CODE OF CORPORATE GOVERANCE

SEPTEMBER 2012

CORPORATE GOVERNANCE

The objective of this code is to set out guidelines of best practices to be followed in the exercise of the corporate powers of Falcon Corporation Limited (the "**Company**").

The Company has instituted this Code of Corporate Governance in recognition of the fact that a sound system of corporate governance is imperative to ensure that Managers and Directors of the Company carry out their duties within a framework of accountability and transparency. The code has been crafted in recognition of global best practice and is in substantial conformance with the Code of Best Practices in Corporate Governance 2003, Corporate Governance for Public Companies in Nigeria (incorporating the Code of Best Practices), CBN Code of Corporate Governance for Banks & Other Financial Institutions in Nigeria, August 2003, CBN Code of Corporate Governance in Nigeria Post-Consolidation, March 2006 and the UK Combined Code on Corporate Governance, July 2003 (incorporating the Code of Best Practice).

Since corporate governance rests mainly with the Board of Directors of any institution, the corporate governance for the Company is aimed at ensuring an effective and efficiently run Board with the highest ethical standards.

The guidelines contained herein are neither intended to be a rigid code nor intended to be a complete code of corporate governance. There would undoubtedly be changes in the future to meet emerging corporate realities.

This code will work in concert with the provisions of any companies' legislation for the time being in force within the Federal Republic of Nigeria, regulatory enactments governing the operations of the Company and policies adopted by the Board of Directors and its committees from time to time.

GENERAL GUIDING PRINCIPLES

This corporate governance code is guided by the following supervening principles:

- The suppliers of capital bear the entire risk of the enterprise and suppliers of equity capital are residual claimants of income;

- The Shareholders shall elect a Board of Directors for the Company on a one share one vote basis;

- The Board of Directors shall appoint management who shall make decisions such as to maximize the value of shares owned by the Shareholders

- All Directors. Executive and Non-Executive, have responsibility to constructively challenge the decisions of the Board and help develop proposals on priorities, risk mitigation, values, standards and strategy; and

- In addition to maximizing the interest of Shareholders, the Board of Directors and management of the Company shall take decisions to enhance the wealth, power and well being of other groups who have a stake in the operation of the Company and these include the employees of the Company, government/regulators, the communities within which the Company operates, labour (with or without special skill), management and suppliers of capital.

BOARD OF DIRECTORS

Definition:
The Board of Directors (the "**Board**") of the Company is the highest policy making body and a fiduciary of and is accountable to the Shareholders of the Company as a whole for the proper and effective administration of the Company.

Principle:
The Board shall exercise responsibility, leadership, enterprise, integrity and judgment in directing the Company so as to achieve continuing prosperity for the Company and act in its best interest, in a manner based on transparency, accountability and equity. The Company shall be headed by an effective Board that can lead and control its affairs.

Scope/Role:

1. Without prejudice to the statutory duties of the Directors, the functions of the Board of the Company shall include but not be limited to the following:

   a) Approving and reviewing corporate strategy, annual budgets and reviewing corporate performance as well as approving major acquisitions and/or divestments;

   b) The selection, performance appraisal and compensation of Executive Directors;

c) Reviewing key Executive and Board remuneration and ensuring a formal and transparent Board nomination process;

d) Ensuring the integrity of the Company's accounting and financial reporting system, including independent audit and that appropriate systems of control are in place, in particular, systems for monitoring all operational and business risks, financial control and compliance with the law;

e) Ensuring that ethical standards are maintained and that the Company complies with applicable laws and regulations;

f) Ensuring adequate disclosure and communications to all stakeholders.

g) Succession planning;

h) Setting out acceptable risk management guidelines;

i) Monitoring and managing potential conflicts of interest of senior Executive management, Board members and Shareholders on breaches of integrity, including misuse of corporate assets and abuse in related party transactions;

j) Monitoring the effectiveness of the governance practices under which the Company operates and mandating changes as needed; and

k) The Non-Executive Directors on the Board shall not be involved in the day-to-day operations of the Company, which shall be the primary responsibility of the Chief Executive Officer and the Executive Management Team.

2. Structure of the Board of Directors

Principle:
The Board shall be composed of both Executive and Non-Executive Directors (including independent Non-Executives) such that no individual or group of individuals can dominate the Board's decision-making process.

(a) The Board shall include Non-Executive Directors of sufficient calibre and number for their views to carry significant weight in the Board's decisions.

The number of Board members shall not be less than four (4) persons or more than seven (7) persons.

