



Conflict of Interest and Related Party Transaction Policy

Glossary of Terms

AGM	Annual General Meeting
Board	Board of Directors
CBN	Central Bank of Nigeria
GMD	Group Managing Director
Close Family Member	<i>Means the immediate family members including, spouse, child, stepchild and dependants.</i>
Extended Family Members	<i>Means Close Family Members plus non-dependant parent, step parent, sibling, uncle, aunt, niece and nephew.</i>
Closed Periods	<ul style="list-style-type: none"> a) The period of closure shall be effective from the end of the financial period in review b) Period beginning 15 calendar days prior to the date of any meeting of the Board of Directors proposed to be held to consider any price sensitive matter, whichever is earlier, and ending twenty-four hours following the release of the Company's financial statement for the period; and c) Prohibited periods for trading on the Company's securities as communicated by the Company Secretary from time to time
Company	FBN Holdings Plc
Conflict of Interest	<i>Conflict of interest refers to situations in which personal, financial considerations may affect, or appear to affect, a Director Senior Management staff's objectivity, judgment or ability to act best interests of the Company.</i>
ED	Executive Director
FBN HoldCo	FBN Holdings Plc

Acronym	Definition
<i>Group</i>	FBN Holdings Plc and its subsidiaries
<i>Insider</i>	<p>a. An insider means a person:</p> <ul style="list-style-type: none"> i. Who served as a Director of the Company within a financial year or has been nominated to become a Director of the Company; ii. Who is a close family member of the persons mentioned in (i) above and their related companies; iii. Who has substantial shares represented on the Board by one or more Non-Executive Directors; or iv. Who is the beneficial owner of at least 5% of any class of
<i>Material information</i>	An information is considered “material” if there is a likelihood that a reasonable investor would consider it important making a decision to buy, sell or hold the Company’s security or the fact is likely to have a significant effect on the market price security.
<i>Non- public information</i>	Information that is not generally known or available to the public.
<i>Policy</i>	FBN HoldCo’s Conflict of Interest and Related Party Transaction Policy
<i>Related Party</i>	Same definition as insider
<i>Related Party Transactions</i>	Transfer of resources, services or obligations between related regardless of whether a price is charged.

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1. Introduction

This Conflict of Interest and Related Party Policy has been developed to provide a guideline for managing potential or actual conflict of interest situations on the Board.

The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by FBN Holdings Plc (“FBN Holdco” or “the Company”).

2. Objectives

This Policy aims to:

- a) Assist the Board in understanding, reviewing, approving and ratifying related person transactions.
- b) Ensure that all related party transactions are conducted at arm’s length and do not present a conflict of interest for the related party, taking into account:
 - the size of the transaction
 - the overall financial position of the related party
 - the direct or indirect nature of the related party’s interest in the transaction
- c) Provide guidance to the Directors and Management to assist them in recognising and dealing with actual or apparent conflicts of interests which may not be a related party transaction.
- d) Ensure that relevant legislation, rules and regulations in respect of conflict of interest are adhered to.
- e) Set forth disclosure requirements for related party transactions in accordance with regulatory requirements and leading corporate governance standards; and
- f) Protect the Group and its staff from reputational damage, fines and levies that may be imposed by various regulators as a result of a conflict of interest not having been identified and/or fairly managed.

3. Procedure for Dealing with Conflicts of Interest

3.1. Declaration of Interests

3.1.1. At the beginning of every financial year, or on appointment as a Director of FBN HoldCo, each Director shall be expected to review and confirm actual or perceived conflicts of interest and will sign a statement agreeing to refrain from attempting to influence any decisions in which they may have or be perceived to have a conflict of interest. Such disclosures will include:

- a) Companies where he or she serves as a director, officer, servant, creditor or a holder of substantial shares (more than 5%) or other securities outside the Group.
- b) Details of closed family members and their related companies
- c) Declaration on services provided to the Group or any of its subsidiaries.

