

Related Party Transactions Policy

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- 3- AGF Board of Directors on 10/6/2024

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Related Party Transactions Policy

1. **PURPOSE AND SCOPE**

1.1. This Policy on **Related Party Transactions** ("Policy") establishes the rules that must be observed in all commercial transactions of Al Ghurair First LLC including its shareholders, subsidiaries, and **Affiliates**, (hereinafter; the "Company") involving its **Related Parties** (as defined below),.

1.2. **Objective**

The objective of this Policy is to provide guidance to the conduct of the Company's and its subsidiaries' shareholders, directors, managers, officers, and representatives in order to ensure that all Transactions with Related Parties (as defined in this Policy) are performed (i) in accordance with the interests of the Company, (ii) on arm's length basis, (iii) with adequate compensatory payment, and (iv) in a manner transparent to shareholders.

1.3. **This Policy covers and regulates:**

- (i) the procedures and those responsible for identifying Related Parties and for classifying transactions as a **Related Party Transaction**,
- (ii) the criteria that must be observed for the performance of a Transaction with Related Parties, and
- (iii) the approval instances of a **Related Party** Transaction, depending on whether the amount involved or the transaction is carried out within or outside the normal course of business.

2. **DEFINITIONS**

For purposes of this Policy, unless the text requires different meaning, the following terms shall have the meanings set next to each of them:

2.1. **"Affiliate" shall mean:**

persons with a common interests or ownership,

2.2. **"Approving Authority": shall mean:**

The General Meeting of the Company, ARC, BOD, and Group CEO who are authorized to approve the **Related Party Transactions** subject to the approving limits and procedures prescribed hereunder.

2.3. **"ARC" shall mean:**

the Audit & Risk Committee of the Board of Director of Al Ghurair First LLC.

2.4. **"Board of Directors" or "BOD" shall mean:**

the **Board of Directors** of Al Ghurair First LLC.

2.5. **"Close Family Members" shall mean and include:**

those family members who may be expected to influence or be influenced by the person in business with the Company, including but not be limited to parents, spouse, children, siblings, uncles, cousins, and their predecessors, descendants, and in-laws and as well the close friends.

2.6. **"Company" shall mean and include:**

Al Ghurair First LLC, its subsidiaries, Affiliates and shareholders.

2.7. **"Control" shall mean:**

holding voting powers in the **Board of Directors**, the general meetings, supervisory boards, committees or any forum or body that has a control or influence in the decisions or business of the **Company regardless of the number of such votes**,

2.8. **"Conflicts of Interest" shall mean:**

the event or circumstance in which a **Related Party** is involved in a particular decision-making process, business or potential transaction, where it may exercise the power to influence or direct the outcome of such process and thereby being in a position to ensure a benefit for themselves or for a **Close Family Member**, which may not be in the best interest of the Company and/or its subsidiaries.

2.9. **"Contract/s" shall mean:**

Transactions in which there is a transfer of resources, services or obligations between a Related Party and the Company and/or any of its subsidiaries, whether or not the parties have assigned a value or price to the transaction or have entered into the transaction by any mean of agreements and in any format whether, written, oral, softcopy, or otherwise.

2.10. **Financial Interest**

A person has a "financial interest" if the person has, directly or indirectly, through business, investment any of the following (non-exhaustive) examples of the following circumstances:

