



Corporate Governance Structure Manual

GENERAL CORPORATE POLICIES

I. CONTROLLING THE OPERATIONS OF SEDCO GROUP "the Group"

Management is charged with the responsibility and authority for controlling the operations of the Group and its business units in a manner which:

- Safeguards the Group's resources;
- Ensures the reliability of data and information;
- Promotes efficient and effective operations; and,
- Ensures that plans and intentions of the Board of Directors and management are carried out.

Controlling is an integral part of managing operations. As such, it is the responsibility of management at all levels of the Group, to:

- Identify and evaluate the exposures related to the conduct of its operations;
- Specify and establish the policies, operating standards, procedures, systems, and other disciplines to be used to limit the risks associated with the exposures identified;
- Establish practical controlling processes that require and encourage employees to perform their tasks in a manner that achieves a positive control result; and,
- Maintain the adequacy and effectiveness of the controlling processes that have been established.

A. The Concept of Controlling

Controlling is any action taken by management to enhance the probability that established goals and objectives will be achieved. Those actions may be either preventive (to avoid undesirable events or outcomes), detective (to detect and correct undesirable events which have occurred), or directive (to cause or encourage a desirable event to occur).

Whatever forms the action may take; controlling is a positive force, exerted through people, to achieve a stated goal or objective.

An expense budget can help serve to illustrate the process of controlling. The preparation and approval of an expense budget is a directive action taken by management to detect and correct (monitor) undesirable events that may have occurred. Finally, any action taken by management to

prohibit further expenses (of a certain type) from being incurred in the future is a preventive control.

The four broad, generic objectives of controlling operations are to:

1. Safeguard the resources for which the individual manager is responsible, including human resources and the goodwill of the Group;
2. Ensure the reliability of data and information either used internally or reported externally;
3. Promote efficient and effective operations; and,
4. Ensure that management's intentions are carried out, including those outlined in plans, policies, procedures, and are in compliance with the laws/regulations under which the Group operates.

B. Management's Responsibility for Controlling

To have an adequate and effective process for controlling operations, managers at all levels of the Group have the following responsibilities:

- Foster an environment conducive to controlling.
Each manager's behavior and attitude toward control will influence the attitudes of other employees. The manager who demonstrates high ethical and personal standards, integrity, diligence, loyalty, and honor will create an environment that encourages adequate and effective controlling processes within his sphere of influence.
- Identify the exposures to loss and ascertain the risks involved in conducting operations.
Each exposure to loss, whether in the marketplace or internal, must be identified for each entity, function, activity, department, and/or system in the organization. Each exposure must then be evaluated for its impact on the company, the probability of occurrence, and its controllability on a cost effective basis.
- Establish an infrastructure of "business fundamentals" comprised of policies, operating and performance standards, budgets, plans, systems, procedures, etc., that addresses the exposures identified and reduces them to an acceptable level of business risk. Business divisions should have controlling tools that include the following:
 1. Strategic Plans
 2. Annual Budgets
 3. Periodic Reports – Actual vs. Budget
 4. Business Performance Reviews
 5. Limits of Authority
 6. Performance Evaluation Cards
 7. Internal Audit

- Establish practical (cost effective) controlling processes that motivate, channel and/or otherwise direct employees to perform their work in a manner that achieves a positive control result.
- Establish an on-going monitoring program to determine and report on the effectiveness with which the controlling processes accomplish their intended purpose.

II. PROPER BUSINESS PRACTICES

A. Statement of Policy

It is a fundamental policy of the Group to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards which should be in line with Shari'a guidelines that SEDCO Group abides by.

The Proper Business Practices Policy set forth in this statement provides general guidance. Since it is not possible to provide guidance for all situations that may arise; it is, therefore, the individual employee's responsibility to exercise good judgment to act in a manner that will favorably reflect upon the Group and the individual.

Employees shall comply with the spirit as well as the letter of this Policy. Employees shall not attempt to achieve indirectly, through the use of agents or other intermediaries, what is forbidden directly.

B. Applicability

The Policy applies to all employees of the Group throughout the world, including employees of subsidiaries and other business units under the Group's management.

C. Implementation

All managers are responsible for both ensuring that employees under their supervision are familiar with the Policy and for promoting compliance with the Policy.

Officers and other employees of the Group in salary grades 13 and above (or the equivalent) as well as others who are managers, in charge of major cost and profit centers will be required to ensure that:

- a. They have personally read and understand the Policy.
- b. They have taken appropriate steps to bring the Policy to the attention of each employee under their supervision who is authorized to make

commitments on behalf of the Company or is in a position to influence decisions.

