

ALMOOSA HEALTH

CONFLICTS OF INTEREST AND RELATED-PARTY TRANSACTIONS POLICY

1 Introduction. It is the policy of Almoosa Health (AH) that Related-Party¹ Transactions shall be at “arm’s length,” meaning on terms which are similar to those of ordinary commercial creditors and debtors, and there is no preference or special treatment for the parties involved. It is also the policy of AH that conflicts of interest shall be avoided and that, when they arise, shall be addressed reasonably and timely. Furthermore, AH shall comply with the Capital Markets Law and the Corporate Governance Regulations issued by the Capital Markets Authority of the Kingdom of Saudi Arabia, be aligned with the requirements of Companies Law and its Implementing Regulations, and shall apply best practices in terms of Corporate Governance related to conflicts of interest and Related-Party Transactions.

2 Purpose. This *Conflicts of Interest and Related-Party Transactions Policy* establishes policies and procedures for AH, Shareholders, Board Members, Senior Executives, and Employees to follow when dealing with Related Parties so as to prevent misuse of AH’s assets and facilities and the mismanagement that could result from Related-Party Transactions. Its purpose is to:

- 2.1 protect AH when entering into a Related-Party Transaction or any transaction that might benefit an employee, officer, director, or board member of AH;
- 2.2 mandate disclosure to AH of actual or potential conflicts of interest when entering transactions with a Related Party;
- 2.2 provide AH with a procedure which, if observed, will allow a transaction to be treated as valid and binding even though an employee, officer, director, or board member has or may have a conflict of interest with respect to the transaction;
- 2.3 provide guidance to Related Parties on the expectations of AH with regard to Related-Party Transactions;
- 2.4 protect both the AH and the individuals involved from any appearance of impropriety and to ensure compliance to statutory and best-practice requirements;
- 2.5 promote transparency and to avoid conflicts of interest;
- 2.6 promote fairness in the interests of employees and AH; and
- 2.7 document the process for the disclosure, review, and approval and review of transactions that may give rise to an actual or potential conflict of interest, including Related-Party Transactions.

¹ Related Parties are any of 1) affiliates of AH, except for AH’s wholly owned affiliates or subsidiaries; 2) Substantial Shareholders (holding or controlling more than 5% of the shares of AH); 3) directors and Senior Executives of AH; 4) directors and senior executives of affiliates of AH; 5) directors and senior executives of Substantial Shareholders of (AH); 6) any Relatives of persons described at (1), (2), (3), (4) or (5) above; 7) any company or other entity controlled by any person described at (1), (2), (3), (4), (5), or (6) above. For purposes of paragraph (6) of this definition, Relatives shall mean any of father, mother, husband, wife, and children. Related-Party Transactions shall include Intra-Group transactions, *i.e.*, a transaction between or among any of AH, its Founder, Sheikh Abdulaziz Almoosa, Almoosa College of Health Sciences, Almoosa Automatic Door Company, and Almoosa Real Estate Company.

3. Policies. Without prejudice to the provisions of the Companies Law and Its Implementing Regulations, AH shall comply with the Capital Markets Law and its Corporate Governance Regulations when dealing with conflicts of interest.

3.1 A member of the Board of Directors shall:

3.1.1 perform his/her duties with honesty and integrity, placing the priorities and interests of AH over his/her own interest, and not use his/her position to achieve personal benefit;

3.1.2 avoid conflicts of interest and notify the Board of conflicts which may affect his/her neutrality when considering matters presented to the Board. The Board shall not allow such member to be involved in deliberations and shall not count his/her vote when voting on such matters in the Board and the Shareholders Assemblies meetings and

3.1.3 protect the confidentiality of the information related to AH and its activities, and not disclose any of such information to any unauthorized person.

3.2 Senior Executives and employees of AH shall:

3.2.1 Comply with the *AH Compliance Manual* and its related policies (this Policy, the *IP-QI-014 Ethical Framework Policy*, *IP-HR-026 Code of Conduct Policy*, *IP-COO-03 Fraud, Abuse, and Waste Policy*, *Stakeholder Relationships Policy*, and *Medical Staff Bylaws*).

3.2.2 Perform his/her duties with honesty and integrity, placing the priorities the interests of AH over his/her own interest, and not use his/her position to achieve personal benefit;

3.2.3 Avoid conflicts of interest and notify the Legal and Compliance Director (LCD) of conflicts which may affect his/her neutrality when considering matters and decisions. If the conflict relates to the LCD, matters shall be reported to Group Chief Executive Officer ("CEO").

