



الشركة العملىة للطاقة (ش.م.ك.م)  
Action Energy Company (K.S.C.C)

**ACTION ENERGY COMPANY  
CONFLICT OF INTEREST  
ISSUE DATE: OCTOBER 2024**

## Review & Approval

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## Key Definitions

1. **The Company:** refers to the Action Energy Company K.S.C.C. and does not include any of its subsidiary, associate, or partnerships.
2. **The Authority ('CMA'):** refers to the Capital Markets Authority.
3. **Board of Directors ('Board'):** refers to the governing council of the Company as required under the Kuwait Companies Law No.1 for 2016, and its Executive Bylaws as maybe amended from time to time.
4. **Board Committees:** refers to the Committees of the Company that are, or will be, formed by the Company's Board as per CMA regulations.
5. **Board Members ('Directors' or 'Directors'):** refers to the natural person, or the representative of the natural person or the legal person elected to be a Board Member. The term covers Chairman, Vice Chairman, Executive Board Members, Non-Executive Board Members, and Independent Board Members of the Company.
6. **Board of Directors Secretary ('Board Secretary'):** refers to the person appointed by the Board (from amongst the Company's employees) to perform the task of registering, coordinating, and keeping all the minutes of the meeting of the Board, and any other tasks assigned to him/ her by the Board, in this regard.
7. **Chief Executive Officer ('CEO'):** refers to a person appointed by the Company's Board of Directors from amongst the Members of the Board (except the Board Chairman) or others, who shall be directly under the Board of Directors, who is in charge of managing all executive works relating to the Company's main activities, in accordance with the responsibilities and authorities granted to him.
8. **Executive Management:** refers to the C-suite executive positions directly subordinate/ reporting to the CEO in accordance with the organizational structure adopted by the Company. The Executive Management are appointed by the Board and are responsible for day-to-day business of the entity.
9. **Shareholders:** refers to an individual or legal entity (such as another corporation, a body politic, a trust or partnership) that is registered by the Company as the legal owner of shares of the share capital of a public or private Company.
10. **Major Shareholder:** refers to a shareholder who owns 5% or more of the shares of a shareholding Company in accordance with the provisions of Module 10, Disclosure and Transparency, of CMA Executive Bylaws.
11. **Stakeholders:** refers to every person of interest to the Company such as employees, creditors, suppliers, clients, agents, and service providers thereto.

### 12. Related Party:

#### CMA Definition:

A party is considered related to a Company if:

- a) The person has direct or indirect control over the Company.
- b) The party is a subsidiary Company.
- c) The party is a member of the same Group in which the Company is a party to.
- d) The party is an associate to the Company.
- e) The party is a Board Member of the Company or member of its Executive Management.
- f) The person is a relative of a Related Party referred to in paragraph (1) or (5).
- g) Is a Company under the control or combined control of or material influence of the Related Parties referred to in paragraph (5) and (6) through their direct or indirect voting power.

When determining Related Parties, the provisions of the Law, Bylaws, and International Accounting Standard No. 24 and amendments thereto shall be considered accordingly.

**Note:** Related Parties as per International Accounting Standard 24.9 (IAS 24) is defined as follows:

A Related Party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity') [IAS 24.9].

- a) A person or a close member of that person's family<sup>1</sup> is related to a reporting entity if that person:
  1. Has control or joint control over the reporting entity.
  2. Has significant influence over the reporting entity, or
  3. Is a member of the key Management personnel<sup>2</sup> of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
  1. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
  2. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  3. Both entities are joint ventures of the same third party.
  4. One entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
  5. The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  6. The entity is controlled or jointly controlled by a person identified in (1).
  7. A person identified in (1)(a) has significant influence over the entity or is a member of the key Management personnel of the entity (or of a parent of the entity).
  8. The entity, or any member of a group of which it is a part, provides key Management personnel services to the reporting entity or to the parent of the reporting entity.

The following are deemed not to be related: [IAS 24.11]:

1. Two entities simply because they have a Director or key manager in common.
2. Two venturers who share joint control over a joint venture.
3. Providers of finance, trade unions, public utilities, and departments and agencies of a government that does not control, jointly control, or significantly influence the reporting entity, simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process).
4. A single customer, supplier, franchiser, distributor, or general agent with whom an entity transacts a significant volume of business merely by virtue of the resulting economic dependence.

### 13. Relative or Relatives: refer to:

- a) **First degree relative or relatives:** refers to the direct relationship that links the parents upwards and children downwards of a first degree (for example father, mother, son, daughter) and spouse etc.

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<sup>1</sup> Close member of family includes, but is not limited to children and dependents, spouse/partner, and children and dependents of spouse/partner.

<sup>2</sup> Those persons having authority and responsibility for: planning, directing, and controlling the activities of the entity, directly or indirectly, including all Directors (executive and non-executive).

- b) **Second degree Relative or Relatives:** refers to the direct relationship that links the parents upwards and children downwards of a second degree (for example grandfather, grandmother, grandson, granddaughter), brothers and sisters, stepbrothers and stepsisters, and in-laws etc.
14. **Interested Person:** refers to a Person with an interest amounting to 5% or more in the share capital of a Listed Company, whether **directly** or indirectly or as a Group or in Alliance with others.
15. **Related Party Transaction:** refers to transactions that are distinguished by a transfer of resources, services, or obligations between the entity and a Related Party, regardless of whether a price is charged.
16. **Employee/ Employees:** refers to the employee/s of the Company, including member/s of the Executive Management, part time employee/s, seconded employee/s etc.
17. **Conflicts of Interest:** refers to situation in which an individual or entity is involved in multiple interests, relationships, or obligations that could potentially compromise their ability to act impartially, ethically, or in the best interests of one or more parties involved.
18. **Material Effect:** refers to an effect resulting from a transaction, action, arrangement, or contract that may affect the user of the Company's financial statements.
19. **Material Transaction:** refers to a transaction executed by the Company where the value of the transaction exceeds 5% of total assets of the Company within the meaning of Accounting Standards or if the transaction has a material effect on the financial statements of the Company.

