



Conflict of Interest Policy
AlBusaili Electrical & Mechanical Works

Content

Page

Preface	3
Definitions	3 - 4 - 5
Scope and application	5
General provisions	5 - 6
Policy enforcement monitoring	6 - 7

Preface:

Abdul Rahman AlBusaili Company for Electrical and Mechanical Works (AlBusaili) raised its glance to the possibility of interference, directly or indirectly, between the personal interests of the work of the board of directors, shareholders, executive management or other employees of the company while they are practicing any social or financial activities and their integrity or loyalty to the company. However, that may create a conflict of interest with him, which may affect the performance of their business. Therefore, the company aims to gain the confidence of its customers and limit cases of conflict of interest in the business and contracts that are made in the interest of the company, by regulating the company's dealings with the related parties. The company also works to effectively regulate the use of the company's resources and assets to achieve its mission and goals, and to uncover any inconsistencies between the personal interests of the related parties and the interests of the company.

Accordingly, the company's board of directors adopted the policy of dealing with cases of conflict of interest and deals of related parties, in accordance with the companies' law, the company's articles of association, and all related regulations and instructions.

Definitions:

The words and expressions mentioned in this policy shall mean the meanings stated in the Corporate Governance Regulations issued by the Ministry of Trade and Investment, as well as the following words and phrases as indicated in this policy, the meanings shown against them unless the text requires otherwise:

Company: AbdulRahman AlBusaili Sons Electrical & Mechanical Works Company (AlBusaili).

Board: The Board of Directors of Abdul Rahman AlBusaili Sons Electrical & Mechanical Works Company (AlBusaili).

Audit Committee: The audit committee appointed by the General Meeting decision of AbdulRahman AlBusaili Sons Electrical & Mechanical Works Company.

Major shareholders: A person who owns 5% or more of the company's shares or voting rights therein.

Policy: A conflict of interest regulation policy

Ministry: Ministry of Commerce and Investment

Companies Act: The Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H

Bylaws: Regulations of joint stock companies not listed.

Corporate governance: Rules and standards for the leadership and direction of the company, including procedures to regulate the relationship between the board of directors, executives, shareholders and stakeholders, and to facilitate the decision-making process, and to provide transparency and credibility to them, with a view to protecting the rights of shareholders and stakeholders, and achieving justice, competitiveness and transparency in the business environment.

Executive member: a full-time board member of the company's executive management, and participates in its daily work.

Non-executive member: a part-time board member of the executive management of the company, and does not participate in its daily activities.

Independent member: a non-executive board member who enjoys complete independence in position and decisions and not subject to any of independence symptoms stipulated in Article 20 of Bylaws.

Executive Management or Senior Executives: The persons entrusted with managing the company's daily operations, and proposing and implementing strategic decisions, such as the CEO, his deputies and the Chief Financial Officer.

Shareholders Association: An association formed by the shareholders of the company in accordance with the provisions of the Companies Act and the Company's Articles of Association.

Relatives or kinship:

- Parents, mothers, grandparents, grandmothers and all ancestors;
- Children, their children and all descendants;
- Brothers, siblings, half-brothers, and their children;
- Husbands and wives

Stakeholders: a person who has an interest with the company, such as workers, creditors, clients, suppliers and society

Conflict of interest: situations in which a person has or may have a direct or indirect interest or relationship in a matter that is under consideration by that person for the purpose of making a decision; So that this interest or relationship is prevented, or lead to the belief that it prevented him from expressing his opinion or taking his decision independently and impartially without taking into account this interest or relationship. This concept also applies to all methods of exploiting the company's property, information and opportunities (regardless of whether the company intends to take advantage of that property, information and opportunity).

For example, but not limited to, the concept of conflict of interest cases includes the following:

Incorporating a company or an individual company, or possessing shares in another company or establishment, that carries out activity similar to that of the company or its group.

Accepting the membership of the board of directors of a company or establishment of any kind competing with the company or its group, or assuming management thereof.

Related parties:

1. Major shareholders of the company.
2. Board members of the company or any of its subsidiaries and their relatives.
3. Senior executives of the company or any of its subsidiaries or their relatives.
4. Board members and senior executives of the company's major shareholders.
5. Establishments - owned by a member of the Board of Directors, a senior executive or their relatives.

6. Companies in which any member of the board of directors, senior executives or their relatives is a partner.
7. Companies of 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 senior executives thereof.
8. Joint-stock companies in which any of the members of the board of directors, senior executives or their relatives owns (5%) or more, taking into account what is mentioned in paragraph (4) of this definition.
9. Companies whose members of the board of directors, senior executives, or their relatives have influence in its decisions, even by providing advice or guidance.
10. Any person whose advice and direction have an influence on the decisions of the company, members of its board of directors and senior executives.
11. The subsidiaries of the company. It is excluded from paragraphs (9) and (10) of this definition advice and instructions provided professionally by a licensed person.

