



## POLICY ON RELATED PARTY TRANSACTIONS

### I. Introduction

Carbeeza Ltd. (the "**Corporation**") recognizes the fiduciary responsibility of the Board (as defined herein) to ensure the fairness, transparency, and integrity of the Corporation's related party transactions ("**RPTs**") for the protection of all its shareholders' interests. To aid in the performance of this duty, this policy is adopted to:

- define and identify Related Party (as defined herein) relationships and transactions;
- provide guidance in the review, approval and disclosure of RPTs to ensure that they are at Arm's Length (as defined herein), and, in the event that such transactions are RPTs, that the terms are fair and will inure to the best interests of the Corporation and all its shareholders; and
- promote the objectives of MI 61-101.

### II. Definitions

Affiliated Entity a person is considered to be an affiliated entity of another person if one is the subsidiary entity of the other or if both are subsidiary entities of the same person.

Arm's Length has the meaning ascribed to that term in section 251 of the *Income Tax Act* (Canada), or any successor to that legislation, and, in addition to that meaning, a person is deemed not to deal at Arm's Length with a Related Party of that person;

Associated Entity has the meaning ascribed to that term in MI 61-101.

Board means the board of directors of the Corporation.

Control Person means any person who owns, directly or indirectly, more than twenty percent (20%) of the voting rights attached to all outstanding securities of an issuer.

Exempt Transaction means a transaction or arrangement:

- (a) that involves the payment of compensation to, or the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business by, a Related Party;
- (b) that involves the indemnification of, or advancement of expenses to a Related Party made pursuant to the Corporation's articles or bylaws or an agreement between the Corporation and the director or executive officer approved by the Board or a committee of the Board;
- (c) in the ordinary course of business of the Corporation where the interest of the Related Party arises only because:

- (i) the Related Party is a director of a corporation, or holds a similar position with another entity, that is a party to the transaction or arrangement;
  - (ii) the Related Party holds an equity interest in a corporation or other entity (other than a partnership) that is a party to the transaction or arrangement, provided that the Related Party and all other Related Parties do not together hold, directly and indirectly, more than a 5% equity interest in the corporation or other entity;
  - (iii) the Related Party holds a position described in (i) and an equity interest described in (ii); or
  - (iv) the Related Party is a limited partner in a partnership that is a party to the transaction or arrangement, provided that the Related Party and all other Related Parties do not together hold, directly or indirectly, more than a 5% equity interest in the partnership; or
- (d) in which the Related Party's interest arises solely from the ownership of securities issued by the Corporation and all holders of the securities receive the same benefits *pro rata* as the Related Party.

IDX means Interdynamix Systems Partnership, a Related Party that provides development, support and consulting services to the Corporation.

Licensing and Service Agreement means the agreement between IDX and the Corporation, as amended or restated from time to time, pursuant to which IDX provides services to the Corporation. The Licensing and Service Agreement is a Material RPT as defined in this policy.

Material Change means any material change to a previously approved or ratified RTP (as defined herein).

Material RPT means any RPT that meets the materiality threshold as defined in this policy or is designated as a Material RPT by the RPT Committee (as defined herein).

Materiality Threshold means CAD\$100,000 or five percent (5%) of the Corporation's total consolidated assets based on its latest audited financial statements, whichever is lower, which shall be determined at each interim period.

MI 61-101 means Multilateral Instrument 61-101 *Protection of Minority Shareholders in Special Transactions*.

Related Party means:

- (a) a person who is or, at any time since the beginning of the Corporation's last fiscal year, was:
  - (i) a director of the Corporation or a nominee to become a director of the Corporation,
  - (ii) a control person of the Corporation, or

- (iii) an executive officer of the Corporation;
- (b) a person who is known to be the beneficial owner of more than 10% of any class of voting securities of the Corporation;
- (c) a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a person referred to in (a) or (b) and any person (other than a tenant or employee) sharing the household of a person referred to in (a) or (b); and
- (d) a firm, partnership, corporation, trust or other entity of which a person referred to in (a), (b) or (c):
  - (i) is a director, officer, employee, general partner, principal or trustee or holds a similar position; or
  - (ii) beneficially owns a 10% or greater equity interest.

RPT means a transfer of resources, services or obligations between the Corporation and a Related Party (as defined above), regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with Related Parties, but also outstanding transactions that are entered into with a non-Related Party that subsequently becomes a Related Party.

### **III. Application**

This policy covers Material RPTs as defined above (the "**Material RPTs**"). If any Affiliated Entity or Associated Entity of the Corporation (as defined herein) has not adopted its own policy on RPTs, this policy shall also cover the Material RPTs of such Affiliated Entity or Associated Entity.