# 1. Introduction

## 1.1. Preface

Action Energy Company (KSCC) [“the Company”] is committed to conducting business in a fair, honest and sound manner to help assure that the long-term interests of its shareholders are being served. As part of this commitment, this Conflict-of-Interest Policy sets out the policies and procedures for the fair and honest business practices and behavior that the Company expects from its Directors and employees.

This policy applies to all the Company employees, contractors, officers, and members of the Board of Directors, who are collectively referred to below as “Employees”.

## 1.2. Purpose & Objective:

Capital Market Authority, Kuwait, the regulatory body of the Company, has as part of Corporate Governance, established regulations for publicly listed and specified licensed companies to develop policies for conflicts of interest including methods and processes to address and manage it. To meet these requirements, as well as to discourage such business conduct by Directors and Executive Management, that unethically co-mingles personal interests with that of their official responsibilities in the Company, the Audit & Risk Committee of the Board of Directors [“the Audit & Risk Committee”] has developed this Conflict-of-Interest Policy.

The purpose of this “Conflict of Interest Policy” (Policy) is to implement an appropriate mechanism for managing Conflicts of Interest in the Company. The Policy:

- a) Defines Conflict of Interest and outlines instances that could lead to a Conflict of Interest.
- b) Establishes a system for disclosure of Conflicts of Interest as they occur.
- c) Establishes relevant reporting requirements.
- d) Provides appropriate guidance for managing Conflicts of Interest.

The Policy should be read in conjunction with the following regulations and policies of the Company:

### Regulations:

- a) Capital Markets Authority Law (Law No. 7 of 2010).
- b) CMA Executive Bylaws as maybe amended from time to time.
- c) Law No. 1 of 2016 on the Promulgation of the Companies Law.

### Company Policy:

- a) Code of Conduct.
- b) Whistleblower’s Policy.
- c) Procurement Policy.
- d) Other internal policies and procedures, as applicable.

## 1.3. Scope of Application of Policy

Although it is impossible to describe every situation that might give rise to a potential conflict of interest, this policy addresses the following common situations that may give rise to a conflict of interest.

Any exception to the policies contained herein shall be approved by the Audit & Risk Committee.

#### 1.4. Policy Custody and Distribution

The contents of the Policy are confidential and for internal use only. The Policy shall be maintained by the Compliance Department. The Policy will be circulated to the Board Members, Executive Management, and Employees of the Company and/or published on the Company intranet for general access, as applicable. Any access to the Policy to interested third parties shall be provided subject to their signing a standard non-disclosure agreement with the Company and the approval of the Compliance Department.

#### 1.5. Policy Maintenance

The Policy shall be periodically reviewed (at least once in three years) and more frequently, if deemed necessary. Revision, if any, to the Policy shall be based on one or more or a combination of the following reasons:

The enclosed Manual should be reviewed and whenever changes in the internal or external environment necessitate it and at least once every 3 years by the Audit & Risk Committee.

The Manual may be revised appropriately, taking into consideration the changes in internal and external environment. Any changes to the same however shall be recommended by the Audit & Risk Committee and approved by the Board.

When amendments and revisions are made, these amendments will be distributed among the employees of the Company.

#### 1.6. Policy Maintenance Authorities

Authorities	Maintain	Update/ Amend	Review	Endorse	Approve	Publish
Compliance Department	✓	✓	✓			
Human Resources & Admin Department			✓			✓
Audit & Risk Management Committee			✓	✓		
Board					✓	
IT Department						✓

#### 1.7. Precedence of Laws and Regulations

In the event of a conflict between any statement and/or course of action in this document and applicable regulations, the relevant laws and regulations shall always take precedence.

## 2. Key Roles and Responsibilities

### 2.1. Board Responsibilities

The responsibilities of the Board shall be as follows:

- a) The Board shall review, manage, and approve, as applicable, material transactions with potential Conflict of Interest or with the Related Parties as per the Company policy.
- b) The Board shall use appropriate collective judgment to make correct choices when conflicts arise or are brought to its attention. The decisions taken by the Board on such matters shall be recorded in the Board meeting minutes.
- c) The Board shall regularly monitor Conflict of Interest issues and ensure that decisions and/or approvals of business deals of the Company involving Interested Persons are at an “arm’s length” basis and in accordance with the applicable laws and regulations.

### 2.2. Board Member Responsibilities

The responsibilities of the Board Members<sup>3</sup> shall be as follows:

- a) The Board Members shall, always, discharge their fiduciary responsibilities, acting in the best interests of the Company and its shareholders, and shall exercise caution to avoid placing themselves in a situation where there is an actual or potential conflict between their duty to the Company and their personal interests or the interests of the groups/ parties they represent. The Board Members shall declare any directorship or managerial positions held in other companies, including details of relevant shareholdings and investments, if applicable. Please refer to the Appendix for the relevant forms.
- b) The Board Members shall establish a clear separation between the Company’s interest and interests related to the Board Members through giving priority to the Company’s interests over the interests of the Board<sup>4</sup>.
- c) The Board Members shall individually refrain from any action that might be detrimental to the Company, always act in the best interest of the Company and collectively ensure that the Company’s business decisions are unaffected by occurrence of circumstances leading to a Conflict of Interest.
- d) The Board Members shall not use their official position of influence to achieve their own personal interests or cause such interest or gains to any third party.
- e) The Board Members shall not use the Company assets and resources to achieve their own personal interests.
- f) The Board Members shall develop a clear mechanism which prevents any director, Executive Management, or an Employee from exploiting the information they receive in their official capacity for their personal interests, as well as prohibit the disclosure of the Company’s information and data except where such disclosure is permitted in accordance with the applicable laws and regulations.
- g) The Board Members shall disclose, in writing, to the Board, using the form “Declaration of Interest by Related Party,” attached in Appendix, any mutual interest with the Company, they may have, whether such interest is direct or indirect. Any such disclosure shall occur prior to entering any act or signing any contract involving Conflict of Interest with the Company.

