



**CODE OF
CORPORATE GOVERNANCE
FOR THE
TELECOMMUNICATIONS
INDUSTRY**

2014



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FOREWORD

It is now common knowledge that enthronement of good corporate governance standards and practices in organizations encourages corporate success and business sustainability. The importance as well as relevance of Corporate Governance codes is now firmly established.

The need to develop a sector specific Corporate Governance Code for the Nigerian Telecommunication Industry is necessary to address the peculiarities of the sector that are not typically dealt with under broadly-aimed Codes. This is more so in view of the fact that the telecommunications sector though dominated by privately-held companies is of strategic importance to the economy at a macro level, and has considerable impact at the micro level.

As the telecommunications industry's Regulator, the Nigerian Communications Commission (NCC) in keeping with our core values proactively undertook industry-wide consultations with a view to determining the industry's corporate governance needs and the best approach to be adopted in addressing the issue of Corporate Governance in the sector. Thus, the Nigerian telecommunications sector Corporate Governance Working Group (CGWG) with membership drawn from across the Nigerian telecommunications industry, the NCC and Corporate Governance practitioners was inaugurated on October 24, 2012. The CGWG developed this Code of Corporate Governance for the Telecommunications Industry.

The Code of Corporate Governance for the Telecommunications Industry is a voluntary code of leading practices which aims at guiding corporate behavior and practices of companies within the industry.

I hope that this Code of Corporate Governance for the Telecommunications Industry would promote good corporate governance practices in the industry and would create a credible industry which every stakeholder can have confidence in as well as foster the growth and development of the industry and larger national economy. The Code is commended to all telecommunications operators.



Dr Eugene Juwah
Executive Vice-Chairman/CEO
Nigerian Communications Commission
July 10, 2014

1.0 INTRODUCTION

Corporate Governance in our emerging economy is driven by the need to develop a system of control which is aimed at increasing shareholder value and surpassing the expectations of other stakeholders. This is more so in recognition of the fact that the corporate governance culture adopted by companies have positive or negative impact on their growth and development. It is also a critical deciding factor in the success or failure of the companies.

This Code of Corporate Governance for the Telecommunications industry seeks to foster good corporate governance practices in the Nigerian Telecommunications industry. The provisions of the Code are based on international best practices.

Good corporate governance ensures proper incentives for the Board and Management to pursue objectives that are in the interests of the company and its shareholders and also facilitates effective monitoring. Thus, it is believed that this Code of Corporate Governance should facilitate pursuit of objectives that are in the interest of the company, shareholders and other stakeholders in the industry. The consultative approach adopted in developing this Code is unique and offers opportunity for acceptability of the Code by the Board and Management of various telecommunications companies. It is our sincere hope that this Code will achieve the desired objectives and bring about positive changes in the corporate governance practices of the telecommunications industry. The Code shall be reviewed on a yearly basis to allow for continuous improvements, where applicable.

1.1 **Compliance with the Law**

This Code adopts the principles, standards and laws laid down in existing statutes in Nigeria particularly by the Companies and Allied Matters Act (CAMA), the Nigerian Communications Act, etc. This Code is subject to the provisions of CAMA as it relates to the responsibilities of directors and officers in the company.

1.2 **Application of the Code**

- (a) The Code applies to all telecommunication companies licensed by the Nigerian Communications Commission.
- (b) NCC shall from time to time issue directives to facilitate compliance with or observance of the principles and provisions of this Code.

2.0 BOARD AND DIRECTORS

2.1 The Board of Directors

Principle 2.1:

The Board of Directors is responsible for the governance of the company. The Board should ensure that a culture of ethical behaviour and right doing permeates the company.

