



RELATED PARTY TRANSACTION POLICY

Approved by:
On behalf of Al Faleh Educational Group Q.P.S.C.

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Corporate Governance – Related Party Transactions Policy

1. PURPOSE

Al Faleh Educational Holding Q.P.S.C. (“AFEH” or the “Company”) is aware that Related Party transactions may represent a potential or actual conflict of interest that gives an ostensible impression that the Company’s decisions are based on considerations other than achieving the interests of the Company and its shareholders. However, the Company is aware that there are cases where Related Party transactions agree or disagree with the interests of the Company and its shareholders, including, but not limited to, any cases in which the Company may obtain products or services of a nature, quantity or quality not readily available from other sources or under conditions similar to those that can be obtained from transactions from independent parties.

Accordingly, the Company has formulated this policy on materiality of Related Party transactions and on dealing with Related Party Transactions (“Policy”). This Policy regulates all transactions between the Company and its Related Parties (as defined below).

The Audit Committee will review the Policy periodically and may amend the same from time to time and propose the same to the Board for approval.

2. DEFINITION

Term	Definition
Authority	Qatar Financial Markets Authority
Board of Directors, BoD, Board or Director(s)	Board of Directors of the Company, or those in charge of managing the Company
Chairperson	Representing the Company before the others and the judiciary and is primarily responsible for ensuring the proper management of the Company in an effective and productive manner and working to achieve the interest of the Company, partners, shareholders and Stakeholders
Company or AFEH	Al Faleh Educational Holding Q.P.S.C.
Extraordinary General Assembly (EGA)	An extraordinary general meeting refers to any shareholder meeting called by the Company other than its scheduled annual meeting, to pass a resolution in the following matters: <ul style="list-style-type: none">– Amendments to the Company’s Contract or its articles of association.– Increasing or reducing the capital of the Company.– Extending the term of the Company.– Dissolution or liquidation, conversion or merging of the Company into another company or acquiring it.– Selling the whole project for which the Company was established or disposal of it in any other manner.
Law	Commercial Companies Law No. 11 of 2015 and its amendments
Ordinary Transactions	Falls in the ordinary course of business; as the routine transactions carried out on a regular basis in order to achieve the Company’s objectives and without which the Company cannot undertake its business and attain its objectives.
Major Transaction	Any transaction or series of linked or related transactions aiming to own, sell, lease, exchange, or otherwise dispose of (except for establishing guarantees) assets of the Company or assets to be acquired by the Company or transactions which would change the essential nature of the Company business; or those whose gross value exceeds (10%)

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Term	Definition
	of the lesser of either the Company's market value or the net value of the Company's assets according to the latest announced financial statements.
Related Party	A person is considered a Related Party to the Company if that person is a Board member of the Company or a company of its group; is a Member of the Senior Executive Management of the Company or any company of its group; owns at least (5%) of the Company shares or any of its group; or is a relative of any of the former mentioned to the second degree. It also includes the legal persons controlled by a member of the Board of the Company or any company of its group or of Senior Executive Management and their relatives to the second degree, or that participated in a project or a partnership of any kind with the Company or any company of its group.
Senior Executive Management	The Chief Executive Officer (CEO) and other executive managers reporting directly to him, including heads of internal control units in the Company

3. POLICY STATEMENT

- a) The Company's policy requires compliance with all Laws and regulations regulating Related Party transactions, including relevant and applicable local and international guidelines, rules and regulations, such as Qatar Financial Market Authority and Commercial Companies No.11 of 2015 and its amendments.
- b) The Company's policy requires that all Related Party transactions to be reviewed and recommended by the Audit and Risk Committee then approved by the Board of Directors and the General Assembly as described in this policy.
- c) Notification of a potential Related Party transaction, whereby any Senior Executive Management or member of the Board of Directors must notify the Board of Directors or whomever it delegates, as soon as possible about any potential transaction (before initiating it) with Related Parties.
- d) While this policy requires notification of all potential Related Party transactions, Senior Executive Management should pay particular attention to relationships outside the ordinary course of business, such as:
 - employment of immediate family member, and
 - transactions that are presented according to preferential terms and conditions than the transactions available to the public in the market.
- e) Notification must be submitted about the transactions with Related Parties that are used by the Company. The Audit and Risk Committee shall direct the Senior Executive Management on how to proceed with the transaction within the legal and regulatory guidelines.