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<sup>3</sup> These responsibilities will also apply to the Board Members appointed by the Company’s controlling shareholders.

<sup>4</sup> The Board must always act in the best interests of the Company, even if those interests conflict with their own personal or professional interests.

## 2.3. Audit & Risk Committee Responsibilities

The Board shall be overall responsible for the Policy and its implementation. The Audit & Risk Committee shall oversee its implementation and compliance within the Company. The Audit & Risk Committee may delegate the day-to-day responsibility for implementation of the Policy to the Compliance Department which shall function as the central point of internal co-ordination, internal control, and compliance monitoring in this respect. The key role of the Audit & Risk Committee shall be to:

- a) Review the Policy periodically and recommend appropriate changes.
- b) Review, and manage, as applicable, areas with potential Conflicts of Interest, or relevant transactions with Related Parties, or the use of Company's assets as per the Company policy.
- c) Use its collective judgment when significant conflicts arise or are brought to its attention to address such matters appropriately.
- d) Regularly monitor Conflict of Interest issues and oversee compliance with the Policy and regulatory requirements in accordance with the applicable laws and regulations.

## 2.4. Executive Management Responsibilities

The responsibilities of the Executive Management shall be as follows:

- a) The Executive Management shall be responsible for overseeing the management of all Conflict-of-Interest issues as they arise within their relevant areas of responsibility in the Company.
- b) The Executive Management shall exercise caution to avoid placing themselves in a situation where there is an actual or potential conflict between their duty to the Company and their personal interests. The Executive Management shall declare any directorship or managerial positions held in other companies, including details of relevant shareholdings and investments, if applicable. Please refer to the Appendix for the relevant forms.
- c) The Executive Management shall not use their official position of influence to achieve any private interest or any personal interests or cause such gains or interests to any third party.
- d) Members of Executive Management shall disclose any potential Conflict of Interest to the Board. This disclosure shall be made in writing, using the Form "Declaration of Interest by Related Party" and a copy of the declaration shall be duly submitted to the Compliance Department for its reference and records. (Please refer to Appendix for this form).

## 2.5. Employee Responsibilities

All Employees shall:

- a) Act with integrity.
- b) Avoid situations giving rise to Conflicts of Interest or the perception of a Conflict of Interest, wherever possible<sup>5</sup>.
- c) Immediately disclose Conflict of Interests, if any, to his/her manager and the Compliance Department. This disclosure shall be made in writing using the form "Declaration of Interest by Related Party" and shall be duly submitted to the Compliance Department for its reference and records. (Please refer to Appendix for this form).
- a) Promptly escalate issues of concern to the Compliance Department so that Conflict of Interest issues are appropriately reviewed, managed, and resolved.

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<sup>5</sup> Employees should not engage in any business outside of the Company if it interferes with their performance or responsibilities to the Company as well as should not enter any arrangement with Company's customers or suppliers apart from their normal dealing relationship as an Employee of the Company

## 2.6. Compliance Department Responsibilities

The Compliance Department shall be responsible for the day-to-day implementation of the Company's Conflict of Interest Policy. The Compliance Department shall ensure firm adherence to the Policy by all personnel of the Company. The Compliance Department shall periodically review this Policy and shall discuss and propose to the Audit and Risk Management Committee any suggestions or requests for amending this Policy and shall implement all resolutions of the Audit and Risk Management Committee in this regard.

### 3.Conflict of Interest Policy Statements:

#### 3.1. Meaning of conflict of interest

A Conflict of Interest may arise when there is conflict between the private interests and official responsibilities of an individual or an institution in a position of trust, which may compromise impartiality or integrity or lead to unfair competitive or financial advantage to that individual or institution<sup>6</sup>.

##### 3.1.1. Identification of conflict of interest

The identification of Conflict of Interest should consider all factual circumstances and should be determined based on whether an Interested Person:

- a) Has an interest in the outcome of a transaction with the Company, its service providers, or customers/ clients or in a transaction carried out on behalf of Company's service providers or customers/ clients, which is distinct from the Company's or a particular customer's/ client's interest in that outcome.
- b) Has financial or other incentives to favor the interest of a customer/ client or group of customers/ clients over the interests of another customer/ client.
- c) Is likely to make a financial gain, or avoid a financial loss, at the expense of the Company, its customers/ clients, or its service providers.
- d) Receives financial or other benefits as a result of their position at the Company, which is inappropriate in nature.
- e) Has existing financial or other interests or previous engagement in an endeavor or activity or relationship with another person, which impairs or could impair their judgment or objectivity in performing their duties and responsibilities to the Company.
- f) Carries or has interests in the same business line as of the Company that is or might be potential competition for the Company or its products/ services.

