

CODE OF CONDUCT & BUSINESS ETHICS

JAWAD SHEHADEH
CHIEF EXECUTIVE OFFICER

P.O.Box– 88373, Riyadh-11662,
Kingdom of Saudi Arabia,
Tel:- +966-11-2411222, Fax:- +966-11-2413395
jawad@al-babtain.com.sa



البابطين للطاقة و الاتصالات
AL-BABTAIN POWER & TELECOM

Statement of Integrity

At Al Babtain Power & Telecommunication Company (AB P&T) and its subsidiaries “Integrity” remains indispensable core value to our mission. Over half a century, our journey of lasting success and worldwide reputation sprang through employee’s commitment, act of honesty, adherence to the highest standards of moral, ethical values & principles through personal and professional behavior integrated with the world class quality of Products & Services in our business conduct.

We at AB P&T, as a socially responsible entity, strive to demonstrate our understanding of these values & principles and uphold them in our action and decision. Trust and trustworthiness go hand in hand with how we conduct ourselves. We expect our actions to be consistent with our words, and our words to be consistent with our intentions. We accept our responsibilities and subject ourselves to the highest standards of public trust.

I strongly encourage and ask again each employee of AB P&T to make a personal commitment to follow our Code of Conduct. A set of comprehensive AB P&T’s Business Ethics policies on key integrity issues will guide us in our ethical & professional commitments and conduct.

The employees, not only must comply with the letter of these policies but also with their spirit and report any actual or perceived violations to authorities concerned.

“Never compromise our commitment to integrity in every aspect of our business”.

If you have any further question or concern about what is proper conduct for you or anyone else, promptly raise the issue with your Manager. I assure that there will be no retribution and retaliation for those reporting possible violations.

I urge the Managers of AB P&T and all its subsidiaries to set a role model and serve as an ethics advocate & foster a culture in which compliance with company policy and applicable law is at the core of our business activities.

We are all privileged to work for one of the best companies in the Middle East & North African Region. It is now our responsibility to preserve and strengthen this heritage for those who will follow us what has been AB P&T’s foundation for success for more than 50 years.

JAWAD SHEHADEH

**Chief Executive Officer
Al-Babtain Power & Telecommunication Co.**

CONTENTS

Content	Page No
Content	3
Introduction	4
Purpose	4
Scope	4
Employee Responsibilities	4
Managers Responsibilities	4
Top Management responsibilities	4
Core Values and Code of Conduct	5
Business Ethics Policies	5
Working with Customers, Suppliers, Agents & representatives	6
➤ Improper Payments associated with Customers & Agents	6
➤ International trade controls	6
➤ Money Laundering prevention	7
➤ Privacy of customer Information	7
➤ Dealing with suppliers	8
Dealing with Governments	8
Competitive practices	8
Social Responsibility	9
➤ Environment , Health & safety	9
➤ Fair employment practices	9
Safeguarding AB P&T Assets and Information Integrity	10
➤ Conflict of interest	10
➤ Integrity and control of Financial reports & records	11
➤ Intellectual property	11
➤ Proprietary Information	12
➤ Insider Trading	12
Waivers and Amendment of this Policy	12

Introduction

This code of conduct and Business Ethics Policies manual addresses a set of policies, which helps all employees across the region of operation to maintain a consistent approach on key integrity issues, compliance to applicable laws and regulation that prevails from time to time. The matters covered in this policy manual are significant to the company & its employees, shareholders, business partners.

Adherence to this policy will protect the company and its employees from criticism, loss of reputation, penalties, fines and even imprisonment, which might result from alleged, or real conflicts of interest, unethical practices and human rights violation. Nothing in this code and policy or other related communication (written or oral) creates or implies an employment contract.

Purpose:

To establish the “ **Code of Conduct and Business Ethics Policy** “advising Management, Staff and other employees of their obligation to conduct themselves and their business affairs in accordance with the highest standards of business ethics & protection of basic human rights.

Scope:

This “**Code of Conduct and Business Ethics Policy**” applies to all AB Power & Telecommunication Co and its subsidiary’s Management, Staff and other Employees, which includes regular and contract employees working in KSA & other regions of operation, as well as Third Parties who represent AB Power & Telecommunication Co and its subsidiaries such as consultants, agents, sales representatives, distributors, independent contractors and alike.

