



National Petroleum Services Company K.S.C

Related Party Policy

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INTRODUCTION

National Petroleum Services Company K.S.C.C. (“the Company” or “NAPESCO”) recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company’s and its stockholders’ best interests. Therefore, this policy regarding the review and approval of Related Party Transactions has been adopted by the Company’s Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

DEFINITIONS

For the purposes of this policy, the following definitions apply:

“Immediate Family Member” means any 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 any director, nominee for director or executive officer of company, and any person (other than a tenant or employee) sharing the household of any director, executive officer or nominee for director of company.

“Related Party” means a person who is a member in the board of directors, executive management or supervisory board for the entity; a manager or holder of a supervisory position in any of the aforesaid entities; or an employee or representative of any of those entities dealing with the public or having the discretion to act upon the securities or funds as a part of this job with the entity licensed to carry out securities transactions. The related party at a minimum, the following constitutes a party related to the Company:

- 1) Owns any control whether directly or indirectly over the company
- 2) A subsidiary or associate of the company
- 3) A member in the same group that the company is a party of
- 4) A member of the company’s board of directors or a member of the executive management of the company
- 5) Related to the second degree to any person referred to in articles 1 or 4 of the Corporate Governance Regulations
- 6) A company under the control or joint control or significant influence of the person referred to in article 4 or 5 of the Corporate Governance regulations since they have important voting power directly or indirectly

“Related Party Transaction” means any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships in which company or any company subsidiary was, is or is proposed to

be a participant and in which a Related Party has, had or may have a direct or indirect material interest.

IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Potential Related Party Transactions will be brought to company's attention in a number of ways. Directors, nominees for director and executive officers shall promptly notify company's Compliance Officer of any interests such person or an immediate family member of such person had, has or may have in a Related Party Transaction.

Any potential Related Party Transactions that are brought to company's attention is analyzed by company's Compliance Officer, in consultation with management and with outside counsel, as appropriate; to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

REVIEW, APPROVAL AND RATIFICATION OF TRANSACTIONS

Other than those transactions set forth below under the heading "Pre-Approved Transaction," any Related Party Transactions shall be reported to the Audit Committee by company's Compliance Officer, or in the event that the Compliance Officer has an interest in the Related Party Transaction, the transaction shall be reported to the Audit Committee by company's Chief Financial Officer. (Additional input – the Company may customize this. This is not a regulatory requirement).

AUDIT COMMITTEE REVIEW OF RELATED PARTY TRANSACTIONS

The Audit Committee shall be provided with the material facts of all new, existing or proposed Related Party Transactions that require the Audit Committee's approval (including the terms of the transaction and the business purpose of the transaction) and either approve, disapprove or ratify such transactions. In assessing a Related Party Transaction, the Audit Committee shall consider such factors as it deems appropriate: including without limitation (i) the business reasons for company to enter into the Related Party Transaction; (ii) the commercial reasonableness of the terms of the Related Party Transaction; (iii) the materiality of the Related Party Transaction to company; (iv) whether the terms of the Related Party Transaction are fair to company and on the same basis as would apply if the transaction did not involve a Related Party; (v) the extent of the Related Party's interest in the Related Party Transaction; (vi) if applicable, the impact of the Related Party Transaction on a non-employee director's independence; and (vii) the actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction.

No director shall participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party and will abstain from voting on the approval of the Related Party Transaction, except that the director shall provide all material information concerning the Related Party Transaction to the Audit Committee and may otherwise participate in some or all of the Audit Committee's discussions if so requested by the Audit Committee. If a Related Party Transaction will be ongoing, the Audit Committee may, in its discretion, establish guidelines for company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Audit Committee shall periodically review and assess ongoing relationships with the Related Party to see that they are in compliance with the Audit Committee's guidelines.

DISCLOSURE

All Related Party Transactions shall be disclosed in company's applicable filings, if required, pursuant to the CMA bylaws, as amended. This will be in addition to the disclosures as mandated by IFRS.

POLICY REVIEW

The ownership of this policy is with the Board of Directors. The Board of Directors shall review this policy at least annually and shall make amendments, if deemed necessary.

COPYRIGHT STATEMENT

The Company has a proprietary right over this Policy and its contents. No part of the Policy should be copied nor is to be removed from National Petroleum Services Company K.S.C.C.'s ("the Company") premises without the express written permission of the Policy Owner.

The content of the Policy is to be treated as confidential and is not to be shown nor distributed to any non-authorized persons or customers, inside or outside the Company.

POLICY STATEMENT

All Policy administration requirements like access, review, update, approval authority for review, and amendments of the Policy and the register of amendments will be as per the Authority Matrix of the Company.