



**EQUITY GROUP HOLDINGS PLC**

**RELATED PARTY TRANSACTIONS POLICY**

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## 1. INTRODUCTION

This policy is designed to ensure that Equity Group Holdings Plc (the “Group” or the “Reporting Entity”) the Group exercises appropriate oversight and control in regard to related party transactions to protect the Group

from conflicts of interest which may arise from dealings between the Group and related parties as well as for alignment with the effective control systems for managing any exposure.

### 1.1 Policy Statement

The Group is committed to complying with all appropriate laws, regulations and guidelines, domestic and international in regard to related party transaction dealings.

### 1.2 Scope

This policy articulates the core governing principles on how to handle related party transactions within the Group. It also seeks to ensure that related party transaction are identified, reviewed and disclosed.

### 1.3 Objectives

- To effectively identify related party transactions
- To ensure that related party transactions are properly reviewed
- To implement the general requirements as approved by the Board of Directors;
- To effectively manage and monitor related party transactions
- Specify disclosure requirements to the regulators, shareholders and other relevant stakeholders and as per applicable laws to achieve a satisfactory level of transparency by the Group.

### 1.4 References

- ✓ Insider Trading Policy
- ✓ IFRS ACT
- ✓ International Accounting Standard 24 *Related Party Disclosures* (IAS 24)
- ✓ The Companies Act
- ✓ CMA Code of Corporate Governance Practices

### 1.5 Definitions

**1.5.1 Related Party Transaction:** Means any business deal or any financial arrangement between a related party and the Group.

#### 1.5.2 Related Party:

##### 1.5.2.1 Natural Persons

- a) Director of the Group or its subsidiary
- b) Member of Senior Management of the reporting entity or of a parent of the reporting entity;
- c) Major shareholder
- d) Immediate family members of a Director, Senior Manager or a major shareholder (shareholder being a natural person) up to the second degree of affinity i.e. spouse, children, parents, stepparents, step children, siblings and in-laws and individuals sharing the household of such a person

##### 1.5.2.2 Entities

- a) Fellow subsidiaries
- b) Either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
- c) Both entities are joint ventures of a third entity.
- d) Either entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- e) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
- f) The entity is controlled or jointly controlled by a person identified in (a).
- g) A person identified in **(1.5.2.1) (a)** has significant voting power in the entity.
- h) A person identified in **(1.5.2.1) (b)** has significant influence over the entity or significant voting power in it.

1.5.3 The following are not necessarily related parties:

1.5.3.1 Two entities simply because they have a director or other member of key management personnel in common.

1.5.3.2 Two ventures' simply because they share joint control over a joint venture.

1.5.3.3 Any of the following simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process):

- a) Providers of finance
- b) Trade unions
- c) Public utilities
- d) Government departments and agencies

1.5.3.4 A customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, merely by virtue of the resulting economic dependence.

1.5.4 Material: Any financial transaction, arrangement or relationship in which the aggregate amount involved will or may exceed the [pre specified amount as may be advised from time to time] where a Related Party has or will have direct or indirect material interest.

## **2. MATERIALITY THRESHOLD**

The Group shall establish materiality threshold for related party transaction, beyond which, approval committee, for respective entities shall be required to approve. The materiality threshold shall be any amount above USD 2M or its equivalent.

## **3. RELATED PARTY TRANSACTION HANDLING**

### **3.1 Identification of Related Party**

3.1.1 The Group shall establish further guidelines for identification of all related parties within the Group. Any related party identified shall be added into the related party list.

3.1.2 Any financial transaction, arrangement in which the aggregate amount involved will or may exceed set limit where a related party has or will have direct or indirect material benefit.

### **3.2 Identification of Related Party Transaction**

The Group shall establish systems for proper identification of related party transactions in each subsidiary.

### **3.3 Approval of Related Party Transactions**

3.3.1 All related party transactions identified shall be reviewed by the respective Board Audit Committees and thereafter by the Full Board of Directors.

3.3.2 Committee will be provided with all the relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the company and to the Related Party, and any other relevant matters.

## **4. DISCLOSURES**

The Group shall disclose the following information;

- a) Relationships between the Group and its subsidiaries irrespective of whether there have been related party transactions.
- b) Management compensation for key management personnel who have authority and responsibility of planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise). These include;
  - i) Short-term employee benefits
  - ii) Post-employment benefits
  - iii) Termination benefits
  - iv) Share-based payment benefits
  - v) Other long-term benefits
- c) Related party transactions including but not limited to the following;
  - i) Transactions between an entity and its principal owner(s).
  - ii) Transactions between an entity and another entity when both entities are under the common control of a single entity or person.
  - iii) Transactions in which an entity or person that controls the reporting entity incurs expenses directly that otherwise would have been borne by the reporting entity.
- d) Disclosures shall include:
  - i) The amount of the transactions.
  - ii) The amount of outstanding balances and:
    - Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement, and
    - Details of any guarantees given or received.
  - iii) The expense recognized during the period in respect of bad or doubtful debts due from related parties.
  - iv) aggregate exposure to related parties
- e) The following are examples of transactions that shall be disclosed if they are with a related party:
  - i) Purchases or sales of goods (finished or unfinished).
  - ii) Purchases or sales of property and other assets.
  - iii) Rendering or receiving of services.
  - iv) Leases
  - v) Transfers of research and development.
  - vi) Transfers under license agreements.
  - vii) Transfers under finance arrangements (including loans and equity contributions in cash or in kind).
  - viii) Provision of guarantees or collateral.
  - ix) Settlement of liabilities on behalf of the entity or by the entity on behalf of another party.
  - x) Participation by a parent or subsidiary in a defined benefit plan.
- f) Whether the proposed transaction includes any potential reputational risk issues that may rise as a result or in connection with the proposed transaction
- g) Any other material information regarding the transactions or the Related Party's interest in the transactions.

## 5. EXEMPTIONS TO THE RELATED PARTY TRANSACTION RULE

The following types of transactions shall not require review and approval by the Board Audit Committee and the Full Board of Directors, respectively;

### **5.1 Ordinary Course of Business**

- Financial services provided to all related parties such as, insurance and cash management services provided that the transaction has no policy deviations and the services are on substantially the same terms as those prevailing at the time for comparable services provided to unrelated parties; and
- A transaction where the rates or charges involved in the transaction are determined by competitive bids or fixed by law or regulated by a governmental authority.

### **5.2 Employee Benefits**

- Auxiliary banking services such as remittances, safe deposit boxes, credit cards, etc. at preferential rates or waivers given to all employees (including senior officers) as part of employees' incentives or benefits.

## **6. REVIEW OF THIS POLICY**

The Audit Committee will periodically review this Policy and recommend amendments as it deems appropriate. This Policy is intended to work in conjunction with other Company policies including the conflict of interest policy.