- a. Every company in the Nigeria telecommunications sector should have a Board of Directors appointed by its Shareholders, through a transparent process, to be collectively responsible for the management of the business of the company.
- b. The primary responsibility for governance of a company lies with the Board of Directors. The Board of Directors sets the tone and determines the values of the company. Each company in the Telecommunications sector is to be headed by an effective Board made up of persons who uphold the principles of accountability, transparency, responsibility, ethical conduct, integrity, independence and fairness.
- c. Apart from the shareholders in general meeting, the Board is the highest decision-making body in the company. Board members are collectively responsible for direction and management of the affairs of the company. In order to properly discharge its governance role, the Board should be independent of Management or any other influence.

2.2 Board Size and Composition

Principle 2.2:

Given the strategic significance of the telecommunications sector in Nigeria, it is important that Boards of Directors are so constituted as to efficiently discharge their governance roles and responsibilities.

- a. The Board should ensure that it is so composed as to assure a mix of skills, diversity of experience and gender.
- b. In constituting the Board, it is important to take into account and reflect the size, scale, complexity and reach of the business of the company. The Board should take into consideration the skills and resource requirements for the company's business in deciding the number of directors to be appointed.
- c. Boards should be made up of independent-minded

individuals who are diligent in discharging their governance duties.

- d. A majority of the Board should be non-executive directors (NEDs) whose role should be to bring independent external perspective to governance of the company.
- e. Every Board should have at least 1 independent director (NED) defined as one holding not more than 0.1% shareholding directly or indirectly in the company.
- f. For larger companies in the sector, the presence of two or more independent directors is desirable.
- g. Subject to the provisions of CAMA, one third of NEDs should retire yearly by rotation at the company's Annual General Meeting but retiring directors may re-present themselves for re-election provided that in the case of larger companies, NEDs should not remain on the Board for a continuous period in excess of fifteen (15) years.

2.3 Board Leadership and Ethics

Principle 2.3a:

The Board should provide exemplary leadership for the company based on ethical principles.

Leadership is a critical responsibility of the Board of Directors. The Board should provide responsible, ethical and accountable leadership based on values-based principles and be a model for the rest of the company.

2.3.1 Board Responsibility for Code Implementation

- a. The Board should take responsibility for implementation of this Code and ensure the adoption of its provisions across the company.
- b. The Board should ensure that a Code of Conduct with provisions which align with this Code as a minimum standard of ethics is developed within the company.

2.3.2 Directors' Individual Responsibility in Corporate Governance

- a. While the Board's role and responsibility in corporate governance is collective, director's liability and obligation are personal. Thus each director has a responsibility to act independently and in the best interest of the company and its stakeholders at all times.
- b. Every director should demonstrate a clear understanding of

the company's business, including its peculiarities, the industry and the stakeholders.

c. Each director should:

- Avoid conflicts of interest whether directly or through other relationships.
- Continually develop requisite skills and competencies that will ensure effectiveness as a director.
- Devote the necessary time and attention to the company and its affairs, create time to read and review management proposals and participate effectively at Board, Committees and other company meetings.

Principle 2.3b:

The Board should provide effective leadership based on an ethical foundation and should ensure that the company adopts and acculturates a values-based approach to corporate governance

- a. The Board should ensure that all its deliberations, decisions and actions are founded on the values-based principles of corporate governance and in particular on the following principles:
- i. Accountability
 - ii. Transparency/Openness/Honesty
 - iii. Responsibility
 - iv. Independence
 - v. Integrity/Ethical Conduct
 - vi. Reputation and Reputational Risk.
 - vii. Fairness

(See more details on the principles in Appendix 1)

2.3.3 Directors' Rights to Seek Independent Advice

- Every director is entitled to request explanations from officers of the company on any matter falling within his scope or duty as a director
- Where he is dissatisfied with the explanations, he may subject to the consent of the Board seek independent advice on the subject with the company being responsible for the cost of the consultation

3.0 ROLE AND FUNCTION OF THE BOARD

Principle 3.0:

The Board is responsible for the direction and management of the company and should ensure the acculturation of good corporate governance as a strategy for ensuring success and sustainability.

