



SOVEREIGN TRUST
INSURANCE PLC. RC 31962

Sovereign Trust Insurance Plc

Securities Trading Policy

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Securities Trading Policy

1. Introduction

This manual sets out the Sovereign Trust Insurance Plc (STI)'s policy on the sale and purchase of its products by insiders. It is the intention of STI to encourage its directors and employees to be long-term holders of STI's products. However, it is pertinent that due care and diligence is required in the timing of any purchase or sale of such products. This policy provides a basic explanation of what constitutes insider trading/dealing and STI's policy to prevent it, including:

- a description of what conduct may constitute insider trading/dealing;
- a description of the acceptable times for persons who fall within the definition of insiders to trade in ST's products to minimise the risk of insider trading/dealing; and
- the steps for insiders and their connected persons to take when trading in STI's products.

2. Who is an Insider?

I. Section 315 of the Investments and Securities Act, No. 29, 2007 (ISA), provides that an Insider is:

a. any person who is or is connected with the company in one or more of the following capacities:

- a director of the company or a related company;
- an officer of the company or a related company;
- an employer of the company or a related company;
- an employee of the company, involved in a professional or business relationship to the company;
- any shareholder of the company who owns 5 per cent or more of any class of securities or any person who is or can be deemed to have any relationship with the company or member;
- members of audit committee of a company; and

b. any of the persons listed in paragraph (a), who by virtue of having been connected with any such person or connected with the company in any other way, possesses unpublished price sensitive information in relation to the securities of the company, and any reference to unpublished price sensitive information in relation to any securities of a company is a reference to information which:

- relates to specific matters relating or of concern (directly or indirectly) to that company, that is, is not of a general nature relating or of concern to that company; and
- is not generally known to those persons who are accustomed to or would be likely to deal in those securities but which would, if it were generally known to them be likely materially to affect the prices of those securities.

II. Rule 400(3) of the Securities and Exchange Commission (SEC) Consolidated Rules, 2013 and Nigerian Exchange Ltd.'s The Rulebook of The Nigerian Stock Exchange (NSE), 2015 (the "Rulebook") (Issuers' Rules) provide that an Insider is an individual:

a. who is connected with the company during the preceding six (6) months in one of the following capacities:

- a director of the company or a related company
- an officer of the company or a related company
- an employee of the company or a related company
- a person involved in a professional or business relationship with the company as above
- a shareholder who owns five per-cent (5%) or more of any class of products or any person who can be deemed to be an agent of any of the above listed persons; and
- members of the audit committee.

b. who by virtue of having been connected with the company as mentioned in paragraph "a" has obtained unpublished price sensitive information in relation to the products of the company.

3. What is insider trading?

Securities and Exchange Commission Rules and Regulations (SEC) (2013)'s Rule 17 defines insider trading as

"Directors of public companies, their immediate families, that is spouse, son, daughter, mother or father, and other insiders as defined under Section 315 of Investments and Securities Act (ISA) and Rule 400 (3) of the Securities and Exchange Commission (SEC) Rules and Regulations, in possession of price sensitive information or other confidential information, shall not deal with the securities of the company where such would amount to insider trading as defined under the Investment and Securities Act (ISA) 2007".

Thus, for the purposes of this policy:

"Insider" means a person who has inside information through being a director, employee or shareholder of 'STI or who has access to such information by virtue of his employment, office or profession; or such person knows that the direct or indirect source of the inside information was any of the aforementioned persons; or any person who can be deemed to be a closed associate or an agent of any of the aforementioned persons.

"Close Associate/Connected Person" means:

- a family member who could be expected to be influenced by a Director or employee in their dealings with STI's products (this would include a Director or employee's partner and dependents);
- superannuation fund or trust under which a Director or employee or a family member of a Director or employee is a trustee or beneficiary;
- a company controlled by a Director or employee or their family; and
- an agent.

"Insider Trading" includes insider dealing and occurs when a person or group of persons who being in possession of some confidential and price sensitive information not generally available to the public, utilizes such information to buy or sell products for the benefit of himself, itself or any person.

"Inside Information" means specific or precise information, which has not been made public and which is obtained or learned as an insider; and if it were made public would be likely to have a material effect on the price or value of any product listed on a regulated market.

"Products" means STI's products such as shares, options, warrants or any other security, or financial products issued or created over or in respect of STI products (e.g. derivatives), whether or not they are traded on the Nigerian Exchange.

3.1 Confidentiality and Inside Information

A person in possession of inside information (i.e. price sensitive information or other confidential information) about STI has a duty to keep that information confidential and must not in any way trade it or profit from it or disclose or communicate that information to any person.

3.2 General Prohibition

In general terms, a person will be guilty of insider trading or dealing if:

a. That person or group of persons who is in possession of some confidential and price sensitive information not generally available to the public, utilizes such information to trade in products for his/its own account and for his benefit or makes such information available to a third party (either knowingly or unknowingly) who uses it for his benefit; and

That person:

- trades in STI's products;
- procures someone else to trade in STI's products; or
- passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely trade in the products or procure someone else to trade in the products of STI.