(b) At least two (2) Non-Executive Board members shall always be independent Directors. A Director will be deemed to be independent if such a Director has no significant financial or personal ties to management, is free from any business or other relationship with management which could materially interfere with the exercise of his/her independent judgment, and receives no compensation from the Company other than director's remuneration or shareholder dividends. Non-Executive Directors considered by the Board to be independent in this sense shall be identified as such in the Annual Reports of the Company.

(c) The Board shall have a diversity of background, knowledge and experience.

(d) The Board shall not be so small as to be ineffective and not so large as to be unwieldy.

Board Membership Profile/ Criteria/Status/Term Limits:

The Board membership criteria shall reflect the following key considerations irrespective of percentage shareholding:

A. Talent and Competence:

In addition to experience in engineering services, natural gas technology, finance, construction and project management services, management/business consultancy, entrepreneurship; nomination to the Board should aim for balance of capabilities in various other areas including business, management, public and private sector, legal practice, academia and social responsibility.

B. Image and Reputation:

i. Reputation and influence in areas of strategic interest to the Company (industry segment, geographical market, strategic alliances, partnerships, etc);

ii Strong/positive public image/reputation within Nigeria, Africa and beyond, resulting in ability to add value through contacts, social network and access to decision makers and opinion leaders;

iii. Balance in itinerary of individual Directors – ability to devote sufficient yet not excessive time to the affairs of the Company.

C. Term Limits

I. Non-Executive Directors should be appointed in accordance with the terms of the Articles of Association of the Company (“Articles of Association”) and for a term of years as set out in the said Articles of Association or, in the absence of that, as may be set from time to time by the General Meeting. A Non-Executive Director may (subject to the provisions of the Articles of Association) be eligible for re-election as long as he/she has not attained the age of 75 years;

II. Executive Directors should be appointed in accordance with the terms of the Articles of Association and for a term of years as set out in the Articles of Association or, in the absence of that, as may be set from time to time by the General Meeting; and

III. Chairman of the Board shall be elected by the Directors from amongst themselves and in accordance with the provisions of the Articles of Association, and may (subject to the provisions of the Companies & Allied Matters Act, Cap 59, Laws of the Federation of Nigeria, 1990 (“CAMA”) and the terms of his/her election into that office) be eligible for re-election as long as he/she has not attained the age of 75 years.

3. Roles of the Chairman and the Chief Executive Officer

Principle:
There shall be a clear division of responsibilities at the helm of the Company, the running of the Board and the Management of the Company’s business which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.

(a) The roles of the Chairman and the Chief Executive Officer shall remain separate and independent for a continued assurance of an appropriate balance of power, increased accountability and greater capacity of the Board for independent decisions;

(b) The Chairman's primary responsibility is to ensure effective operation of the Board and should as far as possible maintain a distance from the day-to-day operations of the Company which should be the primary responsibility of the Chief Executive Officer/Managing Director. For the avoidance of doubt, the roles of the Chairman and the Chief Executive Officer/Managing Director should not be concurrently exercised by the same individual;

(c) The Chairman shall be responsible for leadership of the Board, ensuring its effectiveness in all aspects of its roles and setting its agenda. The Chairman is also responsible for ensuring that the Directors receive accurate, timely and clear information. The Chairman should ensure effective communication with Shareholders. The Chairman should also facilitate the effective contribution of Non-Executive Directors in particular and ensure constructive relations between Executive and Non-Executive Directors;

(d) The Chief Executive Officer/Managing Director in conjunction with the Executive Management shall be responsible for formulating, for approval of the Board a strategic plan, an annual operating/business plan, annual budget, identifying risks, managing risks so identified, formulating and implementing a credible financial reporting system; and

(e) The Chief Executive Officer/Managing Director in conjunction with Executive Management shall appoint the senior management of the Company subject to notifying the Board of such appointments from time to time.

4. **Appointments to the Board**

Principle:
There shall be a formal and transparent procedure for the appointment of new Directors to the Board.

