

# **RELATED PARTY TRANSACTION POLICY**

**Summit Digital Solutions, Inc.**

*Effective Date: January 1, 2024*

## **1. PURPOSE AND SCOPE**

1. This Related Party Transaction Policy (the "Policy") establishes the framework and procedures for review, approval, and reporting of transactions between Summit Digital Solutions, Inc. (the "Company") and Related Parties as defined herein.

2. This Policy is designed to ensure proper oversight of Related Party Transactions and compliance with applicable laws, including Delaware General Corporation Law, SEC regulations, and other relevant statutory requirements.

## **2. DEFINITIONS**

1. "Related Party" means:

- a) Any Director, Officer, or Key Management Personnel of the Company;
- b) Any immediate family member of persons in (a);
- c) Any entity in which persons in (a) or (b) have a controlling interest;
- d) Any shareholder owning more than 5% of the Company's voting shares;
- e) The Company's parent entity, subsidiary, or fellow subsidiary.

2. "Related Party Transaction" means any transaction, arrangement, or relationship (including any indebtedness or guarantee of indebtedness) in which:

- a) The aggregate value exceeds \$120,000; and
- b) A Related Party has or will have a direct or indirect material interest.

3. "Material Interest" shall be determined by the Audit Committee based on the significance of the transaction to the Related Party considering the relationship's nature and magnitude.

## **3. IDENTIFICATION AND REVIEW PROCEDURES**

1. Disclosure Requirements

- a) Each Director and Officer shall complete an annual questionnaire identifying Related Parties and potential transactions.

b) Directors and Officers must promptly notify the Legal Department of any potential Related Party Transactions.

c) The Legal Department shall maintain a database of Related Parties and review proposed transactions against this database.

## 2. Review Process

a) All potential Related Party Transactions shall be submitted to the Audit Committee for review.

b) The Audit Committee shall consider:

- The business purpose and commercial reasonableness
- Terms compared to market standards
- Conflicts of interest
- Impact on director independence
- Disclosure requirements
- Alternative transactions available

## 4. APPROVAL REQUIREMENTS

### 1. Audit Committee Approval

a) All Related Party Transactions must receive prior approval from the Audit Committee.

b) The Committee may establish standing pre-approvals for certain routine transactions.

c) No director shall participate in the review of transactions in which they have an interest.

### 2. Board Approval

a) Transactions exceeding \$1,000,000 require additional Board approval.

b) The Board shall consider the Audit Committee's recommendation and independent analysis.

### 3. Shareholder Approval

a) Transactions exceeding 5% of the Company's consolidated revenues require shareholder approval.

b) Interested shareholders shall recuse themselves from voting.

## 5. EXCEPTIONS

1. The following transactions are exempt from this Policy:

a) Executive compensation approved by the Compensation Committee

b) Transactions available to all employees generally

- c) Ordinary course transactions below \$120,000
- d) Pro rata stock issuances to all shareholders

## **6. DOCUMENTATION AND REPORTING**

1. The Legal Department shall maintain:
  - a) Complete records of all Related Party Transactions
  - b) Minutes of Audit Committee and Board reviews
  - c) Supporting analysis and fairness opinions
  - d) Annual disclosure summaries
2. Periodic reporting shall include:
  - a) Quarterly updates to the Audit Committee
  - b) Annual review by the Board
  - c) Required SEC disclosures
  - d) Proxy statement disclosures

## **7. POLICY ADMINISTRATION**

1. The Legal Department shall administer this Policy under Audit Committee oversight.
2. This Policy shall be reviewed annually and updated as needed.
3. Violations may result in disciplinary action up to termination.

## **8. EFFECTIVE DATE AND AMENDMENTS**

1. This Policy is effective January 1, 2024.
2. Amendments require Audit Committee approval.

ADOPTED by the Board of Directors of Summit Digital Solutions, Inc. on December 15, 2023.

**By:** \_

Alexandra Reeves, CEO

**ATTEST:** \_

Corporate Secretary