CODE OF CORPORATE GOVERNANCE

FOR PUBLIC COMPANIES IN NIGERIA

SECURITIES & EXCHANGE COMMISSION

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INTRODUCTION

It is generally agreed that weak corporate governance has been responsible for some recent corporate failures in Nigeria. In order to improve corporate governance, the Securities and Exchange Commission ("SEC"), in September 2008, inaugurated a National Committee chaired by Mr. M. B. Mahmoud for the Review of the 2003 Code of Corporate Governance for Public Companies in Nigeria to address its weaknesses and to improve the mechanism for its enforceability. In particular, the Committee was given the mandate to identify weaknesses in, and constraints to, good corporate governance, and to examine and recommend ways of effecting greater compliance and to advise on other issues that are relevant to promoting good corporate governance practices by public companies in Nigeria, and for aligning the Code with international best practices. The Board of SEC therefore believes that this new Code of corporate governance will ensure the highest standards of transparency, accountability and good corporate governance, without unduly inhibiting enterprise and innovation. Whilst the Code is applicable to public companies, the Commission would like to encourage other companies not covered by the Code to use the principles set out in the Code, where appropriate, to guide them in the conduct of their affairs.

CODE OF CORPORATE GOVERNANCE IN NIGERIA

PART A - APPLICATION OF THE CODE

1. Application of the Code

1.1. The Code of Corporate Governance shall apply to the following entities:

(a) All public companies whose securities are listed on a recognised securities exchange in Nigeria;

(b) All companies seeking to raise funds from the capital market through the issuance of securities or seeking listing by introduction;

(c) All other public companies;

1.2. The Code shall apply to the entities listed in sub-section 1.1 above in the following manner:

(a) All public companies whose securities are listed on a recognised securities exchange shall comply with the principles and provisions of this code which should form the basis of the minimum standard of their corporate behaviour.

(b) All companies seeking to raise funds from the capital market, through the issuance of securities or seeking listing by introduction will be expected to demonstrate sufficient compliance with the principles and provisions of this Code appropriate to their size, circumstances or operating environment.

1.3. The following shall guide the application of this code:

(a) The Code is not intended as a rigid set of rules. It is expected to be viewed and understood as a guide to facilitate sound corporate practices and behaviour. The Code should be seen as a dynamic document defining minimum standards of corporate governance expected particularly of public companies with listed securities.

(b) The responsibility for ensuring compliance with or observance of the principles and provisions of this Code is primarily with the Board of Directors. However, shareholders, especially institutional shareholders, are expected to familiarise themselves with the letter and spirit of the Code and encourage or whenever necessary, demand compliance by their companies.

(c) The question whether a company or entity required to comply with or to observe the principles or the provisions of this Code, has complied with or has so observed the provisions of the Code shall, in the first instance, be determined by the Board and its shareholders and thereafter by the Securities and Exchange Commission ("SEC").

(d) Whenever the SEC determines that a company or entity required to comply with or observe the principles or provisions of this Code is in breach, the SEC shall notify the company or entity concerned specifying the areas of non-compliance or non-observance and the specific action or actions needed to remedy the non-compliance or non-observance.

(e) The SEC shall from time to time issue guidelines or circulars to facilitate compliance with or observance of the principles and provisions of this Code.

(f) In their Annual Reports to the SEC, public companies shall indicate their level of compliance with this Code.

(g) Where there is a conflict between this Code and the provisions of any other Code in relation to a company covered by the two Codes, the Code that makes a stricter provision shall apply.

PART B - THE BOARD OF DIRECTORS

2. Responsibilities of the Board

2.1. The Board is accountable and responsible for the performance and affairs of the company. It should define the company's strategic goals and ensure that its human and financial resources are effectively deployed towards attaining those goals.

2.2. The principal objective of the Board is to ensure that the company is properly managed. It is the responsibility of the Board to oversee the effective performance of the Management in order to protect and enhance shareholder value and to meet the company's obligations to its employees and other stakeholders.

2.3. The primary responsibility for ensuring good corporate governance in the company lies with the Board. Accordingly, the Board should ensure that the company carries on its business in accordance with its Articles and Memorandum of Association and in conformity with the laws of the country, observing the highest ethical standards and on an environmentally sustainable basis.

2.4. The Board shall define a framework for the delegation of its authority or duties to Management specifying matters that may be delegated and those reserved for the Board. The delegation of any duty or authority to the Management does not in any way diminish the overall responsibility of the Board and its directors as being accountable and responsible for the affairs and performance of the company.

3. Duties of the Board

3.1. The duties of the Board shall include the following:

(a) Formulation of policies and overseeing the management and conduct of the business;

(b) Formulation and management of risk management framework;

(c) Succession planning and the appointment, training, remuneration and replacement of board members and senior management;

(d) Overseeing the effectiveness and adequacy of internal control systems;

(e) Overseeing the maintenance of the company's communication and information dissemination policy;

(f) Performance appraisal and compensation of board members and senior executives;

(g) Ensuring effective communication with shareholders;

(h) Ensuring the integrity of financial reports;

(i) Ensuring that ethical standards are maintained; and

(j) Ensuring compliance with the laws of Nigeria.

4. Composition and Structure of the Board

4.1. The Board should be of a sufficient size relative to the scale and complexity of the company's operations and be composed in such a way as to ensure diversity of experience without compromising independence, compatibility, integrity and availability of members to attend meetings.

4.2. Membership of the Board should not be less than five (5).

4.3. The Board should comprise a mix of executive and non-executive directors, headed by a Chairman. The majority of Board members should be non-executive directors, at least one o f whom should be an independent director.

