

The Okomu Oil Palm Co. Plc

**Report on Corporate Governance
Review for the year ended 31
December 2020**

February 2021



26 February 2021

The Chairman
Board of Directors
The Okomu Oil Palm Company Plc
Okomu-Udo, Ovia South West LGA
P.M.B. 1449, Benin City
Edo State
Nigeria.

Dear Sir

Board of Directors' Appraisal for the year ended 31 December 2020

We refer to our engagement letter dated 21 December 2020 which includes our scope of work. We have pleasure in enclosing a copy of our report.

The fieldwork which was carried out between 11 and 20 January 2021. The report comprises of the Executive Summary which is the concise findings on the board of directors' review, and snapshot of the overall rating for the Company, but we stress that for a full understanding it is necessary to read this in conjunction with our detailed report set out in section 2.

This report is confidential and has been prepared exclusively for The Okomu Oil Palm Co. Plc. ("the Company"). Whilst other parties may be interested in receiving a copy of this report, we stress that, to the fullest extent permitted by law, we cannot accept any responsibility whatsoever in respect of any reliance that these parties may place on our report in any decision that they may make in relation to The Okomu Oil Palm Co. Plc. We do not accept any responsibility for any loss or damages arising out of the use of the report by the addressee for any purpose other than in connection with the scope of work provided in the Letter of Engagement.

We have completed our review of The Okomu Oil Palm Company Plc's Board of Directors' activities for the year ended 31 December 2020, in compliance with various relevant provisions of the Nigerian Code of Corporate Governance 2018 for public and

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private sectors in Nigeria and the Securities and Exchange Commission's additional corporate governance requirement.

We reiterate, therefore, that this report should not be used, reproduced or circulated to any other party in whole or in part, without our prior written consent.

If there are any matters upon which you require clarification or further information, please contact Orji Okpechi.

Yours faithfully



Orji Okpechi

Engagement Partner

For: Grant Thornton (Chartered Accountants)

If you have any questions in respect of this report or its contents, please contact:

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Contents

Sections	Page	Appendices	Page
1. Executive summary	4	A. Glossary	41
2. Detailed Report	12	B. Important notice	42
3. Gap	36		

Section 1: Executive summary

01. Executive summary

02. Detailed report

03. Gap

Report of the External Consultants on The Okomu Oil Palm Company Plc's Board of Directors' Appraisal

We have completed our procedures for The Okomu Oil Palm Company Plc's board of directors' appraisal for the year ended 31 December 2020 in accordance with the Nigerian Code of Corporate Governance 2018 for public and private sectors in Nigeria and the Securities and Exchange Commission (SEC) Form 01.

Based on our review, as well as analysis of board members self-evaluation questionnaires, we are of the opinion that the board's performance complied with the requirements set out in the Nigerian Code of Corporate Governance 2018 for public and private sectors in Nigeria and SEC Form 01.

Our review procedures were in accordance with the limited scope of our engagement and might not necessarily identify all irregularities that may exist in the underlying information.

This report should not be construed as expression or approval of matters not specifically mentioned therein.

The review was concluded in January 2021. The key findings and specific recommendations for improvements have been articulated and included in our detailed report to the board of directors.

Yours faithfully,



Orji Okpechi

FRC/2013/ICAN/00000001968

26 February 2021

Basis of Report

Our report is based on the information presented to us during our fieldwork and the action plan provided by the board of directors on 21 December 2020. We have not undertaken to update our report or to revise the information contained therein for events and circumstances arising after that date.

Engagement Objectives

The main objectives of this engagement are to review the compliance of The Okomu Oil Palm Company Plc's board of directors' activities with the Nigerian Code of Corporate Governance 2018 for public and private sectors in Nigeria and SEC Form 01, and also to prepare, as well as, submit to the company's board of directors, an independent report based on the review.

Scope of Work

Our responsibilities basically are to conduct a comprehensive review of the board of directors of the Company in line with the requirements of the Nigerian Code of Corporate Governance 2018 for public and private sectors in Nigeria and SEC Form 01.

Forms of report

For your convenience, this report has been made available to you in electronic as well as hard copy format. Multiple copies and versions of the report may therefore exist in different media and in the case of any discrepancy the final signed hard copy should be regarded as definitive.

Confidentiality

This report is confidential and has been prepared exclusively for the use of management of The Okomu Oil Palm Co. Plc (the "Company").

It should not be used, reproduced or circulated for any other purpose, in whole or in part, without our prior written consent, such consent will only be given after full consideration of the circumstances at the time.

The report is issued on the understanding that the management of the Company has drawn our attention to all matters of which they are aware may have an impact on our report up to the date of signature of this report.

Basis of Report Cont'd

Our Methodology and Approach

In carrying out this assignment, our work was based on the following four areas of activities:

- **Interviews:** we interviewed two (2) of the executive directors and some management staff of the company.
- **Survey / Questionnaires:** we customized our standard questionnaires for the other directors of the company to complete and the administered questionnaires were completed and returned to us. This survey is designed around the four drivers of board performance (role, people, processes which include agenda, meeting frequencies, information, committees, etc; and behavior).
- **Documentation Review:** we reviewed all the necessary documents relating to the board and its committees' activities within the period of January to December 2020.
- **Reporting:** we are reporting to the board the compliance position of the directors, the board, and the company with the Nigerian Code of Corporate Governance 2018 for public and private sectors in Nigeria.

Summary of Findings: Our review confirmed that the company's board activities within the year under review complied with the provisions of the Nigerian Code of Corporate Governance 2018 for public and private sectors in Nigeria and additional requirement in SEC Form 01 but there is need for improvement in the activities of the internal audit.

