

Related-Party Transactions Policy

Outliers Corporate Governance Centre™ · Governance Policy Template

Document classification: Governance Policy · Owner: Company Secretary · Approver: Board of Directors · Review cycle: Annual

1. Purpose

This Policy sets out the principles, responsibilities and procedures the Company applies to identify, approve, monitor, disclose and report related-party transactions (“RPTs”). Its purpose is to ensure that every RPT is conducted on terms that are fair to the Company and its shareholders, free of undue influence, properly approved by the appropriate governance authority, transparently disclosed and continuously monitored. The Policy supports the Board, the Audit Committee and management in discharging their fiduciary duties and protecting minority shareholders from value leakage through conflicted dealings.

2. Scope

This Policy applies to the Company, its subsidiaries and joint arrangements over which the Company exercises control or significant influence. It covers all directors (executive and non-executive), key management personnel, members of board committees, the Company Secretary, persons connected to any of the foregoing (including close family members), and any entity in which any of those persons holds a controlling, significant or beneficial interest. It applies to every transaction, arrangement or commitment — whether for value or not, recurring or one-off, in cash or in kind — between the Company and a related party.

3. Definitions

“Related party” means any person or entity that meets the definition in IAS 24, the Companies and Allied Matters Act (CAMA), the Nigerian Code of Corporate Governance (NCCG) 2018 or the listing rules of any exchange on which the Company’s securities are admitted. This includes, without limitation: (a) members of the Board and their close family; (b) entities controlled, jointly controlled or significantly influenced by such persons; (c) key management personnel and their close family; (d) the Company’s parent, fellow subsidiaries and associates; (e) post-employment benefit plans of the Company; and (f) any person identified as a related party by the Audit Committee on the basis of substance over form.

“Related-party transaction” means any transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged. Examples include purchase or sale of goods or services, leases, loans and guarantees, transfers of intellectual property, contracts of employment, consultancy engagements, settlements of liabilities and shared-service arrangements.

“Material RPT” means an RPT (or a series of connected RPTs in any 12-month period with the same related party) whose value exceeds the materiality threshold approved by the Board, or which the Audit Committee otherwise designates as material on qualitative grounds.

4. Governing Principles

- Arm's-length standard: every RPT must be priced and structured on terms no less favourable to the Company than those reasonably obtainable from an unrelated counterparty.
- Substance over form: classification follows the economic reality of the relationship, not its legal label.
- Independent oversight: approval authority rests with directors and committee members who have no personal interest in the transaction.
- Full disclosure: every interest is declared promptly, recorded in the Interests Register and disclosed in financial statements as required.
- Continuous monitoring: RPTs are tracked through their full life-cycle, not only at point of approval.

5. Roles and Responsibilities

5.1 Board of Directors

The Board owns this Policy. It approves material RPTs, reviews the Audit Committee's quarterly RPT report, considers the annual effectiveness review of this Policy and ensures that adequate controls, resources and culture are in place to enforce it.

5.2 Audit Committee

The Audit Committee is the primary governance forum for RPT oversight. It pre-approves RPTs within its authority, reviews the RPT Register at every meeting, satisfies itself that pricing is at arm's length, escalates material RPTs to the Board, approves the annual framework for recurring RPTs and conducts the annual review of this Policy.

5.3 Management

Management identifies prospective RPTs at the earliest possible stage, prepares the supporting business case and pricing analysis, completes the RPT Declaration Form, routes the transaction to the correct approval authority, maintains the RPT Register and produces the quarterly RPT report.

5.4 Company Secretary

The Company Secretary maintains the Interests Register, distributes the RPT Declaration Form, ensures meeting minutes accurately record recusals and approvals, and supports the Audit Committee in tracking compliance with this Policy.

5.5 Internal Audit

Internal Audit independently tests compliance with this Policy at least annually and reports findings to the Audit Committee.

6. Approval Thresholds and Process

The following thresholds determine the approval authority for any proposed RPT. The Board may revise these thresholds from time to time on the recommendation of the Audit Committee.

Transaction value	Approval authority	Disclosure requirement	Documentation
Below 1% of net assets or NGN 10m (whichever lower)	MD/CEO + CFO joint sign-off	Quarterly RPT report to Audit Committee	RPT declaration form + supporting evidence
1-5% of net assets	Audit Committee pre-approval	Reported to Board at next meeting	Independent pricing benchmark + minutes
Above 5% of net assets or material per IAS 24	Full Board approval (interested parties recused)	Disclosed in Annual Report & to shareholders where required	Independent fairness opinion + Board resolution
Recurring transactions on standard terms	Audit Committee annual framework approval	Tracked in RPT register; reviewed quarterly	Master agreement + quarterly utilisation report

