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## Okomu Oil Palm Co. Plc



**Corporate Governance Review for the year ended 31 December 2018 – GAP  
Analysis Report**

15 March 2019

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**15 March 2019**

The Chairman,  
Board of Directors,  
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  
2018 – GAP Analysis Report**

We have completed our review of Okomu Oil Palm Company Plc's Board of Directors' activities for the year ended 31 December 2018, in compliance with various relevant provisions of the Securities and Exchange Commission's (SEC) Code of Corporate Governance 2011 for public companies in Nigeria.

The fieldwork review was carried out between 14 and 18 January 2018. The GAP Analysis and recommendations resulting from our procedures are disclosed on pages 5 to 8 of this report.

This compliance review is not an audit; we only conducted a comprehensive appraisal of the company's board members in line with section 15 sub-section 6 of the Securities and Exchange Commission's Code of Corporate Governance 2011 for public companies in Nigeria.

Yours faithfully,

**Ngozi A. Ogwo (Mrs.)**

For: Grant Thornton (Chartered Accountants)

## Executive Summary

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
<b>Complied</b>	<b>C</b>	Means the evaluator has concluded that the relevant sections of the Securities & Exchange Commission (SEC) code are complied with. For the sections and major categories, this means that there is compliance to a majority of the sub-sections of the <i>Code's Section</i> .	75 % to 100%
<b>Substantially Complied</b>	<b>SC</b>	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 securities & exchange commission code of corporate governance.	51% – 74%
<b>Did Not Comply</b>	<b>DNC</b>	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 of the objectives of the Securities & Exchange Commission’s corporate governance code.	Below 50%

## Executive Summary

### Compliance Ratings Dashboard

No.	Performance Standards	Rating
1	Application of the Code	N/A
2	Responsibilities of the Board	C
3	Duties of the Board	C
4	Composition and Structure of the Board	C
5	Officers of the Board	C
6	Multiple Directorships	C
7	Family and Interlocking Directorship	C
8	Company Secretary	C
9	Board Committees	C
10	The Risk Management Committee	C
11	The Governance/Remuneration Committee	C
12	Meetings of the Board	C
13	Appointment to the Board	C
14	Remuneration	C
15	Performance Evaluation of the Board	C
16	Conflict of Interest	C
17	Insider Trading	C
18	Orientation and Training of Directors	C
19	Tenure and Re-election of Directors	C
20	Terms and Conditions of Service	C

No.	Performance Standards	Rating
21	Meetings of Shareholders	C
22	Protection of Shareholder Rights	C
23	Venue of Meeting	C
24	Notice of Meeting	C
25	Resolutions	C
26	The Role of Shareholder Associations	C
27	Institutional Shareholders	C
28	Sustainability Issues	C
29	Risk Management	SC
30	The Audit Committee	C
31	Internal Audit Function	SC
32	Whistle-blowing Policy	C
33	Rotation of External Auditors	C
34	Disclosures	SC
35	Communication Policy	C
36	Code of Ethics	C
37	Interpretation	N/A

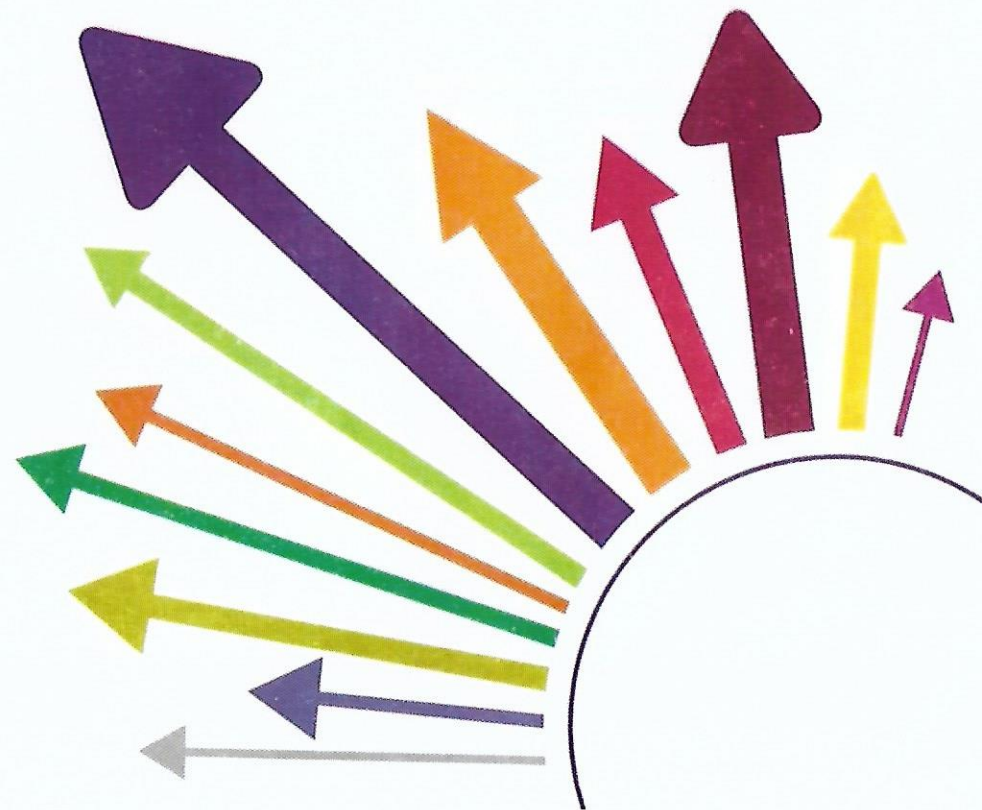
Rating	Scores	Number of Items	Weighted Scores
C	100	32	3200
SC	50	3	150
DNC	0	0	0
Total		35	3350

