



MRS OIL NIGERIA PLC – BOARD CHARTER

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1. INTRODUCTION

This Charter governs the operations of the Board of Directors (“the Board”) of MRS Oil Nigeria Plc (“the Company”) in line with the principles of the Nigerian Code of Corporate Governance and other Corporate Governance Principles applicable to the Company from time to time.

The Board shall adopt and determine any amendments to this Charter as may be required from time to time. This Charter shall be read alongside with the provisions of extant laws and Codes of Corporate Governance (“the Codes”) and in the event of any conflict between the provisions of this Charter and those of the Codes, the Board would apply the provisions which require more stringent application on any matter.

2. APPLICABLE LAWS

The following laws and Codes would apply to this Charter and any amendments thereto from time to time:

- **The Companies and Allied Matters Act, 2020.**
- **The Memorandum and Articles of Association of the Company.**
- **The Securities and Exchange Commission Consolidated Rules and Regulations, 2013. (“SEC Code”) for publicly quoted companies.**
- **The Securities and Exchange Commission (SEC) Code of Governance for Public Companies, May, 2014.**
- **The Nigerian Stock Exchange Rules and Regulations.**
- **The Investments and Securities Act, 2007.**
- **The Financial Reporting Act, 2011.**
- **The Nigerian Code of Corporate Governance, 2018.**
- **International Best Practices.**

3. THE BOARD OF DIRECTOR

3.1 Roles and Functions of the Board

The Board shall:

- (i) Be accountable and responsible for the performance and affairs of the Company. The Board shall determine the Company’s strategic goals and objectives and shall ensure that Management deploys human and financial resources towards the attainment of these goals.
- (ii) Exercise leadership, integrity, enterprise, and sound judgments in directing the Company to achieve continuing prosperity.

- (iii) Ensure that the Company observes high ethical standards and operates in line with its Memorandum and Articles of Association and in conformity with the Laws of the Federal Republic of Nigeria.
- (iv) Ensure the proper management of the Company through the Management under the leadership of the Managing Director, who shall protect and enhance shareholders' value and fulfil the Company's obligation to its employees and other stakeholders.

The delegation of any duty or authority to Management shall however, not in any way diminish the overall responsibility of the Board.

3.2 **Duties of the Board**

The duties of the Board shall include the following:

- i. Formulate policies and oversee the management and the conduct of the business.
- ii. Determine the Company's purpose and values, the strategy to achieve its purpose and implement the Company's values to ensure it survives and thrives.
- iii. Ensure that procedures and practices are in place to protect the Company's reputation and assets.
- iv. Succession planning and the appointment, training, remuneration, performance appraisal and replacement of Board members, the Managing Director and specified Management roles.
- v. Regularly review processes and procedures to ensure the effectiveness of its internal control systems so that its decision making capability and the accuracy of its reporting and financial results are maintained at a high ethical standard.
- vi. Approve the organizational structure and top management team.
- vii. Ensure that all technology and systems used in the Company are adequate to effectively run the business.
- viii. Identify key risk areas and key performance indicators of the business and monitor these factors.
- ix. Ensure that an effective process exist for, board appointments and that there is a mix of proficient Directors, each of whom would add value and bring independent judgment to bear on the decision-making process.
- x. Ensure that there is an appropriate balance of power and authority on the Board and that no one person or group of persons has unfettered power. Ensure that there is separation of the roles of the Managing Director/Chief Executive Officer (MD/CEO) and Chairman and by having a balance between Executive and Non-Executive Director.
- xi. Appoint the MD/CEO and at least participate in the appointment of specified Senior Management roles.

- xii. Regularly assess its performance and effectiveness as a whole and that of the individual Directors, including the MD/CEO.
- xiii. Identify the Company's stakeholders (internal and external) and develop on a policy, or policies on how the Company shall relate to them.
- xiv. Ensure effective communication with shareholders and other stakeholders.
- xv. Serve the legitimate interest of the shareholders and the Company and render full accounts to them.
- xvi. Continuously, ensure that the Company will survive, thrive and continue as a viable going concern.
- xvii. Consider and approve the long and short term strategies for the business of the Company and monitor Management's implementation of the strategies.
- xviii. Establish the Company's risk management framework and monitor its effectiveness, including the Company's risk appetite, the receipt and review of risk reports.
- xix. Oversee the Company's Information Technology governance.
- xx. Define a formal schedule of matters specifically reserved for Board decision and matters delegated to Board Committees and Management.
- xxi. Oversee the implementation of the Company's Communication and Information Policy.
- xxii. Ensure that Management systems are in place to identify and manage environmental and social risks and their impact.
- xxiii. The Board may delegate some powers to the Managing Director as it deems necessary to ensure smooth operation of the Company.

