an Employee or to his direct Relatives (Parents, Spouse(s) and Children) or to others upon his request may arise actual or potential conflict of interest. For the purpose of this Policy, any gift (trivial or valuable, expensive or cheap, physical or moral) will be considered an actual conflict of interest and honesty breaching if such gift is presented for performing or omitting a designated action.

3.2 The following guidelines include prohibited activities that must be disclosed and, if appropriate, reviewed and authorized:

- (a) Directors, Officers, Employees, and their family members (Parents, Spouse(s) and Children) are prohibited from (a) taking for themselves personally opportunities that are discovered through the use of Company property, information, or position; (b) using Company property, information, or position for personal gain; and (c) competing with the Company. Directors, Officers, and Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.
- (b) Directors, Officers, Employees and their family members (Parents, Spouse(s) and Children) are prohibited from acquiring property, real estate, or facilities (whether directly or indirectly, through ownership or lease) or trading in stocks or bonds of companies (except for Permitted Passive Investments) in which it is believed that the Company has an active or potential interest.
- (c) Directors, Officers, Employees are required to protect the Company's assets and ensure their efficient use for legitimate business purposes.
- (d) Directors, Officers, Employees are required to deal fairly with the Company's customers, suppliers, competitors, and Employees. The Company prohibits taking unfair advantage of its current or prospective customers, suppliers, competitors, and Employees through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.
- (e) Directors, Officers, Employees are prohibited from concealing potential and actual Conflicts of Interest by directly or indirectly falsifying, or causing to be falsified, any Company book, record, account, or document.
- (f) Directors, Officers, Employees are prohibited from concealing potential and actual Conflicts of Interest by directly or indirectly falsifying, or causing to be falsified, any Company book, record, account, or document.
- (g) Any permission given to a Company Employee to perform another work shall not represent an actual or potential conflict of interest with the Company.

#### **4. Obligations and Prohibitions**

##### 4.1 A Director or an Officer shall:

- (a) notify the Board of the of any current or potential Conflict of Interest as soon as he or she is aware of it and this notification shall be recorded in the minutes of the Board meeting;
- (b) perform his/her duties with honesty and integrity, and prioritize the interests of the Company over his/her own interest, and not use his/her position to achieve personal interests;
- (c) avoid situations of conflicts of interest and notify the Board of situations of conflict, which may affect his/her neutrality when looking into matters presented before the Board. The Board shall not allow such Director to be involved in deliberations and shall not count his/her vote when voting on such matters in the Board and the Shareholders Assemblies meetings; and
- (d) protect the confidentiality of the information related to the Company and its activities, and not disclose any of such information to any person.

##### 4.2 Each Director or Officer is prohibited from:

- (a) voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if he/she has a direct or indirect interest therein;
- (b) misusing or benefitting, directly or indirectly, from any of the Company's assets, information or investment opportunities presented to the Company or to him in his/her capacity as a Director. This includes investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall extend to a Director who resigns to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to his/her knowledge during his/her membership in the Board; and
- (c) accepting gifts from any person who has entered into commercial transactions with the Company if such acceptance of gifts may lead to a conflicts of interest; and
- (d) voting or acting on matters pertaining to that Director's or Officer's compensation.

#### **5. Conflict of Interest Disclosure**

##### 5.1 Initial and Written Disclosures at least once every two subsequent years.

Prior to a Director's initial election to the Board, or an Officer's employment by the Company, and thereafter on an annual basis, they shall submit to the Board in writing a discloser statement that contains the following:

- (a) any entity of which such person is a director, officer, trustee, member, owner (either as a sole proprietor or a partner) or employee and with which the Company has a relationship;
- (b) any transaction in which the Company is a participant and in which such person might have a conflicting interest (including any Financial Interest such person might have in a Related Party transaction);
- (c) any entity in which such person or a Relative of such person has a substantial Financial Interest and with which the Company has or is considering a Related Party transaction;

- (d) any engagement in business that may compete with the Company or any of its activities; and
  - (e) all material facts related to any current or potential conflict of interest.
- 5.2 The disclosure statement shall also include an affirmation that the person (i) has received a copy of this Policy; (ii) has read and understands the Policy; and (iii) has agreed to comply with this Policy. The Employee Relations department shall provide all completed statements to the Audit Committee. A copy of each disclosure statement shall be kept in the Company's files and made available to any Director or Officer upon request.

