

Altern Energy Limited

Policy on Related Party Transactions

1 Preamble

Related party transactions are transactions with parties that are considered 'related' to a company as per law and regulations. The Board of Directors of Altern Energy Limited (AEL) has decided to adopt these laws and regulations as a good corporate governance practice.

It is understood that this policy shall not be considered as a delegation of any power or authority of the Board of Directors or the Shareholders in AEL. In the case of any dispute or un-clarity the existing Shareholders' Agreement and other agreements and understandings already in place between the shareholders or the members of the Board of Directors, as the case may be, shall prevail over this policy.

2 Objective

This policy is intended to ensure the proper approval and reporting of transactions between AEL and its related parties, subsidiary, associated undertakings, directors, nominees for director, key management personnel, or significant stockholders or certain entities or persons related to them as required under the Listed Companies Code of Corporate Governance Regulations, 2017 and International Accounting Standards / International Financial Reporting Standards. Related party transactions are appropriate only if they reflect economic substance and are executed to conduct the normal course of business. These transactions should be at arm's length, however, in special circumstances, if AEL is required to enter into a transaction which is not at arm length, the management must ensure that the terms are in the best interest of AEL and prior approval has been obtained from the Board of Directors. AEL is required to disclose the related party relationship and transactions in AEL's financial statements as required by the Law.

The policy shall be implemented by the management in accordance with financial delegations as approved by the Board of Directors. In case of any requirement beyond the approved financial delegations, the Board of Directors will have the final authority for decision.

3 Related Party

Related party has been defined in the Companies Act, 2017 as:

- a director or his relative;
- key managerial personnel and their relatives;
- a firm, in which a director, manager or his relative is a partner;
- a private company in which a director or a manager is a member or director;
- a public company in which a director or manager is a director or holds along with his relatives, any shares of its paid up share capital;

- anybody corporate whose Board, chief executive or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager (other than given in a professional capacity);
- any person on whose advice, directions or instructions (other than given in a professional capacity) a director or a manager is accustomed to act;
- any company which is a holding, subsidiary or an associated company of such company to which it is also a subsidiary;
- such other person as may be specified by the SECP.
- For the purpose of this section “relative” means spouse, siblings and lineal ascendants and descendants of a person

4 Procedures

In accordance with the requirements set out by the Code under the Listing Regulations, for the approval of Related Party Transactions, AEL has adopted the following policy:

4.1 Inclusions

AEL may enter into any contract or arrangement with a related party and only with the purpose of operating AEL, with respect to,

- 1) *Sale, purchase or supply of any goods or materials;*
- 2) *Selling or otherwise disposing of, or buying, property of any kind;*
- 3) *Leasing of property of any kind;*
- 4) *Availing or rendering of any services;*
- 5) *Appointment of any agent for purchase or sale of goods, materials, services or property; and*
- 6) *Such related party's appointment to any office or place of profit in AEL, its subsidiary company or associated company;*

4.2 Notification by a related Party

- Every director and key management personnel shall notify the Company Secretary about his/her status as a related party in AEL and his/her respective interest in any associated company(ies).
- As required by section 205 of the Companies Act, 2017, every director of AEL who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of AEL shall disclose the nature of his concern or interest at a meeting of the board of Directors, provided that a director shall be deemed also to be interested or concerned if any of his relatives, is so interested or concerned.
- No director of AEL shall, as a director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of AEL, if he is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void.
- As required by section 206 of the Companies Act, 2017, no other officer of a company who is in any way, directly or indirectly, concerned or interested in any proposed contract or arrangement

with the company shall, unless he discloses the nature and extent of his interest in the transaction and obtains the prior approval of the board, enter into any such contract or arrangement

- Company Secretary shall keep a record of all the persons(s) who are under the ambience of the definition of Related Party under the Companies Act, 2017.
- No transaction with related party shall be carried out except according to the relevant provisions of section 208 of the Companies Act, 2017.

4.3 Reporting

- **Transactions at Arm's Length**

The details of all related party transactions shall be placed periodically before the Audit Committee (AC) and upon recommendations of the AC the same shall be placed before the Board of Directors for review and approval. CFO shall circulate the following minimum information to the Board of Directors along with agenda for board of Director's meeting called for approval of related party transactions:

- (a) name of related party;
- (b) names of the interested or concerned persons or directors;
- (c) nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in the related party;
- (d) detail, description, terms and conditions of transactions;
- (e) amount of transactions;
- (f) timeframe or duration of the transactions or contracts or arrangements;
- (g) pricing policy;
- (h) recommendations of the audit committee, where applicable; and
- (i) any other relevant and material information that is necessary for the Board of Directors to make a well informed decision regarding the approval of related party transactions.

In case of the majority of directors to be 'interested' in these transactions, the matter shall be placed before the shareholders in the General Meeting for approval as a special resolution.

- **Transactions not at Arm's Length**

The details of all related party transactions which are not executed at arm's length shall also be placed separately at each AC meeting along with necessary justification for consideration and approval of the Board of Directors on recommendation of the AC. In case of the majority of directors to be interested in these transactions, the matter shall be placed before the General Meeting for approval as a special resolution.

Before placing to AC, all the related party transactions must be reviewed and verified by the Company Secretary to ensure accuracy and completeness.

4.4 Maintenance of Records

As required by the provisions of the Companies Act, 2017, AEL shall maintain at its registered office, one or more registers with regards to transactions undertaken with related parties and contracts or arrangements in which directors are interested, in the forms specified in the Act. The minimum record of related party transactions shall include the following particulars in respect of each transaction:

- Name of related party;
- Nature of relationship with related party;
- Nature of transaction;
- Amount of transaction; and
- Terms and conditions of transaction, including the amount of consideration received or given.

4.5 Review and approval of Related Party Transactions

Related Party Transactions will be referred to the AC for review and recommendation to the Board of Director for approval. Any Board member who has a potential interest in any Related Party Transaction will excuse himself or herself and abstain from voting on the approval or ratification of the Related Party Transaction but may participate in all or a portion of the Board of Director's discussions of the Related Party Transaction.

To review a Related Party Transaction, the AC will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to AEL and to the Related Party, and any other relevant matters. In determining whether to approve or ratify a Related Party Transaction, the AC will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair to AEL and would apply on the same basis if the other party to the transaction did not involve a Related Party.
- Whether there are any compelling business reasons for AEL to enter into the Related Party Transaction and the nature of alternative transactions, if any.
- Whether the Related Party Transaction would impair the independence of an otherwise independent director.
- Whether the Related Party Transaction would present a conflict of interest for any director, nominee for director or Key management personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, nominee for director, Key management personnel or other Related Party, the direct or indirect nature of the director's, nominee's, Key management personnel or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the AC deems relevant.

In any case where the AC determines not to ratify a Related Party Transaction it may direct additional actions including, but not limited to, immediate discontinuation, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the AC has authority to modify or waive any procedural requirements of this Policy. If the AC or its Chair determines

that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

4.6 Disclosure of Related Party Transactions

Company Secretary will ensure that disclosure requirements under the Companies Act, 2017 and any other regulations applicable on AEL are complied with.