



CONFLICT OF INTEREST POLICY

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Version 1.0

Mushrif Trading and Contracting Company

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Mushrif Trading and Contracting Company

Glossary

Term	Definition
Mushrif or the Company	Mushrif Trading and Contracting Company
AGM	Annual General Assembly Meeting
Chairman	Chairman of the Board of Directors
BOD	Board of Directors
CMA	Capital Markets Authority
the Policy	Conflict of Interest Policy

1. Introduction

Mushrif Trading and Contracting Company (hereinafter referred to as “Mushrif” or “the Company”) is committed to professionally managing potential conflicts of interest which may arise and to ensure that the interests of the Company and its stakeholders are well protected.

This policy has been prepared in line with the Corporate Governance Rules issued by Capital Markets Authority (CMA) and other related regulatory requirements. The policy is considered as part of the Company’s Corporate Governance Framework.

1.1 Purpose

The purpose of this document (hereinafter the “Policy”) is to ensure that appropriate procedures and measures are in place to identify and effectively manage any material “Conflict of Interest” and that the Board of Directors appropriately deals with actual, potential and perceived conflict of interest and that all decisions are made in the best interests of the Company.

This Policy addresses the following:

- Identifying mechanisms appropriate to mitigate conflicts of interest and setting out reasonable procedures to handle such conflict as and when it arise.
- Identifying procedures for disclosure of any direct or indirect interest with the Company.

This Policy is a supplement to the Company’s overall general obligation to act with integrity and fairness towards its stakeholders. This must be read in conjunction with the company’s Code of Conduct and Related Party Transactions Policy.

1.2 Scope

This Policy document applies to the Company, Board of Directors, and Executive Management and is in line with the Company’s Code of Conduct where conflict of interest may impinge on the interest of the Company and its stakeholders. It is essential that all Directors and management understand the requirements of this Policy and related laws and regulations carefully and comply with its contents.

Wherever the provisions of this Policy contradict with any newly issued statutory or regulatory requirements, the statutory and regulatory requirements will take precedence over the provisions of this Policy until the policy is properly updated and approved.

1.3 Custodian

The Board Secretary shall have the custody over the master copy of this policy. The contents of this Policy, other than areas to be disclosed on the Company’s website, are confidential and are intended for internal use of the Company only.

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This Policy document should always be kept in a read-only status and must not be copied or revealed to third parties without the expressly written permission of the Board.

Requests for circulation of soft copies of this Policy are to be made only to designated personnel.

1.4 Responsibility for Implementing the Policy

The Board of Directors and Executive Management shall have the responsibility to comply with the terms of this policy, the Board Secretary shall monitor the implementation of this policy and maintaining a copy of disclosure forms received as well as updating the Conflict of Interest Register on behalf of the Board and Executive Management.

1.5 Policy Revisions

The Board Secretary is Responsible for reviewing the policy on an annual basis and when needed, taking into account the extent of compliance with laws and regulations issued by CMA and others regulatory authorities, in addition to the need to amend the policy approved by the Board of Directors. The Board Secretary will submit proposed amendment to the Board for approval. Once the changes are incorporated in the Policy, the relevant page (or pages) will be updated by the version and the date.

The table below tracks the manual revision and changes made. In the "Page Number" section, links will direct the user to the mentioned page to promptly trace such changes.

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Sr	Version Number	Version Date	Section	Page Number	Approval
1					
2					
3					
4					
5					

Acknowledged and approved by Board of Directors on (date): _____

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Definition of Conflict of Interest

Conflict of interest may arise as a result of the various activities and roles of the Company or between the interests of the Company or its shareholders and stakeholders and those of the Company's Board members or Executive Management i.e. where the Company enters into a business relationship with an entity owned by one of the Company's Board members or members of the executive Management.

Conflicts of interest may also arise when a Company is part of a broader group. For example, where the Company is part of a group, reporting lines and information flows between the Company, its parent company and/or other subsidiaries can lead to the emergence of similar conflicts of interest.

2. Potential Parties

Potential Parties are people or entities in which a conflict may arise between their interest and the interest of the Company due to their position and kinship or ownership in other companies. The potential parties where conflicts of interest may exist are the following:

- The Company and its Board Members.
- The Company and its Executive Management.