3.3 Additional Restrictions on Trading – Directors and Senior Management

Directors and certain employees whose positions expose or are likely to expose them to inside information regarding STI are subject to additional restrictions on trading in the company's products during the closed periods outlined below, unless exceptional circumstances apply.

For the purposes of this policy, the Boards and Senior Managements of STI and its related companies include:

- Board members;
- Managing Director and/or Chief Executive Officer (CEO);
- Executive Directors;
- Chief Finance Officer (CFO);

- Company Secretaries; and
- anyone else who works closely with officers in a, b, c, d and e above or by virtue of responsibility has access or in possession of price sensitive information.

Dealing in STI's products by the persons listed above and their Close Associates is prohibited during Closed Periods unless prior clearance has been obtained from the Company Secretary (in the case of the Board and Senior Management other than the Chairman) or the Board (in the case of the Chairman). The Board and Senior Management must take reasonable steps to ensure that their Close Associates inform them of any proposed dealing in STI's products during a Closed Period, so that they can seek prior clearance on behalf of their Close Associates.

3.4 Closed Period

Rule 17(18) of the NSE's Rulebook, 2015 as amended describes a closed period as the trading window when insiders are restricted from transacting in the products of their issuers. The closed period is the end of the financial period in review (quarterly, half-yearly, and full year) or fifteen (15) days prior to a board meeting to consider Price Sensitive Information (PSI) or the date of circulation of board papers for such board meeting, whichever is earlier. The window is expected to re-open, 24 hours after the PSI has been disclosed to the market.

Please see examples below of the information considered as PSI:

- Declaration of financial results (quarterly, half-yearly and full year).
- Declaration of dividends (interim and final).
- Issue of products by way of public offer, rights, or bonus, etc.
- Any major expansion plans, or winning of bid, or execution of new projects e.g. mergers, take-overs, and buy-backs.
- Disposal of the whole or substantial part of the undertaking.
- Any change in policies, plans or operations of the company that are likely to materially affect the price of a listed entity products.
- Disruptions of operations due to natural calamities.
- Litigations/disputes with a material impact.
- A substantial change to the terms of the corporate structure of the group and any of its subsidiary.

3.5 Notification of Closed Period

STI shall notify The Exchange in advance of the commencement of each closed period. The company shall not suspend a closed period after it is announced.

3.6 Closed Period's Exceptional Circumstances

With the prior approval of The Exchange, trading may be permitted during a closed period only:

- To execute transactions pursuant to statutory or regulatory obligations or court orders;
- To exercise stock options under a pre-existing employee stock option scheme; and
- To execute large volume trades or block divestments between Insiders only

However, The Exchange may refuse to grant approval for trading during a closed period, where it considers that such a trade if allowed will interfere with the fair and orderly functioning of its market.

3.7 Dealing through Third Parties

A person does not need to be a director or employee of STI to be guilty of insider trading in relation to products in STI. The prohibition extends to dealings by directors, persons discharging managerial responsibilities and advisers of STI and their connected persons through nominees, agents or other associates, such as family members, family trusts and family companies.

3.8 Irrelevance of Information Source

It does not matter how or where the person obtains the information - it does not have to be obtained from STI to constitute inside information.

3.9 Permissible Activity During Closed Period

Directors and all employees may at any time acquire products in STI:

- by conversion of products giving a right of conversion to ordinary shares;
- under a bonus issue made to all holders of products of the same class;
- under a dividend reinvestment, or top-up plan that is available to all holders or products of the same class;
- acquire, or agree to acquire or exercise options under a company share option plan;
- as a result of the exercise of options held under an employee option scheme;
- as a result of a share purchase plan available to all retail shareholders; or
- as a result of an equal access buy-back;
- an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in FCMB's products) where the assets of the fund or other scheme are invested at the discretion of a third party; and
- undertakings to accept, or acceptance of, a takeover offer.

However, the prohibition does apply to the sale of shares acquired under an employee share scheme and to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

4 Penalties

Insider trading is a criminal offence. The criminal penalties for a breach of the insider trading prohibition according to Sections 115/6 of The Investments and Securities Act 2007 as referenced by SEC Rules and Regulations (2013) include:

- a. in the case of a person not being a body corporate, to –
 - a fine of not less than N500,000 or an amount equivalent to double the amount of profit derived by him or loss averted by the use of the information obtained in contravention of any of the provisions of this part; or
 - to imprisonment for a term not exceeding seven years; or

b. in the case of a person being a body corporate, to a fine not less than N1,000,000 or an amount equivalent to twice the amount of profit derived by it or loss averted by the use of the information obtained in contravention of any of the provisions of this part.

c. In addition, the insider trader, and any other persons involved in the contravention may also be liable to compensate third parties for any resulting loss.

