

POLICY ON RELATED PARTY TRANSACTIONS

1. OVERVIEW

1.1. OBJECTIVE

This Policy aims to provide clear guidelines and procedures on Related Party Transactions within Wapic Insurance Plc. (“Wapic”) and its subsidiaries, associates, affiliates and to ensure that all employees and Directors of Wapic fully understand their responsibilities and obligations in respect of Related Party Transactions.

This Policy applies to any transaction where the aggregate amount involved will or may be expected to exceed N50million in any fiscal year, the Company is a participant and the Related Person has or will have a direct or indirect material interest, unless the transaction is exempt under Section 3 of this Policy. The Related Party Transaction Policy may be amended from time to time in line with Applicable Laws and Regulations and upon approval of the Board of Directors.

1.2. POLICY PURPOSE

To outline the disclosure and approval requirements for Related Party Transactions in Wapic.

1.3. DEFINITIONS

i. Related Party

Transaction: This is any financial transaction, arrangement or relationship in which resources or obligations are transferred between the Company and a Related Party or the performance of services by the Company, to or for a Related Party in which:

- (a) The Company is a participant, and;
- (b) Any Related Party has or will have a direct or indirect material interest regardless of whether a price is charged unless the transaction is exempted under Section 3 of this Policy.

ii. Related Party: This shall mean any party who has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions and shall include any Director of the Company, any Senior Manager of the Company, any nominee of a director, any shareholder owning in excess of 5% of the total equity of the Company, any mid or

long term debt holder of the Company where the debt (whether secured or unsecured) is in excess of 50% of the total mid/long-term borrowings of the Company and any “Immediate Family Member” of any such person.

- iii. **Director:** This shall be a member of any of the Boards of Directors of Wapic;
- iv. **Senior Manager:** This shall include any individual who is an officer of the Company and who is part of the Company’s Management Team with day – to – day responsibilities of managing the Company.
- v. **Immediate Family Member:** This shall include any child, stepchild, parent, spouse or spousal equivalent, sibling, partner, or in-law, of a person, and any person (other than a tenant or an employee) sharing the household of such person.
- vi. **Company:** This shall mean Wapic, its subsidiaries, associates, affiliates.
- vii. **Applicable Laws and Regulations:** This means and includes all laws and regulations in force in the Federal Republic of Nigeria and the Company’s jurisdictions of operation which relate or are relevant to or affect the Company and its operations;

1.4. OWNER

The Policy on Related Party Transactions was approved by the Board Establishment and Governance Committee and the Board Audit and Compliance Committee. Any changes to the Policy on Related Party Transactions must be approved by both Committees.

The Company Secretary shall be responsible for updating this Policy as needed and questions about the Policy and its application to Related Persons or their Immediate Family Members should be directed to the Company Secretary of Wapic Insurance Plc.

1.5. EFFECTIVE DATE

This Policy shall be effective immediately.

1.6. EXCEPTIONS

Any exceptions to the Policy must be consistent with all Applicable Laws and Regulations and must be approved by the Board through the relevant Board Committees.

2. PROCEDURE FOR DISCLOSURE

2.1. NOTIFICATION PROCESS FOR RELATED PARTY TRANSACTIONS

Each Director and Senior Manager shall promptly notify the Company Secretary of any material interest that such person or an Immediate Family Member of such person had, has or may have in a Related Party Transaction. The notice shall include a description of the transaction and the aggregate value of such transaction.

If the Related Party Transaction involves a Director (or an Immediate Family Member of a Director), or a Senior Manager (or an Immediate Family Member of a Senior Manager), then the Company Secretary shall promptly notify the Chairmen of the Board Establishment and Governance Committee and Board Audit and Compliance Committee. Where the Chairmen of the Board Establishment and Governance Committee and Board Audit and Compliance Committee are of the opinion that the transaction should be immediately tabled before a meeting of the full Board of Directors, then the Committees shall not deliberate upon the transaction but shall instruct the Company Secretary to convene a meeting of the full Board to deliberate on the transaction.

