



**RELATED PARTY**  
**TRANSACTIONS POLICY**

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## 1. Introduction

I&M Holdings Limited ("IMHL" or the "Company") believes in ensuring that every Related Party Transaction is conducted in a manner that will protect the Company, its subsidiaries and joint ventures (the "Group") from conflicts of interest which may arise between the Group and its Related Parties. This policy is designed to ensure that there is proper review, approval, ratification and disclosure of transactions between the Group and its Related Parties as required in compliance with legal and regulatory requirements.

## 2. Policy

Related Party Transactions, as described in this policy, shall be subject to the approval or ratification by the Board in accordance with this Policy.

## 3. Definition of a Related Party

For purposes of this policy, each of the following is a Related Party:

(a) A person or a close member of that person's family who:

- has control or joint control over the Company or other member of the Group;
- has significant influence over the Company or other member of the Group; or
- is a member of the key management personnel of the Company or other member of the Group.

(b) An entity where any of the following conditions applies:

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- 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).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (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).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the Company.

### Related parties include:

- a person, other than the Government or a public entity, that holds, directly or indirectly or otherwise has a beneficial interest in more than ten percent of the share capital of the Company ("Shareholder");
- a director of the Company, or any of its subsidiaries ("Director");

- a senior officer of the Company (“Senior Officer”);
- immediate family members of a Shareholder, Director or Senior Officer up to the second degree of affinity and consanguinity; or
- any entity which a Shareholder, Director or Senior Officer owns or controls.

In identifying related party relationships, attention should be given to the substance of a relationship and not merely its legal form.

#### **4. Definition of Related Party Transaction**

A "Related Party Transaction" means any business deal or arrangement between a Related Party and the Company or any member of the Group. The following criteria shall be used for Related Party Transactions that will require Board approval:

1. **Material:** Any financial transaction, arrangement or relationship in which the aggregate amount involved will or may exceed the [pre specified amount as may be advised from time to time] where a Related Party has or will have direct or indirect material interest.
2. **Nature:** Any transactions entered into by any member of the Group with a Related Party including:
  - i. Finance (including credit accommodations and equity contributions in cash or in kind);
  - ii. Purchases, sales or supply of goods or materials;
  - iii. Rendering or receiving of services;
  - iv. Agency agreements;
  - v. Outsourcing arrangements;
  - vi. Leasing of property of any kind;
  - vii. Licence agreements;
  - viii. Selling or disposing of, or buying, property of any kind;
  - ix. Guarantees and sureties; and
  - x. Management contracts.

#### **5. Exceptions to the Related Party transaction rule**

Any of the following types of transaction, even if the aggregate amount exceeds the materiality threshold specified above, are not covered by this policy and shall not require review and approval by the Board.

##### **1. *Ordinary Course of Business***

Financial services which the relevant member of the Group renders in the ordinary course of its business provided that the transaction has no policy deviations and the services are on substantially the same terms as those prevailing at the time for comparable services provided to unrelated parties.

## 2. *Credit related transactions*

Any loan and/or advance and /or financial asset resulting from the delivery of cash or other assets by a banking subsidiary within the Group to a Related Party. For avoidance of doubt, it is noted that such transactions are governed by the local banking regulations, guidelines and respective credit policy for each banking subsidiary.

## 3. *Rates determined by tender or law*

A transaction where the rates or charges involved in the transaction are determined by competitive bids or fixed by law or regulation.

## 4. *Employee Benefits*

Auxiliary services granted with preferential rates or waivers given to employees (including Senior Officers) as part of employee incentives or benefits.

## **6. Requirements of Related Party transactions**

The following information, to the extent relevant, with respect to the proposed Related Party Transaction should be disclosed:

- i. A general description of the transaction/s including the material terms and conditions.
- ii. The name of the Related Party and the basis on which such person or entity is a Related Party.
- iii. The Related Party's interest in the transaction/s including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction/s.
- iv. The total value of the proposed transaction and the share of the Related Party's interest in the transaction/s.
- v. Whether the Company or any other member of the Group will be a party to the transaction and if not, the nature of its participation in the transaction/s.
- vi. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result or in connection with the proposed transaction
- vii. Any other material information regarding the transaction/s or the Related Party's interest in the transaction/s.

## **7. Review and approval of Related Party transactions**

1. All Related Party transactions shall be submitted to the Board for approval. As part of its quarterly reporting, every entity within the Group shall submit to the Group Secretariat, details of transactions entered into with Related Parties. The Group Secretariat shall submit to the Board, those transactions that require the Board's approval.
2. The Board will consider the following factors to the extent relevant to the Related Party Transaction in conducting an independent review:
  - i. the identities of the parties involved in the transaction or relationship;

- ii. whether the terms of the transactions are fair to the relevant member of the Group and on an arms' length basis;
  - iii. the impact on any Director's or Senior Officer's independence; and
  - iv. whether the Related Party Transaction would present an improper conflict of interest for any Director, Shareholder or Senior Officer of the Company.
3. Any member of the Board who has interest in the transaction must abstain/recuse himself or herself from participation in the review and approval of any Related Party Transaction.

## **8. Disclosure and Regulatory Reporting**

Appropriate disclosures shall be made in the financial statements in respect of related party transactions in line with relevant accounts standards, laws and regulations governing the Group.

## **9. Review of policy**

The Board will review this Policy every so often and as required to ensure it remains consistent with the Board's objectives and responsibilities.

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