All Management, Staff and other employees hereafter will be referred to as “Employees” throughout this policy, unless otherwise stated. AB Power & Telecommunication Co and its subsidiaries will be referred to as “Company”, unless otherwise stated.

Employee Responsibilities (includes employees of third parties as well)

- Learn and become familiar with the details of policies in general and have a detailed understanding of policies that apply to your job.
- Maintain a high standard of ethical business conduct in your dealings.
- Act in a responsible manner to ensure basic human rights are protected in all your work place dealings.
- Promptly raise any concern that you may have about possible violation of any company policy through your Manager or Compliance Officer.

Manager’s Responsibilities

- Ensure that compliance risks associated with business processes / activities under the Manager’s administration and control are identified and communicated to all concerned including third parties as mentioned in the scope.
- Implement appropriate control measures to detect compliance risks and /or violations and testing such controls periodically and when in doubt.
- Initiate corrective action to fix any identified weaknesses in control measures and improve its effectiveness in consultation with Compliance Officer.
- Take appropriate disciplinary action to prevent any such violation in consultation with Compliance officer while respecting human rights protection granted in the labour laws.

Senior Management Responsibilities

- Compliance Officer shall review effectiveness of policy compliance including those reported by Internal Auditors with Senior Management annually or as deemed appropriate and provide recommendation for improvements, where deemed appropriate.
- Compliance Officer shall then discuss the results of those reviews with the CEO and initiate any advisory issued by CEO.

Note:- In case of any further assistance or information , you may contact the Compliance Officer.

Core Values

- *We are customer focused*
- *We do right things, right*
- *We are open, honest , fair and flexible*
- *We think partnership, we are one team*

Code of Conduct

- *Conduct all the affairs of the company at all times in accordance with the highest standards of business ethics.*
- *Obey the applicable laws and regulations including Human Rights laws governing our business conduct in the region of operation.*
- *Be honest, responsible, fair and trustworthy in all your company activities and dealings with customers, vendors, co-workers, contractors, shareholders and the general public.*
- *Avoid all conflicts of interest between work and personal affairs.*
- *Respect and safeguard all property, including intellectual property and confidential business information of Company and Others who entrust on us.*
- *Foster an atmosphere in which fair employment practices extend to every member of the diverse AB P&T community.*
- *Strive to create and maintain a safe workplace and to protect the environment by all available means.*
- *Through role model at all levels, sustain a culture where ethical conduct and human rights principles are recognized, valued and demonstrated by all employees.*

Business Ethics Policies

The following are the set of policies to implement the company's Code of Conduct and are designed to help AB P&T employees across the region of operation to take a consistent approach to key integrity issues.

Section-1 Working with Customers, Suppliers, Agents & Representatives:

“When working with customers and suppliers in every aspect of our business, never compromise our commitment to integrity & respect for human rights”.

The following are the policies that relate to the ways our company interacts with customers, suppliers, Agents and Representatives.

➤ 1.1 Improper Payments associated with Customers & Agents.

This policy sets forth the company's standards of conduct and practice for certain kinds of payments, entertainment and other contributions while maintaining relationship with customers, agents and alike. Any violation of this policy can result in civil and criminal penalties for the company and individuals since most countries prohibit the bribery of their own public officials, and also prohibit the bribery of officials of other countries.

- ❖ Never give, offer, or authorize the offer, either directly or indirectly, of anything of value (such as goods or a service or money in the form of bribes) to a customer, customer's representatives or government official to obtain any improper advantage or to expedite a routine administrative action.

However, the above policy does not prohibit the following business courtesy offerings:-

- Lawful reimbursement for reasonable and bonafide expenditures – for example, travel and living expenses incurred by customers or related parties and directly related to the promotion of products or services, or to the execution of a contract.
- Gifts of nominal value which cannot be interpreted as inducements to trade or advertising / promotional materials clearly marked with company or brand names.
- Entertainment that involves reasonable expenditures offered infrequently consistent with customary business practice in the relevant regions of operation and takes place in an environment that is appropriate as leisure and not of influencing.
- When selecting or appointing persons or firms to represent the company (such as a consultant, agent, sales representative, distributor etc.), exercise due diligence through background and reference checks regarding one's tendency to engage in illegal activities or dealings as described above and ensure that they are aware and comply in accordance with the above stated policy through written agreements and surveillance.

