



Tanmiah Food Company
Anti-Nepotism and Conflict of Interest Policy

1. Introduction

- 1.1. This Anti Nepotism and Conflict of Interest Policy provides internal rules and regulations to define, identify, report and address actual and potential conflict of interest situations. This policy is applicable to all senior executives and employees of TFC. The policy will also extend to transactions, contracts and arrangements made by the family members Board and senior executives who shall all be regarded as related parties.
- 1.2. Please note that a separate policy on conflict of interest related to Board of Directors of Tanmiah exists which deals with CMA requirements related to conflict declarations and related matters.
- 1.3. This Policy is intended to supplement but not replace any applicable laws or regulations issued by the Capital Market Authority (CMA) governing conflicts of interest in the Kingdom of Saudi Arabia and other jurisdictions where TFC has operating presence.
- 1.4. Local management is required to amend this policy in line with local regulations and report back to the Head of Human Resources Tanmiah to confirm amendments (if any) and implementation.
- 1.5. The Board will review periodically this document to ensure that the policies and processes both meet the statutory requirements and applicable regulations and remain in line with leading practices.

2. Objectives of this Policy

- 2.1. The objectives of the policy are:
 - To provide guidance on the behaviors expected in accordance with Company standards and regulations.
 - To protect both the Company and the individuals involved from any appearance of impropriety and to ensure compliance to statutory and best practice requirements.
 - To keep Work Environment free of nepotism.
 - To promote transparency and to avoid business-related conflict of interest.
 - To ensure fairness in the interests of employees and TFC.
 - To document the process for the disclosure, approval and review of activities that may amount to actual, potential or perceived conflict of interest.

3. Defining Conflict of Interest

- 3.1. TFC defines conflicts of interest broadly: actual conflicts of interest (employee faces a real, existing conflict); potential conflicts of interest (employee is in or could be in a situation that may result in a conflict); and perceived conflicts of interest (employee is in or could be in a situation that may appear to be a conflict, even if this is not the case).
- 3.2. For the purposes of this policy the term “relative” shall include the following relationships: relationships established by blood, marriage or legal action. Examples include the employee’s: spouse, mother, father, son, daughter, sister, brother, mother-in-law, father-in-law, sister-in-law, brother-in-law, son-in law, daughter-in-law, stepparent, stepchild, aunt, uncle, nephew, niece, grandparent, grandson or cousin.

4. Policy Statements for all employees of TFC:
 - 4.1. The following shall be followed in conjunction with ethical standards as mentioned in TFC Code of Business Conduct and Ethics.
 - Perform his/her duties with honesty and integrity, and prioritize the interests of TFC over his/her own interest, and not use his/her position to achieve personal interests;
 - Avoid situations of conflicts of interest and notify the Head of HR (HOHR)) of situations of conflict which may affect his/her neutrality when looking into matters presented for decision making purposes.
 - In case, conflict relates to HOHR him/herself, matters shall be reported to Chief Executive Officer (“CEO”).
 - No member of senior executives shall be allowed to be involved in deliberations and in the decision- making process on such matters; and
 - He/she shall protect the confidentiality of the information related to TFC and its activities, and not disclose any of such information to any person.
 - 4.2. Since situations leading to conflict of interest are inevitable, it is expected that the interested persons follow transparency in their actions based on full disclosure of relevant information by them.
 - 4.3. The following guidelines are suggested for management of actual or potential conflict of interest and to address disputes arising out of conflict of interest and maintenance of confidentiality:
 - Appropriate disclosure of the conflicting situations involved in a decision or transaction.
 - Abstaining from participating in decision making process or transactions involving such situations.
 - Obtaining appropriate approvals to avoid conflicts; and
 - Report policy breaches that may have arisen unintentionally.
 - Restrict the flow of confidential and inside information.
 - Put in place procedures governing access to electronic data.
 - Segregation of duties that may give rise to conflict of interest if carried on by the same individual.
 - A log of all external business interests of directors and employees.
 - 4.4. Non-compliance with this policy will be considered a misconduct and employees shall be subject to disciplinary actions.
 - 4.5. Each existing and new employee shall review this Policy to acknowledge in writing that he/she has abided by it. All employees are required to declare their interests (in the context of this policy) when they join TFC. Please refer to section 10 of this Policy for details related to reporting and disclosure forms.
 - 4.6. TFC may not reject a suitable job candidate on grounds of their relation to a current employee. However, we recognize that encouraging the employment of relatives may have a negative impact on productivity and fuel accusations of nepotism and favoritism.
 - 4.7. No personal employee relationship covered by this policy will be allowed to be maintained, regardless of the positions involved, if it creates a disruption or potential disruption in the work environment, creates an actual or perceived conflict of interest or is prohibited by any

legal or regulatory mandate.