##### 3.1.2. Nature of Conflict of Interest

The outside interests of an Interested Person can take many different forms but shall be capable of giving rise to the risk of a Conflict of Interest depending on the circumstances. Such circumstances may give rise to:

- a) **Actual Conflict of Interest:** where an individual has an apparent personal interest which influences his/her impartiality in the performance of the assigned job.
- b) **Perceived Conflict of Interest:** where an Interested Person appears to a third party to be influenced by their personal interests in the performance of their job or when they are perceived to leverage their position or the position of any other individual within the Company to gain a personal interest.
- c) **Potential Conflict of Interest:** where an Interested Person may have a personal interest, which could develop into an actual or perceived Conflict of Interest.

Personal interests giving rise to Conflict of Interest can be financial or non-financial and direct or indirect where:

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<sup>6</sup> A Conflicts of Interest may also arise in connection with a transaction or arrangement entered between the Company and a Major Shareholder due to the close relationship between the involved parties.

- a) Financial interest<sup>7</sup>: relate to financial and economic interests (e.g., relating to debts, business interests, income, shareholdings, and assets).
- b) Non-financial interests: relate to receipt of any added benefits such as preferential treatment, privileged access, favors, gifts, sponsored travel, or other similar advantages.
- c) Direct interests: relate to where the benefit/s flows directly to an individual.
- d) Indirect interests: relate to where the benefit/s flows to another person with whom an individual has a significant relationship, i.e., a Relative<sup>8</sup>.

### 3.2. General Policies:

- a) The Company shall always:
  1. Seek to prevent or manage Conflict of Interest to ensure with reasonable confidence, that the risks of damage to its interests and the interests of its clients and customers are prevented.
  2. Be responsible for ensuring that its whole organization is aware of its Conflict-of-Interest Policy.
  3. Ensure that Board Members, Executive Management, and its Employees understand and appropriately manage individual Conflict of Interest issues.
  4. Ensure that Board Members, Executive Management, and its Employees disclose any personal interest that they may have in any transaction and/or contract executed by the Company.
  5. Ensure that the appointment of advisors and external auditors of the Company is in accordance with the applicable regulations and fully meets the requirements of their independence and the absence of any Conflict of Interest<sup>9</sup> as and when applicable.
  6. Take and follow up on all the necessary measures to avoid and prevent any Conflict of Interest.
  7. Evaluate conflict risks in relation to projects or investigations on a case-by-case basis.
- b) The Company shall establish and implement other policies, as appropriate, to avoid and manage Conflict of Interest arising from misuse of confidential information.
- c) The Board shall follow up on the cases of Conflict of Interest reported by the Board Members, the Executive Management, or the Employees, to ensure that such cases are dealt with in a proper and timely manner in accordance with the relevant regulatory requirements<sup>10</sup>.
- d) The Company in accordance with the CMA regulation:
  1. Shall appoint an independent expert (such as an asset valuator or investment advisor) to submit a report to the General Assembly or the Board regarding any transaction between the Company and any Related Party or any arrangement whereby each of the parties enter into any project or buy an asset or provide financing for it, when the value of that transaction or arrangement is equivalent to 5% or more of the Company's total assets or if the transaction or the arrangement would have a material effect on the Company's financial statements. This report shall be submitted before the transaction, or the arrangement is approved.

<sup>7</sup> An Employee has a financial interest, if such a person, or, to the knowledge of such a person, a Related Party of such a person has, directly or indirectly, derived or can potentially derive personal financial benefit including, but not limited to, whether through any business, investment or family relationship, or in dealings with the Company, or by representing or misrepresenting the Company, or using the Company's name or resources.

<sup>8</sup> If a Relative secures an interest (whether direct or indirect) with third parties engaged with the Company, without any influence from an Employee, then such cases shall not be considered as a Conflict of Interest. However, it shall be responsibility of the concerned Employee to provide full disclosure of the case, to ensure its proper assessment.

<sup>9</sup> The Company may conduct a Conflicts of Interest check and ensure that the advisors and external auditors consider and implement appropriate safeguards to mitigate any potential conflicts or independence risks.

<sup>10</sup> When an actual conflict is found to have occurred, any transactions that may have been affected shall be reviewed retrospectively. The affected parties inside and outside the Company may be notified, appropriately, including relevant Shareholders, Directors, Employees, and regulatory bodies. The Company's Board should investigate to determine the extent of the conflict, and the intentions of the parties involved. The Board shall have the power to determine suitable and necessary disciplinary actions, including suspension and/or termination of employment/ appointment, and/or award of contract, as appropriate.

2. On becoming aware of a case of Conflict of Interest, by any person that reports to it, the Compliance Department shall notify the conflicted person, in writing, of the need to disclose the case of Conflict of Interest and address this conflict, appropriately. If that person fails to address the conflict upon such notification, the Company shall be entitled to take appropriate action.

e) All concerned individuals shall inform the Compliance Department to enable it to assess the conflict, if in any doubt, as to whether there may be a conflict risk, in regard to any transaction.

### 3.3. Duty to Disclose

An Interested Person shall disclose all material facts to the Company:

- a) The Board Members and Executive Management are duty-bound to disclose to the Board every actual or potential case of Conflict of Interest, as defined in this Policy, and/or based on relevant laws, regulations, and international standards<sup>11</sup>.
- b) The Employees are duty-bound to disclose any actual or potential Conflict of Interest, and all material facts, to the Compliance Department. The Compliance Department shall assess and manage/ address the Conflict-of-Interest issues, accordingly.
- c) Every prospective staff/ client/ service provider or customer, as a condition to their being considered for any dealings, shall inform/ report to the Company about their relationships with any Board Member, or a member of the Executive Management, or an Employee of the Company in the manner prescribed by the Company<sup>12</sup>.

### 3.4. Attestations<sup>13</sup>

The Board Members, Executive Management and Employees shall certify that they have read, and understood the Policy, and have agreed to comply with the Policy. Please refer Appendix for the relevant acknowledgement and undertaking templates.

