



SAMEER AFRICA LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

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POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

This policy applies to transactions between the company and one or more of its related parties. It provides a framework for governance and reporting of related party transactions including material transactions.

2. Objective

This policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the company and any of its related parties in compliance with the applicable laws and regulations as may be amended from time to time.

This policy is designed to ensure transparency in the conduct of related party transactions in the best interest of the company and its shareholders and to comply with the regulatory provisions in this regard.

3. Definition

1.1 “A related party transaction” is any financial transaction, arrangement or relationship in which:

- (a) the aggregate amount involved will or may be expected to exceed Kshs. 1 million in any fiscal year; and the company is a participant; and
- (b) any related person or party will have a direct or indirect material interest if it includes:
 - (i) Sale, purchase or supply of any goods or materials;
 - (ii) Selling or otherwise disposing of, or buying property of any kind;
 - (iii) Leasing of property of any kind;
 - (iv) Availing or rendering of any services;
 - (v) Appointment of any agent for the purchase or sale of goods, materials, services or property;
 - (vi) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company;
 - (vii) Underwriting the subscription of any securities or derivatives thereof, of the company;
 - (viii) Financing (including loans and equity contributions in cash or kind);
 - (ix) Providing or obtaining guarantees and collaterals; and
 - (x) Deputation of employees.

(The above is an indicative list and not an exhaustive one).

1.2 “Related person” refers to the directors of the company, executive management, any nominee for the director, shareholders who have invested more than 5% worth of shares in the company as well as any immediate member of the family of such persons.

1.3 “Executive management” are members of Sameer Africa Limited's executive management committee who are heads of departments.

- 1.4 “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 a person and any person (other than a tenant or an employee) sharing the household of such person.

4. Purpose

The purpose of this policy is to enable the board to identify related party transactions and provide guidance on how to effectively manage such transactions as they have the potential to lead to conflicts of interests.

The members of the board will thus be provided with a disclosure form annually to sign so as to estimate the materiality of the transaction and provide mitigation.

5. Scope of the Policy

The scope of this policy is any transaction above Kshs 1 million in a fiscal year in which the company is a participant with a person who is a related party and whom will derive some material benefit from the transaction either negatively or positively.

This policy will be adopted by the board members after a review by the audit risk and corporate governance committee who shall regularly update the policy as and when the need arises.

6. Procedures

6.1 The audit risk and corporate governance committee (the committee) shall review the material facts of all related party transactions and may also approve or disapprove a related party transaction, subject to the exceptions described below.

6.2 Where the material facts relating to a real or perceived related party transaction has not been obtained prior to execution of the related party transaction then the committee shall review the material facts at the earliest opportunity and the transaction may be ratified subsequently by the committee. The committee may however disapprove a previously entered into related party transaction and may require that management of the company take all reasonable efforts to terminate, unwind, cancel or annul the related party transaction. In connection with its review of a related party transaction, the committee will take into account, among other factors it deems appropriate, whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the related party transaction.

6.3 Management shall present to the audit, risk and corporate governance committee the following information, to the extent relevant, with respect to actual or potential related party transactions:

- (a) A general description of the transaction(s), including the material terms and conditions.
- (b) The name of the related party and the basis on which such person or entity is a related party.

- (c) The related party's interest in the transaction(s), including the related party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
- (d) The approximate Kenya Shilling value of the transaction(s), and the approximate Kenya Shilling value of the related party's interest in the transaction(s) without regard to amount of profit or loss.
- (e) In the case of a lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments expected to be made.
- (f) Whether the related party transaction was competitively entered into.
- (g) Any other material information regarding the transaction(s) or the related party's interest in the transaction(s).

6.4 The committee shall be authorized to review in advance and provide standing pre-approval in advance for certain related party transactions or categories of related party transactions. The committee has reviewed the related party transactions described below in "Standing pre-approval for certain related party transactions" and determined that each of the related party transactions described therein shall be deemed to have been reviewed and approved in advance by the committee under the terms of this policy.

6.5 Each director who is a related party with respect to a particular related party transaction shall disclose all material information to the committee concerning such related party transaction and his or her interest in such transaction. The committee or the board of directors may recommend the creation of a special committee to review any related party transactions.

6.6 If a related party transaction will be ongoing, the committee may establish guidelines for the company's management to follow in its ongoing dealings with the related party. Thereafter, the committee shall periodically review and assess ongoing relationships with the related party. Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under this policy shall also be subject to subsequent review under this policy.

