



## FINANCIAL REPORTING COUNCIL OF NIGERIA

### PRESS RELEASE

## GUIDANCE FOR REPORTING ON COMPLIANCE WITH THE NIGERIAN CODE OF CORPORATE GOVERNANCE (NCCG) 2018

### Engagement with Sectoral Regulators

1. We refer to Paragraph D of the Introduction section of Nigerian Code of Corporate Governance 2018 (NCCG 2018 or the Code) on Monitoring the Implementation of NCCG 2018, which provides that, *"The implementation of this Code will be monitored by the FRC through the sectoral regulators and registered exchanges who are empowered to impose appropriate sanctions based on the specific deviation noted and the company in question. . . . In consonance with the relevant regulatory agencies of the Federal Government of Nigeria, the Council will subsequently issue **corporate governance guidelines** to assist implementation as may be required to respond to prudential considerations in **different sectors of the economy.**"*
2. In furtherance of this, the Financial Reporting Council of Nigeria (FRC or Council) has been engaging with all Sector Regulators, for the purpose of developing Sectoral Guidelines of Corporate Governance on specific requirements relevant to each sector which are not covered under NCCG 2018.
3. This process is ultimately important because all existing sectoral codes of Corporate Governance are to be withdrawn, and Sectoral Guidelines of Corporate Governance will be issued to address sector specific matters or requirements on Corporate Governance. To this end, NCCG 2018 as the National Code, would be the only Code of Corporate Governance in Nigeria.
4. At the current time, the Council's expectation is that the Sectoral Guidelines would be released once the engagement with Sectoral Regulators is completed. Additional information in this regard will be provided subsequently.

## **Reporting Template**

5. We also refer to Paragraph 1(2) of the Regulation on the Adoption and Compliance with the Code, and issued pursuant to Section 73 of the Financial Reporting Council of Nigeria Act of 2011, which provides that, all public companies (whether a listed company or not; all private companies that are holding companies of public companies or other regulated entities; all concessioned or privatised companies; and all regulated private companies being private companies that file returns to any regulatory authority other than the Federal Inland Revenue Service (FIRS) and the Corporate Affairs Commission (CAC), shall report on the application of the Code in their annual reports for financial years ending after January 1, 2020 in **the form and manner prescribed by the FRC.**
6. The FRC set up a Web Portal Committee (WPC) comprised of stakeholders, which contributed to the development of an online portal for electronic submissions of reports on compliance with the NCCG 2018. Members of the WPC also worked with the FRC and others to develop a reporting template to simplify and harmonize Code compliance reporting by reporting entities. Reporting entities are expected to access, complete, and submit the reporting template online. The online portal is still at the stage of development and a link to the portal will be made available in a subsequent communication.
7. Until the web portal is completely developed, companies are expected to download the reporting template from the FRC's website at [www.financialreportingcouncil.gov.ng](http://www.financialreportingcouncil.gov.ng), complete it and submit a copy of the completed report to: (1) their sector regulators; (2) the FRC at **fookediran@financialreportingcouncil.gov.ng**; and, for listed companies, the stock exchanges on which they are listed. Additionally, a completed copy of the reporting template should be hosted on the investors' portal on the company's website for a minimum of five (5) years, alongside the company's communication policy, annual reports, and other relevant information as indicated in Section 27.4 of the Code.
8. The Council hereby directs as follows on Table 1 below, regarding timelines for completing the template for reporting on compliance with the Code for financial years ending after January 1, 2020, in view of varying financial year ends adopted by reporting entities.<sup>1</sup>

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<sup>1</sup> The Financial Reporting Council of Nigeria hereby conveys regulatory forbearance to accommodate the inevitable global effects of the COVID-19 pandemic and delayed issuance of the reporting template.

**Table 1**

<b>S/N</b>	<b>COMPANIES' YEAR END</b>	<b>NCCG 2018 COMPLIANCE REPORTING TIMELINE FOR 2020</b>	<b>NCCG 2018 COMPLIANCE REPORTING TIMELINE FROM 2021</b>
1.	31 January	30 July 2020	30 April 2021
2.	29 February	30 July 2020	30 May 2021
3.	31 March	30 July 2020	30 June 2021
4.	30 April	30 July 2020	29 July 2021
5.	31 May	30 August 2020	30 August 2021
6.	30 June	29 September 2020	29 September 2021
7.	31 July	29 October 2020	29 October 2021
8.	31 August	29 November 2020	29 November 2021
9.	30 September	29 December 2020	29 December 2021
10.	31 October	29 January 2021	29 January 2022
11.	30 November	28 February 2021	28 February 2022
12.	31 December	31 March 2021	31 March 2022

**Reporting in the Annual Report**

9. Paragraph 1(2) of the Regulation on the Adoption and Compliance with the Code states that reporting entities are to report on their application of the Code in their annual reports. Please note that the completion and submission of the reporting template described above will be deemed to satisfy this requirement for reporting on the application of the Code, as well as the requirements indicated in the Code.

However, reporting entities are required to include in the Governance Report included in their annual reports, an abridged version or summary of the following matters included in the Code.

(a) Section 12.6 - processes used in relation to all Board appointments;

(b) Section 15.2 – summary of the report of the annual corporate governance evaluation and the extent of the application of the Code, as well as the name of the consultants, where independent experts have been engaged;

(c) Section 16.8 – remuneration policy, as well as the remuneration of all directors;

(d) Section 16.13 – sitting allowances, Directors' fees and reimbursable travel and hotel expenses, as well as any other allowances and benefits made to NEDs;

(e) Section 17.7 – the risk management framework;

(f) Section 18.2 – where the Board has decided not to establish an internal audit function, whether internally or outsourced, and sufficient reasons for not doing so, and explanation as to how the Board has obtained adequate assurance on the effectiveness of the internal processes and systems such as risk management and internal control;

(g) Section 28.1 - clear information on the Company's governance structures, policies and practices as well as environmental and social risks and opportunities;

(h) Section 28.2 – a summary of the matters indicated in paragraphs (a) – (n), which should cover information relating to the following matters:

- Composition of the Board and Board Committees, including names of chairmen and members of each Committee;

- Description of the roles of the Board Committees, number of meetings held and attendance of individual directors;

- Gender diversity on the Board and employment;

- Board appointment, induction and training process;

- Summary of Board, Committees, individual Directors' and overall governance evaluation;

- Changes on the board and directors standing for re-election;

- Tenure showing cumulative years of service of each Director, the external auditor, and external consultant engaged to perform the governance evaluation;

- Code of Business Conduct and Ethics for directors, management and other employees;

- Human Resource policies and internal management structure;

- Sustainability Policies and Programmes;

- Policy and cases of clawback;

- Fines and penalties

(i) Section 28.3 – the nature of any related party relationships and transactions;

(j) Section 28.4 - any material matter even though not specifically required by the Code to be disclosed, but if in the opinion of the Board such matter is

capable of affecting the present or anticipated financial condition of the Company or its status as a going concern;

(k) Section 28.8 - statement by the Board on the Company's ESG activities. This should be reviewed by an appropriate Board committee and may be subject to independent review.

**Other Matters**

10. The NCCG 2018 can be accessed on the FRC's website via this link - <https://www.financialreportingcouncil.gov.ng/the-nigerian-code-of-corporate-governance-2018-nccg-2018-unveiled/>.

11. Please be guided accordingly.

**SIGNED**

**MANAGEMENT**

**28 MAY 2020**