3.1 Board Responsibilities

Important responsibilities of the Board of directors include:

1. CEO Appointment
2. Guiding Management, Succession Planning
3. Setting the Vision, Mission and Strategy
4. Approving Management Policies
5. Oversight and Supervision of Management
6. Risk Management
7. Sustainability
8. Performance Evaluation

In carrying out these roles and responsibilities, the Board should be mindful of and consciously apply the Principles highlighted in this Code.

3.2 Board Committees

Principle 3.2:

The Board should establish appropriate committees to assist in its governance functions, duties and responsibilities and to help improve the efficiency of its work, as it deems appropriate.

- a. The responsibilities delegated to each committee of the Board should be articulated in its Terms of Reference.
- b. Each Board Committee should meet as frequently as the assignment(s) committed to it by the Board of Directors necessitates.

3.3 Board Appointment Processes

Principle 3.3:

Directors should be appointed through a formal process.

Each company should have a written formal process for appointment of its directors. This may include a Nominations Committee or its equivalent with responsibility to assist the Board in the process of identifying suitable persons to be appointed directors in the company.

3.4 Board Meetings

Principle 3.4:

In order to carry out their functions effectively, the Board should meet regularly.

The actual frequency of Board meetings should be determined by each Board, having regard to the peculiar needs of its company and its circumstances. However, board meetings should be held at least once a quarter.

4.0 BOARD AND MANAGEMENT

4.1 Matters for the Board

Principle 4.1:

The Board is the highest decision-making body, charged by the shareholders in general meeting with responsibility for direction, control and management of the affairs of the company and is the body with primary responsibility for Corporate Governance in the company. While the Board may delegate some of its powers, it remains responsible for the governance of the organisation.

- a. The Board should state which matters are reserved for the Board and those that it may delegate to Committees, the CEO and/or the Management.
- b. In the event of delegation of powers, the Board should maintain oversight over Committees, the CEO and/or the Management in respect of such delegated powers.
- c. When delegating its powers, the Board should articulate and document the scope, duration and mode of exercise of such powers.
- d. The Board may delegate such powers to Committees, the CEO or the Management as it deems fit, provided that the Board shall remain responsible for decisions it reaches in such respect and shall not abdicate its responsibility thereby.

4.2 Composition of Board Committees

Principle 4.2:

The Board should take responsibility for ensuring that the Committees to which it delegates its powers are so constituted as to assure its observance of corporate governance principles and the Board's directives.

- a. The Board should determine the composition, quorum and Terms of Reference for each of its committees.
- b. With the exception of Executive Management committees, Board Committees should be chaired by Non-Executive directors.
- c. Notwithstanding the provisions for the time being of the Terms of Reference of any other committee of the Board, the Board may vary such Terms of Reference from time to time as it deems fit.

4.3 Information Flow

Principle 4.3:

The Board and Individual directors should have adequate information which is clear and accurate, provided in a timely manner to support effective governance.

- a. The Board should provide clear guidelines as to timelines for and the format of information to be provided to members to enable them participate effectively at meetings of the Board and its committees.
- b. The Board should empower the company secretary, who should collate information/documents and make them available to Board members in accordance with the Board's directives and stipulations.
- c. Where the information required for making decisions on an issue is not provided to board members within the Board's stipulated timelines or in good time to ensure effective decision-making, the Board is at liberty to defer consideration of the issue(s) in respect of which timely and/or adequate information has not been provided until a future date as determined by the Board.

5.0 REMUNERATION

5.1 Executive Directors and Senior Executives

Principle 5.1:

Companies should develop and implement remuneration policies and ensure levels of remuneration are sufficient to attract, retain, and motivate executives of the quality required to run the company successfully.

- a. The Board should develop a formal remuneration policy for executive directors and senior executives, and a transparent procedure for implementing the policy. This should be without prejudice to the provisions of the Companies and Allied Matters Act (CAMA) as well as other leading practices and standards on directors' remuneration.
- b. The remuneration policy of the company should align with its strategy and take into consideration the performance of the company.
- c. The terms and basis on which any executive director is to be engaged should be approved by the Board directly or through the Board Remuneration committee or its equivalent.

