



stc conflict of interests policy



1. purpose

Purpose of this Policy is to set rules and regulations to effectively and efficiently treat cases of conflict of interests and to enact the required mechanisms to disclose such cases to whom this Policy applies to when dealing with Saudi Telecom Company (The Company) or with other stakeholders, in addition to treating cases of conflict of interests when dealing with suppliers and contractors (Owners, Executive Managers) that may affect decision making, which will protect the rights and interests of The Company and also sustain a clean work environment that achieves the highest rates of transparency and integrity.

2. scope

This Policy applies on the following:

- 2.1 Members of Board of Directors
- 2.2 Executives.
- 2.3 Employees.
- 2.4 Stakeholders (Suppliers, Vendors, Contractors, and Subcontractors).

3. policy owner

stc Board of Directors (Board of Directors).

4. policy management

- 4.1 Board of Directors is responsible for approving this Policy as well as assuring its implementation efficiently and effectively.
- 4.2 The Board Secretary is responsible for preparing and updating this Policy periodically as well as providing the necessary support for Board of Directors in this matter.
- 4.3 All organizational Units shall commit to participate in this Policy by executing the duties and responsibilities stated in this Policy.

5. definitions

The definitions in this Policy have been extracted from the Corporate Governance Regulations issued by the Capital Market Authority, in addition to the following:

- 5.1 Executives: GCEO, Senior Vice Presidents, Vice Presidents, General Managers, and other employees at the same administrative level.
- 5.2 Employees: All Company employees.
- 5.3 Suppliers, Vendors, Contractors and Subcontractors: any natural or legal person that goes into contract directly with the Company to provide for its needs from services or products or to perform a task or to utilize its sites or assets owned by the Company.
- 5.4 Conflict of interests: Any status or situation, that may be affected by a neutral performance or decision of whom this Policy's field of work applies to when performing their tasks or dealing with other stakeholders.
- 5.5 Relatives:
 - Fathers, mothers, grandfathers and grandmothers (and their ancestors).
 - Children, grandchildren, and their descendants.
 - Siblings, maternal and paternal half-siblings.
 - Husbands and wives.

6. basic assumptions

- 6.1 To whom this Policy applies for shall commit to the institutional work and the values of fairness, integrity and responsibility, in addition, they should also avoid enmity relationships, hatred and obstruction of people's interests or organizations for previous enmities or feelings of hatred, racism or for any reason.

- 6.2 Ensuring the necessity to avoid cases that causes conflict of their interests with the interests of the Company and to deal with it according to this Policy and the related regulations and charters.
- 6.3 To whom this Policy applies for shall disclose the cases that may cause conflict of interests or in the occurrence of such conflict.
- 6.4 This Policy is part and parcel of the documents that connects the Company with the employees whether these documents are employment decisions or work contracts, or the documents that connects the Company with contracting or supplying contracts or services contracts or else.
- 6.5 The disclosure shall include any tasks or contracts or competitions to the Company's activities inside or outside the Kingdom, in addition, the disclosure shall also include any required information or data according the approved rules and regulations in the Company.
- 6.6 This Policy shall be applied without prejudice to the related governmental regulations and charters.

7. references

All related approved regulations and charters in the Kingdom and the Company shall be applied, including but not limited to:

- 7.1 Corporate Law issued by royal decree No 3 Date 28/01/1437H.
- 7.2 Corporate Governance Regulations issued from Capital Market Authority (CMA)
- 7.3 Organizational regulations and procedures issued pursuant to the Corporate Law of the listed joint-stock companies.
- 7.4 Labor system issued by royal decree No 51 Date 23/08/1426H.
- 7.5 stc Incorporation Document.
- 7.6 stc Governance Document.
- 7.7 Board of Directors and its Standing Committees Charters.
- 7.8 Nomination and Remuneration of members of stc's Board of Directors and the members of its standing Committees, and Remuneration of the Executive Committee Policy.
- 7.9 Fraud and Corruption Whistle Blowing Policy
- 7.10 Code of Conduct Policy

8. policy statement

8.1 Introduction:

All Policy Stakeholders shall dedicate their work and efforts to the interest of the Company in accordance with the Company's message and shall avoid any outside activities that intervenes with such responsibilities and to gain personal benefits directly or indirectly. They shall disclose all conflict of interest cases and must avoid all situations that may disparage or seems to disparage the credibility, interests and the reputation of the Company for their personal or financial interests.

