



Code of Conduct for Prevention  
of Insider Trading

# Preamble

The Company endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations. Every director, officer, designated employee of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the Company. No director, officer, designated employee may use his or her position or knowledge of the Company to gain personal benefit or to provide benefit to any third party.

To achieve these objectives, Unga Group PLC hereby notifies that this Code of conduct is to be followed by all Directors, officers, designated employees and all connected persons. The Board has adopted and institutionalized this Code of Conduct for Prevention of Insider Trading in compliance with the provisions of the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.<sup>1</sup> This code will be used to institute structures to prevent insider dealings by the directors and management Unga Group PLC. In addition, the Code will ensure that the Company continually and appropriately discloses all insider dealings that come to its attention.

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<sup>1</sup> Recommendation No. 6.1.1 (xiii) of the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

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## PART A: Definitions of Terms<sup>2</sup>

**'Company'** means Unga Group PLC, its subsidiaries and associated Companies.

**'Capital Markets Authority'** or **'the Authority'** or **'CMA'** means the Capital Markets Authority as defined in the Capital Markets Authority Act (Cap 485 A) of the laws of Kenya

**'Nairobi Securities Exchange'** or **'NSE'** means the Nairobi Securities Exchange licensed under the Capital Markets Authority Act (Cap 485 A) of the laws of Kenya;

**'Central Depository and Settlement Corporation'** or **'CDSC'** means the Central Depository and Settlement Corporation Limited licensed under the Capital Markets Authority Act (Cap 485 A) of the laws of Kenya

**'Connected Persons'** means any person who:-

- (i) is a director, as defined in the Companies Act, 2015; or
- (ii) an individual who occupies the position as an officer or an employee of the company or holds a position involving a professional or business relationship between himself and the company [whether temporary or permanent] and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that company.
- (iii) the words "connected person" shall mean any person who is a connected person six months prior to an act of insider trading.

**'Deemed Connected Persons'** means and includes:-

- (i). Any group company, company under the same management or subsidiary of the Company;
- (ii). Relatives of the Connected Persons;
- (iii). Bankers of the Company;
- (iv). Merchant Banker, Share Transfer Agent, Registrar to an issue, Debenture Trustee, Broker, Portfolio Manager, Investment Advisor, Sub-broker or any employee thereof having a fiduciary relationship with the Company;
- (v). is an agent as specified in the Capital Markets Act (Cap 485 A), Investment company, Trustee Company, Asset Management Company or an employee or director thereof or an official of the Nairobi Securities Exchange or of clearing house or corporation;
- (vi). Trustees of any trust the beneficiaries of which include any of the Connected Persons;

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<sup>2</sup> Words and expressions defined in this Charter shall have the same meaning as contained in in the Capital Markets Act (Cap 485 A), the Capital Markets (securities) (Public Offers, Listing and Disclosures) Regulations, the Central Depositories Act, the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 and the Nairobi Securities Exchange Listing Manual.

- (vii). Trustees of any trust who are conferred with the Power of Attorney to act on behalf of beneficiaries in respect of securities of the Company, wherein any of the connected persons holding interest;
- (viii). Any person who was a connected person, whether temporary or permanent six months prior to an act of insider trading;
- (ix). Persons having professional or business relationship between themselves and the Company whether temporary or permanent and by virtue of such relationship are expected to be in possession of price-sensitive information;
- (x). Any other person or category of persons mentioned in the Capital Markets Act (Cap 485 A), the Capital Markets (securities) (Public Offers, Listing and Disclosures) Regulations, the Central Depositories Act, and the Nairobi Securities Exchange Listing Manual who may be possibly be at an advantage in dealing with the Company's securities in comparison with the general public.

**'Designated Employee'** shall include:-

- (i). officers comprising the top three tiers of the company management;
- (ii). Employees designated by the Board of Directors from time to time to whom the trading restrictions shall be applicable.

**'Officer'** means and includes any employee of the Company and also includes Auditors of the Company;

**'Insider'** means any person who, is or was connected with a Company or is deemed to have been connected with a Company, and who is reasonably expected to have access, by virtue of such connection to unpublished information which if made generally available would be likely to materially affect the price or value of the securities of the Company, or who has received or has had access to such unpublished information.

