

## **Nigerian Exchange Group**

# **Dividend Policy**

## Approvals

Designation	Signature
Group Chief Executive Officer	Oscar N. Onyema
Board Strategy, Finance and Investment Committee	BSFIC
Board of Directors	Board of Directors

## Document History

Version	Date	Purpose	Reviewers
1 <sup>st</sup> Edition	March 21 , 2022	To develop dividend policy for NGX Group.	

## Reviewers and Approvals

This document has been approved by the Group Chief Executive Officer, Board Committee and Board as Dividend Policy of Nigerian Exchange Group Plc (NGX Group).

Concurrence	Date	Edition
Group Chief Executive Officer	March 23, 2022	1 <sup>st</sup>
Board Strategy Finance and Investment Committee (BSFIC)	April 1, 2022	1 <sup>st</sup>
Board of Directors	June 23, 2022	1 <sup>st</sup>

## Distribution List

This document was reviewed by

Name	Date of Review
Group Chief Investment Officer	Feb. 2022
Group Internal Auditor	Feb. 2022
Chief Risk Officer	Feb. 2022

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## 1. INTRODUCTION

The Dividend Policy is formulated in accordance with the Laws of the Federal Republic of Nigeria, investment and tax legislations, Codes of Corporate Governance, as well as internationally recognized best practices and principles. The policy seeks to guarantee shareholder rights especially as it relates to return on investment.

## 2. SCOPE OF THE POLICY

The Policy is for issues relating to the determination and payment of dividend. It shall accordingly be employed in determining any claim by any shareholder, individual or institution, regarding the dividend of the Nigerian Exchange Group (“**NGX Group**” or “Group” or “the Company”) subject to provisions in the Articles of Association of the Company.

## 3. OBJECTIVES

- 3.1. To develop a transparent and methodological Dividend Policy, adherence to which will be required on annual basis.
- 3.2. To define the policy and procedures of NGX Group in relation to the calculation, declaration and settlement of Dividend and the determination of the form and time periods within which Dividend is paid.
- 3.3. To ensure that NGX Group has sufficient distributable profits and/or general reserves, as determined by a review of the Company’s audited financial statements as well as consideration of other financial factors, prior to any declaration and/or payment of Dividend.

## 4. DECLARING DIVIDEND

- 4.1. The dividend policy of NGX Group is to distribute, to its shareholders, surplus funds from its distributable profits and/or general reserves, as may be determined by the Board of Directors, subject to:
  - 4.1.1. The recognition of profit and availability of cash for distribution;
  - 4.1.2. The operating and investment needs of the Company;
  - 4.1.3. The anticipated future growth and earnings of the Company;
  - 4.1.4. Provisions of the Company’s Articles of Association;

- 4.1.5. Any banking or other funding requirements by which the Company is bound from time to time;
- 4.1.6. Emerging trends in Dividend payouts in the industry; and
- 4.1.7. Any relevant applicable laws.
- 4.2. Subject to provision of 4.1, the dividend payable in cash in a year shall be between pay-out ratio 25% and 75% of the distributable profit of same year to which the Dividend is applicable.
- 4.3. The Board may recommend a scrip (bonus) issue in any year and in any ratio as it deems fit for any year through the capitalization of any undistributed Retained Earnings:
  - 4.3.1. In recommending a bonus issue, the Board shall maintain a balance between the Paid-up capital and the undistributed Retained Earnings.
- 4.4. The Company's Board of Directors shall be responsible for generating all resolutions to shareholders on the declaration and payment of dividends.
- 4.5. The decision to declare and pay dividend, including the procedure for making dividend payments, shall be approved at the Annual General Meeting (AGM) of shareholders, upon the recommendation of the Board of Directors.
- 4.6. The decision on whether to declare and pay dividend shall be a separate item of agenda at the AGM.
- 4.7. The decision on the dividend amount payable and the payment procedure shall be made by the Board of Directors at a meeting where the resolution for distribution of dividend from the Company's net profit for the financial year is made by the directors, and recommended to the shareholders.
- 4.8. The Board of Directors may in its discretion declare an interim Dividend based on profits arrived at as per quarterly or half yearly unaudited financial results. Where no final dividend is declared, the interim Dividend shall be regarded as the final dividend in the AGM.
- 4.9. Any declaration to pay dividend must provide the following:
  - 4.9.1. The amount of dividend per share;
  - 4.9.2. The date of payment; and
  - 4.9.3. The form of payment of Dividend whether in cash or bonus share.
- 4.10. The Company may not declare any dividend(s) where:
  - 4.10.1. There are reasonable grounds for believing that the Company is or would be, after a dividend payment, unable to pay its liabilities or discharge its obligations as and when they become due;

- 4.10.2. Pursuant to dividend decision date, the Company is insolvent or bankrupt or where, because of paying dividend, the Company would be rendered insolvent or bankrupt;
- 4.10.3. Prior to the dividend decision date, the net asset value of the Company is less than its authorized capital and reserve when directors make a recommendation of dividend in any given year.
- 4.10.4. There is any other case set forth by any law.

## 5. TAXATION POLICY

- 5.1. Dividend shall be paid to shareholders after deduction of withholding tax at the prevailing rate currently fixed at ten (10) percent based on the existing tax legislation.
- 5.2. The rate of the withholding tax deducted from dividend paid to shareholders resident in countries having tax treaties with Nigeria shall be in line with the relevant provisions of the applicable treaty.
- 5.3. Withholding tax deducted from dividend paid by NGX Group shall be remitted in accordance with the provisions of the relevant tax legislation or tax treaty.

## 6. PERSONS ENTITLED TO DIVIDEND

- 6.1. The list of persons entitled to receive dividend shall be prepared by the NGX Group's External Registrar according to the Company's instructions and prevailing legislation.
- 6.2. The list of persons entitled to receive dividend shall be shareholders on the NGX Group's Register of shareholders as at a determined date in a year ('Dividend qualification date') and this qualification date shall be included in its notice of AGM to shareholders (and Corporate Action press releases, in the case of Interim Dividend).

## 7. PAYING DECLARED DIVIDEND

- 7.1. The date on which annual dividend is paid shall be the date in which the AGM holds in the year that dividend is declared or at any other date that the shareholders at AGM shall approve.
- 7.2. The Board of Directors will determine a payment date for approved Interim Dividend which will be rectified by Shareholders at the next Annual General Meeting (AGM).
- 7.3. The Company shall continue to pay declared dividend on those shares for which the owners have not received the accrued dividend, or for which they have not claimed the dividend within the period defined pursuant to the Law.
- 7.4. No interest shall accrue on any unclaimed dividend.

## 8. DISCLOSURE OF DIVIDEND INFORMATION

8.1. All relevant information in respect of recommended dividend for any year would be published in the notice of the Annual General Meeting and in the Annual Reports.

## 9. AMENDMENT

9.1. This Policy Statement shall be effective from the date of execution and may be amended from time to time and approved by the Board of Directors of the Company.

## 10. DISCLOSURE OF DIVIDEND INFORMATION

10.1. The above Policy Statement does not represent a commitment on the future Dividends of the Company but represents a general guidance on the Dividend Policy.