



Conflict of Interest Policy for Members of the Board and its Committees

Contents

Chapter (1): Preliminary Provisions

Article (1): Introduction

Article (2): Purpose

Article (3): Definitions

Chapter (2): Cases of Conflict of Interest related to Members

Article (4): Direct or Indirect Interest in Business and Contracts

Article (5): Competitive Business and Contracts

Article (6): Exploitation of Assets and Investment Opportunities

Article (7): Acceptance of Gifts and Personal Benefits

Chapter (3): Avoiding Conflict of Interest Cases

Article (8): Responsibilities of the Members

Article (9): Bank Competition Controls

Article (10): Responsibilities of the Board

Chapter (4): Licensing Controls of Business and Contracts Subject to Conflict of Interest

Article (11): Licensing by the Board

Article (12): Licensing by the General Assembly

Article (13): Licensing Rejection

Chapter (5): Conflict of Interest with Other Stakeholders

Article (14): Conflict of Interest related to Internal and External Auditors and Consultants

Article (15): Conflict of interest related to other stakeholders

Article (16): Related Party Transactions

Chapter (6): Violations and Penalties

Article (17): Violations and Penalties

Chapter (1): Preliminary Provisions

Article (1): Introduction

The bank seeks to apply the best local and international governance practices in accordance with the rules, regulations, and instructions issued by the supervisory and regulatory authorities in Saudi Arabia to achieve excellence and leadership.

Article (2): Purpose

This policy explains the mechanism of dealing with actual or potential conflict of interest that may adversely affect the bank, through the commitment of stakeholders to disclose any activity that may lead to a conflict and identify the necessary action to be taken.

Article (3): Definitions

The following words and expressions denote the meanings set against each of them, unless the context otherwise requires:

Term	Definition
Alinma	Alinma Bank
Policy	Conflict of Interest Policy
Board	Alinma Board of Directors
Committee/ Committees	Committees of Alinma Board of Directors, including the Sharia'h Committee
Member	Member of Alinma Board of Directors or any of its committees
Stakeholders	Anyone with an interest in the bank, including shareholders, investors, customers, and suppliers
Interest	Any material or moral benefit, direct or indirect, that accrues to a stakeholder or a third party related to such stakeholder
Conflict of Interest	A situation or position in which the neutrality and independence of the decision-making of stakeholders are affected by a personal material or moral interest that concerns the stakeholder personally or other parties related to the stakeholder
General Assembly	The general assembly that convenes with the presence of the bank's shareholders in accordance with the provisions of the Companies Law and the bank's bylaws

Sharia'h Committee	A specialized committee tasked with overseeing compliance with Sharia'h provisions and principles and their applications in the bank
Advisors	The external advisor assigned with the tasks of providing legal and financial consultations
Related Parties	<p>a. Major shareholders in the bank (those who own 5% or more of the bank's shares or voting rights)</p> <p>b. Members of the Board of Directors or any of its subsidiaries and their relatives.</p> <p>c. Members of the Board of Directors' committees and their relatives, including the Sharia'h Committee.</p> <p>d. Senior executives of the bank or any of its subsidiaries and their relatives.</p> <p>e. Members of the Board of Directors and senior executives of major shareholders in the bank.</p> <p>f. Entities, other than companies, owned by a member, committee members, senior executives, or their relatives.</p> <p>g. Companies in which any member of the Board of Directors, members of the Board's committees, or senior executives are members of the Board of Directors or senior executives.</p> <p>h. Non-public companies in which any members of the Board of Directors, members of the Board's committees, senior executives, or their relatives are partners.</p> <p>i. Joint-stock companies in which any of the members, senior executives, Board's Committee members, or their relatives own 5% or more, taking into account the provisions of paragraph (e) of this definition.</p> <p>j. Holding companies or subsidiaries of the bank</p>
Relatives	<p>a. Parents and grandparents up to all levels</p> <p>b. children and grandchildren down to all levels</p> <p>c. brothers and sisters (including half-brothers and half-sisters),</p> <p>d. Husbands and wives.</p>

Chapter (2): Cases of Conflict of Interest related to the Members

Stakeholders are required to refrain from taking any action that can potentially conflict with the activities of the bank or any of its subsidiaries, with the exception of the guidelines outlined below and the rules and regulations currently in effect in Saudi Arabia.

