

**Conflict of Interest and
Related Parties
Transaction Policy**

Approval

VERSION	DATE	APPROVAL
1.0	24/1/2021	Approved by the Board of Directors in the 1st Meeting on 24/1/2021 (11/6/1442H)
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1. Purpose

Develop business rules and general guidelines related to disclosure and dealing with existing and potential conflict of interest cases and Related Parties Transactions.

2. Scope

This Policy applies to the following:

- 2.1 Members of the Board of Directors and the members of its standing Committees.
- 2.2 Executive Management, employees, and their relatives.
- 2.3 Stakeholders.
- 2.4 Related parties' transaction.
- 2.5 Solutions' subsidiaries

3. Definitions

- 3.1 **Company:** means the Arabian Internet & Communication Company (Solutions by stc).
- 3.2 **Subsidiary:** Any company wholly owned by (Solutions by stc) or with a controlling interest.
- 3.3 **The General Assembly:** An assembly formed from the company's shareholders in accordance with the provisions of the Companies Regulations, the Company's Articles of Association .And the Corporate Governance Regulations.
- 3.4 **Board of Directors/Board:** The Board of Directors of the Company (Solutions by stc).
- 3.5 **Executives (Executive Management):** Persons entrusted with managing the company's day-to-day operations, proposing and implementing strategic decisions, such as CEO, the CEOs of organizational units, Vice Presidents, General managers and those in equivalent status.
- 3.6 **Employees:** All company employees.
- 3.7 **Major Shareholders:** Anyone who owns 5% or more of the company's shares or voting rights in it.
- 3.8 **Stakeholders:** everyone who has an interest in the company, such as employees, contractors, customers, suppliers, contractors, subcontractors, and the community.
- 3.9 **Suppliers, contractors, and subcontractors:** Any natural or legal person who contracts directly with the Company or through a chain of subcontracting to provide its needs of services or products, to perform tasks or to benefit from sites or assets owned by it.

- 3.10 **Conflict of Interest:** The situation, position, or dealing that is affected, or is likely to be affected, by the impartiality of the performance or decision of those to whom this policy applies when performing their work or dealing with other stakeholders, including the provisions regarding conflicts of interest contained in the Companies Law and its executive regulations.
- 3.11 **Related parties:**
- 3.11.1 Affiliates of the company except for wholly owned Companies.
 - 3.11.2 Substantial shareholders of the company.
 - 3.11.3 Directors and senior executives of the company.
 - 3.11.4 Directors of Affiliates of the company.
 - 3.11.5 Directors and senior executives of substantial shareholders of the company.
 - 3.11.6 Any relatives of persons described at (3.11.1), (3.11.2), (3.11.3) or (3.11.5) above;
 - 3.11.7 Any company controlled by any person described at (3.11.1), (3.11.2), (3.11.3), (3.11.5) or (3.11.6) above.
- 3.12 **Relatives or kinship are:**
- 3.12.1 Fathers, mothers, grandfathers, and grandmothers.
 - 3.12.2 Children and grandchildren and their descendants.
 - 3.12.3 Siblings, maternal and paternal half siblings
 - 3.12.4 Husbands and wives.
- 3.13 **Direct Interest:** Achieving and obtaining, in a clear and explicit manner, for those to whom the scope of work of this policy applies, financial or non-financial benefits.
- 3.14 **Indirect interest:** The interest is considered indirect if the business and contracts made for the company's account can achieve financial or non-financial benefits for those to whom the scope of this policy applies, including, but not limited to:
- 3.14.1 For Relatives of the Board member.
 - 3.14.2 A Partnership, limited partnership or limited liability company where any board member or his/her relatives is a partner or among its executive managers.
 - 3.14.3 A joint-stock or simplified joint-stock company in which a board member or any of his relatives, individually or collectively, owns 5% or more of its total ordinary shares.
 - 3.14.4 An entity - other than companies - in which a board member or any of his/her relatives has ownership, or is managing it.