➤ 1.2 International Trade Controls

Many countries regulate international trade transactions, such as imports, exports and international financial transactions, for a variety of reasons, including national security, foreign policy, human rights abuses during war or civil unrest etc. Hence, violation of any such Import and Export laws and regulations impose severe penalties including loss of import or export privileges, civil and criminal fines, imprisonment and seizure of shipments etc.

Therefore the company requires all its employees who undertake or coordinate such assignments shall adhere to the following policy:-

- ❖ Follow relevant & current international trade control regulations including licensing, prohibitions, shipping documentation, relevant import / export documentation, reporting and record retention requirements etc.. of KSA, other regions of operations and other countries in which you conduct business.

The above relevant information shall be obtained through liaison with Customers, Suppliers, Agents, Representatives, and Government bodies such as Chamber of Commerce, Customs, Embassies etc. as well as other parties involved as the case may be.

- ❖ Make sure that all international transactions are screened against all applicable laws and regulations, if any, which restrict transactions with certain countries and/ or individuals.
- ❖ Understand which party to the import transaction bears legal responsibility for the accuracy of import documentation. In the event that the company bears legal responsibility, then monitor and verify the accuracy and completeness of information presented to government authorities by the company or by its agents.

Where an Agent bears the legal responsibility, ensure that the company provides the full and accurate information the agents needs to complete import documents.

➤ 1.3 Money Laundering Prevention

Money laundering: -“A process by which ‘filthy money’ generated by criminal / illegal activities is converted through legitimate businesses into assets that cannot be easily traced back to their illegal origins.”

As many countries now have laws against money laundering which prohibit the acceptance or processing of the proceeds (revenue generated) of criminal / illegal activities, the company is committed to complying fully with all applicable anti-money laundering laws and to conduct business only with customers who are involved in legitimate business activities.

All employees dealing with customers are required to “**know your customers**” well and to take reasonable steps as detailed below to ensure compliance with this policy.

- ❖ Obtain enough information and documentation about prospective customers, joint venture partners and affiliates through exercise of due diligence to the best of your ability to ensure that they are involved in legitimate business activities.
- ❖ Be aware of the types of payments that have become associated with money laundering activity (for example, large amounts of cash or cheques on behalf of a customer from an unknown third party)
- ❖ If you encounter any suspicious case (for example unusually favorable payment terms, lack of concern for any critical issues, confusing / doubtful delivery locations, unconvincing answers for significant queries etc.) raise your concern with your Manager or Compliance Officer and be sure to resolve your concern promptly before proceeding further with the transaction.

➤ 1.4 Privacy of Customer Information

Protecting the privacy of Customer / Agents information against unauthorized use or disclosure is vital and often it is part of many contractual agreements usually in the form of confidentiality clause. Further, many countries now have Privacy and Data Protection laws regulating or restricting the collection and use of information other than for the intended purpose. Hence, all employees who collect, possess and handle such information are required to comply with the following:-

- ❖ Keep secure your business records containing customer privacy information, including computer-based information against improper and/or unlawful tampering and intrusion by others through use of sufficient physical & logical access controls in coordination with IT department.
- ❖ Secure your communication whether transmitted electronically or by other means through exercise of due care (preventing from unintentional transmission to personnel other than intended addresses) and appropriate soft controls in case of sensitive information (e.g. encryption, password protection etc).
- ❖ In the event that a need arise for disclosing customers privacy information for other purposes, you must consult your Manager or Compliance Manager as appropriate prior to any such actions.

Note:- In case of any further assistance or information on physical or logical protection of electronic data, you may contact IT Dept..

➤ 1.5 *Dealing with Suppliers*

The company is committed to establish its relationships and dealings with suppliers / subcontractors on lawful, efficient and fair practices as well as complying with prevailing national regulations and laws. Since the quality of our supplier relationships often has a direct bearing on the quality of our customer relationships, therefore it is essential for our employees who engage in such assignments to adhere to the following policy.

