



JOINT STOCK COMPANY —

Related Party Transactions Policy For Retal Urban Development Company

Approved by The Board of Directors in August 2022 AD.
Has been updated in May 2023 AD.

INTRODUCTION

Related Party Transactions (RPTs) shall be divided into two categories:

- Category 1: RPTs in which a Board member has an interest.
- Category 2: RPTs in which no Board member has an interest.

Each category shall its own regulatory procedures as determined in the executive procedures mentioned hereafter.

PURPOSE

In compliance with the Corporate Governance Regulations, which stipulate that the Board of Directors shall develop a written policy and set clear procedures when the company contracts or enters into a Related Party Transaction, in accordance with Article 83 of the Corporate Governance Regulations adopted on 14/01/2021, the purpose of this policy is to establish clear procedures for disclosing conflicts of interest resulting from Related Parties Transactions, as well as the procedures for obtaining the necessary authorizations or approvals before starting works that may result in a conflict of interest.

DEFINITIONS

Related Parties (RPs):

In accordance with the Corporate Governance Regulations issued by the Capital Market Authority under Resolution No. 8-16-2017 dated 16/05/1438 AH corresponding to 13/2/2017 and amended by Resolution of the Board of the Capital Market Authority Number 1-7-2021 dated 01/06/1442 AH corresponding to 14/01/2021 and the subsequent amendments thereof, Related Parties shall be defined as follows:

1. Substantial shareholders of the Company.
2. Board members of the Company or any of its affiliates and their relatives.
3. Senior Executives of the Company or any of its affiliates and their relatives.
4. Board members and Senior Executives of Substantial Shareholders of the Company.
5. Entities, other than companies, owned by a Board member or a Senior Executive or any of their relatives.
6. Companies in which a Board member or a Senior Executive or any of their relatives is a partner.
7. Companies in which a Board member or a Senior Executive or any of their relatives is a member of the Board or a Senior Executive.
8. 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.
9. Companies in which a Board member or a Senior Executive or any of their relatives exercises influence on the Company's decisions, even should such influence be limited to giving advice or guidance.
10. Any person whose advice or guidance influences the decisions of the Company, the Board, and the Senior Executives.
11. Holding companies or affiliates.

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

Any works or contracts concluded with a Board member in fulfillment of the latter's personal needs shall not be considered a case of direct or indirect interest requiring the obtention of an authorization from the Ordinary General Assembly should such works, and contracts be carried out under the same terms and conditions that the Company applies with other contractors and parties and should they be part of the Company's ordinary course of business.

Indirect interest:

Indirect interest means works and contracts that are carried out for the Company and that may achieve financial or non-financial benefits for the following (non-exhaustive) categories:

1. Relatives of a Board member
2. The legal person that a Board member represents.
3. General partnership, limited partnership, or limited liability companies in which a Board member or any of their relatives is a partner or director.
4. Entities or companies in which a Board member or any of their relatives is a member of the Board of directors or a Senior Executive, excluding company employees.
5. Entities (other than companies) owned or managed by a Board member or any of their relatives.
6. Joint-stock companies in which a Board member or any of their relatives jointly or separately own 5% or more of total shares.

Relatives or kins:

A parent, spouse, and children.

Company:

Retal Urban Development Company

CMA:

Saudi Capital Market Authority.

ACCOUNTABILITY

Accountability for complying with this policy shall lie with each of the following within the company (each according to their authorities):

- Board of Directors.
- Nomination and Remuneration Committee.
- Review Committee.
- Executive Management.
- Compliance Department.
- Shareholders' General Assembly.

