

The Board is responsible to the shareholders for the management and control of the company's activities and is committed to the highest standards of Corporate Governance as set out in the code of corporate governance. It is the Board's view that the company has fully complied with the provisions of the Code during the year.

This section together with the Directors' report on pages 13 to 17 provides the details of how the company applied the principles and complied with the provisions of the Code.

## BOARD COMPOSITION AND BALANCE

During the year, the Board comprised a Non-Executive Chairman, one Independent Non-Executive Director, seven Non-Executive directors and two Executive Directors.

The posts of Chairman and Managing Director are separated and independent. The Chairman is responsible for the working and leadership of the Board and for the balance of its membership. The Managing Director is responsible for leading and managing the business within the authority delegated by the Board.

The Board considers that during the year the company was in full compliance with the code, which requires that the membership of the Board should not be less than 5 persons and should be a mix of executive and non-executive directors headed by a Chairman with at least one independent director.

It is part of the Board's plan to ensure that it has a blend of skills, experience and independence that is required to provide leadership and to shape the overall strategic development of the company.

## FUNCTIONING OF BOARD

The Directors receive management information, including financial, operating and strategic reports, in advance of Board meetings. The Board receives presentations from non-board members on matters of significance which help to give the Board greater insight into the business of the company. The Company's solicitors and Company Secretary provide the Board with ongoing reports that cover legal and regulatory changes and developments.

The Board has a formal schedule of matters specially reserved to it for decision making, although its primary role is to provide leadership and to review the overall strategic development of the company as a whole. In addition, the Board sets the company's values and standards and ensures that the company acts ethically and that its obligations to its shareholders are understood and met. The Board is specifically responsible for the:

- Approval of the company's strategy and its budgetary and business plans;
- Approval of the significant investments and decisions;
- Review of the performance, assessed against the company's strategy, objectives, business plans and budgets;
- Approval of the annual results, interim management statements, accounting policies and the appointments and, subject to shareholder approval, remuneration of the external auditors;
- Approval of the dividend policy, the interim dividend and the recommendation of the final dividend;
- Changes to the company's capital structure and the issue of any securities;
- Establishing the company's risk policies, system of internal control, governance and approval authorities;
- Executive performance and succession planning, including the appointment of new directors; and
- Determine the standards of ethics and policy in relation to business practice, health, safety, environment, social and community responsibilities.

At its meetings during the year, the Board discharged the duties above and received update on the following financial performance; key management changes; material new projects; financial plans; legal and regulatory updates, and in particular, it continued with development work in the future expansion project of the company. In addition to formal reports passed to the directors, the directors are expected to take responsibility for identifying their own individual needs and to take appropriate steps to ensure that they are properly informed about the company and their responsibilities as a Director.

The Board has delegated authority to certain committees to carry out specified objectives which are defined by their terms of reference. Additional information on the responsibility of each of the Board Committees are outlined on pages 19 to 23.



## BOARD TRAINING

The company's policy encourages directors to attend different training programmes and seminars that enhances their professional skills and informs them of new developments in the company's business and operating environment.

## BOARD PERFORMANCE AND EVALUATION

In the year under review, the company's consultants Grant Thornton, Chartered Accountants undertook an annual independent evaluation of the Board and Board committee performance and also ascertained whether there were areas where performance and procedures might be further improved. The outcome of the Board evaluation was highly enlightening and very satisfactory.

## DIRECTORS' CONFLICTS OF INTEREST

The Directors have and are aware of the statutory duty to avoid a situation in which they have, or could have, an interest that conflicts or possibly may conflict with the interests of the Company. They will not be in breach of that duty if the relevant matter has been authorized in accordance with the Articles by the other Directors. The Board has adopted a set of guiding principles on managing conflicts and has approved a process for identifying current and future actual and potential conflicts of interest.