5.2 Link with Performance

As much as possible, executive remuneration and rewards should be linked to individual as well as corporate performance beyond the short term, and should give executives' incentives to perform at the highest levels towards company's strategic objectives. In similar vein, care should be taken to ensure that severance packages, where they apply, do not reward poor performance.

5.3 Non-Executive Directors

Principle 5.3:

Companies should develop and implement remuneration policies for non-executive directors. Remuneration structure should reflect the differing roles of executives and non-executives.

Levels of remuneration for non-executive directors should reflect the expectations of time commitment and responsibilities of the role. Higher remuneration for greater time commitment may also be incorporated, e.g. arising from participation on board committees.

5.4 Avoiding Conflicts of Interest

- a. Telecommunication companies should formulate and

adopt a policy that will set guidelines and procedures for transparency and managing real or perceived conflicts.

- b. Every Director should disclose any real or perceived conflict of interest to the Board.
- c. No one should be involved in deciding on his own remuneration.
- d. The Board may establish a remuneration committee charged with responsibility for assisting and making recommendations to the Board, such procedures, processes, policies and practices to be adopted for Board and Executive Management remunerations in the company.
- e. The Board remuneration committee should be made up largely of NEDs.

5.5 **Benchmarking**

Boards may use peer or other benchmarks as comparisons for developing remuneration packages for their directors; however, such comparisons should be used with caution to ensure that it suits the particular needs of the company.

6.0 PERFORMANCE EVALUATION

6.1 Board Evaluation

Principle 6.1:

The Board should periodically evaluate its performance and develop Performance Improvement Plans aimed at achieving behavioral change leading to a more effective Board. This exercise should be regarded as an opportunity for the Board to improve and strengthen company performance.

- a. The Board should establish a system for the periodic evaluation of its own performance, that of its committees, Chairman, Chairmen of its committees as well as individual directors.
- b. The Board should ensure that the periodic evaluation of the Board is carried out at least annually.
- c. This should be an objective and independent process; while the CEO appraisal should be done by the Board or such committee of the Board made up of NEDs.

6.2 Improving Board Performance

- a. Every company should have Board development programmes for its directors.
- b. The evaluation should form the basis for Performance Improvement Plans and should be used to assist the development of training for the Board and individual directors as well as in determining the additional skills required and to be sought or targeted in future appointments to the Board, where decided upon.

6.3 Statement of Evaluation

Companies should include a statement in their annual report on whether Board and director evaluation has been conducted during the period under review.

6.4 Performance Evaluation of Executives

- a. The Board should by itself or through the Remuneration/Nominations or equivalent Committee evaluate the performance of the executives periodically and at such intervals as the Board may determine.
- b. Where the Board delegates the evaluation of executives to the Remuneration/Nominations or equivalent Committee, the Board shall include the intervals for carrying out the assignment in the Terms of Reference for the Committee.

7.0 THE BOARD VALUE SYSTEM

Principle 7.0:

The Board should establish the value system that will drive the overall direction set for the company.

7.1 Vision, Mission and Strategy

The Board should be responsible for the strategic direction of the company in line with corporate objectives and for setting its vision and mission as well as its core values.

7.2 Core Values

The Board should determine the set of principles to which the company shall align its Core Values. The Board should ensure that at all levels of the company the business aligns with and adheres to the core values and that a stakeholder-inclusive approach is encouraged and promoted.

7.3 Loyalty to the Company

Members of the Board must uphold their fiduciary relationship with the company at all times. Not only should directors always act in the company's best interest, the Board should ensure that management is encouraged to act in the best interest of the company.

7.4 Corporate Reputation

Principle 7.4:

The Board should ensure that the company is law-abiding, driven by a culture of compliance and ethics; and pay attention to issues of reputational risk.

- a. The Board should appreciate that stakeholders' perception affect the company's reputation and ensure that not only is the company a responsible corporate citizen, but is also seen to be one.
- b. The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards. The company's performance and interaction with its stakeholders should be guided by extant laws and regulations, policies and standards as determined from time to time by the NCC and/or other appropriate regulatory body.
- c. The Board should be mindful of the impact of the company's operations on the society and environment and should protect, enhance and invest in the well-being of the

economy, society and the environment.