Sources of Information

The information in this report is based on discussions with, and documents provided by key personnel, which include the following:

The Board Charter

Audit Committee Charter

Governance and Remuneration Committee Charter

Risk Management Committee Charter

Code of Ethics

Organization Structure

Communication Policy and Procedures

Risk Management Policy

2019 Published Financial Report

Board and Committees' minutes of meetings for the period under review.

Schedule of directors' sitting allowances during the period.

Schedule of all serving directors and the composition of the board committees

Internal audit reports for the period under review

Health, Safety and Environment reports for the period under review.

Directors' personal files and their profiles, et cetera.

Information Technology framework.

Remuneration policy.

Rating Benchmark

We have issued a report with the following guidelines for reporting purposes and have indicated whether the individual elements reviewed “Complied (C), Substantially Complied (SC) or Did Not Comply (DNC)” are in line with the professional standards established for that element. These compliance ratings are defined as follows:

Rating Description	Rating	Definition	Rating Score Range
Complied	C	Means the evaluator has concluded that the relevant sections of the Nigerian Code of Corporate Governance (NCCG) 2018, and Securities & Exchange Commission (SEC) Form 01 are complied with. For the sections and major categories, this means that there is compliance with most of the sub-sections of the Code's Section.	75 % - 100%
Substantially Complied	SC	Means the evaluator has concluded that the relevant structures, policies, and procedures of the activity by which they are applied, substantially complied with the requirements of the Nigerian Code of Corporate Governance (NCCG) 2018, and Securities & Exchange Commission Form 01.	51% - 74%
Did Not Comply	DNC	Means the evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with or is failing to achieve many/all the objectives of the Nigerian Code of Corporate Governance (NCCG) 2018, and Securities & Exchange Commission Form 01.	Below 50%

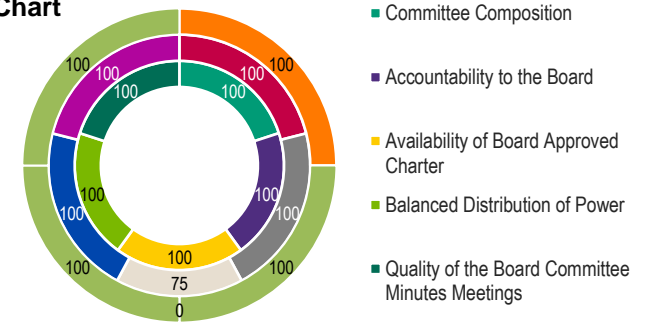
Board Members Attendance

S/N	Board of Directors	AC	RMC	GRC	Quarterly Board Meeting Attendance			
					1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
1	Mr. Gbenga Oyeboode , MFR				✓	✓	✓	✓
2	Dr. G.D Hefer				✓	✓	✓	✓
2	Mr. Arnaud Arhainx				✓	✓	✓	✓
4	Dr. L.J J Boedt	M			✓	✓	✓	✓
5	Chief D. U Edebiri, OON	M	M	M	✓	✓	✓	✓
6	Mr. P..A. E Eguasa, JP	M(CM)	M(CM)	M	✓	✓	✓	✓
7	Mr. H. Fabri				✓	✓	✓	✓
8	Mr. Ph.de Traux de Wardin			M	✓	✓	✓	✓
9	Mr. R. Helsmoortel			M	✓	✓	✓	✓
10	Mr. S. Claeys		M		✓	✓	✓	✓
11	Mr. Asue Ighodalo			M(CM)	✓	✓	✓	✓

Board Committees Evaluation

S/N	Key Focus	AC	RMC	GRC
1	Committee Composition	100	100	100
2	Accountability to the Board	100	100	100
2	Availability of Board Approved Charter	100	75	-
4	Balanced Distribution of Power	100	100	100
5	Quality of the Board Committee Minutes Meetings	100	100	100
Average Rating		100	95	80

Committee Evaluation Chart



S/N	Committees	Quarterly Committees Meeting Attendance			
		1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
1	AC	✓	✓	✓	✓
2	RMC	✓	✓	✓	
3	GRC	✓	✓	✓	✓

The table above represent that all the Board Committee members where in attendance in the period under review.

Directors' Fee

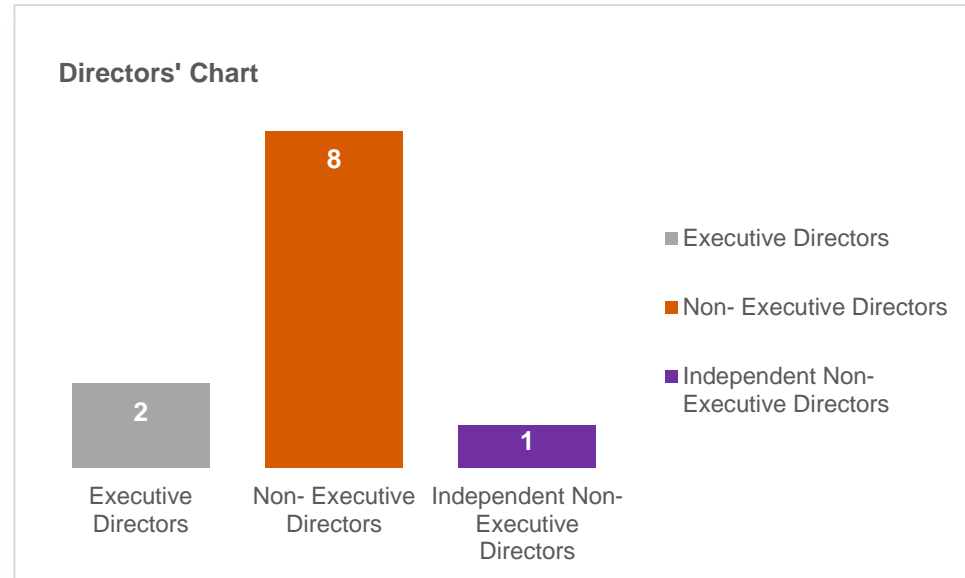
S/N	Name of Directors	Fees & Allowances	Expenses	Total
		=N=	=N=	=N=
1	Mr. Gbenga Oyebode	12,817,440	2,328,593	15,146,033
2	Mr. P.A.E Eguasa	11,663,589	2,326,163	13,989,752
3	Chief D.U. Edebiri	11,368,490	2,326,163	13,694,653
4	Mr. A. Ighodalo	9,359,712	2,121,233	11,480,945
5	Mr. H. Fabri	8,942,400	-	8,942,400
6	Dr. L.J.J. Boedt	9,916,992	-	9,916,992
7	Mr. Ph de Traux	9,480,240	-	9,480,240
8	Mr. R. Helmoortel	8,942,400	-	8,942,400
9	Mr. S. R. F. Claeys	9,480,240	-	9,480,240
Total		91,971,503	9,102,152	101,073,655