Performance Standards	Overall Rating	Compliance Status
Review of the board activity in compliance with the Corporate Governance Code	96%	Complied

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# GAP ANALYSIS DETAILS

(This section covers only areas where improvements are required)



Corporate Governance Code	Current Status	GAP	Action Plan
<p><b>29. Risk Management</b></p> <p>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.</p> <p>29.2. The Board should:-</p> <p>(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;</p> <p>(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;</p> <p>(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;</p> <p>(d) Obtain and review periodically relevant reports to ensure the ongoing effectiveness of the company's risk management framework;</p> <p>(e) Ensure that the company's risk management policies and practices are disclosed in the annual report;</p>	<p>The Company has a risk management framework which is duly integrated into the day-to-day, operations of the company</p> <p>The Risk Management Committee carries out periodic reviews of the risk reports from the Health, Safety and Environment (HSE) department.</p> <p>The company's risk management framework as it affect financial, operations, market, are included in the annual reports.</p>	<p>We did not sight the report on the effectiveness of the assessed risks in the internal audit report.</p> <p>The internal audit unit did not also fully align their financial risk assessment processes with the company's risk management policy to ensure that the internal audit activity is risk based.</p>	

Corporate Governance Code	Current Status	GAP	Action Plan
<p><b>31. Internal Audit Function</b></p> <p>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.</p> <p>31.7. The evaluation of controls by the internal audit function should encompass the following:</p> <ul style="list-style-type: none"> <li>(a) the information systems environment;</li> <li>(b) the reliability and integrity of financial and operational information;</li> <li>(c) the effectiveness and efficiency of operations;</li> <li>(d) safeguarding of assets; and</li> <li>(e) compliance with laws and regulations.</li> </ul> <p>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 to the reporting phase of the audit.</p> <p>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.</p>	<p>The Internal Audit unit has a documented risk assessment. However, the documentation of the work paper did not indicate the use of a risk based audit methodology and do not follow chronological form.</p>	<p>The Internal Audit unit is yet to document its risk based methodology as required in section 31.8 of the corporate governance code above</p>	

Corporate Governance Code	Current Status	GAP	Action Plan
<p><b>34. Disclosures</b></p> <p>34.4c. The company should disclose its board appointment process including induction and training of board members in the annual report;</p> <p>34.4k. The company should disclose its sustainability policies and programmes covering issues such as corruption, community service, environmental protection, HIV/AIDs and general corporate social responsibility issues in its annual report;</p> <p>34.8. All public companies should disclose details of 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 that the disclosures required here do not include directors' service contracts or contracts between the company and another company where the directors interest is by virtue of being a director of that other company.</p>	<p>Related parties transactions were documents as a note to the financial statements.</p> <p>The company discloses the photographs and comments on its sustainability programs carried out during year in the annual report</p>	<p>One director was indirectly awarded a contract during the year under review:</p> <p>A contract for the construction of junior staff quarters was awarded to Mr. Peter A.E. Eguasa JP (Perfect Security Ltd) valued N14,563,552 in 2018 and N16,331,521.95 in 2017. The contract for 2017 was not disclosed in 2017 financial statements under related party transactions.</p> <p>The sustainability reporting as required by the new guideline issued in December 2018 is still at the draft stage as at the time of our review.</p>	