3.14.5 An entity or a company where a board member or any of his/her relatives is a member of its Board of Directors or executive, (except for affiliates of the company).

3.15 **The concept of business competition:**

The concept of participation in practicing any business that would compete with or compete with the company in one of the following branches of its activities:

3.15.1 Establishes a company or an institution by an individual board member or owns an effective percentage of stocks or shares in a company or institution that is engaged in a comparable activity to the company or its subsidiaries.

3.15.2 Acceptance of membership in the board of directors of a company or establishment competing with the company or its subsidiaries, or taking over the management of a competing sole proprietorship or a competing company in any form, with the exception of affiliates of the company.

3.15.3 The member obtains a commercial agency or the like, whether it is apparent or hidden for a company or other establishment competing with the company or its subsidiaries.

3.16 **Disclosure:** It is the disclosure that is presented or provided by the disclosing party that presents accurate data and information through the channels stipulated in the procedure to achieve the transparency and integrity principles and avoid any existing or potential conflict of interest cases. The disclosure shall be binding on an annual basis or the occurrence of any developments or matters that require updating the disclosure.

Disclosure forms of conflicts of interest includes, but is not limited to, the following:

The presence of a real or potential interest for a member of the Board of Directors, members of the committees emanating from it, the executive management of stc , in some decisions that are voted on by the Board or the General Assembly.

3.16.1 Existence of a real or potential interest of the discloser in the work of the executives or in the operations and contracts thereof for the company or in the work of other employees and workers in general.

3.16.2 Acceptance by a member of the Board of Directors or its committees of the position of a member of the Board of Directors in a company or facility competing with the company or its subsidiaries, or assuming the management of a competing

sole proprietorship or competing company, whatever its form, with the exception of the company's affiliates of the company.

- 3.16.3 Entering into businesses that would compete with the company.
- 3.16.4 Operations of recruitment or transfer of relatives and the direct link between the superior and the subordinate.
- 3.16.5 Transactions and contracts carried out on behalf of the company and in which members of the Board of Directors have a direct or indirect interest.
- 3.17 **Controlling Interest:** The ability to influence the actions or decisions of another person, directly or indirectly, individually or jointly with a relative or affiliate, through: owning 30% or more of the voting rights in a company or the right to appoint 30% or more of the members of the administrative apparatus.

4. Policy Statement

Those to whom the scope of work of this policy applies when dealing with the company or related parties must work and dedicate their efforts for the benefit of the company in order to achieve its vision, and they must avoid external activities, direct or indirect personal interest, or any interests that overlap or appear to overlap with these responsibilities, and disclose cases that may lead to a conflict of interest or when such conflict occurs, and they must avoid all situations that may detract or appear to be Detract from the credibility, interests and reputation of the company due to their personal or financial interests or their affiliation with other parties outside the company. As well as emphasizing on those to whom this policy applies the need to avoid cases that lead to a conflict of interests with the interests of the company and to deal with them in accordance with this policy and the relevant laws and regulations.

4.1 Controls of Disclosure and Conflict of Interests of Board Members and Members of Board Committees:

- 4.1.1 A member of the Board of Directors shall not have any direct or indirect interest in the business and contracts concluded for the company's account or participate in any business of that company in any of the branches of the activity it carrier out except with a license from the general assembly or with a license from the board of directors under authorization from the general assembly.
- 4.1.2 A member of the Board of Directors must notify the Board of Directors of any direct or indirect interest that he may have in transactions or contracts conducted for the benefit

of the company. The notification must include the nature and extent of this interest, the names of the persons concerned, and the benefit expected to be obtained directly or indirectly. Indirect benefits, whether financial or non-financial. The concerned member must abstain any deliberations or voting on any decisions and notification shall be recorded in the minutes of the Board meeting regarding it in accordance with the provisions of the Companies Law, the financial Market Law and their executive regulations