GENERAL POLICIES

- A Board member may not have any direct or indirect interest in the works and contracts executed for the Company unless they obtain a one-year renewable authorization from the Shareholders' General Assembly.
- In accordance with the CMA Statement, the Board member shall be responsible for disclosing whether they have an interest (direct or indirect) in transactions, provided that such disclosure is proven at the Board meeting.
- A Board member may not vote on the decision of the Board of Directors or the General Assembly regarding the works and contracts carried out for the Company if they have a direct or indirect interest in the same.
- Should any contract or transaction value be equal to or greater than 1% of the Company's total revenue per the latest annual financial statements or not exceed SAR 10 million, whichever is less, such contracting or transaction shall be notified to the CMA and the public without any delay via the Tadawul platform.
- The annual report of the Board of Directors of the Company shall include:
 - A description of any transaction between the Company and a related party.
 - Information related to any works or contracts in which the Company is a party and a Board member or a Senior Executive or any person related to either of them has any interest, including the names of those concerned with the works or contracts, as well as the nature, terms, duration, and value of such works or contracts. If there are no such works or contracts, the Company shall provide an acknowledgment thereof.
- The Ordinary General Assembly may delegate to the Board the power to grant authorization, provided that the delegation process meets the following conditions:
 - The total value of the work, contract, or total works and contracts executed during the fiscal year is less than 1% of the Company's revenue per the latest audited financial statements not exceeding SAR 10 million.
 - The work or contract falls within the Company's ordinary course of business.
 - The work or contract does not include preferential terms for the Board member, and apply the same terms and conditions applied by the Company for other contractors and parties.
 - The work or contract shall not be a consultancy contract or work carried out by the Board member for the Company under a professional license.
 - The Board member shall be responsible for calculating the transactions mentioned in paragraph (1) in which he has a direct or indirect interest during one fiscal year.
 - The delegation period shall be a maximum of one year from the date of approval by the General Assembly or until the end of the delegated Board's term, whichever is earlier.
 - Board members are prohibited from voting on the provisions of the delegation or revocation of the delegation in the General Assembly.
 - The General Assembly may add other conditions to the conditions set forth in the present regulations, provided that such conditions are included in the regulations subsequently.
 - If the General Assembly does not delegate the power to grant authorization or if the aforementioned conditions for granting the authorization are not applicable, the authorization must be obtained from the Shareholders' General Assembly.

GENERAL PROCEDURES

The Company's Compliance Department shall send a statement to department directors and executives that outlines the critical obligations that the Company must consider as a public joint stock company during the introductory meeting with the Compliance Department.

The Compliance Department shall also send a periodic statement reminding all concerned parties of the same.

EXECUTIVE PROCEDURES

Related Party Transactions (RPTs) shall be divided into two categories:

Category 1: RPTs in which a Board member has an interest.

Category 2: RPTs in which no Board member has an interest.

CATEGORY 1:

RPTs in which a Board member has an interest.

First: Authorization procedures for new RPTs

1. The Executive Management shall notify the Compliance Department of proposed RPTs in which a Board member has a direct or indirect interest, provided that the notification includes an assessment of proposed transactions.
2. The Board member shall inform the Board of its interest through the Compliance Department presenting the notification received from the Executive Management to the Board of Directors to obtain the Board's recommendation to present the proposed transactions to the Audit Committee, which shall review the Company's proposed contracts and RPTs and relay its views thereon to the Board. The Board member who has an interest shall not participate in the voting on the relevant resolution.
3. The Review Committee shall examine the notification and evaluation received for the proposed transaction and submit its recommendation to the Board.
4. If the General Assembly delegates the power to grant authorization to the Board, the procedures shall be as follows:
 - Upon the recommendation of the Review Committee, the Board of Directors shall vote to approve or reject the transaction. The concerned Board member may not participate in voting on the decision issued in this regard at the Board meeting.
 - If approved by the Board, the transaction shall commence as of the date of the Board's approval.
 - Should the Board of Directors refuse to grant authorization to the Board member, the Board member shall submit their resignation within a period determined by the Board; otherwise, their membership in the Board shall be deemed terminated, unless the member decides to suspend the contract or transaction or reconcile their situation before the expiry of the period specified by the Board.

5. In the event that the General Assembly does not delegate the power to grant authorization to the Company's Board or should the terms of delegation not apply, the procedures shall be as follows:
 - Upon the recommendation of the Review Committee, a vote shall be taken by the Board to approve or reject the transaction and recommend that the transaction be presented to the Shareholders' Assembly in the event of approval. The concerned Board member may not participate in voting on the decision issued in this regard at the Board's meeting.
 - If approved by the Board, the transaction shall commence as of the date of the Board's approval.
 - The Chairman of the Board shall inform the Shareholders' General Assembly when it convenes of the works and contracts in which a Board member has a direct or indirect interest. Such member shall not participate in voting on the decision issued in this regard at the General Assembly meeting. Such notification shall be accompanied by an ad-hoc report from the Company's external auditor.
 - Should the General Assembly refuse to grant authorization to the Board member, the Board member shall submit their resignation within a period determined by the Assembly; otherwise, their membership in the Board shall be deemed terminated, unless the member decides to suspend the contract or transaction before the expiry of the period specified by the Assembly.

