



After Amendment

Part 7: Conflict of Interest Policy

April 2023

Annex (5)

I: Purpose

Fitaihi Holding Group to seek to resolve any dispute or problem that could raise with related parties amicably, in proportion with the applicable regulations and laws, and according to the Company's interest as possible. In addition to compensate Stakeholders in case these disputes have been referred to jurisdictions, they shall be settled at the discretion of judiciaries or competent authorities.

II: Scope of the Policy

This Policy shall apply to the following related parties:

1. Board Members of the Company or any of its affiliates and their relatives.
2. Senior Executives of the Company or any of its affiliates and their relatives.
3. Members of Board Committees
4. Major Shareholders of the Company.
5. Board Members and Senior Executives of Major Shareholders of the Company.
6. Entities, other than companies, owned by a Board Member or any Senior Executive or their relatives.
7. Companies in which a Board Member or a Senior Executive or any of their relatives is a partner.
8. Companies in which a Board Member or a Senior Executive or any of their relatives is a Member of its Board of Directors or is one of its Senior Executives.
9. Joint-stock companies in which a Member of the Board or a Senior Executive or any of their relatives owns (5%) or more, subject to the provisions of paragraph (4) of this definition.
10. Companies in which a Board Member or a Senior Executive or any of their relatives has influence on their decisions even if only by giving advice or guidance.
11. Any person whose advice or guidance influence the decisions of the Company, the Board and the Senior Executives.
12. Holding companies or affiliates.

Advice or guidance that is provided on a professional basis by a person licensed to provide such advice shall be excluded from the provisions of paragraphs (9) and (10) of this definition.



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III: Receiving & Handling Complaints:

The complaints shall be received and settled by the following means and methods:

1) Related to the Board, Executive Management, and Employees:

Type of Violation	Competent Authority	Procedures
Work Violation Complaints	HR Department -Legal Counsel of the Company	Any violation shall be settled as per the Company's Regulations and Saudi Labor Law
Complaints related to violations of Corporate Governance Regulations	The Nomination and Remuneration Committee	Discussing and addressing the matter according to the Company's Regulations and Capital Market Law

2) Related to Shareholders:

A) Complaints related to the shareholders will be received via letters, fax, email, phone, and interviews with the Corporate Governance & Investor Relations Department or the Finance Department of the Company. Complaints include but not limited to, Corporate Governance & Investor Relations Department's handling, by not disbursing dividends, hindering any access of information requests (i.e. Critical information from the Executive Management perspective).

B) The complaint discussion, summary, examination and response shall be conducted by the competent department (whether Corporate Governance & Investor Relations Department, Finance Department or the Board), and responded to it while exerting due diligence and seeking the available means to address the complaint received with the aim of reaching an amicable settlement with the complainant within (5) working days.

3) Related to Suppliers:

A) Complaints related to suppliers will be received via letters, fax, email, phone, and interviews with Executive Management (Finance and Commercial Departments). These complaints include but not limited to the arrears or handling manner of the Finance and Commercial Departments.

B) The complaint discussion, summary, examination and response shall be conducted by the competent department (whether Finance Director or Trade Director) as soon as possible.



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4) Related to Customers:

- A) Complaints related to customers will be received via letters, fax, email, phone, and interviews with the Sales Directors or Marketing and Sales Department. These complaints include but not limited to the quality of sold goods or provided service or seller's manner of handling c.
- B) The complaint discussion, summary, examination and response shall be conducted by the Marketing and Sales Department as soon as possible.

5) Related to whistle-blowers, inside or outside the Company, disclosing internal illegal practices:

Whistle-blowers, inside or outside the Company, can directly communicate with the Board by the Secretary of the Nomination and Remuneration Committee, if they have a complaint or evidence against internal illegal practices which would affect Company's reputation or business. The Secretary shall communicate all complaints and correspondences to the Chairman of the Committee for instructions. These complaints include but not limited to, exploitation of the Company assets, dishonesty or misconduct of an employee, or if a Board Member or Executive Management Member taking part in any activities for the interest of a competitor or practicing any activity similar to the Company's business without notice or Company's consent.

