



**Policy For Dealing with Conflicts Of Interest
And Related Party Transactions of
Abdullah Al-Othaim Markets Company**

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Part One: Introductory Provisions

1 Definitions

- **Company:** Abdullah Al-Othaim Markets Company, a “Saudi public shareholding company.”
- **Companies Law:** The Companies Law issued by Royal Decree No. (M/3) dated 28.01.1437h.
- **Authority:** The Capital Market Authority.
- **Market:** The Saudi Stock Exchange.
- **Shareholders:** Everyone who owns shares in Abdullah Al-Othaim Markets Company.
- **Board of Directors/Board:** The Board of Directors of Abdullah Al-Othaim Markets Company.
- **The General Assembly:** An association formed from the shareholders of Abdullah Al-Othaim Markets Company in accordance with the provisions of the Companies Law and the Company's Articles of Association.
- **Relatives or relationship of kinship:**
 - Fathers, mothers, grandfathers, and grandmothers. (And their ancestors).
 - Children, and their children. and their descendants
 - Full brothers and sisters, from father or mother.
 - Husbands and wives.
- **Executive Management or Senior Executives:** Persons entrusted with managing the day-to-day operations of Abdullah Al-Othaim Markets Company and proposing and implementing strategic decisions, such as the CEO, his deputies and the financial manager.
- **Stakeholders:** Every person who has an interest with Abdullah Al-Othaim Markets Company, such as employees, creditors, customers, suppliers, and the community.
- **Major Shareholders:** Anyone who owns (5%) or more of the shares of Abdullah Al-Othaim Markets Company or the voting rights in it.
- **Person:** Any natural or legal person recognized in this capacity by the laws of the Kingdom of Saudi Arabia
- **Related person:**
 - a) Husband, wife and minor children (collectively referred to as “the individual’s family”).
 - b) Any company in which an individual or any of his family members or more than one of them combined, or an individual and any of his family members or more than one of them collectively have any interest in its capital, whether directly or indirectly, allowing them the ability to:
 - Voting or controlling votes equal to or greater than (30%) in the General Assembly in connection with all or most matters.
 - or appointing or removing members of the Board of Directors in connection with all or most matters.
- **Related parties:**
 - a) Major shareholders in Abdullah Al-Othaim Markets Company.
 - b) Members of the Board of Directors of Abdullah Al-Othaim Markets Company or any of its subsidiaries and their relatives.
 - c) Senior executives of Abdullah Al-Othaim Markets Company or any of its subsidiaries and their relatives.
 - d) Members of the Board of Directors and senior executives of the major shareholders of Abdullah Al-Othaim Markets Company.

- e) Establishments - other than companies - owned by a board member or a senior executive or their relatives.
- f) Companies in which any of the members of the board of directors or senior executives or their relatives is a partner.
- g) Companies in which any of the members of the board of directors or senior executives or their relatives is a member of its board of directors or one of its senior executives.
- h) Joint-stock companies in which any of the members of the Board of Directors or senior executives or their relatives owns (5%) or more, taking into account the provisions of Paragraph (d) above.
- i) Companies in which any of the members of the Board of Directors or senior executives or their relatives have an influence in their decisions, even by providing advice or guidance.
- j) Any person whose advice and directives influence the decisions of the company, members of its board of directors and senior executives.
- k) Holding companies or affiliated to Abdullah Al-Othaim Markets Company.

Excluded from paragraphs (l) and (j) of this definition are the advice and directions that are provided in a professional manner by a person authorized to do so.

- **Subsidiary:** Any other company controlled by Abdullah Al-Othaim Markets Company.
- **Day:** A calendar day, whether or not it is a working day.

2 Policy objectives

Taking into account the provisions of the relevant regulations and regulations, this policy aims to establish an effective legal framework to deal with cases of conflict of interest and related party deals by regulating the conflict of interest. This policy sets out the organizing rules and standards to ensure adherence to best practices with regard to protecting the company and its shareholders from any acts or deals that may involve a kind of misleading, in pursuit of personal demands and benefits without regard to the company's interest. This policy also aims at the statutory procedures that must be taken in cases of conflict of interest, with an indication of the procedures that must be taken to deal with cases of conflict of interest.

3 Policy application scope

This policy applies to the stakeholders listed below:

- 1) Major shareholders.
- 2) Members of the Board of Directors and its committees.
- 3) Senior executives and employees of the company.
- 4) Company auditors and consultants.
- 5) Other stakeholders, as the case may be.

