

## **ZENITH PENSIONS CUSTODIAN LTD**

### **CORPORATE GOVERNANCE REPORT FOR 2017 FINANCIAL YEAR**

#### **1. Introduction**

We noted that an effective governance system is essential to retaining public trust and confidence in our business. The Company has put in place a system that ensures a proper and effective oversight of the company's business by the Directors and other principal organs of the Company. The governance structure of the Company is driven mainly by the Board of Directors, who not only possesses the requisite academic qualifications but has the needed experience and tools for their roles in the Company. The Custodian conducted its business in line with the expectation of the Code of Ethics and Business Practices, Code of Corporate Governance, whistle blowing and other relevant laws and regulations and in line with global best practices.

#### **2. Board of Directors**

The Board of the Company has overall responsibility for approving and overseeing the implementation of the Company's strategic objectives, risk management, corporate governance as well as providing oversight of senior management. The Board comprises persons of mixed skills and experience in different fields of human endeavor. The Company has a well articulated policy in place that ensures regular training and retraining of directors to keep them abreast of developments in the industry and the economy. Directors are conversant with the business of the Company and are abreast of their duties and responsibilities as directors and as such are able to exercise sound and objective judgment on affairs of the Company.

#### **3. Board Structure**

The Board is made up of a non-executive Chairman, Three (3) non executive Directors, two (2) executive Directors including the MD/CEO and one (1) independent Director. The Board has in place, a formal and transparent process for the appointment of Directors which is in line with the requirements of the Guidelines for Appointment to Board and Top Management Position issued by PenCom.

#### **4. Delegation of Authority by the Board to Board Committee**

##### **4.1. Board Committees**

The Board has set up three (3) committees and delegated authority to make decisions on specific Board matters to the committees accordingly. The following are the current standing Committees of the Board:

- i. Audit and Risk Management Committee
- ii. Finance, General Purpose and Compensation Committee
- iii. Business Strategy and Corporate Governance committee.

##### **4.2. Audit and Risk Management Committee**

The Committee has oversight responsibility for all the audit and overall risk assessment of various areas of the Custodian's operations and compliance. The Head of Internal Control and Audit as well as Head of Compliance and Risk Management have access to this Committee and

make quarterly presentations for the consideration of the Committee. The Committee is chaired by Prof. Grace Alele Williams (an independent Director).

The Committee's membership comprises the following:

Prof. Grace Alele Williams (Chairman/Independent Director)  
Mr. Ebenezer Onyeagwu (member)  
Mrs. Nkem Oni-Egboma (member)  
Mrs. Olayinka Ajayi (member)

### **The terms of reference**

- ✓ The primary purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities by overseeing;
  - the financial information which will be provided to the full Board, shareholders and others;
  - the systems of internal control over financial reporting which Management and the Board of Directors have established;
  - the audit process, as well as integrity of the company's financial statements;
  - the company's compliance with legal and regulatory requirements;
  - the independent auditors' qualifications and independence; and
  - the performance of the internal auditor and the independent auditors.
  
- ✓ The Committee provides an open avenue of communication between the internal auditors, the independent auditors, financial and senior management, and the Board of Directors as well as establishing appropriate Risk Management Framework.
  
- ✓ The Audit/Risk Management Committee recognizes that it is the duty of management and independent auditor to plan and conduct audits and to determine that the Company's financial statements are complete, accurate and in accordance with generally accepted accounting principles. The Audit/Risk Management Committee further recognizes that the conduct of investigations, the resolutions of disagreements, if any, with the independent auditor and compliance with laws, regulations and PenCom's Code of Corporate Governance are a management function.

### **4.3. Finance, General Purpose and Compensation Committee**

The Committee's membership comprises the following:

Sir Steve Omojafor (Chairman /Non-Executive Director)  
Mr. Ebenezer Onyeagwu (member)  
Ms. Adaora Umeoji (member)  
Mrs. Nkem Oni-Egboma (member)

### **The terms of reference**

The Finance, General Purpose and Compensation Committee shall assist the Board in its oversight responsibility with respect to

- ✓ strategic,
- ✓ financial,
- ✓ investment and
- ✓ corporate development matters.

#### **4.4. Business Strategy and Corporate Governance Committee**

The Committee's membership comprises the following:

Mr. Ebenezer Onyeagwu (Chairman/Non-Executive Director)  
Mr. Peter Amangbo (member)  
Prof. Grace Alele Williams (member)  
Sir Steve Omojafor (member)  
Ms. Adaora Umeoji (member)  
Mrs. Nkem Oni-Egboma (member)  
Mrs. Olayinka Ajayi (member)

#### **The terms of reference**

The primary purpose of the Committee is to oversee and advise the Board on its oversight responsibilities in relation to:

- ✓ the Company's strategy,
- ✓ Directors' remuneration,
- ✓ succession planning, training, induction, and
- ✓ formulation of policies guiding Board operations

#### **5. Board and Board Committee Meetings**

The register of Board members' attendance at Board meeting showed that Board and Board Committees held four (4) meetings each during the year and these meetings were well attended by members.

#### **6. Assessment of Effectiveness/Performance Evaluation of the Board and Board Committees and Board Members**

The company engaged an independent firm to carryout assessment of the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board. In addition, the independent firm carried out performance evaluation of the Board, its Committees and the directors. The report on the outcome of the exercise is enclosed for further details.

#### **7. Material Transactions Required Board Approval**

Consistent with internal policy of the company, the Board granted approval of material transactions in excess of limit and authority of the Executive Management.

#### **8. Adequacy of Control Systems**

The company has instituted a vibrant accounting and internal control systems to facilitate smooth operation of the company activities and adequately safeguard its assets accordingly. The whole system of controls including financial, operational, compliance and risk management remain strong and adequate throughout the year under review.