5 Policy Guideline for Trading in STI's Products

5.1 General Requirement

No person who falls within the definition of an insider in STI and their connected persons shall deal in the products of STI when the trading window is closed.

5.2 Restrictions on Trading in STI's Products

Persons who fall within the definition of an insider in STI and their connected persons must not trade in any of STI's products during a "closed" period.

5.3 Safest Times to Deal in STI's Products

The factual and strict test is whether, at any particular time, a person who falls within the definition of an insider in STI or his/her connected person is in possession of, or has access to price sensitive information, which is not generally available in the market. If the person has access to such information, then such person should refrain from dealing in STI's products at such a time.

As a matter of best practice, the following periods are the most appropriate times for persons who fall within the definition of insider in STI and their connected persons to deal in STI products:

- in the four (4) weeks before and 48 hours following the release of the full year results.
- in the four (4) weeks before and 48 hours following the release of the half-yearly results.
- in the four (4) weeks before and 48 hours following the annual general meeting.
- in the four (4) weeks before and 48 hours following any price sensitive events.

Even at these times, it is important to be cautious and aware that there may be some occasions when it is not proper for directors or employees to deal in STI's products because of the privileged information in their possession, their knowledge of impending or actual developments which are not known in the market place. There are, of course, times when a company is considering a major event (such as those referred to in Section 2.4 above) and will not advise the market of this until the occurrence of the event is more certain.

5.4 No Short-term Trading in STI's Products

It is also against STI policy for directors, persons discharging managerial responsibility and advisers of STI and their connected persons to be engaged in short-term trading of STI's products (i.e. buy and sell within a 12-month period).

5.5 Material Transactions by Directors

Where a trade by a director in STI's products either personally or through a trust or company structure associated with the director is in excess of one million shares or represents more than 10% of that director's then current products holding, the director has the responsibility to notify the Chairman or Company Secretary at least 48 hours prior to engaging in any transaction in STI's products.

This notification obligation operates at all times (even during the periods specified in Section 5.2 above).

6 Disclosure Requirements for Dealings in STI' Products

Both SEC and NSE require the directors, persons discharging managerial responsibility and advisers of the Issuer (the company) and their connected persons to disclose their dealings in the products of the Issuer.

i. SEC Rule (401): Filing of notice by directors and other insiders upon sale or purchase of their shares in the company.

- Directors and other insiders of public companies shall notify the Commission of the sale of their shares in the company or any purchase of shares in the company not later than 48 hours after such activity;
- Such notices shall be deposited at the Commission's head office or any of its zonal offices;
- Insiders, as used in this rule, has the same meaning as defined in the ISA 2007.

ii. **Nigerian Exchange's Rule 17.15(c): Disclosure of Dealings in Issuers' Shares, Rulebook of The Exchange, 2015 (Issuers' Rules)** provides that all directors, persons discharging managerial responsibility and persons closely connected to them as well as all insiders of the Issuer shall notify the Issuer in writing through the Company Secretary of the occurrence of all transactions conducted on their own account in the shares of the Issuer on the day on which the transaction occurred and the Issuer shall maintain a record of such transactions which shall be provided to The Exchange within two (2) business days of The Exchange making a request in that regard.

As a further guidance to the above requirements by the SEC and NSE, the details of such disclosure and filing should include product type, volume traded, transaction price, transaction date, Dealer/Stockbroker, CSCS Account Number, etc.

iii **Disclosure of Substantial Shareholders Rule 17.13(a): Disclosure of Changes in Beneficial Ownership of Shares, Rulebook of NGX, 2015:** STI shall notify The Exchange immediately on any transaction that brings the beneficial ownership in the company's shares to five per cent (5%) or more not later than ten (10) business days after such transaction.

7. Review, Approval and Compliance Monitoring

This policy document will be hosted on STI website and it is the primary fiduciary responsibility of persons who fall within the definition of insiders to get accustomed with the document and ensure compliance with the tenets of this policy. This Policy shall be reviewed as deemed necessary but not later than every five years.

Whilst the company secretaries has the responsibility for reporting the trading activities of the directors, persons discharging managerial responsibility, employees and advisers of STI and their connected persons on the shares of STI based on the notifications received, and rendered the required returns to the NGX Regulation Limited within the prescribed 48 hours, compliance checks with this policy shall be the functions of the Risk Management and Compliance Department and the Internal Audit Department. The Board Audit and Compliance Committee shall have oversight monitoring of compliance with this policy.

The above provisions having been approved by the Board as policy statements shall be subject to review from time to time as deemed fit by the company

S/N	Name	Representing	Signature	Date
1	Mr. Oluseun Ajayi	Board of Directors		March 14, 2023
2	Mr. Eric Balogun	Board Audit & Compliance Committee		March 14, 2023
3	Mr. Olaotan Soyinka	Managing Director/CEO		March 14, 2023
4	Mr. Sanni Oladimeji	Head, Risk Management & Compliance		March 14, 2023