## **6. Review and Approval**

- 6.1 All Related Party transactions, and any other matters involving a conflict of interest that would ordinarily come before the Board, must be reviewed by the Board or an authorized Committee, which shall determine whether to approve or ratify any such matters in accordance with the procedures set forth in this Policy.
- 6.2 The Board or an authorized committee may approve a matter involving a conflict of interest only if it determines that such matter is fair, reasonable and in the best interest of the Company. The approval shall require at least a majority vote of the Directors or the authorized committee present and voting at the meeting. In addition, if the matter involves a Related Party transaction in which the Related Party's interest is substantial, prior to entering into any such Related Party transaction the Board or the authorized committee must determine that the value of the economic benefit provided by the Company does not exceed the value of the consideration received by the Company by obtaining and reviewing appropriate comparability data or alternative transactions to the extent possible.
- 6.3 If the General Assembly rejects renewing the authorization granted pursuant to Articles (71) and (72) of the Companies Law and Article (46) of the Corporate Governance Regulations, the Director shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from such contract, transaction or competing venture or regularize his/her situation in accordance with the Companies Law prior to the end of the period set by the General Assembly.
- 6.4 A person with a conflict of interest shall not:
- (a) be present at or participate in deliberations or voting relating to the matter giving rise to such conflict. However, the Board or authorized committee may request that the person with the conflict of interest present information as background or answer questions before the deliberations and voting on the matter; or
  - (b) improperly influence or attempt to influence the deliberations or voting relating to the matter giving rise to such conflict.

## **Part 3: Professional Conduct and Business Ethics**

### **A. Values and Principles**

#### **7. Compliance with Applicable Governmental Laws, Rules and Regulations**

- 7.1 The Company and its Directors, Officers and Employees shall comply with both the letter and the spirit of all laws, rules and regulations applicable in any jurisdiction where the Company conducts business. Individuals who have questions about whether particular circumstances may involve illegal conduct, or about specific laws that may apply to their activities, should consult their immediate supervisor, or Conflict of Interest & Business Ethics Committee or the Audit Committee, depending on the nature of the case.

#### **8. Fair Dealing**

- 8.1 Each Employee, Officer and Director should endeavor to deal fairly with customers, creditors, shareholders, suppliers, competitors, government officials and Employees of the Company. No Director, Officer or Employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, including but not limited to competitively sensitive information, misrepresentation of material facts or any other unfair dealing practice.

#### **9. Confidential Information**

- 9.1 Without derogating from any other agreement or legal obligation such as non-disclosure agreements signed with the Company, every Director, Officer and Employee of the Company is obligated to protect the Company's confidential information, as well as that of customers, suppliers, shareholders, fellow Employees and third parties who disclosed information to the Company in confidence.
- 9.2 Confidential information consists of proprietary information and information that is not generally available to the public and may give one who uses it an advantage over competition. Confidential information may include, without limitation, methods, products (actual or planned), trade secrets, formulae, resources, databases, internal office structure, personnel, financial data, price lists, pricing methods, trading conditions, technical data and information, marketing, marketing research and practices, business plans, prospects, client/customer lists, and personal or financial information. Confidential information can be in any form and on any medium, whether written or otherwise tangible. Proprietary information can be information that an Employee, Officer or director, acting alone or together with any other persons, may discover, create, develop, or improve while employed or engaged by the Company.
- 9.3 Upon termination of an Employee's or an Officer's employment or Director's or consultant's engagement, he or she will return to the Company all confidential or proprietary information in its possession or control.

## **10. Employee Relations and Non-Discrimination**

- 10.1 The Company prohibits harassment based upon an individual's race, ethnicity, national origin, religion, gender, marital status, age, disability, in each case to the extent covered by applicable law in the relevant country of employment as well as any other basis protected by such applicable law. The policy applies to all of the Company's Employees, Officers and Directors and any third party they come into contact with in the course of doing their job or engagement and to any work environment, whether at the Company's premises or in other work-related settings.

## **11. Environment, Safety and Health**

- 11.1 The Company is committed to conducting its business in compliance with all applicable environmental and workplace laws, regulations and permits in a manner that has the highest regard for the safety and well-being of its Employees, customers and the general public. Therefore, the Company expects all Employees, Officers and Directors to strictly follow the letter and the spirit of all applicable laws and regulations relating to workplace health and safety.
- 11.2 If an employee's or Officer's work involves compliance with any safety and health laws, it is the responsibility of the Employee or Officer to familiarize himself or herself with the relevant laws and regulations, including record keeping. Employees and Officers with questions regarding the requirements that apply to their work area should contact Employee Relations department.
- 11.3 All Employees, Officers and directors must immediately report any potential or suspected threat to human health to Employee Relations Department. Such reports must be made as soon as possible after the occurrence. Any applicable laws and regulations regarding reporting requirements must be complied with within the mandated time frames.
- 11.4 An Employee, Officer or Director must not report to work or work under the influence of unauthorized or illegal drugs and/or alcoholic beverages.