4.4. The members of the Board should be individuals with upright personal characteristics, relevant core competences and entrepreneurial spirit. They should have a record of tangible achievement and should be knowledgeable in Board matters. Members should posses a sense of accountability and integrity and be committed to the task of good corporate governance.

4.5. The Board should be independent of Management to enable it carry out its oversight function in an objective and effective manner.

5. Officers of the Board

5.1. The Chairman

(a) The Chairman's primary responsibility is to ensure effective operation of the Board such that it works towards achieving the company's strategic objectives. He should not be involved in the day-to-day operations of the company. This should be the primary responsibility of the Chief Executive Officer and the management team.

(b) For all public companies with listed securities, the positions of the Chairman of the Board and Chief Executive Officer shall be separate and held by different individuals. This is to avoid over-concentration of powers in one individual which may rob the Board of the required checks and balances in the discharge of its duties.

(c) The Chairman of the Board should be a non-executive director.

(d) The Chairman´s functions should include the following:

i. Providing overall leadership and direction for the Board and the Company;

ii. setting the annual Board plan;

iii. setting the agenda for Board meetings in conjunction with the CEO and the Company Secretary;

iv. Playing a leading role in ensuring that the Board and its Committees are composed of the relevant skills, competencies and desired experience;

v. ensuring that Board meetings are properly conducted and the Board is effective and functions in a cohesive manner;

vi. ensuring that Board members receive accurate and clear information in a timely manner, about the affairs of the Company to enable directors to take sound decisions;

vii. acting as the main link between the Board and the CEO as well as advising the CEO in the effective discharge of his duties;

viii. ensuring that all directors focus on their key responsibilities and play constructive role in the affairs of the company;

ix. ensuring that induction programmes are conducted for new directors and a continuing education programme is in place for all directors;

x. ensuring effective communication and relations with the Company's institutional shareholders and strategic stakeholders;

xi. taking a lead role in the assessment, improvement and development of the Board; and

xii. presiding over general meetings of shareholders.

5.2. The Chief Executive Officer/Managing Director

(a) The Chief Executive Officer (CEO) or Managing Director (MD) should be the head of the management team and is answerable to the Board.

(b) The CEO/MD should be knowledgeable in relevant areas of the company's activities. He should demonstrate industry, credibility and integrity and should have the confidence of the Board and Management;

(c) The CEO/MD and the senior management should establish a culture of integrity and legal compliance which should be assimilated by personnel at all levels of the company.

(d) The functions and responsibilities of the CEO/MD should include the following:

i. day-to-day running of the company;

ii. guiding the development and growth of the company;

iii. acting as the company's leading representative in its dealings with its stakeholders.

(e) The authority of the CEO/MD and the relationship between the office and the Board should be clearly and adequately described in a letter of appointment.

(f) The Board may delegate such of its powers to the CEO/MD as it may deem appropriate or necessary to ensure smooth operation of the company.

(g) The remuneration of the CEO/MD should comprise a component that is long-term performance related and may include stock options and bonuses which should however be disclosed in the company's annual reports.

5.3. Executive Directors

(a) Executive directors, like the CEO/MD, should be persons knowledgeable in relevant areas of the company's activities in addition to possessing such other qualifications as may be needed for their specific assignments or responsibilities.

(b) Executive directors should be involved in the day-to-day operations and management of the company. In particular, they should be responsible for the departments they head and should be answerable to the Board through the CEO/MD.

(c) Executive directors should not be involved in the determination of their remuneration.

(d) The remuneration of executive directors should comprise a component that is long-term performance related and may include stock options and bonuses which should however be disclosed in the company's annual reports.

(e) Executive directors should not receive the sitting allowances or director's fees paid to non-executive directors.

5.4. Non-Executive Directors

(a) Non-executive directors should be key members of the Board. They should bring independent judgment as well as necessary scrutiny to the proposals and actions of the Management and executive directors especially on issues of strategy, performance evaluation and key appointments.

(b) Non-executive directors should accordingly be persons of high calibre with broad experience, integrity and credibility.

(c) Non-executive directors should be provided with a conducive environment for the effective discharge of their duties. Adequate and comprehensive information on all Board matters should be provided in a timely manner.

Board papers should be made available to them at least one week ahead of Board or committee meetings.

5.5. Independent Directors

(a) An independent director is a non-executive director who:

i. is not a substantial shareholder of the company, that is one whose shareholding, directly or indirectly, does not exceed 0.1% of the company's paid up capital;

ii. is not a representative of a shareholder that has the ability to control or significantly influence Management;

iii. has not been employed by the company or the group of which it currently forms part, or has served in any executive capacity in the company or group for the preceding three financial years;

iv. is not a member of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the company or the group in an executive capacity;

v. is not a professional adviser to the company or the group, other than in a capacity of a director;

vi. is not a significant supplier to or customer of the company or group;

vii. has no significant contractual relationship with the company or group and is free from any business or other relationship which could materially interfere with his/her capacity to act in an independent manner; and

viii. is not a partner or an executive of the company's statutory audit firm, internal audit firm, legal or other consulting firm that have a material association with the company and has not been a partner or an executive of any such firm for three financial years preceding his/her appointment

(b) An independent director should be free of any relationship with the company or its management that may impair, or appear to impair the director's ability to make independent judgments.

(c) Every public company should have a minimum of one independent director on its Board.