4.1.3 Disclosure of Conflict of Interest by the Nominee for Board Membership:

A person who desires to nominate himself/herself for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflicts of interest, including:

A. having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he/she desires to be nominated to the Board.

B. Engaging in business that may compete with the Company or any of its activities.

4.1.4 It is essential to disclose annually or upon the occurrence of any developments in regards to the positions they occupy outside the company, in addition to mentioning all interests related contracts which is done for the company, etc., whether those interests have a financial or non-financial return that binds them with companies or institutions for them or their relatives

4.1.5 If a member of the Board of Directors or a member of the committees emanating from it fails to disclose his interest, the company or any interested party may claim front of the competent judicial authority to invalidate the contract or oblige the member to pay any profit or benefit achieved for him as a result of those actions and contracts.

4.1.6 The General Secretary of the Board of Directors is committed to organizing the disclosures of the members of the Board of Directors and its committees and submitting business reports with related parties to the Audit Committee according to the approved procedures.

4.1.7 The Board of Directors shall notify the General Assembly, when it convenes, of the business and contracts in which a member of the Board of Directors or its committees emanating from notification includes the information provided by the member to the

Board of Directors in accordance to item 4.1.2 of this policy, and that this notification is accompanied by a special report.

4.1.8 The Nominations and Remuneration Committee shall ensure, on an annual basis, the independence of the independent members of the Board of Directors, and that there is no conflict of interest if the member happens to be a member of the Board of Directors of another company.

4.1.9 The businesses and contracts that are executed for personal needs shall not be deemed as a direct or indirect interest that require an authorization from the Ordinary General Assembly, provided that such businesses and contracts are carried out in the same conditions and settings followed by the Company with all contractors and dealers, and that such businesses and contracts must be within the normal course of the Company's activities.

4.1.10 All members of the Board of Directors and members of its committees are prohibited from trading the Company's shares during the prohibition periods prescribed by the Capital Market Authority.

4.1.11 A member who has a direct or indirect interest in business and contracts for the company's account may not participate in voting on the decision issued in this regard.

4.2 Company's competition controls:

Taking into account what is stated in Articles Twenty-seventh and seventy-first of the Companies Law, Forty-Four of the Corporate Governance Regulations if a member of the Board of Directors wishes to participate in work that would compete with the company, or compete with it in one of the branches of activity that it practices, then he must take into account the following:

4.2.1 Inform the Board of Directors of the competing business that it wishes to practice and record this notification in the minutes of the Board of Directors meeting.

4.2.2 The interested member does not participate in voting on the decision issued in this regard in the Board of Directors and the shareholders' assemblies.

4.2.3 The Board of Directors informs the General Assembly, when it convenes, of the competing businesses practiced by the Board Member or a member of one of its committees, after the Board of Directors has verified that the Board Member is competing with the company's business or competing with it in one of the branches of activity that it

practices in accordance with standards issued by the Company's General Assembly - based on the Board of Directors' proposal. - It is published on the company's website, provided that these works are verified on an annual basis.

- 4.2.4 Obtaining a license from the company's general assembly or with a license from the board of directors under authorization from the general assembly that allows the member to practice competitive business.

4.3 Delegation of licensing authority to the Board of Directors:

The General Assembly may delegate the authority to grant the license to the (Solutions by stc) board of directors in accordance with the following:

