



## **BOARD OF DIRECTORS RELATED PARTY TRANSACTIONS POLICY**

REAL PEOPLE KENYA LIMITED

<b>S. No</b>	<b>Version</b>	<b>Revision Date</b>	<b>Author</b>	<b>Areas Revised</b>	<b>Scope</b>	<b>Document Owner</b>
1.	1.0.0		Simon Owawa	Initial Draft	RPKL	Legal and Compliance Department

## Board of Directors Related Party Transactions Policy

### 1. Introduction

- 1.1. This policy sets forth guidelines and procedures for dealing with related party transactions involving the board of directors of Real People Kenya Limited (RPKL).
- 1.2. RPKL recognizes that Related Party Transactions present heightened risk of potential or actual conflicts of interest that may be detrimental to the company and its stakeholders.
- 1.3. The purpose of this policy is to ensure that all related party transactions are properly identified, reviewed, approved, and ratified in accordance with applicable laws and regulations and conducted in a transparent, fair, and ethical manner.

### 2. Definitions

- 2.1. A **“related party”** is any individual or entity that is related to a director of RPKL, including but not limited to:
  - 2.1.1. Immediate family members of directors.
  - 2.1.2. Businesses in which a director or their immediate family members have a significant financial interest.
  - 2.1.3. Any entity in which a director or their immediate family members serve as officers or directors.
- 2.2. **“Related Party Transactions”** are transactions between the Company and a party related to a director in a manner that could give rise to conflicts of interest.
- 2.3. **“Significant Financial Interest”** refers to a situation where a director (or their immediate family members) has a direct or indirect financial interest that could potentially influence or be perceived as influencing their objectivity in carrying out their duties and responsibilities towards the organization. The situations may include but are not limited to:
  - 2.3.1. Ownership interest: Holding a substantial ownership or investment interest (5% or more) in an entity that has or is seeking to have a business relationship with the Company.
  - 2.3.2. Compensation arrangements: Receiving compensation (e.g., salary, consulting fees, honoraria) from an entity that has or is seeking to have a business relationship with the Company, beyond the compensation received from the Company itself.
  - 2.3.3. Leadership roles: Serving as a director, officer, partner, or key employee of an entity that has or is seeking to have a business relationship with the Company.
  - 2.3.4. Substantial gifts or loans: Receiving substantial gifts, loans, or other financial benefits from an entity that has or is seeking to have a business relationship with the Company.
- 2.4. **The “Committee”** means the Board Audit and Risk Committee.
- 2.5. **The “Company”** means Real People Kenya Limited or RPKL.
- 2.6. **The “Board”** means the Company’s Board of Directors.

### 3. Disclosure of Related Party Transactions

- 3.1. All related party transactions shall be fully disclosed to the board of directors and management.
- 3.2. The Board will have the authority to determine, on a case-by-case basis, whether a financial interest is considered significant for the purposes of this policy.

- 3.3. Directors with a potential conflict of interest shall recuse themselves from any discussions or decisions regarding the transaction.
- 3.4. The Board will approve all related party transactions, taking into consideration the potential for conflicts of interest and ensuring that the transaction is in the best interest of the Company.

#### 4. Approval Process

- 4.1. Related party transactions shall be reviewed and evaluated by the Committee.
- 4.2. The Committee will review all relevant information related to the transaction, including the terms of the transaction, the potential conflicts of interest, and any potential financial implications for the Company.
- 4.3. The Committee shall recommend to the Board for approval or disapproval the transaction as per the defined criteria in this policy.
- 4.4. Approval of related party transactions will require a majority vote of the directors.
- 4.5. In exceptional cases, where a prior approval is not possible due to unforeseen circumstances, the Committee may ratify a Related Party Transaction, subject to it not being detrimental to the interests of the Company and its stakeholders.

#### 5. Criteria for Approval

All Related Party Transactions shall be evaluated and approved based on the following criteria:

- 5.1. **Ordinary Course of Business** - The transaction must be in the ordinary course of business of the Company. Transactions that are part of the normal, routine operations and are incidental to the business shall be considered in the ordinary course.
- 5.2. **Arm's Length Basis** - The transaction should be on an arm's length basis i.e. the terms and conditions should be comparable to those that would be prevalent if the transaction was with an unrelated third party. Arm's length pricing should be determined by commercial negotiation or using valuation methods acceptable in standard business practices.
- 5.3. **Fair and Reasonable Terms** - The terms and conditions of the Related Party Transaction must be fair and reasonable and should be on the same basis as would apply to any other non-Related Party in a similar situation. The Committee shall analyse factors like pricing, delivery timelines, warranties, security etc.
- 5.4. **No Conflict of Interest** - The Related Party Transaction must not present any potential or actual conflict of interest that would be detrimental to the interests of the Company or its stakeholders. The Committee must ensure no personal interests of Related Parties influence the transaction.
- 5.5. **Commercial Reasons/Benefit to Company** - There must be clearly identifiable commercial or business reasons/benefits for the Company to enter into the Related Party Transaction. The Committee must evaluate if the transaction is necessary or desirable for the Company and is in its best interests.
- 5.6. **Materiality of Transaction** - The value and materiality of the transaction must be evaluated. Related Party Transactions above a certain threshold value may require additional scrutiny, disclosures, or approvals from shareholders as per regulatory requirements.
- 5.7. **Market Comparable** - The Committee may refer to and benchmark the pricing, terms and nature of the transaction against similar transactions with unrelated parties to determine the reasonableness of the proposed Related Party Transaction.

- 5.8. **Statutory/Regulatory Compliance** - The Related Party Transaction must comply with all applicable laws, rules, regulations, notifications relating to such transactions, including compliance with the Company's Related Party Transactions Policy.
- 5.9. **Overall Assessment** – The Committee or Board must make an overall assessment if entering into the proposed Related Party Transaction would be beneficial and in the best interests of the Company and its stakeholders.

## 6. Reporting Requirements

- 6.1. The Company shall disclose all Related Party Transactions in its financial statements and other regulatory filings in accordance with applicable laws and regulations.
- 6.2. The Company shall also maintain a register of all Related Party Transactions, including information about the parties involved, the nature of the transaction, and the terms and conditions of the transaction. This register must be periodically reviewed and updated by the Board.

## 7. Compliance Monitoring

- 7.1. The Legal and Compliance department shall monitor compliance with this policy and ensure that all Related Party Transactions are conducted in accordance with the approved procedures.
- 7.2. Any violations of this policy shall be promptly reported to the Board and appropriate remedial action taken.

## 8. Review and Amendments

- 8.1. This policy will be periodically reviewed by the Board and may be amended as necessary to reflect changes in regulations, best practices, or the Company's business operations. Any amendments to this policy must be approved by the Board.
- 8.2. By adopting this policy, the Board affirms its commitment to conducting related party transactions in a manner that is fair, transparent, and consistent with the institution's fiduciary duties.

**# End #**


Signed By: Titus M. Karanja

Chair of the Board of Directors



Signed By: Clyde A. Mutsotso

Chair of the Audit and Risk Committee



**07 MAY 2024**