The Board of Directors shall be responsible for the final stage, review, approval and/or ratification of any Related Party Transaction with a value over N50million.

Details and deliberations by the Board Committees and/or the Board of Directors relating to all Related Party Transactions shall be documented in detail by the Company Secretary, in the minutes of the meeting where the deliberations occurred.

2.2. REVIEW OF RELATED PARTY TRANSACTIONS

The Board Establishment and Governance Committee as well as the Board Audit and Compliance Committee shall be responsible for the review, approval or ratification of the following Related Party Transactions:

- a. Any Related Party Transaction in which a Director or an Immediate Family Member of a Director has a material interest.
- b. Any Related Party Transaction in which a Senior Manager or an Immediate Family Member of a Senior Manager has a material interest.

If advance notice of a Related Party Transaction has been given to the Chairmen of the relevant Board Committees and it is not possible to convene a meeting of the Committees, the Chairmen of the Board Committees shall consider whether the Related Party Transaction is appropriate and to the Company's benefit, and, if so, shall approve the Related Party Transaction. The Board Committees would however be required to ratify the Related Party Transaction at the next regularly scheduled meeting of the Board Committees. Where details of the Related Party Transaction shall be entered in the minutes of the meeting by the Company Secretary.

No Director shall participate in any discussion or approval of a Related Party Transaction for which he or she or any member of his or her Immediate Family Member is a Related Person, except that the Director shall provide all material Information concerning the Related Party Transaction to the Board Establishment and Governance and Board Audit and Compliance Committees. Where such material information is furnished at a meeting convened for the purpose, the Director shall be recused from the meeting ahead of commencement of deliberations on the Related Party Transaction.

The relevant Board Committees shall also be responsible for the review, approval or ratification of a Related Party Transaction involving a Senior Manager or an Immediate Family Member of a Senior Manager.

2.3. GENERAL CRITERIA FOR APPROVING RELATED PARTY TRANSACTIONS

In determining whether to approve, ratify, disapprove or reject a Related Party Transaction, the relevant Board Committees shall take into account, among other factors it deems appropriate, whether the Related Party Transaction is entered into on terms no less favorable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances; the results of an appraisal, if any; whether there was a bidding process and the results thereof; review of the valuation of the transaction; and the extent of the Related Person's interest in the transaction. The relevant Board Committees shall review the following information when assessing a Related Party Transaction;

- a. The terms of such transaction;
- b. The extent of the Related Person's interest in the transaction;
- c. The purpose and timing of the transaction;
- d. Whether the Related Party Transaction is entered into on terms comparable to those generally available to an unaffiliated third-party under the same or similar circumstances;

- e. Whether the Company is a party to the transaction, and if not, the nature of the Company's participation in the transaction;
- f. If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
- g. Whether the Related Party Transaction is fair, reasonable and in the Company's best interest;
- h. Information concerning potential counterparties in the transaction;
- i. The approximate value of the transaction and the value of the Related Person's interest in the transaction;
- j. Review of the valuation methodology used and alternative approaches to valuation of the transaction;
- k. Whether there was a bidding process and the results thereof as well as the integrity of the process;
- l. Description of any provisions or limitations imposed as a result of entering into the proposed transaction;
- m. Whether or not the transaction could potentially create an exposure to the Company pursuant to the Income Tax (Transfer Pricing) Regulations of 2012;
- n. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- o. Whether the proposed transaction could potentially have an adverse impact on the Company's share price and/or relationships with key institutional investors; and
- p. Any other relevant information regarding the transaction

Senior Managers and Immediate Family Members who share a Senior Manager's household may not invest in partnerships or other investment opportunities sponsored, or otherwise made available, by the Company unless their participation is approved in accordance with this Policy. Such approval shall however not be required if the investment opportunity:

- 1. Is offered to qualified employees and investment by Senior Managers has been pre-approved;
- 2. Is made available to a Senior Manager actively involved in a business unit, the principal activity of which is to make such investments on behalf of the Company and is offered pursuant to an approved co-investment plan; or
- 3. Is offered to Senior Managers on the same terms as those offered to qualified persons who are not employees of the Company.