**'Insider trading'** a person who deals in listed securities or their derivatives that are price-affected in relation to the information in his possession commits an offence of insider trading if that person:-

- (a) encourages another person, whether or not that other person knows it, to deal in securities or their derivatives which are price-affected securities in relation to the information in the possession of the insider, knowing or having reasonable cause to believe that the trading would take place; or
- (b) discloses the information, otherwise than in the proper performance of the functions of his employment, office or profession, to another person.

**'Dealing in Securities'** means subscribing, buying, selling or agreeing to subscribe, sell or deal in any securities either as principal or agent and includes exercising of options;

**'Closed Period' or 'Prohibited Period'** means the period effective from the date on which the Company becomes aware of material non-public information on the Company's financial performance up to the beginning of the trading day after the financial results (half year or end year results) are announced to the public within which Directors and / or employees of the Company privy to such information are restricted from purchasing or selling any of the Company's Securities.

**'False Trading'** means acts intended or likely to create a false or misleading impression of active trading in securities on the securities market of a securities exchange; or with respect to the market for, or the price for dealings in, securities traded on the securities market of a securities exchange;

**'Free Period'** means any Period other than the Closed/ Prohibited Period.

**'Material Matters'** include all transactions in the financial statements whose omission would otherwise influence the decisions of a person relying the financial statements.

**'Market Manipulation'** refers to the intentional, direct or indirect, transacting in the securities of the company, which by themselves or in conjunction with any other transaction seeks to:-

- (a) increase, or are likely to increase the price with the intention of inducing another person to purchase, or subscribe for, or to refrain from selling securities issued by the same company or a related company, or such other listed securities;
- (b) reduce, or are likely to reduce, the price with the intention of inducing another person to sell , or to refrain from purchasing, securities issued by the same company or a related company, or such other listed securities; or
- (c) stabilize, or are likely to stabilize, the price with the intention of inducing another person to sell, purchase, or subscribe for, or to refrain from selling, purchasing or subscribing for, securities issued by the same

**Information:** shall be treated as relating to an issue of securities where it may affect the business prospects of the Company.

**Material Information'** shall mean any information means any information which may affect the price of the Company's securities or influence investment decisions and includes information on:-

- (a) a merger, acquisition or joint venture;
- (b) a block split or stock dividend;
- (c) earnings and dividends of an unusual nature;
- (d) the acquisition or loss of a significant contract;
- (e) a significant new product or discovery;
- (f) a change in control or significant change in management;
- (g) a call of securities for redemption;
- (h) the public or private sale of a significant amount of additional securities;
- (i) the purchase or sale of a significant asset;
- (j) a significant labour dispute;
- (k) a significant law suit against the issuer;
- (l) establishment of a programme to make purchases of the issuer's own shares;
- (m) a tender offer for another issuer's securities;
- (n) significant alteration of the memorandum and articles of association of the issuer; or
- (o) any other peculiar circumstances that may prevail with respect to the issuer or the relevant industry;

**'Price-Affected Securities'** are securities traded in relation to inside information, which if the information, if made public may materially affect the price of the securities;

**'Inside information'** means information which;

- (a) relates to particular securities or to a particular issue of security;
- (b) has not been made public; and
- (c) if it were made public is likely to have a material effect on the price of the securities.

**'Public Information'** information is considered public if:-

- (a) it is published in accordance with the rules of the Nairobi Securities Exchange for the purpose of informing investors and their professional advisers; or
- (b) it is contained in records which by virtue of any law are open to inspection by the public; or
- (c) it can readily be acquired by those likely to deal in any securities to which the information relates; or of an issuer to which the information relates;
- (d) it is derived from information which has been made public.

**'Securities'** includes exchange-traded equities, derivatives contracts, and options on exchange-traded derivative contracts, in connection with securities.

**'Unpublished'** means information which is not published by the company or its agents and is not specific in nature. Speculative reports in print or electronic media shall not be considered as published information.

