

**McNICHOLS CONSOLIDATED PLC**  
**CODE ON**  
**CONFLICT OF INTEREST**

## **CONFLICT OF INTEREST**

The purpose of the conflict of interest policy is designed to foster public confidence in the integrity of McNichols Consolidated Plc (the "Company") and to protect the Company's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer or key employee of the Company or might result in a possible excess benefit transaction. This policy is a SEC (Securities and Exchange Commission) requirement and is intended to supplement, but not replace, any applicable laws governing conflicts of interest applicable to corporate establishments. A "conflict of interest" arises when an individual's personal interest interferes or appears to interfere with the interests of the Company. A conflict of interest can arise when a director, officer or employee takes actions or has personal interests or relationships that may make it difficult to perform his or her Company work objectively and effectively. For example, a conflict of interest would arise if a director, officer or employee, or a member of his or her family, receives improper personal benefits as a result of any transaction or transactions of the Company. Another example of a conflict of interest is if a director, officer or employee, or a member of his or her family, is in competition with the business of the Company or involved with or has interest in another company that is a competitor or potential competitor of the Company. Interests in other companies, including potential competitors and suppliers, that are purely for investment purposes, are not significant to the individual and do not include involvement in the Board or management of the other entity, or where an otherwise questionable relationship is disclosed to the Board and any necessary action is taken to ensure there will be no effect on McNichols Consolidated Plc, are not considered conflicts unless otherwise determined by the Board.

Fidelity or service to the Company should never be subordinated to or dependent on personal gain or advantage. Conflicts of interest should be avoided.

In most cases, anything that would constitute a conflict for a director, officer or employee also would present a conflict if it is related to a member of his or her family.

### **2.1 DEFINITIONS**

#### **(a) Interested Person**

Any director, officer, key employee or member of a committee with board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

#### **(b) Officer**

The chief executive officer, chief financial officer, executive director, or any other person with the responsibilities of any of these positions (whether or not the person is an officer of the Company)

#### **(c) Key Employee**

An employee whose total annual compensation (including benefits) from the Company is more than N600,000 and who;

- i. Has responsibilities or influence over the Company similar to that of officers or directors or
- ii. Manages a program that represents 5% or more of the activities, assets, income, or expense of the Company or
- iii. Has or shares authority to control 2% or more of the Company's capital expenditures, operating budget, or compensation for employees.

(d) Interest

Any commitment, investment, relationship, obligation, or involvement, financial, or otherwise, direct or indirect, that may influence a person's judgment, including receipt of compensation from the Company, a sale, loan, or exchange transaction with the Company.

(e) Conflict of interest

When, in the judgment of the Board of Directors, an interested person(s) stake in the transaction is such that it reduces the likelihood that an interested person(s) influence can be exercised impartially in the best interest of the Company.

(f) Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

- i. An ownership or investment interest in any entity with which the Company has a transaction or arrangement.
- ii. A compensation arrangement with the Company or with any entity or individual with which the Company has a transaction or arrangement, or
- iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Company is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favours that are not insubstantial.

A financial interest is not necessarily a conflict of interest. No interested person shall be disqualified from holding any office in the Company by reason of any interest in any concern. An interested person shall not be disqualified from dealing, either as a vendor, purchaser or otherwise, or contracting or entering into any other transaction with the Company or with any entity of which the Company is an affiliate. No transaction of the Company shall be voidable by reason of the fact that any interested person of the Company has an interest in the concern with which such transaction is entered unless, a violation of the Conflict of Interest Policy has been determined by the appropriate governing body or committee.

(g). Excess Benefit Transaction

More than the fair market value

## 2.2 PROCEDURES

### (a) Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial or other interest and disclose all material facts to the Chief Executive Officer, legal officer and/or administration officers or the Board for director level conflicts (herein referred to as the conflict of interest committee) with delegated powers of considering the proposed transaction or arrangement.

### (b) Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the committee or board meeting while the determination of a conflict of interest is discussed and voted upon. The board or committee members shall decide if a conflict of interest exists.

### (c) Procedures for addressing the Conflict of Interest

- i. An interested person may make a presentation to the board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- ii. The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- iii. After exercising due diligence, the board or committee shall determine whether the Company can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- iv. If a more advantageous transaction or arrangement is not reasonably possible under circumstance not producing a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors or committee members whether the transaction or arrangement is in the Company's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

### (d) Violations of the Conflict of Interest Policy

- i. Where the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- ii. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## 2.3 RECORDS OF PROCEEDINGS

The minutes of the board/committee with board delegated powers shall contain:

- (a) The names of the person who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the boards or committee's decision as to whether a conflict of interest in fact existed.
- (b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.
- (c) The summary of the proceeding should include the following:
  - i. Name of the conflicted person
  - ii. Description of the conflict
  - iii. Members present during the discussion
  - iv. Whether the conflicted person was present during the discussion
  - v. The content of the discussion
  - vi. The members who voted
  - vii. The result of the vote
  - viii. Any action taken as a result of the vote

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DIRECTOR

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DIRECTOR