



مجموعة إستثمار القابضة ش.م.ع.ق.

INVESTMENT HOLDING GROUP Q.P.S.C.

Investment Holding Group Q.P.S.C

Guidelines for Processing Related Party Transactions

June 2018

Introduction

1. Investment Holding Group Q.P.S.C (“IHG” or the “Company”) is a Qatari public shareholding company incorporated by the Minister of Economy and Commerce Decree No 474 of 2016 under commercial registry number 39127 and governed by the provisions of the Laws of Qatar in particular Qatar Commercial Companies law and Governance Code. IHG is a Holding Company that is engaged in the business of (i) Participating in the management of its subsidiaries or companies in which it owns, (ii) Investing its money in shares, bonds and securities, (iii) providing necessary support for its subsidiaries and affiliates, (iv) Owning intellectual property rights, industrial models, and royalties, and utilizing and licensing them, (v) Owning movables and real estate required for carrying out its business within the limits permitted by law, (vi) establishing companies and entities.
2. IHG is managed by a Board of Directors comprised of eleven members. As stipulated in the Commercial Companies Law No 11/2015, and in IHG’s Memorandum of Association, the Board has the widest authority to manage IHG in the course of achieving its objectives and implementing the resolutions of the general assembly meetings of the Company. The Board’s structure includes an Audit and Risk Committee comprised of three members.
3. The Executive Management of IHG is led by the Chief Executive Officer whose primary responsibilities include the implementation of the business plans and strategies adopted by the Board within a sound system of internal control. Such a system should include appropriate procedures for identifying and processing transactions with related parties.

Legal framework

4. The legal framework for related party transactions is provided by:
 - (a) The Commercial Companies Law No 11/2015 (the “Law”); in particular Article 108, 109 and 111 which is applicable to shareholding companies; (Relevant extracts from the Law are provided in Appendix A)
 - (b) The Code of Corporate Governance for Companies and Legal Entities Listed on the Main Market, Regulated by Qatar Financial Markets Authority (the “QFMA Code”) issued by QFMA via Circular No 05/2016. (Relevant extracts from the QFMA Code are provided in Appendix B)

Related parties

5. The QFMA Code (Article 1) defines a related party as the following:
 - 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;

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- Is a member of the senior Executive Management of the Company or any company of its group;
- Owns at least 5 % of the Company's shares or any of its group;
- Or is a relative of any of the former mentioned to the second degree;
- It also includes all 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.
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- The QFMA Code (Article 1) defines "Major Transactions" as the following:
 - 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.

Register of Related Parties

6. The designated Compliance Officer at IHG maintains a register of related parties and their affiliates set out in paragraph 5 above, and a copy is maintained by the Legal Department and Finance Department.

The Audit and Risk Committee shall review the Company's dealings with the Related Parties, and make sure whether such dealings are subject to and comply with the relevant controls; this shall be done through the Compliance Unit which is an independent unit lead by a designated Compliance Officer who is one internal auditor or more having the experience and qualifications in internal audit and evaluation of performance and risk management.

A Compliance Officer shall be nominated by the Board of Directors.

7. The register should contain the following information:
 - name of the related party;
 - his/her/its capacity, eg Board member, CEO etc;
 - the date on which he/she/it became a related party;
 - the date on which he/she/it ceased to be a related party;
 - names / identification of all affiliates of the related party as defined in paragraph 5 above.

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8. The data for the register is obtained from the concerned natural or juristic person upon becoming a related party. It is the related party's responsibility to provide IHG with full details, on the prescribed form, of all his/her/its affiliates as defined in the paragraphs above. It is the responsibility of the designated Compliance Officer to note, in the register, the date upon which a person ceases to be a related party.
9. The register is to be reviewed and updated on each of the following occasions:
 - at the end of each quarter; on this occasion each related party is requested to confirm, amend or add to the particulars related to his/her/its entry in the register;
 - when a new person becomes a related party;
 - when an existing related party ceases to be one.
10. The register should be reviewed every time IHG proposes to enter into a transaction that is subject to the rules governing related party transactions as set out below. The purpose of the review is to ascertain whether the counterparty to the proposed transaction is a related party.
11. If the counterparty is not a related party, the designated Compliance Officer should mark this fact on the documentation of the proposed transaction which may then proceed without further reference to the Guidelines. Otherwise, these Guidelines should be applied as appropriate to the nature of the transaction.