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- (a) An ownership or investment interest in any entity with which the Company has a transaction or arrangement,
 - (b) A compensation arrangement with the Company or with any entity or individual with which the Company has a transaction or arrangement, or
 - (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Company is negotiating a transaction or arrangement.
- 2.11. "Group" shall mean:**
Al Ghurair First LLC as a holding company.
- 2.12. "Market Conditions" shall mean:**
those conditions for which the principles of competitiveness (prices and conditions of services compatible with those practiced in the market) were observed during the negotiation.
- 2.13. "Related Party" means any individual or legal entity, or any other entity that:**
- (a) directly or indirectly, through one or more intermediaries: (i) **has a Control**, (ii) holds a stake in the Company, or (iii) has a Financial Interests,
 - (b) is a director, officer or holds any position, statutory or otherwise, with authority or responsibility for the planning, direction and control of the Company's activities, or for any reason has a material influence over the Company,
 - (c) is a **Close Family Member** or close friend of the individuals described in items (a) or (b) above,
 - (d) is an entity directly or indirectly controlled by the Company or any of the individuals described in items (a), (b) or (c) above, or
 - (e) is an **Affiliate** of the Company or any of the individuals described in items (a), (b) (c) or (d) above,
- 2.14. "Related Party Transactions" shall mean:**
- (a) a transaction including **Related Transactions**, which a **Related Party** enters into a **Contract** with the Company and/or any of its subsidiaries which includes the "transfer of resources, services or obligations between an entity reporting the information and a **Related Party**, whether or not a price is charged in return." Examples of the most common transactions are:
 - (i) Purchasing or sales of products and services,
 - (ii) Loan or advance Contracts,
 - (iii) Agency or licensing Contracts,
 - (iv) Guarantees, sureties and any other forms of guarantees,
 - (v) Transfers of intellectual property, research and technology,
 - (vi) Infrastructure or structure sharing,
 - (vii) Sponsorships and donations.
- 2.15. "Related Transactions" shall mean:**
the set of similar transactions that have a logical relationship between them due to their object and its parts, such as:
- (a) subsequent transactions resulting from the first transaction already made, provided that it has established its main conditions, including the amounts involved, or
 - (b) transactions of a continuing duration which include periodic instalments, provided that the amounts involved are already known.
- 2.16. "Relevant Amount" shall mean:**
a total transaction value or set of **Related Transactions**, which exceeds, in the 12-month period, the amount of AED100,000.00.

3. ACTIONS PROHIBITED TO RELATED PARTIES

3.1. No use of Company Information:

Related Parties shall not use **any** of the information contacted by virtue of their membership or position in the Company, to achieve an interest either personally or for any Related Party,

3.2. No participation or involvement in Related Party Transactions:

Related Parties shall not participate or get involved in any act related to the Related Parties Transactions including but not limited to the following acts:

- (a) in the decision-making progress or the performance and implementation process

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- (b) in the termination or settlement process, and
- (c) in payment processes.

3.3. Transactions or Contracts that are not executed in accordance with this Policy.

3.4. No Renewal without Approval from the BOD or AGM or Both as the case maybe

A member of the **Board of Directors** may not, without the approval of the General Meeting of the Company, renewed annually, participate in any business that would compete with the Company or trade for his own account or for the account of others in one of the activities carried out by the Company, and he may not disclose any information or data related to the Company, otherwise the Company may claim compensation or profits achieved as a result such breach.

3.5. No Related Parties Transactions without Disclosure

4. PROCEDURES AND APPROVALS OF RELATED PARTY TRANSACTIONS

4.1. Related Party Identification and classification of transactions as a Related Party Transaction

- 4.1.1. Prior to the execution of any **Related Party Transaction**, each director and executive manager of the Company must inform the Group CEO and the Group Chief Legal & Compliance Officer of any anticipated transaction that they become aware of that may be qualified as a **Related Party Transaction**, and relevant information from **Close Family Members** and periodically updating relevant information. In case the reporting person is the Group CEO, the report shall be addressed to the Chairman of the **Board of Directors** and the Group Chief Legal & Compliance Officer and the Chairman in such a case shall replace the Group CEO while handling the reported conflict. And in case the reporting person is the Group Chief Legal & Compliance Officer, then the report shall be addressed to the Chairman and the Group CEO, and in such a case the Group CEO shall replace the Group Chief Legal & Compliance Officer while handling such report.
- 4.1.2. Each Potential **Related Party Transaction** informed shall contain all necessary information allowing it to perform the necessary analysis and evaluation provided hereinbelow.
- 4.1.3. Each reported **Related Party Transaction** shall be reviewed by the legal department of the Company to determine whether it is in fact a **Related Party Transaction** subject to the procedures of this Policy and the following criteria:
 - (i) the Relevant Amount.
 - (ii) whether they relate to an operation in the normal course of business or not,
 - (iii) compliance with this Policy.
- 4.1.4. The Group Legal & Compliance Department shall provide its report with respect to the classification of Related Party Transactions under the terms of this Policy.
- 4.1.5. If the analysis leads to the conclusion that the **Related Party Transaction** should be reported to the **Board of Directors**, the Group Chief Legal & Compliance Officer shall forward to the **ARC**, in advance, all relevant information that would enable the **ARC** and the **Board of Directors** to review the **Related Party Transaction** in accordance with guidelines set out hereinbelow.
- 4.1.6. The Legal & Compliance Department of the Company shall report to the **Board of Directors** periodically on the **Related Party Transactions** whether are ongoing or still pending for approval.

4.2. Formalization

- 4.2.1. The **Related Party Transactions** must be completed **in writing**, specifying its main terms and conditions, such as: parties' representation that it has been made on arm's length basis, by way of no favourable treatment, and with a competitive consideration, in addition to duration and conditions for termination, declarations and indemnities, guarantees, liability, among others.