6. Multiple Directorships

6.1. There should be no limit on the number of concurrent directorships a director of a company may hold. However, concurrent service on too many boards may interfere with an individual's ability to discharge his responsibilities. The Board and the shareholders should therefore give careful consideration to other obligations and commitments of nominees in assessing their suitability for appointment into the Board. Accordingly:

(a) A prospective nominee to the Board of a company should disclose memberships on other Boards;

(b) The Board should consider the other directorships held by such a prospective nominee and determine whether the prospective nominee can contribute effectively to the performance of the Board and the discharge of its responsibilities before recommending such a person for appointment.

(c) Serving directors should, through the Chairman, notify the Board of prospective appointments on other Boards.

(d) Directors should not be members of Boards of companies in the same industry to avoid conflict of interest, breach of confidentiality and misappropriation of corporate opportunity.

7. Family and Interlocking Directorship

7.1. To safeguard the independence of the Board, not more than two members of the same family should sit on the Board of a public company at the same time.

7.2. To safeguard the objectivity and independence of the Board, cross memberships on the boards of two or more companies should be discouraged. However, where that will lead to a conflict of interest situation as in cross-memberships of boards of competing companies, then it must be disallowed.

8. Company Secretary

8.1. The company secretary should be a person possessing the relevant qualification and competence necessary to discharge effectively the duties of his office. Accordingly, the company secretary should be appointed through a rigorous selection process that is applicable for appointment of new directors.

8.2. The company secretary has the primary duty of assisting the Board and management in implementing this Code and developing good corporate governance practices and culture.

8.3. The Company secretary shall report directly to the CEO/MD but shall also have a direct channel of communication to the Chairman.

8.4. In addition to his statutory functions, the company secretary should carry out the following duties and responsibilities:

(a) Provide the Board and directors individually, with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the company;

(b) Coordinate the orientation and training of new directors;

(c) Assist the Chairman and CEO/MD to determine the annual Board plan and with the administration of other strategic issues at the Board level;

(d) Compilation of the Board papers and ensuring that the Board's discussions and decisions are clearly and properly recorded and communicated to the relevant persons;

(e) Notify the Board members of matters that warrant their attention;

(f) Provide a central source of guidance and advice to the Board and the company, on matters of ethics, conflict of interest and good corporate governance;

8.5. The company secretary should be properly empowered by the Board to discharge his duties and responsibilities. His appointment and termination should be tabled and ratified by the Board.

9. Board Committees

9.1. The Board should determine the extent to which its duties and responsibilities should be undertaken through Committees. It should determine the number and composition of such Committees ensuring that each Committee comprises the relevant skills and competences and that its members are able o devote sufficient time to the Committee's work.

9.2. The Board may in addition to the Audit Committee required by the Companies and Allied Matters Act (CAMA) establish a Governance/Remuneration Committee and a Risk Management Committee and such other Committees as the Board may deem appropriate depending on the size, needs or industry requirements of the company.

9.3. It is the responsibility of the Board to facilitate the effective discharge of the duties and responsibilities of Board Committees. Accordingly, the Board should ensure that Committees are provided all necessary information in a timely manner. Committees should in addition be free to seek independent professional advice at the expense of the company subject to the approval of the Board.

9.4. Only directors should be members of Board Committees. However, senior management may be in attendance.

10. The Risk Management Committee

10.1. The Board may establish a Risk Management Committee to assist it in its oversight of the risk profile, risk management framework and the risk reward strategy determined by the Board.

10.2. The functions of the Committee should be guided by written Terms of Reference or a Charter and should include the following:

(a) Review and approval of the company's risk management policy including risk appetite and risk strategy;

(b) Review the adequacy and effectiveness of risk management and controls;

(c) Oversight of management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms;

(d) Review of the company's compliance level with applicable laws and regulatory requirements which may impact the company's risk profile;

(e) Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the company's risk profile; and

(f) Review and recommend for approval of the Board risk management procedures and controls for new products and services.

10.3. To enhance the risk management function, a member of senior management should be detailed to perform the function and attend the meetings of the Risk Management Committee.

10.4. The CEO/MD, executive directors and the head of the internal audit unit should attend the meetings of the Risk Management Committee.

11. The Governance/Remuneration Committee

11.1. The Board may establish a Governance/Remuneration committee which should be comprised solely of non-executive directors.

11.2. The functions of the Governance/remuneration committee should be guided by a written Terms of Reference or Charter and should include the following:-

(a) Establish the criteria for Board and Board Committee memberships, review candidates' qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-nomination and make recommendations to the Board;

(b) Prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;

(c) Periodically evaluate the skills, knowledge and experience required on the Board;

(d) Make recommendations on experience required by Board Committee members, Committee appointments and removal, operating structure, reporting and other Committee operational matters;

(e) Make recommendations on compensation structure for executive directors;

(f) Provide input to the annual report of the company in respect of directors' compensation;

(g) Ensure that succession policy and plan exist for the positions of Chairman, CEO/MD, the executive directors and the subsidiary managing directors for Group companies;

(h) Ensure that the Board conducts a Board evaluation on an annual basis;

(I) Review the performance and effectiveness of the subsidiary company Boards on an annual basis where applicable; and

(j) Review and make recommendations to the Board for approval of the company's organisational structure and any proposed amendments.

12. Meetings of the Board

12.1. To effectively perform its oversight function and monitor management's performance, the Board should meet at least once every quarter.

12.2. Every director should be required to attend at least two-thirds of all Board meetings. Such attendance shall be among the criteria for the re-nomination of a director except where there are cogent reasons which the Board must notify the shareholders of at the annual general meeting.

13. Appointment to the Board

13.1. The Board should develop a written, clearly defined, formal and transparent procedure for appointment to the Board of directors.