3.1.2. The Company Secretary shall collate the information provided in section 3.1.1 above and maintain a register of Directors' interests which shall be updated regularly. The list shall be kept with the Company Secretary and available for reference when business transactions (contracts and loans) are considered. (see Appendix I for the Conflict-of-Interest Register)

3.1.3. Directors will be expected to promptly notify the Company Secretary of any changes or updates in their interest during the year.

3.2. Reporting Conflict of Interest

3.2.1. Where a Director is uncertain as to whether he or she is in a conflict-of-interest situation, such a Director shall be required to seek guidance from the Chairman of the Board or the Company Secretary.

3.2.2. Where any question arises before the Board as to the existence of any real or perceived conflict, the Board shall by simple majority determine if the conflict exists.

3.2.3. Conflicted Directors must abstain from participating in any discussion on the matter unless otherwise decided by the Board.

3.2.5. Where a Director was not present at the meeting at which the transaction was discussed, he shall at the earliest reasonable opportunity, not later than the next Board or Board Committee meeting state his interest in the transaction. Where the Director becomes interested in any transaction after it has been approved, the disclosure shall be made at the next Board or relevant Board Committee's meeting.

3.2.6. The Company Secretary shall ensure documentation of all disclosures by:

- a. recording in the minutes of the meeting a Directors' disclosure of a conflict of interest relating to a particular agenda item.
- b. updating the conflict of interest register with periodic disclosures.

3.3. Related Party Transaction Disclosure Requirement

3.3.1. Directors must promptly notify the Company Secretary or Chairman of the Board of any interest that he/she or a Family Member has in a potential or ongoing business with FBN Holdings.

3.3.2. The Company Secretary shall report the Related Party Transaction across the entire Group, together with a summary of the material facts, to the Board Audit committee for consideration at the next scheduled Committee meetings.

3.3.3. The Board Audit Committee (the Committee) shall be responsible for the review and recommendation for approval or ratification of acceptable Related Party Transactions to the Board.

3.4. Transactions that are to be disclosed

A related party shall disclose to the Board the following transactions with FBN Holdings, whether such transactions are considered to have been executed at arm's length and on normal market terms:

- a) Purchases or sales of goods
- b) Purchases or sales of property and other assets
- c) Rendering or receiving of services
- d) Leases
- e) All forms of credit facilities, loans/advances and financial accommodation
- f) Transfers under finance arrangements (including loans and equity contributions in cash or in kind);
- g) Provision of guarantees or collateral; and
- h) Commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (recognized and unrecognized).

3.5. **Review and Approval**

3.5.1 The Board shall review the material facts of all related party transactions that require its approval and either approve, disapprove or ratify such transactions. In assessing a related party transaction, the Board shall consider such factors as it deems appropriate, including:

- a. the benefits of the transaction to the Group ;
- b. if the terms of the related party transaction are fair to the Group and on the same basis as would apply if the transaction did not involve a related party;
- c. the materiality of the related party transaction to the Group;
- d. the extent of the related party's interest in the transaction;
- e. the impact of the related party transaction on a Director's independence (if the related person is an Independent Director or an immediate family member of an Independent Director); and
- f. the actual or apparent conflict of interest of the related party participating in the related party transaction.

3.5.2. Any Director who has an interest in the related transaction being discussed shall excuse himself or herself from any reporting, discussions and vote on the related party transaction and, if necessary, from the Board meeting, or applicable part thereof.

3.5.3. All Related Party Transaction shall be approved at arm's length and in the normal course of business.

3.5.4. The Board will not approve or ratify a related-party transaction unless convinced that the transaction is in the best interest of the Group and its shareholders.

3.5.5. Where the Board becomes aware of a Related Party Transaction that has not been approved under this Policy, the Related Party Transaction shall be reviewed in accordance with the procedure above, and if the Board determines it to be appropriate, ratify at its next scheduled Board meeting. If the Board however decides not to ratify a Related Party Transaction that has been commenced without approval, the Board may direct appropriate action including, but not limited to, immediate discontinuation or rescission, or modification of the transaction to make it acceptable for ratification.