- c. They have complied with these policies and know of no violations by employees under their supervision except violations that have been reported.

The Internal Audit Department will determine compliance with the Policy as part of its standard auditing procedures.

Compliance with the Policy is essential. Violations will result in disciplinary action, including dismissal where warranted.

D. Questionable or Improper Payments or Use of the Group's Assets

The use of any funds or assets of the Group for any unlawful or improper purpose is strictly prohibited.

Employees of the Group shall not accept any bribes, kickbacks or any other form of financial or in-kind benefit for taking any action in their role as the Group's employee.

Commercial business entertainment, which is reasonable in nature, frequency and cost, is permitted within approved budget.

F. Conflicts of Interest / Acceptance of Gifts

A conflict of interest exists whenever an employee is in a position, as a result of his or her employment with the Group, to further any personal financial interest or that of a member of the employee's immediate family.

The following examples, which are by no means exhaustive, illustrate situations that would be considered conflicts of interest and are prohibited:

- a. An employee acts as agent for supplier of goods and or services to the Company, or has any interest in a party that does business with the Company, particularly, where the employee has a say in awarding that party the Company's business or is privy to information that may help in the award.
- b. An employee's competition with the Group in the acquisition or disposition of rights or property.
- c. An employee's acceptance of, or giving permission to a member of the employee's immediate family to accept, gifts or favors of more

than nominal value from an actual or prospective customer, supplier or competitor of the Group, or any employee. This does not preclude an employee's acceptance of reasonable business entertainment, such as a lunch or dinner, or events involving normal sales promotion, advertising or publicity.

All gifts exceeding the value of SR 300 must be reported (Appendix A) to the Managing Director of the business group or CEO of a subsidiary (if the gift recipient is employed in a subsidiary) or the CEO of SEDCO (in case of Corporate Office Group staff) who will decide on an appropriate disposition of the gift. The report should be in writing and should provide the name of the giver, the name of the recipient, description of the gift item and its estimated market value. A copy of the report should be filed with SEDCO Group's Corporate Governance Compliance Officer who is also the head of Internal Audit.

The following situations would not be considered conflicts of interest:

- d. A transaction considered customary and conducted on standard commercially available terms, such as a home mortgage or a bank loan.
- e. A transaction or relationship disclosed in accordance with this Policy and determined by SEDCO Group's Corporate Governance Compliance Officer not to be a prohibited conflict of interest.

Actual or potential conflicts of interest involving an employee or his immediate family shall be reported in writing to the employee's immediate supervisor, who shall consult SEDCO Group's Corporate Governance Compliance Officer to determine whether a conflict of interest actually exists and to recommend measures to be taken to neutralize the adverse effect of the conflict of interest reported.

This procedure shall be applied so as to minimize its effect on the personal affairs of employees consistent with the protection of the Group's interests.

No employee should place himself in a position that gives rise to even the appearance of a conflict of interest.

G. Books and Records of the Group

The Group's books, records and accounts shall accurately and fairly reflect the transactions of the Group in reasonable detail and in

accordance with the Group's accounting practices and policies. Specifically:

- a. No false or deliberately inaccurate entries (such as over billing) shall be made for any reason. Discounts, rebates, credits and allowances do not constitute over billing when lawfully granted; the reasons for the grant should be set forth in the Group's records, including the party requesting the treatment.
- b. No payment shall be made with the intention or understanding that all or any part of it is to be used for any purpose other than that described by the documents supporting the payment.
- c. No undisclosed or unrecorded funds or assets shall be established for any purpose.
- d. No false or misleading statements, written or oral, shall be made to any internal or external accountant or auditor with respect to the Group's financial statements or documents to be filed with appropriate governmental office or agency.

H. Payment of Amounts Due to Customers, Agents, or Distributors

All commission, distributor or agency arrangements must be made in writing, and must provide for services to be performed and must be based on a fee that reflects reasonable and fair value for the services involved; i.e., not in excess of normal value for the product sold or the cost of doing business.

All payments for commissions, discounts or rebates must be made by the Group's check or draft (not in cash).

Credit memoranda are the preferred method of affecting a rebate and should be issued to the customer unless the Group's check or draft (not cash) is necessary due to the nature of the transaction. Any check or draft should refer to the sales invoices involved and indicate the amount of discount or rebate and number of units.

All payments or discounts, rebates and commissions shall be fully disclosed in the accounting records maintained by the controller's offices for each business unit. Proper documentation of contracts and agreements shall be maintained.