(a) A Nominations & Personnel Committee shall be established to make recommendations to the Board on all new Board appointments. A majority of the members of this Committee shall be Non-Executive Directors and the Committee Chairman shall be a Non-Executive Director;

(b) Newly appointed Directors shall undergo appropriate orientation to ensure that they have a good understanding of their roles and legal responsibilities and liabilities as Directors. Where necessary, Directors may undergo formal training at the Company's expense aimed at making them effective in the discharge of their duties;

(c) No person who has been convicted for an offence involving dishonesty shall be eligible to be appointed a Director of the Company;

(d) All Non-Executive Directors shall be subject to election by Shareholders at the first opportunity after their appointment and to re-election thereafter at intervals as prescribed by the Articles of Association of the Company until retirement. The names of the Directors submitted for election or re-election shall be accompanied by sufficient biographical details to enable Shareholders to take an informed decision on their election;

(f) Every Director shall be able and prepared to devote sufficient time and effort to his/her duties as a Director;

5. **Proceedings of the Board of Directors**

Principle:
The Board shall meet regularly and Board members shall attend meetings regularly and punctually.

a. The Board shall meet at least once every quarter in order for the Directors to discharge their responsibilities properly. Members of the Board shall ensure punctual attendance at all meetings. Quorum of Board meetings shall be in line with the Company's internal regulations. Additional meetings may be convened when major issues arise, which need to be resolved between scheduled meetings. It would be desirable if each meeting does not exceed an elapsed time of 3 to 4 hours;

b. The Board shall have a formal schedule of matters specifically reserved to it for decisions;
c. All Directors shall bring independent judgment to bear on issues of strategy, performance, resources, key appointments and standards of conduct;

d. All Directors shall have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with;

e. There shall be a procedure agreed by the Board of Directors in the furtherance of their duties to take independent professional advice if necessary, at the Company's expense;

f. Management has an obligation to provide the Board with information in a timely manner and in an appropriate form and quality to enable it discharge its duties;

g. In circumstances where information provided by Management is insufficient, Directors shall make further enquiries where necessary; and

h. The Chairman of the Board shall ensure that all Directors are properly briefed on issues arising at Board meetings.

5.1 Information Requirements:

In order to fulfil their responsibilities, Board members should have access to accurate, relevant and timely information. All reports for consideration at a Board meeting must be delivered to Board members at least two (2) weeks before each meeting including the following:

A Before the meeting:

- Notification of meeting
- Meeting agenda
- Memoranda/ discussion papers/ proposals
- Status report on key decisions (action items) of previous meeting
- Financial performance and up-to-date Operating results
- Other Balanced Scorecard reports

– Statutory reports

– Board committee reports

B. After the meeting:

– Minutes of meeting – To be delivered along with notice for next meeting

6. **Directors' Remuneration**

Principle:
The Company shall establish a formal and transparent procedure for developing policies on Executive remuneration and for fixing the remuneration packages of individual Directors. The Board shall accomplish this through its Nominations & Personnel Committee. No Director shall be involved in approving his or her own remuneration.

(a) The Nominations & Personnel Committee of the Board shall be made up wholly or mainly of Non-Executive Directors and should have powers to:

i. Make recommendations to the Board on the Board's policy framework of Executive remuneration and its costs;

ii. Determine, on behalf of the Board, specific remuneration packages for each of the Executive Directors, including terminal benefits and any compensation payments;

iii. Determine the compensation of Executive Directors;

(b) The Board shall recommend to the General meeting the remuneration of Non-Executive Directors;

(c) The Nominations & Personnel Committee shall be chaired by a Non-Executive Director, who is independent of Management and free from any business or other relationship, which could materially interfere with the exercise of the Director's independent judgment;

(d) The Nominations & Personnel Committee shall consult the Chairman and/or Chief Executive Officer about their proposals and have access to professional advice inside and outside the Company;

(e) **Level of Remuneration**

Principle:
Levels of remuneration shall be sufficient to attract and retain the Directors needed to run the Company successfully, but the Company shall avoid paying more than is necessary for this purpose. A proportion of Executive Directors' remuneration shall be structured so as to link rewards to corporate and individual performance.

(i) The Nominations & Personnel Committee shall determine the packages needed to attract, retain and motivate Executive Directors of the quality required but shall avoid offering more than is necessary for this purpose;

(ii) The Nominations & Personnel Committee shall judge where to position the Company relative to other companies within its industry. They shall be aware of what the peers of the Company are paying and shall take account of relative performance but shall use such comparisons with caution, in view of the risk that they can result in an upward ratchet of remuneration levels with no corresponding improvement in performance;

(iii) The Nominations & Personnel Committee shall be sensitive to the wider industrial environment, including pay and employment conditions elsewhere in the sector, especially when determining annual remuneration increases;

(iv) The remuneration of Non-Executive Directors shall be appropriate to the level of contribution, taking into account the factors such as the time and effort spent, and the responsibilities of the Directors and the performance of the Company;