6) Conflict of Interests related to the Board and its Committees:

- 1) Avoiding situations of conflict of interests, notifying and seeking the approval of the Board and its Committees about their external business, in case this business may lead to conflict of interests, according to the laws and regulations issued by the Board. Monitoring and controlling the conflicts of interest of any key competencies of the Board.
- 2) Neither the manager of the Company nor the Member of the Board/Committee, may have any direct or indirect interest in the business and contracts that are made for the account of the Company, except with a license from the General Assembly of the shareholders or their authorized representatives.

The provision of the preceding paragraph does not apply to the following:

- A- Works and contracts carried out following a public competition.
 - b- Works and contracts, within the Company's usual activity, aimed at meeting personal needs, if done under the same conditions and terms that the Company follows with all clients and contractors.
 - C- Any other business or contracts specified by the regulations that does not conflict with the interest of the Company.
- 3) The Board Member/Committee shall, as soon as he becomes aware of any direct or indirect interest he may have in the business transactions and contracts made for the benefit of the company, notify the Board/Committee of the same. Such notification shall be recorded in the minutes of the Board/Committee meeting when it convenes. Such a Member may not take part in voting on the resolution to be issued in this regard by the Board/Committee and the General Assembly. In



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addition, the Board shall inform the General Assembly, when it convenes, of the business transactions and contracts in which the Board/Committee Member has a direct or indirect interest. **(Subject to the Licensing Controls for Business and Contracts Made for the Company's Account in which a Member of the Board of Directors has a Direct or Indirect Interest or Licensing the Practice of Competing Businesses, included in the Executive Regulations of the Companies Law for the Listed Joint-Stock Companies, and any subsequent mandatory amendment or controls)**

- 4) Without undue delay, the CMA's Governance Department, the Public- on Tadawul Website- shall be informed about any contract or transaction or arrangement thereby the Company or the related party may invest in any project or asset, if such investment equals to or exceeds 1% of the Company's total revenues according to the last audited annual financial statements.
- 5) Neither the Company's manager nor its Board/Committee Member may have direct or indirect personal interest in the business activities and contracts executed on behalf of the Company, without obtaining the approval of the partners, General Assembly or shareholders or any person[s] authorized by them.
- 6) If a Member obtains the approval of General Assembly on the contracts and businesses that the Company will conduct with him/her -having direct or indirect interest-, the Company shall announce on the Tadawul website upon signing the contract if it equals to or exceeds 1% of the Company's total revenues according to the last audited annual financial statements.
- 7) The Board shall take into account the independence requirements, while considering conflicts of interest issues as: The financial and non-financial reports, internal audit procedures, and the nomination of members and Senior Executives.
- 8) If there is any conflict of interests (permanent or temporary) of any Board/Committee Member, the Member shall not vote on the conflict- related decision.
- 9) The Board shall notify the General Assembly, once convened, about the contracts and businesses in which a Member have direct or indirect interest, attached with a report issued by CPA (Certified Public Accountant).
- 10) The Company shall not offer any cash loans to the Board/Committee Members, or guarantee any loan offered by a Member to a third party.
- 11) The Chairman, Board/Committee Members, and their dependents (if they are presented upon purchase) shall obtain the same benefits of Discount Policy approved by the Company's administration to its employees and their dependents. This policy can be summarized as follows:
 - A- A Discount of 40% on the majority of products except for specific brands. Relatedly, many customers have the same discount.
 - B- Customers get the same discount rate in case of special offers.
 - C- The above discount shall not be combined with any other discounts or offers.
 - D- Higher discount rates during promotion periods as given to customers.

Conditions for Granting Authorization

The Ordinary General Assembly has the right to delegate the power of licensing to the Board of Directors of the Company (of practicing competing businesses or having a direct or indirect interest in business and contracts), provided that the delegation is under the following conditions:



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- 1- The total amount of business or contract, or the sum of business 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 SAR 10 million.
- 2- The business or contract falls within the usual activity of the Company.
- 3- The work or the contract shall not include preferential terms for a Member of the Board of Directors, and they shall be in the same terms and conditions as the Company follows with all dealers and contractors.
- 4- The work or the contract should not be among the advisory works and contracts carried out by the Board/Committee Member, under a professional license, for the benefit of the Company.