## BOARD MEETINGS

During the year the Board held four scheduled meetings. The attendance of Directors at the scheduled committee meetings that were convened in the year ended 31 December 2016 are as follows:-

S/N	Name of Director	Board of Directors	Audit committee	Risk management committee	Governance/ Remuneration committee
	<b>Number of meetings held</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>4</b>
1.	Mr. G. Oyeboode	4 C	-	-	-
2.	Dr. G. Hefer	4	-	3	-
3.	Dr. L. J. J Boedt	4	4	-	-
4.	Mr. P. A. E Eguasa	4	4 C	3 C	4
5.	Mr. P. De Traux	4	-	-	3
6.	Mr. H Fabri	4	-	-	-
7.	Mr. R. Helsmoortel	4	-	-	4
8.	Chief D. U Edebiri	4	4	3	4
9.	Mr. A. Ighodalo	4	-	-	4 C
10.	Mr. A. Mary	4	-	3	-
11.	Mr. S F. Claeys	4	-	3	-

- Non member      C - Chairman

- (i) Mr. A. Mary and Dr. G. Hefer were requested to be in attendance at the audit committee meetings to provide the appropriate information required by the committee.

In line with the provisions of Section 258(2) of the Companies and Allied Matters Act CAP C20 LFN 2004, the record of the directors' attendance at board meetings is available for inspection at the Annual General Meeting.

The Board and Committee meetings are structured to allow open discussion. All directors receive detailed papers in advance of Board meetings. When unable to be physically present in person, Directors may attend by audio or video conference. When directors are not able to attend Board or committee meetings, their comments on the paper to be considered at that meeting are relayed in advance to the Chairman of that meeting, or an alternate is produced where applicable.

The company secretary, whose appointment is a matter reserved for the Board, is responsible for advising and supporting the Chairman and the Board on company law and corporate governance matters and for ensuring that Board procedures are duly followed. The officer is also responsible for ensuring that there is a smooth flow of information to enable

effective decision making. All directors have access to the advice and services of the company's legal counsel & company secretary and through him have access to independent professional advice in respect of their duties at the company's expense.

## BOARD COMMITTEES

The Board has delegated certain authority to the committees each with formal terms of reference, which are available on request or can be obtained from the Company Secretary. The principal committees of the Board are as follows:

NAME	RISK MANAGEMENT	GOVERNANCE/ REMUNERATION
Mr. G. Oyeboode MFR	--	-
Dr. L.J.J Boedt	-	-
Chief D. U. Edebiri OON	M	M
Mr. P. A. E Eguasa	C	M
Mr. H. Fabri	-	-
Dr. G.D Hefer	-	-
Mr. R. Helsmoortel	-	M
Mr. A. Ighodalo	-	C
Mr. A. Mary	-	-
Mr. P.de Traux de Wardin	-	M
Mr. S. F. Claeys	M	-

## KEYS

- Non-member
- M Member
- C Chairman of Committee

## RISK MANAGEMENT COMMITTEE

The Risk management committee is charged with the responsibility for acknowledging and identifying risk in the work place and the operating environment, evaluating and prioritizing such risks that may arise and advising the company on how to avoid, modify and manage all of the risks the company may encounter. During the year, the committee was chaired by Mr. P. A. E Eguasa with two other non-executive directors as members. The committee met 3 times in 2016.

## AUDIT COMMITTEE

The Committee comprises of three non-executive directors and three elected members of the shareholders as shown below:-

Mr. P.A.E. Eguasa	Director	Chairman
Mr. L.A. Ohenhen	Shareholder	Member
Mr. M. Igbrude	Shareholder	Member
Rev. A. Imadu	Shareholder	Member
Dr. L. J. J. Boedt	Director	Member
Chief D.U Edebiri, OON	Director	Member

It was chaired by Mr. P. A. E. Eguasa from October, 2014 to October, 2015 and Mr. A. Imadu from October 2015 to October 2016. The committee met four times during the year. At the meetings, the Managing Director, Finance Director, representative of External Auditors, the internal Auditor and the company secretary were all in attendance. The Board considers that the members of Audit committee collectively have sufficient recent and relevant financial experience to carry out the functions of the Committee.