The table above shows the fees paid to the NED and INED in compliance with the principles 16.11 of the NCCG 2018.

Directors' Composition

Directors	Number of Member (S)
Executive Directors	2
Non- Executive Directors	8
Independent Non- Executive Director	1
Total	11

Directors' Composition



Directors' Composition – Gender Equality

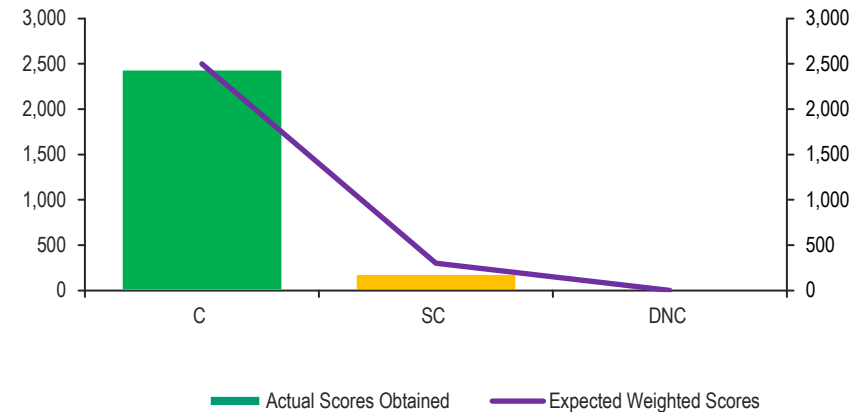
Directors' Member	Male	Female
Executive Directors	2	Nil
Non- Executive Directors	9	Nil

Compliance Rating Dashboard

No.	Performance Standards	Actual Score	Rating
1	Role of the Board	100	C
2	Board Structure and Composition	90	C
3	Chairman	100	C
4	Managing Director/Chief Executive Officer	100	C
5	Executive Directors	100	C
6	Non-Executive Directors	100	C
7	Independent Non-Executive Directors	69	SC
8	Company Secretary	100	C
9	Access to Independent Advice	100	C
10	Meetings of the Board	100	C
11	Board Committees	93	C
12	Appointment to the board	100	C
13	Induction and Continuing Education	100	C
14	Board Evaluation	100	C
15	Corporate Governance Evaluation	100	C
16	Remuneration Governance	50	DNC
17	Risk Management	89	C
18	Internal Audit Function	67	SC
19	Whistle-blowing	100	C
20	External Auditors	88	C
21	General Meetings	100	C
22	Shareholder Engagement	100	C
23	Protection of Shareholder Rights	100	C
24	Business Conduct and Ethics	100	C
25	Ethical Culture	100	C
26	Sustainability	100	C
27	Stakeholder Communication	100	C
28	Disclosures	83	C
		2,629	

Rating Analysis

Rating	Expected Scores	Actual Average Scores	Number of Principles	Expected Weighted Scores	Actual Scores Obtained
C	100	98	25	2500	2443
SC	100	68	2	200	136
DNC	100	50	1	100	50
Total			28	2800	2629
Overall Rating					94%



Conclusion

The review of the board activities revealed compliance with the Nigerian Code of Corporate Governance 2018 and Security and Exchange Commission with an overall rating of **94%**.

Section 2: Detailed Report

01. Executive summary

02. Detailed report

03. Gap

Part A: Board of Directors and Officers of the Board

01. Role of the Board

02. Board Structure and Composition

03. Chairman

04. Managing Director / Chief Executive Officer

05. Executive Director

06. Non-Executive Director

07. Independent Non-Executive Director

08. Company Secretary

09. Access to Independent Advice

10. Meeting of the Board

11. Board Committees

12. Appointment to the Board

13. Induction and Continuing Education

14. Board Evaluation

15. Corporate Governance Evaluation

16. Remuneration Governance

01. Role of the Board

Principle 1

A successful Company is headed by an effective Board which is responsible for providing entrepreneurial and strategic leadership as well as promoting ethical culture and responsible corporate citizenship. As a link between stakeholders and the Company, the Board is to exercise oversight and control to ensure that management acts in the best interest of the shareholders and other stakeholders while sustaining the prosperity of the Company.

Present Status

The role of the board are clearly stated in Part A Principle 1 of the Nigerian Code of Corporate Governance 2018 for public and private companies in Nigeria. Our review confirmed that within the year 2020, the board performed its role in line with the recommendations set out in this principle, which includes but not limited to complying with the company's Board Charter, and with relevant laws of the Federal Republic of Nigeria and other applicable regulations. The board also delegated relevant authorities as required to the Audit Committee, Risk Management Committee, and the Governance & Remuneration Committee. The Board Charter provided was approved on 18 June 2020. The Charter contains the purpose, composition of the Board, membership, responsibilities of the Board members, and Duties of the Board.

02. Board Structure and Composition

Principle 2

The effective discharge of the responsibilities of the Board and its committees is assured by an appropriate balance of skills and diversity (including experience and gender) without compromising competence, independence and integrity.