- 4.3.1 An item (delegating the authority to grant a license) must be added to the agenda of the General Assembly in accordance with the conditions prescribed for the delegation.
- 4.3.2 It is prohibited for any of the members of the Board of Directors to vote on the items of granting authorization and revocation of authorization in the General Assembly.
- 4.3.3 Competing businesses and activities must be determined by the General Assembly that the Board may license during the mandate period.
- 4.3.4 The mandate granted with the approval of the General Assembly shall be valid for a maximum period of one year from the date of approval by the Assembly or the end of the mandated Board of Directors session, whichever is earlier.
- 4.3.5 The General Assembly has the right to revoke the mandate in any ordinary general assembly held by the company.
- 4.3.6 Controls for licensing the Board of Directors authorized by the General Assembly:
 - 4.3.6.1 The Board of Directors has the right - upon authorization from the General Assembly - to license businesses and contracts in which a member of the Board of Directors has a direct or indirect interest if the following conditions are met.
 - 4.3.6.2 The total amount of work, contract, or sum of works and contracts during the fiscal year is less than 1% of the company's revenues according to the latest audited financial statements, provided that it is less than 10 million Saudi riyals.
 - 4.3.6.3 That the work or contract falls within the usual activity of the company.
 - 4.3.6.4 The work or the contract should not include preferential conditions for a board member and should be in the same terms and conditions as the company follows with all contracting clients.

- 4.3.6.5 The work or the contract should not be among the advisory works and contracts carried out by the board member under a professional license for the benefit of the company.
- 4.3.6.6 A member of the Board of Directors shall be responsible for the account of the transactions mentioned in Paragraph 4.3.6.2 in which he has a direct or indirect interest during one fiscal year.
- 4.3.6.7 The Board of Directors has the right, upon authorization from the General Assembly, to license any business that would compete with the Company or the Company in any of the branches of the activity it carries out, provided that the resolution of the General Assembly determines the business and activities that the Board may license during the period of authorization.

4.4 Approval of the License Grant:

Approval to grant a member of the Board of Directors a license regarding businesses and contracts in which he has a direct or indirect interest or his participation in work that would compete with the company will result in the following:

- 4.4.1 The commitment of the Board member to maintain the confidentiality of information related to the company and its activities and not to disclose it to any person, and to exercise his duties with honesty and integrity, and to give priority to the interests of the company over his personal interest, and not to use his position to achieve private interests.
- 4.4.2 The conflicted member shall abstain from voting on the decisions issued in this regard at the Board of Directors or General Assembly meeting.

4.5 Refusal of the License Grant:

The refusal to grant a board member a license in connection with business and contracts in which he has a direct or indirect interest entails the obligation of the board member to submit his resignation within a period determined by the general assembly or the board of directors - as the case may be - otherwise his membership in the board shall be deemed terminated, unless he decides to withdraw. For the contract, dealing, or competing business, or reconciling its conditions in accordance with the Companies Law and its implementing regulations, before the expiration of the deadline specified by the Board of Directors - if the license is from the Board - or by the General Assembly.

4.6 Controls of conflict of interest and disclosure to the executive management and company employees:

- 4.6.1 Any interest for them or their relatives in an investment, ownership, commercial activity, or facility that provides any services to the company, obtains a benefit from the company, or seeks to perform a service with the company must be disclosed annually or when any developments occur, through the channels stipulated in the procedure.
- 4.6.2 State the full details of any contract or arrangement that affects or may affect the company's business in which an executive or employees or any of their relatives has an interest in the procedure.
- 4.6.3 Avoid any dealings in which their personal interests conflict with contractors, suppliers, subcontractors and any other individuals, companies or organizations dealing or seeking to do business with the Company.
- 4.6.4 Executives, company employees, and those familiar with the financial statements are prohibited from trading the company's shares during the ban periods prescribed by the Authority.
- 4.6.5 Executives or employees may not have a direct or indirect interest in business, contracts, or commercial activities and others that are carried out for the company's account, unless they have the prior approval of the authority and in a manner that does not conflict with the interest of the company.
- 4.6.6 The CEO shall not cooperate or participate in the membership of the boards of directors of companies, assemblies, cultural, social, and sports clubs, or philanthropic organization except after obtaining (Solutions by stc) Board of Directors approval.
- 4.6.7 Company executives and employee shall not cooperate or participate in the membership of the boards of directors of companies, assemblies, cultural, social, and sports clubs, or philanthropic organization except after obtaining the approval of the authorized person.
- 4.6.8 The concerned department for Executive Relations is committed to organizing the disclosures of the CEO and executives of the company according to the relevant approved procedures.
- 4.6.9 Disclosures of subsidiaries' members of the boards of directors , executives and major shareholders shall be submitted by the concerned department regarding transactions and contracts with Solutions by stc in accordance with the relevant

approved procedures and in coordination with the secretaries of the boards of directors of the subsidiaries.