Second: Authorization renewal procedures for existing transactions

1. The Company's Executive Management shall prepare a statement of existing RPTs for which the authorization must be renewed on an annual basis by the Shareholders' Assembly.
2. The Company's Executive Management shall address a notification to the Compliance Department, provided that the notification includes the following:
 - Statement of RPTs and balances thereof during the previous year.
 - Executive Management's assessment of these RPTs.
3. The Compliance Department shall address the notification to the Review Committee.
4. The Review Committee shall examine the notification and evaluation received for the RPT and submit its recommendation to the Board.
5. Upon the recommendation of the Review Committee, the following shall be carried out:
 - A. If the General Assembly delegates the power to grant authorization to the Board, the procedures shall be as follows:
 - The Board shall vote to approve or reject the transaction. The concerned Board member may not participate in voting on the decision issued in this regard at the Board's meeting.
 - In the event that the Shareholders' Assembly approves the renewal of the authorization, the transactions shall be completed normally.
 - Should the Board of Directors refuse to renew the Board member's authorization, the Board member shall submit their resignation within a period determined by the Board; otherwise, their membership in the Board shall be deemed terminated, unless the member decides to suspend the contract or transaction or reconcile their situation before the expiry of the period specified by the Board.

- B. In the event that the General Assembly does not delegate the power to grant authorization to the Company's Board or should the terms of delegation not apply, the procedures shall be as follows:
- The Board of Directors shall vote on the decision to recommend that the transactions be presented to the Shareholders' Assembly to obtain the Assembly's approval to renew the authorization for those transactions. The concerned Board members may not participate in voting on the decision issued in this regard at the Board's meeting.
 - In the event that the Shareholders' Assembly approves the renewal of the authorization, the transactions shall be completed normally.
 - Should the General Assembly refuse to renew the authorizations granted to these transactions, the concerned Board members shall submit their resignation within a period determined by the Assembly; otherwise, their membership in the Board shall be deemed terminated, unless the members decide to suspend the contracts or transactions before the expiry of the period specified by the Assembly.

CATEGORY 2:

RPTs in which no Board member has an interest.

First: Approval procedures for new RPTs

1. The Executive Management shall inform the Compliance Department of the proposed RPTs, provided that the notification includes an assessment of the proposed transactions.
2. The Executive Management shall inform the Board of the relevant party (name, nature of relationship) through the Compliance Department's presentation of the notification received from the Executive Management to the Board to obtain the Board's recommendation to present the proposed transactions to the Review Committee, which is responsible for reviewing the Company's proposed contracts and RPTs and relay its views thereon to the Board.
3. The Review Committee shall examine the notification and evaluation received for the proposed transaction and submit its recommendation to the Board.
4. Upon the recommendation of the Review Committee, the Board of Directors shall vote to approve or reject the transaction.
5. If approved, the transaction shall commence from the date of approval by the Board.
6. Should any contract or transaction value be equal to or greater than 1% of the Company's total revenue per the latest annual financial statements, such contract or transaction shall be notified to the CMA and the public without any delay via the Tadawul platform.

Second: Approval renewal procedures (annual) for existing RPTs

1. The Company's Executive Management shall prepare a statement of existing RPTs for which the approval must be renewed on an annual basis by the Shareholders' Assembly.

2. The Company's Executive Management shall address a notification to the Compliance Department, provided that the notification includes the following:
 - Statement of RPTs and balances thereof during the previous year.
 - Executive Management's assessment of these RPTs.
3. The Compliance Department shall address the notification to the Review Committee.
4. The Review Committee shall examine the notification and evaluation received for the RPT and submit its recommendation to the Board.
5. Upon the recommendation of the Review Committee, the Board of Directors shall vote to approve or reject the continuation of the transaction.

FINAL PROVISIONS, PUBLICATION, AND EFFECTIVE DATE

1. This policy shall be subject to annual review as part of the Company's Governance Review.
2. This policy shall be amended as necessary upon the proposal of the Board of Directors as per the recommendation of the Review Committee.
3. This policy and its provisions shall enter into effect immediately upon its approval by the General Assembly.
4. This policy shall be published on the Company's website upon its approval.