Present Status

Members of the board are people of high integrity and have the required skills, competences and experiences as relates to board matters. The board is made up of eleven (11) directors. One non-executive chairman, two executive directors, seven non-executive directors and one independent (non-executive) director. There is a gender policy in place which was hosted on their website. However, there is no gender mix in the board as all the board members are male.

The board has a policy guiding its selection and appointment if new directors which was approved on 18 June 2020.

The decision made by the board was decided by the majority, no small group or individual was in charge of making decisions. The position of the Chairman and MD/CEO is separate. Most of the directors sit on the boards of other non-interest conflicting companies. The Chairman and the MD/CEO are not chairmen or members of any board committee. Apart from the executive directors, the other board members are not involved in the management of the company. There was no shadow director during the period.

03. Chairman

Principle 3

The Chairman is responsible for providing overall leadership of the Company and the Board and eliciting the constructive participation of all Directors to facilitate effective direction of the Board.

Present Status

The roles of the Chairman of the Board; who is a Non-Executive Director and the Chief Executive Officer of the company are clearly defined and separated in the organizational structure. The chairman is not involved in the day to day running of the company. Our procedures included a review of the organogram and the minutes of meetings of the board and we confirmed that the positions of the chairman of the board and chief executive officer are separate and held by different individuals. We also confirmed that the chairman was not a member of any of the board's committees. The chairman also ensured that the board and its committee are composed of individuals with relevant skills, competencies and desired experience.

The chairman presides over the board meetings and the annual general meeting that were held during the period. He also ensured that the different committees of the board were composed with individuals with the appropriate expertise. We also confirmed that the annual board plan was also agreed on by the board.

04. Managing Director/Chief Executive Officer

Principle 4

The Managing Director/Chief Executive Officer is the head of management delegated by the Board to run the affairs of the Company to achieve its strategic objectives for sustainable corporate performance.

Present Status

The Managing Director is well grounded, knowledgeable, and widely experienced in the company's operating industry and thereby possesses the required capability to carry out his functions. The managing director was involved in the day to day operations of the company making sure that the company's finances and other resources are effectively and efficiently managed.

From our discussion with the MD, he confirmed to us that he did not have any conflict of interest in the year under review. The MD was also not a member of any of the board committee, but he was in attendance of the meetings held. The MD/CEO was seconded from the parent company SOFINCO.

05. Executive Directors

Principle 5

Executive Directors support the Managing Director/Chief Executive Officer in the operations and management of the Company.

Present Status

The only other Executive Director apart from the Managing Director is the Finance Director. The Finance Director has an understanding of the company's operations and possess relevant experience that is needed to carry out his functions. The Finance Director (FD) supported the managing director to properly implement the company's strategic goal and helped to prudently manage the company's finances and other resources.

From our discussion with the FD, he confirmed to us that he did not have any conflict of interest in the year under review, hence there was non to be disclosed to the board. The FD was also not a member of any of the board committee, but he was in attendance of the meetings held.

06. Non-Executive Directors

Principle 6

Non-Executive Directors bring to bear their knowledge, expertise and independent judgment on issues of strategy and performance on the Board

Present Status

Five (5) of the company's eight (8) Non-Executive Directors are institutional directors representing SOCFINCO (Socfin Group), the majority shareholding company in The Okomu Oil Palm Company Plc. Our review of the profiles of all the Non-Executive Directors shows that they have the requisite experience for their various roles within the board. From the minutes reviewed we sighted that the Non-Executive Directors had access to the Executive Directors, the company secretary and the internal auditor as they were all in attendance of the meetings held by the board committees.

07. Independent Non-Executive Directors

Principle 7

Independent Non-Executive Directors bring a high degree of objectivity to the Board for sustaining stakeholder trust and confidence.

Present Status

The board had one Independent Non-Executive Director as a member within the year under review. The Independent Non-Executive Director's shareholding in the company is 0.076%. The Independent Non-Executive Director is not, and has not been, an employee of the company in the last 5 years. The Independent Non-Executive Director is not a close family member of any of the Company's advisers, Directors, senior employees, consultants, auditors, creditors, suppliers, customers or substantial shareholders.

The Independent Non-Executive Director provided advisory service to OOPC in the year under review. He helped to revise the company's Article of Association. However, from the questionnaire issued out to him he stated that the fee paid was immaterial (less than five million naira). However, we were not able to confirm the exact amount paid for this service as at the time of the review because as informed by the MD the company had not yet received the bill from the firm of the Independent Non-Executive Director, hence the bill will be paid in year 2021.

The tenure of Independent Non-Executive Director is not more than the recommended nine years (three terms of three years each) from the date of his first election. The Independent Non-Executive Director did not receive, and has not received additional remuneration from the Company apart from a Directors' fee and allowances; does not participate in the Company's share option or a performance-related pay scheme, and is not a member of the Company's pension scheme; and the Independent Director has not served on the Board for more than nine years from the date of his first election. The year under review made it the 9 year serving the board from the date of his first election.

08. Company Secretary

Principle 8

The Company Secretary plays an important role in supporting the effectiveness of the Board by assisting the Board and management to develop good corporate governance practices and culture within the Company.

Present Status

The appointment of the new company secretary was announced in the June 2020 board meeting held on the 18 June 2020. Chibuike Onwusoro is a qualified legal practitioner with several years of Corporate & legal practice, from 1990. He is also a registered financial reporting professional. He has knowledge of Risks, Assessments & Hazards having obtained his MSc in Environmental Economics & Policy from the Rivers State University in 2012. He also has a sector specific PGD in Agricultural Economics & Extension Services from the same University in 2005.

The company secretary reports functionally to the board and administratively to the Managing Director. The performance evaluation of the company's secretary was approved by the board, as seen in APPENDIX 5 of the October 2020 board meeting paper.