- d. The Board should actively develop appropriate corporate social responsibility (CSR) policies and strategies that demonstrate an understanding of the importance of CSR.

7.5 Stakeholder Consideration

Principle 7.5:

The Board should ensure that appropriate consideration of all stakeholders is a norm in the organisation and that the significance of stakeholders in the management of the corporate reputation and reputational risk is appreciated.

The Board should take account of the company's impact on internal and external stakeholders and ensure that the company's business is conducted in an ethical manner.

8.0 CHAIR/CEO DUALITY

Principle 8.0:

In order to institute and maintain independence and proper checks and balances, the positions of Chairman of the Board of Directors and that of Chief Executive Officer should be occupied by two separate individuals.

8.1 Election of Chairman

The Board Chairman who should be a Non Executive Director should be elected by the Directors from among themselves

The performance of the Chairman and his ability to continue to add value to the Board should be evaluated annually.

8.2 Appointment of the CEO

The CEO should be appointed by the Board of Directors in accordance with CAMA.

9.0 THE COMPANY SECRETARY

Principle 9.0:

The Board should ensure that the Company Secretary is a person possessing the knowledge and qualification necessary to discharge the duties of the office.

9.1 Responsibilities of the Company Secretary

- a. The Company Secretary in addition to his statutory duties should be responsible for bringing to the attention of the Board of Directors, the company's corporate governance responsibilities especially those imposed by this Code.
- b. The Company Secretary should also be responsible for informing the Board of the non-implementation by the company of its obligations and/or responsibilities under the Code.

9.2 Reporting Line of the Company Secretary

The Company Secretary shall report to the Board of Directors.

9.3 Appointment and Removal of the Company Secretary

The Company Secretary is to be appointed by the Board of Directors and may be removed by the Board in accordance with CAMA.

10.0 SHAREHOLDERS AND STAKEHOLDERS

10.1 Shareholders

Principle 10.1:

The business of the company should be run in such a way as to balance the interests of the shareholders and other stakeholders.

- a. The Board should ensure the equitable treatment of all shareholders and that the interests of minority shareholders are protected. There should be a dialogue and engagement between the Board and the shareholders to align appreciation of and attain the mutual understanding of corporate objectives.
- b. The going concern principle deals with the desirability that organisations will grow and outlive their founders.

10.2 Stakeholders

Principle 10.2:

The Board should demonstrate clear and balanced understanding of the company's external stakeholders as well as their importance to the business of the company. The responsibility for stakeholder management and engagement lies with the Board of Directors.

- a. The Board should ensure that a balanced and effective mapping and assessment of the company's external stakeholders as well as the company's position and prospects in relation to them is carried out by the company.
- b. The Board should establish a suitable programme of stakeholder engagement to be properly supervised by the Board or such Committee or person as the Board may assign the responsibility for the same with appropriate feedback mechanisms duly documented.
- c. In balancing the interests of stakeholders, the focus should be the establishment of leading practices that enhance public perception, reputation and sustainability of the company.
- d. The Board should put in place:
 - A framework that recognises the importance of the sector to society and the economy and ensures a commitment to providing good quality services to their customers.
 - An effective and efficient process for dealing with incidences and/or cases of service failure.

11.0 RISK MANAGEMENT AND INTERNAL CONTROL

Principle 11.0:

Companies should establish effective systems and structures for the governance of risk and for a robust system of internal controls to safeguard the company's assets and shareholders' investment.