3.3 Composition of the Board of Directors

- (i) The Company shall be headed by an effective Board comprised of qualified individuals and a sufficient size to effectively undertake and fulfil its business: to oversee, monitor, direct and control the Company's activities relative to the scale and complexity of its operations.
- (ii) The Board shall be headed by a Chairman and comprised of a mix of Executive Directors, Non-Executive Directors and Independent Directors. The majority of Board members shall be Non-Executive Director.
- (iii) The Independent Non-Executive Director(s) shall be independent of management and free from any business or other relationship which would interfere with the exercise of their ability to bring an independent judgment to bear on issues of strategy, performance, resources, key appointments and standards of conduct. Independent Non-Executive Director(s) shall be relied upon in matters where there is potential for conflict of interest:
 - Nomination and remuneration of Director
 - Evaluation of Board performance

- Financial Reporting

3.4 **The Size of the Board of Director**

- a. There shall be a minimum of 5 and a maximum of 12 Director on the Board. The Memorandum and Articles of Association of the Company also provides for the approved number of Director on the Board.
- b. The following factors shall be considered by the Board in determining the requisite number of its members:
 - i. appropriate mix of knowledge, skills and experience, including the business, commercial and industry experience needed to govern the Company;
 - ii. appropriate mix of Executive, Non-Executive and Independent Directors.
 - iii. the need for a sufficient number of members that qualify to serve on the Committees of the Board;
 - iv. the need to secure quorum at meetings; and
 - v. diversity target relating to the composition of the Board.

3.5 **Tenure of Board Members**

- (i) The tenure for Non-Executive Director (NEDs) shall not exceed three (3) terms of four (4) years each. However, the Board shall continually inject new energy, fresh ideas, perspectives, and ensure the periodic appointment of new Directors to replace exiting NEDs.
- (ii) The tenure for the MD/CEO and the Executive Director (EDs) should be determined by the Board. In determining the tenure of the MD/CEO and EDs, the Board should take into cognizance the performance, the existing succession planning, continuity of the Board and the need to continuously refresh the Board.
- (iii) The tenure of the Independent Director (ID) should not exceed three (3) terms of three (3) years each.

3.6 **Officers of the Board.**

3.6.1. **The Chairman**

1. The position of the Chairman of the Board and the MD/CEO shall remain separate and shall be held by different individuals.
2. The Chairman shall primarily be responsible for the effective operation of the Board and shall ensure that the Board works towards achieving the Company's strategic objectives.

3. The Chairman shall be a Non-Executive Director (NED) and shall:
 - (i) Provide overall leadership and direction for the Board.
 - (ii) Approve the Annual Board Calendar.
 - (iii) Set the Board agenda in consultation with the MD/CEO and the Company Secretary, while ensuring that adequate time is available for discussion of all agenda items.
 - (iv) Chair meetings of the Board and Members are properly conducted, and that the Board is effective ad functions in a cohesive manner.
 - (v) Provide guidance to the MD/CEO and be available to him/her for regular communication.
 - (vi) Ensure that induction programmes are conducted for new Directors and a continuing education programme for all Directors on an annual basis.
 - (vii) Ensure that the Board and its Committees are composed of individuals with relevant skills, competencies and desired experience.
 - (viii) Lead in the assessment, improvement and development of the Board.
 - (ix) Ensure that the Directors receive accurate, timely and clear information to enable them take sound decisions.
 - (x) Ensure effective communication with the Company's shareholders.
4. The Chairman shall not serve as chairman or member of any Board Committee.
5. The Chairman may interact with NEDs periodically.
6. The Chairman shall oversee the annual evaluation of the performance of the Managing Director/Chief Executive Officer (MD/CEO) based on agreed performance indicators.