7) The following points shall be disclosed in the Board Annual Report of the Board:

- a) A description of any transaction between the Company and any Related Party as well as a clarification for any preferential conditions, if any.
- b) Any information relating to any business or contracts to which the Company is a party and in which any Board Member, CEO, CFO or any related person who is or was interested (directly or indirectly). If there are no such businesses or contracts, the Company must submit an acknowledgment thereof.

8) Conflict of Interests related to the Executive Management, employees, and external auditors:

- 1) Avoiding situations of conflict of interests, notifying and seeking the approval of the Board about their external business, in case this business may lead to conflict of interests. According to the laws and regulations approved by the Board.
- 2) External Auditor shall be independent and have no conflicted interests according to the relevant laws and regulations. In case of a conflict of interests, it shall be disclosed and addressed according to the applicable laws and the Company's interests.
- 3) The employee shall not be a manager in another Company have conflicted interest with the Company. In this case, the employee shall notify his director of any conflict of interests in order to be addressed by the Nomination and Remuneration Committee.
- 4) No employee is allowed to be a Board Member in another competitor having conflict of interests with the Company. In this case, the employee shall notify his director of any conflicts of interest in order to be addressed by the Nomination and Remuneration Committee.
- 5) No employee is allowed to engage in another activity -if they are non- Saudis- or in a similar activity -if they are Saudis- as it may lead to a conflict of interests with the Company. The employee shall notify his director of any conflict of interests in order to be addressed by the Nomination and Remuneration Committee.
- 6) Employees of the Company and their dependents shall be granted the same benefits of discount policy approved from the Company's administration to its employees and their dependents. This policy can be summarized as follows:

- A) A Discount of 40% on the majority of products except for specific brands. Relatedly, many customers have the same discount.



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- B) Customers get the same discount rate in case of special offers.
- C) The above discount shall not be combined with any other discounts or offers.
- D) Higher discount rates during promotion periods as given to customers.

9) Conflict of Interests related to Substantial Shareholders:

- 1) All transactions and contracts made with major shareholders and their relatives who own 5% or more of the Company's shares, directly or indirectly, or who own a controlling stake in any of its subsidiaries (which fall within its group) are subject to the same conditions of the transactions with others.
- 2) Substantial Shareholders shall avoid situations of conflict of interests and notify the Board of situations of any contract which the member, his relatives or any affiliated companies made with this Company, in order to seek the approval of the Board.
- 3) The Company shall announce on Tadawul website upon signing the contract if it equals to or exceeds 1% of the Company's total revenues according to the last audited annual financial statements.
- 4) Substantial Shareholders and their dependents will obtain the same benefits of discount policy approved from the Company's administration to its employees and their families. This policy can be summarized as follows:
 - A) A Discount of 40% on the majority of products except for specific brands. Relatedly, many customers have the same discount.
 - B) Customers get the same discount in case of special offers.
 - C) The above discount shall not be combined with any other discounts or offers.
 - D) Higher discount rates during promotion periods as given to customers.

10) Conflict of Interests related to other stakeholders:

All transactions and contracts with suppliers and other customers of the Company or any of its subsidiaries (which fall within its group) are subject to the same conditions of the transactions with third parties in terms of evaluation, fairness of implementation, disclosure, or notification.

11) Business compliments and acceptance of gifts:

- 1) The employees of the Company shall not request any business compliments (gifts, meals, cash, entertainment parties, etc.) from a entity or person who has entered or seeks to enter into transactions with the Company if such inducements may lead to a conflict of interests. As this could create a sense of obligation or embarrassment for the party receiving such inducements.
- 2) Any compliments presented from or to the external auditors shall not be accepted.
- 3) All employees shall not offer any compliments to any person or entity -who has entered or seeks to enter into transactions with the Company- in an unappropriated or unexplained manner as if it aims to affect their decision making.
- 4) No Member of the Board or of its Committees or Senior Executives may accept gifts from any person who has entered into commercial transactions with the Company if such acceptance of gifts may lead to a conflict of interests.



12) General Provisions:

- a) The related parties shall constantly disclose the situations that may lead to a conflict of interests or upon the occurrence of such conflicts.
- b) Ensuring that the Board and Committee Members, Substantial Shareholders, Senior Executives and other employees of the Company avoid situations that may lead to a conflict of interests, and addressing such situations in accordance with the provisions of the Companies Law and Its Implementing Regulations.
- c) When the Company contracts or enters into a transaction with a Related Party, this shall include notifying the Authority and the public without any delay about that contract or transaction if it equals to or exceeds 1% of the Company's total revenues according to the last audited annual financial statements.