The First Case of Conflict of Interest

Article (4): A member having a Direct or Indirect Interest in the Business/Contracts Conducted on behalf of the Bank

1. An interest is deemed indirect if the business and contracts carried out on behalf of the bank may achieve financial or non-financial benefits for the following categories (including but not limited to:

- a. Relatives of the member.
- b. A partnership, simple partnership, or limited liability company in which any member or their relatives acts as a partner or a manager.
- c. A joint-stock company or a simple joint-stock company in which a member or any of their relatives, whether separately or collectively, own 5% or more of its total ordinary shares.
- d. An entity (other than companies) owned or managed by a member or any of their relatives.
- e. An entity or company in which the member or any of their relatives is a member of its Board of Directors or one of its senior executives, with the exception of subsidiaries.

2. The following business and contracts are exempt from those authorized by the General Assembly, the Board, or their delegates:

- a. Business and contracts conducted through a public tender.
- b. Business and contracts aimed at meeting personal needs, provided they are carried out in accordance with the same terms and conditions that the entity uses with customers and contractors and are part of the bank's regular operations.
- e. Any other business or contracts made under regulations, as long as they are not in conflict with the bank's interests.

The Second Case of Conflict of Interest

Article (5): A member participation in any activity that may likely compete with the Bank's activities, or trade in any type of the activities carried out by the Bank or any of its Subsidiaries, including:

1. Establishment by the member of a company or sole proprietorship, or owning a significant percentage of shares or stakes in another company or establishment that engages in activities similar to those of the bank or its subsidiaries.
2. Accepting the membership of the Board of Directors of a competitive company or entity, or managing a competitive sole proprietorship or company in any form (Bank's subsidiaries are excluded).
3. Obtaining by a member of a commercial agency or its equivalent, whether apparent or hidden, of another competitive company.

The Third Case of Conflict of Interest

Article (6): Exploitation by a member of the bank's assets, information, or investment opportunities presented to them in their capacity as a member or to the bank for their direct or indirect benefit, if any of the following occurs:

1. If the investment opportunity falls within the bank's usual activities.
2. If the bank wishes to take advantage of the investment opportunity or is expected to benefit from it.

The Fourth Case of Conflict of Interest

Article (7): Acceptance by a member of gifts from anyone who has business dealings with the bank, if such gifts could lead to a conflict of interest.

Members are not allowed to accept any gifts, funds, preferences, or anything (valued at SAR 5000 or more), as detailed in the Code of Conduct of Members of the Board and its Committees Policy.

Chapter (3): Avoiding Conflict of Interest

Article (8): Responsibilities of the Members

1. Fulfilling responsibilities with honesty and integrity; refraining from putting one's own interests ahead of those of the bank and its shareholders; and refraining from abusing the position for one's own benefit.
2. Avoiding conflicts of interest, disclosing to the Board any conflict that would compromise impartiality when evaluating issues brought before the Board, and abstaining from discussion, voting, or decision-making during Board and shareholder assembly meetings.
3. Maintaining the confidentiality of information related to the bank and its activities and avoiding sharing it with anybody.
4. Members are not allowed to engage in the activities stated in **Article (6) hereof, "The Third Case of Conflict of Interest"**. This prohibition applies to a member who resigns in order to directly or indirectly exploit investment opportunities, which the bank wishes to avail of and which the member became aware of during their board membership.
5. Avoiding participation in discussions, voting, or decision-making in matters and contracts in which the member has a direct or indirect interest.
6. Avoiding neither joining the membership of the Board of Directors or committees of another bank or a competitive company, nor disclosing any involvement in any competitive business.
7. Avoiding acting as a member in more than five (5) listed joint-stock companies at the same time.
8. Compliance with the bank's rules, regulations as well as with the rules and instructions applicable in Saudi Arabia.
9. Commitment to submit necessary declarations to the Board whenever requested to clarify conflict of interest cases and obtain necessary guidance with respect thereto.

Article (9): Bank Competition Controls

A member wishing to engage in the competitive activities detailed in **Article (5), "The Second Case of Conflict of Interest,"** hereof should consider the following:

1. Informing the Board of the competitive activities they wish to engage in, and document this notice in the relevant minutes of meeting.
2. A member engaged in competitive activities shall not participate in voting on the decision to be issued in this regard in the meetings of the Board, its committees, and the shareholders' assemblies.
3. The Board shall inform the Ordinary General Assembly of the competitive activities undertaken by a member, after verification by the Board of the nature of the competition according to the standards issued by the General Assembly, as proposed by the Board and posted on the bank's website, with the competitive activities being verified annually.
4. Obtaining an authorization from the Ordinary General Assembly or from the Board, based on a mandate from the Ordinary General Assembly, allowing a member to engage in competitive activities.