5. Conflict of Interest and Anti-Nepotism Principles for Senior Executives and management

5.1. Board of TFC requires following principles to be followed for management of conflict of interest within senior executives and management of the Company.

- a. An employee including senior executive of TFC shall not, without a prior authorization from the Board, have any interest (whether directly or indirectly) in any of TFC's business and/or contracts. Such authorization shall be reviewed and renewed on an annual basis.

Further, the following shall be applied for such matters:

- 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, in accordance with TFC procurement policies.
- The activities and/or scope of such contract or business, shall not be under:
 - i. the scope of operations/responsibilities of the senior executive or
 - ii. the department, to which the employee belongs to and/or the employee is responsible for.
- 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.
- All employees of the Company shall notify TFC HOHR and CFO of any personal interest he/she may have in the business and contracts that are completed for TFC's account. Such notifications shall be logged in a register to be maintained by HOHR.
- An interested party (direct or indirect) shall not be entitled (prohibited) to be included in the deliberation or in the decision making of transaction or contract.
- All employees of TFC are prohibited to participate in any activity which may likely compete with the activities of TFC, or trade in any branch of the activities carried out by TFC.
- Where a an employee fails to disclose his/her interest referred above, TFC shall take disciplinary actions as per TFC internal policies and procedures. TFC shall claim before the competent judicial authority to void the contract or oblige the employee to repay any arising profit or benefit. Any contract concluded in violation of the provisions of this section shall be considered void.
- Audit Committee and TFC management shall, at the time of proposing external auditors for appointment, ensure that the external auditor's interests are not in conflict with the interests of TFC.
- Employees shall act professionally when working with a relative and seek counsel from the applicable manager or HR if there are any problems
- This policy must be considered when hiring, promoting or transferring any employee.

6. Procedures for Disclosure

Many conflict of interest situations can be addressed in a simple and mutually acceptable manner; pro-active, open dialogue between Managers and their staff is essential to support this outcome.

TFC has prescribed the following procedures for disclosing conflicts of interest and obtaining authorization or the requisite approval prior to commencing the activities that may lead to conflicts of interest.

- 6.1. Prior to an action on a contract or transaction involving a conflict of interest, the Interested member of management having a Conflict of Interest and who is in attendance at the meeting 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 TFC and to the relevant related party. Such disclosure shall be reflected in the minutes of the meeting.
- 6.2. The disclosure shall be made to the HOHR, CFO, CEO.
- 6.3. Any employee who is involved in an actual or potential Conflict matter shall immediately bring the matter to the attention as mentioned above, either he/she is involved in the meeting/discussion or not.
- 6.4. Any potential conflicts of interest that are brought to the attention of the CEO, CFO, or the Board of Directors shall be analyzed with the Legal, in consultation with management to determine whether the transaction or relationship does, in fact, constitute a Conflict of Interest compliance with this Policy.
- 6.5. If a potential conflict of interest arises, the transaction must first be discussed with management and approval should be obtained as appropriate, as per the DOA before entering into the transaction.
- 6.6. If management staff fails to declare an interest that is known, and subsequently management or the Board gets aware of the same, the CEO shall declare that interest in accordance with good governance.
- 6.7. In case the Company contracts or enters into a transaction with a related party which equals to or exceeds 1% of the total revenue as reported in the last financial statements, the following shall be followed (Article 43 of Corporate Governance Regulations of CMA)
 - Transaction / contraction shall only be valid through a bidding process.
 - It shall be reported to the Investors Relations, Audit Committee, Nomination & Audit Committee and Board Immediately
 - Audit Committee and the Board shall ensure that CMA and shareholders (through Tadawul) are notified immediately.