- ❖ Follow Government procurement trade regulations (Refer “International Trade Controls Policy” section 1.2 for more details), if any, when initiating any procurement.
- ❖ Ensure that Supplier selection is made on competitive bidding based on matters of importance such as Quality, Cost, Delivery, Health & Safety, Environmental, Service, and Favorable term & condition, thereby providing all potential suppliers a reasonable opportunity to partner with the company’s business.
- ❖ Do business with suppliers who comply with applicable legal requirements including those related to human rights issues such as child labour, forced labour, illegal discrimination, wage protection, employee’s health & safety and environmental etc in addition to the company’s requirements concerning intellectual property rights and improper payments.
- ❖ Do not involve in any activity, which either directly or indirectly lead to personnel gains while dealing with suppliers.(Refer “Conflict Of Interest Policy” for more details)
- ❖ However, employees may accept voluntary non-monetary gifts, provided they are items of nominal value or advertising or promotional materials clearly marked with company or brand names.
- ❖ Safeguard the company’s confidential information and proprietary information, if provided to suppliers, with a documented confidentiality agreement. Similarly safeguard any supplier-provided information protected by any confidentiality agreement.

Note: *You may consult your Manager where gifts that might conflict with these guidelines are offered by an individual or company with whom the company conducts (or could conduct) business.*

Section- 2. Dealing with Government

The company conducts sizable volume of its business with Government either directly or indirectly. Further, employees may be interacting with government / public officials on a variety of matters governed by applicable laws and regulation. Thus, the company requires that such employees shall maintain highest ethical standards by adhering to the following policy:-

- ❖ Be aware of and abide by applicable laws & regulations of the respective country and government entity’s supplier’s code of conduct, if any, associated with government contracts and transactions.
- ❖ No employee shall make or offer to make any form of improper payment, direct or indirect, to any national or foreign government / public official in favour of the company’s business, regardless of any local custom or practice overlooking or encouraging such payments.
- ❖ Be truthful and accurate while dealing with government officials and agencies that represents them.

Note:-. *Refer also “International Trade controls” (section 1.2) while dealing with foreign governments.*

Section-3. Competitive Practices

The company values that fair competition is fundamental to a healthy business environment and its sustainability. Thus the company requires concerned employees to adhere to the following policy while appreciating and encouraging our competitive excellence in a fair, ethical and meritorious manner:-

- ❖ Comply with all applicable Competition laws, Anti-trust laws, Policies and Treaties, if any, pertaining to the company’s region of operation.

- ❖ Do not propose or enter into any arrangement or understanding with any competitor or third parties that restricts the company's ability to compete with other businesses, or the ability of any other business organization to compete with the company through one or more of the following:-
 - Restriction on company's pricing policies / terms upon which its products and services may be sold to others,
 - Restriction on the number and type of products manufactured or sold,
 - Any other restriction that might in any way be interpreted as price fixing or dividing customers / sales territories with competitors.
- ❖ Ensure that company advertisement related to products and services provide fair representation of the features & advantages and does not contain deceptive statements or misleading claims.

Section- 4. Social Responsibility

➤ **4.1 Environment, Health & Safety**

In response to our commitment on community compliance, all are required to strive to create a safe and healthy working environment for our employees and to avoid adverse impact to the environment in general and the communities in which we do business, in particular.

The following is intended to provide as general guidance:-

- ❖ Comply with all relevant EHS laws and regulations of our regions of operation as well as company's QHSE Management System.
- ❖ Strive to create and maintain a safe working environment and prevent workplace injuries through effective implementation of ISO 45001 Occupational Health & Safety Management System.
- ❖ Strive to innovate ways (eg:- recycling , reuse, prevent / reduce defects & waste etc) by which we can reduce our emission , consumption of raw materials, energy, fossil fuels, water and other natural resources.
- ❖ Promote and encourage our supply chains for the adoption of environmental, health & safety practices in accordance with ISO 14001 EMS & ISO 45001 OHSMS.
- ❖ Eliminate unreasonable risks from our products, activities and services that adversely impact customers / consumers, employees and communities.
- ❖ Respect the environmental rights and interests of our neighbors & global community.
- ❖ Feedback any concerns on EHS matters reported by Customers or Community to QHSE / QCHSE Manager for necessary actions and improvements.