Board members and the Company

- Every Board member has a responsibility to the Company, its stakeholders and to each other. Although this duty does not prevent them from engaging in personal transactions and investments, it does demand that they avoid situations where a conflict of interest might occur or appear to occur.
- A conflict situation can arise when a Board member or a member of his/ her first or second degree relative takes actions or has interests that may make it difficult for the Board member to make decisions on behalf of the Company objectively and effectively.
- A conflict of interest can also arise when a Board Member or a member of his/her first or second degree relative receives improper personal benefits as a result of the Board Member's position in the Company.
- If a Board Member believes he/ she has an actual or potential conflict of interest with the Group, the Board Member shall notify the Chairman as promptly as practicable. The Board member shall not in any event participate in any Board decision that in any way relates to the matter related to the conflict of interest.

Executive Management and the Company

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In case of an actual or potential conflict involving key management personnel, the actual or potential conflict of interest must be reported to the Board Secretary.

3. Roles and Responsibilities

This section sets out the roles and responsibilities pertaining to the management of conflict of interest.

4.1. Board of Directors

- The Board of Directors is committed to ensuring the Company operates under the highest standards of ethical behavior and fiduciary duties.
- The Board is ultimately responsible in implementing appropriate standards and mechanisms to avoid or at least limit conflicts of interest.
- Board members and their relatives, up to their second degree of kinship, should not have an interest – directly or indirectly – in company's business or contracts that the Company is part of without an approval from the AGM.
- The board member should inform the Board of Directors of any interest they may have in a certain transaction or contract, the same should be recorded in the BOD minutes of meeting. The board member is not allowed, in that case, to vote in any decision related to such contract/ transaction.
- Board members should not be a board member of the Board of a competitor or be part of any transaction that is considered as competition to the Company or invest in any activity carried out by the Company without obtaining proper approval from the Company's Annual General Assembly.
- The Company shall not grant board members, executive management, any of their first or seconds degree relatives or subsidiaries any loans unless an approval from the AGM is obtained.
- The BOD members shall not trade in shares owned by them in the Company throughout their board membership unless approval is obtained from CMA.
- The Board shall review any potential conflict of interest with respect to Board member and identify procedures to handle such conflict.
- The Board of Directors shall ensure that mechanisms are in place to prevent any potential parties including the BOD and Executive Management the misuse of Company's resources or exercise the authority granted to them to achieve a personal gain.
- A board member should abstain from participating in discussing or voting in any transaction or contract where the member may have a conflict of interest or where the member's objectivity or ability to properly fulfill duties to the Company may be otherwise compromised.

4.2. Executive Management

- Executive Management should refrain from taking any decision or handling any tasks where a conflict occur directly or indirectly in a way that would hinder the executives ability to objectively handle tasks and responsibilities assigned to them.
- Members of the Executive Management should not be involved in any paid or unpaid business relation with an external entity without a prior approval from the Board of Directors after ensuring that such relation will not result in any conflict that would negatively affect the member's ability to handle tasks and responsibilities assigned to him/ her.
- Members of the Executive management should not be a board member or an executive in any other company without ensuring that such membership will not lead to a conflict which would negatively affect his/ her ability to handle tasks and responsibilities assigned to him/ her.

4.3. Board Secretary

- The Board Secretary is responsible to give appropriate consultation to the Board or Executive Management on whether a potential conflict of interest may arise in a certain situation or a transaction based upon a request for analysis by the Board, Executive Management, or business functions.
- The Board Secretary is responsible for coordinating with the Internal Audit Function during the process of reviewing the adequacy of controls and systems for detections of potential instances of conflict of interest
- The Board Secretary shall inform the Board of Directors, Executive Management and concerned departments/ functions in case of changes in applicable laws and regulations related to conflict of interest.

4.4. Internal Audit

- The Internal Audit Function as a third line of defense shall assess the compliance with the Conflicts of Interest Policy.
- The Internal Audit Function shall present to the Board of Directors audit observations related to conflict of interest that have been noted during the execution of internal audit activities.

4.5. Annual General Assembly

- The Chairman of the Board shall present to the AGM during its annual meeting all contracts and activities in which a conflict occur between the Company and

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any of its Board Members, this should also include a special report prepared by the External Auditor in that regard.