I. Reporting Violations

All employees of the Group are responsible for bringing violations of this Policy to the attention of the senior management through normal

reporting channels or by reporting violations to SEDCO Group's Corporate Governance Compliance Officer. In addition, all managers are responsible for taking corrective action when such reported Policy violations come to their attention.

II. CORPORATE AUDIT POLICY

SEDCO Group supports an independent audit function. The audit function plays an essential and useful role in the conduct of successful operations. It serves to examine and evaluate financial, administrative and operational activities, supplying management personnel at all levels with information to assist in their control of the assets and operations for which they are responsible. This Policy applies to auditing relationship with all the Business Units and sets forth the guidelines by which this function will be carried on.

A. Independent Public Accountants

The Audit Committee of the Board of Directors recommends the appointment of the Group's external auditors to the Board of Directors, who in turn shall recommend them to the shareholders for approval (see Point 5 on page 4 re "Role of Board"). The role of the external auditors is to assure the conduct of independent, professional audit as required by statutory regulations. Independent public accountants may also be requested to perform special non-audit services as deemed necessary by management and the CFO, approved by the CEO, to the extent that such services do not in any way affect the independence of the external auditors nor limit the scope of their independent examination. The Audit Committee of the Board of Directors will review the extent of such non-audit services on an annual basis to assure that such independence is not impaired. The independent public accountants will report to the Audit Committee of the Board of Directors any major concerns they may encounter in their work.

B. Internal Audit Program

A comprehensive internal audit program is pursued to provide the CEO and other members of senior management with evaluations of the effectiveness of internal controls over accounting, operational and administrative functions. The internal auditors will ensure that their activity is always conducted with the highest standards of business ethics, integrity and honest dealings in all areas and functions within the Group and with all outside parties.

The VP-Internal Audit will develop and carry out the internal audit program and assure its coordination with the activities of all external auditors and regulatory authorities.

The Internal Auditors and the Independent Auditors shall have direct access to the Audit Committee of the Board of Directors. At least annually, the Audit Committee of the Board of Directors shall meet with the VP-Internal Audit during which the Committee shall ask for comments on a) management support of the audit function, b) quality of the audit effort, c) quality of the internal controls, and d) other areas of concern that the VP-Internal Audit feels appropriate.

The Internal Auditors shall, to the maximum extent possible, have no authority over, or responsibility for any of the activities audited, and shall not perform accounting or other operational functions outside their organization that might require subsequent audit.

The Internal Audit Department is the sole organization that is charged with performing internal audits within the Group.

Only personnel assigned to the Internal Audit Department will be referred to as *internal auditors* and only their work will be referred to as *internal audit activities*. Others performing other work involving normal review and verification of various aspects of the Group's operations will not be referred to as internal auditors and their work will not be referred to as internal audit activities.

C. Internal Audit's Responsibility

The Internal Audit activity of the Group is responsible for periodically evaluating the processes of controlling operations of all its business units. That responsibility is carried out in three distinct steps:

1. Ascertaining that the design of the process of controlling, as it has been established and represented by management, is adequate;
2. Determining, through compliance testing and other procedures, that the process is, in fact, functioning as intended in an effective and efficient manner; and,
3. Reporting the results of audit work performed, whereas as note and offering recommendations for improving the controlling process.

The frequency and scope of auditing the control process is determined by the head of Internal Audit of the Group, in consultation with the executive management.

The Internal Audit Department should, where required, assist in the research and review of business processes or issues, and aid management to institute any processes or controls that may be required. It is important that Internal Audit acts, and is seen to be acting, as an integral part of SEDCO's organizational structure – and not play the role of a policeman.



APPENDIX A

Reporting of Gifts Received

Name of Recipient	
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Name of Giver	
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Description of the Gift Item	1. _____ 2. _____ 3. _____
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Estimated Market Value of Gift	SR
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Signature of Recipient	
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Comment of the MD of the Business Group or CEO of a subsidiary or CEO of SEDCO Group (in case of Corporate Group Staff):

- Gift to be retained by recipient
- Gift to be handed over to SEDCO HR-VP

Signature of MD/CEO	
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Date	
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Gift received by Vice President, Human Resources and appropriate receipt signed.