(v) The remuneration of the CEO (including any stock options) should be determined by the Board. His remuneration should be competitive and commensurate with the level of value created by the business and reflective of individual performance;

(vi) The total remuneration package of Executive Directors shall be designed to align their interests with those of Shareholders and link rewards to individual and corporate performance. There shall be meaningful and appropriate measures for assessing the performance of Executive Directors;

(vii) Service contracts shall not be excessively long or contain onerous removal clauses. The Nominations and Personnel Committee shall consider what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination. The Committee shall, in particular, consider the advantages of providing explicitly in the initial contract for such compensation commitments except in the case of removal for misconduct;

(viii) Where the initial contract does not explicitly provide for compensation commitments, the Committee shall, within legal constraints, tailor its approach to the wide variety of circumstances. The aim shall be to avoid rewarding poor performance, while dealing fairly with cases where departure is not due to poor performance.

(f) **Disclosure of Directors' Remuneration**

Principle:
The Company's Annual Report shall contain a statement on the remuneration policy.

(i) The Board shall report to the Shareholders each year on the remuneration policy of the Company;

(ii) Shareholdings of Directors and interest in contracts shall continue to be disclosed in the Annual Report as required under the provisions of the Companies and Allied Matters Act 1990.

7. BOARD COMMITTEES

7.1 Definition:

Board Committees are sub-groups of the Board charged with making recommendations/decisions on behalf of the Board on issues of expediency that may arise outside the normal meeting schedule of the entire Board.

The respective committees are easier to convene because fewer people are involved and this arrangement therefore facilitates speedy decision-making.

7.2 COMMITTEES:

The Company's board should have the following minimum committees:

7.2. A. Technical Committee

Definition:

The Technical Committee shall provide oversight of Management's activities in managing all technical, product/service development, capacity building and evaluation of skill base of the Company. The principal function of the Committee is to promote overall technical integrity in respect of the Company's products and services.

The Committee has power to examine any technical, operating or strategic matters in relation to the Company.

Principles:

(a) The Board must identify all key technical risk areas and key performance indicators of the business enterprise and monitor these factors;

(b) The Board shall understand and fully appreciate the technical issues and key performance indicators affecting the ability of the Company to achieve its business objectives;

(c) The key performance indicators shall be benchmarked against industry norms and practice, so that the Company's performance can be evaluated and rated;

(d) **The Board shall satisfy itself that the Company's technical risks are being effectively identified, quantified, monitored and controlled and that the systems in place to achieve this are operating effectively at all times;**

Scope/Roles:

The Scope and roles of the Technical Committee of the Company shall be as follows:

a. Review on a constant basis the products and services of the Company with a view to ensuring that they are appropriate to market needs and are of such technical quality and integrity as would meet customers' needs.

b. Review and ratify technical and operational policy changes initiated by Management

c. Provide regular reports to the Board; and

d. Play such other roles as the full Board may mandate the Committee to play.

Composition:

a. At least four (4) members including at least two (2) Non-Executive Directors, provided that a Non-Executive member of the Board shall act as Chairman of the Committee; and

Frequency, Timing & Quorum of Meetings:

The Technical Committee shall meet quarterly after the commencement of each financial year.

Additional meetings may be convened when major issues arise, which need to be resolved between scheduled meetings. It would be desirable if each meeting does not exceed an elapsed time of 3 hours.

The quorum for the meetings of the Committee should be three (3) persons attending in person including at least two (2) Non-Executive Directors.

Information Requirements:
In order to fulfil their responsibilities, Committee members should have access to accurate, relevant and timely information and all reports must be delivered to the Committee members at least one (1) week before each meeting including the following:

A. Before the meeting:

- Notification of meeting
- Meeting agenda
- Memoranda/ discussion papers
- Report on Technical compliance levels
- Regulators' reports (if any)
- Reports on other special investigations on the operations of the Company.

B. After the meeting:

- Minutes of meeting - To be delivered along with notice of next meeting

7.2. Risk Management and Compliance Committee

The Risk Management and Compliance Committee shall provide oversight of Management's activities in managing all business risks of the Company as well as market, liquidity, operational, legal and all other risks of the Company. The principal function of the Committee is to promote the Company's products and services as well as provide oversight role over all risks relating thereto.

The Committee has power to examine any financial, operating or strategic matters in relation to the Company.