**'Offences'** A person who commits the following offences is liable for conviction pursuant to the provisions of the Capital Markets Act.

- (a) Insider trading
- (b) Market manipulation
- (c) False trading
- (d) Fraudulently inducing trading in securities
- (e) Use of manipulative devices
- (f) False misleading statements inducing transactions.

## PART B: Code of Conduct for Prevention of Insider Trading

### 1. Preservation of "Price Sensitive Information"

Directors, Designated Employees, Officers shall maintain the confidentiality of all Price Sensitive Information. Employees/ directors shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities.

The following practices should be followed in this regard:-

#### 1.1. Need-to-Know Basis

Unpublished Price Sensitive Information is to be handled on a "need to know" basis, i.e., Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of information.

#### 1.2. Limited access to confidential information

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and pass word, etc.

#### 1.3. Adherence to the Continuous Listing Obligations<sup>3</sup>

The Company shall adhere to the NSE Continuing Obligations as prescribed in the NSE Listing Manual that are essential to the maintenance of an orderly market in securities and to ensure that all users of the market have simultaneous access to the same information.

The Continuing obligations of the Company shall cover the following aspects as prescribed by the Authority under the NSE Listing Manual:-

- (i). General obligations of disclosure;
- (ii). Disclosure of periodic financial information; and
- (iii). Miscellaneous provisions.

The Company shall as soon as possible but not later than twenty four hours of being in possession of price sensitive information, release an announcement giving details of:-

- a) Circumstances or events that have or are likely to have a material effect on the financial results, the financial position or cash flow of the Company and / or information necessary to enable holders of the issuer's listed securities and the public make informed decisions on the issuer's performance and operations; and
- b) Any new developments which impact on the Company's operations, trading and financial

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<sup>3</sup> Provisions under Adherence to the Continuous Listing Obligations, General Obligations of Disclosure are as prescribed in the NSE Listing Manual approved by the Capital Markets Authority on 27 June 2013.



performance or any information whatsoever considered by the Company to be price sensitive or could lead to material movements in the prices of its listed securities.

- c) The Company shall submit to the Exchange and the Authority information of any material price sensitive information, and publish a cautionary announcement as soon as possible after it is in possession of such information, if at any time the necessary degree of confidentiality of such information cannot be maintained, or if the issuer suspects that confidentiality has or may have been breached.

## 2. Compliance Officer

The Company shall appoint a Compliance Officer or designate such other officer of the Company to undertake the duties of a Compliance officer as follows:

### 2.1. Duties of Compliance Officer

Duties of the Compliance Officer shall include the following:-

- (a) He shall maintain a record of designated employees and any changes made to the list of Connected Persons.
- (b) He may in consultation with the Group Managing Director / Board of Directors and shall as directed by the Board, specify Prohibited Period from time to time and immediately make an announcement thereof to all concerned.
- (c) He shall maintain a record of Prohibited Period specified from time to time.
- (d) He shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of 'Price-Sensitive Information', 'pre-clearing of Designated Employees' and their dependents' trades, monitoring of trades and the implementation of the Code of Conduct under the overall supervision of the Board of the Company.
- (e) He shall maintain records of all the declarations submitted in the appropriate form given by the Directors, Officers, and Designated Employees for a minimum period of three years.
- (f) He shall place before the Group Managing Director / Board of Directors, on a monthly basis all the details of the dealing in the securities by Designated Employees, Directors, Officers of the Company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in these rules.
- (g) He shall from time to time inform the Nairobi Securities Exchange of any price sensitive information on immediate basis.
- (h) He shall be responsible for overseeing and co-ordinating disclosure of price sensitive information to the Nairobi Securities Exchange, analysts, shareholders and media and educating staff on disclosure policies and procedure and report to the Group Managing Director / Board of Directors.
- (i) He shall report to the NSE any violation with respect to Insider Trading.