4.3. Hierarchical Levels and approvals of Related Party Transactions

- 4.3.1. Before entering into any **Related Party Transactions**, the procedure described below shall be followed:-
 - (a) **Related Party Transactions that do not involve Relevant Amounts**, shall be formally and previously approved by the Group CEO if it does not involve a member of the Company's **Board of Directors**. Such approval shall be justified and includes a confirmation that it is in **Market Conditions**, with adequate compensatory payment and in the interest of the Company and/or its subsidiaries,

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(b) Related Party Transactions involving Relevant Amounts but less than 3% of the **Company** capital or a involving member of the **Company's Board of Directors**, must be formally and previously reported to the **ARC**, to review the matter and report its recommendation/findings to the **Board of Directors** of the Company:

- a. To review the **Related Party Transaction** and prepare its report, **ARC**;
 - i. Should have access to all relevant and necessary documentation with respect to specific transactions or guidelines for contracting transactions:
 - ii. may request the Group CEO to;
 - analyse market alternatives to the **Related Party Transaction**, and/or
 - obtain any expert opinion or technical report as deemed necessary by the Board to provide their opinion or make their decision.
- b. The **Board of Directors**, after reviewing the **ARC** report,
 - i. may approve a **Related Party Transaction** if it finds, in good faith, that it has been made at arm's length basis, under **Market Conditions**, with adequate compensatory payment and in the interest of the Company, and
 - ii. may establish as a condition for the approval of a Transaction with Related Parties any modification it deems necessary for the transaction to be concluded on an equitable basis and in the interest of the Company and/or its subsidiaries.

4.3.2. If a transaction with Related Parties must be approved by the shareholders at a general meeting in accordance with applicable law¹, such transaction must be formally and previously approved by the **Board of Directors** in accordance with the procedures prescribed above and then be submitted to shareholders accompanied by a proposal prepared by the same, based on an independent evaluation, prepared without the participation of any party involved in the transaction in question.

4.3.3. The **Board of Directors** must ensure that corporate restructurings involving Related Parties must ensure fair treatment for all shareholders.

4.4. Situation of conflict of interest

- i. In situations where any **Related Party Transaction** requires prior approval under this Policy, the person involved in the approval process, who is in a personal conflict of interest situation, shall report such situation to the Group CEO and, if relevant, to the **Board of Directors**, responsible for the analysis and/or approval and shall explain their involvement in the transaction and, upon request, provide details and explanations of the terms and conditions of the transaction and its situation.
- ii. If necessary, a person who is in a personal conflict situation may participate in part-time in the discussion of the **Related Party Transaction** in order to provide further information about the transaction and the parties involved. However, such persons should not have or create any influence on the approval of the **Related Party Transaction**.
- iii. The managers of the Company and its subsidiaries who are in a situation of conflicting personal interest shall inform the Group CEO of their impediment.
- iv. If any director, who may have a conflicting personal interest, does not express their conflict of interests, any other person who is aware of the situation shall do so.
- v. The non-voluntary disclosure of the **Conflicts of Interests** by any person is considered a violation of this Policy and shall be reported to the Group CEO and the Group Chief Legal & Compliance Officer for evaluation of risks and consequences and subject to the proposal for possible corrective action by the **Board of Directors**.

4.5. Criteria for approving Related Party Transactions

In the analysis of **Related Party Transactions** and in the provision of its decision or its opinion on the merits of the **Related Party Transaction**, as applicable, the General Meeting of the Company and the **Board of Directors**, as appropriate, should consider the criteria they consider relevant for the analysis of the transaction as prescribed in Addendum 1 annexed hereto.

¹ The Company law No. 32/2021 and the Cabinet Regulations no 77 for 2022 requires the approval of the General Meeting of the shareholders for the transactions with Related Parties that exceed 5% and 3% (respectively) of the Company Capital.

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5. **BANNED TRANSACTIONS**

Related Parties Transactions are prohibited in the following cases:

- (a) carried out in conditions other than **Market Conditions**,
- (b) operations or business that are outside the Company's corporate purpose and interests, such as sureties, endorsements and any guarantee in favour of third parties.