11.1 Risk Management

- a. The Board has the primary responsibility for the risk management process and the governance of risk; and should put in place risk management systems that include identification, assessment, evaluation, mitigation and monitoring of risk.
- b. The Board's responsibility should begin with deciding the company's risk appetite or risk tolerance i.e. those risks it will take and those it will not take in the pursuit of its business objectives.
- c. Boards should ensure that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the company, for the year under review and up to the date of approval of the annual report and financial statements.
- d. While management is accountable to the Board for designing, implementing and monitoring the risk management process, the Board has a responsibility to form its own opinion on the effectiveness of the process and should periodically identify, assess key risks and satisfy itself as to the effectiveness of the risk management system.
- e. The Board should assess the need to establish a formal risk management function.

11.2 Risk Management Committee

11.2.1 Establishment

The Board should establish a Committee to assist it with the review of the risk management process and the significant risks facing the company. This committee may be a dedicated committee or another committee with other responsibilities (e.g. Audit Committee). The need for a dedicated committee increases with the size and complexity of the business.

11.2.2 Membership

- a. Membership of the Risk Management Committee should include executive and non-executive directors. Where the company decides to assign this function to the Audit

Committee, careful consideration should be given to the resources available to the Audit Committee to adequately deal with governance of risk in addition to its audit responsibilities.

- b. Where the responsibilities for Audit and Risk Management are vested in the same committee, then the membership of the committee should exclude executive directors.
- c. In addition to financial risks, the risk management systems should also take into account operational and strategic risks and the Risk Management Committee (or other equivalent committee) should be responsible for overseeing the Enterprise Risk Management (ERM) of the company.

11.3 Internal Control

Principle 11.3

The Board should establish an internal control system that incorporates a transparent system for financial reporting and compliance and ensure periodic checks on the effectiveness of these systems.

- a. The internal control system should make use of a combined assurance model that incorporates internal assurance such as an Internal Audit function with external assurance (e.g. External Audit).
- b. The internal control system should provide reasonable assurance regarding the achievement of organisational objectives including:
 - efficiency of operations
 - safeguarding of the company's assets;
 - compliance with applicable laws, regulations and supervisory requirements;
 - supporting business sustainability under normal as well as adverse operating conditions;
 - reliability of reporting;
- c. Directors, particularly of smaller companies, should seek professional advice on how to establish effective internal control processes.
- d. The Board should encourage the reporting of unethical/unlawful behaviour by employees in fulfilling its control and oversight responsibilities; approaches may include Code of Ethics and Whistle Blowing Policy.

- **Code of Ethics:** The existence of a company code of ethics which is required under this Code, should aid the process of building an ethical culture.
- **Whistle Blowing:** The Board should encourage a confidential reporting process covering fraud and other risks.

11.4 Internal Audit

Principle 11.4:

Companies should adopt a risk-based approach to internal audit.

- a. The Board should determine the need to establish a dedicated Internal Audit to strengthen the system of internal controls and internal assurance model.
- b. Where the Board in its discretion decides to establish an Internal Audit Unit, this should have the respect and co-operation of both the Board and management; and directly support the attainment of strategic goals. As such, leadership of the Internal Audit Unit should be positioned at a sufficiently senior level within the company to understand the strategic direction and goals of the company.
- c. The head of Internal Audit should report administratively to the Chief Executive Officer, and should have ready and regular access to the Chairman of the company and the Chairman of the Audit Committee.
- d. The appointment or dismissal of the head of the Internal Audit should be with the concurrence of the Audit Committee.
- e. The Internal Audit function may be outsourced to an accounting firm. However, the external and internal audit functions must not be carried out by the same accounting firm in order that their independence is not impaired.

11.5 Audit Committee

- a. The Board should ensure the appointment of an Audit Committee in line with Companies and Allied Matters Act.
- b. Members of the Audit Committee should have good understanding of financial statements.
- c. The Chairman of the Board and the Chief Executive Officer should not serve on the Audit Committee, but may attend its meeting(s) by invitation.
- d. Membership of the Audit Committee should be disclosed in the Annual Report.

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- The background of the page is a faded, light blue image of a telecommunications tower. The tower is a complex lattice structure with several large satellite dishes or antennas attached. In the background, a faint globe is visible, with several curved lines representing signal paths or data connections. The overall aesthetic is technical and modern.
- e. The Chairman of the Audit Committee should be available at the Annual General Meeting (AGM) to answer questions about the work of the Committee particularly since the last AGM.