Scope and application:

This policy comes complementary - not to replace - to all legislation and regulations in force in the Kingdom of Saudi Arabia that govern conflicts of interest, in addition to the company's articles of association and corporate governance regulations. Where the provisions of this policy will apply to all relevant parties, including members of the Board of Directors, and its committees.

General provisions:

Whoever is subject to the provisions of this policy shall comply with the following:

- 1) Read this policy and abide by its provisions, annexes and any updates thereof.
- 2) Refer to company's Code of Ethics and comply with its provisions and any updates thereof.
- 3) Not availing his position to achieve private interests, to carry out the actions and obligations arising from him towards the company independently and free from any actual or potential conflict between the interests of the company and his personal interests and to always present the interest of the company over any other interest in accordance with the requirements of this policy.
- 4) Avoid conflicts of interest.
- 5) Shall not misuse the company's assets, facilities and property.
- 6) Maintaining the confidentiality of non-public or confidential information and not disclosing it or using it to achieve personal interests.
- 7) Refraining from exploiting - directly or indirectly - his relationship with the company or the investment opportunities may arise to achieve any personal interests or gains.
- 8) A member of the Board of Directors may not - except with a license from the ordinary general assembly in accordance with the controls set by the ministry to have a direct or indirect interest in the works and contracts that are made for the company before the start of any activities that result in a conflict of interest, and this member is excluded from participation in those deliberations, he has no vote in the company's decision regarding the work or contract in question. The ban applies to a board member who resigns to

exploit 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.

- 9) The rest of related parties may not have a direct or indirect interest in the works and contracts that are made for the company's account except with a license from the Board of Directors, provided that this license is renewed for any amendment or renewal that occurs in those contracts and works, and that they have no vote in the company's decision regarding the work or contract in question.
- 10) The related party shall inform the Board - in writing - of inconsistencies that may affect its impartiality, before commencing any business that might create a conflict of interest. This notification shall be recorded in the minutes of the Board of Directors meeting.
- 11) A member of the Board of Directors may not participate in any business that would compete with the company, or be a director or a member of a board of directors in a company competing with the company or engaging in the same activity of the company or trading in one of the branches of activity that the company is engaged in, except with a license from the regular General Meeting, according to the controls set by the ministry in this regard.
- 12) Rest of the related parties may not participate in any work that would compete with the company, or to be directors or members of a board of directors in a company that competes with the company or engages in the same activity of the company or to trade in one of the branches of activity that the company is engaged in, except with a license from the board director, provided that this license is renewed for any amendment or renewal that occurs in those contracts and works.

Policy enforcement monitoring

- 1- The Board of Directors shall interpret and supervise the policy, ascertain its implementation and work accordingly and make the necessary amendments to it.
- 2- The audit committee reviews cases and transactions proposed by the company with the relevant parties and provide opinion to the Board.
- 3- The Council may form specific committees to consider issues that may involve a conflict of interest situation, taking into account the independence of those committees.
- 4- The person is not in a situation of conflict of interests unless the company's board of directors decides that the case involves a conflict of interest in relation to the company's dealings with others or the dealings of members of the board and the executive management of the company, provided that the member of the stakeholder does not have a vote in the decision taken and the CEO has the validity of decision regarding company employees.
- 5- The Board of Directors may at his own discretion, decide on a case-by-case exemption from liability for conflict of interest that may arise from time to time in the context of a person's usual activities and decisions or that may arise in the course of his work with the company, whether in relation to financial interests or things that prevent him from performing his duty to act in the best way consistent with the interests of the company.

- 6- When the Board of Directors decides that a situation constitutes a conflict of interest, the conflicting stakeholder is obliged to correct his position and all the procedures decided by the Board of Directors and to follow the regulating procedures.
- 7- The company has the right to impose sanctions on company's employees who violate this bylaw in accordance with the policy of approved violations and penalties, as it is entitled to refer all violators – of its employees or others - to the competent authorities to demand compensation for damages that may result from their failure to comply with the provisions of this policy.
- 8- The Board of Directors shall inform the Ministry and the shareholders of the company's contracts or its dealings with a related party in accordance with the Companies Law, the regulations of the Ministry of Commerce and Investment and the company's disclosure policy.
- 9- This policy is approved by the Board of Directors and published on the company's website and shall be effective from the date of approval by the Board of Directors.



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