The company secretary provides the Board and Directors individually, with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Company. He coordinated the training on "Enhancing Board Effectiveness In Pandemic Times Workshop". He assisted the Chairman and MD/CEO in coordinating activities regarding the annual Board plan and with the administration of other strategic issues at the Board level

He compiled the board papers and ensured that the Board's discussions and decisions are clearly and properly recorded and communicated to relevant persons in a timely manner. He carried out all the recommended practices as listed in the Nigerian Code of Corporate Governance 2018.

09. Access to Independent Advice

Principle 9

Directors are sometimes required to make decisions of a technical and complex nature that may require independent external expertise.

Present Status

From the board charter we sighted that the directors can have access to independent advice if need be. In the year under review, the board consulted Banwo & Ighodalo to help revise the company's Article of Association.

10. Meeting of the Board

Principle 10

Meetings are the principal vehicle for conducting the business of the Board and successfully fulfilling the strategic objectives of the Company.

Present Status

The Board held meeting once every quarter. They held meeting on 16 March 2020, 18 June 2020, 20 October 2020 and 14 December 2020. The minutes are sent before the next meetings and in the meeting proceeding, corrections are made if need be and approved by the Chairman of the board and respective committee. If directors do not meet the meeting attendance it will affect their chances of being re-elected.

11.0 Board Committees

Principle 11

To ensure efficiency and effectiveness, the Board delegates some of its functions, duties and responsibilities to well-structured committees, without abdicating its responsibilities.

Present Status

The Board maintained three (3) committees in the period under review. They include: the Audit committee, Governance and Remuneration Committee and Risk Management Committee. Only Directors were members of the board committee and senior management were in attendance. However, shareholders were members of the Audit committee as the Audit committee and Statutory Audit committee are not separated. The board committee is made of directors with relevant skills and competencies.

In the year under review, only the Audit committee had an approved charter. However, the Risk management policy contained the terms of reference of the Risk Management Committee.

As evidenced in the minutes of the board committee, senior management were in attendance of the board committee meetings but are not members of the board committee. Each committee is composed of at least three directors and the INED is a member of the Governance and remuneration committee.

The company secretary was the secretary of the board committees. Key recommendations made at each board committee meeting were discussed in the board meetings.

In the year under review, only the chairman of the Audit committee was changed and he was appointed by the board.

11.1 Governance and Remuneration Committee

Present Status

The responsibilities of the Nomination & Governance Committee is merged with that of the Remuneration Committee. It is called the Governance and Remuneration committee. The members of this committee comprise of three (3) NED and one (1) INED who is the chairman of the committee.

The committee met four times in the period under review. They met on 13 March 2020, 17 June 2020, 19 October 2020 and December 2020. The board members attended a training on “Enhancing Board Effectiveness In Pandemic Times Workshop”. The company has a policy on selection and appointment of new directors.

The company has a succession plan in place which is included in the board charter. The MD/CEO was evaluated by the Chairman of the board and the Financial Director was Evaluated by the MD/CEO on 16 November 2020.

The following charters were reviewed in the period:

- Board Charter.
- Internal Audit Charter.
- Selection and appointment of new directors.
- Code of ethics and Business conduct.
- Risk Management policy.
- Procedure on maintenance of hardware, software and data protection.

11.2 Audit Committee

Present Status

The Audit Committee comprises of three (3) Non-Executive Directors and three (3). The committee's activities are governed by the Audit Committee Charter and the Code. The Statutory Audit Committee and the Audit Committee are merged into one committee. The committee was initially headed by a shareholder and later changed to a non- executive director, both of whom are knowledgeable in finance and accounting. It was confirmed that the internal auditor reports directly to the audit committee.

From our review, the committee performed its duties as required by the Charter and the Nigerian Code of Corporate Governance 2018. All the committee members are financial literate. Mr. P.A.E. Eguasa has an MBA in Finance and Accounting. He was still part of the committee member.

We reviewed the minutes of the committee's meetings and established that the committee met four (4) times during the year 2020. The board has an oversight on the internal audit function as the internal auditor reports to them every quarter as seen in the committee meeting minutes. The board was in charge of all the audit activities during the period, they reviewed the findings of the management letter, they made suggestions as regards the remuneration of the external auditors.

11.3 Risk Management Committee

Present Status

The Risk Management Committee is made up of three Non-Executive Directors. Its activities were guided by a terms of reference. The committee was chaired by a Non-Executive Director during the period under review.

The Okomu Oil Palm Company Plc has a duly documented Risk Management Framework to ensure that the company's key business risks and key performance indicators are regularly monitored. We confirmed from our review that the health, safety and environment (HSE) manager carries out all risk assessments covering HSE while the internal auditor carries out financial & compliance risk assessment in the company and reports to the Risk Management Committee on periodic intervals.

During the period under review, the committee met three times and, on all occasions, reviewed reports from the health, safety and environment manager regarding risk issues. We were informed that the company's Information and Technology framework is managed by the parent company.

Mr. Eguasa and Mr. Edebiri are both members of the Audit Committee and Risk Management Committee as recommended by the law.

12. Appointment to the Board

Principle 12

A written, clearly defined, rigorous, formal and transparent procedure serves as a guide for the selection of Directors to ensure the appointment of high quality individuals to the Board.

Present Status

The board ensures that appropriate skills and expertise are the criteria for appointment to the board. It is important to note that the board has an approved policy for selection and appointment of board members.

The MD/CEO and the Finance Director are on secondment from SOFINCO therefore, their tenure is not being determined by the board.

13. Induction and Continuing Education

Principle 13

A formal induction programme on joining the Board as well as regular training assists Directors to effectively discharge their duties to the Company.

Present Status

Some directors attended a training in the year under review titled “Enhancing Board Effectiveness In Pandemic Times Workshop”, while three (3) directors said they were not sure if any training was carried out during the period.