4.6.10 The competent department: It is committed to disclose to the Capital Market Authority according to the relevant approved policies and procedures.

4.6.11 The Human Resources department is committed to organizing employee disclosures according to the relevant approved procedures.

4.7 Controls of stakeholder transactions (contractors, creditors, customers, suppliers, and subcontractors).

4.7.1 A disclosure form for suppliers, contractors, and subcontractors must be prepared and their signatures must be taken before contracting, and they must be notified of the necessity to update the disclosure form annually or when any developments occur, and to ensure compliance.

4.7.2 The competent department of the supply chain is obligated to review all cases of potential conflict of interest that result from the disclosure and to provide the Governance and Compliance Sector with relevant reports.

4.7.3 Develop a database of conflict of interest cases for stakeholders upon registration or qualification, and follow-up and update it periodically.

4.7.4 It is sufficient to disclose the name of the owner registered in the commercial register in the sole proprietorships and training centers authorized under the name of an individual.

4.7.5 The company has the right, according to the contracts concluded, to terminate the contract and charge the contractor/supplier all costs when violating the disclosure procedures.

4.7.6 It is sufficient to fill out the disclosure form regarding conflicts of interest for foreign companies.

4.8 Controls of Related Parties Transactions.

A disclosure When dealing with any of the related parties referred to in this party and based on the regulations of the Capital Market Authority, the company is committed to the following:

- 4.8.1 The company is committed to disclosing to the Authority and the public if this contract is equal to or greater than (1%) of the company's total revenues according to the latest audited annual financial statements.
- 4.8.2 The company is committed to including a description of any deal between the company and a related party in the company's board of director's report.

5. Basic Assumptions

- 5.1 Individuals covered under the scope of this Policy shall commit to the institutional work and the values of fairness, integrity and responsibility, in addition, they should also avoid enmity relationships, hatred and obstruction of people's interests or organizations for previous enmities or feelings of hatred, racism or for any reason.
- 5.2 The disclosure shall include any tasks, contracts or competitions with the Company's activities inside or outside the Kingdom as well as any required information or data according to the approved policies and rules of the company .
- 5.3 This Policy shall be applied without prejudice to the relevant Laws and Regulations issued by the competent authorities.
- 5.4 **Dealing with Conflict of Interests Cases:**
Taking into consideration the Corporate Governance Regulations, dealing with the conflict-of-interest cases shall be according to the provisions stated in this Policy; provided that, individuals covered under the scope of this Policy shall commit to disclosing and signing the disclosure form in addition to updating the disclosure form in the occurrence of new updates or in the probability of an occurrence of an update that requires re-disclosing and re-signing.
- 5.5 **Determining Conflict of Interests cases:**
Conflict of Interests cases include, without limitation:
Personal relationship or interest
 - a. The existence of an actual or possible interest for the Board of Directors' member in some of the decisions voted by the Board or the General Assembly.
 - b. The existence of an actual or possible interest for the owner/publisher of the information in cases of disclosing the Company's operations and contracts.
 - c. Employment operations and the transfer for relatives as well as the direct connection between the employer and employee.
 - d. Exploiting the Company's opportunities, information and assets for personal benefits.

External activities

- e. The Board member working as a member of the Board of Directors of a competing company.
- f. Entering activities that competes with the Company.

Gifts or advantages

- g. Accepting gifts in any form from any party that has a relationship with the Company, in violation of the Company's approved Policies.
- h. Attaining interests whether actual or possible or advantages from the employee's activities which are performed as part of their role within the organization.