8.2 Dealing with conflict of interests cases:

According to the Corporate Law provisions and its executive charters, dealing with the conflict of interest cases will be according to the provisions stated in this Policy. Policy stakeholders shall commit to the provisions of this Policy (paragraph 2) by disclosing and signing the disclosure form in addition to updating of the disclosure form in the occurrence of new updates or in the probability of an occurrence that requires re-disclosing and re-signing.

8.3 Competing the Company:

Taking into consideration articles Seventy-One and Seventy-Two of Corporate Law, if a member of Board of Directors wishes to participate in an activity that competes with the Company, or competes with one of the Company's activities he shall then:

- a. Disclose to the Board of Directors the competing activities that he wishes to undertake and prove the disclosure in the Board of Directors minutes of meeting.

- b. The said member cannot participate in the decision making related to this matter in General Assembly, Board of Directors or any such meeting.
- c. The chairman of the Board shall inform the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board is engaged in, after the Board assesses his/her competition with the company's business or if he/she is in competition with one of the branch activities that it conducts in accordance with the standards issued by the Ordinary General Assembly upon a proposal from the Board and published on the company's website, provided that such businesses are assessed on annual basis.
- d. Obtaining a license from the Company's General Assembly allowing the member to practice the competing activities.

8.4 competing activities:

Refers to the participation in any activity that competes with the Company's main or secondary activities, including:

- a. Board of Directors member establishing a company or an individual organization or owning an effective percentage of stocks or shares in another entity that practices the same kind of that business and activities like stc or any company or subsidiary within the stc Group
- b. Accepting Board of Director's membership of a company or entity that competes with the Company or an entity within its Group or taking over the management of a competing individual organization or a competing company of any kind.
- c. The member establishing a commercial agency or entity either publically know or discreet that competes the Company or any entity within its Group.

8.5 determining conflict of interests cases:

Conflict of interests cases include but not limited to:

- a. The existence of a possible interest for Board of Directors' member in some of the decisions which gets voted on by the Board and the Assembly.
- b. The existence of a possible interest for the owner/publisher of the information in cases of disclosing the Company's operations and contracts.
- c. For the member to work as a member of the Board of Directors for a competing company.
- d. Exploiting the Company's opportunities, information and assets.
- e. Entering activities that competes with the Company.
- f. Accepting gifts in any form from any party that has a relationship with the Company.
- g. The existence of a possible interest in the activities of the executives, employees and workers in the Company.
- h. Employment operations or the transfer for relatives and the direct connection between the employer and employee.

8.6 the disclosing of conflict of interest:

- a. Policy stakeholders shall commit to ask the Company for the annual disclosure or the occurrence of updates for conflict of interests as required by the established processes and in all needed cases.
- b. Board of Directors shall set a clear procedure for disclosure when the Company deals with a relevant party so that it will include reporting to the relevant authorities without delay for deals that are equal or more than 1% of the total assets of the Company according to the last reviewed annual financial statements.

8.7 disclosure of board of directors membership nominee about conflict of interests:

- 8.7.1 Anyone who wishes to nominate himself for Board of Directors membership to disclose to the Board and the General Assembly of any conflict of interests cases – according to the related Policy and regulations and charters – including:
- a. The existence of a direct or indirect interest in the activities and contracts of the company that he wishes to be nominated in its Board of Directors.
 - b. The participation in an activity that competes with the Company in one of its domains and areas.

8.8 responsibilities of board of directors members and the members of its standing committees:

- 8.8.1 The following obligations apply to the members of the Board and the members of its committees:
- a. Practice their tasks with honesty and integrity, set the Company's interests above theirs and shall not exploit their position to achieve personal interests.
 - b. Commit to the secrecy of the Company's information and activities and may not reveal it to any person.
 - c. Commit to inform the Board immediately and to disclose in writing with what he has of personal interest in the Company's activities and contracts and get that information recorded in the minutes of meeting.
 - d. Commit with the annual disclosing of their direct or indirect interests and their relatives and will provide such disclosure to the Company's endorsement model according to the related regulations and charters.
 - e. Not trade the Company's stocks during the ban period set by the Capital Market Authority.
 - f. Not accept gifts from any person that has commercial relationship with the Company in violation of the Company's approved Policies.
 - g. Not take any case of interest before obtaining a written approval according to the determined procedures in this Policy.
- 8.8.2 The following obligations apply to the members of the Board only:
- a. Board of Directors member may not –unless he has an authorization from the General Assembly – have a direct or indirect interest with the Company's activities and contracts.
 - b. Avoid conflict of interest cases and inform the Board of any case that may affect his decision in the subjects before the Board. Also ensure that Board shall not involve such member in the consultations and his vote shall not be admissible in such subjects in the Board, GA and other similar meetings.
 - c. Each Board member is prohibited from voting on a decision 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.
 - d. Each Board member is prohibited from misusing or benefitting, directly or indirectly, from any of the Company's assets, information or investment opportunities presented to the Company or to him in his/her capacity as a member of the Board. 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 Board 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.
 - e. Disclose when dealing with a competitor Company or participating in an activity that competes with the Company or in any of its activities and must receive an authorization from the General Assembly for such activities.
- 8.8.3 Disclosure Mechanisms and the Study of Conflict of Interest Cases:
- a. Members of the Board of Directors and its Standing Committees shall commit to an annual disclosure through the disclosure Form given to them by the Board Secretary along with their signature and shall disclose promptly as soon as either a new case arises or any update occur that requires disclosing.
 - b. Legal Affairs Sector shall study the cases that violates this Policy with the necessity to provide the Audit Committee with the violations found. Audit Committee shall submit its view and recommendations to the Board of Directors and/or the General Assembly on the subject.
 - c. Internal Audit shall deal with non-disclosure cases regarding Members of the Board of Directors and its Standing Committees.

- d. If the member failed to disclose his direct or indirect interest, the Company or any person with an interest has the right to claim in front of the competent judicial authority to revoke the member's contract and/or obligates the member to return any profit or benefit that was realized by him.
- e. If the General Assembly refuses to provide an approval through Articles Seventy-One and Seventy-Two of Corporate Law and Article 8.3 of this policy, the Board member shall then present his resignation within a time period determined by the General Assembly or else his Board membership will be considered terminated. He will also cease to be the member of the Board if he refuses to abandon, deal with the contract provisions or align his situation according to Corporate Law regulations and executive charters before the end of the grace time period provided by the General Assembly.

8.8.4 Board of Directors shall be responsible for the following:

- a. Disclosure of Nomination and Remuneration of stc Board members and the members of its standing Committees, and Remuneration of the Executive Committee Policy.
- b. Clarification of the relationship between the given remunerations and the Nomination and Remuneration of stc Board members and the members of its standing Committees, and Remuneration of the Executive Committee Policy, and determine any major conflict of that Policy.
- c. Disclosing with accuracy and transparency and in a detailed manner the given remuneration report for the members of the Board of Directors and its Standing Committees and the Executive Management without hiding or misleading any direct or indirect benefits and/or advantages regardless of their nature, type or name. If such benefits include stocks in the Company, the value of the awarded stock option is the market value as of the date of award.
- d. State the details of the remunerations and allowances as per the relevant regulations and charters.
- e. Regulates the disclosure procedures for members of the Board and its Standing Committees as well as the members of the Executive Management in accordance to the following:
 - Create a record dedicated to the disclosures of the Board/Committee members and the Executive Management members and update such record annually with the required disclosures as required by the related regulations and charters.
 - Provides the opportunity for the Company's Shareholders to look at the record without a fee.

8.9 External Auditors must do the following:

Provide independence and distance from conflict of interests cases, and in the case of a conflict then it must be disclosed and dealt with according to the approved regulations and with what serves best the Company's interests.

8.10 The responsibilities of the Executive Management or Senior Executives:

The Executive Management or Senior Executives shall be responsible with the disclosure of all information that may cause conflict of interest cases and follow all instructions and regulations shown in the related procedures Following is a non-exhaustive responsibility list for the Executive Management:

- a. Refrain from disclosing any specific or secret information or using any of this information to achieve a personal interest.
- b. Disclose any interest on investing or owning a commercial activity or a facility that provides any services for the Company or benefiting from the Company or any related searches generated by the Company.
- c. Disclose having any commercial activity or position that can benefit from his position and access within the Company.
- d. Mention full details of any contract or activity by the Senior Executives or their relative that may affect the Company's interests and activities.