The Board has delegated to the committee the responsibility for overseeing the financial reporting, internal risk management and control functions and for making recommendations to the Board in relation to the appointment of the Company's internal and external auditors. The committee is authorized to investigate any matter within its terms of reference and, where necessary, to obtain external legal or other independent professional advice.



The Committee's principal activities during the year included:

- Reviewing the half year and annual financial statements with particular reference to accounting policies, together with significant estimates and financial reporting judgements and the disclosures made therein.
- Monitoring the financial reporting process;
- Reviewing management representations made to the external auditors;
- Reviewing the company's procedures to ensure that all relevant information is disclosed;
- Discussing any issues arising out of the full year audit with the external auditors (in the absence of management where appropriate);
- Making recommendations to the Board with regard to continuing the appointment and remuneration of the external auditors;
- Overseeing the company's relations with the external auditors and the effectiveness of the process;
- Reviewing and assessing the effectiveness of the company's internal financial controls and their applications;
- Monitoring and reviewing the internal audit function, reviewing all reports prepared by the internal auditors and assessing management's responses to such reports; and
- Reviewing and assessing the efficiency of the company's internal control and risk management systems.

To enable it to carry out its duties and responsibilities effectively, the committee relies on information and support from management across the business.

The committee also considers on an ongoing basis the independence of the external auditors and has established policies to consider the appropriateness or otherwise of appointing the external auditors to perform non-audit services, including consideration as to whether the auditors are the most suitable supplier of such services.

## GOVERNANCE/REMUNERATION COMMITTEE

This Committee comprises four non-executive directors and an Independent Director. The Independent non-executive director Mr. Asue Ighodalo, chairs the committee. The company secretary provides secretarial and related advisory services to the committee as necessary.

The committee's principal responsibilities are to determine the company policy on senior management remuneration and approve appropriate salary packages of senior Nigerian management staff and non-executive Board allowances. The committee (excluding the non-executive chairman) determines the level of fees payable to the Non-Executive Chairman as well as establishing the criteria for Board and Board committee membership.

Given the central part that remuneration plays in the success of the company, in terms of recruitment, motivation and retention of high quality employees, the committee is consulted on the remuneration packages of the Senior Nigerian Management staff. The committee also reviews the remuneration of other members of the company's Non-Executive Board.

## RELATIONS WITH SHAREHOLDERS

The company recognizes the importance of maintaining regular dialogue with its shareholders hence the institution of a comprehensive programme to maintain the ongoing two-way dialogue between the company and shareholders as it helps to ensure that the Board is aware of shareholders' views on a timely basis.

The Annual General Meeting (AGM) provides the Board with a valuable opportunity to communicate with private shareholders and is generally attended by all the Directors. Shareholders are given the opportunity to ask questions during the meeting and to meet the directors following the conclusion of the formal part of the meeting. The directors aim to give as much notice of the AGM as possible which will be at least 21 clear days, as required by the Companies and Allied Matters Act, CAP C20, LFN 2004. In accordance with the Articles, electronic and proper proxy appointments and voting instructions must be received not later than 7 days before a general meeting.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for establishing and maintaining the company's system of risk management and internal control to safeguard shareholders' investments and the company's assets and for reviewing the effectiveness of this system. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.



Key elements of the company's system of risk management and internal controls are:

- The regular review and assessment of the performance of the business in relation to risk management and internal control by the Board and its subcommittees;
- The company's risk management policy which sets out the process for identifying, evaluating and managing the key risks to the company's business objectives, supported by an appropriate organisational structure and clearly defined management responsibilities;
- The company's risk committee which reports to the Board and is tasked with the review, discussion and challenges of key risks reported, the ongoing development of internal controls and the monitoring of internal audits and other sources assurance on the effectiveness of internal controls.