3.2.4 No member Senior Executive shall be involved in deliberations and decision-making on such matters; and

3.2.5 He/she shall protect the confidentiality of the information related to AH and its activities, and not disclose any of such information to any unauthorized person.

3.3 Because conflicts of interest are inevitable, interested persons shall be transparent in their actions and make full disclosure to AH. Interested persons shall:

3.3.1 disclose of the conflicts involved in a decision or transaction;

3.3.2 abstain from participating in the decision-making process or transactions involving conflicts;

3.3.3 obtain appropriate approvals to avoid conflicts;

3.3.4 report policy breaches that may have arisen unintentionally;

3.3.5 restrict the flow of confidential and inside information;

3.3.6 establish and follow procedures governing access to electronic data;

3.3.7 segregate duties that may give rise to conflict of interest performed by the conflicted individual; and

3.3.8 maintain a record of all external business interests of directors and employees.

3.4 Non-compliance with this policy is misconduct; non-compliant employees shall be subject to disciplinary actions.

3.5 *Intra-Group Transactions.* Transactions between AH and its Founder or any Affiliate shall be at arm's length and undertaken according to the *AH Master Affiliation Agreement* among the Founder, AH, and its Affiliates as amended from time to time. In general, this agreement requires that transactions among these persons shall be on terms which are similar to those of ordinary commercial creditors and debtors, that there is no preference or special treatment for the parties involved, that such transactions are documented by a scope of work, purchase order, course of conduct, or other agreement, and that such transactions be recorded in the General Ledger of AH.

3.6 The Audit and Risk Committee (ARC) shall, whenever practicable, approve Related-Party Transactions in advance and at least quarterly shall notify the Board and General Assembly of all Related-Party Transactions for ratification or other action by the General Assembly.

4. Procedures.

4.1 The Nomination and Remuneration Committee shall at least annually ensure the absence of any conflicts of interest if a Board Member also acts as a member of the Board of Directors of another company.

4.2 Any information regarding business opportunities shall be treated as confidential and shall generally be made available only to the Group Chief Executive Officer ("GCEO"), the Group Chief Financial Officer ("GCFO") or other employees who, due to the nature of the disclosure, are required to be made aware of it.

4.3. *Board of Directors.*

4.3.1 A Board Member shall not, without prior authorization from the General Assembly, have any interest (whether directly or indirectly) in AH's business and contracts. Contracts awarded by AH to a Board Member through general bidding shall constitute an exception where a Board member is the best bidder according to AH's procurement policies. A Board member shall notify the Board of Directors of any personal interest he/she may have in the business and contracts that are completed for AH's account. Such notification shall be entered in the minutes of the meeting. A Board member who is an interested party shall not be entitled to vote on a resolution to be adopted regarding such an award by the General Assembly or the Board. The Chairman of the Board of Directors shall notify the General Assembly, when convened, of the activities

and contracts in respect of which a Board Member may have a personal interest and shall attach to such notification a special report prepared by AH's auditor.

4.3.2 A Board Member who plans not to attend a meeting at which he/she has reason to believe that the Board will act on a matter in which the person has a conflict of interest shall disclose to the Chairman of the meeting all facts material to the Conflict of Interest before the meeting. The Chairman shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting which shall be available to Shareholders.

4.3.3 A Board member shall not, without a prior authorization of the General Assembly, participate in any activity which may compete with the activities of AH, or trade in any branch of the activities carried out by AH.

4.3.3 If the General Assembly rejects renewing the authorization, 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 such contract, transaction or competing venture or regularize his/her situation according to the Companies Law and its Implementing Regulations before the end of the period set by the General Assembly.

4.3.4 If a Board Member desires to engage in a business that may compete with AH or any of its activities, the following shall be considered:

4.3.4.1 Notifying the Board of the competing businesses he/she desires to engage in and recording such notification in the minutes of the Board meeting.

4.3.4.2 The conflicted member shall abstain from voting on the related decision in the Board meeting and General Assemblies.

4.3.4.3 The Chairman of the Board informing a General Assembly, once convened, of the competing businesses in which the member of the Board is engaged.

4.3.4.4 Obtaining a prior authorization of a General Assembly for the member to engage in the competing business, provided that such authorization shall be renewed annually.

4.3.5 Where a Board Member fails to disclose his/her interest, AH or any interested party may claim before the competent judicial authority to avoid the contract or oblige the director to repay any resulting profit or benefit. Any contract concluded in violation of the provisions of this section shall be void. AH shall the right to claim damages from the offender before the competent judicial authority

4.3.6 No member of the Board may accept gifts from any person who has entered into commercial transactions with AH if such acceptance of gifts may lead to a conflict of interest.