➤ **4.2 Fair Employment and Labour Practices**

The company is committed to fair employment practices and comply with applicable labour laws wherever it operates. To this effect, the company requires all its designated / authorized employees to adhere to the following policy:-

- ❖ Comply with all laws and regulations concerning employment.
- ❖ Use qualification, experience, performance and other job related criteria as the primary basis for all employment-related decisions such as selection, promotion, compensation & benefits etc.. affecting employees and applicants taking into account the applicable Saudiization norms.
- ❖ Do not discriminate on opportunities based on a person's race, color, religion, national origin, age or other characteristics protected by the law taking into account the applicable Saudiization norms.
- ❖ Provide conducive work environment and career development programs for disabled employees so as to fulfill their aspiration.

- ❖ Provide a work environment free of harassment, such as those directed at a person because of his race, religion, etc in any form, whether physical, verbal or non-verbal.
- ❖ Exercise due care while recruiting employees and offering compensation to ensure compliance with applicable labour laws concerning human rights issues such as child labour, forced labour, minimum wages and overtime premium rate, working hours, leave & other benefits.
- ❖ Treat all fellow employees with dignity, courtesy, fairness, respect and ensure that any disciplinary practices applied does not involve harsh or inhumane treatment such as physical punishment, mental / physical coercion, verbal abuse etc.
- ❖ Address the grievances of employees, if any, in a fair manner through established mechanism in accordance with company policies, applicable laws & regulations.

Section-5. Safeguarding Assets & Information Integrity.

Each of us have a role to safeguard company property, whether it is a piece of equipment, an electronic file, a company trademark or confidential information about an upcoming deal / project and also to maintain the company's financial integrity by keeping company records accurate.

In addition, employees with authority have a fundamental obligation in their capacity to make sound business decisions on behalf of company that are undistorted by personal or other interests.

The following are the policies that concern our responsibilities for protecting company's assets including information integrity:

➤ 5.1 Conflicts of Interest

“Conflict of Interest arise when an individual's position or responsibilities with the company present an opportunity for personnel gain apart from the normal reward of an employment entitled for”

The company recognizes and respects that its employees may take part in legitimate financial and other activities outside their jobs. However, those activities must be lawful and free of conflicts with your responsibilities as employees. You are required to maintain highest standards of ethics and loyalty to the company by adhering to following policy:-

- ❖ Disclose your outside activities, financial interests or relationships that may present a possible conflict of interest or the appearance of a conflict from your own professional stand point.
- ❖ Do encourage & implement at your capacity, job rotation among your sub ordinates, where feasible in general or when an appearance of conflict of interest is felt.
- ❖ Do not misuse company resources and facilities for personal gain other than those generally permitted by company policies / practices.
- ❖ Do not take for yourself personally any opportunities that the company could have an interest in, that are discovered through the use of company's position, information or property.
- ❖ Obtain necessary approvals from the authority concerned before accepting any position in an outside business concern regardless of whether you perceive a conflict of interest or not. However, this does not infringe your privacy rights in any manner that does not conflict with the company interest; instead it will only fulfill transparency aspect of your conduct.

The following are the some of the other potential situation where an employee's interest may appear to be conflicting with company's interest. This serves only as a general guidance for alertness, but not limited to:-

- Employment by a competitor, regardless of the nature of the employment, while employed by the company.
- Placement of business with any company in which an employee, or any member of the employee's family who has a substantial ownership interest or management responsibility.
- Ownership of or substantial financial interest in any business entity which is a competitor to the company.

- Acting independently as a consultant to the company's competitor, customer or supplier.
- Engaging in any activity or employment that interferes with your work at the company.
- Receiving gifts of greater than nominal value of customary practices from suppliers, customers while you are in a position to influence the company's decisions that might conflict with the company's interest or violation of this policy.

➤ 5.2 Integrity & Control of Financial Reports and Records

The company is committed to maintain integrity & maximize value we create for our shareholders and towards fulfilling our business, legal and financial obligation. To this effect, all employees involved in this process are required to adhere to the following:-