### 3.5. Examples of Conflicts of Interest

The following are illustrative examples of Conflicts of Interest:

- a) **Engaging contractors:** An Interested Person engaging or proposing to engage a contractor or consultant on behalf of the Company, where he/she (or a Relative) has either:
  1. A direct or indirect personal relationship, affiliation or association with that contractor or consultant, or
  2. A direct or indirect financial interest in the contractor's or consultant's business.
- b) **Decision making:** An Interested Person deciding, or voting as a member of the Board/ Committee when they (or a Relative) have:
  1. A direct or indirect material or personal relationship, affiliation or association with a person or organisation involved in the subject matter under consideration, or
  2. A direct or indirect financial interest in an organisation that is involved in the subject of the matter under consideration.

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<sup>11</sup> Please also refer sections 4.1 and 4.2 in this Policy.

<sup>12</sup> Please refer to the Appendix for the template of the Declaration of Interest by Related Party, as applicable.

<sup>13</sup> The Company may obtain employee attestations of having read and understood the Policy at the time of their joining the Company and subsequently in case of any amendment to the Policy. In this regard the Company may use the Employee Handbook for facilitating Employee attestations. Similarly, new Board Members may attest having read and understood the Policy during their orientation and induction. Any such attestation/ declaration of compliance shall remain valid until the concerned individual's formal separation from the Company, either by resignation/ termination or retirement.

- c) **Tender evaluations:** An Employee reviewing tender submissions on behalf of the Company where they (or a Relative) have either:
1. A direct or indirect material or personal relationship, affiliation, or association with, one or more of the tendering parties, or
  2. A direct or indirect financial interest in one or more of the tendering parties.
- d) **Representation:** An Employee representing the Company, where their personal rights and or position come into conflict, or are inconsistent with, the Company rights and/or position.
- e) **Sponsorships:** An Employee arranging or proposing to arrange Company sponsorship for any organization, club, or association with which they (or a Relative) have an affiliation, association, or a financial interest.
- f) **Board Members:**
1. Dealing with the Company or entering into a contract with the Company (other than for employment related matters).
  2. Selling to, or acquiring an asset from, the Company.
  3. Leasing property to, or from, the Company.
  4. Owning any stake or having any voting rights in a Company<sup>14</sup> that deals with the Company or that enters into an agreement or arrangement with the Company or competes with the Company, directly or indirectly.
- Note:** An individual shall not be construed to have a Conflict of Interest if he/she has ownership interest which is less than 5% in a Company that is traded on a stock exchange.
5. Being a Board Member of any other Company that deals with the Company or has entered into an agreement or arrangement with the Company, or which competes with the Company.
- Note:** If any of the examples set out in this section also apply to a Relative of the Employees/ individuals serving the Company, then that person shall be considered to have a Conflict of Interest.
6. Being a common Director in subsidiaries, associates, and other affiliates giving rise to Conflict of Interest. In such cases, the adherence to following minimum steps shall be mandatory<sup>15</sup>:
- i. **Disclosure:** All Directors and Executive Management involved in multiple entities shall disclose their affiliations and potential Conflicts of Interest. [This information should be updated regularly and made available to the Boards and shareholders.]
  - ii. **Recusal:** The Directors who have a Conflict of Interest in a particular matter shall recuse themselves from discussions, decision-making, and voting related to that matter to prevent undue influence and ensure that decisions are made in the best interests of the entity and its shareholders.
  - iii. **Documentation:** The relevant entities shall maintain thorough records of Board meetings, including minutes that document the disclosure of conflicts, recusals, and the rationale behind decisions made in the presence of conflicts. [This documentation is essential for transparency and accountability.]

<sup>14</sup> The term "Company" here includes any supplier, vendor, contractor, subcontractor, or other parties in general, currently doing business with or in competition with the Company, where the Employee can influence, or has the appearance of influence over, business dealings or decisions affecting that Company.

<sup>15</sup> The common Director has a fiduciary duty to both the affiliated entities. Voting on a matter that could affect both entities could create a conflict of interest because the Director could be tempted to vote in a way that benefits one entity at the expense of the other entity.

- iv. **Independent Legal and Financial Advice:** In complex situations, the entities may consider engaging independent legal and financial advisors to provide expert guidance on managing Conflicts of Interest. [The advisors should help ensure that the best interests of all stakeholders are protected.]

## 4. Approach to Managing Conflicts of Interest

The Board, the Compliance Department and other concerned personnel shall approach decision-taking on Conflict-of-Interest issues on behalf of the Company objectively and in a professional manner.

All individuals in the Company have a contractual obligation of loyalty to the Company, and accordingly, should avoid Conflicts of Interest with the Company. However, if such conflict occurs, it is the duty of the concerned individual to report such conflict in accordance with the provisions of this Policy.

### 4.1. Board Members

Board Members are required to disclose the following interests (indicative) to the Board Secretary for official disclosures to the Board:

- a) Financial interests where disclosure shall include current interests of Board Members and their Relatives.
- b) Any paid employment, office, or profession.
- c) Other regular sources of income or remuneration from business, professional or public activities or interests.
- d) Other Directorships, whether paid or not.
- e) Membership of other organizations.
- f) Any relevant non-financial interest.

**Note:** Disclosure of (b) to (e) will include both current and recent non-financial interests (including their first- and second-degree Relatives).

The Board Secretary shall keep a record of all disclosures made by Board Members<sup>16</sup>.

- a) For the purposes of managing conflict risks.
- b) For the purposes of complying with the Company's Code of Conduct and the other Company's policies and procedures, as appropriate.
- c) For any other legal or regulatory obligation.

