



## **RELATED PARTY TRANSACTIONS**

### **Burjeel Holdings PLC**



This related party transactions policy (“Policy”) of Burjeel Holdings PLC including its affiliates and subsidiaries (“Burjeel”) has been prepared in accordance with:

- *The Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide (referred to as “SCA Corporate Governance Regulations”);*
- *Companies Regulations 2020 (referred to as “ADGM Companies Law”); and*
- *Abu Dhabi Securities Exchange Operational Rules Booklet*

## 1. Definitions

- i. The term ‘**Related Parties**’ is defined to include:
  - a. Substantial shareholders of Burjeel(i.e. any person who owns (5%) or more of the shares of Burjeel or voting rights therein;
  - b. The Chairman and Board of Directors of Burjeel or any of its affiliates and their relatives;
  - c. Members of Senior Executive Management of Burjeel or any of its affiliates and their relatives;
  - d. Entities, other than companies, owned by a Board member or Senior Executive Management or their Relatives;
  - e. Companies in which a Board member or a Senior Executive Management or any of their relatives is a partner;
  - f. Companies in which a Board member or Senior Executive Management or any of their relatives is a Board member or a Senior Executive;
  - g. Board Members and Senior Executive Management of Substantial Shareholders of the Company
  - h. Joint Stock Companies in which a Board Member, Senior Executive Management or any of their relatives own 5% or more of the capital, (subject to the provisions in point vii above);
  - i. Companies in which Chairman, Board Members, Senior Executive Management and Employees hold 30% or more of its capital, as well as Subsidiaries, Affiliates and sister company of such Companies;
  - j. Employees of the Company;
  - k. Companies in which a Board member or a Senior Executive or any of their relatives has influence on Burjeel decisions even if it only by giving advice or guidance;
  - l. Holding companies or affiliates of Burjeel; and
  - m. Any person (other than a licensed professional) whose advice or guidance influence the decisions of Burjeel, the Board and the Senior Executives.

**(Refer Annexure 1 for the definition of the ‘Related Party’ as per SCA Regulations)**

- ii. Furthermore, the provisions of the applicable laws and regulations require the following approvals to be sought prior to execution of transactions with Related Parties:
  - a. Value of transactions not exceeding 5% of issued capital of Burjeel(less than or equal to 5%) – Board approval required; and
  - b. Value of transactions exceeding 5% of issued capital of Burjeel(>5%) – General Assembly approval required and transaction to be evaluated by an assessor accredited by the SCA.
- iii. The following activities are envisaged to be undertaken with regards to Related Parties (‘RP’)



transactions:

- a. Maintenance and update of Register of Related Parties;
  - b. Identifying RP transactions;
  - c. Obtaining requisite approvals in line with legal and regulatory requirements; and
  - d. Monitoring, reporting and disclosure to ADX and SCA by the Investor Relations Department.
- iv. The term '**Control**' is defined as the ability to direct management and policies of Burjeel and control financial and operational polices through controlling the following:
- a. formation of the Board,
  - b. election of the majority of its members or control of the administration appointments.
- The control shall be materialized by acquisition/control of shares that have voting rights of 30% or more in the company.
- v. The term '**Parent Company**' is defined as a company related to a Subsidiary through any of the following relationships:
- a. Has the rights to exercise or already exercises the control on the Subsidiary;
  - b. A Parent Company of the Parent Company relating to the Subsidiary.
- vi. The term '**Subsidiary**' is defined as a company under the Parent Company umbrella.
- vii. The term '**Affiliate**' is defined as a person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
- viii. The term '**Sister Company**' is defined as a company that belongs to the same group to whom another Company belongs.
- ix. The term '**Affiliate Company**' is defined as a company associated with another company under a cooperation and coordination contract.
- x. The term '**Group Companies**' is defined to include the Parent Company, Subsidiary, Sister Company and Affiliate Company of Burjeel.
- xi. The term '**Board**' means Board of Directors of Burjeel.
- xii. The term '**Board Member**' means a member of the Board in singular and the term 'Board Members' means all members of the Board.
- xiii. The term '**Employees**' means all Burjeel employees, officers contract staff, directors, permitted assigns, and other third parties authorised to represent Burjeel.

## 2. Register of Related Parties

- i. The Board Secretary will be responsible for the maintenance and update of the Register of Related Parties.
- ii. At every Board of Directors meeting, Related Party declarations shall be provided by the Board Members to the Board Secretary and annually senior executive management and employees of



Burjeel shall declare the same to the Board Secretary. Such information shall be updated in the Register of Related Parties.

- iii. Employees of Burjeel shall update their **annual** Related Party declaration, as and when any updates occur.
- iv. Register of Related Parties and Related Party Transactions, along with related documentation, shall be made available for review by the Board Secretary, upon request from a shareholder who owns 5% or more of the Company's shares, after obtaining relevant approval.

### **3. Identifying and Recording Related Party (RP) Transactions**

In order to monitor RP transactions, a system-based register will be used to ensure updates are made on a real-time basis. Execution of RP transactions shall not be allowed unless required approvals are obtained.

