



**Criteria & Safeguards Governing
the Board Member's Competition
for the Company's Business or
one of its Branches of Activity**



Saudi Home Loans Company

- Approved by the Board of Directors in its meeting No:4-2021 held on 22nd Dec. 2021 as recommended by the NRC.
- Approved by the General Shareholders Assembly held on 22nd Dec. 2021.

Criteria & Safeguards governing the Board member's competition for the company's business or one of its branches of activity

First: Purpose:

The purpose of this document is to state the criteria & safeguards for the competition of a member of the Board of Directors for the business of the Saudi Home Loans Company (SHL) or one of its branches of activity, so that they include :

- Competition criteria
- Procedures to be followed by the member of the Board of Directors during his SHL membership in the Board of Directors .
- Procedures to be followed by the Nominee for membership of the Board of Directors of the company.

Second: Competition Standards and Procedures :

A member of the Board of Directors must not participate in any business that would compete with the Company, or compete with the Company in one of the branches of the activity it is engaged in, otherwise the Company may demand appropriate compensation before the competent judicial authority, unless he holds a license from the Ordinary General Assembly allowing him to do so, and in accordance with the Regulations set by the competent authority.

A- Definition of competition criteria :

Competing business means that the member of the Board of Directors performs acts of the same nature as the Company or related to it, provided that the practice of such business is within the geographical scope of the Kingdom of Saudi Arabia - and includes but is not limited to - the following :

- 1 Establishment of a member of the Board of Directors of a company or owned by an influential percentage of shares or equities in a company or the activity of an individual institution or any other establishment, engaged in an activity of the type of activity of the Company or associated with the Company or any of its group - if any.
- 2 Admission to the Board of Directors of another finance company or a competing company to the Company or its group - if any.
- 3 The Member's obtaining 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 linked to the activity of the company or any of its group, if any

B- Competition Criteria for a Board Member :

The member of the Board of Directors shall disclose if :

- 1- Established a company or individual enterprise or owned by an influential percentage of shares or equities in another company or enterprise, engaged in an activity of the type of company activity.
- 2- He has accepted membership in the Board of Directors of a company or facility competing with the Company, or has taken over the management of a competing individual institution or company of any form, except for the subordinates of the company.
- 3- The member has acquired a commercial agency or the like, apparent or hidden, for a company or other enterprise competing with the company.

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C- Competition criteria for the Nominee for membership of the Board of Directors :

The Nominee for membership of the Board of Directors shall disclose if :

- He was involved in any business that would compete with the company, or traded in one of the branches of the company's activity .
- The Nominee is a member of the SHL Board of Directors or Board of Directors of a company that SHL or any company of its group participates in any business that would compete with SHL, or any company of its group trades in one of the branches of the activity carried out by the SHL.
- The legal entity represented by the member is a member of SHL Board of Directors or Board of Directors of a company that participates with it or any company of its group in any business that would compete with the SHL, or it or any of its group companies trades in one of the branches of the activity carried out by the SHL.
- The member owns or co-owns an enterprise that it competes or any company of its group participates in any business that would compete with the SHL, or that it or any of its group companies trades in one of the branches of the SHL activity.
- The legal entity represented by the member owns or co-owns an enterprise that participates with or participates in any business that would compete with the company, or that it or any company of its group trades in one of the branches of the company's activity.
- The member is a senior executive of an enterprise in which or any company of its group participates in any business that would compete with the SHL, or it or any of its group companies trades in one of the branches of the SHL activity.

Third: Procedures :

A- Member of the Board of Directors :

If a member of the Board of Directors wishes to engage 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, the following must be taken into account :

1. Inform the Board of Directors of the business and competition it wishes to exercise, and prove this report in the minutes of the meeting of the Board of Directors
2. The concerned interested member shall not participate in voting on the resolution issued in this regard in the Board of Directors and the shareholders' assemblies.
3. The Chairman of the Board of Directors shall inform the General Assembly when it is convened, after the Board of Directors has verified the competition of the member of the Board of Directors in one of the branches of the activity it carries out in accordance with the controls approved by it, provided that these works are verified on an annual basis .
4. Obtaining a license from the Ordinary General Assembly of the company that allows the member to conduct competitive business .
5. A member of the Board of Directors without a license from the General Assembly in accordance with the controls set by the competent authority must not participate in any business that would compete with the company, or practice any commercial activity similar to the company's activity or directly or indirectly related to the activity it is engaged in .
6. 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 specified by the General

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Assembly, otherwise his membership in the Board shall be considered terminated, unless the member of the concerned Board decides to withdraw from the competition of the Company or reconcile his conditions in accordance with the Companies Law and the internal governance regulations of the Company before the expiry of the period specified by the General Assembly.

7. All members of the Board of Directors shall disclose to the Board and the General Assembly any cases of conflict of interest between him and the Company and its activity.

B- Nominees for Board Membership :

Whoever wishes to nominate himself for membership of the SHL Board of Directors, he shall disclose to the Board and the General Assembly of Shareholders his participation in a work or business that would compete with the company or one of the branches of activity that it carries out as follows :

1. Fill out Form No. (3) issued by the Capital Market Authority by the member nominated for membership of the Board of Directors of the Company .
2. The member sends the Form to the company .
3. The company shall send the Form attached to the electronic Form No. (3) to the Capital Market Authority through the electronic linking system immediately after obtaining the approval of the competent authorities or at least three working days before the General Assembly, provided that the company provides the Authority with the approval of the competent authorities once it obtains it.

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