12.0 REPORTING, TRANSPARENCY & DISCLOSURE

Principle 12.0:

Companies should present a fair, balanced, understandable and transparent assessment of the company's position and prospects to external stakeholders.

Boards should develop a corporate reporting model that is tailored to the needs of Shareholders and other Stakeholders. The corporate reporting model should be built upon principles of transparency that are embedded in the presentation and disclosure of information relating to the company's activities as well as the Board's stewardship of the business.

- a. The corporate reporting model should be comprised of a financial reporting model as well as non-financial reporting components.
- b. The financial reporting model should represent the core of the corporate reporting model and should consist of the Annual Report (financial statements and accompanying notes).
- c. The Annual Report should be prepared in accordance with sections 331 – 334 of the Companies and Allied Matters Act (CAMA) 2004 and the prescribed accounting principles and standards for the sector (currently IFRS). Smaller companies should at a minimum make disclosures in line with Section 334 (2) and (3) of CAMA 2004.
- d. Responsibility for preparation of the Annual Report as well as for ensuring the accuracy of its contents rests with the Board of Directors. The duties of the Board should include ensuring the integrity and effective communication of financial reports. Guidelines for preparation of the financial reports should include relevance, reliability, timeliness, accuracy and materiality.

MADE at Abuja this 10th day of July, 2014

DR. EUGENE JUWAH
Executive Vice Chairman
Nigeria Communications Commission

APPENDIX 1

THE PRINCIPLES EXPLAINED

- 1.1 **Accountability** and **Responsibility** are critically important values in governance and are both inter-related and interwoven. Accountability connotes being answerable and responsible for one's actions while Responsibility imports - not only the ability to respond or answer, but also the willingness to be held to account or called upon to explain what has transpired. Effective boards and directors are both accountable and responsible. By being responsible, they also recognize the importance of not externalizing the company's costs to the society and of minimizing any negative effects and impact of the company's activities on its stakeholders.
- 1.2 **Responsibility** involves being mindful of the company's long term goals, taking decisions aimed at maintaining the company's going concern status and acting in line with the fiduciary responsibility which directors owe to their company. Directors have to be mindful of the interests of the Stakeholders of the company and to assess these interests which may sometimes compete with those of the Shareholders, individual Directors or even the Board of Directors. Sometimes, the decisions that will be in the best interest of the company may be the ones that apparently favour other Stakeholders over these direct interests (Shareholders, Directors and the Board). Their fiduciary responsibility to the company means that directors and the Board must put the company's interest above their own. Similarly the legitimate interests and expectations of Stakeholders of the company should be considered and addressed.
- 1.3 **Accountability** involves taking decisions and acting in a manner that is both defensible and justifiable as well as a willingness to explain the Board's and directors' actions and convictions to the company's shareholders and other stakeholders.
- 1.4 **Ethical Conduct** and **Integrity** import the concept of right-doing and doing things right. Ethical values and Integrity are at the root of and foundational to corporate governance. The Board's responsibility extends to establishing integrity and an ethical culture in the organisation. Integrity speaks to authenticity and maintaining high ethical standards and values in the face of all odds. This goes **beyond** Compliance. While companies that enthrone good corporate governance are known to comply with laws, regulations and the like, they however, do not stop at

compliance alone. Ethical companies go beyond the rules and regulations to doing what is right simply because it is right to do so.

- 1.5 **Reputation** and **Reputational Risk** speak to the perception of a company that is held by the public as one that maintains admirable and ethical standards and values or otherwise. Risk can be positive or negative and while an ethically inclined company will enjoy a positive reputation, one on the other side of the spectrum, could reach undesired notoriety.
- 1.6 **Fairness** involves equal treatment of Shareholders, large or small as well as the equitable treatment of all Stakeholders.
- 1.7 **Relationship with Stakeholders.** Each industry and organisation has its peculiar set of Stakeholders. In the Nigeria telecommunications industry, key external stakeholders include customers and the regulators, (NCC). Each organisation has both external and internal stakeholders. Customers and Regulators are external, while Employees and the Board are internal stakeholders.

