

BOARD OF DIRECTORS CONFLICT OF INTEREST POLICY

Origin NIG

Validation level 1

Responsible Board of Directors **Recipients** Board of Directors

Document Location File Server\\Legal Cloud

LAST UPDATE VERSION BY MODIFICATIONS

24/10/2022 0.1 L&C Creation

16/12/2022 1.0 BOD Validation

Enter the date Enter version no. Name

ORGANISATION REVIEW BY SIGNATURE

24/10/2022

Damilola Ojo



VERSION VALIDATION DATE BY SIGNATURE

1.0 16/12/2022 BOD



OBJECTIVES

The present policy aims to protect the interest of Advans La Fayette Microfinance Bank (“the Bank”), and to promote honest and ethical conduct, including the handling of actual, apparent, or potential conflicts of interest between the Directors’ personal and professional relationships with the Bank.

RELATED DOCUMENTS

Board Charter

Board Committee Charters

Contents

- 1. Introduction..... 3
- 2. Scope of the Policy 3
- 3. Definition of Conflict of Interest..... 3
- 4. Identification of Situations of Conflict of Interest..... 3
- 5. Frequency and Mode of Disclosure..... 4
- 6. Periodic Review 4
- 7. Appendix..... 5

1. Introduction

In order to ensure that Directors carry out their duties with integrity and to promote ethical culture in the Board, a rigorous conflict of interest process is essential. To this end, the purpose of this policy is set out as follows:

- ⊕ To appropriately identify situations of conflict of interest;
- ⊕ To outline the mode and frequency of disclosure;
- ⊕ To protect the integrity of the Bank and its decision-making process, and promote stakeholder confidence in the integrity, intentions, and actions of the Board; and
- ⊕ To ensure compliance with the Nigerian Code of Corporate Governance (NCCG), 2018.

2. Scope of the Policy

The policy shall apply to each Director of the Bank who shall refer to the Board Charter for conflict of interest matters.

3. Definition of Conflict of Interest

- A conflict of interests is a situation where, for a given agreement, the personal interest of a Director may oppose the interest of the Bank;
- The conflict of interests is characterized by the fact that there is a serious risk that a Director loses his/her intellectual independence or objectivity and is weakened in the exercise of her/his responsibilities; and
- A conflict of interests arises when there is an interference between the mandate given by the Bank to a Director and the personal interest of the Director.

4. Identification of Situations of Conflict of Interest

Pursuant to the outlined situations of conflict of interest contained in the Board Charter, the Board shall consider the following in identifying the existence of a conflict of interest:

- Where a Director discloses his interest in any transaction, arrangement, or relationship involving the Bank, the Board shall assess if a potential or actual conflict exists, or where disclosed conflict of interest calls into question the Director's continued ability to effectively serve on the Board.
- A Director who discloses such interest may make or be called to make a presentation related to the applicable transaction, arrangement, or relationship at the Board meeting in order for the Board to gain a better understanding of the issues. Such a presentation should be made without influencing the discussions on that matter.

- Upon completing the presentation, such director shall be recused from any discussion of, and any vote on, the transaction, arrangement, or relationship involving the possible conflict of interest.
- In analysing a situation of conflict of interest, the Board shall consider the following factors:
 - ⊕ Whether the terms are fair to the Bank and on the same basis as would apply if the transaction did not involve a director;
 - ⊕ Whether there are business reasons for the Bank to enter into the transaction or arrangement, including whether the Bank can obtain a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest; and
 - ⊕ Whether the proposed transaction or arrangement would impair the independence of an outside director.
- The Board shall by a simple majority determine if a conflict of interest exists.
- Where a conflict of interest is identified, the director involved shall be advised to divest the interest causing the conflict.
- The disclosure by a Director as well as the decision by the Board as to whether or not a conflict of interest exists should be recorded in the minutes of the meeting.

5. Frequency and Mode of Disclosure

- On first appointment and at regular intervals (at least once every year) or at any time when circumstances change, all Directors shall, in good faith, disclose to the Board any conflict of interest.
- Conflict of Interest Disclosure Statement for Directors attached to this Policy shall be the mode of disclosure.
- If a Director is not certain whether he is in a conflict of interest situation, such a Director should discuss the matter with the Chairman of the Board or the Chairman responsible for governance and nomination for advice and guidance.
- Directors who are aware of a real, potential or, perceived conflict of interest on the part of a fellow Director, have a responsibility to raise the issue promptly for clarification, either with the Director concerned, the Chairman of the Board or the Chairman of the committee responsible for governance and nomination.

6. Periodic Review

- The Conflict of Interest Policy shall be reviewed every 3 years.
- This Policy may be amended only by the Board.

7. Appendix

Conflict of Interest Disclosure Statement for Directors

In accordance with the purposes and intent of this Policy,

I,, a Director in Advans La Fayette Microfinance Bank hereby discloses as follows:

> Do you, an Immediate Family Member or Related Party hold, directly or indirectly, financial interest or other substantial personal interest or affiliation with any company, vendor, or firm with which the Bank has or proposes to enter into a business or contractual relationship?

- No
- Yes-Explain below

.....

.....

.....

> Are you a director, executive, advisory board member, limited partner, officer, trustee, or hold another position of authority to influence, directly or indirectly, any organization, firm, or company whether joint venture, owned or partially owned by your organization that would, directly or indirectly, compete with any of the Bank’s business?

- No
- Yes-Explain below

.....

.....

.....

> Do you, an Immediate Family Member or Related Party hold, directly or indirectly, have or had a compensation relationship with any company, vendor, or firm with which the Bank has or proposes to enter into a business or contractual relationship that has resulted in or could result in personal benefit to you, an Immediate Family Member or Related Party?

- No
- Yes-Explain below

.....
.....
.....

> Have you, an Immediate Family Member, or Related Party used non-public information of the Bank, a participating vendor/member, or other strategic alliance for personal benefit?

- No
- Yes-Explain below

.....
.....
.....

> Have you, an Immediate Family Member or Related Party taken personal opportunities related to the Bank's business by using the Bank's property, information or position for personal gain, or competed with the Bank for business opportunities?

- No
- Yes-Explain below

.....
.....
.....

> Have you, an Immediate Family Member or Related Party used the Bank's assets, labor, or information for personal use without prior approval by the Chairman of the Board or not as part of an approved Board communication, compensation or expense reimbursement program?

- No
- Yes-Explain below

.....
.....

.....

> Do you, an Immediate Family Member or Related Party have an equity investment in any company, vendor, or firm with which the Bank has or proposes to enter into a business or contractual relationship excluding mutual funds and blind trusts?

- No
- Yes-Explain below

.....
.....
.....

> Are there any other interests, activities, investments, or involvement that you think might be relevant for full disclosure of all actual, apparent, or potential conflicts of interest?

- No
- Yes-Explain below

.....
.....
.....