Principles:

(a) The Board shall benchmark all business risks and key performance indicators against industry norms and practice, so that the Company's performance can be evaluated and rated;

(b) Directors and Executive Management shall be trained to enable them understand the Company's business, nature of the risks, the consequences of risks being inadequately managed and an appreciation of the techniques of managing the risks effectively;

(c) The Company's risk management systems shall be subject to periodic review and the results shall be reported to the Board;

(d) The Board shall satisfy itself that the Company's material and business risks are being effectively identified, quantified, monitored and controlled and that the systems in place to achieve this are operating effectively at all times;

(e) The corporate governance framework of the Company shall include systems for ensuring that all statutory and regulatory requirements are being complied with and to identify potential or actual breaches if and when they occur.

Scope/Roles:

The Scope and roles of the Risk Management & Compliance Committee of the Company shall be as follows:

a. Review internal controls including financial and business and approve a group risk management policy with a view to entrenching strong quality as well as risk management controls in the Company and approve the Company's operations manual;

b. Review internal audit function and mandate audit activities of its effectiveness in monitoring and enforcing all business and/or operational risk acceptance criterion put in place by the Board;

c. Reviewing systems in place for monitoring risk, control and compliance with relevant laws and regulations;

d. Provide regular reports to the Board; and

e. Play such other roles as the full Board may mandate the Committee to play.

Composition:

a. At least four (4) members including at least two (2) Non-Executive Directors, provided that a Non-Executive member of the Board shall act as Chairman of the Committee;

b. Members must possess business knowledge/skills and familiarity with risk management, accounting practices and concepts;

Frequency, Timing & Quorum of Meetings:
The Risk Management & Compliance Committee shall meet quarterly after the commencement of each financial year. Additional meetings may be convened when major issues arise, which need to be resolved between scheduled meetings. It would be desirable if each meeting does not exceed an elapsed time of 3 hours.

The quorum for the meetings of the Committee should be three (3) persons attending in person including at least two (2) non-executive directors.

Information Requirements:
In order to fulfil their responsibilities, Committee members should have access to accurate, relevant and timely information and all reports must be delivered to the Committee members at least one (1) week before each meeting including the following:

A. Before the meeting:

- Notification of meeting
- Meeting agenda
- Memoranda/ discussion papers

– Report on Risk compliance levels

– Regulators' reports (if any)

– Reports on other special investigations on the operations of the Company.

B. After the meeting:

– Minutes of meeting - To be delivered along with notice of next meeting

7.2. C. Nominations & Personnel Matters Committee

Definition:
A Nominations & Personnel Matters Committee shall be established to cater for the selection, compensation and performance management of Directors of the Company.

Principles:
The Nominations & Personnel Matters Committee shall select, reward and manage the performance of the Directors of the Company in such a manner as to guarantee the level of corporate governance necessary to achieve the Company's corporate vision.

Scope & Roles:
The scope and roles of this Committee shall include the following:

a. Set clear criteria for nomination and selection of Directors and Executive Directors of the Company;

b. Nominate Directors for appointment including re-election at appropriate intervals;

c. Determine disciplinary action against any erring Executive;

d. Develop policy on remuneration of Directors in substantial conformity with the provisions of this code, the Company's internal regulations and any statutory enactment for the time being in force in respect thereto;

e. Determine appropriate levels of Director's remuneration and structure of compensation packages in substantial conformity with this code;

f. Review performance of Directors against set criteria;

g. Report on remuneration to stakeholders;

h. Disclose remuneration to stakeholders.

Composition:

The Nominations & Personnel Matters Committee shall comprise of 4 members including 2 Non-Executive Directors. It shall be chaired by a Non-Executive Director.

Frequency, Timing & Quorum of Meetings:

The Committee shall meet at least bi-annually after the commencement of each financial year but prior to meetings of the full Board. Special meetings may be convened as needed.

It would be desirable if each meeting does not exceed an elapsed time of 3 hours. The quorum for the meetings of the committee should be three (3) persons attending in person including at least two (2) Non-Executive Directors.

Information Requirements:

In order to fulfil their responsibilities, the Committee's members should have access to accurate, relevant and timely information and all reports must be delivered to the members at least one (1) week before each meeting including the following:

A. Before the meeting:

- Notification of meeting
- Meeting agenda
- Memoranda/ discussion papers/ proposals

- Company Board Performance Assessment Report

- Nominations & Remuneration status/ gaps (e.g. Board and other vacancies)

B. After the meeting:

- Minutes of meeting - To be delivered along with notice for next meeting

7.2. Audit Committee

Definition:

The principal function of the Company's audit committee is to raise standards of corporate governance in the Company. The Committee has power to examine any financial, operating or strategic matters in relation to the Company.

