



The United Basalt Products Ltd.

# **CONFLICT OF INTERESTS / RELATED PARTY TRANSACTION POLICY**

## Document Information

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# **CONFLICT OF INTERESTS/RELATED PARTY TRANSACTION POLICY** **(the “Policy”)**

## **The United Basalt Products Limited** **(the “Company”)**

### **1. INTRODUCTION**

This Policy provides the framework for the Company and its subsidiaries (hereinafter referred to as the “Group”) to effectively identify, evaluate, disclose and manage potential, actual or perceived conflict of interests as well as related party transactions which may arise in relation to the activities of the Group.

This Policy aims to ensure that the conduct of the Directors and Designated Employees of the Group’s companies are protected against any appearance of impropriety and that the decisions made by the Group are transparent and in the best interests of the Group and in compliance with statutory requirements, while upholding good governance practices.

This Policy is subject to the provisions of the Companies Act No. 15 of 2001, as amended, the Listing Rules of the Stock Exchange of Mauritius Ltd, the Code of Corporate Governance of Mauritius and any other applicable law or regulatory provisions.

This Policy has been endorsed by the Board of Directors of the Company on June 28, 2018.

### **2. KEY DEFINITIONS**

- I.** Board: means the Board of Directors.
- II.** Officer: includes a member of the Board of Directors, a Chief Executive, a Chief Financial Officer, a Financial Controller, a Manager, a Company Secretary.
- III.** Unpublished price sensitive information: information which has not been made public and if disclosed, would be likely to have an effect on the price or the value of securities of a Reporting Issuer (for instance, new major contracts, financial results of the Company/Group etc.).
- IV.** Confidential Information: information that a company does not wish to make public and the use and disclosure of which could cause prejudice to the company (for instance, the marketing strategy, development of new products, listing of clients etc.).
- V.** Associates include:
  - in relation to a relationship with an individual:
    - A spouse and any child or stepchild under the age of 18 years (“the individual’s family”) and;
    - the trustees (acting as such) of any trust of which the individual or any of the individual’s family is a beneficiary or discretionary object; and

- any company in the equity capital of which the individual and/or any member or members of the individual's family (taken together) are directly or indirectly interested so as to exercise or control the exercise of 20 per cent or more of the voting power at meetings of shareholders, or to control the appointment and/or removal of directors holding a majority of voting rights at board meetings on all or substantially all matters, and any other company which is its subsidiary.
- in relation to a relationship with any legal person:
- means any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or one in the equity capital of which it and/or such other company or companies taken together are directly or indirectly interested so as to exercise or control the exercise of 20 per cent or more of the voting power at meetings of shareholders, or to control the appointment and/or removal of directors holding a majority of voting rights at board meetings on all or substantially all matters.
- VI. Designated Employees:** Employees, including Officers, who have access to confidential and unpublished price sensitive information.

### **3. SCOPE**

This Policy shall apply to Directors and Designated Employees of the Company and as relevant, to its subsidiaries, except where any of them has adopted its own Conflict of Interest/Related Party Transaction Policy.

### **4. GOVERNANCE**

The Board is ultimately responsible for developing appropriate policies on conflict of interests and related party transactions and exercises this responsibility via the Corporate Governance Committee.

The Audit Committee shall be responsible to address questions pertaining to conflict of interests and related party transactions and thereafter report to the Board on such matters.

### **5. IDENTIFYING AND EVALUATING**

#### **5.1 CONFLICT OF INTERESTS**

Directors and Designated Employees of the Group may be exposed to situations that potentially raise conflict of interests. A conflict of interests is a situation in which a person has, directly or indirectly, a personal, professional or business interest sufficient to appear to influence the objectivity of his/her duties within the Group. Directors and Designated Employees shall not allow such direct or indirect interest to conflict with their official duties and take precedence over the Group's interest.

If a Director or a Designated Employee has an interest that influences, may influence or appears to influence the way he/she performs his/her duties, he/she must disclose that interest as detailed in clause 6 hereunder.

A Director or a Designated Employee shall be deemed to be interested when, in a transaction to which the company is a party, he/she:

- 1) Is a party to, or shall or may derive a material financial benefit from the transaction;
- 2) Has a material financial interest in or with another party to the transaction, either directly or indirectly;
- 3) Is a Director, Officer, or trustee of another party to, or person who shall or may derive a material financial benefit from, the transaction, not being a party or person that is:
  - The company's holding company
  - A wholly-owned subsidiary of the company; or
  - A wholly-owned subsidiary of a holding company of which the company is also a wholly-owned subsidiary.
- 4) Is the parent, child or spouse of another party to, or person who shall or may derive a material financial benefit from the transaction; or
- 5) Is otherwise directly or indirectly materially interested in the transaction.

The above are typical but non-exhaustive situations which may give rise to conflict of interests. Conflict of interests may arise in other situations or through other relations. It is assumed that the Directors and Designated Employees will recognize such situations and relations by analogy, and that they will comply with the procedures described under clause 6.

Conflict of interests may result in:

- Inappropriate financial gain, either directly or indirectly, to the interested person;
- Decisions or actions that are not in the interests of the Group;
- The appearance of a lack of integrity in the Group's decision-making process.

## **5.2 RELATED PARTY TRANSACTION**

Related party transactions include, but is not limited to, any arrangements or transactions between the Company or any of its subsidiaries or associate companies and a Director, other Officers, a controlling shareholder<sup>1</sup> or associates of a Director, Officer or controlling shareholder.

