



**Conflict of Interests Policy
& Treatment of Potential Conflicts
of Interests
At the Saudi Home
Loans Company**



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Conflict of Interest Policy

Conflict of Interests Policy and Treatment of Potential Conflicts of Interests at the Saudi Home Finance Company

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Whereas, it is among the responsibilities and functions of the Board of Directors (the Board) to develop a written and clear policy to deal with cases of conflict of interest that occur or are likely to occur that may affect the performance of the members of the Board of Directors or the committees emanating from the Board, the Executive Management or other employees of the Saudi Home Loans Company when dealing with the Company or with clients or other stakeholders, provided that this policy includes the requirements set forth in the main governance principles of the financial institutions subject to the supervision the Central Bank of Saudi Arabia (SAMA) as well as the Corporate Governance Regulation issued by the Capital Market Authority (CMA) as well as the Companies Law, and in light of this the Board has developed this policy.

(1) The objective of the policy:

The purpose of this policy is to set out clearly the policies and procedures governing conflicts of interest for each of the Company's shareholders, the Board, the committees of the Board, executive management, senior executives, employees and auditors, consultants and other stakeholders as may be needed (All of them are referred to in this Policy as "Persons Concerned"). This policy also aims to assist "relevant persons" to deal with conflicts in accordance with legal requirements and in accordance with the accountability and transparency objectives applied by the Company in its operations.

(2) Overview:

A conflict of interest in corporations arises when the private personal interests of persons of a natural or legal character either directly or indirectly overlap with the general interests of the company.

The Saudi Home Loans Company asserts and respects the fact that "relevant persons" may have personal interests in their dealings with the Company and that they have the right to participate in various activities provided that this does not, in any way, lead to conflict with the general interests of the Company. The following are examples of conflicts of the general interest of the Company, below are some examples of cases of conflict of interest that may arise or are likely to arise from a conflict of interest:

1. The relevant person uses his or her position or position in the Saudi Home Loans Company, the information, or business opportunities he obtains during his or her employment or assumption of a leading position in the Company to obtain personal benefits or to bring benefits to a third party;
2. When one of the "Persons concerned" such as a member of the Board of Directors takes a decision or enters into a transaction or purchase for the benefit of the Company in which he has an interest, for example but not limited to; when one of the "Persons concerned" establishes a company, participates in any business entity, leads or manages any activity similar to the Company's activity or pertinent or is related to the Company's financing activity such as real estate valuation companies, marketing or offering for marketing.
3. If one of the "persons concerned" or one of their relatives carries out any work for the company suppliers, sub-suppliers or competitors.
4. When a "person concerned" or one who is associated with a business or has commercial, functional or professional interests that may make it difficult for him to perform his work in the company objectively and effectively.
5. When a "person concerned", or a member of his or her family, receives unlawful personal benefits or gifts because of his or her position in the company.
6. When one of the "concerned persons" (such as a member of the Board) provides consultation to another competing company of the Saudi Home Loans Company, either with or without compensation, if the nature of its business or activity is similar to one of the main activities of the Saudi Home Loans Company.
7. Mediate or recommend the employment of relatives and friends of the Company or its subsidiaries, if any, and in the event that a relative applies for a job, the "persons concerned" should not mediate for him and let things proceed in accordance with the procedures and policies determined by the Company without direct or indirect influence or interference.

3. Policy Enforcement:

The Company and its Stakeholders shall take into account such action as to ensure that the interest of the Company prevails in the event of conflicts of interest, in accordance with the best available circumstances, and the "Persons concerned" shall refrain from influencing the Company's decisions in any act that may arise into a potential conflict of interest including refraining from voting on any resolution or order that is subject to a potential conflict of interest, and disclose any conflict of interest arising out of their relationship with the Company in

accordance with the means and methods of disclosure which laid down by this policy and the relevant regulations of the Kingdom shall determine.