13.2. The criteria for the selection of directors should be written and defined to reflect the existing Board's strengths and weaknesses, required skills and experience, its current age range and gender composition.

13.3. The Board should ascertain whether nominees for the position of directors are fit and proper and are not disqualified from being directors.

13.4. Shareholders should be provided with biographical information of proposed directors including:

(a) Name, age, qualification and country of principal residence;

(b) Whether the appointment is executive, non-executive or independent and any proposed specific area of responsibility;

(c) Work experience and occupation in the preceding ten years;

(d) Current directorships and appointments with statutory or regulatory authorities in the preceding five years;

(e) Shareholding in the company and its subsidiaries; and

(f) Any real or potential conflict of interest, including whether he is an interlock director.

13.5. A section of the company's annual report should state the processes used in relation to all Board appointments.

14. Remuneration

14.1. Companies should develop a comprehensive policy on remuneration for directors and senior management. Levels of remuneration should be sufficient to attract, motivate and retain skilled and qualified persons needed to run the company successfully.

The remuneration policy should:

(a) Define the criteria and mechanism for determining levels of remuneration and the frequency for review of such criteria and mechanism;

(b) Define a process, if necessary with the assistance of external advisers, for determining executive and non-executive directors' compensation; and

(c) Provide how and to what extent executive directors' reward should be linked to corporate and individual performance.

14.2. The Board should approve the remuneration of each executive director including the CEO individually, taking into consideration direct relevance of skill and experience to the company at that time.

14.3 Only non-executive directors should be involved in decisions regarding the remuneration of executive directors.

14.4. Where share options are adopted as part of executive remuneration or compensation, the Board should ensure that they are not priced at a discount except with the authorization of the SEC Any such deferred compensation should not be exercisable until one year after the expiration of the minimum tenure of directorship.

14.5. Where share options are granted as part of remuneration to directors, the limits should be set in any given financial year and be subject to the approval of the shareholders in general meeting.

14.6. Compensation for non-executive directors should be fixed by the Board and approved by shareholders in a general meeting. However, the fees and allowances or other incentives tied to corporate performance, paid to non-executive directors, should not be at a level that could compromise their independence.

14.7. Companies should disclose in their annual report, details of shares of the company held by all directors, including on an "if-converted" basis. This disclosure should include indirect holdings.

14.8. All directors should be required to disclose their share holding whether on a proprietary or fiduciary basis in the public company in which they are proposed to be appointed as directors, prior to their appointment.

14.9. The Board should undertake a periodic "peer review" of its compensation and remuneration levels to ensure that the company remains competitive.

14.10. The company's remuneration policy and all material benefits and compensation paid to directors should be published in the company's annual report.

15. Performance Evaluation of the Board

15.1. The Board should establish a system to undertake a formal and rigorous annual evaluation of its own performance, that of its Committees, the Chairman and individual directors.

15.2. The evaluation system should include the criteria and key performance indicators and targets for the Board, its committees, the Chairman and each individual Committee member.

15.3. The Chairman should oversee the annual evaluation of the performance of the chief executive officer. The CEO/MD should similarly perform an annual evaluation for the executive directors based on agreed criteria or performance indicators.

15.4. The result of the Board performance evaluation should be communicated and discussed by the Board as a whole, while those of individual directors should be communicated and discussed with them by the Chairman.

15.5. Where the performance of a director is determined to be unsatisfactory, the director concerned should undergo further training. Where such is not feasible or practicable, the director may be removed in accordance with established procedures.

15.6. The Board may engage the services of external consultants to facilitate the performance evaluation of the Board, its Committees, or individual directors.

15.7. The cumulative result of the performance evaluation of the Board and individual directors should be used as a guide in deciding eligibility for re- election.

16. Conflict of Interest

16.1. Companies should adopt a policy to guide the Board and individual directors on conflict of interest situations. Such a policy should include the following principles:

(a) Directors should promptly disclose any real or potential conflict of interest that they may have regarding any matters that may come before the Board or its Committees.

(b) A director should abstain from discussions and voting on any matter in which the director has or may have a conflict of interest.

(c) If a director is not certain whether he is in a conflict of interest situation the director concerned should discuss the matter with the Chairman of the Board or with the company secretary for advice and guidance.

(d) If any question arises before the Board as to the existence of a real or perceived conflict, the Board should by a simple majority determine if a conflict exists. The director or directors potentially in the conflict of interest situation shall not participate in any discussion and shall not vote on the issue.

(e) 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 or with the Chairman of the Board.

(f) Disclosure by a director of a real, potential or perceived conflict of interest or a decision by the Board as to whether a conflict of interest exists should be recorded in the minutes of the meeting.

17. Insider Trading

Directors of public companies, their immediate families, that is, spouse, son, daughter, mother or father, and other insiders as defined under Section 315 of the Investments and Securities Act (ISA) 2007 and the 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 ISA.

18. Orientation and Training of Directors

18.1. The Board should establish a formal orientation programme to familiarize new directors with the company's operations, strategic plan, senior management and its business environment, and to induct them in their fiduciary duties and responsibilities.

18.2. It is mandatory for all directors to participate in periodic, relevant, professional continuing education programmes in order to update their knowledge and skills and keep them informed of new developments in the company's business and operating environment. The objective of the training is to assist the directors discharge fully and effectively their duties to the company. The training shall be at the company's expense.

19. Tenure and Re-election of Directors

19.1. Subject to satisfactory performance and the provisions of CAMA, all directors should be submitted for re-election at regular intervals of at least once every three (3) years. In order to guide the decision of shareholders, names and sufficient biographical details of directors nominated for re-election should be accompanied by performance evaluation results and any other relevant information.