6.7 This policy is intended to augment and work in conjunction with other company policies such as the code of conduct, code of ethics, conflict of interest provisions etc.

The committee periodically shall review this policy and may recommend amendments to this policy from time to time as it deems appropriate. In addition to guidelines for ongoing related party transactions, the committee may, as it deems appropriate and reasonable, establish from time to time guidelines regarding the review of other related party transactions including those that;

- a) involve *de minimus* amounts,
- b) do not require public disclosure, or
- c) Involve transactions that have primarily a charitable purpose.

7. Identification of a Related Party Transaction

Every director and key managerial personnel will be responsible for providing a declaration in the format as per **Annexure 1** containing the following information to the company secretary on an annual basis:

- 7.1 Names of his / her relatives;
- 7.2 Partnership firms in which he / she or his / her relative is a partner;
- 7.3 Private companies in which he / she is a member or director;
- 7.4 Public companies in which he / she is a director and holds along with his/her relatives more than 2% of paid up share capital;
- 7.5 Any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with his / her advice, directions or instructions; and
- 7.6 Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in a professional capacity).

Every director and the key managerial personnel will also be responsible to update the company secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately upon him / her becoming aware of such changes.

8. Database on Related Party Transactions

The company secretary shall be responsible for maintaining an updated database of information pertaining to related parties reflecting details of:

- (a) All directors and key managerial personnel;
- (b) All individuals, partnership firms, companies and other persons as declared and updated by directors and key managerial personnel;
- (c) Company's holding company, subsidiary companies and associate companies;
- (d) Subsidiaries of holding company;
- (e) Director or key managerial personnel of the holding company or their relatives;
- (f) All Sameer Africa Limited group entities; and

The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the company secretary and general manager finance & strategy. The head of department, general manager finance and strategy/company secretary/ shall have access to the updated database.

Every director, head of department shall be responsible for providing prior notice to the company secretary of any potential related party transaction. They shall also be responsible for providing additional information about the transaction that the board / committee may request for, being placed before the committee and the board.

The suggested details and list of records and supporting documents which are required to be provided along with the notice of the proposed transaction are provided in **Annexure 2** to this policy. The company secretary in consultation with the general manager finance & strategy may refer any potential related party transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the audit risk &

corporate governance committee. Based on this notice, the company secretary will take it up for necessary approvals under this policy.

9. Review and Approval

At each of its meetings, the committee will be provided with the details of each new, existing or proposed related party transaction, including the terms of the transaction, the business purpose of the transaction, and the benefits to the company and to the relevant related party. In determining whether to approve a related party transaction, the committee will consider, among other factors, the following factors to the extent relevant to the related party transaction:

- 9.1** Whether the terms of the related party transaction are fair to the company and on the same basis as would apply if the transaction did not involve a related party.
- 9.2** Whether there are sufficient business reasons for the company to enter into the related party transaction;
- 9.3** Whether the related party transaction would impair the independence of an outside director; and
- 9.4** Whether the related party transaction would present an improper conflict of interests for any director or executive officer of the company, taking into account the size of the transaction, the overall financial position of the director, executive party's interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the committee deems relevant.
- 9.5** Any member of the committee with an interest in the transaction under discussion will:
 - 9.5.1** Abstain from voting on the approval of the related party transaction.
 - 9.5.2** May participate in part or all if requested by the chairperson of the committee.

The transaction will then be accepted or rejected after review by the committee.

10. GENERAL CRITERIA FOR APPROVING RELATED PARTY TRANSACTIONS

While considering any transaction, the committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the company and to the related party, and any other relevant matters. Prior to the approval, the committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:

- 10.1** Whether the terms of the related party transaction are in the ordinary course of the company's business and are on an arm's length basis;
- 10.2** The business reasons for the company to enter into the related party transaction and the nature of alternative transactions, if any;
- 10.3** Whether the related party transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed transaction; and
- 10.4** Whether the related party transaction would affect the independence or present a conflict of interest for any director or key managerial personnel of the company, taking into account the size of the transaction, the overall financial position of the director, key managerial personnel or other related party, the direct or indirect nature of the director's

interest, key managerial personnel's or other related party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the committee deems relevant.