This policy applies to the stakeholders listed below:

1. The company's major shareholders who own 5% and more of the company's capital.
2. Members of the Board of Directors of the Company and the committees emanating from the Board.
3. Senior executives and employees of the company.
4. Auditors and consultants of the company.
5. Other stakeholders as the case may be.

(4) Conflicts of interest:

The stakeholders referred to in the above paragraph shall refrain from dealing with the Company and/or one of its subsidiaries, if any, in any business that may arise into to a potential conflict of interest except in accordance with the rules contained in this Policy and the regulations and laws in force in the Kingdom of Saudi Arabia.

The conflict of interest instances & situations might be as follows:

(5) Conflict of interest associated with major shareholders:

1. All transactions and contracts signed with major shareholders and their relatives who own 5% or above of the Company's shares directly or indirectly or own a controlling stake in any of its subsidiaries, if any, shall be subject to the same conditions as transactions with third parties.
2. All transactions with major shareholders and their relatives who own 5% or above of the Company's shares shall be disclosed directly or indirectly or hold a controlling stake in any of its subsidiaries – If any – according to the regulations and laws and what is stipulated in these policies.

(6) Conflict of interest associated with the Board of Directors:

1. A member of the Board of Directors of the Company may not, without a license from the General Assembly in accordance with the controls set forth in Article (71) of the Companies Law, or any subsequent amendment thereto, have any interest (directly or indirectly) in the works and contracts carried out for the Company's account.
2. The member of the Board of Directors shall inform the Board of his personal interest in the works and contracts made for the account of the Company, and such notification shall be evidenced in the minutes of the meeting, and the member with an interest shall not participate in the vote on the resolution issued in this regard.
3. The Chairman of the Board of Directors shall inform the General Assembly when it convenes of the works and contracts in which any of the members of the Board of Directors has a personal interest, after the Board of Directors has verified the real or potential interest of the Board member of the Company's business or competition in one of the branches of the activity it carries out in accordance with the protocol approved by it, provided that these works are

verified on an annual basis, and a special report from the Chartered Accountant (External Auditor) shall be attached to this notification.

4. A member of the Board of Directors without a license from the General Assembly in accordance with the protocol set by the competent authority may not participate in any business that would compete with the company, or engage in any commercial activity similar to the company's activity or directly or indirectly related to the activity it is engaged in.
5. If the General Assembly refuses to grant the license under Article (72) of the Companies Law, the member of the Board of Directors shall submit his resignation within a period determined by the General Assembly, otherwise his membership in the Board shall be considered expired, unless the member of the Board concerned decides to withdraw from the competition of the Company or reconcile his status in accordance with the Companies Law and the internal governance regulations of the Company before the expiry of the deadline specified by the General Assembly.
6. All members of the Board of Directors shall by the end of each financial year as well as those who wish to nominate themselves for membership of the Board of Directors disclose to the Board and the General Assembly any cases of conflict of interest between him and the Company and its activity, such disclosure, in accordance with the procedures and form prescribed by the Company, should include the following:
 - (a) The existence of a direct or indirect interest in the works and contracts made for the account of the company for which he wishes to run for membership.
 - (b) Participation in a business that would compete with the company or compete with it in one of the activities related to the company's activity.
7. A member of the Board is prohibited from accepting power of attorney from shareholders to attend the meetings of the General Assembly of Shareholders.
8. The Board shall take into account the requirements of independence and cases of conflict of interest as stipulated in the Companies Law and the regulations issued by the Capital Market Authority and the Central Bank, when appointing financial advisors, auditors and other providers of advisory and financial services to the Company.
9. None of the members of the Board of Directors and senior executives may accept gifts from any natural or legal person who has dealings with the Company, if such gifts would lead to a conflict of interest.
10. The concept of participation in any business that would compete with the company or compete with it in one of the branches of the activity associated with the activity it carries out shall include the following:
 1. The establishment by a member of the Board of Directors of a company or his ownership by an influential percentage of shares or equities in a company, individual institution or any other establishment, engaged in an activity of the type of activity of the Company or related to the activity of the Company or any of its group – if any.