Signature of VP-HR	
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Date	
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Gift Receipt

Name of Employee	
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Group / Department	
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Name of the Gift Item/s	1. _____ _____ 2. _____ _____
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Name of the Giver	
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Gift/s Received by HR

Name of the Receiver	
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Signature of the Receiver	
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Date	
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SEDCO CODE OF BUSINESS CONDUCT

Introduction

The Code is intended to help the employees of SEDCO understand their responsibilities in conducting business on behalf of the Company and its subsidiaries. The Code addresses SEDCO employees' responsibilities to each other, business partners, shareholders, and government agencies. The Code applies to our Board members with respect to their relationships with, or any of their business arrangements on behalf of SEDCO and its subsidiaries. Therefore, all references to "employees" in this Code shall include all levels of management as well as the members of our Board of Directors. Any violation of the Code will be reported to the Corporate Governance Compliance Officer of the Group, who is also the head of Internal Audit of the Group. All employees are required to conduct their business activities on behalf of SEDCO in accordance with the principles and standards of this Code. The business must be conducted in total conformity with the applicable laws, rules and regulations of Saudi Arabia as well as the countries and communities in which the Company operates.

It is important to highlight that the Code is not a comprehensive manual that covers every conceivable situation the employees throughout the world might encounter. Instead, it is intended to serve as a guide that highlights key issues and identifies the policies and resources available to help reach decisions that will make SEDCO proud. Each employee must comply with the policies and follow the procedures contained in the Code using his best judgment and common sense. Remember, no code, no matter how clear and comprehensive, can guarantee ethical behavior. Only each of us can.

Vision and Mission

Vision: Become a leading global Islamic wealth management organization.

Mission: Grow wealth through financial innovation and investment in business activities that conform to Shari'a.

We have adopted our Vision and Mission to guide us as a Company. Our Vision represents where we want to be in the future and the Mission is a statement of what we strive for. It is essential to keep in mind that adherence to the Code is a crucial aspect of accomplishing the Vision and the Mission. In order to achieve the Vision and the Mission while adhering strictly to the Code, the following must be given priority focus:

Serve Shareholders

- We will accept only excellence in serving the shareholders.

Support our People

- Our people will receive guidance, counseling and feedback on their performance and will be rewarded through a fair and clearly communicated compensation scheme.
- Our employees are our most valuable resource. Those staff members demonstrating good potential for career advancement will be helped in achieving their potential through internal or external training and career development plans.

Provide Leadership

- The primary responsibility of a manager is to inspire his team, build team spirit and lead the entire team to success.
- We are committed to fairness in recognition and reward for achievement.
- We are committed to a healthy balance between business and private life.
- We promote an atmosphere of open communication and honesty.

Conflicts of Interest / Acceptance of Gifts

A conflict of interest exists whenever an employee is in a position, as a result of his or her employment with the Group, to further any personal financial interest or that of a member of the employee's immediate family.

The following examples, which are by no means exhaustive, illustrate situations that would be considered conflicts of interest and are prohibited:

- a. An employee acts as agent for supplier of goods and or services to the Company, or has any interest in a party that does business with the Company, particularly, where the employee has a say in awarding that party the Company's business or is privy to information that may help in the award.
- b. An employee's competition with the Group in the acquisition or disposition of rights or property.
- c. An employee's acceptance of, or permitting a member of the employee's immediate family to accept, gifts or favors of more than nominal value from a current or prospective customer, supplier or competitor of the Group, or any employee. This does not preclude an employee's acceptance of reasonable business entertainment, such as a lunch or dinner, or events involving normal sales promotion, advertising or publicity.

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This procedure shall be applied so as to minimize its effect on the personal affairs of employees consistent with the protection of the Group's interests.

No employee should place himself in a position that might give rise to the appearance of a conflict of interest.

Respect for All Individuals

At SEDCO, we respect the mix of our employees from around the world while striving to achieve Saudization. Employment decisions are based on factors such as qualification, talent potential and achievements and always in accordance with the laws and regulations of Saudi Arabia or the laws of any jurisdiction the employees operate. Everyone must always behave appropriately and professionally with his colleagues, inside and outside the office.

Personal Insult

Abusive or offensive conduct is unacceptable at all levels. The Company has no tolerance for any personal insult or derogatory comments based on racial, ethnic characteristics or religious beliefs. Offensive remarks concerning a person are not acceptable in our work environment. Threats or acts of violence or physical intimidation are strictly forbidden. The management encourages employees to speak out if a co-worker's conduct makes for an uncomfortable environment or affects daily work.

Safety and Health

SEDCO and all employees are responsible for maintaining a safe workplace by establishing and following safety and health rules and policies. Everyone without exception is responsible for reporting immediately to the management any accident, injury or unsafe working condition.