While there are different schools of thought regarding what the attitude of boards should be to the interests and expectations of the company's stakeholders, this Code encourages a stakeholders' inclusive approach, recognising that the company's long term interests are best served by an appropriate consideration of the legitimate expectations and interests of key stakeholders.

For instance, the continued existence of the company is secured through regulatory approval and its viability and sustainability by customer satisfaction. Thus the Board's and individual director's responsibility for acting in the best interest of the company extends to ensuring that by acting in a manner which demonstrates that the Board properly considers and weighs the interests of other stakeholders in its decision-making, the company secures the support and goodwill of its stakeholders.

- 1.8 **Independence** involves acting without influence and in line with one's convictions. Independence is values-based and speaks to independence of character and judgment; and not merely to the absence of a link or history, whether financial or relational between a director and the company or with its management.
- 1.9 **Transparency** speaks to clarity and the absence of opaqueness or vagueness. The Board should disclose information about the company's affairs in a clear, unambiguous and understandable manner that makes for ease of analysis by shareholders and other stakeholders to enable them take informed decisions regarding the company's performance, its future viability and sustainability.

APPENDIX 2

DEFINITIONS

Large Companies' and 'Small Companies'

The definition of the Large Company and the Small Company for the purposes of the Code is to be determined by the NCC. While these typically include parameters such as balance sheet size, asymmetry test, number of subscribers, etc, the choice of parameter as well as the respective thresholds may from time to time be reviewed by NCC.

Executive Directors

For the purposes of this Code, the terms "executive directors" or "executives" shall relate to all Board Directors holding a management function in the company and except where the terms "Managing Director" and/or "CEO" have been used to separate the holder of that office, shall include the Managing Director/CEO.

APPENDIX 3

ABBREVIATIONS AND ACRONYMS

NCC	-	Nigerian Communications Commission
NED	-	Non-Executive Director
ED	-	Executive Director
CEO	-	Chief Executive Officer
CAMA	-	Companies and Allied Matters Act 2004
CGWG	-	NCC Corporate Governance Working Group

APPENDIX 4:

CORPORATE GOVERNANCE WORKING GROUP (CGWG)

MEMBERS OF THE CORPORATE GOVERNANCE WORKING GROUP

1. Dr. Okechukwu Itanyi – Executive Commissioner
(Stakeholder Management) NCC
2. Ms. Josephine Amuwa – NCC
3. Ms. Funlola Akiode – NCC
4. Dr. Fabian Ajogwu, SAN – Chairman
5. Dr. Chidi Diugwu – Project Manager, NCC
6. Mrs. Pankan Eze – Secretary, NCC
7. Ms. Oyeronke Oyetunde – MTN
8. Mr. Osondu Nwokoro – Airtel
9. Mr. Ibrahim Dikko – Etisalat
10. Mr. Olayinka Olafimihan – Glo
11. Mr. Martins Ogbolu – Vodacom
12. Mr. Gbenga Onakomaiya – IHS
13. Mr. Bosun Hambolu – Starcomms
14. Dr. Nechi Ezeako – CLB Sage
15. Mrs. Osaretin Odaro-Oyewumi – CLB Sage

ALTERNATES OF THE CORPORATE GOVERNANCE WORKING GROUP

1. Mr. Felix Omojola – MTN
2. Mr. Shola Adeyemi – Airtel
3. Mr. Ikenna Ikeme – Etisalat
4. Mrs. Nkechi Newton-Denila – Vodacom
5. Mrs. Jumoke Ademuliyi Ajala – IHS
6. Mr. Tosin Cole – Globacom
7. Mr. Frank Omizu – Starcomms
8. Mr. Okechukwu Aninweke – NCC
9. Mr. Quasim Odunmbaku – MTN
10. Mr. Johnson Oyewo – Airtel