Article (10): Responsibilities of the Board

1. Developing a clear and written policy to address actual or potential conflict of interest that may adversely impact the bank, through the commitment of stakeholders to disclose any activity that may lead to a conflict and specify the necessary action to be taken.
2. Considering any matter that may involve a conflict of interest and making the appropriate decision, prioritizing the interests of the bank and shareholders over personal interests.
3. Upon the appointment of Financial and Legal Advisors and Auditors, the Board should consider the requirements of independence and cases of conflict of interest in accordance with the Companies Law and its Implementing Regulations, as well as the regulations issued by the Capital Market Authority and related provisions,.
4. The Chairman of the Board shall inform the General Assembly of the business and contracts in which any member has a direct or indirect interest.
5. The Chairman of the Board shall notify the General Assembly of a member's competitive activities once the Board has confirmed that the member competes with the bank's activities or in any branch thereof in accordance with standards issued by the bank's

General Assembly as proposed by the Board and posted on the bank's website. These activities shall be verified annually.

6. Neither involving a competitive member in the deliberations nor counting their vote or considering their contributions on topics that constitute a conflict of interest in board meetings and shareholders' meetings.
7. Confirmation of obtaining a license from the Ordinary General Assembly to the member to engage in competitive business activities.

Chapter (4): Licensing Controls of Business and Contracts Subject to Conflict of Interest

Article (11): Licensing by the Board

The Ordinary General Assembly shall have the right to delegate the Board of Directors with the authority of licensing business and contracts, as provided for in **Article (4) "the First Case of Conflict of Interest"** and **Article (5) "the Second Case of Conflict of Interest "** hereof. The Implementing Regulations of the Companies Law have defined the conditions of this delegation, in addition to licensing **Article 7 "the fourth case of conflict of interest"** hereof in accordance with the Corporate Governance Charter.

Article (12): Licensing by the General Assembly

In the event that the Ordinary General Assembly does not delegate the authority of granting licenses to the Board, or if the conditions of granting such license are not met, the license should be obtained from the Ordinary General Assembly.

Article (13): Licensing Rejection

If the Board refuses to authorize the delegation issued to it by the Ordinary General Assembly, or if the Ordinary General Assembly refuses to authorize the aforementioned business and contracts, the member should resign within the term to be determined by the General Assembly. Otherwise, their membership in the Board shall be deemed terminated, unless they decide to withdraw from the contract, transaction, or competition, or to regularize their status in accordance with the Companies Law and its Implementing Regulations before the expiry of the aforementioned term.

Chapter (5): Conflict of Interest with Other Stakeholders

Article (14): Conflict of Interest related to Internal and External Auditors and Consultants

Ensuring the independence of the Internal and External Auditor, and the accuracy and integrity of the information and data to be disclosed in accordance with the disclosure and transparency requirements.

1. The Audit Committee shall recommend the appointment of the Internal Auditor, who will submit reports to the Board and the Audit Committee at least quarterly. The Internal Auditor should have the requisite independence, competence, and training, as well as unrestricted access to information, documents, and records.
2. Based on the Board's nomination, the Ordinary General Assembly will select the External Auditor. The External Auditor should be independent, competent, experienced, and qualified to prepare an impartial report for the Board and shareholders, clearly stating whether the company's financial statements accurately and fairly depict the bank's financial position and performance in key areas.
3. Upon the appointment of any Advisor or External Auditor, cases of conflict of interest and the regulations issued by supervisory and regulatory authorities in this regard should be taken into consideration.

Article (15): Conflict of Interest related to other Stakeholders

All business and contracts with suppliers and customers of the bank or any of its subsidiaries shall be subject to the same conditions that apply to transactions with third parties in terms of evaluation, fairness of execution, disclosure, or reporting.

Article (16): Related Party Transactions

The Board has adopted clear policies and procedures for related party transactions, including prompt notification of SAMA, CMA, and the public about any contract or transaction equaling or exceeding 1% of the bank's total revenues according to the latest audited annual financial statements.

The bank's policy regarding related party transactions has been detailed further in the Related Party Transactions Policy, which every member should read.

Chapter (6): Violations and Penalties

Article (17): Violations and Penalties

If a member violates Article (4) hereof, the bank shall have the right to request the competent judicial authorities to cancel the contract and force such member to repay any profit or benefit they gained.

If a member violates Article (5) hereof, the bank shall have right to claim appropriate compensation before the competent judicial authorities.