10.5 While considering the arm's length nature of the transaction, the committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the related party. The committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) such as evolving business strategies / short term commercial decisions to improve / sustain market share / changing market dynamics / local competitive scenarios / economic or regulatory conditions affecting the global or domestic industry etc may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

11. Approval by Circular Resolution of the Committee

In the event the company management determines that it is impractical or undesirable to wait until a meeting of the committee to enter into a related party transaction, such transaction may be approved by the committee by way of circular resolution in accordance with this policy and statutory provisions for the time being in force. Any such approval must be ratified by the committee at its next scheduled meeting.

12. Approval by the Board

If the committee determines that a related party transaction should be brought before the board, or if the board in any case elects to review any such matter or it is mandatory under any law for the board to approve the related party transaction, then the board shall consider and approve the related party transaction at a meeting and the considerations set forth above shall apply to the board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

13. Standing Pre-Approval / Omnibus Approval by the Committee

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the company, the committee may grant standing pre-approval / omnibus approval. While granting the approval the committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the company. The omnibus approval shall specify the following:

13.1 Name of the related party.

13.2 Nature of the transaction.

13.3 Period of the transaction.

13.4 Maximum amount of the transactions that can be entered into.

13.5 Indicative base price / current contracted price and formula for variation in price, if any.

13.6 Such other conditions as the committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require prior approval of the committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, the committee may grant omnibus approval subject to the value per transaction not exceeding Kshs. 1,000,000. The details of such transaction shall be reported at the next meeting of the committee for ratification. Further, the committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

14. Approval of Material Related Party Transactions

All material related party transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolution.

15. Transactions Not in Ordinary Course of Business or not at Arm's Length

All related party transactions in excess of the limits prescribed which are not in the ordinary course of business or not at arms' length shall also require the prior approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolution.

16. Related Party Transactions not Previously Approved

In the event the company becomes aware of a related party transaction that has not been approved or ratified under this policy, the transaction shall be placed as promptly as practicable before the committee or board or the shareholders as may be required in accordance with this policy for review and ratification.

The committee or the board or the shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the company, including but not limited to ratification, revision or termination of such transaction, and the company shall take such action as the committee deems appropriate under the circumstances.

17. Disclosure and Reporting of Related Party Transactions

Every related party transaction entered into by the company shall be referred to in the board's report to the shareholders along with justification for entering into such transaction. The company secretary and the general manager finance and strategy shall be responsible for such disclosure.

18. Scope Limitation

The Constitution of Kenya 2010, the Companies Act 2015, Capital Markets Authority Act Cap 485A shall take precedence in any conflict with this policy.

19. Dissemination of Policy

Either this policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the company and shall be hosted on the intra-net and website of the company and web link thereto shall be provided in the annual report of the company.

20. Review of this Policy

This policy shall be reviewed by the audit risk and corporate governance committee of the board and updated every two (2) years to ensure that it is in line with all legal and regulatory requirements that may arise from time to time.

MANAGING DIRECTOR.....

BOARD CHAIRMAN.....

DATE.....

ANNEXURE 1

NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,

The Company Secretary,
Sameer Africa Limited,
Enterprise/Mombasa Road Junction,
P.O BOX 30429-00100,
Nairobi, Kenya.

Dear Sir,

A. I,, son/daughter/spouse of, resident of, holding Shares (equity or preference) of (..... percent of the paid-up Capital) in the Company in my name, being a in the Company, hereby give notice that I am interested directly/through my relatives (schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies Corporate/Firms/ Association of Individuals	Nature of Interest or Concern	of or / in or	Shareholding	Date on which Interest or Concern arose/changed

B. The following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;

Sr. No.	Name of the Body Corporate

C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of Person	Relation

SCHEDULE

LIST OF RELATIVES

No.	Relationship	Full Names	Address	Shareholding in SAL
1.	Spouse			
2.	Father (including Step-Father)			
3.	Son (including Step-son)			
4.	Daughter			
5.	Daughter's Husband			
6.	Brother (Including Step-Brother)			
7.	Sister (Including Step-Sister)			
8.	Mother (including Step-Mother)			

9.	Son's Wife			
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ANNEXURE 2

INFORMATION TO BE PROVIDED TO THE AUDIT RISK & CORPORATE GOVERNANCE COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION):

1. Name of the related party and nature of relationship;
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.
8. Applicable statutory provisions, if any;
9. Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities;
10. Justification as to the arm's length nature of the proposed transaction;
11. Declaration whether the transaction is in the ordinary course of business;
12. Persons / authority approving the transaction; and
13. Any other information relevant or important for the committee / board to take a decision on the proposed transaction.