3.6.2 **The Managing Director/Chief Executive Officer (MD/CEO)**

1. The MD/CEO shall be the Head of the Management team and shall be answerable to the Board. The MD/CEO shall have the following duties:
 - (i) To manage the business of the Company within the guidelines set by the Board.
 - (ii) To develop and implement operational policies to guide the Company in line with the strategic directions approved by the Board.
 - (iii) To meet regularly and as required with the Chairman and other Board members and ensure that Board members are provided in a timely manner with all information and access to Management necessary to enable the Board to fulfill its statutory and other obligations.
 - (iv) To recommend to the Board strategic directions for the Company's business and when approved, implement the strategic business and operational plans.

- (v) To develop and seek the Board's approval for plans of management development and succession in all key positions and the implementation of such plans.
 - (vi) To direct and monitor the activities of the Company to meet agreed targets and ensure that the assets of the Company are safeguarded and optimized in the best interest of all shareholders.
 - (vii) To interface between the Company and its shareholders, the investment community, media, governments and their agencies, employees and the general public.
 - (viii) To exercise such powers and carry out such other functions as may be delegated by the Board of Directors.
2. The MD/CEO shall not be a member of the committees responsible for remuneration, audit, or nomination and governance.
 3. The Contract of Employment or Letter of Appointment of the MD/CEO shall define the authority of the MD/CEO and the relationship between the MD/CEO and the Board.
 4. The MD/CEO shall have a broad understanding of the Company's business, demonstrate entrepreneurial skills, credibility and integrity, and have the confidence of the Board and Management.

3.6.3 **Non-Executive Director**

The Non-Executive Director (NEDs) shall:

- (i) constructively contribute to the development of the Company's strategy.
- (ii) not be involved in the day-to-day operations of the Company and shall have unfettered access to any Executive Director (ED) appointed by the Company, the Company Secretary and the Head of Internal Audit, while access to other senior management should be through the MD/CEO.

3.6.4 **Independent Directors**

An Independent Director (ID) shall:

- (i) bring a high degree of objectivity to the Board for sustaining stakeholders' trust and confidence.
- (ii) not be a substantial shareholder of the Company and his shareholding shall not directly or indirectly exceed 0.01% of the paid up capital of the Company;
- (iii) not be a representative of a shareholder who has the ability to control or significantly influence Management;
- (iv) not be a close family member of any of the Company's adviser, Director, senior employees, consultants, auditors, creditors, suppliers, customers or substantial shareholders;

- (v) not have, and has not had within the last five (5) years, a material business relationship with the Company either directly, or as a partner, shareholder, director or senior employee of a body that has, or has had, such a relationship with the Company;
- (vi) not have been employed by the Company or the Company's subsidiary for the preceding three (3) years;
- (vii) not be a professional advisor to the Company or the Group, other than in the capacity of a Director;
- (viii) not receive, and has not received additional remuneration from the Company apart from a Director's fee and allowances, does not participate in the performance-related pay scheme and is not a member of the Company's pension scheme.

3.7 **Selection of Board Members**

- (i) The procedure for Board appointment shall be written, clearly defined, formal and transparent.
- (ii) The Board shall ascertain whether nominees for the position of directors are fit and proper and are not disqualified from being Directors.
- (iii) The Board Nomination and Corporate Governance Committee shall be responsible for the selection of Board nominees for appointment and shall recommend the nominees to the Board for approval.
- (iv) The Letter of Appointment of NEDs and IDs should cover the following:
 - a. The duration of the Appointment or tenure;
 - b. Details of the remuneration;
 - c. Summary of the rights, fiduciary duties and other responsibilities of the Directors;
 - d. Requirement to disclose any material interest in the Company and other entities carrying on business or providing services to the Company;
 - e. Specific requirements, such as Board and Board Committee Attendance;
 - f. Formal induction programme or training for the Directors to attend;
 - g. Board Charter, Code of Business Conduct and Ethics (attached in a separate documents) and the Director's responsibility to observe same;
 - h. Board performance evaluation process used by the Company; and
 - i. Any other relevant information.
- (v) To resign, the Directors should submit a written notice of resignation addressed to the Chairman of the Board of the Company.
- (vi) Where a Director has concerns about the operations of the Company, which cannot be resolved and the Director elects to resign from the Board, the Director shall document such concerns in a written statement to the Chairman for circulation to the Board.