### 3. Prohibition on Dealing, Communicating or Counseling on Matters Relating to Insider Trading

No Insider shall:-

- (a) either on his own behalf, or on behalf of any other person, deal in securities of the Company during a closed period when in the possession of any unpublished price sensitive information;
- (b) communicate, counsel or procure, directly or indirectly any unpublished price sensitive information to any person. However these restrictions shall not be applicable to any communication required in the ordinary course of business or under any law.

### 4. Trading Restrictions

All directors/ officers and designated employees of the Company shall be subject to trading restrictions as enumerated below:-

#### 4.1. Trading Window

The period prior to declaration of price sensitive information is particularly sensitive for transactions in the Company's securities. This sensitivity is due to the fact that the Directors, Officers and Designated Employees will, during that period, often possess unpublished price sensitive information.

During such sensitive times, the Directors, Officers and Designated Employees will have to forego the opportunity of trading in the Company's securities. The Directors, Officers and Designated Employees of the Company shall not deal in the securities of the Company when the trading window is closed. The period during which the trading window is closed shall be termed as prohibited period.

#### 4.2. Closure of the Trading Window

The trading window shall be, inter alias, closed at the time of:-

- (a) Declaration of Financial results (quarterly, half-yearly and annual);
- (b) Declaration of dividends (interim and final);
- (c) The occurrence of any event identified as material information under the Capital Markets Act.
- (d) Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company;

The period of closure shall be effective from the date on which the Company sends intimation to Stock Exchange advising the date of the Board Meeting, up to 24 hours after the Price sensitive information is submitted to the Stock Exchange or such other period as shall be determined by the Board or applicable law.

It should be noted that:-

- The trading window shall be opened 24 hours after the information referred in 3.2 is made public.
- All Directors, Officers, Designated Employees of the Company shall conduct all their dealings in the securities of the Company only during the free period and shall not deal in any transaction involving the purchase or sale of the Company's securities during the prohibited periods or during any other period as may be specified by the Company from time to time.

## 5. Pre-Clearance of trades

All Directors, Officers, Designated Employees of the Company who intend to deal in the securities of the Company during free period in excess of 3% of the listed Securities in number shall pre-clear the transactions as per the pre-dealing procedure as described hereunder. The Compliance officer is authorized to change the number of Securities from time to time.

### 5.1. Pre-dealing Clearance Procedure

The Pre-dealing clearance procedure shall be governed by the following steps:-

- I. An application for pre-clearance of trade may be made via a prescribed Form to the designated officer along with an undertaking in favor of the Company by such Designated Employee, Director, Officer incorporating, inter alia, the following clauses, as may be applicable:-
  - (a) That the employee/ director/officer does not have any access or has not received "Price Sensitive Information" up to the time of signing the undertaking.
  - (b) That in case the Designated Employee, Director, Officer has access to or receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he or she shall inform the Compliance officer of the change in his position and that he or she would completely refrain from dealing in the securities of the company till the time such information becomes public in the securities of the Company till the time such information becomes public.
  - (c) That he or she has not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
  - (d) That he or she has made a full and true disclosure in the matter.
- II. The Compliance officer shall on receiving an application provide the Director, Officer, and Designated Employee with an acknowledgement.
- III. The Compliance officer shall grant approval within policy timelines from the date of acknowledgement.
- IV. The Compliance officer shall retain copies of all applications and acknowledgements.
- V. In exceptional circumstances, consent may not be given if the Compliance officer is of the opinion that the proposed deal is on the basis of possession of any unpublished Price sensitive information. There shall be no obligation to give reasons for any withholding of consent.
- VI. If so requested by the Compliance officer; a Director, Officer or a Designated Employee must ensure that his stockbroker is authorized to disclose to the Company all matters relevant to his share dealings.

### 5.2. Other Restrictions

All Directors, Officers, Designated Employees shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given, the Directors, Officers, and Designated Employees must pre clear the transaction again.

All Directors, Officers, Designated Employees shall hold their investments in securities for a minimum period of 30 days irrespective of mode of acquisition in order to be considered as being held for investment purposes.

The holding period shall also apply to subscription in the primary market (IPOs). In the case of IPOs, the holding period would commence when the securities are actually allotted.