Principle:

The Board shall establish formal and transparent arrangements for considering how they shall apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's Auditors.

Scope & Roles:

The duties of the Audit Committee shall include the following:

a. Reviewing the integrity, reliability and accuracy of accounting and financial reporting systems;

b. Reviewing with external Auditors and Management, the adequacy and effectiveness of internal controls, risk, compliance and forensic investigation of management functions in relation to their coverage plans against best practice;

c. Keeping under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Auditors;

d. Where the Auditors also supply a substantial volume of non-audit services to the Company, the Committee shall keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money.

e. Carrying out such other roles and responsibilities as mandated under the internal regulations of the Company.

Composition & Procedures:

(a) The Audit Committee should be established in accordance with Section 359 (3 & 4) Companies & Allied Matters Act 1990 and should comprise a maximum of four (4) members with a minimum of two (2) Non-Executive Directors one of whom shall be the Chairman of the Board. The membership of the Committee shall also include such representatives of the Shareholders as required by the Company's internal regulations;

(b) The Non-Executive Directors serving in the Committee should be independent of the Company (i.e. independent of management and free from business or other relationship, which could materially interfere with the exercise of their independent judgement as Committee members).

(c) Membership of the audit Committee should be for a fixed tenure. However, any member of the Committee should be eligible for re-election after his tenure.

Qualification & Experience of Audit Committee:

a. Members of the Committee should be able to read and understand basic financial statements. They should have significant, recent and relevant financial experience and should be capable of making valuable contributions to the Committee;

b. A reasonable knowledge of the risks facing the Company and the essential controls the Company has in place to mitigate such risks;

c. Inquisitiveness and dependable judgement;

d. Ability to offer new or different perspectives and constructive suggestions;

e. Members of the Committee should possess the following qualities

i. Integrity
ii. Dedication

iii. A thorough understanding of the business of the Company as well as its products & services;

f. Each Director shall keep abreast of both the current practices and developments in the Company's business to ensure that his or her expertise is constantly relevant to the Company. Members of the Audit Committee shall receive appropriate training (if necessary) to ensure that they attain an adequate level of financial literacy;

g. The performance of the Committee and its members should be evaluated periodically. The form of such evaluation will be for the full Board to decide.

Frequency, Timing & Quorum of Meetings:

a. The Committee should meet quarterly within one (1) week of each audit milestone; Additional meetings may be convened when major issues arise, which need to be resolved between scheduled meetings. It would be desirable if each meeting does not exceed an elapsed time of 4 hours.

b. The quorum for the meetings of the audit committee should be three (3) persons attending in person including at least two (2) Non-Executive Directors;

c. The Committee should have a meeting twice a year with the external Auditors, without the Executive Board members present. In the discharge of their duties, the Committee members should also have access to Managers below the CEO but should confer with them only with the CEO's knowledge;

d. The Committee should be given written terms of reference in line with Section 359 (6) a-e of the Companies & Allied Matters Act 1990 and should carry out its duties in line with the provisions of that Act.

Information Requirements:
In order to fulfil their responsibilities, Committee members should have access to accurate, relevant and timely information and all reports must be delivered to the Committee members at least one (1) week before each meeting including the following:

A. Bef*ore the meeting*:

- Notification of meeting

– Meeting agenda

– Memoranda/ discussion papers/ proposals

– Report on group risk and audit (half yearly)

- Internal audit and compliance reports

- External audit reports

- Regulators' reports

- Reports on other special investigations on the operations of the Company

B. After the meetings:

- Minutes of Meeting - To be delivered along with notice for next meeting

8. **Board Performance Assessment**

Principle:

There shall be a formal assessment of the effectiveness of the Board as a whole and the contribution by each individual Director (including the Chairman) to the effectiveness of the Board and the performance of the Company.

(a) The Nomination & Personnel Committee shall recommend an evaluation procedure for the Board and propose objective performance criteria which shall be approved by the Board;

(b) In order to maximise the efficiency and effectiveness of the Board's work, each individual Director's performance, including that of the Chief Executive Officer and the Chairman, shall be monitored and appraised on an annual basis;

(e) Issues to be evaluated shall include:

(i) Attendance at meetings;

(ii) Contributions to discussions at Board Meetings/Board Committee meetings;

(iii) Business referrals or support of the Company;

(iv) The public standing of the Director and the beneficial effect of this on the business of the Company.