## **B. Company Assets**

### **12. Use and Protection of Company Assets**

- 12.1 Company assets may not be used for personal gain or for any business purposes other than the Company's business. This includes both tangible and intangible assets.
- 12.2 Some examples of tangible assets include equipment such as computers, electronic devices, supplies, vehicles, telephones, copy machines and furniture. Some examples of intangible assets include intellectual property such as know-how, pending patent information, trade secrets or other confidential or proprietary information (whether in printed or electronic form). The Company's name and any name, trademark, service mark, logo or trade name associated with it or any of its products are valuable assets of the Company and may not be used by Employees for personal gain or for any business purposes other than the Company's business.



- 12.3 Directors, Officers and Employees are responsible for ensuring that appropriate measures are taken to assure that Company assets are properly protected. In addition, Directors, Officers and Employees should take appropriate measures to ensure the efficient use of Company assets, since theft, carelessness and waste may have a direct impact on the Company's profitability.
- 12.4 Unless otherwise provided in an employment agreement and other agreement between the Company and an Employee, Officers or Directors, each Employee, Officer or Director will use the Company's equipment for the purpose of his or her employment or engagement only. Therefore, the use of computers or laptops, and any Company email account, shall be subject to scrutiny by the Company or on its behalf (for more information, see the provision below dealing with computer software, email and internet).

### **13. Removal of Equipment from Company Premises**

- 13.1 To protect the Company's physical assets, management approval is required for the removal of any equipment from the Company premises that is not designated as portable and for the Employee's use.
- 13.2 Upon termination of an Employee's or Officer's employment or Director's tenure or at any time upon request of the Company, he or she will return to the Company all equipment and/or other property of the Company, including computers, documents, magnetic media, and all other materials belonging to the Company and/or related to his or her activities while employed or engaged by the Company.

## **C. Gift Policies**

### **14. Receiving Business Courtesies, Gifts and Gratuities**

- 14.1 Building strong relationships with customers is essential to the Company's business. Socializing with customers and suppliers is an integral part of building those relationships. Common sense and sound judgment should always be exercised in providing or accepting business meals and entertainment or nominal gifts. While individual circumstances differ, the overriding principle concerning gifts is that Employees should not give or accept anything of value that could be perceived as creating an obligation on the part of the recipient (whether an Employee of the Company or a customer) to act other than in the best interests of his or her employer, or otherwise to taint the objectivity of the individual's involvement. It is the responsibility of each Employee to ensure that providing or accepting a gratuity is appropriate under the circumstances. When in doubt, a prudent policy should be adopted.
- 14.2 Employees shall neither seek, nor accept for themselves or others any gifts, favors, or entertainment without a legitimate business purpose, nor seek or accept loans (other than conventional loans at market rates from lending institutions) from any person or business organization that does or seeks to do business with, or is a competitor of, the Company. In application of this Policy:
- (a) in case the receipt of a gift is unavoidable due to legitimate business, cultural or traditional reasons (such as Ramadan, Eid or National Day), any gift in excess of SAR 100 must be officially declared to the Head of Human Resources and shall be considered as Company property under Human Resource custody;
  - (b) in case of the need to offer gifts for legitimate business or cultural or traditional occasions (such as Ramadan gifts or Company branded items), such gifts must be pre-approved by the CEO, and properly registered and documented;
  - (c) an especially strict standard is expected with respect to gifts, services, discounts, entertainment, or considerations of any kind from suppliers; and

- (d) it is never permissible to accept a gift in cash equivalents (e.g., stocks or other forms of marketable securities) of any amount.

## **15. Giving Gifts, Favors, and Entertainment**

- 15.1 Gifts, favors and entertainment may be given to others at the Company's expense only if they meet all the following criteria:
  - (a) consistent with the Company's customary business practices;
  - (b) not excessive in value and cannot be construed as a bribe or pay-off;
  - (c) not in violation of applicable laws or ethical standards; and
  - (d) public disclosure of the facts would not embarrass or undermine the Company or the Employee.
- 15.2 Accounting records and supporting documentation reflecting gifts, favors, and entertainment to others shall be accurately stated, including appropriate, clear, and descriptive text. Departments shall establish policies and procedures for approval in advance of gifts, favors, or entertainment of unusual monetary value.
- 15.3 Strict rules apply when the Company's Employees do business with governmental agencies and officials. Because of the sensitive nature of these relationships, the Company's Employees shall familiarize themselves and comply with this Policy, all relevant laws as well as Company policies before offering gifts or hospitality to government employees.