4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

4.1. Review Related Party Transactions

- 4.1.1. An assessment for the project / operation must be prepared by the concerned department, including the feasibility and commercial benefit to the Company, as well as the independence and fairness of the proposed transaction and the effects of disclosing this transaction in the Company's financial statements, and the recommendation of the concerned department is submitted to the Finance Department, CEO and Legal Department to approve it, and then submit it with a recommendation to the Audit and Risk Committee for review and approval.
- 4.1.2. Related party transactions are only approved if the transaction is at least the same or better than that obtainable in transactions with independent parties, or a written explanation is given to the contrary.

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4.1.3. The Finance Department and the concerned department shall review all Related Party transactions of a recurring nature whose agreement exceeds one year to determine whether to continue, amend or cancel the agreement, provided that the whole issue is submitted to the Board of Directors for the final approval.

4.1.4. Approval of Related Party transactions may be conditional on the Company or the Related Party taking any or all of the following additional measures, or other measures deemed appropriate by the CEO and the Board of Directors, such as:

- Requesting the Related Party to resign from the entity involved in the transaction with the Company or to change his/her position therein in a manner that does not constitute a conflict of interest.
- Ensuring that the Related Party is not directly involved in negotiations of the transaction terms or voting on decisions in this regard.
- Request for the Company to have the right to terminate Related Party transactions by giving a specified period with prior notice.

4.1.5. In transactions involving a Related Party such as the CEO, a member of the Audit and Risk Committee, a member of the Board of Directors or others, the specified Related Party must abstain from voting or taking a decision to approve the relevant transaction.

4.2. Reporting Related Parties Transactions Procedure

4.2.1. The following guidelines should be followed in processing a Related Party transaction, i.e. any transaction that does not fall within the definition of “ordinary transactions”.

4.2.2. Is the counterparty to the proposed transaction a Related Party (as defined in section 2)?

No This is not a related party transaction. It may be transacted as per the normal policy and procedures of AFEH.

Yes This is a related party transaction. Proceed to step 4.2.3.

4.2.3. Is the transaction a ‘Major Transaction’?

Yes Proceed to step 4.2.4.

No Refer the transaction to the Audit and Risk Committee. If the Audit and Risk Committee recommends the transaction, refer it to the Board for formal approval. The related party Director may not participate in the proceedings of either the Audit Committee or the Board.

4.2.4. Is the transaction the result of:

- a genuine and transparent public tender process? or
- Obtaining and evaluating three independent bids in accordance with guidelines prescribed by the Audit and Risk Committee? and
- in either case, is the related party’s offer the best one?

Yes Proceed with the transaction

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No Proceed with step 4.2.5.

4.2.5. The proposed transaction now requires the prior approval of the General Assembly Meeting of AFEH after a review by the Audit and Risk Committee (Either convene an EGA or await the AGM).

4.2.6. Along with the invitation to the EGA/AGM, the following particulars must be forwarded to the shareholders:

- i. the opinion of the Audit and Risk Committee and the Board of the transaction and the suitability of its terms;
- ii. their undertaking the responsibility for the Related Party to perform and complete the transaction as agreed;
- iii. the name of the Related Party and the nature and extent of his/her/its interest in the transaction;
- iv. the value of the transaction;
- v. the validity period of the proposed arrangement;
- vi. an independent valuation where an acquisition or a disposal of assets is involved.

4.2.7. The related party involved in the transaction, and its proxy(ies), may not vote on the resolution considering the proposed transaction.

4.2.8. If the EGA/AGM approves the transaction, AFEH may proceed with it. Otherwise, the transaction must be discarded.

5. Roles and Responsibilities Relating to Related Parties Transactions

All transactions with Related Parties require the prior approval of the CEO, Audit and Risk Committee, and Board of Directors.