#### **i. Transactions up to 5% of capital**

##### **Deemed Arm's length transactions**

A transaction is deemed to be in the best interests of the shareholders of Burjeel if it has been conducted at *arm's length*. A transaction is at *arm's length* if the relevant parties have dealt with each other as parties normally do when they are not related, so that the outcome of their dealing is a matter of genuine bargaining, and the terms, as might reasonably have been agreed between *arm's length parties*. A designated Senior Management personnel shall assign a transaction as "deemed arm's length" if it meets inter alia, the criteria listed below:

- a. Transaction is proposed to be conducted on terms that would be reasonable in the circumstances if the parties were dealing at arm's length (relevant supporting market quotes are available);
- b. The transaction is undertaken in the ordinary course of business of the Company, considering its frequency, complexity and commercial terms;
- c. Where the transaction is repetitive in nature and one time approval has been obtained; and
- d. The transaction does not include any preferential terms.

Designating a transaction as "deemed arm's length" will only be possible in case of transactions less than or equal to 5% of issued capital of Burjeel. List of such transactions shall be circulated to the Audit Committee for recommendation and approval by the Board.

Details of transactions shall be entered into the Register of Related Party Transactions.

##### **Other Transactions**

- a. Proposed RP transactions that do not meet the criteria defined above for arm's length transactions shall be escalated to the CEO based on a recommendation by the CFO/Deputy CFO. Upon approval by the CEO, these shall be referred to the Audit Committee (AC) for its review.
- b. Where the CEO is the Related Party to a particular transaction, it shall be escalated to the Board of Directors by the CFO/ Deputy CFO.



- c. Proposed transactions requiring the approval of the Board shall be presented to the Board for its approval, on recommendation by the Audit Committee.
- d. Details of transactions shall be entered into the Register of Related Party Transactions once all envisaged approvals have been obtained.
- e. In all cases, if the proposed RP transaction concerns a Board Member, it shall constitute a conflict of interest and procedures stated in Section 1 of this Policy must be adhered to.

## **ii. Transactions in excess of 5% of capital**

- a. If the 5% threshold is exceeded, Burjeel must obtain a consent of the general assembly and such transactions must be evaluated and pre-approved by an assessor accredited by SCA, in addition to the pre-approval of the Board. In the event of a significant change to the terms of the transaction after approval, another approval must be obtained from the Board or the general assembly, as the case may be.
- b. In accordance with the provisions of the applicable Regulations, the accredited assessor is required to meet the following criteria:
  - i. Have at least 5 years' experience in this field of work, as evidenced through the submission of a certificate from previous engagements
  - ii. Have at least 3 years' experience in valuing assets similar to the assets under evaluation
  - iii. Be licensed/ registered by relevant competent authorities
- c. Board and General Assembly approvals obtained in respect of RP transactions shall be updated in the Register of Related Party Transactions, as and when they occur, and shall include details of the date of the approval and any key conditions to which the approval is subject.

## **4. Related Party Disclosures**

On a monthly basis, the Company Secretary will review listing of RP transactions executed during the month along with status of RP transactions pending approval.

### **Regulator Specific Disclosure**

- i. **ADX and SCA:** the Company Secretary and Head of Investor Relations will be responsible to ensure adequate disclosure according to the Company's Investor Relations Policy to ADX and SCA, as the Chairman of the Board is responsible for submitting notice to the Regulators that includes the data and information of the RP, nature and benefit of the involvement of the RP in the deal, and a written confirmation that the terms of the transaction or the deal with the RP was fair, reasonable, and in favor of Burjeel shareholders.
- ii. The details of the transaction referred to in herein above, together with the conditions and conflict of interests of Related Party shall be listed in the annual financial statements submitted to the general assembly, and this data shall be published on the website of the Company.
- iii. At least on an annual basis, Internal Audit function will review the adequacy of the processes in place to identify and manage RP Transactions and verify compliance with the



procedures.

#### **5. Access to Related Parties Transactions**

- i. Related Party Register and Related Party Transactions shall be made available for review, upon request from a shareholder owning 5% or more of the Company's shares.
- ii. A shareholder can file a lawsuit before the Competent Court to obtain all the information and documents relating to related party transactions, to prove the facts set out in the case or to lead to the discovery of information that will help in the detection of the facts. If the transaction is proven to be unfair or involving conflicts of interest, the Court may revoke the transaction. In this regard, the RP shall be obliged to return the profits/benefits from such transactions, if harm was proven against the Company.

#### **6. Policy Approval**

This Policy shall be reviewed and approved Board. This Policy shall be effective from the date of approval by the Board. All amendments to this Policy will be done in compliance with applicable laws and will require approval by the Board. The Compliance Officer is the custodian of this Policy.

#### **7. Documentation and Regular Review**

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|-------------------------|----------------------------|
| Organization Scope      | Burjeel                    |
| Parent Process          | Compliance Program         |
| Document owner          | Compliance Officer         |
| Approved by             | Burjeel Board of Directors |
| Initial date published  | February 10, 2023          |
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| Document updated as per | -                          |
| Contact person          | Compliance Officer         |
| Version                 | 1.0                        |

Burjeel's Compliance Officer shall periodically evaluate the effectiveness of this Policy, and review and revise it as necessary, including to reflect any changes required by applicable laws. You can direct any suggestions for improvements to this Policy to Burjeel's Compliance Officer at [cs@burjeelholdings.com](mailto:cs@burjeelholdings.com).

## **Annexure 1: Related Party Definitions**

**As per Article 1 of the SCA CG Regulations, the term ‘Related Party’ means:**

*“The Chairman and members of the Company Board, Members of the Senior Executive Management of the Company, employees of the Company, the companies in which any of such persons holds 30% or more of its capital, as well as subsidiaries or sister companies or affiliate companies.”*