3.8 **Directors Induction and Development**

- (i) All Directors shall be trained annually on matters relevant to legal reforms, corporate governance, changing corporate environment, business/commercial risks and other matters that may be of interest in the execution of their role.
- (ii) The Chairman shall ensure that newly appointed Directors receive a formal and tailored induction on their appointment to the Board. The induction shall be tailored to familiarize the newly appointed Directors with the Company's strategic plans, operations, business environment, Senior Management and Director' fiduciary responsibilities.
- (iii) The outcome of the performance evaluation of individual Director(s) shall be taken into account in the development of the Board training programme. The training programme shall be at the Company's expense, but should not put undue strain on the Company's finances.
- (iv) The initial training of Director shall cover the following:
 - a. Role, duties and responsibilities of the Board and Director.
 - b. Rights and obligations of a Director.
 - c. Statutory liabilities and duties of a director under criminal and company law.
 - d. Board practices and procedures.
 - e. Corporate strategy and organization.
 - f. Disclosure and communication policies.
 - g. Financial management systems, internal control procedures and internal audit.
 - h. External audit and the Board.
 - i. The corporate environment.
 - j. Performance targetting, monitoring and evaluation.
 - k. Risk Management.
 - l. Information technology and information to the Board.
 - m. Any other matter of interest to the Board.

3.9 **Meetings of the Board**

- (i) The Board shall meet at least once every quarter with ad-hoc meetings held as and when required to perform its oversight functions and monitor Management's performance.
- (ii) All Directors shall attend at least two-thirds of all Board meetings (i.e. three out of five meetings).
- (iii) The quorum of the Board for meetings shall be as provided by the Memorandum and Articles of Association of the Company.

3.10 **Limitation on other Board Service/Disclosure of Information**

1. On first appointment and at regular intervals (at least once every year) or at any time when circumstances change, all Directors shall, in good faith, disclose to the Board and to the External Auditors, any business or other interests that are likely to create a potential conflict of interest including:
 - All business interests (direct or indirect) in any other Company, partnership or other business venture.
 - Membership in trade, business or other economic organizations.
 - Their shareholding, and or other interests in the Company.
2. A Director on the board of more than (five) public companies shall disclose this information—and at the next Annual General Meeting (AGM) of the companies after the expiration of two (2) years from the commencement of the Companies and Allied Matters Act, 2020 (CAMA), resign from being a Director from all but five of the Companies.

3.11 **Board and Director Evaluation**

- (i) The Board shall undertake a formal and rigorous annual evaluation of its own performance, that of its Committees, the Chairman and individual Directors. This process shall be facilitated by an independent external consultant at least once in three (3) years.
- (ii) The evaluation shall include the criteria and key performance indicators and targets for the Board, its committees, the Chairman and each individual Board member.
- (iii) The Board and Directors' evaluation shall cover all aspects of the Board structure and composition, responsibilities, objectivity, processes and relationships as well as individual members' competencies, the Board performance, diversity (including gender), knowledge of the Company, its strategic direction and attendance at meetings, and the extent of application of the Nigerian Code of Corporate Governance. The summary of the Corporate Governance report of the evaluation shall be included in the Company's annual report and on the Investor Relations portal of the Company.
- (iv) The result of the Board performance evaluation shall be communicated to and discussed by the Board as a whole, while those of individual Directors should be communicated to and discussed with them individually by the Chairman.
- (v) Where the performance of a Director is considered to be unsatisfactory, the Board should provide appropriate training to address the identified gaps.

Where such is not feasible or practicable, the Director may be removed in accordance with established procedures.

- (vi) The result of a Director's performance would be considered in the Director's re-election process.
- (vii) There shall also be an annual Corporate Governance evaluation, which shall include the extent of the Company's application of the Nigerian Code of Corporate Governance (NCCG) to ensure that the Company's governance standards, practices and processes are adequate and effective. The evaluation shall be facilitated by an independent external consultant once in three (3) years in line with the provisions of the NCCG.

3.12 **Director' Remuneration**

- (i) Non-Executive Directors' (NEDs) remuneration should include, but not limited to sitting allowances, Directors' fees and reimbursable travel and hotel expenses, inconvenience allowance, as well as medical expenses.
- (ii) The remuneration for NEDs shall reflect the time, commitment and responsibilities of the role and shall be approved by the shareholders at a general meeting.
- (iii) The Human Resource Committee shall determine the remuneration of Executive Director and the committee shall:
 - Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages for individual Executive Director.
 - Ensure that the level of remuneration shall be sufficient to attract and retain the quality and caliber of Director needed to run the company successfully while the composition should be so structured as to link corporate and individual performance.
 - Ensure that the Company's annual report contains a statement of the remuneration policy and details of the remuneration and benefits of each Director.