All Related Party transactions must be disclosed to the Board of Directors and the General Assembly for approval.

5.1. Audit and Risk Committee

5.1.1. Supervise the internal control procedures in relation to Related Party transactions.

5.1.2. Supervise the implementation of Related Parties transactions in accordance with the applicable rules and regulations.

5.1.3. Inform the Board of any risks arising from existing or potential Related Party transactions and any shortcomings noted in relation to the internal control procedures.

5.1.4. Ensure that the appropriate disclosure of Related Party transactions and that they were made at an arm's length.

5.1.5. All the transactions which are identified as Related Party transactions should be pre-approved by the Audit and Risk Committee before entering into such transaction. The Audit and Risk Committee shall consider all relevant factors while deliberating the Related Party transactions for its approval.

5.1.6. Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

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5.2. Board of Directors

- 5.2.1. Issuing approval of transactions with Related Parties and all proposed amendments and/or changes thereto, and informing the General Assembly of such transactions.
- 5.2.2. Follow up on risks arising from potential Related Parties and their transactions.
- 5.2.3. Ensure that all Related Party transactions are adequately evaluated by Senior Executive Management.
- 5.2.4. Ensure that all transactions with Related Parties are conducted at an arms length and in the interest of the Company.
- 5.2.5. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances..

5.3. General Assembly/ Shareholders

- 5.3.1. The Governance Code defines Major Transaction as any transaction or series of linked or related transactions aiming to own, sell, lease, exchange, or otherwise dispose of (except for establishing guarantees) assets of the Company or assets to be acquired by the Company or transactions which would change the essential nature of the Company business; or those whose gross value exceeds (10%) of the lesser of either the Company's market value or the net value of the Company's assets according to the latest announced financial statements.
- 5.3.2. If a Related Party transaction is a major transaction, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a related party, shall not vote on resolution passed for approving such related party transaction.

6. PROCEDURES FOR DISCLOSING RELATED PARTY TRANSACTIONS

6.1. Responsibility

- 6.1.1. The Board of Directors are responsible for the appropriate disclosure of Related Parties and their transactions, and the Financial Department will support the Board of Directors in assuming this responsibility, and the Finance Department is responsible for maintaining a record of Related Parties and Related Party transactions to ensure appropriate disclosure in accordance with the applicable accounting standards and Law and regulations in the financial statements.

6.2. Disclosure in the Financial Statements

- 6.2.1. The Company must explain in its financial statements its transactions with Related Parties during the period that pertains to the financial statements in accordance with the applicable accounting standards and other relevant rules and regulations.

7. MAINTAINING RELATED PARTY REGISTER

- i. A list of Related Parties is prepared and maintained by the Finance Department and the Board of Directors Secretary.
- ii. The Board of Directors or Senior Executive Management shall send a notice to the Board of Directors Secretary as soon as a new Related Party transaction appears.
- iii. A list of transactions and contracts with Related Parties must be prepared and updated by the Finance Department and the Board of Directors Secretary on an annual basis (or if needed).
- iv. The Finance Department shall present the details of transactions with Related Parties to the Audit and Risk Committee and the Board of Directors during the year.

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8. LIMITATIONS AND AMENDMENTS

In the event of any conflict between the provisions of this Policy and any other policy, this Policy shall prevail. The Board may amend this Policy as deemed necessary.

9. REVIEW OF POLICY

This policy will be reviewed at least annually by the Board of Directors, and presented to the General Assembly for approval.

Any changes to the Policy will be communicated immediately to the Board's Secretary.

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Appendix 1- Notification Form of Related Parties

Subject: Disclosure of a related party

Name:

Position:

- a) Board Member of AFEH.
- b) Internal Auditor of AFEH
- c) Chief Officer, Director or Manager at AFEH
- d) Controlling entity of AFEH
- e) A Representative of a controlling entity of AFEH
- f) Others (please specify) _____

Nature of the Related Party is explained:

Signature: _____ Date: _____