A Board Member shall disclose to the Board any such interest as soon as they become aware that it may cause a conflict. The Board will consider all conflict risks that are brought to its attention on a case-by-case basis, considering the opinion of the Audit & Risk Committee before making its recommendations. The concerned Board Member shall be recused from any discussion or determination in relation to that matter.

After ceasing to be a Board Member, individuals must remain bound by their duty of confidentiality and the relevant legal restrictions in relation to information obtained during their activities when they were a Board Member.

A Board Member engaging in any activity or any personal interest that may result in any form or content of some kind of conflict with the interests of the Company must obtain prior approval as per applicable laws and regulations. The examples of such activities include:

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<sup>16</sup> Disclosures by Board Members shall be copied to the Compliance Department for its information and records. The information shall be kept confidential and shall be disclosed when required. The Compliance Department shall retain such records for future its reference.

#### a) **Business deals with the Company:**

1. A Board Member without permission from the General Assembly renewed every year – may not have a personal interest (direct or indirect)<sup>17</sup> in the works and contracts concluded for the account of the Company<sup>18</sup>.
2. The relevant Board Member shall notify to the Board, their personal interest in any works and contracts proposed to be concluded with Company.

#### b) **Business deals that compete against the Company**

A Board Member without the permission from the General Assembly renewed every year, may not participate in any business that would compete with the Company, or with any activity practiced by the Company<sup>19</sup>.

#### c) **Contract with third parties representing Board Members**

The Company shall not do business with anyone who might give a Board Member an unfair advantage or raise ethical concerns.

**Note:** This restriction also applies if a Board Member contracts with the Company in the capacity of an overt or covert commercial agent for another Company or an establishment.

#### d) **Misuse of confidential/ insider information**

1. A Board Member must not execute securities transactions using information about the Company that is confidential or is known to them due to their position/ role in the Company.
2. A Board Member must not provide advice or recommendation to any of the Company's clients to execute a transaction or securities deal with the aim of achieving a profit.
3. A Board Member must not provide confidential information to any third party with the aim of concluding a transaction to which one of the Company's clients is a party.

### **4.2. Executive Management**

The Members of the Executive Management are required to disclose the following interests to the Board Secretary for official disclosures to the Board:

- a) Financial interests where disclosure shall include their current interests and their Relatives.
- b) Other regular sources of income or remuneration from business, professional or public activities or interests.
- c) Membership of other organizations.
- d) Any other relevant non-financial interest.

**Note:** Disclosure of (b) to (d) will include both current and recent non-financial interests (including their first- and second-degree Relatives).

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<sup>17</sup> That is a personal financial interest or other beneficial stake in any business deals made by the Company.

<sup>18</sup> Board Members may also not participate in voting on the decisions of the General Assembly regarding the discharge of their responsibility for their Management of the Company or on matters that relate to a special benefit for them or their spouses or relatives of the first degree or in respect of a dispute existing between them and the Company.

<sup>19</sup> The relevant Board Member shall inform the Company of all external activities and actions involving such Conflicts of Interest and seek prior approval of the Board. The decision of the Board must be recorded in the Board meeting minutes and the other required regulatory procedures should be complied with.

The Board Secretary shall keep a record of all disclosures made by Executive Management<sup>20</sup>.

- a) For the purposes of managing conflict risks.
- b) For the purposes of complying with the Company's Code of Conduct and the other Company's policies and procedures.
- c) For any other legal or regulatory obligation.

The Board will consider all conflict risks that are brought to its attention on a case-by-case basis, considering the opinion of the Audit & Risk Committee and/or the Risk Management Department, before making its recommendations<sup>21</sup>.

On leaving the Company, such individuals must remain bound by their duty of confidentiality and relevant legal restrictions in relation to information obtained during the course of their activities when they were part of the Company's Executive Management.

### 4.3. Common Directors

All conflicts of interest involving common Directors in subsidiaries, associates, and other affiliates shall be appropriately managed in the following manner:

- a) All Directors involved in multiple entities shall disclose their affiliations and potential conflicts of interest, if any.
- b) The Directors who have a conflict of interest in a particular matter shall recuse themselves from discussions, decision-making, and voting related to that matter.
- c) The minutes of relevant Board meetings shall document the disclosure of conflicts, recusals, and the rationale behind decisions made in the presence of conflicts.

### 4.4. Employees

#### 4.4.1. Types of Conflicts of Interest

An Employee in a conflicted position may not objectively and effectively perform work for the Company until and unless the conflict is resolved. Employees, in particular, should avoid situations that may lead to a conflict between their interest and the interest of the Company. The following are few examples of high-risk conflicts relating to Employees:

Type of Conflict	Resolution
Personal workplace relationships	An Employee must not: <ol style="list-style-type: none"><li>1. Be in a supervisory, subordinate, or control relationship (e.g., having influence over conditions of employment) with a Relative.</li><li>2. Be involved in any hiring decision regarding Relatives (including internal/ external hiring and internal transfers).</li></ol>

<sup>20</sup> The disclosures shall be copied to the Compliance Department for its information and records. The information shall be kept confidential and shall be disclosed where required.

<sup>21</sup> The Board Secretary in such cases shall ensure:

- To document such interests in the minutes of its Board meetings.
- That the Board Chairman informs the General Assembly, as and when convened, about such Related Party Transactions. Any such reporting shall be followed with a report of the external auditor.

