



# **Ezdan Holding Group Q.P.S.C.**

Corporate Governance

Related Party Transactions Policy

2019

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# Ezdan Holding Group Q.P.S.C.

## Corporate Governance – Related Party Transactions Policy

### 1. Scope

- 1.1. This Policy shall provide Ezdan Holding Group Q.P.S.C (the “Company” or “Ezdan”) with a systematic approach to discern related parties/ affiliates, for approved types of related party/ affiliate transactions, and for proper documentation of such transactions in accordance with QFMA requirements.

### 2. Objective

- 2.1. It is within the duties of the BoD to formulate and monitor this policy in providing a statement regarding the identification of related parties/ affiliates, recognition of common related party/ affiliate transactions, and the proper handling and documentation of acceptable related party/ affiliate activities.

### 3. Legal Framework

- 3.1. The legal framework for related party transactions is provided by:
- i. the Commercial Companies Law No 11/2015 as amended (the “Law”); and
  - ii. Qatar Financial Markets Authority Governance Code for Companies Listed in Market (the “QFMA Governance Code”).

### 4. Definition

Term	Meaning
The Company or Ezdan	Ezdan Holding Group Q.P.S.C.
Board of Directors, BoD, Board or Director(s)	Board of Directors of the Company, or those in charge of managing the Company
General Assembly (AGM)	The meeting, which each shareholder is entitled to attend and discuss topics of its agenda and ask questions to the Board members and to vote on matters on which require voting by the General Assembly
Extraordinary General Assembly (EGA)	An extraordinary general meeting refers to any shareholder meeting called by the Company other than its scheduled annual meeting, to pass a resolution in the following matters: <ol style="list-style-type: none"><li>1. Amendments to the Company’s Contract or its articles of association.</li><li>2. Increasing or reducing the capital of the Company.</li><li>3. Extending the term of the Company.</li></ol>

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Term	Meaning
	<p>4. Dissolution or liquidation, conversion or merging of the Company into another company or acquiring it.</p> <p>5. Selling the whole project for which the Company was established or disposal of it in any other manner.</p>
The Authority, QFMA or Regulator(s)	Qatar Financial Markets Authority established as per Law No. (33) of 2005 and its amendments.
Senior Executive Management	The Chief Executive Officer (CEO) and other executive managers reporting directly to him, including heads internal control units in the Company
Related Party	A person is considered a Related Party to the Company if that person is a Board member of the Company or a company of its group; is a Member of the Senior Executive Management of the Company or any company of its group; owns at least (5%) of the Company shares or any of its group; or is a relative of any of the former mentioned to the second degree. It also includes the legal persons controlled by a member of the Board of the Company or any company of its group or of Senior Executive Management and their relatives to the second degree, or that participated in a project or a partnership of any kind with the Company or any company of its group.
Ordinary Transactions	Falls in the ordinary course of business; as the routine transactions carried out on a regular basis in order to achieve the Company's objectives and without which the Company cannot undertake its business and attain its objectives.
Major Transaction	Any transaction or series of linked or related transactions aiming to own, sell, lease, exchange, or otherwise dispose of (except for establishing guarantees) assets of the Company or assets to be acquired by the Company or transactions which would change the essential nature of the Company business; or those whose gross value exceeds (10%) of the lesser of either the Company's market value or the net value of the Company's assets according to the latest announced financial statements.

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### 5. Register of related parties

- 5.1. The Compliance Officer at Ezdan maintains a register of related parties.
- 5.2. The register should contain the following information:
  - i. name of the related party;
  - ii. his/her/its capacity, eg Board member, CEO etc;
  - iii. the date on which he/she/it became a related party;
  - iv. the date on which he/she/it ceased to be a related party;
  - v. Names / identification of all related parties as defined in section 4 above.
- 5.3. The data for the register is obtained from the concerned natural or legal person upon becoming a related party. It is the related party's responsibility to provide the Company with full details, on the prescribed form, of all his/her/its affiliates as defined in section 4 above. It is the responsibility of the Compliance Officer to note, in the register, the date upon which a person ceases to be a related party.
- 5.4. The register is to be reviewed and updated on each of the following occasions:
  - i. at the end of every quarter each related party is requested to confirm, amend or add to the particulars related to his/her/its entry in the register;
  - ii. when a new person becomes a related party;
  - iii. when an existing related party cease to be one.
- 5.5. The register should be consulted every time the Company proposes to enter into a transaction that is subject to the rules governing related party transactions as set out below. The purpose of the consultation is to ascertain whether the counterparty to the proposed transaction is a related party.
- 5.6. If the counterparty is not a related party, the designated Compliance Officer should mark this fact on the documentation of the proposed transaction which may then proceed without further reference to the Guidelines. Otherwise, these Guidelines should be applied as appropriate to the nature of the transaction.