- Board members should obtain an approval from the AGM in regards to any activity which may be of competition to the Company, any trade in activities carried out by the Company or any direct or indirect interest in contracts formed with the Company.

4. Measures Adopted to Manage Conflict of Interest

The following are measures adopted by the company to identify and handle conflict of interest:

5.1. Identification of conflict of Interest

In order to identify potential conflict of interest incidence, the Company should have visibility to the interest of its Board members and Executive management.

Each member of the Board and Executive Management should, upon appointment, disclose to the BOD all interests and business relations and any relevant directorships, employment or significant interests of first and second degree family members which may affect their ability to handle tasks and responsibilities assigned to them. Such interests should be documented by the Board Secretary in the Conflict of Interest Register.

Members of the Board and Executive Management should review and update the Declaration of Interest Form on an annual basis and should also disclose immediately any changes that may result in conflicts. The disclosure of mutual interest includes the following:

- Positions held in other companies/ entities.
- Board membership in other companies.
- Direct or indirect shares ownership in any company which is a client, competitor or a key vendor of the Company or any other entity which deals with the Company in any other way.
- Kinship up to first degree with any of board members or executive management of key companies/ entities that the Company deals with.
- Any other interests which may be related to the tasks and responsibilities assigned to board members or executive management.

Upon receipt of respective declarations, The Board Secretary shall review received declarations and report conflicts to the Board that would in turn discuss the matter with the concerned party until conflict is approved or resolved through termination of relationship. In case, the reported conflict requires AGM approval, the Board shall ensure that a list of such conflicts is prepared and discussed during the AGM for approval.

The Board of Directors shall periodically review the following:

- Any changes in conflict of interest disclosures
- All conflict of interest cases that occurred along with measures taken to handle such cases.
- As and when required, the Board may request any of the members of the Executive Management or the employees to step aside from performing a certain task or activity in which he/she may have a personal interest in directly or indirectly.

5.2. Segregation of Duties

Where appropriate, the Company have arranged for the supervision and/or functional segregation between employees or functions carrying out activities for shareholders and stakeholders whose interests may conflict, or where the interests of shareholders and stakeholders may conflict with the interests of the Company. This has been designed to prevent the simultaneous involvement of a Board member, Executive Management or employees in services or activities where such involvement may impair their ability to properly manage conflicts.

In case a potential or actual conflict arise within a function, the Company may segregate the functions into two separately managed functions or ensure that each activity within the function is managed by different senior members of staff.

5.3. Flow of Information

- Members of the Board or Executive Management should not misuse information provided to them during the course of their work to achieve a personal gain, members should also refrain from disclosing any information or data related to the Company unless otherwise authorized by applicable laws and regulations.
- The Board of Directors, in coordination with the Executive Management, should ensure that a mechanism is place to regulate the process of exchanging information between various business functions and strict access to information to concerned employees only to ensure the best interest of the Company and its clients.
- Appropriate controls are in place to identify and manage cross-board memberships and external business interests.

5.4. Reviewing potential conflict of Interest instance

In principle, any dealings with a related party shall be conducted in such a way that no preferential treatment is granted to the related party that would not otherwise be given to any other stakeholder.

Any transaction entered with a related party shall be conducted in compliance with

the Company's "Related Party Transaction Policy".

While assessing declarations received, the Board Secretary should review the forms in conjunction with the List of Related Parties to identify any transaction included in the declaration form which takes place with a related party.

If the evaluation of the related party transaction raises a concern for Conflict of Interest or in case a case of conflict was raised by any of the concerned departments that classifies as a transaction with a related party, the same shall be discussed with concerned department, Board Secretary and the CEO. The Board Secretary and the CEO shall take decision in regards to transactions related to Executive management (below CEO), and consider the need to consult with the Board Audit Committee prior approving the transaction.

If the transaction is linked to the Board members or the CEO, the Board Secretary shall present the evaluated instances to the Board to take required decision.

If the case of material cases of conflict of in cases where the conflict is related to a Board member, the respective Board resolution should be issued in the presence of the majority of members. The concerned member in that case shall not participate in taking the decision related to his/ her interest.

The Board Secretary should update respective register to reflect the final decision related to the transaction.

In all cases of uncertainty, cases should be presented to the Board. The Board may in such case for a dedicated committee or refer the matter to the Audit Committee, Risk Committee or any external party for consultation before obtaining/ giving required approval.