Part Two: Policy General Principles

- a) In all its dealings with everyone, the company takes into account that it is based on fair legal foundations, and is keen to pursue justice and fairness, whether in its dealings with its customers, including suppliers, customers, partners, shareholders, or employees.
- b) Board members, members of committees, major shareholders, senior executives and employees of the company and its subsidiaries are obligated to avoid cases that lead to their interests conflicting with the

- interests of the company, directly or indirectly, and to deal with them in accordance with the provisions of the Companies Law and its implementing regulations and any other relevant laws and regulations.
- c) This policy does not substitute for referring to the relevant laws and regulations, and lack of familiarity with these laws and regulations is not considered a reason for exemption from responsibility and adherence to the regulatory procedures for dealing with cases of conflict of interest.
 - d) Members of the Board of Directors, members of committees, senior executives, employees of the company and those related to the company are obligated to disclose and report their personal interests immediately. The burden of disclosing the existence of an existing or potential conflict of interest situation rests with the interested person. Disclosure shall be in writing to the Board of Directors and in accordance with the applicable regulations and procedures.
 - e) A member of the Board of Directors is prohibited from voting on the item of remuneration for members of the Board of Directors, the item of discharging a member of the Board of Directors from liability, and the item of authorizing the Board of Directors with the authority of the General Assembly to authorize and cancel it during the meeting of the General Assembly.
 - f) Members of the Board of Directors, members of committees, senior executives and all employees of the company are obligated not to use the company's assets or its various resources for any personal interest or exploit them for private benefit or other goals that do not fall within the scope of the company's activity and work. The tangible and intangible assets of the company are also preserved from damage, damage, loss, theft and misuse.
 - g) Board members, committee members and senior executives of the company and its subsidiaries, or any person related to any of them, are prohibited from trading in the company's shares based on inside information.
 - h) Members of the Board of Directors, members of committees, and senior executives of the company and its subsidiaries, or any person related to any of them, are prohibited from trading in the company's shares during the prohibition periods prescribed by the Authority.
 - i) The company takes its decisions based on economic grounds that meet its interests in the first place.
 - j) Members of the Board of Directors, members of committees and senior executives of the company, its subsidiaries, employees and other stakeholders are prohibited from disclosing any confidential information about the performance, business and plans of the company and maintaining the confidentiality of the information received by any of them, and protecting it from unauthorized use and disclosure to any party whatsoever. With the aim that all parties in the market enjoy equal opportunities to access and acquire the company's information by disclosing it on the market's website. None of the previous parties, whether during or after his term of service with the company, has the right to disclose any confidential information outside the company except with the authorization of the Board of Directors, or if he is requested to do so by virtue of the regulations. It is also prohibited to use any confidential information to achieve any personal gain for any of them or for other parties outside company.
 - k) The company must disclose without any delay any transaction between it and any related party or any arrangement by which both the company and a related party invest in any project or asset, or provides financing if this deal or arrangement is equal to or greater than (1%) of the company's total revenues according to the latest audited annual financial statements.
 - l) A person has an interest in any shares or convertible debt instruments owned or controlled by any of that person's relatives, a company controlled by that person, and any other persons acting in concert

with that person to obtain an interest or exercise voting rights in shares and convertible debt instruments of the Company.

- m) Members of the Board of Directors, members of committees, senior executives and all employees of the company are prohibited from accepting any gifts, benefits, services or anything else of value from another party or person contrary to the gift policy followed in the company. So as not to affect the objectivity of the decisions of that person or employee or his abilities to perform his duties and responsibilities, and not to lead to wasting or harming the interests of the company, or achieving personal benefits or special benefits for the donor, and the Board of Directors determines the amount that is considered insignificant for the purposes of applying this clause.
- n) The company shall include in the agenda of the General Assembly a separate item to approve business and contracts in which a member of the Board of Directors has a direct or indirect interest, or to approve the participation of a member of the Board of Directors in an activity that would compete with the company's activity or trading in one of the branches of the company's activity.
- o) The company must include in the annual report of the Board of Directors a description of any transaction between the company and a related party, and any information related to any business or contracts to which the company is a party. Or it has an interest for a member of the board of directors of the company, the CEO, the financial manager, or any person related to any of them, so that it includes the names of those involved in the business and contracts, and the nature, conditions, duration and amount of these works or contracts. If there are no works or contracts, the company must submit a declaration of that in the annual report.
- p) Any person shall notify the Market, in accordance with the forms designated for this purpose, of any of the following cases:
 - 1) When he becomes an owner or has an interest in (5%) or more of any class of the company's voting shares, or convertible debt instruments of the company, within a period not exceeding the end of the third trading day following the execution of the transaction or the occurrence of the event that led to the realization of this ownership or interest, and that the notification include a list of persons who have an interest in the shares and convertible debt instruments that they own or control.
 - 2) When any change occurs in the list of persons referred to in paragraph (1) above, whether as a result of an event that requires the addition of a person to that list or the exclusion of any of the persons previously included in, within a period not exceeding the third trading day following the occurrence of the event that led to the relevant change.