3.6. Limits On Related Party Loans

In compliance with regulatory requirements, the following limits shall apply to related party/insider related loans:

- 3.6.1. A Director or a significant shareholder should not borrow more than 10% of the Banking subsidiaries Bank's paid-up capital except with the prior approval of the CBN.
- 3.6.2. All related party/insider related loans, irrespective of amounts, must be approved by the Board.
- 3.6.3. Any Director whose credit facility or that of his/her related interests remains non-performing in any of FBN Holdings banking subsidiary for more than one (1) year, such Director shall cease to be a member of the Board of FBN Holdings and shall be blacklisted from sitting on the Board of any of its banking subsidiary.

3.7. Internal Review

The Internal audit function shall periodically assess the effectiveness and extent of compliance with the related party transaction procedure specified in the policy.

4. Family Directorships

- 4.1. No two members of the same extended family shall occupy the position of Chairman and - that of Group Managing Director of the Company at the same time.
- 4.2. To safeguard the independence of the Board, not more than two members of the same family shall sit on the Board at the same time.

5. **Directorships on Other Boards**

- 5.1 Directors should not be members of Boards of other competing companies to avoid conflict of interest, breach of confidentiality, diversion of corporate opportunity and divulgence of corporate information.
- 5.2. Every Director shall notify the Company Secretary of potential appointments to the Board of any other Company prior to accepting such appointments.
- 5.2 The Company Secretary upon receipt of the notification above, shall conduct an internal and external due diligence on the potential Company at relevant Departments and at the Corporate Affairs Commission as well as other relevant bodies, for related party checks.
- 5.3 The Company Secretary shall communicate the report of the due diligence conducted to the Group Managing Director.
- 5.4 The Group Managing Director shall conduct a second level review of the potential Company and its business against the operations of FBN Holdings Plc subsidiaries, for potential areas of conflict.
- 5.5 The Company Secretary / Group Managing Director shall notify the Board Governance and Nomination Committee of the proposed appointment and result of the checks.
- 5.6 The Board Governance and Nomination Committee shall approve or object to the appointment.
- 5.7 Where the proposed appointment is approved by the Board Governance and Nomination Committee, it shall be presented at the next Board meeting for ratification.
- 5.8 Where the proposed appointment is approved, the Company Secretariat shall update the Register of Director's interest to reflect the new appointment.
- 5.9 Where the notification for proposed appointment on Boards of other Companies emanates from the Group Managing Director, the due diligence reviews shall be conducted by the Company Secretary.

6. **Independent Director Conflict of Interests**

- 6.1. An Independent Director shall be free of any relationship with the Group or its Management that may lead to potential conflicts of interest and thus impair, or appear to impair, the Director's ability to make independent judgments. Specifically, Independent Directors should not:
 - a) Provide material, legal or consulting services to the Company or its subsidiaries/affiliates or have done so in the past three years prior to their appointment.
 - b) Borrow funds from the Company, its officers, subsidiaries and affiliates.

- c) Serve on the Board of a subsidiary of the Company;
 - d) Have significant contractual relationship with the Group and must be free from any business or other relationship which could materially interfere with his/her capacity to act in an independent manner;
 - e) Have close family ties with any of the Directors or Senior Employees;
 - f) Be a close family member of an individual who is, or has been in any of the past three financial years, employed by the Group in an executive capacity;
 - g) Have been employed by the Company, or has served in any executive capacity within the Group for the preceding five financial years; and
 - h) Be part of Management, Executive Committee or Board of Trustees of an institution, charitable or otherwise, supported by the Company.
 - i) Be a substantial shareholder of the company (shareholding exceeding 0.1%) nor a representative of a shareholder with ability to significantly control or influence Management.
 - j) Have made or received from the Company, payments of more than N20,000,000 two years preceding the appointment.
 - k) Have owned more than a 30% share or other ownership interest, directly or indirectly, in an entity that made or received from the Company payments of more than N20,000,000 or act as a Partner, Director or Officer of a Partnership or Company that made to or received from the Company payments of more than N20,000,000 two years preceding the appointment;
 - l) Have been engaged directly or indirectly as an Auditor for the Company;
 - m) Have served at directorate level or above at the Company's regulator within the last three years;
- 6.2. Where an Independent Director becomes aware of any circumstance, event, transaction or relationship, which may impair the Director's continued independence, the Independent Director shall promptly notify the Board.
- 6.3. The continued independence of an Independent Director shall be confirmed on an annual basis by the Board.