The audit committee has reviewed the effectiveness of the system of risk management and internal control. In performing its review of effectiveness, the audit committee considers the following reports and activities:

- Internal audit reports on the review of priority controls across the company and the monitoring of management actions arising there from;
- Management's own assessment of the performance of the system of risk management and internal control during 2016; and
- Reports from the external auditors on issues identified during the course of their work.

The Board, having reviewed the effectiveness of the system of internal control, can confirm that necessary actions have been, or are being taken to remedy any significant failings or weaknesses identified.

## BOARD/COMMITTEE MEETINGS HELD IN 2016

S/N	DESCRIPTION OF MEETING	DATE & TIME OF MEETING
1.	AUDIT COMMITTEE	Tuesday March, 22 <sup>nd</sup> 2016 at 9.30am
	RISK MANAGEMENT COMMITTEE	Tuesday March, 22 <sup>nd</sup> 2016 at 12.35pm
	GOVERNANCE & REMUNERATION COMMITTEE	Tuesday March 22 <sup>nd</sup> 2016 at 3pm
	BOARD MEETING	Thursday March, 24 <sup>th</sup> 2016 at 10am
2.	AUDIT COMMITTEE	Monday June, 20 <sup>th</sup> 2016 at 4 pm
	RISK MANAGEMENT COMMITTEE	Monday June, 20 <sup>th</sup> 2016 at 5.30 pm
	GOVERNANCE/REMUNERATION COMMITTEE	Monday June, 20 <sup>th</sup> 2016 at 6 pm
	BOARD MEETING	Monday June, 20 <sup>th</sup> 2016 at 8pm
	ANNUAL GENERAL MEETING	Tuesday June, 21 <sup>st</sup> at 9.30am
3.	AUDIT COMMITTEE	Tuesday October, 18 <sup>th</sup> 2016 at 8.00am
	GOVERNANCE/REMUNERATION COMMITTEE	Tuesday October, 18 <sup>th</sup> 2016 at 12noon
	BOARD MEETING	Tuesday October, 18 <sup>th</sup> 2016 at 6 pm
4.	AUDIT COMMITTEE	Tuesday December, 13 <sup>th</sup> 2016 at 9 am
	RISK MANAGEMENT COMMITTEE	Tuesday December, 13 <sup>th</sup> 2016 at 1 am
	GOVERNANCE/REMUNERATION COMMITTEE	Tuesday December, 13 <sup>th</sup> 2016 at 3 pm
	BOARD MEETING	Wednesday December, 14 <sup>th</sup> 2016 at 1pm

## WHISTLE-BLOWING

The company encourages its employees to report the concerns which they feel the need to be brought to the attention of management. Whistle-blowing procedures, which are displayed on the company's notice boards are available to employees who are concerned about possible impropriety, security breach, or otherwise, and who may wish to ensure that action is taken without fear of victimization or reprisal.

## CODE OF CONDUCT

The company's Code of Ethics and Business Conduct is readily available to all employees, and in particular to ensure that employees have a single reference point (which is available in local language as appropriate) which details the company's commitment and approach to ethical business conduct.

## GOING CONCERN

The Board of Directors has undertaken a thorough review of the company's budget and forecasts and the management has produced detailed and realistic cash flow projections. These cash flow projections, when considered in conjunction with the company's anticipated undrawn facilities and cash (including consideration of reasonable possible changes in trading performance), demonstrate that the company has sufficient working capital for the foreseeable future. Consequently, the directors believe that the company has adequate resources to continue its operational existence. The financial statements have therefore been prepared on a going concern basis.

### By the Authority of the Board



Mr. Christian J. Mariere  
Company Secretary  
FRC/2017/NBA/00000016477  
By the Authority of the Board  
Okomu-Udo  
Edo State

16<sup>th</sup> March, 2017