14. Board Evaluation

Principle 14

Annual Board evaluation assesses how each Director, the committees of the Board and the Board are committed to their roles, work together and continue to contribute effectively to the achievement of the Company's objectives.

Present Status

The company contracted Grant Thornton to carry out its annual evaluation. During our review, we noted that the Managing Director (MD) was appraised by the Board Chairman while the Finance Director was appraised by the MD. We sighted the appraisal reports of both directors.

The evaluation of the company was disclosed in the 2019 annual report presented to us at the time of our review. From the annual appraisal carried out in 2019 the board members performed satisfactorily.

15. Corporate Governance Evaluation

Principle 15

Institutionalizing a system for evaluating the Company's corporate governance practices ensures that its governance standards, practices and processes are adequate and effective.

Present Status

The company contracted Grant Thornton to carry out its annual evaluation. During our review, we noted that the Managing Director (MD) was appraised by the Board Chairman while the Finance Director was appraised by the MD. We sighted the appraisal reports of both directors.

The evaluation of the company was disclosed in the 2019 annual report presented to us at the time of our review.

16. Remuneration Governance

Principle 16

The Board ensures that the Company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Present Status

The Executive Directors were on secondment from the major shareholder - SOCFINCO S.A, and consequently were not remunerated by The Okomu Oil Palm Company Plc during the year under review. The compensation for the Non-Executive Directors is usually fixed by the board and approved every year at the company's Annual General Meeting (AGM).

We confirmed that the executive directors were not paid sitting allowances in the year 2020. NEDs did not receive performance based compensations. The directors' fees and expenses were disclosed in the annual reports.

Part B: Assurance

17. Risk Management

18. Internal Audit Function

19. Whistle Blowing

20. External Auditors

17. Risk Management

Principle 17

A sound framework for managing risk and ensuring an effective internal control system is essential for achieving the strategic objectives of the Company.

Present Status

The company has a risk management framework that defines the company's risk policy, risk appetite and risk limits. However, the revised version is yet to be approved by the board. The company's risk management framework is disclosed in the annual report. The risk management function is both headed by the Chief Internal Auditor and the HSE Manager, They are both senior management staff and from their CVs they have the relevant qualifications.

The Risk Management Committee carries out periodic reviews of the risk reports from the Health, Safety and Environment (HSE) department. The company's risk management framework as it affect financial, operations, market, are included in the annual reports.

18. Internal Audit Function

Principle 18

An effective internal audit function provides assurance to the Board on the effectiveness of the governance, risk management and internal control systems.

Present Status

The internal audit function is guided by an approved charter. The Internal Auditor reports directly to the audit committee and administratively to the managing director. The internal audit function is headed by a member of the senior management who has relevant qualification and competence as sighted in his CV.

He has unrestricted access to the board chairman and audit board committee chairman. He reports at least once every quarter to the audit committee. The risk based internal audit plan for 2020FY was approved by the board. However, it was not adequate to address the risk of the company.

The Internal Audit unit has a documented risk register for 2020. However, the documentation of the work paper did not indicate the use of a risk-based audit methodology. We were provided with a flowchart of risk based internal auditing process that is presently being developed. An external assessment of the effectiveness of the internal audit function was carried out in the year under review by Grant Thornton.

19. Whistle-Blowing

Principle 19

An effective whistle-blowing framework for reporting any illegal or unethical behavior minimizes the Company's exposure and prevents recurrence.

Present Status

The company has a whistle-blowing policy which is known to employees and stakeholders such as contractors, customers, service providers, creditors, shareholders, job applicants and the general public. A dedicated information box, telephone line, and e-mail address were established for anonymous reporting of any illegal or unethical behavior. This information was pasted on the company's notice board.

20. External Auditors

Principle 20

An external auditor is appointed to provide an independent opinion on the true and fair view of the financial statements of the Company to give assurance to stakeholders on the reliability of the financial statements.

Present Status

The company's external auditors (Horwath Dafinone) was appointed as statutory auditor in the year 2011. The engagement partners have been changed three times within the period. However, the present Audit partner Mr. Babatunde Lawal has been the audit partner for 6 years.

Below is a table showing the external auditor's partner rotation:

Year	Auditors	Partner
2011	Horwath Dafinone	
2012	Horwath Dafinone	Oyeyemi A. Badiru (Mrs.)
2013	Horwath Dafinone	Igho O. Dafinone
2014	Horwath Dafinone	Igho O. Dafinone
2015	Horwath Dafinone	Mr. Babatunde Lawal
2016	Horwath Dafinone	Mr. Babatunde Lawal
2017	Horwath Dafinone	Mr. Babatunde Lawal
2018	Horwath Dafinone	Mr. Babatunde Lawal
2019	Horwath Dafinone	Mr. Babatunde Lawal
2020	Horwath Dafinone	Mr. Babatunde Lawal

Part C: Relationship with Shareholders

21. General Meetings

22. Shareholder Engagement

23. Protection of Shareholders Rights

21. General Meeting

Principle 21

General Meetings are important platforms for the Board to engage shareholders to facilitate greater understanding of the Company's business, governance and performance. They provide shareholders with an opportunity to exercise their ownership rights and express their views to the Board on any areas of interest.

Present Status

All the board members attended the Annual General Meeting (AGM). The company gives 21 days notice before an AGM is held. The notice was published in the Vanguard newspaper on 7 May 2020 and the AGM took place on 28 May 2020. It was held at Harbor Point Event Centre, 4 Wilmot Point Road, Victoria Island Lagos.

All issues discussed in the general meeting are highlighted separately. Some of the issues discussed in the AGM includes:

- Presentation and appointment of the directors eligible for re-election
- Appointment of the Audit Committee chairman
- Presentation of the Auditor's report
- Approval of the external auditor's remuneration.