4.3.7 A person who desires to nominate himself/herself for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflicts of interest, including:

4.3.7.1 having direct or indirect interest in the contracts and businesses entered into for the benefit of AH in which he/she desires to be nominated to the Board.

4.3.7.2 engaging in business that may compete with AH or any of its activities.

4.4 Senior Executives and Employees.

4.4.1 An employee, including a Senior Executive, of AH shall not, without prior authorization from the Board, have any interest (whether directly or indirectly) in any of AH's business and/or contracts. Such authorization shall be reviewed and renewed on an annual basis. Further:

4.4.1.1 such matter shall only be considered by the Board if the contract has gone through a general bidding process and the employee or Senior Executive is the best bidder, according to AH procurement policies;

4.4.1.2 the activities and/or scope of such contract or business, shall not be under the scope of operations/responsibilities of the Senior Executive or of the department, to which the employee belongs to and/or for which the employee is responsible; and

4.4.1.3 a Senior Executive shall notify the Board, in advance, of any personal interest he/she may have in the business and contracts. Such notification shall be entered in the minutes of the meeting of the Board in which the contract has been put for deliberation.

4.4.2 All employees of AH shall notify the LCD of any personal interest he/she may have in business and contracts that are completed for AH's account. Such notifications shall be recorded in the Compliance Report Log.

4.4.3 An interested party shall not be included the deliberations or in the decision-making of the transaction or contract.

4.4.4 Senior executives and employees of AH are prohibited from participating in any activity which may compete with the activities of AH, or trade in any activities carried out by AH.

4.4.5 Where a Senior Executive or an employee fails to disclose his/her interest, AH shall take disciplinary actions according to AH's policies and procedures. AH may claim before the competent judicial authority to avoid such a contract or oblige the employee to repay any resulting profit or benefit.

4.4.6 Any contract concluded in violation of the provisions of this section shall be void.

4.4.7 No Senior Executive or employee may accept gifts from any person who has entered into commercial transactions with AH if such acceptance of gifts may lead to a conflict of interest.

4.5. *Appointing External Auditors.* The Audit and Risk Committee and AH management shall, when recommending external auditors for appointment, ensure that the external auditor's interests do not conflict with the interests of AH.

4.6 *Company Assets.*

4.6.1 Each Board Member, Senior Executive, and employee shall not misuse or benefit from any of AH's assets, information or investment opportunities presented to AH or to him/her in his/her capacity with AH. This includes investment opportunities which are within the activities of AH, or which AH intends to use. Such prohibition shall extend to any Board Member who, after becoming aware of an investment opportunity during his/her membership in the Board, resigns at the time or before consideration of investment opportunity takes place.

4.6.2 All Board members, Senior Executives, and employees shall protect AH's assets and use those assets in the manner intended. AH's assets shall be used for the sole benefit of AH. The use of AH's assets outside AH's objectives such as using AH materials or equipment for personal interests is prohibited. Each Director, Senior Executive, and employee shall not:

4.6.2.1 engage in personal activities during work hours that interfere with or prevent him/her from fulfilling his/her job responsibilities;

4.6.2.3 use AH computers and equipment for outside businesses, or for illegal or unethical activities; or

4.6.2.4 take for himself/ herself any opportunity for financial gain that he/she learns about because of his/her position at AH, or through the use of Company property or information.

4.7 *Procedures for disclosure.* Board Members, Senior Executives, and employees shall disclose to AH conflicts of interest and obtain AH's approval before commencing any activity that may lead to any conflict of interest.

4.7.1 Before consideration of a contract or transaction involving a conflict of interest, an interested Board Member, Senior Executive, or employee having a conflict of interest and shall disclose all facts material to the conflict of interest including, but not limited to, the terms of the transaction, the business purpose of the transaction, and the benefits to AH and to the interested party. Such disclosure shall be recorded in the minutes of any meeting related to consideration of the matter.

4.7.2 The disclosure shall be made as follows:

4.7.2.1 For all cases to the LCD, GCEO, or GCFO;

4.7.2.2 For Board members, to the Board Chairman, Board, and General Assembly.

4.7.2.3 Before a conflicted person nominates himself/herself for membership of the Board, the NRC shall ensure that he/she has disclosed to the Board or the General Assembly any conflicts of interest.

4.7.2.4 Any employee who is involved in an actual or potential conflict shall immediately bring the matter to the attention of the persons mentioned above, regardless of whether he/she is involved in the meeting or discussion.

4.7.2.5 The Board, GCEO, and GCFO shall, whenever practicable, consult with the Legal Department to determine whether the transaction or relationship does, in fact, constitute a conflict of interest or Related-Party Transaction or is in compliance with this Policy.