IV: Violation of Conflict of Interests Policy

The Board may take any of the following actions whenever a violation of Conflict of Interests Policy is committed by a related party:

a) A violation by a Board or Committee Member:

If it is proved to the Board that a Member deliberately commits a violation to conflict of interests' policy and has been subject to investigation, it shall be discussed in the Board meeting -without the presence of the violating Member- and making the appropriate decisions whether by: Warning and instructing the Member in order not to repeat this violation and make the necessary remedy within a specified time-limit, in which his membership in the Board or Committee will be frozen. He/she may be claimed for compensation for the damages resulted from this conflict. The Company also has the right to claim before the competent judicial authority the invalidation of the contract, and oblige him/her to pay any profit or benefit achieved from that. He/she may be ordered to resign from the Board; the General Assembly may be advised to dismiss such Member, and/ or any other decisions according to the case. Then, the CMA's Governance Department can be informed about this intended violation to the conflict of interests' policy and about the decisions made by the Board. Consequently, the Authority's recommendations shall be applied.

b) A violation by the Executive Management and Employees:

If it is proved to the Nomination and Remuneration Committee that an Executive or employee deliberately commit a conflict-of-interest violation and that he has been subject to an investigation, the Committee shall make the appropriate decisions whether by: Warning and instructing the employee in order not to repeat this violation and make the necessary remedy within a specified time-limit, in which he shall be suspended from work. He/she may be claimed for compensation for the damages resulted from this conflict. The Company also has the right to claim before the competent judicial authority the invalidation of the contract, and oblige him/her to pay any profit or benefit achieved from that. He/ she may be ordered to submit his/ her resignation; the Committee may dismiss such employee, and/ or any other decisions according to the case.



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Then, the Committee shall notify the Board in its periodical report of this deliberated violation of conflicts of interest policy and the decisions made by the Committee.

c) A violation by Substantial Shareholders:

If it is proved to the Board that a conflict-of-interest substantial shareholder deliberately commits a violation to conflict of interests' policy and has been subject to investigation, it shall be discussed in the Board meeting and making the appropriate decisions whether by: Warning and instructing the shareholder in order not to repeat this violation and make the necessary remedy within a specified time-limit. He/she may be claimed for compensation for the damages resulted from this conflict, and/ or any other decisions according to the case. Then, the CMA's Governance Department can be informed about this intended violation to the conflict of interests' policy and about the decisions made by the Board. Consequently, the Authority's recommendations shall be applied.

V: Avoiding Conflict of Interests:

A) A Board/Committee Member shall:

- 1- Perform his/her duties with honesty and integrity, and priorities the interests of the Company over his/her own interest, and not to use his/her position to achieve personal interests.
- 2- Avoid situations of conflict of interests and notify the Board of situations of conflict which may affect his/her neutrality when looking into matters presented before the Board. The Board shall not allow such Member to be involved in deliberations and shall not count his/her vote on such matters in the Board and Shareholders Assembly meetings.
- 3- Protect the confidentiality of the information related to the Company and its activities, and not to disclose any of such information to any person.

A) A Board/Committee Member is prohibited from:

- 1) Voting on a resolution taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if he/she has a direct or indirect interest therein.
- 2) Misusing or abusing, directly or indirectly, any of the Company's assets, information or investment opportunities presented to the Company or to the Member in his/her capacity as a Board Member. This includes investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall extend to the Board/Committee Member who resigns to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to his/her knowledge during his/her membership in the Board/Committee.

VI: Disclosure of Conflict of Interests by the Nominee

A person who desires to apply for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflict of interests, including:

- 1) 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.
- 2) Engaging in business that may compete with the Company or any of its activities.



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VII: Criteria of Competing the Company

Annex No. (14)

VIII: Concept of Competing Business

Annex No. (14)

IX: Rejection to Grant/Renew Authorization

If the General Assembly rejects to grant/renew the authorization pursuant to the Companies Law and the Corporate Governance Regulations, and their subsequent mandatory amendments and controls, the Member of the Board shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from competing the Company or regularize his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly.