3.13 **Retirement Policy**

The Directors who are to retire in each year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

3.14 **Access to Independent Advice**

- (i) The Directors shall have access to independent professional advice to enable them discharge their responsibilities as Directors.

- (ii) The independent professional advice shall be obtained at the Company's expense.

4. ACCOUNTABILITY

4.1 Financial Reporting

- (i) The Directors' responsibilities in connection with the preparation of the financial statements shall be provided in the Annual Reports of the Company.
- (ii) The MD/CEO, Chief Finance Officer and Audit Committee Chairman shall certify in each Financial Statement submitted to the Nigerian Stock Exchange (NSE), Securities and Exchange Commission (SEC) and the Companies Affairs Commission (CAC) that they have reviewed the reports and that based on their knowledge they confirm that:
- The financial statements and other financial information in the report fairly represent in all material respects the financial condition and results of operations of the Company as of and for the periods presented in the report.
 - The report does not contain any untrue statement of a material fact.
- (iii) The corporate governance compliance status report shall be included in the audited financial statements.

4.2 Board Committees

The Board shall have the following Committees:

- a. The Audit Committee;
 - b. The Risk, Strategy and Finance Planning Committee;
 - c. The Human Resources Committee; and
 - d. The Board Nomination and Corporate Governance Committee.
- i. Only Directors shall be members of the Board Committees. However, Senior Management may be invited to attend.
 - ii. Each Committee shall be chaired by a Non-Executive Director (NED), who shall serve as Chairman until the Director resigns from the Board.
 - iii. The Chairmen of the various Board Committees shall be appointed by the Board.
 - iv. The Board shall determine the number and composition of its Committees and shall ensure that each Committee is comprised of Directors with relevant skills and competencies.

- v. The Terms of Reference and composition of the Board Committees shall be approved by the Board and reviewed periodically.
- vi. The Board Committee members shall devote sufficient time to Committees' work.
- vii. The Chairman of each Board Committee shall present a written report of key recommendations made at all Committee Meetings since the last Board meeting to the Board.
- viii. The agenda for the meetings of Board Committees shall be developed in consultation with the respective Committee Chairmen.
- ix. The Company Secretary or any other officer in the office of the Company Secretary should be the Secretary of all Board Committees.
- x. The Chairman of the Board shall not be a member or Chairman of any Committee.
- xi. The MD/CEO shall not serve as a Chairman of any Board Committee.
- xii. The Board and its Committees shall have the right at any time to retain the services of independent financial, legal or other advisers for advisory services when there are issues to be addressed.

4.2.1 **Audit Committee and Auditors**

4.2.1.1 Audit Committee

- (i) The Audit Committee of the Company is established in line with the provisions of Section 404 (2) and (3) of CAMA, 2020.
- (ii) The Audit Committee shall consist of two (2) Directors and three (3) shareholders appointed at the AGM.
- (iii) All members of the Audit Committee shall be financially literate and at least one (1) member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly, in line with Section 404 (5) of CAMA, 2020.
- (iv) The Audit Committee shall meet at least once every quarter.
- (v) The main role and responsibilities of the Audit Committee is set out in the Terms of Reference of the Audit Committee. The Audit Committee shall:
 - Ascertain whether the accounting and reporting policies of the Company are in accordance with the legal requirements and agreed ethical practices.
 - Review the scope and planning of audit requirements.
 - Review the findings in Management Letters with the External Auditor and Management responses thereon.
 - Make recommendations to the Board for the shareholders' approval in general meeting in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor.

- Monitor the integrity of the financial statements of the Company and any formal announcements on the Company's financial performance, review significant financial reporting judgments contained therein.
- Review the Company's internal financial controls and authorize the internal auditor to carry out investigations into any activities of the Company, which may be of interest or concern to the Committee.
- Ensure the development of a comprehensive internal control framework for the Company, obtain appropriate (internal and/or external) assurance and report annually in the Company's audited financial report, on the design and operating effectiveness of the Company's internal controls over the financial reporting systems.
- Oversee the process for the identification of fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place.
- Maintain oversight of financial and non-financial reporting.
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process taking into consideration relevant professional and regulatory requirements.
- Review and ensure that adequate whistle-blowing procedures are in place and that the issues reported through the whistle-blowing mechanism are summarized and presented to the Board.

