

Summary of Dealing with Related Parties Policy

1) Objective:

- To confirm the establishment of procedures that organize operations with related parties, ensuring a clear separation between the company's interests and those related to a board member, by the board of directors implementing mechanisms to prioritize the company's interests over those of its members.
- To set the principles and guidelines under which the risk management department will review the transactions and dealings that the company intends to engage in with related parties and to provide appropriate recommendations to the board of directors.
- The approval of the ordinary general assembly is obtained for transactions with related parties after being approved by the Board of Directors.

2) Definition of a Related Party Transaction:

- A related party transaction is the transfer of resources, services, or obligations between the company and a related party, whether direct or indirect, regardless of whether financial consideration is received for it. These transactions include, but are not limited to, consulting services, all types of investment, supply contracts, service or maintenance contracts, and other services.
- A party is considered related to the company according to the first book (definitions) of the executive regulations of the Capital Markets Authority in the following cases:
 1. If he has control either directly or indirectly over the company.
 2. If it is a subsidiary.
 3. If he is a member of the same group to which the company belongs.
 4. If he is a member of the Board of Directors of the company or a member of the executive management of the company.
 5. If he is a relative of the person referred to in item (1) or (4) of this definition (*).
 6. A company under the control or joint control or significant influence of the persons referred to in items (4) or (5) of this definition by virtue of their significant voting power either directly or indirectly.

When identifying related parties, consideration is given to what is stated in the law, the executive regulation, and International Accounting Standard No. (24) and any amendments that may occur to them.

* The relatives of the person mentioned in paragraph 5 are defined as follows: father, mother, son, daughter, grandfather, grandmother, grandson, granddaughter, son of the daughter, and daughter of the daughter, wife, brother, and sister.

3) Dealing with Related Parties Policy

1. The review, approval, and endorsement of transactions with related parties is the responsibility of the Board of Directors, and it is also responsible for supervising the implementation of this policy.
2. Transactions with related parties are carried out in accordance with the relevant instructions issued by regulatory authorities such as the Capital Markets Authority or other regulatory bodies.

3. The Risk Management Department must be notified of any potential deals or transactions with related parties, including a description of the nature of the relationship and a copy of the documents
4. A board member and the executive management are committed to disclosing to the board any shared interests they have with the company, whether directly or indirectly.
5. A board member is obligated not to participate in discussions, express opinions, or vote on any topics presented to the board in which they have a direct or indirect shared interest with the company.
6. The transaction with any related party must comply with the following:
 - a- The terms and conditions must be acceptable and similar to those transactions that occur with other parties.
 - b- The transaction must be based on purely commercial and financial grounds / fair market value and appropriate guarantees should be taken if necessary.
 - c- The transaction must be subjected to the same level of scrutiny and due diligence applied to similar transactions with other parties related to the transaction, so that they can review it and provide a report to the Board of Directors.
7. Supporting documents or agreements covering transactions with related parties should be retained.
8. All transactions with related parties should be settled in a timely and periodic manner.
9. A list clarifying the parties that are considered related to the company should be maintained and updated periodically.
10. The company must comply with detailed disclosure requirements regarding contracts and transactions with related parties, including loans, guarantees, and commercial transactions, and must disclose cash transactions between the company and related parties.
11. Transactions with related parties should be reviewed within the agenda items of the general assembly of shareholders and approval from the general assembly must be obtained for all transactions that have occurred or will occur with these parties.

4) **Transactions that must be disclosed:**

If a company has transactions with related parties during the periods covered by the financial statements, it must disclose those transactions. The following are examples of important disclosures related to transactions with related parties that The Commercial Real Estate Company discloses in its financial statements:

- Benefits of senior management.
- Operating revenues.
- Operating expenses and other burdens.
- Purchase of properties, machinery, and equipment.
- Purchase of investments or advance payments for their acquisition.
- Statement of balances due to related parties.