(d) The Board shall evaluate its overall effectiveness taking cognisance of performance indicators including:

i. The compliance status of the Company i.e. the extent to which the Company has complied with national & local laws;

ii. The overall performance of the Company i.e. the extent to which performance meets set goals and targets;

iii. Corporate responsibility i.e. the extent to which the Company has fulfilled its responsibilities to all stakeholders;

iv. Corporate & social responsibility i.e. the extent to which the Company has fulfilled its obligations to its community;

v. Corporate governance i.e. the extent to which the Board's decisions & actions have been consistent with duties imposed by law, commercial codes, the Company's internal regulations and this code;

vi. Regularity of Board meetings

vii. The overall contribution of the Board to the performance of the Company.

9. **The Company Secretary: Governance Secretariat**

Definition:

This role will be performed by the firm offering Company Secretarial services to the Company who shall work very closely with Chairman of the Board in all matters related to the Board. The role of the Company Secretary in corporate governance should be to provide support and guidance in Board matters relating to good governance and ethical practices.

The Governance Secretariat should also be responsible for ensuring the conformance of Board with laid down governance principles.

Role:
Specific focus of the Governance Secretariat will include:–

a. Ensuring that governance principles are well communicated and internalised by all affected parties;

b. Ensuring that authority levels are clearly stipulated leaving no ambiguities;

c. Monitoring adherence and ensuring that all parties comply with laid down governance principles and procedures;

d. Ensuring an appropriate balance of power at all times within the governance framework;

e. Ensuring increased accountability and the capacity of the Board for independent decision making;

f. Ensuring that new nominees to the Board are well inducted on the corporate governance code of the Company;

g. Reporting to the Board on compliance with governance at every Board meeting;

h. Providing ownership and custody for all policy and procedural issues within the overall governance framework;

i. Developing and maintaining the Company's archives (electronic/ paper-based) for governance;and

k. Providing secretarial service to the Board committees.

10. Financial Disclosure

Principle:
There shall be a high degree of accountability of Directors to Shareholders and other stakeholders of the Company and of the Management to the Directors.

(a) The Board shall regularly provide the Shareholders with a balanced and clear report of the Company's performance, position and prospects in line with statutory obligations;

(b) The Executive Management of the Company shall provide all members of the Board with a balanced and clear report of the Company's performance, position and prospects on a regular basis;

(b) The Board shall ensure that an objective and professional relationship is maintained with the External Auditors;

(c) The Board shall include a statement in the Annual Report confirming that the Company is a going concern with supporting assumptions and qualifications as necessary;

(d) The Directors shall explain their responsibility for preparing the accounts and there shall be a statement by the Auditors about their reporting responsibilities as required under the provisions of the Companies and Allied Matters Act 1990;

(e) The Board's responsibility to present a balanced and understandable report of the Company's performance extends to interim and other sensitive public reports.

11. **Relations with Shareholders**

Principle:
The Board shall serve the genuine interests of the Shareholders of the Company and account to them fully.

a) The Board shall ensure that the statutory and general rights of the Shareholders are protected at all times;

b) The Board shall ensure that all Shareholders are treated fairly and are provided with appropriate information on an equal basis, irrespective of the significance or otherwise of their shareholding in the Company;

c) Shareholders should remain responsible for electing Directors and approving the terms and conditions of their directorships;

d) The Board shall encourage greater shareholder participation at general meetings and allow Shareholders the opportunity to communicate their views on various matters affecting the Company.

e) Subject to the internal regulations of the Company and the provisions of the Companies and Allied Matters Act 1990, notices of meetings should be sent at least twenty one (21) working days before the meeting with such details

f) (including annual reports and audited financial statements) and other information as will enable them vote properly on any issue;

g) The Board shall ensure that decisions reached at general meetings are implemented;

h) The Board shall ensure that separate resolutions are proposed at Annual General Meetings (AGM) on each substantial issue and in such a manner that they can be voted for in an organised manner; and

i) The Company or the Board should not discourage Shareholder activism whether by institutional Shareholders or by organized shareholder groups. Shareholders with larger holdings (institutional and non-institutional) should act and influence the standard of corporate governance positively and thereby optimise stakeholder value.

