

## **POLICY ON RELATED PARTY TRANSACTIONS**

Damas International Limited (the “Company”) recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company’s and its stockholders’ best interests.

The Offered Securities Rules (OSR) of the DFSA requires the shareholders of the Company to provide their consent, with the consent being in majority, in order for the Company to undertake certain actions relating to Related Party Transactions. Therefore, an early analysis shall be done to determine whether shareholder approval is required under the OSR or any other laws and regulations in jurisdictions where the Company operates.

Under this policy the Audit & Compliance Committee shall only have powers to recommend such Related Party Transactions which require shareholder approval under the OSR.

As a matter of principle, other than in very exceptional circumstances, Related Party Transactions will only be approved where they are on ‘arms length’ terms.

### **Definitions**

For the purposes of this policy, the following definitions apply:

“Immediate Family Member” means any child, stepchild, parent, step-parent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, and any person (other than a tenant or employee) sharing the household of any director, executive officer or nominee for director of the Company.

“Related Party” means any (i) director, nominee for director or executive officer of the Company; (ii) beneficial owner (other than a financial or investment institution) of more than [5%] of the Company’s shares; (iii) Immediate Family Member of a director, executive officer, nominee for director or beneficial owner of more than [5%] of the Company’s shares; (iv) an entity which is owned or controlled by someone who falls within the categories listed above in (i), (ii) or (iii); or (v) an entity in which someone listed above in (i), (ii) or (iii) has a substantial ownership interest or control.

“Related Party Transaction” means a Transaction (defined below) in which the Company or any of the Company’s subsidiaries was, or is proposed to be, a participant and in which a Related Party has, had or may have a direct or indirect material interest.

“Transaction” means any financial transaction, arrangements or relationships (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships.

“Arms length” refers to transactions conducted as if the parties to the transaction are independent and on an equal footing.

### **Identification of Related Party Transactions**

Directors, nominees for director and officers shall promptly notify the Company Secretary/ Manager – Corporate Governance & Regulatory Affairs of any interest such person or an immediate family member of such person had, has or may have in a Related Party Transaction.

### **Review of Related Party Transactions**

The Audit & Compliance Committee shall review the material facts of Related Party Transactions that require shareholder approval and, where they consider to be appropriate, recommend the same for their approval. In assessing a Related Party Transaction, the Audit & Compliance Committee may consider such factors as it deems appropriate including without limitation (i) the benefits to the Company of the transaction; (ii) the commercial reasonableness of the terms of the Related Party Transaction; (iii) the materiality of the Related Party Transaction to the Company; (iv) the extent of the Related Party’s interest in the Related Party Transaction; (v) if applicable, the impact of the Related Party Transaction on a non-executive director’s independence; and (vi) the actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction.

No director shall participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party, except that the director shall provide all material information concerning the Related Party Transaction to the Audit & Compliance Committee.

If a Related Party Transaction will be ongoing, such as in the case of advertising/promotions, services of an external recruitment consultant, catering/canteen services, the Audit & Compliance Committee may, in its discretion, establish guidelines for the Company’s management to follow in its ongoing dealings with the Related Party. Thereafter, the Audit & Compliance Committee shall periodically review and assess ongoing relationships with the Related Party to see that they are in compliance with the Audit & Compliance Committee guidelines.

## **Reporting of Related Party Transactions**

Related Party Transactions shall be reported to the Audit & Compliance Committee by the Company Secretary/Manager – Corporate Governance & Regulatory Affairs, or in the event that either of Company Secretary/Manager – Corporate Governance & Regulatory Affairs has an interest in the Related Party Transaction, the transaction shall be reported to the Audit & Compliance Committee by the Chief Financial Officer.

## **Determining arms length**

In general terms, 'arms length' terms and conditions will be determined in accordance with the following basic principles:

- In the case of acquisitions of assets by or from the Company's Related Parties, by reference to independent valuations based on the terms of the proposed transaction;
- In the case of provision of loans, by reference to prevailing terms and conditions applied by other lenders and by reference to the terms and nature of the security provided for the loan;
- In the case of services provided by a Related Party, by reference to the fees currently being charged by similarly qualified unrelated parties;
- Where appropriate or where no other method of determination exists, by reference to the opinion of a suitably qualified independent expert that the terms are fair and reasonable; and
- In all other cases, where the transaction is at market price as confirmed by a suitably qualified independent expert.

## **Compliance with regulatory requirements**

The Offered Securities Rules (OSR) of the DFSA requires the shareholders of the Company to provide their consent, with the consent being in majority, in order for the Company to undertake certain actions relating to Related Party Transactions. This has been outlined in Appendix 3, A3.1.1 item 11 of the OSR.