- ❖ Follow the company's Accounting Procedures / Policy Manual as well as all generally accepted accounting principles, standards, laws and regulations for accounting and financial reporting of transactions, estimates and forecasts.
- ❖ Maintain sound processes and internal controls sufficient enough to provide reasonable assurance on the reliability and integrity of financial and operational information, including those affecting the preparation of Financial Statements and disclosures.
- ❖ Ensure that financial and non-financial transactions are authorized by designated individuals as per the Authority and Responsibility Matrix.
- ❖ Ensure that financial and non-financial information and metrics are reported accurately without any material misstatement and on a timely basis.
- ❖ Maintain complete, accurate and timely records and accounts to reflect all business transactions of the company.
- ❖ Cooperate with the company's Internal and External Auditors in the best manner that provides an environment conducive for them to accomplish their audit objectives.
- ❖ Do not make any disclosures about company's Financial, Operational and other sensitive information to any media unless you are authorized to do so in writing.
- ❖ Safeguard all physical, financial, informational and other company assets with adequate preventive, detective and corrective controls.
- ❖ Use economic, risk-based criteria and factual analysis to make business decisions.
- ❖ Retain all relevant document and records in accordance with company's record retention policies and applicable laws and regulations or as directed by company Legal Advisor (in the event of potential litigation).
- ❖ Ensure safe disposal methods for documents and records (both in soft and hard format) after their expiry from documented retention periods.

➤ 5.3 Intellectual Property

It is the company's policy to establish, protect, maintain and defend its rights in all commercially significant intellectual property. Further, the company also respects the valid intellectual property rights of others. In this regard, unauthorized use of the intellectual property rights of others may expose the company to civil law suits and damages. To this effect, the company requires its employees to adhere to the following to safeguard these assets.

- ❖ Identify and protect company's commercially significant intellectual properties.
- ❖ Do not permit any third party to use the company's Intellectual Property without proper authorization by concerned authorities.
- ❖ Understand that this policy also applies to any new inventions and ideas that you may develop while serving as an employee will become the intellectual property of the company.

- ❖ Report / enforce a claim deemed to be necessary regarding breach of intellectual property rights by others through your Manager / Compliance Officer in a way consistent with the law.
- ❖ Respect valid patents, copyrighted materials and other protected intellectual property of others including Customers and Suppliers.

➤ 5.4 Proprietary Information

Proprietary information is a valuable business asset and provides a competitive edge for the company's success' it is committed to ensure the protection and use of such information throughout the conductance of its business. All employees are required to adhere to the following to that effect.

- ❖ Understand that all proprietary information developed by the company is intended solely for the company purposes. This includes but not limited to all or any part of the following:

• Scientific	• Technical	• Business information
• Designs	• Procedures & Process Know-how	• Formulas
• Strategic plans	• Business and Marketing plans	• Market surveys
• Cost and Price Surveys	• Customer lists	• collective corporate knowledge

- ❖ Do not disclose the above proprietary information except to those who are authorized and confidentially bound to the company by means of an agreement to benefit the company.
- ❖ Do take all possible steps in your capacity to protect the company's proprietary information against unintentional disclosure or other unauthorized access by handling such information with due diligence.

➤ 5.5 Insider Trading

The company is committed to a fair and open markets for publicly traded securities to protect the investors and promote a healthy investment climate. To this effect, this policy requires all employees to avoid Insider trading which is prohibited by the Capital Market Law of KSA and other countries as well.

“Insider trading or dealing means personally buying or selling stock or other securities of a company while in possession of inside information about that company which is not available to the general public and such information in view of the nature and content, if revealed, would have a material effect on the price or value of such security”.

Observe the following with regard to compliance to this policy:-

- ❖ Do not recommend or suggest to anyone to buy, sell, or retain the stock or other securities of the company while you have inside information about the company obtained during your course of dealings.
- ❖ Do not disclose sensitive inside information (Refer below for more details) to anyone outside the company, except when such disclosure is needed to enable the company to carry on its business properly and effectively. While doing so, you are advised to consult your Manager to determine that such disclosure is really needed and appropriate steps have been taken to prevent any potential misuse of the disclosed information.

Inside information is non-public information about anything that could affect a company's stock price including a potential merger, acquisition, disposition or joint venture; a substantial contract award or termination; a major lawsuit or claim; an earnings announcement or change in dividend policy; a significant product development; the gain or loss of a significant customer or supplier; or planned filing of a bankruptcy petition etc..

Section-6. Waivers and Amendment of this Policy

The company intend to periodically review the” Code of Conduct and Business Ethics Policy” and make any appropriate amendments as necessary.. Employees shall be notified of all changes to this policy as and when it comes into effect. Any waiver to the provision in this policy must be approved in writing by the Chief Executive Officer of the company.