Normal Transactions

12. The QFMA code defines Normal Transactions 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;

There are three basic rules relating to Normal Transactions with a related party:

- (a) The transactions should not confer any "differential" advantage on the counterparty at the expense of IHG; in other words, the transactions **should be made at arm's length** and on similar terms they are offered to or obtained from unrelated parties;
- (b) The transactions should be reported on monthly basis to the Group's Chairman;
- (c) The transactions should be reported to the Annual General Meeting of the Company ("AGM") at the end of each year.

It may be difficult to determine what is the "norm" or "proportional" and, accordingly, a measure

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of subjective judgment may be necessary. In order to avoid any suggestion of bias in favor of or “unfair” advantage to a related party, all related party transaction should be undertaken in strict adherence to the relevant policies and procedure of IHG.

13. The following guidelines should be followed in processing transactions with related parties:

(a) Is the counterparty to the proposed transaction any of the persons mentioned above in particular paragraph 5?

NO	This is not a related party transaction. It may be transacted as per the normal policies and procedures of IHG.
YES	This is a related party transaction.

(b) Is the transaction a ‘major transaction’?

NO	Proceed with the transaction with full disclosure and adequate Documentation - proceed to paragraph 16
YES	Need AGM pre-approval – proceed to paragraph 14 The related party member shall not attend or participate in the proceedings of either the Audit and Risk Committee or the Board of Directors or AGM

(c) Is the transaction the result of:

- (i) A genuine and transparent tendering process? Or
- (ii) Obtaining and evaluating -at least- three independent bids in accordance with guidelines prescribed by the Audit and Risk Committee and Tenders’ Committee? And
- (iii) In either case, is the related party’s offer the best one?

NO	disregard the Transaction
YES	Proceed with the transaction with full disclosure and adequate Documentation – proceed to paragraph 16

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14. The proposed transaction now requires the prior approval of the General Assembly Meeting of IHG after a review by the Audit and Risk Committee. Either convene an Ordinary General Meeting (“OGM”) or await the Annual General Meeting (“AGM”).

Along with the invitation to the OGM/AGM, the following particulars must be forwarded to the shareholders:

- the opinion of the Audit and Risk Committee and the Board of Directors on the transaction and the suitability of its terms;
- undertaking of related party to perform and complete the transaction as agreed;
- the name of the related party and the nature and extent of his/her/its interest in the transaction;
- the value and all other commercial terms of the transaction;
- description of the preferred terms in comparison with an arm’s length transaction;
- the validity period of the proposed arrangement;
- an independent valuation where an acquisition or a disposal of assets is involved.
- The related party involved in the transaction, and its proxy (ies), may not vote on the resolution considering the proposed transaction.

If the OGM/AGM approves the transaction, IHG may proceed with it. Otherwise, the transaction must be disregarded.

Reporting

15. The related party transaction, when executed, should be adequately disclosed and reported in the audited financial statements of IHG as per the requirements of International Financial Reporting Standards (IFRS). Furthermore, the salient features of the transactions should be reported to the following AGM as a “for-information” item of the agenda.

Other transactions

16. The Company aims to ensure that all transactions that involve potential related parties or conflicts of interest are determined on a legal, fair, reasonable, transparent and consistent basis.

The Company recognizes that there are situations where Related Party Transactions may be in, or may not be inconsistent with, the best interests of the Company and its shareholders, including but not limited to situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources.

At the time the Company becomes aware of a person’s status as a related party, an update is recorded in the list maintained by the Compliance Officer as a register of related party

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transactions. Where any business unit / department / entity proposes to enter into a transaction with a related party, the following procedure applies.

1. The relevant responsible officer makes appropriate disclosure to Legal Department and Group Finance about the proposed transaction.
2. Group Finance will consider the information provided in order to determine whether and how to proceed with the proposed transaction.
3. Where the related party transaction is considered not to be at “arm’s length” , the transactions should be referred to the Board of Directors, represented by the Audit and Risk Committee – the Compliance Unit, by the relevant responsible Officer / Group Finance.
4. Where the related party transaction is considered to be at “arm’s length”, the transactions greater than the defined threshold should be referred to Audit and Risk Committee and the Group’s Chairman, otherwise, It may be transacted as per the normal policies and procedures of IHG.

Prior to entering into the Related Person Transaction (a) the Related Party, or (b) the director, executive officer, nominee or beneficial owner who is an immediate family member of the Related Party shall provide notice to Executive Management of the facts and circumstances of the proposed Transaction.