5.5. Investigation of Conflict of Interest

The Board of Directors shall discuss interests which have not been disclosed by Board Members or members of the Executive Committee, such member shall not be present at the meeting in which the conflict is discussed.

If deviation of this policy occurred and a transaction/ relation that entail conflict of interest was identified, the Board should decide on appropriate corrective action required to resolve the conflict.

Deviation from this policy may be identified through one of the following:

- 1- Execution of Internal Audit activities.
- 2- A mechanism is in place to enable employees to report any concerns while setting appropriate arrangements to investigate such concerns fairly and independently (refer to **Whistleblowing Policy**).

3- A mechanism is in place to enable stakeholders from outside the Company to report any concerns or violations.

5.6. Conflict of Interest Register

The Board Secretary shall maintain a "Conflict of Interest Register" to record declarations of any direct or indirect interest that Board Members and Executive Management may have with the Company as illustrated in **Appendix 2** of this policy. The register should highlight measures taken in regards to identified incidents and Board/ AGM approval if granted or action taken to resolve the conflict. The Register should also clearly highlight all cases identified which is related to a transaction with a related party.

5. Examples of Conflict of Interest

Conflicts of interest may arise in various situations. Listed below are non-exhaustive examples of what may be considered typical conflicts of interest that may arise in relation to services provided by the Company:

- If a Board Member or an Executive's external interest or activity may influence, or appear to influence, their ability to act in the best interests of the Company.
- If a Board Member or an Executive, while handling assigned tasks and responsibilities, accepts gifts or hospitality from any third party which may influence, or appear to influence, their ability to make decisions.
- If the Board Member, Executive or any of their first or second degree relatives has a direct or indirect interest in transactions or contracts formed with or on behalf of the Company without obtaining required approval from the AGM.
- If the Board Member participate in an activity or transaction which is considered as competition to the Company or trade any of the activities carried out by the Company without obtaining required approval from the AGM.
- If the Company granted any of the Board Members, Executives or any of their first or second degree relatives or subsidiary any loans without obtaining required approval from the AGM.

Appendix 1: Declaration of Interests Form

General Rules

- This form is applicable for the Company's Board of Directors and Executive Management.
- This form should be filled by Board Members and Executive Management upon appointment.
- This form should be circulated to Board Members and Executive Management for review and update on an annual basis (December of each year).
- Board Members and Executive Management should update the form immediately upon occurrence of any change which may lead to a conflict of interest.
- The Board Secretary shall update this form in case of new laws or regulations, the form shall then be approved by the Chairman. The form should also be serially numbered or labeled with the updating date for users to be able to indicate that the form has been updated.

Declaration of Interests Form

Name: _____

Position: _____

Date: _____

Sr.	Description	Yes	No	Illustration
1.	Are you currently or have been occupying an executive position in other companies? In case your answer was "Yes", please specify companies and titles.			
2.	Are you currently a board member in other companies? In case your answer was "Yes", please specify companies.			
3.	Do you have a first or second degree relative who is a board member or occupying a key position in any of the key parties that the Company deals with (Client, Key Vendor, Competitor, etc.)? In case your answer was "Yes", please specify companies, relatives name, kinship and position.			
4.	Do you own any share in any of the companies that the Company deals with (Client, Key Vendor, Competitor, etc.) directly or indirectly? In case your answer was "Yes", please specify companies and holding percentage.			

Any other interest with the Company either directly or indirectly (please specify)

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I hereby confirm that to the best of my knowledge, the above information is complete and correct.

I undertake to update the information provided directly in case of the occurrence of any change which may result in a conflict or negatively affect my independence or ability to handle tasks and responsibilities assigned to me in the best way that would serve the best interest of the Company and achieve its objectives.

I also undertake to review and update information provided in this form on an annual basis.

Name: _____

Position: _____

Signature: _____

Appendix 2: Conflict of Interest Register

Sr.	Date	BOD Member or Executive's Name	Concerned Entity/ Party	Concerned Entity/ Party is a Related Party	Conflict Description	Measures Taken to Handle Conflict	Date of Reporting Conflict to BOD	Date of Obtaining AGM Approval <i>(if Required)</i>	Follow-up and Comments
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									