6. **TRANSACTIONS WITH RELATED PARTIES EXEMPTED FROM THE PROCEDURES OF THIS POLICY**

The **Related Party Transactions** below shall not be subject to the procedures set forth in this Policy:

- (a) remuneration (including fixed and variable compensation and possible long-term incentive plans (including in the form of stock option plans) and other benefits (such as assignment of mobile, computer, professional vehicles, guarantees granted by the Company and/or its subsidiaries in rental agreements, etc.) of the Company's managers and/or its subsidiaries, provided they have been approved by the applicable corporate bodies,
- (b) granting of guarantees by the Company to subsidiaries, provided that the terms and conditions contained in the agreements governing the guarantee granted by the Company comply with those previously approved by the **Board of Directors** or by the Group CEO, as applicable,
- (c) renewal of Transactions with Related Parties already approved by the Group CEO or by the **Board of Directors**, as applicable, provided they are under the same pre-existing terms and conditions, and
- (d) reimbursement of travel and training expenses, provided that they are duly justified and reasonable in line with applicable travel and training procedures.

7. **NON-COMPLIANCE WITH THE PROVISIONS OF THIS POLICY**

- (a) If any Transaction with Related Parties has not been subjected to the approval procedures set forth in this Policy prior to its signature and/or implementation, such transaction shall be reported to the Board for review and approval by the **Board of Directors**, as applicable. The Board shall conduct the analysis as provided in this Policy and shall also consider all options available to the Company, including ratification, amendment or termination of the **Related Party Transaction**.
- (b) The Group CEO and, or as the case may be, the **Board of Directors** shall also examine the facts and circumstances relating to the non-submission of the **Related Party Transaction** for approval under this Policy and shall perform such acts as they deem appropriate to ensure the effectiveness of the Policy.
- (c) All profits made out of the unapproved **Related Party Transactions** shall be paid to the Company. The Company may in this regard deduct from any amounts payable to the **Related Party** all such amounts that are equivalent to the profits generated by the **Related Party** or to recover all the payments made by the **Company** to such **Related Party**.

8. **DISCLOSURE OF RELATED PARTY TRANSACTIONS**

- (a) The Company shall disclose **Related Party Transactions** in its financial statements, providing sufficient details to identify the **Related Parties** and all the essential terms of such transactions. The disclosure of this information shall be made, clearly and precisely, in the notes to the financial statements of the **Company**, in accordance with the applicable accounting rules.
- (b) Before concluding a transaction with the **Company**, the **Related Party** shall in accordance with the procedures prescribed hereunder, disclose the nature of the transaction, its terms and all material information about its share or contribution in any of the parties of the transaction and the extent of its interest or benefit therein.
- (c) All individuals who have in place a Contract or interest with the Company should before his/her appointment in any position in the Company whether as a director of BOD, member in a committee, employee, consultant, or otherwise, should disclose Related Party Transaction or Conflict of Interest in place, otherwise his/her appointment may be terminated unless approved by the relevant **Approving Authority**.

9. **POLICY UPDATES**

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The Company's **Board of Directors** is authorized to update this Policy whenever necessary, including by virtue of any change in applicable law and regulations.

10. VALIDITY

This Policy shall enter into force on the date of its approval and may only be modified by resolution of the Company's **Board of Directors**.

Drafted by Group Legal & Compliance Department on 28 December 2023

Approved by Group CEO on 6/6/2024

Approved by the Board of Directors on 10/6/2024

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Addendum 1- Criteria to Approve Related Party Transaction

Pursuant to article 4.5 of this Policy the below criteria shall be followed while approving Related Party Transactions:

| Criteria | Answer | Specify |
|--|----------|---------|
| 1. Are there justifiable grounds, from the commercial point of view of the Company and/or its subsidiaries for the conclusion of the Transaction with Related Parties? | Yes - No | |
| 2. Is the transaction traded under Market Conditions ? | Yes - No | |
| 3. Are there market alternatives to the Related Party Transaction in question with more competitive prices and terms? | Yes - No | |
| 4. Has there been a pricing procedure, competitive process or attempt in any other way to carry out this transaction with third parties and for its result? | Yes - No | |
| 5. Were there any evaluation methodology used for evaluating the transaction? | Yes - No | |
| 6. Are there any provisions or limitations imposed on the Company resulting from the conclusion of the transaction? | Yes - No | |
| 7. Does the transaction include any potential risk to the Company (including reputational risk)? | | |
| 8. extent of the Related Party's participation in the transaction, taking into account | Yes - No | |
| - the amount involved in the transaction, | Yes – No | |
| - the general financial situation of the Related Party , | Yes – No | |
| - the direct or indirect nature of the Related Party's participation in the transaction, and | Yes – No | |
| - the continuing or uninterrupted nature of the transaction, relevant. | Yes - No | |