Examples of such transactions are as follows:

- Purchases or sales of goods;
- Purchase or sales of property or other assets;
- Rendering or receiving of services.

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<sup>1</sup> Controlling shareholder: any person who is or was within the 12 months preceding the date of the related party transaction, entitled to exercise, or control the exercise of, 20 per cent or more of the voting power at meetings of shareholders of the issuer or one which is in a position to control the appointment and/or removal of directors holding a majority of voting rights at board meetings on all or substantially all matters.

## **6. DISCLOSING AND MANAGING CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS**

### **6.1 CONFLICT OF INTERESTS**

#### **6.1.1 DISCLOSURE AND MANAGEMENT OF CONFLICT OF INTERESTS**

A Director or Designated Employee shall, forthwith after becoming aware of the fact that he/she is interested in a transaction or proposed transaction with any of the Group's companies or is otherwise involved in an actual or potential conflict of interests, shall:

- Immediately disclose the fact, nature and extent (including the monetary value of the interest where same can be quantified) of his/her interest. The Directors shall disclose such interest to the Board, as further detailed in clause 6.1.3 below, while Designated Employees shall disclose their interest/s in writing to the Ethics Officer; and
- Not take part in any deliberation or any decision-making process in relation thereto.

If a Designated Employee is not certain whether he/she is in a conflict of interests and/or related party transaction situation, he/she should discuss the matter with the Ethics Officer or with the Company Secretary, for advice and guidance. The Directors shall discuss such matters with the respective Chairperson of the company.

All transactions in which there are conflict of interests with shall be agreed on terms that are customary for arm's-length transactions in the relevant company's business.

#### **6.1.2 ANNUAL DISCLOSURE**

Directors and Designated Employees of the Group shall on an annual basis notify the respective company, through the Company Secretary, of any direct and/or indirect interest in any transaction or proposed transaction with the respective company.

#### **6.1.3 DIRECTORS**

Each Director shall strive to avoid any conflict that may exist between his/her direct and/or indirect interests and those of the company.

After becoming aware of any direct and/or indirect conflict of interests, each Director shall immediately inform the Board in writing, via the Chairperson.

Furthermore, to ensure that Directors have an opportunity to disclose any new conflict, the first agenda item for each Board meeting refers to the disclosure of conflict of interests.

Upon disclosure of any conflict of interest, each Director shall cause his/her interest/s to be registered in the Interest Register of the respective company, which is maintained by the Company Secretary.

Disclosure by a Director of the company of a real, potential or perceived conflict of interests and the decision by the Board in respect to such conflict of interests should be recorded in the minutes of proceedings of the said meeting. The Director shall abide by the decision of the Board.

Unless the constitution of the respective companies of the Group provide otherwise, any Director potentially in the conflict of interests situation or related party transaction shall not:

1. Be counted in the quorum to take any decision on any contract or arrangement or any other proposal he/she or his/her associate is interested ;
2. Participate in any discussion pertaining to the above mentioned interest/s ; and
3. Vote on the issue.

If so requested by the Chairperson, the interested Director shall leave the meeting room while the Board considers and votes on such matters,

Subject to the constitution of the respective companies of the Group, if any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by the Director voluntarily agreeing to abstain from voting, such question shall be referred to the Chairperson of the meeting and his ruling in relation to any such Director shall be final and conclusive, except in a case where the nature or extent of the interest of the Director concerned has not been fairly disclosed.

Decisions to enter into transactions in which there is any conflict of interests with Board members require the approval of the Board.

A Director must not compete with the respective company or become a Director or Officer of a competing company, unless authorized by the company.

In the event of continuing material conflict of interest, the concerned Director must consider to resign from the Board.

## **6.2 RELATED PARTY TRANSACTIONS**

The Audit Committee shall validate related party transactions and in collaboration with the company's external auditors, shall assess and report such transactions in the financial statements of the Group's companies.

In terms of the International Accounting Standards, IAS 24 sets the disclosure requirements to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

Where a related party transaction of the Company falls within the ambit of Chapter 13<sup>2</sup> of Listing Rules of the Stock Exchange of Mauritius Ltd, such transaction shall be approved and disclosed in accordance with the provisions contained therein.

## **7. NON-COMPLIANCE**

### **7.1 DESIGNATED EMPLOYEES**

Failure to declare a potential, actual or perceived conflict of interests and/or to take any action agreed with the Ethics Officer in a timely manner may result in disciplinary actions and Designated Employees may be held personally liable to their respective company.

### **7.2 OFFICERS AND DIRECTORS**

Officers and Directors shall exercise their powers and discharge their duties honestly, in good faith and in the best interests of the Group in accordance with the Company's Act 2001 of Mauritius. As such, in case of non-compliance to this Policy, the Officers and Directors may be personally liable to the respective company and may potentially be held criminally liable under certain provisions of the laws.

## **8. ADHERENCE TO THE POLICY**

Each Director and Designated Employee shall sign a statement, which affirms that such person:

1. Has received a copy of this Policy;
2. Has read and understood this Policy;
3. Agrees to comply with the Policy during his/her term of appointment.

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<sup>2</sup> Chapter 13: Notifiable Transactions

## **9. DISCLAIMER**

The purpose of this Policy is to provide guidance on the practice to be followed in respect of conflict of interests and related party transactions and should not, at any point in time, be considered as providing any exemption to the applicable laws.

## **10. REVIEW**

This Policy will be reviewed as and when required to determine whether it is effective in ensuring accurate and timely compliance with the relevant prevailing laws in Mauritius.