4.7.2.7 If a Board Member or Senior Executive fails to declare a known conflicting interest, and person aware of that interest may declare it to the Chairman, GCEO, CFO, or LCD. The Board shall decide further preventative or disciplinary action.

4.8 Material Related-Party Transactions. If a contract or transaction with a Related Party equals or exceeds 1% of the total revenue as reported in the most recent financial statement:

4.8.1 the contract or transaction shall only be valid through a bidding process;

4.8.2 the contract or transaction shall be immediately reported to the Audit and Risk Committee and the Board;

4.8.3 The Audit and Risk Committee and the Board shall timely notify the Capital Markets Authority and shareholders.

4.9 False Disclosures of Conflict of Interest. A false disclosure of a conflict of interest could be made to prevent AH from entering into a transaction that may be detrimental to the Related Party's actual self-interest. AH shall verify any conflict of interest reported by a Related Party to mitigate the risk of false claims. False disclosure is misconduct and falsely reporting employees may be subject to disciplinary action.

4.8 Documenting Conflicts of Interest. The LCD shall maintain a Disclosure Log relating to conflicts of interest, which shall contain:

4.8.1 the names of persons who disclosed or otherwise were found to have a potential conflict of interest in connection with a proposed contract, arrangement, policy, program or other matter;

4.8.2 the nature of the potential conflict of interest;

4.8.3 any action taken to determine whether a conflict of interest was present;

4.8.4 the General Assembly's or Board's decision as to whether a conflict of interest in fact existed;

4.8.5 the names of the persons who were present for discussions and votes relating to the transaction, contract, arrangement, policy, program or other matter;

4.8.6 the content of the discussion, including any alternatives to the proposed transaction, contract, arrangement, policy, program or other matter;

4.8.7 a record of any votes taken in connection therewith; and

4.8.8 for the Board, the responsibility of maintaining the Disclosure Log shall lie with the Board Secretary.

4.9 Intra-Group Transactions. AH, its Founder, and its Affiliates have entered an *AH Master Affiliation Agreement*, which generally provides that these persons may exchange goods and services at arm's length. In general, this agreement requires that transactions among these persons shall be on terms which are similar to those of ordinary commercial creditors and debtors, that there is no preference or special treatment for the parties involved, that such transactions are documented by a scope of work, purchase order, course of conduct, or other agreement and that such transactions be recorded in AH's General Ledger.

4.1 Whenever practicable, an Intra-Group Transaction shall be executed according to the *AH Master Affiliation Agreement*. In all cases, the value of the transaction shall be recorded in the General Ledger.

4.2 Whenever practicable, the Audit and Risk Committee shall approve Intra-Group Transactions under the *AH Master Affiliation Agreement*.

4.10 Approval, Ratification, and Other Action. At least quarterly annually, the Audit and Risk Committee shall report all Related-Party Transactions Board and General Assemblies. The General Assemblies may approve, ratify, or take other actions with regard to Related-Party Transactions that are not approved by the Audit and Risk Committees.

5. Examples of Conflicts of Interest.

5.1 The following are examples of specific situations in which conflicts of interest could arise. This list intends to be illustrative and cannot be considered exhaustive:

5.1.1 [The person's use of his/her position, information, or business opportunities that he/she accesses through his/her work in the Company to obtain a direct or indirect benefit that is not due to him/her or to another party;](#)

5.1.2 [The person's or his/her relative performing any kind of work of the main contractors, subcontractors, main suppliers, subcontractors;](#)

5.1.3 [The existence of interests that make it difficult for the person to perform his/her work for the Company objectively and professionally.](#)

5.1.4 [The person or his/her relative receives benefits in any form because of his/her position in the Company.](#)

5.1.5 [The person concurrently works with a competitor, contractor, customer or supplier, directly or indirectly.](#)

5.1.6 [Providing Company loans, loan guarantees and commitments to persons, relatives, or companies or institutions in which he/she has a direct or indirect interest;](#)

- 5.1.7 Taking a fee for providing advice to a competitor of the Company;
- 5.1.8 Creating or participating, directly or indirectly, in a company carrying out an activity like or competing with the Company's activity.
- 5.1.9 Taking a decision or entering a transaction or purchase in favor of a company in which he/she has an interest.
- 5.1.10 A Board Member or Senior Executive accepting a gift from any person who has commercial dealings with the Company, if such a gift would lead to a conflict of interest.
- 5.1.11 Resigning as a Board Member or Senior Executives to exploit an investment opportunity that the Company wishes to exploit and of which he/she learned during his/her membership in the Board executive management.