22. Shareholder Engagement

Principle 22

The establishment of a system of regular dialogue with shareholders balances their needs, interests and expectations with the objectives of the Company.

Present Status

The company is committed to providing high standards of service to its shareholders by ensuring that all shareholders complaints or suggestions are acknowledged and documented and that shareholders are duly availed efficient and easy access to such information. This is duly documented in the procedure for shareholders complaints management.

The company established a web portal on the company's website at www.okomunigeria.com for its shareholders to ensure access to information. The AGM is also a means for communicating with the shareholders.

23. Protection of Shareholder Rights

Principle 23

Equitable treatment of shareholders and the protection of their statutory and general rights, particularly the interest of minority shareholders, promote good governance.

Present Status

Three shareholders were members of the audit committee during the period under review.

Shareholders are well informed of the activities of the company during the AGM. The company uses its website, Nigeria Stock Exchange website and daily newspapers to disseminate information to the public.

Part D: Business Conduct and Ethics

24. Business Conduct and Ethics

25. Ethical Culture

24. Business Conduct and Ethics

Principle 24

The establishment of professional business and ethical standards underscores the values for the protection and enhancement of the reputation of the Company while promoting good conduct and investor confidence.

Present Status

The company has a well-documented Code of Ethics in place and it was communicated to all directors and employees of the company. The policy on Business Conduct and Ethics is approved and also hosted on the company's website.

25. Ethical Culture

Principle 25

The establishment of policies and mechanisms for monitoring insider trading, related party transactions, conflict of interest and other corrupt activities, mitigates the adverse effects of these abuses on the Company and promotes good ethical conduct and investor confidence.

Present Status

The company has documented policies on insider trading, related party transactions and conflict of interest. During the year Under review the directors did not have any conflict of interest. The insider trading by SOFINCO was disclosed on the NSE website.

The company engaged two (2) directors (Mr. P. Eguasa and Chief D Edeberi) and one (1) of the members of the Audit Committee (Rev. L. Ohenhen) in the construction of the following:

- Construction of New Senior Staff Quarters (Block of 3 Rooms) at Extension 2 **NGN15,857,959.25**
- Construction of New Junior Staff Quarters (Block of 6 Rooms) at Main Estate **NGN15,087,678.75**
- Construction of New Junior Staff Quarters (Block of 6 Rooms) at Extension 2 **NGN16,787,231.18**
- Construction of New Junior Staff Quarters (Block of 6 Rooms) at Extension 2 Oil Mill **NGN15,464,036.25.**

The Independent Non-Executive Director, Mr. Asue Ighodalo helped the company to revise its Articles of Association. The fee from this service will be paid in year 2021.

Part E: Sustainability

26. Sustainability

26. Sustainability

Principle 26

Paying adequate attention to sustainability issues including environment, social, occupational and community health and safety ensures successful long term business performance and projects the Company as a responsible corporate citizen contributing to economic development.

Present Status

It is required in principle 26 of the Code that sustainability issues be reported in the annual report of the company. The following policies were sighted by us:

- Code of Ethics Policy
- Integrated Management System Policy
- Child Labor Policy
- Drug and Alcohol Policy
- HIV/AIDS Policy
- Sexual Harassment and Violence in Workplace Policy
- Social Labor Policy for Migrants

The company published all policies on sustainability issues on its website (www.okomuoilplc.net). At the time of our review, we sighted the sustainability report for 2019.

The Okomu Oil Palm Co. Plc provides Corporate Social Responsibilities (CSR) to neighboring communities and this is hosted in the company's website. This is also disclosed in the company's annual report.

Part F: Transparency

27. Stakeholder Communication

28. Disclosures

27. Stakeholder Communication

Principle 27

Communicating and interacting with stakeholders keeps them conversant with the activities of the Company and assists them in making informed decisions.

Present Status

The board has a stakeholder management and communication policy. The policy specified that the company disseminates information to shareholders and the general public through the website, electronic mail and newspapers. This policy highlighted the procedures to disseminate information both internally and externally. Furthermore, the company displays most of the information on its website for easy access by all.

We confirmed that the company complied with the requirements of the communication policy within the year under review.

28. Disclosures

Principle 28

Full and comprehensive disclosure of all matters material to investors and stakeholders, and of matters set out in this Code, ensures proper monitoring of its implementation which engenders good corporate governance practice.

Present Status

The company disclosed the items as recommended by the Code. This was disclosed in the annual report and the company's website.

Section 3: Gap

01. Executive summary

02. Detailed report

03. Gap

PART A. Board of Directors and Officers of the Board

Principle 2

Board Structure and Composition

Principle 2.4: Gap in Board Diversity

The board does not have diversity in its membership as all the board members are male.

Recommendation

The board is advised to have diversity in the membership of its board as required by the Nigerian Code of Corporate Governance 2018.

Action Plan

The board is looking at this option in 2021.

Principle 7

Independent Non – Executive Director

Principle 7.2.1: Gap in Percentage Shareholding in Excess of 0.01%

Mr. **Asue Ighodalo** who is an INED in the company has shareholding up to 0.076% of the paid up capital of the company.

Recommendation

The company should ensure each INED does not hold a percentage shareholding in excess of 0.01% of the paid up capital.

Action Plan

Noted. His 9 year term ends in 2021.

Principle 7 Cont'd

Independent Non – Executive Director

Principle 7.2.7: Gap in Rendering Consultancy Services

The INED rendered advisory services to the company as his firm “Banwo & Ighodalo” helped the company to revise its Articles of Association.

Recommendation

Our recommendation is that the INED should not render any professional, consultancy or other advisory services to the Company, other than in the capacity of a Director.

Action Plan

Noted.