### **IV. Responsibilities**

#### RPT Committee

The RPT Committee (the "**RPT Committee**") is tasked with overseeing the implementation of this policy, including:

- conducting an annual review of the Licensing and Service Agreement between IDX and the Corporation to ensure consistency and compliance with this policy and any applicable rules and regulations
- conducting an annual review of the threshold values under the Materiality Threshold and Material RPTs and the provisions of this policy and recommending amendments to this policy to the Board as it deems appropriate;
- conducting a periodic review of the effectiveness of the Corporation's system and internal controls governing Material RPTs to assess consistency with Board-approved policies and procedures;
- communicating the results of periodic reviews, including exceptions or breaches in limits, directly to the Board;

- ensuring that the Corporation complies with relevant rules and regulations and is informed of regulatory developments in areas affecting Related Parties;
- performing periodic post-transaction verification of Material RPTs; and
- advising any Associated Entity or Affiliated Entity of the Corporation of this policy and working with the Associated Entity or Affiliated Entity to implement and comply with this policy.

The RPT Committee shall have a minimum of three (3) members, all of whom must be independent directors.

#### Board of Directors

The Board is responsible for:

- approving or ratifying all Material RPTs upon the recommendation of the RPT Committee;
- updating or amending this policy periodically at the recommendation of the RPT Committee and as required by regulatory updates; and
- Ensuring adequate and timely disclosure of Material RPTs as required by this policy and applicable laws and regulations.

### **V. Procedures**

#### Identification, Review and Approval of Related Party Transactions

All Material RPTs shall be reviewed by the RPT Committee and approved by the Board before commencement, except transactions that are explicitly excluded or exempted by policy.

In the review of Material RPTs, the RPT Committee shall consider the following factors:

1. the terms of the transaction;
2. the aggregate value of the transaction;
3. whether the terms of the transaction are no less favorable than those generally available to non-related parties under the same or similar circumstances;
4. the extent of the Related Party's interest in the transaction;
5. purpose and timing of the transaction;
6. whether the transaction would present an actual or apparent conflict of interest or special risks or contingencies for the Corporation or any of its subsidiaries or Affiliates, or the Related Party, taking into account the size of the transaction and the overall financial position of the Related Party; and
7. any material information or other factors that the RPT Committee deems relevant.

If a Material RPT is not identified beforehand, it must be subsequently reviewed by the RPT Committee and ratified by the Board or the same may be discontinued, rescinded or modified to make it acceptable for ratification.

Material RPTs must be approved by at least a two-thirds (2/3) vote of the Board, with at least a majority vote of the independent directors.

### Disclosure Requirement of Material RPTs

All directors and employees of the Corporation and any Affiliated Entity or Associated Entity covered by this policy are required to disclose to the RPT Committee any proposed Material RPT of which they are or are reasonably expected to become aware of in the course of their professional duties.

Prior to entering into a Material RPT, a Related Party shall make full and timely disclosure to the RPT Committee of any and all material facts related to the Material RPT as well as any direct or indirect financial interest in any matter that affects or may affect the Corporation. The Related Party and the RPT Committee shall also make this disclosure at the board meeting where the Material RPT will be presented for approval and before the completion or execution of the Material RPT.

### Identification, Prevention or Management of Potential or Actual Conflict of Interest

Any director or officer of the Corporation with a personal interest in a transaction shall be prohibited from participating in the discussion, approval, and voting thereon. However, the presence of such member may be counted in determining the presence of a quorum at the RPT Committee meeting but not in assessing the quorum for the Board meeting.

### Guidelines to Ensure Arm's Length Terms

The Corporation shall ensure that no preferential treatment shall be given to a Related Party that is not extended to a non-Related Party under similar circumstances. Further, the Corporation shall exercise due diligence in ensuring compliance with all relevant laws, rules and regulations in carrying out its Material RPTs.

### RPTs Delegated to Management

RPTs that are performed in the normal course of business shall not be subject to review by the RPT Committee. Instead, the review of the transactions listed below is delegated to management, provided they do not breach this policy's Materiality Threshold and unless management deems it necessary for the RPT Committee to review the same:

1. Compensation of directors and employment of executive officers approved or endorsed by the Corporate Governance and Compensation Committee or the Board;
2. Transactions with similar terms available to all employees generally;
3. Banking, finance or insurance-related services and transactions with a Related Party, if the terms are generally the same as or similar to offers of other banks in the ordinary course of business;
4. Share transactions such as dividends, repurchase, rights offerings, available to all shareholders of the Corporation on a pro-rata ownership basis;
5. Any transaction with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;
6. Any transaction with a Related Party involving system cost recoveries, agreements or intercompany advances in exchange for rendering of services such as construction, construction

management, procurement, engineering, property management, technical services, and other services in the ordinary course of doing business;

7. Transfer of resources between wholly-owned subsidiaries of an ultimate common parent company or between a wholly-owned subsidiary and its parent; or
8. Any Exempt Transaction as defined in Section II.

#### Remedies for Non-compliant Material RPTs

A Related Party found to be non-compliant with the provisions of this policy and/or proven to have entered into a non-compliant Material RPT shall be subject to the corresponding procedures and penalties under the Corporation's Code of Conduct and relevant laws, rules and regulations, as may be applicable. Directors or officers who are found guilty of bad faith in entering into non-compliant Material RPTs and acquiring personal interests shall be liable jointly and severally for all damages resulting therefrom and must account for the profits which otherwise would have accrued to the Corporation.

#### **VI. Effective Date**

This policy supersedes any and all previous policies concerning RPTs and is effective upon approval.

**Approved by the independent directors of the Corporation on this 17<sup>th</sup> day of November 2021.**