6.1 Standard approval workflow

1. Identification: any director, officer or employee who becomes aware of a proposed or potential RPT notifies the Company Secretary in writing without delay.
2. Declaration: the interested party completes the RPT Declaration Form (Annex A) and submits it with all supporting documents.
3. Assessment: management prepares the business case, pricing benchmark and risk assessment, and routes the file to the appropriate authority.
4. Review: the Audit Committee (or Board, for material RPTs) reviews the file, may seek independent advice, and either approves, conditions or rejects the transaction.
5. Recusal: interested directors absent themselves from the deliberations and the vote, and the recusal is recorded in the minutes.
6. Documentation: the approval decision, conditions and supporting evidence are filed in the RPT Register and the corporate records.
7. Execution and monitoring: the transaction is executed on the approved terms, with variations re-submitted for approval. Quarterly utilisation is reported to the Audit Committee.

7. Conflict-of-Interest Handling

Directors and key management personnel must declare conflicts of interest, actual or potential, at the earliest opportunity and update their declarations as

circumstances change. An interested party must not participate in the discussion, vote or any other decision-making step relating to the RPT, and must not seek to influence colleagues in respect of it. The Chair (or, where the Chair is conflicted, the Senior Independent Director) is responsible for managing recusals at meetings. All declarations and recusals are recorded in the Interests Register maintained by the Company Secretary.

8. Disclosure and Documentation Requirements

- Internal disclosure: every RPT is recorded in the RPT Register with full details of parties, terms, approvals and supporting evidence.
- Financial statements: material RPTs are disclosed in the notes to the financial statements in accordance with IAS 24 and applicable reporting standards.
- Annual Report: the Annual Report includes a description of the Company's RPT governance and a summary of material RPTs entered into during the year, consistent with the disclosure expectations of the NCCG 2018.
- Regulatory filings: where the Company's securities are listed, the Company complies with the disclosure obligations of the relevant exchange and the Securities and Exchange Commission.
- Shareholder approval: where required by law, listing rules or the Company's constitution, material RPTs are referred to shareholders for approval, with the interested shareholder abstaining from the vote.

9. Monitoring and Reporting

Management maintains a live RPT Register that captures every approved RPT, its terms, its remaining life and its actual utilisation against approved limits. The Audit Committee reviews the Register at each meeting. A quarterly RPT report is provided to the Board summarising new RPTs approved, variations, terminations, breaches and trends. Internal Audit performs an annual test of design and operating effectiveness of the controls described in this Policy and reports its findings to the Audit Committee.

10. Annual Review

The Audit Committee reviews this Policy annually and recommends amendments to the Board. The review considers regulatory developments, internal audit findings, emerging risks, peer practice and the Company's own experience with the Policy. The Board's approval of the revised Policy is recorded in the minutes and the updated Policy is republished and circulated to all directors, officers and relevant employees.

11. Breach and Sanctions

A breach of this Policy is treated as a serious governance matter. The Audit Committee investigates suspected breaches and recommends consequences to the Board, which may include unwinding the transaction, recovery of value, disciplinary action against employees, removal of officers, or referral to regulators. Wilful or repeated breaches by a director are grounds for the Board to consider the director's continued suitability for office.

Annex A — RPT Declaration Form

To be completed by any director, officer or employee proposing or becoming aware of a related-party transaction. Submit the completed form to the Company Secretary at the earliest opportunity, together with supporting documents.

Field	Entry
Date of declaration	
Name of declarant	
Role / position	
Nature of related-party relationship	
Counterparty (name & entity)	
Description of proposed transaction	
Transaction value (NGN)	
Pricing basis & arm's-length evidence	
Term / duration	
Approval level required	
Signature of declarant	
Audit Committee acknowledgement	
Board approval reference (if applicable)	

By signing below I confirm that the information provided is complete and accurate, that I have disclosed every interest I have or may have in this transaction, and that I have read and understood the Related-Party Transactions Policy.

Signed: _____ Date: _____

Annex B — Sample Approval Workflow (Reference)

8. Day 0 — Identification and written notification to Company Secretary.
9. Day 1-3 — Completion of RPT Declaration Form; supporting documents assembled.
10. Day 4-7 — Management prepares business case, arm's-length pricing benchmark and risk assessment.
11. Day 8-10 — File routed to Audit Committee Chair for inclusion in next meeting agenda (or to Board for material RPTs).

12. At meeting — Interested directors recuse; committee/board reviews and decides; minutes record decision and conditions.
13. Within 5 working days post-decision — Outcome communicated to management; RPT Register updated; supporting file archived.
14. Quarterly — Utilisation report reviewed by Audit Committee against approved limits and conditions.
15. Annually — Internal Audit tests compliance; Audit Committee reviews Policy effectiveness.

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