7. Records and documentation of misconduct:

The records of the conflict of interest shall contain:

- 7.1. 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;

7.2. The nature of the potential conflict of interest and the names of the persons who were present for discussions and votes relating to the transaction, contract or other matter.

8. Common Examples of Conflict of Interest situation

8.1. Common examples of conflict of interest situations include:

- Personal workplace relationships that results in nepotism (e.g., hiring or supervising a closely related person, one relative is in a position to influence any of the rights or obligations or any other aspects of employment of the relative including contract renewal, performance appraisal, promotion, disciplinary action, one relative of a vendor is in a position to influence dealing with that vendor for example vendor selection, priority in payment, exceptions for vendor at the expense of quality).
- External mandates (e.g., serving on the board of directors or in advisory capacity of a TFC competitor),
- Outside employment (e.g., having a second job with a TFC customer, supplier, or competitor),
- Promoting personal financial interests (e.g., owning a substantial share of a TFC supplier while in a position to steer TFC business towards it), and
- Receiving fees, commissions, discounts, gifts, entertainment, or services (e.g., receiving cash from a TFC business partner).

9. Resolving Nepotism

9.1. In principle, TFC will follow the necessary procedure to end the situation while striving not to cause any inconvenience. This may include transferring one employee to another department or terminating a vendor’s contract.

9.2. It is the goal of the Company to avoid creating or maintaining circumstances in which the appearance or possibility of favoritism, conflicts or management disruptions exist.

9.3. TFC may allow existing personal relationships to be maintained or employ individuals with personal relationships to current employees under the following circumstances:

1. Individuals may not work under the supervision of the same manager;
2. They may not create a supervisor/subordinate relationship with a family member;
3. They may not supervise or evaluate a family member;
4. The relationship will not create an adverse impact on work productivity or performance;
5. The relationship may not create an actual or perceived conflict-of-interest;
6. They may not audit or review in any manner the individual’s work.

9.4. High Risk Conflicts of Interest that Employees Must Avoid or that Must be Removed

Type of conflict	What must be avoided or removed
Personal workplace relationships	Employees must not <ul style="list-style-type: none"> • Be in a supervisory, subordinate, or control relationship (e.g., having influence over conditions of employment) with closely related persons • Be involved in any hiring decision regarding closely related

	persons (including internal/external hiring and internal transfers)
Outside engagements, including employment	<p>Employees must not have any kind of paid or unpaid engagement with:</p> <ul style="list-style-type: none"> • A TFC business partner or competitor, unless it meets a TFC business purpose or does not influence (and cannot be perceived as influencing) the employees business judgment • Any other person or company if this impacts their performance at TFC
<p>Personal financial interests</p> <p>Relationships with business partners and competitors</p>	<p>Employees must not:</p> <ul style="list-style-type: none"> • Own any interest equal to or greater than 1% in any company which competes with or does business with TFC • Conduct TFC business with any entity in which they have a substantial interest or with which they have a substantial affiliation • Act as an official of or advisor or consultant to any government agency with regulatory or supervisory power over TFC

10. Reporting and Disclosure Forms

Each employee shall complete a disclosure form (Annexure 1) identifying any relationships, positions or circumstances in which the employee is involved that he/she or she believes could contribute to a Conflict of Interest arising. The form needs to be completed and submitted by employees each time a new conflict of interest is observed. Employees are expected to submit the updated forms within 5 working days of the conflict of interest being observed.

Any employee who learns of a potential violation of applicable laws or this Policy is required to report his or her suspicion promptly in accordance with the “Whistle Blowing Policy”.

Employees who report potential misconduct or who provide information or otherwise assist in any inquiry or investigation of potential misconduct will be protected against retaliation.

11. Responsibilities and Implementation

11.1. It is the responsibility of every TFC employee to adhere to this Policy within his or her area of functional responsibility, to lead by example, and to provide guidance to those employees reporting to him or her.

- 11.2. Breaches of this Policy will not be tolerated and can lead to disciplinary and other actions up to and including termination of employment.
- 11.3. HR is responsible for ensuring conflicts of interest are disclosed by new hires during the hiring process.

The owner of this Policy is Human Resources department.