

Letshego Holdings Limited

Related Party Transaction Policy and Procedures

Botswana | Letshego Place, Plot 22, Khama Crescent | P.O. Box 381 | Gaborone | Tel: (+267) 364 3300 | Fax: (+267) 319 0416

Letshego Holdings Limited incorporated in the Republic of Botswana, Registration Number Co.98/442. Letshego Holdings Limited is listed on the Botswana Stock Exchange ISIN BW 000 000 1247

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1. Introduction

- 1.1 The policy lays out the Related Party Transaction policy and procedures of the Board of Directors (the Board) of Letshego Holdings Limited. The policy is aligned to Chapter 7 of the Botswana Stock Exchange (BSE) Equity Listings Requirements (Transactions with Related Parties) and it must be read in conjunction therewith.

2. Purpose

The purpose of the framework is to set safeguards that apply to:

- 2.1 Transactions and arrangements between Letshego and a related party; and
- 2.2 Transactions and arrangements between Letshego and any other person that may benefit a related party.

3. Objectives and Scope

- 3.1 This framework applies to Letshego Holdings Limited and shall be implemented through the Group Audit Charter to guard against the risk that interested persons could influence Letshego and to enter into transactions with interested persons that may adversely affect the interests of the Company or its shareholders.

4. Definitions

4.1 “Beneficial” in relation to:

- 4.1.1 any interest in a security, means the de facto right or entitlement to receive the income payable in respect of that security and/or to exercise or cause to be exercised any or all of the voting, conversion, redemption or other rights attaching to that security; and
- 4.1.2 any other interest, means the obtaining of any benefit or advantage, whether in money, in kind, or otherwise, as a result of the holding of that interest.

4.2 Board Charter

- 4.2.1 The purpose of the Board Charter is to clearly outline the structure of the Board (including the relevant Board Committees and their Terms of Reference) and to define the role of the Board as a whole through the identification of powers that have been delegated to it by shareholders through the Articles of Association/Constitution and general purview of the local statutes and regulations.

4.3 Executive Director

4.3.1 A full-time employee of the Company, who is also appointed to its Board e.g. the Chief Executive Officer, who is working under a contract of employment and is involved in the day to day running of the Company.

4.4 Independent Non-Executive Director (INED):

4.4.1 Is a non-executive director of who is 'independent' based on the King IV Corporate Governance criteria.

4.5 Independent shareholder

4.5.1 A shareholder that is not a related party.

4.6 Group

4.6.1 Comprises of Letshego Holdings Limited, being the parent company, and its subsidiary companies.

4.7 Material shareholder

4.7.1 Any person who is, or within the 12 months preceding the date of the transaction was, entitled to exercise or control the exercise of 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the listed company (or any other company which is its subsidiary or holding company or which is a fellow subsidiary of its holding company).

4.8 Constitution

4.8.1 A document (also referred to as articles of association) that specifies the regulations of the Company and defines the mandates over how corporate actions are to be accomplished.

4.9 Non-executive director (NED)

4.9.1 A Board member who is not an Executive Board member i.e. not involved in the day to day running of the Company's operations.

4.10 Related party transaction

4.10.1 a transaction, as contemplated in Section 6 of the BSE Equity Listing Requirements, or any variation or novation of an existing agreement, between Letshego, or any subsidiaries, and a related party.

4.11 Related party

- 4.11.1 A material shareholder;
- 4.11.2 Any person that is, or within the 12 months preceding the date of the transaction was, a director of Letshego. For the purpose of this definition, a director includes a person that is, or within 12 months preceding the date of the transaction was, not a director but in accordance with whose directions or instructions the directors are or were accustomed to act;
- 4.11.3 Any adviser to Letshego that has, or within the 12 months preceding the date of the transaction had, a beneficial interest, whether direct or indirect, in Letshego or any of its associates;
- 4.11.4 Any person that is, or within the 12 months period preceding the date of the transaction was, a principal executive officer of Letshego by whatever position he may be, or may have been designated and whether or not he is, or was, a director;
- 4.11.5 An associate, as determined in accordance with the BSE Equity Listings requirements, of the persons in section 4.11.1 to 4.11.4 above.

4.12 Subsidiary company

- 4.12.1 A company in which Letshego Holdings Limited owns at least 50% of voting shares or has significant control and/or influence as defined in the International Financial Reporting Standards.

5. Policy Statement

- 5.1 It is the policy of the Board of Directors (the “Board”) of Letshego Holdings Limited (the “Company”) that all Related Party Transactions, as that term is defined in this policy, shall be subject to review in accordance with the procedures set forth below. The Board has determined that the Group Audit Committee (the “Committee”) is best suited to review all Related Party Transactions.

6. Policy

6.1 Procedures

- 6.1.1 The Committee shall review the material facts of all Related Party Transactions and may also recommend for approval of the entry into the Related Party Transaction, subject to the requirements described below in Section 6.1.2. 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.