19.2. Non-executive directors of public companies should serve for reasonable periods on the Board. However, it is necessary to reinforce the Board by continually injecting new energy, fresh ideas and perspectives. The Board should ensure the periodic appointment of new directors to replace existing non-executive directors.

20. Terms and Conditions of Service

20.1. The terms and conditions of a director's employment or service on the Board should be in writing and issued to the director in the form of a contract.

20.2. The letters of appointment should cover the following issues:

(a) Duration or term of appointment;

(b) Remuneration package and method of remuneration;

(c) Explanation of the duties of care, skill and diligence and other responsibilities of the director;

(d) Requirement to disclose any material interests in the company and other entities related to the company;

(e) Requirement to disclose periodically, material interests in contracts in which the company is interested or involved;

(f) Specific requirements, such as Board meeting attendance

(g) Synopsis of directors' rights;

(h) Formal orientation programme or training required for the director to attend;

(i) Copy of Board charter, Code of ethics or Code of conduct and the director's responsibility to observe same;

(j) Directors' evaluation programme used by the company; and

(k) Any other contractual responsibilities.

PART C - RELATIONSHIP WITH SHAREHOLDERS

21. Meetings of Shareholders

21.1. The general meetings of the company should be the primary avenue for meeting and interaction between the shareholders, Management and Board;

21.2. The Board should ensure that all shareholders are treated fairly and are given equal access to information about the company;

21.3. General meetings should be conducted in an open manner allowing for free discussions on all issues on the agenda. Sufficient time should be allocated to shareholders to participate fully and contribute effectively at the meetings;

21.4. The Chairmen of all Board Committees and of the statutory audit Committee should be present at general meetings of the company to respond to shareholders' queries and questions.

22. Protection of Shareholder Rights

22.1. The Board should ensure that shareholders' statutory and general rights are protected at all times. In particular, the Board should ensure that shareholders at annual general meetings preserve their effective powers to appoint and remove directors of the company.

22.2. The Board should ensure that all shareholders are treated equally. No shareholder, however large his shareholding, nor whether institutional or otherwise, should be given preferential treatment or superior access to information or other materials.

22.3. It is the responsibility of the Board to ensure that minority shareholders are treated fairly at all times and are adequately protected from abusive actions by controlling shareholders.

22.4. The Board should ensure that the company promptly renders to shareholders documentary evidence of ownership interest in the company such as share certificates, dividend warrants and related instruments. Where these are rendered electronically, the Board should ensure that they are rendered promptly and in a secure manner.

22.5. Shareholder representation on a Board should be proportionate to the size of shareholding. The company should stipulate that shareholders holding more than a specified ratio of the total issued capital of the company should have a representative on the Board unless there are cogent reasons that make that impracticable.

23. Venue of Meeting

The venue of a general meeting should be accessible to shareholders. The Board should ensure that shareholders are not disenfranchised on account of the choice of venue.

24. Notice of Meeting

Notices of general meetings shall be 21 days from the date on which the meeting will be held. Companies shall allow at least seven days for service of notice if sent out by post from the day the letter containing the same is posted. The notices should include

copies of such documents, including annual reports and audited financial statements and other information as will enable members prepare adequately for the meeting.

25. Resolutions

25.1. The Board should ensure that unrelated issues for consideration are not lumped together at general meetings. Statutory business should be clearly and separately set out. Separate resolutions should be proposed and voted on for each substantial issue.

25.2. The Board should ensure that decisions reached at general meetings are properly and fully implemented.

26. The Role of Shareholder Associations

The Board of every public company should ensure that dealings of the company with shareholder associations are always transparent and in strict adherence with the Code for Shareholder Association published by the SEC.

27. Institutional Shareholders

Shareholders of public companies should play a key role in good corporate governance. In particular, Institutional shareholders and other shareholders with large holdings should seek to influence positively the standard of corporate governance in the companies in which they invest. They should demand compliance with the principles and provisions of this Code. They should seek explanations whenever they observe non-compliance with the Code.

PART D - RELATIONSHIP WITH OTHER STAKEHOLDERS

28. Sustainability Issues

28.1. Companies should pay adequate attention to the interests of their stakeholders such as its employees, host community, the consumers and the general public. Public companies should demonstrate sensitivity to Nigeria's social and cultural diversity and should as much as possible promote strategic national interests as well as national ethos and values without compromising global aspirations where applicable.

28.2. Companies should recognise corruption as a major threat to business and to national development and therefore as a sustainability issue for businesses in Nigeria. Companies, Boards and individual directors must commit themselves to transparent dealings and to the establishment of a culture of integrity and zero tolerance of corruption and corrupt practices.

28.3. The Board should report annually on the nature and extent of its social, ethical, safety, health and environmental policies and practices. Issues should be categorized into the following levels of reporting:

(a) Disclosures of the company's business principles and Codes of practice and efforts towards implementation of same;

(b) Description of workplace accidents, fatalities and occupational and safety incidents against objectives and targets and a suitable explanation where appropriate;

(c) Disclose the company's policies, plans and strategy for addressing and managing the impact of HIV/AIDS, Malaria and other serious diseases on the company's employees and their families;

(d) Adoption, in the company's operations, of options with the most benefit or least damage to the environment, particularly for companies operating in disadvantaged regions or in regions with delicate ecology in order to minimize environmental impact of the company's operations;

(e) The nature and extent of employment equity and gender policies and practices, especially as they relate to the executive level opportunities;

(f) Information on number and diversity of staff, training initiatives, employee development and the associated financial investment;

(g) Disclosure on the conditions and opportunities created for physically challenged persons or disadvantaged individuals;

(h) The nature and extent of the company's social investment policy; and

(i) Disclosure on the company's policies on corruption and related issues and the extent of compliance with the policies and the company's Code of Ethics.