Communication Systems

SEDCO's communications systems, including telephones, mobile phones, peripherals, Internet and email systems, are provided to employees for business purposes to help them do their job. They are not to be used for viewing, receiving or transmitting any material or information which violates the laws, regulations, customs and traditions of the Kingdom of Saudi Arabia or other relevant jurisdictions including, without limitation, 'pornographic', 'political', 'harmful' or otherwise deviates from the teachings of Islam. This, of course, also applies to any client or vendor communications system to which the employee maybe granted access as a representative of the Company. No pirated software is allowed for use at SEDCO.

While it is understood that there could be need for limited and occasional use of communication systems for personal purposes, employees must be aware that all messages sent and received on their communication systems may be monitored, reviewed and stored. They should not have any expectation of privacy with respect to these communications.

Employees are responsible for familiarizing themselves with the more detailed policies that are separate from this Code, regarding the use of SEDCO's information systems, software, and Internet access that are made available in order for them to carry out their business activities.

Responsibility to Owners and Shareholders

At SEDCO, we pride in placing the shareholders' best interests first in all that we do and we must always strive for their satisfaction through the highest level of service.

Owners and shareholder Information

At SEDCO, it is critical to protect sensitive, private or confidential shareholders' information, such as personal and financial information just as carefully as we protect our own.

It is prohibited to discuss or disclose material Company or shareholders information outside SEDCO without prior and proper authorization. Under no circumstances, employees are allowed to disclose financial information of the shareholders without their permission.

It is not possible to identify all information that would be deemed material, but the following examples illustrate some relevant matters that would be considered confidential:

- Financial performance, especially quarterly and year-end results of operations, and significant changes in financial performance, financial condition or liquidity.
- Total Assets, Shareholder's Equity and Total Net Worth of the Group.
- Company projections and Strategic Plans.
- Potential mergers and acquisitions or the sale of assets, businesses or subsidiaries.
- Significant changes or developments in businesses or business lines.
- Significant changes or developments in the value of assets or pricing of services.
- Pending changes in senior management.

Responsibility for Business Partners

It is important for SEDCO to maintain its strong image in the business community. To this end, SEDCO tries to be very careful and selective in choosing the people and or Groups it does business with.

Choosing Business Partners

SEDCO will not conduct business with those who are likely to harm its reputation. For example, the Company will avoid doing business with any Company or person who intentionally and/or continually violates the business code of good ethics or the laws of the governmental authorities. Employees are accountable for the due diligence on the background, reputation and standards of conduct of our partners, or people with whom we engage in business. We must try our utmost to ensure that companies or people with whom we transact any type of business meet the terms and the standards required by our Code.

Strengthening of SEDCO's Brand

The SEDCO name, brand identity and logo are powerful and valuable assets that differentiate us from our competitors. Our words and actions as SEDCO employees and the business decisions we must take support and advance the Company name, brand identity, brand positioning and personality. SEDCO is a well-known Company. We must promote the name and brand in all activities and transactions in a globally consistent manner. No right to use the Company name or brand is to be granted to any third party except with appropriate approval from the CEO of SEDCO Group and our Legal Department.

Reporting a violation of the Code

In the event that an employee has been involved in a possible violation of the Code, or if he witnesses or learns of a potential violation of the Code, he must report this immediately to his manager or Group Compliance Officer (the head of the Internal Audit Department) who in turn will escalate the issue to the CEO of the business Units, with advice to the CEO of SEDCO Group. The employee must also fully and truthfully cooperate in any investigation the Company conducts. Failure to do so could be cause for a disciplinary action, including termination of employment.



APPENDIX A

Reporting of Gifts Received

Name of Recipient	
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Name of Giver	
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Description of the Gift Item	1. _____ 2. _____ 4. _____
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Estimated Market Value of Gift	SR
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Signature of Recipient	
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Comment of the MD of the Business Group or CEO of a subsidiary or CEO of SEDCO Group (in case of Corporate Group Staff):

- Gift to be retained by recipient
- Gift to be handed over to SEDCO HR-VP

Signature of MD/CEO	
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Date	
-------------	--

Gift received by Vice President, Human Resources and appropriate receipt signed.

Signature of VP-HR	
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Date	
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Gift Receipt

Name of Employee	
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Group / Department	
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Name of the Gift Item/s	1. _____ _____ 3. _____ _____
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Name of the Giver	
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Gift/s Received by HR

Name of the Receiver	
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Signature of the Receiver	
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Date	
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