- 6.1.2 Management shall present to the Committee the following information, to the extent relevant, with respect to actual or potential Related Party Transactions:
 - 6.1.2.1 A general description of the transaction(s), including the material terms and conditions.
 - 6.1.2.2 The name of the Related Party and the basis on which such person or entity is a Related Party.
 - 6.1.2.3 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).
 - 6.1.2.4 The approximate value of the transaction(s), and the approximate value of the Related Party's interest in the transaction(s) without regard to amount of profit or loss. For this purpose the value of all transactions with the same related party (and any of its associates) must be taken into consideration.
 - 6.1.2.5 In the case of a lease or other transaction providing for periodic payments or instalments, the aggregate amount of all periodic payments or instalments expected to be made.
 - 6.1.2.6 In the case of a lease or other transaction providing for periodic payments or instalments, the aggregate amount of all periodic payments or instalments expected to be made.
 - 6.1.2.7 Any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).
- 6.1.3 Any Related Party Transaction is required to have been reviewed in advance and recommended for approval to the Board by the Committee either prior to the transaction being entered into or, if the transaction is expressed to be a conditional on such approval, prior to the completion of the transaction. Where advance Committee review of a Related Party Transaction is not feasible or has otherwise not been obtained, then the Committee shall review the Related Party Transaction subsequently (and such transaction may be recommended for ratification subsequently by the Board). The Committee may also disapprove of 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.
- 6.1.4 Each director who has a personal interest 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 Transaction; and
- 6.1.4.1 if a director has a personal interest in a matter being considered at a directors meeting, they must recuse themselves from the meeting while the matter is being considered and shall not vote on the matter.
- 6.1.5 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, at such intervals as the Committee may determine, 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 advance review under this Policy.
- 6.1.6 Independent Shareholders' Approval
- 6.1.6.1 Independent shareholders' approval is required for any Related Party Transaction, subject to specific waiver granted by the BSE. A circular should be sent to shareholders that must include the information required in section 7.5 of the BSE Listings Requirements. Any circular sent to shareholders in connection with a Related Party Transaction must provide sufficient information to enable any recipient of the circular to evaluate the effects of the transaction on the Company;
- 6.1.6.2 The company must obtain independent shareholders' approval by way of an ordinary resolution passed by shareholders present or represented by proxy at the general meeting;
- 6.1.6.3 Shareholder approval must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.
- 6.1.7 Independent Expert's Opinion
- 6.1.7.1 In the event that there is reliance on a report on the transaction from an independent expert, the report must state the expert's opinion as to whether the transaction is fair and reasonable to shareholders. Independence for this purpose is defined as a person or corporate which is not considered a "related party" to the listed company.
- 6.1.7.2 The expert's opinion must be displayed prominently in the notice of the meeting and on the covering page of any accompanying documents.
- 6.1.7.3 the report from the independent expert required must set out, at minimum:
- 6.1.7.3.1 the reasons for the opinion;

- 6.1.7.3.2 the key assumptions made;
 - 6.1.7.3.3 the factors taken into consideration in forming the opinion;
 - 6.1.7.3.4 a statement as to whether the transaction is on normal commercial terms, in the ordinary course of business, fair and reasonable and in the interests of the listed company and its shareholders as a whole.
- 6.1.8 Once approval has been obtained from the Committee, the BSE ("Stock Exchange") must be consulted to review the transaction before its implementation, taking the following into consideration;
- 6.1.8.1 Any contemplated Related Party Transaction, which will lead to the ratio of the total transaction value (of all transactions with the same related party) to the Company's book value as per the last audited financial statements, exceeding 0.25%, shall be referred by Letshego to the BSE for review before its implementation. The full details of the contemplated transaction must be disclosed to the BSE. The BSE shall give such directions to Letshego, as it may deem necessary, regarding the disclosure of the proposed related party transaction to shareholders. The Company may not exempt themselves from the provisions of this section.
 - 6.1.8.2 Letshego must take into consideration the value of all transactions entered into with the same related party (and any of its associates) at the time of contemplation of the related party transaction for the purpose of complying with section 6.1.8.1 above.
 - 6.1.8.3 The BSE may, in its sole discretion, require Letshego to provide it with a declaration that, to the best of the knowledge and belief of the directors, any nominee shareholders do not include any person who may be acting in concert with any other person in relation to the Related Party Transaction.
- 6.1.9 Small related party transactions
- 6.1.9.1 In the case of a transaction with a related party where the percentage ratios referred to (the transaction consideration divided by the market capitalisation of Letshego, or in cases where consideration was determined from a closed door (private) negotiation, the transaction consideration divided by the book value must be used instead) are less than or equal to 5%, but exceed 0.25%, the requirements for a transaction with a related party set out in sections above do not apply and shall be determined by the BSE and, instead, Letshego must, prior to completing the transaction:
 - 6.1.9.1.1 Inform the BSE in writing of the details of the proposed transaction;
 - 6.1.9.1.2 Provide the BSE with written confirmation from the Board of Directors that the Committee has reviewed the transaction and determined that the terms of the proposed transaction with the related party are fair as far as the shareholders

of Letshego are concerned. In the event that the Board of Directors is not constituted in full compliance with the King Code, the written confirmation must be from an independent professional expert acceptable to the BSE;

- 6.1.9.1.3 Publish details of the proposed transaction, that the transaction has been declared to be fair and that the fairness opinion will lie for inspection at the Company's registered office for a period of 28 days from the date of announcement; and
- 6.1.9.1.4 Comply with the requirements as per section 6.1.1 – 6.1.8 above regarding transactions with related parties if the Committee and/or the independent professional expert states that the transaction is not fair.
- 6.1.9.2 In the case where the transaction percentage ratio is equal to or less than 0.25%, the company must discuss the transaction with the BSE in order for the BSE to determine whether it will classify such a transaction as being in the ordinary course of business (i.e. issues on materiality of the transaction).