Part Three: Provisions Relating to Members of the Board of Directors

- a) A member of the Board of Directors may not have a direct or indirect interest in the business and contracts that are concluded for the account of the company, except with an authorization from the General Assembly, and in accordance with the controls set by the competent authority. Provided that, the interested member of the Council determines the nature and extent of that interest, those concerned with it, and the expected financial or non-financial interest to be obtained, directly or indirectly, and may not vote on the decision issued in this regard in the meetings of the Board of Directors and the General Assembly.
- b) If a member of the Board of Directors wishes to participate in a business that would compete with the company, or compete with it in one of the branches of the activity it is engaged in, he must do the following:

- 1) Informing the Board of Directors of the competing businesses it wishes to practice, and this notification is recorded in the minutes of the Board of Directors meeting.
 - 2) Non-participation in voting on the decision issued in this regard by the Board of Directors and the General Assembly.
 - 3) Obtaining a license from the company's general assembly that allows him to practice competing businesses.
- c) That the Chairman of the Board of Directors inform the General Assembly, when it convenes, of the competing businesses that the member is engaged in, after the Board of Directors verifies that the member is competing with the company's business or competing with it in one of its branches of activity, according to standards issued by the General Assembly - based on a proposal by the Board of Directors - and published on the company's website; Provided that these works shall be verified annually.
 - d) The concept of competing business includes the incorporation of a board member of a sole proprietorship or establishment, or his owning an effective percentage of shares or stakes in a company or other establishment that engages in an activity similar to that of the company or its group, accepting membership in the board of directors of a company or establishment competing with the company or its group, or assuming the management of a competing sole proprietorship or a competing company in any form except for the affiliates of the company, and the member obtaining a commercial agency or the like, whether apparent or hidden, for a company or other establishment competing with the company or its group.
 - e) An indirect interest is considered if the business and contracts that are carried out for the account of the company can achieve financial or non-financial benefits for the following categories, for example but not limited to: (for the relatives of a member of the Board of Directors, for a partnership, simple partnership or limited liability company in which any of the members of the Board of Directors or his relatives is a partner or one of its managers, for a joint-stock company in which a member of the board of directors or any of his relatives separately or collectively owns (5%) or more of its total ordinary shares, for an establishment - other than companies - in which a member of the board of directors or any of his relatives owns or manages it, for an establishment or company in which the member or any of his relatives is a member of its board of directors or one of its senior executives, except for those affiliated with the company, for a legal person represented by a member of the board of directors).
 - f) If the Board of Directors - under the mandate of the General Assembly and in accordance with Article (56) of the regulatory controls and procedures issued in implementation of the Companies Law for Joint Stock Companies - refuses to grant the license, the member of the Board of Directors must submit his resignation within a period specified by the Board of Directors, otherwise his membership in the Board shall be considered terminated, unless he decides to abandon the contract or deal or reconcile his status in accordance with the Companies Law and its implementing regulations before the expiry of the deadline set by the Board of Directors.
 - g) If the General Assembly refuses to grant the license, the member of the Council shall submit his resignation within a period specified by the General Assembly, otherwise his membership in the Council shall be considered terminated. This is unless he decides to abandon the contract, deal, competition, or reconcile his status in accordance with the Companies Law and its implementing regulations before the expiration of the period specified by the General Assembly.
 - h) Meeting personal needs in the works and contracts that are concluded are not considered as direct or indirect interest, and no license is obtained from the General Assembly. This is if it takes place in the

same conditions and conditions that the company follows with all the contractors and dealers, and if it is within the usual activity of the company.

- i) A member of the Board of Directors is committed to doing what is in the interest of the company in general, and not what achieves the interests of the group that he represents or that voted to appoint him to the Board of Directors.

Part Four: Provisions Relating to Senior Executives

The Board of Directors must be informed of any external work activities carried out by a senior executive of the company, and the approval of the Board of Directors must be obtained for such work, and to be disclosed according to the laws and regulations in this regard, and the senior executives of the company must adhere to the following:

1. Refrain from participating in any business that would compete with the company in its business and activities.
2. Refrain from exploiting their employment status in the company to achieve any interest, benefit or personal gain.
3. Refrain from disclosing non-public or confidential information, or using any such information to achieve personal interests.
4. Commitment not to trade in the shares of the company he owns during the quarterly and annual trading ban periods, as decided by the competent authorities.
5. Commitment not to misuse the company's assets, facilities and property.
6. Not accepting gifts that affect the performance of his duties.

