



Ooredoo Palestine

**RELATED PARTY TRANSACTION
POLICY**

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1.0. Purpose

- 1.1 A related-party transaction is a deal or arrangement between two parties who are joined by a pre-existing business relationship or common interest. For example, Entities frequently carry on parts of their activities through Subsidiaries, Joint Ventures and Associates. In these circumstances, the Entity's ability to affect the financial and operating policies & decisions of the investee is through the presence of control, joint control or significant influence. Although these types of transactions are legal, they potentially could create a conflict of interest, or lead to another situation that is illegal.
- 1.2 A Related Party Relationship could have an effect on the profit or loss and financial position of an entity. Related Parties may enter into transactions that unrelated parties would not do. Similarly the profit or loss and financial position of an entity may be affected by a Related Party Relationship even if Related Party Transactions do not occur. The mere existence of the Relationship may be sufficient to affect the transactions of the entity with other parties.

2.0. Custody

The General Counsel (CG) is the custodian of this policy.

3.0. Related Party Definition

3.1. A Party is related to an entity if:

- 3.1.1. Directly, or indirectly through one or more intermediaries, the Party:
 - I. Controls, is controlled by, or is under common control with, the Entity (this includes Parents, Subsidiaries and Fellow Subsidiaries);
 - II. Has an interest in the Entity that gives it significant influence over the Entity; or
 - III. Has joint control over the Entity;
- 3.1.2. The Party is an Associate (as defined in IAS 28 Investments in Associates) of the entity;
- 3.1.3. The Party is a Joint Venture in which the Entity is a venture (see IAS 31 Interests in Joint Ventures);
- 3.1.4. The Party is a member of the key Management personnel of the Entity or its Parent;
- 3.1.5. The Party is a close Member of the Family of any individual referred to in 4.10. (a) or (d);
- 3.1.6. The Party is an Entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such Entity resides with, directly or indirectly, any individual referred to in 4.4. (d) or (e); or
- 3.1.7. The Party is a post-employment benefit plan for the benefit of Employees of the Entity, or of any Entity that is a related party of the Entity.

4.0. A Related Party Transaction Definition

- 4.1. 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
- 4.2. A Related Party Transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged or otherwise.

- 4.3. Close Members of the Family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Entity. They may include:
- a) First-degree relative relation with any Board member or Senior Executive Management of the Company, or any company of its group.
 - b) Spouse(s), children, parents, parents-in-law, brothers or sisters, first order cousins, or where there is possible conflict of interest
- 4.4. Compensation includes all Employee benefits (as defined in IAS 19 Employee Benefits) including Employee benefits to which IFRS 2 Share-based Payment applies. Employee benefits are all forms of consideration paid, payable or provided by the Entity, or on behalf of the Entity, in exchange for services rendered to the Entity. It also includes such consideration paid on behalf of a Parent of the Entity in respect of the Entity. Compensation includes:
- a) Short-Term Employee benefits, such as wages, salaries and provident fund contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve (12) months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current Employees;
 - b) Post-Employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
 - c) Other Long-Term Employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve (12) months after the end of the period, profit-sharing, bonuses and deferred compensation;
 - d) Termination benefits; and
 - e) Share-based payment.
- 4.5. **Control** is the power to govern the financial and operating policies of an Entity so as to obtain benefits from its activities.
- 4.6. **Joint Control** is the contractually agreed sharing of control over an economic activity.
- 4.7. **Key Management Personnel** those persons having authority and responsibility for planning, directing and controlling the activities of the Entity, directly or indirectly, including any Director (whether Executive or otherwise) of that Entity.
- 4.8. **Significant influence** is the power to participate in the financial and operating Policy decisions of an Entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.
- 4.9. In considering each possible Related Party Relationship, attention is directed to the substance of the relationship and not merely the legal form.

- 4.10. In the context of this Policy, the following are not necessarily Related Parties simply by virtue of their normal dealings with an Entity (even though they may affect the freedom of action of an Entity or participate in its decision-making process):
- a) Two (2) Entities simply because they have a Director or other Member of key Management Personnel in common, notwithstanding 4.4. (d) and (e) in the definition of 'Related Party'.
 - b) Two (2) Ventures simply because they share joint control over a Joint Venture.
 - c) Providers of finance;
 - i. Trade Unions;
 - ii. Public Utilities; and
 - iii. Government Departments and Agencies;
 - d) A customer, supplier, franchisor, distributor or general agent with whom an Entity transacts a significant volume of business, merely by virtue of the resulting economic dependence.

5.0. Nature of the Transactions

- 5.1. Transactions at arm's length; An arm's length transaction refers to a business deal in which buyers and sellers act independently without one party influencing the other. These types of sales assert that both parties act in their own self-interest and are not subject to pressure from the other party; furthermore, it assures others that there is no collusion between the buyer and seller. In the interest of fairness, both parties usually have equal access to information related to the deal.
- 5.2. Transactions not at arm's length; those transactions of the Company having unconventional terms of business with respect to industry practice.
- 5.3. Pricing for Transactions at arm's length will be with reference to market verifiable data of similar transactions carried out with unconnected person.
- 5.4. Pricing for transactions not at arm's length will be determined by way of discounts, lower margins, extended credit period, or any other relaxation granted by the Company. These relaxations could be provided to any other un-related person requiring approval of MD.

6.0. Independence & Objectivity

- 6.1. The Company shall place before the Board of Directors all the approved transactions with the related parties, executed during the period from last Board Meeting, and/or those which have not previously been approved in the Board Meeting, for review and approval.
- 6.2. The details of the Related Party Transactions before approval from the Board shall be placed before the Audit Committee for review.

- 6.3. The Related Party Transactions which are not executed at arm's length price will also be placed separately at each Board Meeting along with necessary justification for consideration and approval of the Audit Committee and the Board.
- 6.4. The Board of Directors shall approve the pricing methods for Related Party Transactions that were made on the terms equivalent to those that prevail in arm's length transaction only, if such terms can be substantiated.

7.0. Disclosures

- 7.1. All Related Party Transactions shall be disclosed in the Company's General Assembly Meeting and the Company's annual report (Article 35-PSE Regulations).

8.0. Amendments

- 8.1 Any changes proposed in the Policy will be reported to the Board Secretary who will be responsible to explain these to the Audit Committee, which after its review may endorse changes as recommended or with modifications to the proposal or reject proposed changes. In case the changes are recommended by the AC, these would be submitted for final approval of the BoD.
- 8.2 At any instance where the Policy is found to be inconsistent with the legal framework, the legal framework will prevail and changes will be put forward to the Audit Committee & Board for approval.