



NIGERIAN CODE OF CORPORATE GOVERNANCE 2018

Table of Contents

Introduction	iv
A. Authority of the Code.....	iv
B. Aims and Objectives	iv
C. Code Philosophy.....	v
D. Monitoring the Implementation of the Code.....	v
E. Structure of the Code.....	vi
Part A. Board of Directors and Officers of the Board	1
1. Role of the Board	1
2. Board Structure and Composition	2
3. Chairman	4
4. Managing Director/Chief Executive Officer	5
5. Executive Directors	6
6. Non-Executive Directors	6
7. Independent Non-Executive Directors	7
8. Company Secretary	8
9. Access to Independent Advice	9
10. Meetings of the Board	10
11. Board Committees.....	10
11.1 Board Committees.....	10
11.2 Committee responsible for Nomination and Governance.....	12
11.3 Committee responsible for Remuneration.....	13
11.4 Committee responsible for Audit	14
11.5 Committee responsible for Risk Management.....	16
12. Appointment to the Board.....	18
13. Induction and Continuing Education.....	20
14. Board Evaluation.....	20
15. Corporate Governance Evaluation	21
16. Remuneration Governance	21

NIGERIAN CODE OF CORPORATE GOVERNANCE 2018

Part B. Assurance	23
17. Risk Management.....	23
18. Internal Audit Function	24
19. Whistle-blowing	25
20. External Auditors	26
Part C. Relationship with Shareholders	28
21. General Meetings	28
22. Shareholder Engagement.....	29
23. Protection of Shareholder Rights	29
Part D. Business Conduct and Ethics	31
24. Business Conduct and Ethics	31
25. Ethical Culture.....	32
Part E. Sustainability	35
26. Sustainability	35
Part F. Transparency	36
27. Stakeholder Communication	36
28. Disclosures	36
Part G. Definitions	40
29. Definitions	40

List of Abbreviations

Board	Board of Directors
CBN	Central Bank of Nigeria
Code	Nigerian Code of Corporate Governance 2018
Chairman	Chairman of the Board of Directors
ED	Executive Director
ESG	Environmental, Social and Governance
FRC, Council	Financial Reporting Council of Nigeria
INED	Independent Non-Executive Director
IAS 24	International Accounting Standard 24 (on Related Party Disclosures)
IT	Information Technology
MD/CEO	Managing Director/ Chief Executive Officer
NAICOM	National Insurance Commission
NED	Non-Executive Director
PenCom	National Pension Commission
SEC	Securities and Exchange Commission

Introduction

A. Authority of the Code

Sections 11c and 51c of the Financial Reporting Council of Nigeria Act confer upon the Council, the powers to ensure good corporate governance practices in the public and private sectors of the Nigerian economy and to issue the code of corporate governance and guidelines. The Nigerian Code of Corporate Governance 2018 was approved by the Council pursuant to this authority and commended to the Minister for issuance in accordance with Section 73 of the Act.

B. Aims and Objectives

Corporate Governance is a key driver of corporate accountability and business prosperity. In response to challenges in their respective sectors, a number of industry regulators developed corporate governance codes for companies operating in their sectors. The sectoral codes are:

1. **Code of Corporate Governance for the Telecommunication Industry 2016, issued by the Nigerian Communications Commission (replaced 2014 NCC Code);**
2. **Code of Corporate Governance for Banks and Discount Houses in Nigeria 2014 issued by the Central Bank of Nigeria (replaced 2006 CBN Code);**
3. **Code of Corporate Governance for Public Companies in Nigeria 2011 issued by the Securities and Exchange Commission (replaced 2003 SEC Code);**
4. **Code of Good Corporate Governance for Insurance Industry in Nigeria 2009 issued by the National Insurance Commission; and**
5. **Code of Corporate Governance for Licensed Pension Fund Operators 2008 issued by the National Pension Commission.**

The Nigerian Code of Corporate Governance 2018 seeks to institutionalise corporate governance best practices in Nigerian companies. The Code is also to promote public awareness of essential corporate values and ethical practices that will enhance the integrity of the business environment. By institutionalising high corporate governance standards, the Code will rebuild public trust and confidence in the Nigerian economy, thus facilitating increased trade and investment.

Companies with effective boards and competent management that act with integrity and that are engaged with shareholders and other stakeholders are better placed to achieve their business goals and contribute positively to society. In such well managed organisations, the interests of the Board and management are aligned with those of the shareholders and other stakeholders.