Principle 11

Board Committees

Principle 11.1.3: Gap in Committee Charter

The Governance and Remuneration committee did not have a charter in the period under review, while the Risk management committee had a terms of reference in the Risk management policy.

Recommendation

We recommend that the board should set out a charter that will guide the operations of the different board committees mentioned above and it should be updated periodically.

Action Plan

The Remuneration Committee Charter will be developed and approved in 2021.

PART A. Board of Directors and Officers of the Board

Principle 11 Cont'd

Board Committees

Principle 11.1.4: Gap in Refreshed of Board Committee

From our review of the members of the board committee we noticed that the members of the committee have been in the same committee for the past two (2) years. The membership of the board committees was not refreshed.

Recommendation

We recommend that the membership of the board should reviewed and refreshed periodically as required by this principles.

Action Plan

Noted. We will request to the board that they rotate committee members as far as possible and see if they agree to this.

Principle 11 Cont'd

Board Committees

Principle 11.2.5.6: Gap in INED Annual Assessment

The annual assessment of the independent status of the INED was not carried out as recommended by principle.

Recommendation

The Governance and Remuneration committee should ensure that it reconfirm the independent status of the INED annually.

Action Plan

It was disclosed orally in 2020 but will be documented in 2021.

Principle 11 Cont'd

Board Committees

Principle 11.3.5: Gap in Remuneration Policy

The company does not have a developed remuneration policy for the year under review.

Recommendation

The Governance and Remuneration committee should develop a formal, clear and transparent framework for its remuneration policies for both directors and senior management. The remuneration policy should also be disclosed in the company's annual report.

Action Plan

The Policy will be prepared and approved in 2021.

PART B. Assurance

Principle 17

Risk Management

Principle 17.5: Gap in Risk Assessment

A thorough risk assessment covering all aspect of the business operations was not carried out in the year under review.

The company's mitigating strategies developed was not robust enough to manage identified risks.

Recommendation

The company should ensure that it annually carries out a thorough risk assessment and ensuring development and implementation of mitigating strategies that is robust enough in managing identified risks.

Action Plan

Noted. An improvement will be made in 2021.

Principle 18 Cont'd

Internal Audit Function

Principle 18.5.4: Gap in Periodic Evaluation Assurance

The Chief Internal Auditor did not conduct a periodic evaluation of the effectiveness and efficiency of the company's internal control systems.

Recommendation

We recommend that the Chief Internal auditor should evaluate the effectiveness and efficiency of the company's internal controls.

Action Plan

This will be documented in our report to the board.

Principle 17 Cont'd

Risk Management

Principle 17.6: Gap in the Board Review of Effectiveness of Risk Management Framework

The sighted internal audit report does not assure the effectiveness of the risk management framework and report same to the Board in the year under review.

Recommendation

The Chief Internal Auditor should ensure that it evaluates the effectiveness of the risk management framework and report same to the board committee on timely basis.

Action Plan

Noted.

Principle 20

Internal Audit Function

Principle 20.4: Gap in Rotation of Audit Engagement Partner

The engagement partner in charge of the 2020 audit has been the engagement partner since 2015.

Recommendation

The company should ensure that the engagement partner doesn't stay more than five years.

Action Plan

Noted.

Appendices

Glossary	41
Important Notice	42

Glossary

Abbreviation	Meaning
NCCG	Nigerian Code of Corporate Governance
SEC	Securities and Exchange Commission
OOPC	The Okomu Oil Palm Co Plc
MD	Managing Director
CEO	Chief Executive Director
ED	Executive Director
NED	Non-Executive Director
INED	Independent Non-Executive Director
AC	Audit Committee
RMC	Risk Management Committee
GRC	Governance & Remuneration Committee

Abbreviation	Meaning
M	Member
CM	Chairman
C	Complied
SC	Substantially Complied
DNC	Did Not Comply
QTR	Quarter
FD	Finance Director
AGM	Annual General Meeting
HSE	Health Safety & Environment
CV	Curriculum Vitae
NSE	Nigerian Stock Exchange

Important Notice

Limitation of liability

We draw your attention to the limitation of liability paragraph of the 'Letter of engagement'.

Scope of work and limitations

Our work focused on the areas set out in the 'Letter of engagement of this report. The scope of work from our engagement letter includes:

- The review of the Board of Directors and the officers of the Board. This section covers the sixteen principles stated by the NCCG 2018.
- The assurance: This section covers the four principles stated in NCCG 2018.
- The relationship with shareholders: The section covers the three principles stated in NCCG 2018.
- Business conduct with ethics: It includes the two principles stated in NCCG 2018.
- Sustainability issues and its reporting.
- Transparency: This includes the two principles stated in NCCG 2018.
- To ensure that the SEC Forms requirements are complied with.

Our review of the affairs of the Company does not constitute an assurance engagement conducted in accordance with any generally accepted assurance standards and no verification work has been carried out by us; consequently we do not express an assurance opinion on the figures included in the report.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this report, which might be relevant in the context of the transaction and which a wider scope review might uncover.

Factual accuracy confirmation

The Management of Okomu has not been provided with a copy of this report and so has not confirmed its factual accuracy in all material respects. You recognise and accept that our report and any conclusions we draw may differ had we had the benefit of confirming the facts with Management.

Sources of information

The information contained in this report is based primarily on:

- Documents provided at the client office, and via email
- Discussions with Management
- Documents seen on the company's website
- Information from the NSE website

We do not accept responsibility for such information which remains the responsibility of Okomu Management. We have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work in accordance with the terms of the Letter of engagement. We have not, however, sought to establish the reliability of the sources by reference to other evidence.

Our report makes reference to 'Grant Thornton Analysis'; this indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented; we do not accept responsibility for the underlying data.

Period of our fieldwork

As stated in Letter of Engagement, the Code of Corporate Governance exercise was carried out at the Company's office from 11 January 2021 to 20 January 2021.