- e. Disclose any positions acquired outside the Company or any interest that binds them or their relatives with commercial companies, organizations and parties dealing with the Company. Same applies for the existence of relatives inside the Company under their supervision.
- f. Refrain from accepting gifts in any form presented by any person who works with the Company whether presented for them or their relatives as that conflict with the Company's Policies and instructions.
- g. Senior executives that are familiar with the financial statements are prohibited from trading the Company's shares during the periods specified by the Authority.
- h. Avoid the cases that cause conflict of their interest with the Company's interests and to deal with it according to this Policy's provisions, approved criteria and procedures within the Company.
- i. Constantly disclose the cases that causes conflict of interests or disclose promptly if such a conflict has actually occurred.
- j. Refrain from participating in decisions while there is an existence of conflict of interests.
- k. Senior Executives shall not have a direct or indirect interest in the Company's activities and contracts unless they obtain a written approval from Board of Directors.
- l. If the G-CEO wishes for the Company to cooperate with or participate in Board of Directors memberships of other companies, associations, societies, sports or charity clubs then it cannot be done until the approval of Board of Directors Chairperson of stc as per the approved process.
- m. If VP's and GM's wish to cooperate or participate in Board of Directors membership of companies, associations, societies, sports or charity clubs then it cannot be done until the approval of the stc G-CEO has been secured as per the approved process.

8.11 Employees' responsibilities:

Disclose of all information that may lead to conflict of interests and follow all instructions and regulations mentioned in the related procedures. Employees shall:

- a. Refrain from entering directly or indirectly in any commercial activity that leads to a personal conflict with the employee or with the Company's interests.
- b. Avoid the cases that leads to a conflict of interests between them and the Company or the interests of parties that are related to the Company in case they are delegated to sign agreements and contracts with other parties on behalf of the Company.
- c. Disclose any positions they acquire outside the Company and also any interest that connects them or their relatives with commercial companies or organizations or any party that deals with the Company. Same applies for existence of relatives inside the Company under their supervision.
- d. Constantly disclose about the cases that causes conflict of interests or disclose promptly if such a conflict has actually occurred.
- e. Commit to refrain from participating in a decision when there is a visible and unavoidable conflict of interest.
- f. Not trade the Company's stock during the ban period set by the Capital Market Authority in case they have viewed the Company's financial statements.
- g. Not have a direct or indirect interests in the Company's activities and contracts unless the approval from the G-CEO or his delegate has been secured.
- h. Avoid any deals that leads with the conflict of their personal interests with contractors, suppliers, investors, or any party or company or organization that deals with the Company or tries to deal with the Company.

- i. In the event of new employment, the recruitment department must notify the candidates that the company's employees are prohibited from engaging in any business outside the company which is consistent with the nature of the stc's business. It is also prohibited to engage in any other business except after the company's approval, and therefore the candidate's signature on such pledge must be taken upon concluding the employment contract, an affidavit according to which he/she is committed to not engaging in any of the above-described business and to disclose any commercial activity for him before joining the company, given that the disclosure form must be approved by the authorized person – in case of conflict of interest - (e.g. the board of directors approves the form for the GCEO, the GCEO approves the form for executives and those in their position, and the General Manager of People Services approves the form for directors and lower). In the event of any commercial activity that belongs to the new employee, that is consistent with the nature of the company's business, the signature of the candidate is taken on an undertaking whereby he/she commits to cancel the commercial registry within a specific period of time not exceeding two months from the date of appointment - and this commitment is included in the contract between the two parties and in the event of non-compliance with what it included the pledge, the company has the right to take legal action in this matter, which may lead to termination of the contract.
- j. Secure the approval of the General Manager of the People Sector according to a criteria set by the Company in case the employee wishes to cooperate or participate in Board of Directors of Companies, associations, societies, sports or charity clubs.
- k. Every employee of the Company shall report any conflict of interest detected through the Company's reporting channels.

8.12 Suppliers, Vendors, Contractors, Subcontractors:

The Company appreciates the important role that all suppliers, vendors, contractors and Subcontractors play for the Company's activities to succeed and achieve its goals. Furthermore, the Company wants to ensure that all of them are committed with the regulations, stc Code of Conduct Policy and ethics of the supplier in addition to the other Procurement policies and regulations. Such obligations shall be included in contracts entered into with suppliers, vendors, contractors and subcontractors in accordance with approved processes, with an emphasis on disclosure of any related relationship between any of them to a member of the Board, its committees, senior executives, employees or contractors in the company.