### 6. Related Party Transactions

- 6.1. In general, the Company enters into the following two types of transactions:
  - i. ordinary transactions fall in the ordinary course of business; as the routine transactions carried out on a regular basis in order to achieve the Company's objectives and without which the Company cannot undertake its business and attain its objectives;
  - ii. All other transactions which are basically the procurement of goods and other services.

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6.2. The following guidelines should be followed in processing transaction relating to the procurement of goods and other services, i.e. any transaction that does not fall within the definition of “ordinary transactions”.

6.3. Is the counterparty to the proposed transaction a Related Party (as defined in section 2)?

No This is not a related party transaction. It may be transacted as per the normal policy and procedures of Ezdan.

Yes This is a related party transaction. Proceed to step 6.4.

6.4. Is the transaction a ‘Major Transaction’?

Yes Proceed to step 6.5

No Refer the transaction to the Audit and Risk Committee. If the Audit and Risk Committee recommends the transaction, refer it to the Board for formal approval. The related party Director may not participate in the proceedings of either the Audit Committee or the Board.

6.5. Is the transaction the result of:

- i. a genuine and transparent public tender process? or
- ii. Obtaining and evaluating three independent bids in accordance with guidelines prescribed by the Audit and Risk Committee? and
- iii. in either case, is the related party’s offer the best one?

Yes Proceed with the transaction

No Proceed with step 6.6.

6.6. The proposed transaction now requires the prior approval of the General Assembly Meeting of Ezdan after a review by the Audit and Risk Committee (Either convene an EGA or await the AGM).

6.7. Along with the invitation to the EGA/AGM, the following particulars must be forwarded to the shareholders:

- i. the opinion of the Audit and Risk Committee and the Board of the transaction and the suitability of its terms;
- ii. their undertaking the responsibility for the Related Party to perform and complete the transaction as agreed;
- iii. the name of the Related Party and the nature and extent of his/her/its interest in the transaction;
- iv. the value of the transaction;

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- v. the validity period of the proposed arrangement;
  - vi. an independent valuation where an acquisition or a disposal of assets is involved.
- 6.8. The related party involved in the transaction, and its proxy (ies), may not vote on the resolution considering the proposed transaction.
- 6.9. If the EGA/AGM approves the transaction, Ezdan may proceed with it. Otherwise, the transaction must be discarded.

### **7. Reporting**

- 7.1. The related party transaction, when executed, should be reported in the audited financial statements of Ezdan as per the requirements of International Accounting Standards. Furthermore, the salient features of the transactions should be reported to the following AGM as a “for-information” item of the agenda.

### **8. Accounting Implications**

- 8.1. The existence of Related Party transactions may have a significant effect on Ezdan’s financial statements. Transactions between or among related parties differ from transactions between unrelated parties in that they are, by definition, not at arm’s length.
- 8.2. Not dealing at arm’s length may significantly influence the price and terms of transactions, and make it difficult to distinguish between the form and the substance of the transaction.
- 8.3. Except for recurring transactions, the assumption is that it is difficult to substantiate that a Related Party transaction is at arm’s length as it is generally not possible to determine whether such a transaction would have taken place or what the terms and manner of settlement would have been had the parties not been related.

### **9. Voting**

- 9.1. In Board meetings and EGAs/AGMs, the interested directors and/or shareholders, may not vote on the resolutions relating to the transactions in which they are interested.
- 9.2. In EGAs/AGMs, the “majority” is defined as the absolute majority of votes cast on a particular resolution.
- 9.3. In Board meetings, the “majority” is computed as the absolute majority of the Directors present, in person or proxy, whether or not they participate in the voting process.
- 9.4. The Law does not recognize the “voting by circulation” concept. The Law envisages that the Board conducts its business in formal meetings in which the affairs of the Company are discussed.
- 9.5. The BoD may, wherever necessary or in cases of urgency, issue some resolutions via circulation provided all members agree in writing on such resolutions. Such resolutions shall be included in the minutes to be discussed in the next meeting of the Board to be included in its minutes.

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### 10. Review of Policy

- 10.1. This policy will be reviewed at least annually by the Board of Directors, and presented to the General Assembly for approval.
- 10.2. Any changes to the Policy will be communicated immediately to the Board's Secretary.

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**The name:**.....

**Position:**.....

**Signature:**.....