PART E - RISK MANAGEMENT AND AUDIT

29. Risk Management

29.1 The Board is responsible for the process of risk management. It should accordingly form its own opinion on the effectiveness of the process. Management is accountable to the Board for implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the company.

29.2. The Board should:

(a) Oversee the establishment of a management framework that defines the company's risk policy, risk appetite and risk limits. The framework should be formally approved by the Board. The company's risk management policies should be communicated in simple and clear language to all employees to ensure the integration of risk awareness at all levels of the company.

(b) Ensure that the risk management framework is integrated into the day-to-day operations of the business and provides guidelines and standards for administering the acceptance and on-going management of key risks such as operational, reputational, financial, market, technology and compliance risk.

(c) Undertake at least annually, a thorough risk assessment covering all aspects of the company's business. The results of the risk assessment should be used to update the risk management framework of the company.

(d) Obtain and review periodically relevant reports to ensure the ongoing effectiveness of the company's risk management framework.

(e) Ensure that the company's risk management policies and practices are disclosed in the annual report.

30. The Audit Committee

30.1. Every public company is required under Section 359 (3) and (4) of the CAMA to establish an audit committee. It is the responsibility of the Board to ensure that the committee is constituted in the manner stipulated and is able to discharge its statutory duties and responsibilities effectively. At least one board member of the committee should be financially literate.

30.2. Members of the committee should have basic financial literacy and should be able to read financial statements. At least one member should have knowledge of accounting or financial management.

30.3. Whenever necessary, the committee may obtain external professional advice.

30.4. In addition to its statutory functions, the audit committee should have the following additional responsibilities:

(a) Assist in the oversight of the integrity of the company's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditor, and performance of the company's internal audit function as well as that of external auditors;

(b) Establish an internal audit function and ensure there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal controls in the company;

(c) Ensure the development of a comprehensive internal control framework for the company, obtain assurance and report annually in the financial report, on the operating effectiveness of the company's internal control framework.

(d) Oversee management's process for the identification of significant fraud risks across the company and ensure that adequate prevention, detection and reporting mechanisms are in place;

(e) At least on an annual basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including any issues or recommendations for improvement, raised by the most recent internal control review of the company;

(f) Discuss the annual audited financial statements and half yearly unaudited statements with management and external auditors;

(g) Discuss policies and strategies with respect to risk assessment and management;

(h) Meet separately and periodically with management, internal auditors and external auditors;

(i) Review and ensure that adequate whistle-blowing procedures are in place and that a summary of issues reported are highlighted to the chairman;

(j) Review, with the external auditor, any audit scope limitations or problems encountered and management's responses to same;

(k) Review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors, there is no conflict of interest;

(l) Preserve auditor independence, by setting clear hiring policies for employees or former employees of independent auditors;

(m) Consider any related party transactions that may arise within the company or group;

(n) Invoke its authority to investigate any matter within its terms of reference for which purpose the company must make available the resources to the internal auditors with which to carry out this function, including access to external advice where necessary; and

(o) Report regularly to the Board.

31. Internal Audit Function

31.1. All companies should have an effective risk-based internal audit function. Where the Board decides not to establish such a function, sufficient reasons must be disclosed in the company's annual report with an explanation as to how assurance of effective internal processes and systems such as risk management, internal control and the like will be obtained.

31.2. The purpose, authority and responsibility of the internal auditing activity should be clearly and formally defined in an audit charter approved by the Board through the audit committee. This should be consistent with the definition of internal auditing by the Institute of Internal Auditors **(IIA)**.

31.3. The internal audit unit should be headed by a senior member of staff. The unit should be adequately resourced and have appropriate budget to enable it effectively discharge its responsibilities.

31.4. The internal audit unit should report directly to the Audit Committee while having a line of communication with the CEO/MD. The Audit Unit should have unrestricted access to the Chairman of the Audit Committee as well as the Chairman of the Board.

31.5. Internal audit should report at least once every quarter, at Audit Committee meetings, on the adequacy and effectiveness of managements governance, risk and control environment, deficiencies observed and management's mitigation plans.

31.6. The internal audit function should assist the directors and management to maintain effective controls through periodic evaluation to determine the effectiveness and efficiency of the company's internal control systems and make recommendations for enhancement or improvement.

31.7. The evaluation of controls by the internal audit function should encompass the following:

(a) The information systems environment;

(b) The reliability and integrity of financial and operational information;

(c) The effectiveness and efficiency of operations;

(d) Safeguarding of assets; and

(e) Compliance with laws and regulations.

31.8. The internal audit function should establish a risk-based internal audit methodology that provides a consistent basis for the provision of internal audit services and highlights the key steps and activities to be performed from the planning stage through to the reporting phase of the audit.

31.9. The internal audit function should develop an annual risk-based internal audit plan in line with the risk-based internal audit methodology and should be approved by the audit committee.

31.10. The annual risk-based internal audit plan should:

(a) Address the broad range of risks facing the company linking this to risk management framework;

(b) Identify audit priority areas and areas of greatest threat to the company;

(c) Indicate how assurance will be provided on the company's risk management process; and

(d) Indicate the resources and skills available or required to achieve the plan.