Except with the approval of the Board Establishment and Governance Committee, no Director or Senior Manager may invest in a third-party entity if the investment opportunity is made available to him or her as a result of such individual's status as, respectively, a Director or a Senior Manager of the Company.

No Director or Immediate Family Member who shares the Director's household is financially dependent on the Director shall receive an IPO allocation from a broker/dealer, including broker/dealers not affiliated with the Company.

A Related Party Transaction shall require the approval of a majority of the Board Committee or Board of Directors.

2.4. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event that the Company becomes aware of a Related Party Transaction with a Related Person that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Board Audit and Compliance Committee. The Board Audit and Compliance Committee shall consider all the relevant facts and the circumstances regarding the Related Party Transaction, including the items listed in Section 2.3 above, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Board Audit and Compliance Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the relevant Board Committees under this Policy and shall take any such action it deems appropriate.

3. PRE-APPROVED RELATED PARTY TRANSACTIONS

The following shall be deemed to be pre-approved or ratified and shall not require review or approval by the Board Establishment and Governance Committee and the Board Audit and Finance Committee

- a. **Employment of Senior Managers** – Any employment by the Company of a Senior Manager of the Company provided that the related compensation is determined in line with the Company's Remuneration Policy and Procedures;
- b. **Director compensation** – Any compensation paid to a member of the Board, if the related compensation is required to be reported in the Company's Annual Report as required under S14.10 of the Securities and Exchange Commission (SEC) Code of Corporate Governance.

- c. **Certain transactions with other companies** – Any transaction with another company at which a Related Person's only relationship is as
- (i) An employee (i.e. the Related Person is not the equivalent of a Senior Manager)
 - (ii) A beneficial owner of less than 5% of that company's outstanding equity, or
 - (iii) In the case of a partnership, a limited partner, if the aggregate amount involved does not exceed 2 percent of that company's total annual revenues.
- d. **Ordinary course transactions**
- Any financial services, including insurance services, brokerage services, loans and other financial services provided by the Company to any Director or any Immediate Family Member of a Director, provided that the services are on substantially the same terms as those prevailing at the time for comparable services provided to non-affiliates.
 - **Personal loans** – made or maintained by the Company to a Director, a Senior Manager or an Immediate Family Member who shares any such persons household, only if the loan:
 - (i) Is made in the ordinary course of business of the Company or any of its subsidiaries and is on terms that are no more favourable than market terms;
 - (ii) Complies with all Applicable Laws and Regulations governing such loans;
 - (iii) Does not involve more than the normal risk of collectability or present other unfavorable features;
 - (iv) Is not classified by the Company as substandard.
 - All business relationships between the Company and a Director's primary business affiliation or the primary business affiliation of an Immediate Family Member of a Director made in the ordinary course of business and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons.
 - **Loans** – made or maintained by the Company to a Director's primary business affiliation or the primary business affiliation of an Immediate Family Member of a Director, only if the loan:
 - (v) Is made in the ordinary course of business of the Company or any of its subsidiaries and is on terms that are no more favourable than market terms;
 - (vi) Complies with all Applicable Laws and Regulations governing such loans;
 - (vii) Does not involve more than the normal risk of collectability or present other unfavorable features;

(viii) Is not classified by the Company as substandard.

- e. **Company charitable contributions** - Any charitable contribution grant or endowment by the Company to a charitable organisation or foundation where the Related Person is a Trustee, employee or affiliate, if the aggregate amount involved does not exceed 2 percent of the charitable organization's total annual receipts.
- f. **Transactions where all shareholders receive proportional benefits** – Any transaction where the Related Person's interest arises solely from ownership of the Company's ordinary shares and all holders of the Company's ordinary shares received the same benefit on a pro rata basis (e.g. dividends, rights offer).