Type of Conflict	Resolution
Outside engagements, including employment	An Employee must not have any kind of paid or unpaid engagement with: <ol style="list-style-type: none"> <li>1. A business partner or competitor of the Company unless it meets a Company's business purpose or does not influence (and cannot be perceived as influencing) the Employee's business judgment.</li> <li>2. Any other person or Company if this impacts the performance of their job in the Company.</li> </ol>
Personal financial interests [Relationships with business partners and competitors]	An Employee must not act as an official of, or advisor, or consultant to any government agency with regulatory or supervisory power over the Company.
Gifts, meals, travel, entertainment	An Employee/ Board Member/ Executive Management Member must abide to the guidelines set out in the relevant section of the Code of Conduct.
Fees, commissions, services, other favors	Employees must not directly or indirectly solicit or receive a fee, commission, service, or other favor from any actual or potential business partner or competitor of the Company.

#### 4.4.2. Disclosing Conflicts of Interest

All Employees must declare a Conflict of Interest in a case that might be considered as a potential or perceived Conflict of Interest, immediately and submit it to the Compliance Department.

#### 4.4.3. Managing/ Resolving Conflicts of Interest

The following alternative methodologies may be applied to resolve situations that give rise to Conflicts of Interest in respect of Employees:

- a) Restricting the Employee from taking part in an activity or process:

A conflict may be managed and/or mitigated by preventing the Employee from taking part in a discussion and decisions on, such a matter. This method is most suitable where the Employee's duties are easily separated, and the conflict is not likely to arise frequently. A different method may need to be adopted if the Conflict of Interest occurs frequently, or if restricting the involvement of the Employee on a particular matter makes the performance of their other duties impractical.

- b) Engaging an independent party:

Where it is impractical to restrict an employee's involvement in a matter due to a conflict, an independent party or parties may be engaged to participate in, to oversee or review the integrity of the decision-making process (e.g., the Internal Audit Department). If participation of an independent party is not appropriate or, if no suitable party is available, a different method may should be adopted. This method is only suitable for limited and one-off decisions and will not be appropriate if the conflict is of an ongoing nature.

- c) Excluding the Employee from involvement in the matter altogether:

Excluding the Employee from all duties related to the matter giving rise to the conflict situation may be necessary when the conflict is ongoing and restricting duties by itself is not feasible or appropriate.

d) Employee relinquishing their personal interest:

An Employee may decide to relinquish their personal interest to avoid a change in their work responsibilities and/or work environment (if that option is available). Where the conflict, and its potential or perceived effects, are of insignificant risk or significance, implementing methods discussed previously may be more effective.

e) Seeking resignation/ dismissal of the Employee

In extreme cases, the resignation/ dismissal of the Employee might be the best way to manage or mitigate the conflict when no alternative methods are available/ suitable, and the Employee cannot or does not intend to relinquish the conflicting interest. The table below illustrates specific scenarios, and the methods recommended for resolving Conflicts of Interest in an objective manner.

Method of Resolution	Case Parameters <sup>22</sup> .	Conflict Resolution/ Responsible Authority	Exception Management Authority*
Restricting	<ol style="list-style-type: none"> <li>Likelihood/ frequency of the conflict: <b>One off event</b></li> <li>Personal gain: <b>Yes</b></li> <li>Duration of the conflict: <b>1 month</b></li> </ol>	Compliance Department	HR & Admin Manager, Chief Operating Officer
Engaging	<ol style="list-style-type: none"> <li>Likelihood/ frequency of the conflict: <b>One off event</b></li> <li>Personal gain: <b>Yes</b></li> <li>Duration of the conflict: <b>2 to 3 months</b></li> </ol>	Compliance Department	HR & Admin Manager, Chief Operating Officer
Removing	<ol style="list-style-type: none"> <li>Likelihood/ frequency of the conflict: <b>Continuous</b></li> <li>Personal gain: <b>Yes</b></li> <li>Duration of the conflict: <b>Permanent</b></li> </ol>	Compliance Department	HR & Admin Manager, Chief Operating Officer
Relinquishing	<ol style="list-style-type: none"> <li>Likelihood/ frequency of the conflict: <b>Continuous</b></li> <li>Personal gain: <b>Yes</b></li> <li>Duration of the conflict: <b>Permanent</b></li> </ol>	Compliance Department	HR & Admin Manager, Chief Operating Officer
Resignation/ Dismissal	<ol style="list-style-type: none"> <li>Conflicted individuals do not accept any of the previous methods for solving the conflict.</li> <li>Duration of the conflict: <b>Permanent</b></li> </ol>	Compliance Department	HR & Admin Manager, Chief Operating Officer, Chief Executive Officer

<sup>22</sup> Subject to any of the two of the given conditions.

## 5. Other Considerations

### 5.1. Transactions with Major Shareholders of the Company

Transactions or arrangements entered between the Company and a Major Shareholder shall be made on an independent, arms-length basis and in compliance with applicable rules and regulations.

### 5.2. Independence of Advisors and External Auditors

The Company's advisors and external auditors shall perform their duties in a manner that is free of any Conflict of Interest<sup>23</sup>.

In particular:

- a) The Company's Board must ensure independence and absence of Conflict of Interest, in the appointment of Company's advisors and external auditors in accordance with the law and CMA regulations.
- b) The Company's external auditors should not provide advisory services and avoid Conflicts of Interest of any nature in their work and/or roles and responsibilities<sup>24, 25</sup>.
- c) The Company's external auditors shall not offer any gifts or presents to the Members of the Company's Board, Board Committees and, in addition, they (Members of Board, Board Committees) shall also not accept any gifts or presents from the Company's external auditors at the same time<sup>26</sup>.

### 5.3. Independence of the Internal Audit Manager<sup>27</sup>

The Company shall ensure the independence of the Internal Audit Manager and provide appropriate support to enable him/her to carry out internal audit work objectively and independently.

### 5.4. Independence of the Risk Management Function

The Company's shall ensure the independence of the Risk Management Function through its direct access to the Audit & Risk Committee, granting it adequate authority and powers to perform its roles appropriately.