The Executive Management shall consider all of the relevant facts and circumstances available. No member of the Board shall participate in any review, consideration or approval of any Related Party Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Board shall approve only those Related Party Transactions that are in, or are not inconsistent with, the best interests of the Company and its shareholders, as the Board determines in good faith.

5. Where the Board of Directors believes the transaction should be permitted, and provided that the transaction has been approved by the Board, it may be carried out in accordance with normal operational procedures.

Arm’s length” terms and conditions will be determined in accordance with terms and nature of the transaction and, where appropriate or where no other method of determination exists, by reference to the opinion of a suitably qualified independent expert.

In the event the Company’s Chief Executive Officer and/or Chief Financial Officer become/becomes aware of a Related Party Transaction that has not been previously approved or previously ratified under this policy:

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1. If the transaction is pending or ongoing, it will be submitted to the Audit and Risk Committee, the Board and Chairman of the Board promptly, and the Board shall consider all of the relevant facts and circumstances available.
2. If the transaction is completed, the Board shall evaluate the transaction and shall evaluate the Company's controls and procedures to ascertain the reason the transaction was not submitted to the Board for prior approval and whether any changes to these procedures are recommended.
3. The Related Party shall not attend or participate in the Board or Committee's review

Appendix “A”

Relevant extracts from the Commercial Companies Law

1. Article 108

“The Chairman or member of the board of directors may not engage in any business that shall compete with the Company or trade for himself or for their own account or for the account of a third party in one of the divisions of the activities practiced by the company; otherwise the company may request compensation or consider the transactions having been made for the company’s account”.

2. Article 109

“Neither the Chairman of the Board of Directors nor any member of the Board and Management may carry out activities similar to the company’s activities or have any interest, whether direct or indirect in the contracts, projects, and arrangements carried out for the Company”.

3. Article 111

“The Chairman, the Members of the Board of Directors and the employees of the company may not use any information obtained by virtue of their membership or occupation to achieve an interest for themselves, their spouse, children or next of kin to the 4th degree, whether directly or indirectly, due to dealing in the company’s securities. They are also prohibited from having a direct or indirect interest with an entity carrying out activities aiming to influence the price of securities issued by the company. This prohibition shall remain valid for three (3) years after the end of the membership of such person in the Board of Directors or the end of their employment”.

Appendix “B”

Relevant extracts from the QFMA Code

1. Article 4

“Without prejudice to the provision of Article (2) of this Code, the Governance Report must include Company’s disclosure on its compliance with the provisions of this Code. It must also include all the information regarding the implementation of its principles and provisions, which include, but not limited to:

Disclosure of operations and transactions entered into by the Company with any Related Party”.

2. Article 8

“The Board shall:

Develop a written policy that would regulate conflict of interest and remedy any possible cases of conflict by Board members, Senior Executive Management and shareholders. This includes misuse of the Company’s assets and facilities and the mismanagement resulting from transactions with Related Parties”

Develop a clear policy for contracting with the Related Parties and presenting it to the General Assembly for approval”.

3. Article 18

“The Audit Committee shall Review the Company’s dealings with the Related Parties, and make sure whether such dealings are subject to and comply with the relevant controls”.

4. Article 21

“Internal Control system of the Company shall include establishing one or more effective and independent unit (s) for assessment and management of risk, financial audit and overseeing the Company’s compliance with the controls of financial Transactions, especially those done with any Related Party”

5. Article 26

“Without prejudice to the provisions of the Law in this regard, the Board shall comply with the principles of this Code and with the disclosure for dealings and transactions, which the Company enters into with any “Related Party” and in which such Related Party has an interest that may conflict with the Company’s interest. In all cases, the Company must not carry out any dealing or enter into any transaction with any “Related Party” only after the approval of the General Assembly of the Company, and

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must be included in the agenda of the next General Assembly to complete the procedures”.

6. Article 27

“Any Related Party, which is a party, has a relation with a business dealing, or has a relation with or a transaction entered into by the Company, shall not attend the Board meeting while discussing that dealing, relationship or transaction. Such Related Party shall not entitled to vote on what issued by the Board regarding these relationships or transactions. In all Cases, all relationships held by the Company with others must serve the Company’s interest, as well as all transactions shall be made according to market prices and on arm’s length basis and shall not involve terms that are contrary to the Company’s interest”.