31.11 The internal audit plan should be based on the result of the assessment of the risks faced by the company in line with the risk management framework and should be approved by the Board. The plan should identify audit priority areas and determine the frequency of audits as well as the required resources and skills. The risk assessment process should be of a continuous nature so as to identify emerging, as well as residual or existing risks and should be conducted at least annually, but more often in companies with complex operations.

31.12. Internal audit should provide independent assurance on the robustness and effectiveness of the company's risk management process.

31.13 The internal audit function should co-ordinate with other internal and external providers of assurances in order to ensure proper coverage and to minimise duplication of effort.

31.14. There should be an external assessment of the effectiveness of the internal audit function at least once every three years by a qualified independent reviewer, as defined by the Institute of Internal Auditors, or by an external review team.

32. Whistle-blowing Policy

32.1. Companies should have a whistle-blowing policy which should be known to employees, stakeholders such as contractors, shareholders, job applicants and the general public. It is the responsibility of the Board to implement such a policy and to establish a whistle-blowing mechanism for reporting any illegal or substantial unethical behavior.

32.2. The whistle-blowing mechanism should be accorded priority and the Board should also reaffirm continually its support for and commitment to the company's whistle-blower protection mechanism.

32.3. The whistle-blowing mechanism should include a dedicated "hot-line" or e-mail system which could be used anonymously to report unethical practices. A designated senior level officer should review the reported cases and initiate appropriate action, if necessary at the level of the Board or CEO/MD to redress situation.

32.4. The designated senior level officer assigned to review reported cases should provide the chairman of the audit committee with a summary of reported cases, cases investigated, the process of investigation and the result of the investigation.

33. Rotation of External Auditors

33.1. In order to safeguard the integrity of the external audit process and guarantee the independence of the external auditors, companies should rotate both the audit firms and audit partners.

33.2. Companies should require external audit firms to rotate audit partners assigned to undertake the external audit of the company from time to time to guarantee independence. Audit personnel should be regularly changed without compromising continuity of the external audit process.

External audit firms should be retained for no longer than ten (10) years continuously. External audit firms disengaged after continuous service to a company for ten (10) years may be re-appointed seven (7) years after their disengagement.

PART G - ACCOUNTABILITY AND REPORTING

34. Disclosures

34.1 In order to foster good corporate governance, companies should engage in increased disclosure in Nigeria beyond the statutory requirements in the CAMA.

34.2. The CEO and the Head of Finance function of every public company should in a written statement to the Board, certify that the financial statements present a true and fair view of the affairs of the company.

34.3. The Board of a public company should ensure that the company's annual report contains information on the company's capital structure as follows:

(a) Details of issuance of share capital during the year;

(b) Borrowings and maturity dates;

(c) Details and reasons for share buybacks during the year; and

(d) Details of directors' and substantial shareholders' interests in the company and subsidiaries or associated companies.

34.4. The Board of a public company should ensure that the company's annual report includes a corporate governance report that conveys to stakeholders clear information on the strength of the company's governance structures, policies and practices. The report should include the following:

(a) Composition of the Board of directors as set out in section 4 of this Code stating names of chairman, the CEO/MD, executive and non-executive directors as well as independent directors;

(b) The roles and responsibilities of the board setting out matters which are reserved for the Board and those delegated to Management;

(c) Board appointment process including induction and training of Board members;

(d) Evaluation process and summary of evaluation results for the Board as a whole, its Committees and each individual director;

(e) Directors standing for re-election and their biographical details to enable shareholders to make informed decisions about their re-election;

(f) Composition of Board Committees including names of chairmen and members of each Committee;

(g) Description of the roles and responsibilities of the Board Committees and how the Committees have discharged those responsibilities;

(h) The number of meetings of the Board and the Committees held during the year and the attendance of individual directors at those meetings;

(i) Disclosure of the Code of business conduct and ethics, if any, for directors and employees;

(j) Human resource policies, internal management structure, relations with employees, employee share-ownership schemes and other workplace development initiatives;

(k) Company's sustainability policies and programmes covering issues such as corruption, community service, environmental protection, HIV/AIDs and matters of general corporate social responsibility.

34.5. In addition to the foregoing, the board of every public company should ensure that the company's annual report make sufficient disclosure on accounting and risk management issues. In particular, the following matters shall be disclosed:

(a) A statement of the director's responsibilities in connection with the preparation of the financial statements.

(b) Details of accounting policies utilised and reasons for changes in accounting policies.

(c) Where the accounting policies applied do not conform to standard practice, the external auditor should express an opinion on whether they agreed with the departure and the reasons for such departure.

(d) A statement from the directors that the business is a going concern, with supporting assumptions or qualifications where necessary.

(e) Executive directors' remuneration and share options.

(f) Non-executive directors' fees and allowances and share options, if any.

(g) Risk management as outlined in Part E of the Code indicating the Board's responsibility for the total process of risk management as well as its opinion on the effectiveness of the process.

34.6. The Chairman's statement in the annual report should provide a balanced and readable summary of the company's performance for the period under review and future prospects, and should reflect the collective view of the Board.

34.7. The annual report should contain a statement from the Board with regards to the company's degree of compliance with the provisions of this Code. In particular it should provide:

(a) Assurances that effective internal audit function exists in the company and that risk management control and compliance system are operating efficiently and effectively in all respects;

(b) Justification where the Board does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor; explaining the recommendation and the reasons for the Board decision;

(c) Statement on sustainability initiatives as set out in part D of the Code;

(d) Related party transactions;

(e) The nature of the related party relationships and transactions as well as information about the transactions necessary to understand the potential effect of the relationship on the financial statements.