2. Accepting of membership in the board of directors of another financial company or a competitor company to the Company or its group – if any.
3. The Member's acquisition of a marketing agency, real estate valuation or the like, whether apparent or hidden, for a company, institution or other establishment competing with the Company or associated with the activity of the Company or any of its group, if any.

(7) Conflict of interest associated with the executive management and employees of the company:

The Company strives to achieve the highest levels of professional conduct in terms of both form and content, and the Company requires senior executives and all its employees and family members to avoid situations in which their personal interests conflict or may conflict with the interests of the Company, and this conflict of interest may arise if employees or their family members have financial or commercial interests in transactions and contracts made for the Company's account with contractors, suppliers, marketers, real estate evaluators or any companies, institutions or other establishments or with entities dealing with the company or seeking to deal with it directly or indirectly or that these parties are competing with the Company.

Any external business activities carried out by any executive or the Board shall be communicated to the Board of Directors, and the Board shall be held accountable thereon, and shall be disclosed in accordance with the regulations and laws in this regard.

In the event that the employee wishes to do so, he must submit the issue to the CEO of the company to review, evaluate and recommend the issue to the Executive Committee or the Board of Directors of the Company in preparation for issuing the appropriate resolution on it. Failure to disclose these interests and obtaining of the required approvals exposes the company's employees and senior executives to corrective disciplinary actions in accordance with the Saudi Labor Law and the internal regulations of the Competent Authority in connection with the conflict of interest.

The employee shall not disclose confidential information , give data or share it with any third party, whether it is a third party or another employee of the Company who is not authorized or entitled to do so and which is the private property of the Company, and which he is aware of ex officio, even after leaving the service whether with the intention of achieving direct or indirect material gains for him or for one of his family members, or without achieving material gains.

In the event that a case of conflict is discovered to which one of the Company's employees or executive officers is a party, the Company shall address the case of the conflict and, if necessary, the Company shall address the case of the conflict and shall have the right, to this end, to:

- (a) Forming a committee of the Board of Directors, the Executive Committee or the Chief Executive Officer, as the case may be, in order to conduct an investigation in the event of a conflict.
- (b) The Committee shall have the necessary powers to take measures that would verify the situation, such as hearing the statements of the relevant parties and reviewing the documents related to the case and so on.
- (c) The Committee shall prepare a report on the situation containing a description of it, the procedures followed in the investigation, its results and the recommendations of the Committee, and shall submit the report with all supporting documents and evidence to the Board of Directors, the Executive Committee, the Chief Executive Officer or whoever is authorized to issue a decision therein, in accordance with the Saudi Labor Law.

(8) Conflict of interest associated with the External and Internal Auditor and Consultants:

The external auditors of the Company must be independent as well as the independence of the internal audit department and the compliance department of the company and provide adequate support to them to carry out internal audit and compliance work, provided that the internal auditor and the director of the compliance department report functionally to the Audit Committee and administratively to the management of the company.

When appointing any financial or legal advisor or external auditor, consideration should be given to cases of conflict of interest and the provisions of the laws issued by the regulatory and supervisory authorities in this regard.

(9) Conflict of interest associated with other Stakeholders:

All transactions and contracts with suppliers and other customers of the Company or any of its subsidiaries, if any, are subject to the same conditions as transactions with third parties in terms of evaluation, fairness of implementation disclosure or notification.

(10) Other additional provisions:

In addition to the above, the following conflicts of interest of the members of the Board of Directors, the Committees emanating from the Board and the employees of the Company should be considered and dealt with in accordance with the following:

1. The members of the Board of Directors, its Committees and employees are prohibited from exploiting or benefiting from any of the Company's assets, information or investment opportunities offered to them, or presented to the Company to achieve any personal interests for them or any other purposes that do not fall within the activities of the Company, including investment opportunities that fall within the activities of the Company, or from which the Company wishes to benefit, the prohibition applies to a member of the Board who resigns in order to exploit the investment opportunities - directly or indirectly- that the Company wishes to benefit from and of which he learned during his membership in the Board of Directors.