In case the sale of securities is necessitated by personal emergency, the designated officer may waive the holding period after recording in writing his or her reasons in this regard. An application for waiver of holding period shall be made to the Compliance officer through a prescribed Form.

## **6. Reporting Requirements for transactions in securities**

### **6.1. Initial Disclosures**

Every existing Director, Officer and Designated Employee of the Company and newly joined Director, Officer and Designated Employee of the Company on being appointed as such, shall disclose to the Company, the number of Securities or voting rights in the Company held by him and their dependent family members.

The existing Director, Officer and Designated Employee of the Company have to make disclosure within three months after the end of every financial year and for newly appointed Director, Officer and Designated Employee have to make disclosure within three months of becoming a Director or Officer or Designated Employee of the Company.

### **6.2. Continual Disclosures**

Every Director, Officer and Designated Employee of the Company shall disclose to the Company, the number of shares or voting rights in the Company held by him and change in his shareholding or voting rights from the last disclosure made under this Clause or under Clause 5.1, if such change exceeds 3%<sup>4</sup> of the total shareholding or voting rights, whichever is lower or any revised limits notified by the NSE from time to time.

The aforesaid disclosure has to be made within 2 working days of:-

- (i). the receipt of intimation of allotment of shares; or
- (ii). the acquisition or sale of shares or voting rights as the case may be;
- (iii). The disclosures under this Clause shall be sent to the Compliance officer.

### **6.3. Quarterly / Annual Disclosures**

All Directors, Officers, Designated Employees dealing in the Securities of the Company shall be required to forward following details of their Securities transactions including the holdings of dependent family members to the Compliance officer:-

- (i). All holdings in securities of the Company by Directors, Officers, Designated Employees at the time of joining the Company;
- (ii). In respect of existing Directors, Officers, Designated Employees, all holdings in securities of the

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<sup>4</sup> Pursuant to provision D.01 of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002

Company as on the date specified by the Compliance officer.

#### **6.4. Disclosure by the Company to the Nairobi Securities Exchange**

Within 5 days of the receipt of the information under Clause 5.2 of the Regulations, the designated officer shall disclose to the Nairobi Securities Exchange on which the Company is listed, any material information received.

#### **6.5. Records of disclosures received by the Company**

The Compliance officer shall maintain records of all the declarations in the appropriate form given by the Directors, Officers, and Designated Employees for a minimum period of three years. The Compliance officer shall place before the Group Managing Director / Board of Directors, on a quarterly basis all the details of the dealing in the securities by the Designated Employees, Directors, Officers of the Company and the accompanying documents that such persons had executed under the pre dealing procedure as envisaged in this code.

#### **6.6. Disclosures to Market Intermediaries<sup>5</sup>**

All officers of the Company shall while dealing in the Company's securities, disclose to any market intermediary that they are insiders to enable maintain records that assist the Company in monitoring insider dealing.

### **7. Penalty for contravention of Code of Conduct**

Any Director, Officer, Designated Employee who trades in securities or communicates any information for trading in securities, in contravention of the code of conduct will be subject to disciplinary action by the Company.

The action by the Company shall not preclude the Capital Markets Authority from taking any action in case of violation of the provisions cited in the Capital Markets Act (Cap 485 A), the Capital Markets (securities) (Public Offers, Listing and Disclosures) Regulations, the Central Depositories Act, the Nairobi Securities Exchange Listing Manual and any legislation that the Authority deems fit.

### **8. Information to the NSE and CMA**

In case it is observed by the Company and / or designated officer that there has been a violation of the provisions of this code by an officer of the Company in a way that the Company and / or the designated officer considers to be material, the CMA and the NSE shall be informed of the violation(s) by the Company within reasonable time after the violation(s) has been noted.

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<sup>5</sup> This regulation is consistent with the provision 25 of The Capital Markets (Conduct of Business) (Market Intermediaries) Regulations, 2011

Last reviewed : Date..... Signature.....

Amendments approved by Board : Date..... Signature.....

**Adopted by the Board of Unga Group PLC**

**Signed:** \_\_\_\_\_  
**Chairman**

**Date:** \_\_\_\_\_