5.6 Disclosing Conflict of Interests:

- a. Individuals covered under the scope of this Policy to shall be obligated to provide an annual disclosure upon the request of the Company, or upon the occurrence of updates that result or may result in a Conflict of Interest, as required by the established procedures and in all situations requiring disclosure.
- b. Unless the Nominations Committee considers otherwise and it must be disclosed , the businesses and contracts with the board member to meet his/her personal needs are not considered as a direct or indirect interest, and shall not be deemed as an interest that affect the independence of the board member which require an authorization from the ordinary general assembly, provided that such businesses and contracts are carried out in the same conditions and settings followed by the company with all contractors and dealers, and that such businesses and contracts must be within the normal course of the Company's activities
- c. In the event that a conflict of interest is raised, the Company shall act according to the established and approved procedures.
- d. It includes what is stipulated in article (b) for employees, Executive Management and Senior Executives.

6. General Provisions:

- 6.1 Non-compliance with what is stated in this policy or refraining from disclosure exposes its owner to legal accountability and taking the necessary measures against him in accordance with the provisions of the relevant approved laws, regulations, and policies.
- 6.2 Those to whom this policy applies must report any cases of conflict of interest or potential conflicts of interest, and must refrain from participating in decision-making in accordance with the relevant approved procedures.

- 6.3 Disclosure includes any direct or indirect interest in the business and contracts carried out on behalf of the company and any work that would compete with the company, whether inside or outside the Kingdom. It also includes any information or data required in accordance with the controls and procedures approved by the company and any other disclosure required in accordance with the relevant laws and regulations.
- 6.4 The External Auditor must achieve independence and avoid cases of conflict of interest, and in the event of a conflict, it must be disclosed and dealt with in accordance with the approved rules, regulations and policies of the company and in a manner that does not conflict with the interests of the company.
- 6.5 The disclosure forms must be prepared in accordance with the provisions of the relevant laws and regulations.
- 6.6 All members of the Board of Directors and its committees, executives and all employees and stakeholders are prohibited from exploiting or benefiting - directly or indirectly - from any of the company's assets, information or investment opportunities offered to him or to the company, including investment opportunities that falls within the activities of the company, or that the company wants to benefit from. The prohibition also applies to a member of the Board or a member of the committee emanating from the Board who has retired/resigned from his membership or any of the executives who has resigned from the company in order to exploit the investment opportunities - directly or indirectly - that the company wishes to benefit from and which he learned about during his membership in the Board of Directors or while working in the company.
- 6.7 Enterprise Governance & Compliance Department and other organizational units involved in developing procedures for the implementation of this Policy shall ensure the quality and clarity of the procedure based on criteria and controls determined by the Governance and Compliance sector.
- 6.8 The procedures concerned with this policy must be clear and specific in order to achieve the adequacy of the procedure in addressing cases of conflict, with reference to the Governance and Compliance sector in cases that are not governed by any controls within the procedures after communicating with the relevant departments to try to address the conflict of interest with sending reports to the compliance sector in all cases of conflict.

7. Reference

All internal policies of the company and the relevant laws and regulations applicable in the Kingdom shall be applied, including but not limited to:

- 7.1 Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443 AH.
- 7.2 Corporate Governance Regulations issued by the Capital Market Authority under Resolution No. 8-16-2017 dated 16-05-1438 and amended on 25-06-1444 AH, taking into account any amendments issued in the future.
- 7.3 The Implementing Regulations of the Companies Law for Listed Joint Stock Companies issued by the Capital Market Authority pursuant to Resolution No. 8-127-2016 dated 01/16/1438 AH Amended by Authority Council Resolution No. (2-26-2023) dated 9/5/1444 AH corresponding to 3/27/2023 AD
- 7.4 The Rules for Offering Securities and Continuing Obligations issued by the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 4-9-1439 and amended on 06-25-1444 AH, taking into account any amendments issued in the future.
- 7.5 Labor Law issued by Royal Decree No. M51 dated 23/08/1426 AH and amended by Royal Decree No. (M/134) dated 27/11/1440 AH.