

Report of the Independent Consultants on the Review of Corporate Governance Framework of UBA Pensions Custodian Limited for the Year Ended 31 December 2023

BACKGROUND

Deloitte & Touche has performed the annual corporate governance review on UBA Pensions Custodian Limited ("UBA Pensions") for the year ended 31 December 2023. 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"), Guidelines on Corporate Governance for Pension Fund Operators, PENCOM guidelines and regulations and other good practice Corporate Governance standards. The scope of the review included an assessment of key areas of UBA Pensions' 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 Pensions. 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 comply 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 eight (8) Directors on the Board during this review, which meets the regulatory and best practice requirements. There were no appointments to the Board during the review period. There were two (2) female Directors on the Board at the end of the reporting period, making up 25% of all Directors.

The Board has a mix of:

- Two (2) EDs
- Four (4) 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 Guidelines on Corporate Governance for PFOs 2021 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 met the minimum meeting attendance requirement for Board meetings, Board Committee meetings, the Annual General Meeting, and the required annual meeting of NEDs. We confirmed that quorum was achieved and confirmed before commencement of meetings of the Board, Board Committees, 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 Internal Audit function exists in UBA Pensions that reports functionally to the Board and administratively to Management. We also noted that quarterly reports were presented to the Board Audit and Risk Management Committee by the function.

There is an effective Business Continuity Plan and a Disaster Recovery Plan in place for UBA Pensions. Risk management reports were also presented to the Board Audit and Risk Management Committee in each quarterly 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 2022 was conducted by an independent consultant and the evaluation report was sighted.

Shareholders approved the remuneration of Directors to be fixed by the Board Chairman at its 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 financial information are available in downloadable format 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

Relevant disclosures were included in the annual report including committee composition and membership, Directors' compensation, list of trainings attended by Directors, number of meetings held by the Board and its Committees including dates which the meetings were held and Directors' attendance at those meetings.

**Ethics and Conflict of Interest:**

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 behavior. There is a dedicated whistle-blowing link for disclosure on the Company's website.

Sustainability

UBA Pensions has a sustainability policy as recommended by the NCCG which details UBA Pensions Custodian Limited's commitment to sustainability. By way of this commitment UBA Pensions seeks to introduce environmental and social standards to guide the Company's activities in relation to the communities it operates in, address risks arising from its activities or locations it operates, ensure its employees are positively oriented as regards social and environmental issues and formalize environmental and social risk management in the Company.

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, reading "Ibukun Beecroft".

Ibukun Beecroft

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Partner