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<sup>23</sup> Conflicts of Interest may arise when an advisor has a personal, business, or financial interest that could influence their advice and motivate them to make decisions that are not in the best interests of their clients.

<sup>24</sup> The independence standard requires that auditors do not have any financial interest in the companies in which they are auditing. For example, Conflicts of Interest may arise when the fees from non-audit services are substantial as compared to auditing fees or when there is a significant drive/ effort on part of the audit firm to sell non-audit services.

<sup>25</sup> In the event of any Conflicts of Interest, such matters should be disclosed and dealt with in accordance with the applicable laws and regulations and in a manner that serves the interest of the Company.

<sup>26</sup> This also applies to Employees who must not accept or offer any gifts or presents to the external auditors.

<sup>27</sup> The Internal Audit Manager should report functionally to the Audit & Risk Management Committee.

## APPENDIX

**Acknowledgement & undertaking by Company's Board Member, Board Committee Member, Executive Management:**

I [ \_\_\_\_\_ ] acknowledge that, as a:

- a) Member on the Board of Directors of Action Energy Company; and/or
- b) Member of [***name of Board Committee***] of the Board of Action Energy Company; or
- c) Member of the Executive Management as [***designation***] of Action Energy Company.

I have read the Conflict-of-Interest policy ("Policy") and the other relevant/related policies specified therein.

- a) I acknowledge that I adhere to the highest levels of conduct in carrying out my duties and responsibilities to the Company, including acting honestly, in good faith and in the best interests of the Company. I will disclose all events of Conflicts of Interest as they exist or arise, and address such conflicts, in accordance with relevant bylaws and the Policy of the Company.
- b) I acknowledge that, in carrying out my duties and responsibilities to the Company, my obligation shall be to act in accordance with this **Acknowledgement and Undertaking** and the relevant bylaws and policies of the Company.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

**Acknowledgement & undertaking by Company's Employee/s:**

I, the undersigned do herewith acknowledge that I have read and understood the Company's "Conflict of Interest Policy" ("Policy") and undertake hereby to fully comply with the said Policy.

I also undertake to report to the Company any matter in which my personal interests or the interest of any of my Relatives conflict with that of the Company. I fully agree to cooperate with the Compliance Department and provide it any additional information deemed necessary to address any matter involving a potential conflict without prejudice to the Company's right to claim damages/ compensation from me for breaching any of the guidelines of this Policy.

Further, I agree to inform the Company's Compliance Department of any existing or potential case(s) of Conflict/s of Interest upon my signing this **Acknowledgement and Undertaking**.

I reconfirm that I have read and understood the "Conflict of Interest Policy" and I agree to fully abide by it.

Date: \_\_\_\_\_

Employee's Signature: \_\_\_\_\_

Employee Name: \_\_\_\_\_

Employee Job Title: \_\_\_\_\_

Employee Department: \_\_\_\_\_

Employee ID: \_\_\_\_\_

## Annual Declaration of Directorship and Managerial Positions held in Other Companies:

I, \_\_\_\_\_ (Full Name of the Board Member/ Executive Management) do hereby declare that, to the best of my knowledge and belief, I and/or my relative, have interest in the following Companies as Director, Executive Management and hereby undertake that I will keep this declaration updated for any subsequent changes thereto.

Name of the Company	Directorship		Executive Management		Name of Relative (or self)	Nature of Relationship with the Relative
	Executive	Non-Executive	Managing Director/ CEO	Other		

Signature: \_\_\_\_\_

Designation: \_\_\_\_\_

Date of declaration: \_\_\_\_\_

## Annual Declaration of Shareholding and Investments

I, \_\_\_\_\_ (Full Name of the Board Member/ Executive Management) do hereby declare that, to the best of my knowledge and belief, I have interest (i.e., shareholding, business interest or investment) in the following companies and will update my position, as and when, the position will change.

Name of the Company	Nature of Business of the Company	Total Investment				Date of investment	Name of Relative (or self)	Nature of Relationship with the Relative
		Shareholding (%-age of Capital)	# of Shares Held	Deposits/ Bonds	Private Equity/ Other			

Signature: \_\_\_\_\_

Designation/ Position: \_\_\_\_\_

Date of declaration: \_\_\_\_\_

## Declaration of Interest by Related Party

I \_\_\_\_\_ (Full Name/ Position of the Related Party) do hereby declare the existence of a potential Conflict of Interest with the Company and this conflict arises due to my relationship/ association with the Company as per the details given below:

Nature of Relationship/ Association	Nature of Conflict of Interest	Description of Specific Transaction	Disclosure of Financial Interest (if any).	Action to Address the Conflict
<i>[e.g., Director, Executive Management, shareholder, employee, etc.]</i>	<i>[e.g., relevant financial interests, affiliations, or relationships<sup>28</sup>]</i>	<i>[e.g., details of the specific transactions, decisions, or matters where this conflict of interest may come into play, if applicable]</i>	<i>[e.g., in case of financial interests, relevant disclosures specifying relevant amounts and/or percentages, as applicable]</i>	<i>[e.g., relevant actions to be taken to address and mitigate this conflict of interest<sup>29</sup>]</i>

Name & Signature \_\_\_\_\_

Details declared as of \_\_\_\_\_

Date of submission \_\_\_\_\_

[Note: The declarant must provide complete information and an updated declaration in case of any change in any of the details provided above.]

<sup>28</sup> Conflicts that could reasonably be perceived as influencing judgment or decision-making in relation to the transaction.

<sup>29</sup> Actions such as recusal from discussions, decision-making, or voting on specific matters etc., when applicable.