Part Five: Provisions Relating to Company Employees.

The company's employees shall adhere to the following:

- a) Not to participate or trade in business that would compete with the company in its business and activities, except with the approval of the Board of Directors.
- b) Not to misuse the company's assets, facilities and property.
- c) Not to enter into any dealings with the company without the approval of the Board of Directors.
- d) Not to misuse the company's information under their hands and responsibilities for personal purposes, and not to disclose confidential and non-public information - which they have access to according to their work - to other parties, even if they leave work in the company.
- e) Not to accept gifts for themselves or for their relatives from parties dealing with the company that would lead to wasting or harming the company's interests, or achieving special benefits for the grantor.
- f) All employees of the company must inform their superiors in writing of any positions they occupy outside the company, or any interest that they or their relatives have with companies, commercial establishments, or any entity that deals with the company or seeks to deal with it.
- g) Workers and their relatives should avoid any situations in which their personal interest conflict, with regard to their dealings with contractors, suppliers, merchants, and any other individuals, companies, or institutions that deal or seek to deal with the company or one of its competitors at work.

Part Six: Examples of Conflicts of Interest

Conflict of interest arises from, but not limited to, any of the following:

- a)) If he is involved in or related to an activity or contract that may directly or indirectly affect the objectivity of his decisions or the performance of his duties towards the company.
- b) If there is a direct or indirect interest in the business and contracts between the company and the party contracting with it.
- c) In the event that he receives personal gains from any other party, directly or indirectly, by abusing his position in the company.
- d) Entering into transactions with the company and benefiting directly or indirectly from it.
- e) Accepting gifts and grants in violation of the values specified in the policy approved by the company.
- f) Accepting gifts from parties dealing with the company, regardless of their value.
- g) Employing relatives in the company or taking the decision to contract the company with a company owned by a relative.
- h) Disclosure of unpublicized information by virtue of his position in the company, even if he leaves it.

Part Seven: Other General Provisions:

- a) The company's statutory auditors shall be independent and have no conflict of interests, as required by the regulations and professional standards. In the event of such a conflict, it shall be disclosed, and those cases shall be dealt with in accordance with the regulations that govern, and in a way that achieves the company's interest.
- b) No related party may use his loyalty to the company or his desire to make a profit as an excuse for violating the company's policies and applicable regulations.
- c) Discrimination between employees, shareholders, directors, officers, customers or suppliers is prohibited.
- d) Suppliers and contractors are allowed to compete to obtain work with the company without discrimination.
- e) The Company is committed to fulfilling all its obligations with suppliers and contractors promptly and fairly and in return expects them to do the same.
- f) Directors and employees are prohibited from gaining unfair advantage through manipulation, concealment, misuse of confidential information, misrepresentation of material facts, or other unfair dealing practices.

Part Eight: Responsibilities and Powers of the Board of Directors and the Executive Management Regarding the Policy

- a) Managing conflicts of interest is one of the main competences of the Board of Directors. All contracts and works in which one of the parties has an interest are subject to the audit committee of the company for auditing and confirmation of their integrity.
- b) The Board may form specific committees or assign one of its concerned committees to consider matters that may involve conflicts of interest, taking into account the requirements for the independence of such committees.

- c) A person is not in a state of conflict of interest unless the company's board of directors decides with regard to the company's dealings with third parties or the dealings of board members and senior executives in the company that the situation involves a conflict of interest. The authority of the decision rests with the CEO regarding the remaining employees of the company.
- d) The Board of Directors may, according to its discretion, decide - on a case-by-case basis - to exempt from liability for conflicts of interest that may arise from time to time in the course of the person's usual activities and decisions, or that may arise in the course of his work with the company. Whether it is related to financial interests, or interests that hinder him from carrying out his duty to act to the fullest extent in accordance with the interests of the company.
- e) When the Board of Directors decides that the situation is a conflict of interest, the conflicting interest owner is obligated to correct his situation and to all the procedures decided by the Board of Directors and to follow the procedures regulating.
- f) The company's Board of Directors has the power to impose penalties on violators of this policy, and to file criminal and legal cases to claim damages that may result from non-compliance by all stakeholders.
- g) The Board of Directors approves this policy, and informs all concerned and to whom the policy applies to the company, and it shall be effective from the date of its approval and publication.
- h) The Board of Directors shall ensure the implementation of this policy, work according to it, and make the necessary amendments thereto.