Shareholder consent is required for related party transactions where:

- (a) the Reporting Entity is agreeing to acquire or dispose of assets to or from a Director, Associate or a Connected Person and where the amount involved is greater than five per cent of the book value of the existing net assets of the Group;
- (b) agreeing to acquire or dispose of an interest in a Person in which a Connected Person or Associate of the Reporting Entity is a shareholder, where the amount involved is equal to or greater than five per cent of the net book value of the existing net assets of the Group; or

(c) any series of transactions within a 12 month period would collectively fall or would fall within (a) or (b);  
but the following related party transactions that may fall under (a), (b) or (c) do not require approval:

(d) the issue of new Securities for cash or pursuant to the exercise of conversion or subscription rights attaching to Securities where existing Shareholders have had the opportunity to subscribe for such Securities;

(e) transactions made in accordance with an Employees' share scheme or long-term incentive scheme.

*Note: Capitalized terms have been defined in Annexure 1.*

### **Disclosure**

All Related Party Transactions are required to be disclosed in the Self Declaration filed with the Company Secretary.

Related Party Transactions are also required to be disclosed in the Company's applicable filings with the exchange, where the Company's shares are listed, and regulator (filings such as the annual financial statements and semi-annual financial statements).

## Annexure 1 - Definitions

- Associate – (1) In Ancillary Service Providers Module (ASP) and Chapter 7 of General Module (GEN), means, in respect of a Person 'A' holding Shares or entitled to exercise, or control the exercise of voting power, in an Authorised Firm or a Holding Company of an Authorised Firm means:
  - (a) the spouse of A;
  - (b) a child or stepchild of A;
  - (c) the trustee of any settlement, including any disposition or arrangement under which property is held on trust or subject to a comparable obligation, under which A has a life interest in possession;
  - (d) an Undertaking of which A is a Director;
  - (e) a Person who is an Employee or partner of A;
  - (f) where A is an Undertaking:
    - (i) a director of A;
    - (ii) a subsidiary or wholly owned subsidiary of A; or
    - (iii) a Director or Employee of such a subsidiary or wholly owned subsidiary; or
  - (g) a Person who has an agreement or arrangement with A with respect to the acquisition, holding or disposal of Shares or other interests in the Authorised Firm or the Holding Company of an Authorised Firm or under which they undertake to act together in exercising their voting power in relation to an Authorised Firm or the Holding Company of an Authorised Firm that other person.
  
- (2) Except in ASP and Chapter 7 of GEN, means in respect of a Person 'A', any Person, including an affiliated company which is:
  - (a) an undertaking in the same Group as A; or
  - (b) any other person whose business or domestic relationship with A or his Associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties.
  
- Connected Person – For the purposes of OSR, a Person is connected to a Reporting Entity if the Person:
  - a. is a Director or is involved in the senior management of the Reporting Entity or an Associate Body Corporate of the Reporting Entity;
  - b. owns or beneficially owns voting Securities carrying more than 5% of the votes attached to all voting Securities or the Reporting Entity or an Associate Body Corporate of the Reporting Entity; or
  - c. is a Director of or is involved in the senior management of any Person who owns or beneficially owns voting Securities carrying more than 5% of the votes attached to all voting Securities of the Reporting Entity.

- Director – (i) In relation to an undertaking established under the DIFC Companies Law, a Person who appears on the Register of Directors maintained by the DIFC Registrar of Companies; and (ii) In relation to all other undertakings, a Person who has been admitted to a register which has a corresponding meaning to the Register of Directors or performs the function of acting in the capacity of a Director, by whatever name called.
- Person – A Person includes any natural person, Body Corporate or body unincorporated, including a legal person, company, Partnership, unincorporated association, government or state.
- Reporting Entity – The term Reporting Entity is defined in the Schedule to the Markets Law 2004 as follows:
  - (1) Subject to (2), a person is a Reporting Entity if:
    - (a) the person has or had Securities admitted to an Official List of Securities at any time;
    - (b) the person has filed a prospectus with the DFSA under Article 15;
    - (c) the person merges with or acquires a Reporting Entity; or
    - (d) the person is declared in writing to be a Reporting Entity by the DFSA.
  - (2) A person is not a Reporting Entity if:
    - (a) the person is a properly constituted government, a government agency, a central bank or other type of national monetary authority of a country or jurisdiction, a supra-national organization whose members are either countries, central banks or national monetary authorities, a public authority or a state investment body; or
    - (b) (i) the person previously had Securities admitted to an Official List of Securities;
    - (ii) the person currently has no Securities admitted to an Official List of Securities;
    - (iii) the current holders of at least seventy five per cent of Securities in the Reporting Entity have agreed in writing that the person is no longer a Reporting Entity; and
    - (iv) the DFSA has confirmed in writing that the person is no longer a Reporting Entity; or
    - (c) the DFSA so determines.