8.13 Responsibilities of the organizational units to activate and implement this Policy:

- 8.13.1 The Board Secretary is responsible for organizing and following up on the members of Board of Directors and members of its Standing Committees' disclosure, and to set a special record for disclosures and update it periodically.
- 8.13.2 The General Management of people Services in People Sector is responsible for the following:
 - a. Update the disclosure model specializes in conflict of interest annually and provide it electronically for all Executives and employees and contractors.
 - b. Ensure the signature of all employees including the new employees on the disclosure form.
- 8.13.3 The General Management of Procurement Performance & Operations is responsible for the following:
 - a. Check up on all identification numbers in the system to ensure the non-existence of conflict of interests cases.
 - b. Prepare a disclosure forms for vendors, suppliers, contractors and subcontractors and to take their signature when registering and to inform them with the importance of updating the disclosure forms in an annual bases or in the occurrence of any updates. Also, secure the commitment from the vendors, suppliers, contractors and subcontractors to keep updating these forms during qualification and execution stage of projects.

- c. Finding database of conflict of interests cases for vendors, suppliers, contractors and subcontractors when registering or qualifying and updates it periodically.
- d. Review conflict of interests cases for vendors, suppliers, contractors and subcontractors and implement what was mentioned in this Policy in this regard.
- e. Ensure the non-existence of shared ownership for the invited companies in the same project, and in such cases only the companies according to the qualification standards shall be invited, excluding Subsidiaries and associated companies of the Saudi Telecom Company.

8.13.4 The General Management of Investigations is responsible for the following:

- f. Study conflict of interest cases assigned to them and take the necessary actions against the people proven to have violated this Policy and suggest necessary actions to the owner in order to achieve compliance with the related regulations, charters and policies.

8.13.5 The General Management of Operations in the Investment Operations Sector is responsible for the following:

- a. All subsidiaries and the wholly-owned companies are committed to developing a policy of conflict of interests that is consistent with this policy, the General Management of Operations in the Investment Operations Sector is responsible for the coordination and follow-up of subsidiaries to develop this policy in accordance with the nature of business and characteristics of each company.

8.14 General Provisions:

- a. Nomination and Remuneration Committee must ensure annually from the independence of the independent member in Board of Directors, and the non-existence of conflict of interests if the member is in a membership of another Company's Board.
- b. In case of not committing with this Policy the Company has the right to implement the punishments and penalties mentioned according to the Company's regulations, charters, and policies.
- c. The disclosure of suppliers and contractors for having relatives in the Company doesn't prevent them from registering and qualifying within the qualified suppliers list.
- d. It is enough to disclose only the registered name in the commercial record in individual organizations and training centers allowed for an individual name.
- e. Owners registered in shareholder's records are restricted in Closed Joint-Stock Companies. And owners of trading stocks in the Stock Market for General Joint-Stock Companies, establishment contract, and partnerships decisions related to him regarding other companies shall not be considered.
- f. As per the Company's Policy, Company's contracts with stakeholders must include an obligatory paragraph highlighting the importance of disclosing conflict of interest records periodically or in case of the occurrence of any updates regarding the disclosure information and statements during the contract period.
- g. In case the supplier/contractor was late to disclose within Sixty days of the occurrence, the Company has the right to cancel the contract and obligate the supplier/contractor all costs and fines resulting from his actions with the importance of mentioning a guarantee in the contracts.
- h. It is enough to full the disclosure model for conflict of interests for foreign companies.

9 attachments

- a. Form No (8) issued from the Capital Market Authority
- b. Form No (3) issued from the Capital Market Authority
- c. Form No (7/a) and Form No (7/b) and Form No (7/c) issued from the Capital Market Authority
- d. Conflict of interest's disclosure Form for Board of Directors members and its Standing Committees, taking into consideration modifying the form in the event of issuance of new regulations.
- e. Conflict of interest's disclosure Form for the Executive Management, Senior Executives, Employees and contractors, taking into consideration modifying the form in the event of issuance of new regulations.
- f. Conflict of interest's disclosure Form for suppliers/contractors, taking into consideration modifying the form in the event of issuance of new regulations.
- g. Form for the approval of G-CEO's participation in external memberships
- h. Form for the approval of Senior Executives' participation in external memberships