2. A member of the Board of Directors shall be prohibited from voting on the resolution of the Board of Directors or the General Assembly in the works and contracts carried out on behalf of the Company if he has a direct or indirect interest in them.
3. None of the members of the Board of Directors, senior executives or employees of the Company may accept gifts from any person who has business dealings with the Company, if such gifts would result into an ensuing of a conflict of interest.
4. When a member of the Board of Directors informs the Board of Directors of a potential conflict of interest, that member shall be obliged to:
 - Not to participate in discussions or listen to the discussions of the Board or the Committee on the subject in which he has an interest, except for answering questions or disclosing material facts.
 - Abstain from voting on resolutions after notifying the Board, and in all cases when the Board votes on the subject in which the Board member has an interest, the voting process shall be conducted in a confidential manner.

(11) Confidentiality:

1. The members of the Board of Directors and the members of the Committees emanating from it, if they are not members of the Board as well as senior executives and employees of the Company, shall maintain the confidentiality of information related to the Company and its activities and shall not disclose it to any person or entity not authorized to view it.
2. The members of the Board of Directors may not disclose in meetings other than the meetings of the General Assembly the secrets of the Company. They may not exploit what they know by virtue of their membership in the interest of themselves, a relative or a third party;

(12) Disclosure of conflicts of interest:

All members of the Board of Directors, its committees, senior executives and employees of the Company are obliged to disclose and report immediately their personal interests:

1. Any interest in an investment or ownership in a commercial activity or establishment that has a material return or provides any services to the Company or any of its subsidiaries, if any, or obtains any benefit from the Company and its subsidiaries or receives any services from them outside the scope of his work and functional tasks.
2. Any commercial activity or establishment that performs a particular service or is looking to perform a service with the company or its subsidiaries, if any, such as banks, marketers, real estate evaluators, media or others.
3. Any interest with a customer, client or any other facility that receives a service or any benefit from the Company or its subsidiaries, if any, or that falls within its group.

4. Any business, or any client or any other establishment in a position to benefit from any actions performed by a member of the Board of Directors, a senior executive or an employee.
5. The direct and indirect interests of the member of the Board of Directors, members of the committees emanating from him, senior executives, the Secretary of the Board of Directors and any of their relatives with the Company and/or its subsidiaries, if any, or submitting an annual acknowledgement or upon appointment denying it.
6. For any contract or arrangement in which the Chief Executive Officer, the Chief Financial Officer, a member of the Board of Directors, members of the committees emanating from him, employees of the Company or any relative of such persons has an essential interest in it and is important to the Company's business or submits an acknowledge denying it.
7. Whoever wishes to nominate himself for membership of the Board of Directors shall disclose to the Board and the General Assembly any of the cases of conflict of interest - in accordance with the applicable procedures established by the Authority and the Central Bank - including: the existence of a direct or indirect interest in the works and contracts made for the account of the company for which he wishes to run for the Board of Directors. Participation in any work that would compete with the Company, or compete with it in one of the branches of the activity it is engaged in or associated with.

(13) Supervision of the application and cases of Policy violations:

The Audit Committee oversees the implementation of this Policy by reviewing cases, transactions and contracts that are made with Stakeholders or that are likely to involve a conflict of interest and submit any recommendations it deems appropriate to the Board of Directors. In addition, any violation of this policy is reported in accordance with the procedures specified in the Whistle blowing policy, the Stakeholder Relationship Regulation Policy and the Grievances Policy.

(14) Review and amend this Policy:

This Policy shall be effective as of the date of its approval by the Board of Directors, and the Board shall review this Policy from period to period as the need arises, and this Policy shall only be amended with the approval of the Board.

(15) Publication:

This policy shall be published by handing over copies thereof to the members of the Board of Directors, members of its Committees and to the Company's executive management and shall be published on the Company's website in order to enable the relevant parties to view this Policy or through any other means of publication that the Board of Directors deems appropriate.