34.8. All public companies should disclose details of any director's interest in contracts either directly or indirectly with the company or its subsidiaries or holding companies. The details should include the name of the director, the nature and details of the contract and the director's interest therein. Provided however that the disclosures required here do not include the directors' service contracts or contracts between the company and another company where the director's interest is by virtue of being a director of that other company.

34.9. All public companies should disclose any service contracts and other significant contracts with controlling shareholder(s).

34.10. Disclosures on related party transactions relating to directors' current accounts or loans should include the following:

(a) The amount of the transactions;

(b) The amount of outstanding balances at the beginning and at the end of the financial year including their terms and conditions of the loans and details of any guarantees given or received;

(c) The amount of principal and interest which has fallen due and has not been paid and the amount of provisions for doubtful debts related to the amount of outstanding balances;

(d) The expense recognised during the period in respect of bad or doubtful debts due from related parties; and

(e) A statement whether the transaction was conducted at arm's length.

34.11. The disclosures required to be made for related party transactions shall be made separately for each of the following categories:

(a) The parent;

(b) Entities with joint control or significant influence over the entity;

(c) Subsidiaries;

(d) Associates;

(e) Joint ventures in which the entity is a partner;

(f) Key management personnel of the entity or its parent; and

(g) Other related parties.

34.12. Items of a similar nature may be disclosed in aggregate except where separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the company.

34.13. The Board should use its best judgment to disclose any matter even though not specifically required in this Code to be disclosed if in the opinion of the Board such matter is capable of affecting in a significant form the financial condition of the company or its status as a going concern.

34.14. All public companies should state in their annual reports how they have applied this Code and the extent of their compliance.

34.15. In evaluating and reporting on the extent of compliance with this Code, the board may engage independent experts. Where such is done, the name of the consultant should be disclosed. A summary of the report and conclusions of the consultant shall be included in the company's annual report.

PART H- COMMUNICATION

35. Communication Policy

35.1. Companies should adopt and implement a communications policy that enables the Board and Management to communicate, interact with and disseminate information regarding the operations and management of the company to shareholders, stakeholders and the general public.

35.2. The Board should ensure that company reports and other communications to shareholders and other stakeholders are in plain language, readable and understandable and consistent with previous reports.

35.3. Communication with shareholders, stakeholders and the general public, especially by public companies with listed securities should be governed by the principle of timely, accurate and continuous disclosure of information and activities of the company so as to give a balanced and fair view the company, including its non-financial matters.

35.4. Companies should ensure that shareholders have equal access to the company's information. The Board should endeavour to establish web sites and investor-relations portals where the communication policy as well as the company's annual reports and other relevant information about the company should be published and made accessible to the public.

PART I - CODE OF ETHICS

36. Code of Ethics

36.1. Companies should have a Code of Ethics and statement of Business Practices, which should be implemented as part of the corporate governance practices of the company.

36.2. The Code for Directors should contain at a minimum, the following:

(a) In accordance with legal requirements and agreed ethical standards, Directors and key executives of the company will act honestly, in good faith and in the best interests of the whole Company;

(b) Directors owe a fiduciary duty to the Company as a whole, and have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;

(c) They should undertake diligent analysis of all proposals placed before the Board and act with a level of skill expected from directors and key executives of a company;

(d) They should not make improper use of information acquired as Directors and key executives and not disclose non-public information except where disclosure is authorised or legally mandated;

(e) They should keep confidential, information received in the course of the exercise of their duties and such information remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law;

(f) They should not take improper advantage of the position of Director or use the position for personal gain or to compete with the company;

(g) They should not take advantage of company property or use such property for personal gain or to compete with the company;

(h) They should protect and ensure the efficient use of the company's assets for legitimate business purposes;

(i) They should not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company;

(j) They should make reasonable enquiries to ensure that the company is operating efficiently, effectively and legally, towards achieving its goals;

(k) They should not engage in conduct likely to bring discredit upon the company, and should encourage fair dealing by all employees with the company's customers, suppliers, competitors and other employees;

(l) They should encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith;

(m) They shall have an obligation, at all times, to comply with the principles of this Code.

36.3. The Board should be responsible for formulating the Code of Ethics and statement of Business Practices. All directors, management and employees of the company should be required to abide by the codes. The Board should monitor adherence and ensure that breaches are effectively sanctioned.

36.4. The Code should:

(a) Commit the company, its Board and management to the highest standards of professional behaviour, business conduct and sustainable business practices;

(b) Be developed in association with management and employees;

(c) Receive commitment for its implementation from the Board and the managing director/chief executive officer and individual directors of the company;

(d) Be sufficiently detailed as to give clear guidance to users;

(e) Be formally communicated to the persons to whom it applies; and

(f) Be reviewed regularly and updated when necessary.

PART J - INTERPRETATION

37. Interpretation

In this Code, unless the context otherwise requires:-

"Companies" includes all public companies, all corporations established by statute or other law, all privatised companies and private companies or entities whose activities impact significantly on wide-ranging stakeholders.

"Director" means a person duly appointed by a company to direct and manage the affairs of the company, and includes alternate Directors.

"Law" means the applicable Laws of the Federation of Nigeria

"Regulation" means the applicable regulation made under the Laws of the Federation of Nigeria.

"Related Party" means entities, including shareholders that control the company or are under common control of a parent company or significant shareholders including family members and key management personnel.

"Shareholder" means a person who lawfully acquires shares in the capital of a company.

"Stakeholder" includes directors, employees, creditors, customers, depositors, distributors, regulatory authorities, and the host community.

MADE AT ABUJA THIS 4TH DAY OF APRIL, 2011.

SECURITIES & EXCHANGE COMMISSION