X: Some illustrative examples of conflict of interest cases that suit the nature of the Company **Hereunder there is a table containing some examples**

XII: Update & Amendment

- 1- These Rules & Regulations are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company, and the internal rules.
- 2- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating text/s in these Rules & Regulations.

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Some Illustrative Examples of Conflict of Interest Cases that Suit the Nature of the Company

Conflicts of interests arise in situations where the impartiality of those to whom the scope of this policy applies is affected when performing their work or dealing with other stakeholders, including without limitation:

- 1- The situation where a director, officer or employee, including a Board Member (or any relative of the aforementioned) is a party to a contract, or involved in a transaction with the Company for the supply of goods or services.
- 2- The situation where a director, officer, employee or volunteer, (or any relative of the aforementioned) has a material financial interest in a transaction between the Company and an entity in which the director, officer or employee (or any relative of the aforementioned) is a director, officer, agent, partner, associate, employee, or other legal representative.
- 3- A director, officer or employee, (or any relative of the aforementioned) is engaged in some capacity or has a material financial interest in a business or enterprise that competes with Company.

In general, a conflict of interest or duality of interests exists in all the transactions between the Company and the interested people (as defined above) or between the Company and a person who has the power to influence its decisions or the resolution of the Board of Director of the Company or its operations or finance, including without limitation:

- 1- Where there is an existing or potential financial interest or other interests appearing or which may appear and having the potential to affect such person's impartiality and/or its ability to perform its obligations.
- 2- Where an opportunity to influence the Company's business, administrative, or other decisions to obtain any kind of personal gains.
- 3- When a relative of the related parties receives a personal benefit directly or indirectly deriving from a position of authority of the related party in the Company.
- 4- Where there is a direct or indirect interest that an interested person has in a business that competes with the Company.



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Herein under are some examples of conflict of interest cases and how to deal with them:

Case of Conflict	The conflicted person	Handling method	Notes
Purchasing goods from the Company without special conditions	Board/Committee Member/ Executives / Substantial Shareholders	It does not require any special disclosure as long as the transaction is within the limits stipulated in the Conflict of Interest Regulations	
Purchase of goods from the Company on special conditions	Board/Committee / Executives	Subject to the Licensing Controls for Business and Contracts Made for the Company's Account in which a Member of the Board of Directors has a Direct or Indirect Interest or Licensing the Practice of Competing Businesses, included in the Executive Regulations of the Companies Law for the Listed Joint-Stock Companies, and any subsequent mandatory amendment or controls	
Purchasing assets of the Company	Board/Committee	(Subject to the Licensing Controls for Business and Contracts Made for the Company's Account in which a Member of the Board of Directors has a Direct or Indirect Interest or Licensing the Practice of Competing Businesses, included in the Executive Regulations of the Companies Law for the Listed Joint-Stock Companies, and any subsequent mandatory amendment or controls) In addition to the provisions of the Company's Articles of Association and the Companies Law.	
Competing with the Company by owning, partnering, managing, or	Board/Committee	(Subject to the Licensing Controls for Business and Contracts Made for the Company's Account in which a Member of the Board of	1- A Member with an interest may not participate in voting on the resolution issued in this regard at the meeting of the



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working at a branch/Company/a gency that trades in the same main activities in which the Company operates		Directors has a Direct or Indirect Interest or Licensing the Practice of Competing Businesses, included in the Executive Regulations of the Companies Law for the Listed Joint-Stock Companies, and any subsequent mandatory amendment or controls) In addition to the provisions of the Company's Articles of Association and the Companies Law.	Board of Director or in the General Assembly. 2- Without any delay, the Corporate Governance Department of the CMA and the public -in the market on the Tadawul website- shall be informed of any contract or transaction between the Company and a related party or any arrangement under which both the Company and a related party invest in any project or asset; if the size of the project or asset is equal to or more than 1% of the Company's total revenues according to the latest audited annual financial statements.
Competing with the Company by owning, partnering, managing, or working at a branch/Company/a gency that trades in the same main activities in which the Company operates	Executives/ Employees	Obtaining the Board's approval on these dealings, if deemed to be substantial and conflicting with the interests of the Company, and work in the same main activities. According to the rules and regulations adopted by the Board.	