

Report of the Independent Consultants on the Review of Corporate Governance Framework of UBA Pensions Custodian Limited for the Year Ended 31 December 2020

BACKGROUND

Deloitte & Touche has performed the annual corporate governance review on UBA Pensions Custodian Limited (“UBA Pensions”) for the year ended 31 December 2020. The review was performed in compliance with Section 11.2.9.5 and Principle 15 of the Nigerian Code of Corporate Governance (“NCCG”).

We evaluated the performance of the Corporate Governance framework in line with regulatory requirements under the Nigerian Code of Corporate Governance (“NCCG”), PENCOM Guidelines and Regulations and other good practice Corporate Governance standards. The scope of the review included an assessment of key areas of UBA Pension’s corporate governance framework, including the framework of the Board structure and composition, Board operations and effectiveness, assurance functions, corporate disclosures and relationship with stakeholders.

Our approach involved a review of the governance charters and policies and management framework in UBA Pension’s. The report of our evaluation was premised on desk review of governance policies, charters and minutes, as well as interview sessions with Directors and select Executive Management staff.

The result of our evaluation has shown that the Corporate Governance framework and practices in UBA Pensions substantially complies with the provisions of the extant Codes of Corporate Governance. The report further highlights details of our review activities, observations and some recommendations for the Board and Executive Management’s action.

HIGHLIGHTS

Below are highlights of the corporate governance framework in UBA Pensions:

The Board and Board Committees:

There were six (6) Directors on the Board during this review, which meets the regulatory and best practice requirements. Three (3) Directors resigned and Two (2) Directors were appointed to new positions during the review period. There were two (2) female Directors on the Board at the end of the reporting period, making up 33% of all Directors.

The Board has a mix of:

- One (1) ED
- Three (3) NEDs and
- Two (2) INEDs.



The Board has a total of three (3) Committees that held several meetings during the review period i.e. the Board Nomination Committee, Audit and Risk Management Committee and Finance and General-Purpose Committee. The terms of reference for all the Committees are contained in the Board Governance and Board Committee Governance Charter.

Board and Board Committee Meetings:

The Board Governance Charter specifies that the Board and Board Committees shall hold meetings at least once every quarter. This aligns with the provision of the NCCG 2018 and the Circular on Corporate Governance for PFOs 2019 on the frequency of meetings of the Board and Board Committees. We noted that Board and Board Committee held quarterly meetings in the review period.

The Board Governance Charter, in line with corporate governance codes requires that all Directors maintain at least 75% meeting attendance at both Board and Board Committee meetings (Sec 2.4.3 of the Board Governance Charter). Per our review, we observed that all Directors meet the minimum meeting attendance requirement for Board meeting, Board Committee meetings and the Annual General Meeting. We confirmed that quorum was achieved and confirmed before commencement of meetings of the Board, Board Committee and the AGM.

Internal Control, Risk Management and Audit:

UBA Pensions has a compliance function with the primary mandate to monitor compliance with regulatory requirements across the business and disclose findings to the Board and the Regulators to enhance the activities of the business. Reports including internal control and compliance reports, were submitted to the Board on a regular basis to assist their oversight functions. An Audit and Internal Control function exist for UBA Pensions that reports functionally to the Board and administratively to Management. We also noted that quarterly reports were presented to the Board Audit Committee by the function.

In response to the risks and opportunities arising in year 2020, a COVID 19 risks assessment was carried out and reported to the Audit and Risk Management Committee in the second quarter minutes of meeting. The risk assessment report addressed measures to mitigate the impacts of COVID 19 and an effective Business Continuity Plan. Risk management report were also presented to the Board Audit and Risk Management Committee in each quarterly Board Committee meeting conducted within the review period.

Performance Management and Compensation:

The Board conducts an annual evaluation of the performance of its members and Committees. The Board evaluation for the year 2019 was conducted by an independent consultant and the evaluation report was sighted.

The Shareholder approved the remuneration of Directors to be fixed by the Board Chairman in the AGM. UBA Pensions also has a Remuneration Policy for Directors.

Transparency and Disclosures:

UBA Pensions has an investors' portal on its company website where annual reports of UBA Pensions and other information are available in downloadable formats to the public. The company's website has the following information readily available to stakeholders, in line with the recommendation of the NCCG:

- The composition of the Board of Directors, stating the names and classification of the Chairman, the MD/CEO, EDs and NEDs as well as INEDs, including brief professional biographies
- Management team of the company including brief professional biographies
- Financial statements dating back to 2015



- Financial reports for 2017 – 2019
- Disclosure of corporate clients, etc.

Ethics and Conflict of Interests:

UBA Pensions has a Code of Professional Conduct and Ethics which serves as a guideline to the standards that should govern all employee dealings with customers, suppliers, colleagues and the general public, and which is consistent with the Code of Ethics and Business Practices for Licensed Pension Operators. The Board Governance Charter also provided guidelines for Directors disclosure of conflict of interests.

Supporting the ethics programme in UBA Pensions is a whistle blowing framework. The company maintains channels for stakeholders to report actual or potential unethical behaviors to clearly identified whistleblowing champions. There is a dedicated whistle-blowing link disclosure on the Company's website, Compliance Boxes were also provided at designated locations at the corporate Head office and other business locations.

CONCLUSION

It should be noted that the matters raised in this report are only those which came to our attention during our review. The evaluation is limited in nature and does not necessarily disclose all significant matters about the company or reveal any irregularities. Recommendations for improvements should be assessed by the Board for their full impact before they are implemented.

Yours faithfully,

For: Deloitte and Touche

A handwritten signature in black ink that reads "Ibukun Beecroft".

Ibukun Beecroft
FRC/2020/ICAN/00000020765
Partner