7. Insider Trading

7.1. No Director or a close family of the Company who is aware of material non-public information relating to the Group may directly or through family members or other person:

- a) buy or sell securities of the Company or engage in any other action to take advantage of that information.
- b) pass that information on to others outside the Company, including close family and friends except authorised persons within the Company or authorised third party agents of the Group (such as investment banking advisors or outside legal counsel) whose positions require them to know it, until such information has been publicly released by the Company.

7.2. Directors and their related Companies may not undertake transactions involving the sale or purchases of the Company's securities during closed periods (prohibited trading periods). Directors shall be notified of closed periods via written communication by the Company Secretariat.

7.3. Prohibitions on trading activities generally occur during the following periods and may also occur during times that the officers of the Company deem appropriate:

- a) Quarterly, Interim and Annual disclosures of financial results: The Company's announcement of its quarterly financial results has the potential to have a material effect on the price of the Company's securities in the stock market. Therefore, to avoid the appearance of trading on the basis of material non-public information, Directors and their related companies shall not trade in the Company's securities during the period beginning fifteen days prior to the anticipated date of public disclosure or filing of the financial result of each quarter, whichever is earlier, and ending twenty-four hours following the release of the Company's earnings for the period; and
- b) Event specific trading suspensions: From time to time, the Company may also recommend that Directors and their related Companies suspend trading because of developments known to the Company and not yet disclosed to the public. In such event, Directors and their related Companies are advised not to engage in any transaction involving the purchase or sale of the Company's securities during such period and neither should they disclose to others, the fact behind the closed period.

7.4 Raising a Concern or Complaint

7.4.1 FBN Holdings encourages any person who suspects or has reason to believe that material, price sensitive information has been disclosed to an outside party without authorization or an insider has acted, or intends to act, on inside information to report to the Company Secretary immediately.

7.4.2 No individual reporting in good faith their suspicion that an actual or Insider trading has taken place or may take place in the future shall suffer any victimization or detrimental treatment as a result of such report.

7.4.3 Where it is discovered that an individual maliciously and knowingly reports false information to the Company with intent to harm another person, appropriate disciplinary action imposed on such individual.

8. Breach of Policy

If a Director fails to make the necessary disclosures about conflicts of interest, the Director may be in breach of the Company's code of conduct and be liable to disciplinary action.

Refusal to take any action directed by the Company to resolve a conflict of interest may also be in breach of the Company's conflicts of interest policy.

9. Disclosures

All conflicts of interest transactions shall be disclosed in the Company's Annual Report, regulatory returns and any other required media in accordance with and in the manner required by the relevant laws, rules and regulations necessitating the disclosure. The disclosures shall at a minimum, include the following:

- name of the Director;
- details of the transaction and the Director's interest in the transaction with the Group; and
- the value of the amount involved in the transaction and of the related person's interest in the transaction.

The disclosures required to be made for related party transaction shall be made separately for each of the following categories:

- the Company;
- Subsidiaries;
- affiliates;
- associates;
- joint ventures in which the entity is a partner;
- key management personnel of the Group.

10. Review of this policy

The policy will be subject to review and update every three (3) years or as may be deemed necessary by the Board.