6.2 Items not regarded as related party transactions

- 6.2.1 The related party transaction provisions will not apply in the following situations:
 - 6.2.1.1 The Company does not have any equity securities listed;
 - 6.2.1.2 In respect of other agreements:
 - 6.2.1.2.1 the grant of credit (including the lending of money or a guarantee of a loan) by a related party to the Company on normal commercial terms and on an unsecured basis;
 - 6.2.1.2.2 a benefit arising to a director from an employment agreement with the company;
 - 6.2.1.2.3 a benefit arising to a director from an employee share option scheme and/or share incentive scheme of the Company;
 - 6.2.1.2.4 indemnification and directors' insurance;
 - 6.2.1.2.5 normal board attendance fees and retainers for Directors
 - 6.2.1.2.6 financial assistance to related parties for subscription of securities;
 - 6.2.1.2.7 loans and other financial assistance to directors;
 - 6.2.1.2.8 an underwriting agreement with a related party in respect of an issue of shares by the Company where the fees are not greater than the current market related rates as confirmed by the Group Audit Committee.

6.3 Aggregation of transactions

- 6.3.1 Transactions completed during the 12 months prior to the date of the latest transaction shall be aggregated with the latest transaction for the purpose of determining the categorisation to apply to the latest transaction. In cases of doubt the BSE must be consulted at an early stage.

- 6.3.2 Without prejudice to the generality of Sections 6.3.1, transactions will normally only be aggregated if they:
 - 6.3.2.1 are entered into by the company with the same party or with parties connected with one another;
 - 6.3.2.2 involve the acquisition or disposal of securities or an interest in one particular company; or
 - 6.3.2.3 Together lead to significant involvement in a business activity which did not previously form a part of the company's principal activities.
- 6.3.3 If under Section 6.3.1 above, the aggregation results in a transaction with a percentage ratio of 40% or more and therefore also a requirement for shareholder approval in relation to Category 1 transactions under the BSE Listings Requirements, then that approval is required only for the latest transaction.

7. Roles and Responsibilities

7.1 Staff members and senior management:

- 7.1.1 All staff and senior management must be aware of the Group's Policy on Related Party Transactions and follow the prescribed procedures.
- 7.1.2 All staff and senior management must be alert for any Related Party Transactions.
- 7.1.3 All staff and senior management shall monitor Related Party Transactions wherein they are involved.

7.2 Compliance Officer

- 7.2.1 Must independently monitor all related party transactions.
- 7.2.2 Will be responsible for the direct submission of any Related Party Transaction to applicable exchanges.

7.3 Internal Audit

- 7.3.1 Group Internal Audit (GIA) provides independent assurance on the adequacy and effectiveness of the processes that support this policy.

7.4 Board of Directors

- 7.4.1 The Board of Directors is ultimately responsible for Related Party Transactions compliance, but the responsibility to ensure that all the Group's activities comply with regulatory requirements is delegated to the Group Chief Executive Officer who may delegate his/her responsibility to senior management.
- 7.4.2 The Board has the duty to make the necessary enquires to ensure that the requisite systems, practices and culture are in place to manage all related party compliance risks to which the Group is exposed.

8. Dispensations

8.1 Dispensations cannot be granted for this policy unless there is a conflict of interest with regulatory/statutory requirements in which case approval to a dispensation must be obtained from the Group Chief Executive Officer.

9. Related Documents

9.1 This policy must be read in conjunction with the following:

- 9.1.1 Board Charter
- 9.1.2 Companies Act
- 9.1.3 BSE Equity Listings Requirements
- 9.1.4 Group Audit Committee Charter
- 9.1.5 Code of Ethical Conduct
- 9.1.6 Constitution
- 9.1.7 King III & IV


10. Document History

Approval and Review	Details
Approval Authority	Group Board
Advisory Committee to Approval Authority	Group Audit Committee
Administrator	Company Secretary
Next Review Date	November 2021

Approval and Amendment History	Details
Original Approval Authority and Date	27 November 2019
Amendment Authority and Date	N/A
Notes	

Approval

SIGNED THIS _____ DAY OF _____ 2019

A large, stylized handwritten signature in black ink, consisting of several loops and a long trailing stroke.

BOARD CHAIRMANA handwritten signature in black ink, appearing to read "Rhinnwaga".

COMPANY SECRETARY