12. Relations with Employees

a. The Company understands that people are its greatest and most vital assets and that it is their intellectual and emotional capital that provides the Company its greatest point of difference;

b. The Company seeks to be the employer of choice and the best place to work within its industry and shall create the systems conducive for regular sharing of ideas on best practice as well as implementation of agreed best practices through line managers;

c. The Company's human resource strategy should be to recruit, build and retain the best people;

d. The Company should seek people with entrepreneurial attitude and encourage an owner-manager culture. People should be empowered, held accountable for their actions and motivated appropriately through a robust reward system;

e. Remuneration of employees should be tied to performance such that the best people attract the best rewards and where appropriate annual performance related payments should be made to employees;

f. The Company should design and implement employee schemes geared towards guaranteeing the sustenance of retiring members of staff, whether such schemes be contributory or otherwise;

g. The Company should recognise that share ownership incentive schemes are a powerful tool for motivation and for aligning the interests of staff with those of the Company's Shareholders. The Company should therefore design share ownership incentive schemes which may comprise the conventional share option schemes and a share scheme tied to performance;

h. The Company is expected to comply with both the spirit and letter of the law when dealing with human resource issues. The effectiveness and integrity of the Company's practices should be monitored through bi-annual surveys conducted by independent parties. Results should be communicated to staff and if necessary, corrective action should be taken;

i. The Company shall articulate a code of ethics for its members of staff and shall ensure proper and disciplined conduct of its members of staff at all times and shall in appropriate cases subject erring members of staff to disciplinary processes designed to ensure fairness while punishing bad conduct;

j. The Company shall offer equal opportunity to all qualified employees irrespective of age, race, sex, religion and background. Appointment into vacant positions shall be based on merit, qualification and suitability. In its relations with its staff, the Company shall respect the dignity of labour;

k. Staff should be encouraged and assisted to seek to improve their capabilities and education/training programmes should be regarded as an essential element of the Company's investment in human capital. Training programmes should be based on needs identified in terms of industry trends, best practice, research and employee evaluation;

l. The Company will strive to fathom the core strengths of each member of staff and shall work with each staff to create a career path geared towards assuring deserving employees of a successful and rewarding career with the Company;

m. Forums should exist to ensure regular two-way communication between Management and staff; and

n. The Company should ensure that its employees have a safe and healthy place to work and should therefore design ways of protecting its environment and assets.

13. **Relations with Government & Regulators**

a. The Company's relationship with the Nigerian state and regulatory agencies must be characterized by a clear commitment to compliance with regulations;

b. The Company seeks to have a good relationship with all supervisory bodies and firmly believes that this good relationship must be maintained as an essential element of future activities. This relationship is prized, as it enhances the interaction necessary between the parties;

c. Contacts shall occur on a regular basis between the staff of the Company and regulatory agencies. This contact may include submission of returns, correspondence, comments on monetary and other policies or enactments affecting the industry or the business environment, personal visits and participation in initiatives of industry representative bodies; and

d. From time to time, the Company is subject to routine regulatory inspections by the authorities. The Company seeks to provide maximum co-operation on these occasions and is confident that its practices will stand up to scrutiny.

14. **Relations with the Community**

a. The Company should understand the importance of contributing to the communities in which it operates;

b. The Company's relationship with the community in which it operates should be characterized by good citizenship and commitment to positively impact the community;

c. The Company should seek to add value in meaningful ways to the community, complementing and extending the role that the Company plays in Nigeria's economic life by bringing the same commitment to enterprise and growth to areas of social need and development; and

d. The Company should support initiatives in the fields of engineering services, skills training and job creation, community care and improvement projects, safe communities and social reintegration programmes, artistic and cultural activities and public policy and environmental programmes.

15. **Relations with Customers & Suppliers**

a. The Company should exist to serve the customer and not vice versa, and to this end, the Company's products and services should be need based and should be easily available & accessible all customers and prospects;

b. The Company should aim to create unsurpassed wealth for its customers and the suppliers of capital while providing its products and services in the most convenient manner; and

16. **Commitment to the Highest Business Ethics.**

a. Driven always by its core values, the Company shall do business with its various publics responsibly and in adherence to the highest levels of ethical conduct;

b. The core values of the Company and its insistence on the highest levels of ethical behaviour towards all publics shall be communicated to staff and procedures shall be in place to assess the suitability of prospective or new employees while ethical considerations shall be taken into account in assessing each employee's suitability for hire or promotion;

c. The Board of the Company as well as its Management shall adopt a zero tolerance approach to unethical practices and shall champion adherence to cognisable ethical codes for companies;

d. In its dealings with all its stakeholders, the Company should uphold the highest degree of ethical behaviour and must be seen to be conducting its business and pursuing its objectives responsibly; and

e. The Company shall from time to time arrange for independent assessors to perform an ethics audit with a view to determining the extent to which it conducts business responsibly and in accordance with acceptable ethical behaviour towards all stakeholders

BY ORDER OF THE BOARD
SEPT 2012