## **16. Bribes and Kickbacks**

- 16.1 It is unacceptable to directly or indirectly offer, pay, solicit, or accept bribes or kickbacks in any form. A bribe could be a payment, an offer, or a promise of anything of value (regardless of the amount). Neither the Company, nor anyone representing or acting for it shall bribe a government official or private individual in order to retain business, obtain an improper business advantage or for any other reason. A "government official" is an employee of a government and includes members of the armed forces, and members of royal families engaged in commercial activities. Also included are officials of public international organizations.
- 16.2 We must comply with the anti-bribery and corruption laws of the Kingdom of Saudi Arabia and of other countries where the Company: (i) employs their citizens/residents; and (ii) has business relationships with organizations belonging to these countries.
- 16.3 Non-compliance with anti-bribery and corruption laws may result in disciplinary action, dismissal, legal proceedings and possibly imprisonment. Failure to act on suspicions of bribery and corruption could result in liability for both Employees and our Company.

## **Part 4: Closing Provisions**

### **17. Violation of Policy**

- 17.1 If the Conflict of Interest & Business Ethics Committee or the Audit Committee has reasonable cause to believe that an Employee, Officer or Director has failed to comply with this Policy, it may investigate further. If the Conflict of Interest & Business Ethics Committee or the Audit Committee determines that such Employee, Officer or Director has failed to comply with this Policy, it shall take appropriate action as it deems appropriate.

### **18. Closing Provisions**

- 18.1 The Policy shall be adopted by a Board resolution and shall enter into effect from the date on which it is approved by the Board.
- 18.2 The Board shall oversee the implementation of this Policy and shall periodically review its provisions and recommend any amendments thereto to the Board.
- 18.3 Any amendments to this Policy shall be adopted in the same manner in which this Policy was adopted.
- 18.4 The Board shall comply with the relevant disclosure obligations and requirements under the Disclosure Policy and the applicable laws and regulations in respect of this Policy.

## Appendix 1

### Definitions

<b>Board</b> .....	The board of directors of the Company.
<b>Bylaws</b> .....	The bylaws of the Company
<b>Company</b> .....	Rabigh Refining and Petrochemical Company (Petro Rabigh).
<b>Conflict of Interest</b> .....	Any situation in which a Director's, Officer's, or Employee's private interest interferes in any way, or appears to interfere, with the interests of the Company as a whole. A conflict situation can arise when a Director, Officer, or Employee or any of their close family members (Parents, Spouse(s) and Children) takes actions or has interests that may make it difficult for the Director, Officer, or Employee to perform his or her Company work objectively and effectively. A conflict situation also arises when a Director, Officer, Employee, or close family member (Parents, Spouse(s) and Children), receives improper personal benefits as a result of the Director's, Officer's, or Employee's position in the Company.
<b>Chairman</b> .....	Chairman of the Board.
<b>Director</b> .....	Director of the Board.
<b>Employees</b> .....	All Officers, full-time salaried employees, temporary and loaned employees, and contractors.
<b>Executive Management</b> ..	Persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and his/her delegates and the Chief Financial Officer (CFO).
<b>Officer</b> .....	Member of the Executive Management.
<b>Related Parties</b> .....	<ul style="list-style-type: none"><li>(a) Substantial Shareholders of the Company.</li><li>(b) Directors of the Company or any of its affiliates and their relatives.</li><li>(c) Officers of the Company or any of its affiliates and their relatives.</li><li>(d) Board members and senior executives of substantial shareholders of the Company.</li><li>(e) Entities, other than companies, owned by a Director or Officer or their relatives.</li><li>(f) Companies in which a Director or an Officer or any of their relatives is a partner.</li></ul>

- (g) Companies in which a Director or an Officer or any of their relatives is a member of its board of directors or is one of its senior executives.
- (h) Joint stock companies in which a Director or an Officer or any of their relatives owns (5%) or more, subject to the provisions of paragraph (d) of this definition.
- (i) Companies in which a Director or an Officer or any of their relatives has influence on their decisions even if only by giving advice or guidance.
- (j) Any person whose advice or guidance influence the decisions of the Company, the Board and the Executive Management.
- (k) Holding companies or affiliates.

Advice or guidance that is provided on a professional basis by a person licensed to provide such advice shall be excluded from the provisions of paragraphs (i) and (j) of this definition.