4.2.1.1.1 Internal Audit Function

- (i) The Internal Audit Charter of the Company shall provide for the purpose, authority, and responsibility of the Internal Audit function.
- (ii) The Internal Auditors shall be independent, highly competent and people of integrity.
- (iii) The internal audit department shall report directly to the Audit Committee or any other Committee constituted by the Board for this purpose.
- (iv) The Company shall have an effective risk-based internal audit department which shall be overseen by a Senior Management staff not below the rank of a Senior Manager (Management Team) and should be a member of a relevant professional body.
- (v) The Board shall ensure that the Internal Audit function is comprised of personnel who are skilled to address the complexity and volume of risk faced by the Company.
- (vi) The evaluation of the Head of Internal Audit function shall be performed by the Audit Committee, and the Head of Internal Audit function shall be removed by the Board on the recommendation of the Audit Committee.
- (vii) There shall be an external assessment of the effectiveness of the Internal Audit function at least once every three (3) years, by a qualified independent consultant, who would be appointed by the Board.
- (viii) The Head of the Internal Audit function shall:

- a. Report directly to the Audit Committee while having a line of communication with the MD/CEO.
- b. Have unrestricted access to the Chairman of the Audit Committee, as well as the Chairman of the Board.
- c. Report at least once every quarter to the Audit Committee, on the adequacy and effectiveness of management, governance, risk and control environment, including deficiencies observed and management mitigation plans.
- d. Conduct periodic evaluation of the Company's internal control systems, to determine the effectiveness and efficiency of the control system and make recommendations for improvement.
- e. Develop an annual risk-based internal audit which shall be approved by the Audit Committee.
- f. Liaise with other internal and external providers of assurance to ensure proper coverage and to minimize duplication of efforts.

4.2.1.1.2. External Auditor

- a. The Company shall appoint an External Auditor approved by the Shareholders who shall:
 - (i) Be highly competent, experienced and independent.
 - (ii) Have no interest in the Company other than that of a consultant.
 - (iii) Not be a Director, Officer or Agent of the Company or in a firm in which a Director of the Company has any interest as Partner or Director.
 - (iv) Issue a report to the shareholders on the financial statement of the Company and the report shall be read together with the report of the Director at the Annual General Meeting (AGM) of the Company.
 - (v) Not be indebted to the Company.
- b. The Company shall require external audit firms to rotate audit partners assigned to undertake external audit of the Company, at least every five (5) years. Audit personnel shall be regularly changed without compromising continuity of the external audit process.
- c. There shall be a cooling off period of at least three (3) years between the retirement of a partner from an Audit firm and his appointment to the Board of an Audit Client, to preserve the independence of the Audit partners and the Audit firm.
- d. External audit firms shall be retained for no longer than ten (10) years continuously. External Audit firms disengaged after continuous service to

company of ten (10) years may be re-appointed after another seven (7) years of their disengagement.

4.2.2 Risk Management and Internal Control

- (i) The Board shall:
 - a. At least biannually or such number of times as may be appropriate to conduct a review of the effectiveness of the Company's risk management, internal control systems and discharge its duties.
 - b. Oversee the establishment of a management framework that defines the Company's risk policy, risk appetite and risk limits. The risk management policies shall be communicated in simple and clear language to all employees to ensure the integration of risk awareness at all levels of the Company.
 - c. Ensure that the risk management framework is integrated into the day-to-day operations of the business and provides guidelines and standards for administering the acceptance and on-going management of key risks such as operational, reputational, financial, market, technology and compliance risk.
 - d. Conduct at least annually, a thorough risk assessment covering all aspects of the Company's business and ensure that mitigating strategies have been developed to manage identified risks.
 - e. Obtain and review reports periodically to ensure the effectiveness of the Company's risk management framework. The Company's risk management framework shall be disclosed in the annual report.
 - f. Ensure that the risk management function is headed by a member of the senior management, who shall be a professional with relevant qualifications, competence, objectivity and experience.
- (ii) The Head of the Risk Management function shall be in attendance at meetings of the Committee and report to the MD/CEO and have an indirect reporting line to the Risk Management Committee.
- (iii) The Risk, Strategy & Financial Planning Committee shall:
 - a. Review and recommend for approval of the Board, the risk management policies and framework, as well as assist the Board in its oversight of risk management strategy.
 - b. Review and recommend for the approval of the Board, at least annually, the Company's Information Technology (I.T) data governance framework to ensure that I.T data risks are adequately mitigated and relevant assets are managed effectively. The framework may include:

- Develop I.T strategies and policies;
- Proactively monitor and manage cyber threats and attacks as well as adverse social media incidents;
- Manage the risks relating to third-party and outsourced I.T service providers.
- Assess the value delivered to the Company through investments in I.T; and
- Provide periodic independent assurance on the effectiveness of the Company's I.T arrangements.

4.2.3 **Human Resources Committee**

The Board Committee on Human Resources shall:

1. Develop a formal, clear and transparent framework for the Company's remuneration policies and procedure;
2. Oversee the implementation of the Company's human resources policies, plans and procedures by Management;
3. Approve Management's strategies to attract and retain employees to achieve the Company's goals;
4. Review and make recommendations to the Board for approval of the Company's remuneration policy and structure for all Directors and Senior Management employees, organizational structure and amendments thereto from time to time;
5. Monitor Management's compliance with regulatory provisions on all employees and human resources issues.

4.2.4 **Board Nomination and Corporate Governance Committee**

- (i) The Members of the Board Nomination and Corporate Governance Committee (BN&CG) shall comprise of Non-Executive Directors;
- (ii) The Committee shall meet at least twice a year or such number of times as may be appropriate to discharge its duties;
- (iii) The Committee shall:
 - a. Review the structure, size, composition and commitment of the Board at least annually and make recommendations on any proposed changes to the Board;
 - b. Establish a formal and transparent process for Board appointments, including establishing the criteria for appointment to the Board and Board Committees, review prospective candidates' qualifications and any potential conflict of interest;
 - c. Identify individuals suitably qualified to become Board members and make recommendations to the Board for nomination and appointment as Directors;

- d. Ensure that the Company has a formal programme for induction and training of Directors;
- e. Ensure that the Company has an approved succession policy and plan for the Chairman of the Board, the MD/CEO and NEDs to ensure leadership continuity;
- f. Ensure the development and periodic reviews of the Board Charter, Board Committee Terms of Reference, and other governance policies such as the Code of Business Ethics, Whistle Blower Policy, Data Protection Policies, Communication Policy, amongst others;
- g. Undertake the annual assessment of the independent status of the Independent Directors (IDs) and make recommendation to the Chairman of the Board based on the assessment.

5. RELATIONSHIP WITH SHAREHOLDERS AND STAKEHOLDERS

- (i) The Company's Communication Policy enables the Board and management to communicate, interact with and disseminate information regarding the operations and management of the Company to the shareholders, stakeholders and the general public.
- (ii) The Board shall ensure that reports and other communications with shareholders, stakeholders and the general public are in plain language, readable and understandable and consistent with previous reports.
- (iii) The Board shall ensure that communication with shareholders, stakeholders and the general public are timely, accurate and continuous disclosure of information and activities of the Company so as to give a balanced and fair view of the Company including its non-financial matters.
- (iv) The Board shall ensure that shareholders have equal access to the Company's information. The Management shall establish websites and investor relations portal where the Communication Policy as well as the Company's Annual Reports and other relevant information about the Company are published and accessible to the public.
- (v) The Board shall ensure that the rights of minority shareholders shall be respected and protected at all times. The Chairman shall ensure that the views of the minority shareholders are communicated to the Board as a whole. The Chairman shall discuss governance and strategy with major shareholders. Non-Executive Director shall be given the opportunity to attend scheduled meetings with major shareholders and shall attend meetings if requested by major shareholders.

- (vi) The shareholders have a duty and shall be advised to exercise the supreme authority of the Company in general meetings to hold the Board accountable for stewardship of the Company.
- (vii) Shareholders shall have the opportunity to participate effectively and vote at general meetings and shall be informed of the rules, including voting procedures that govern general meetings. Shareholders unable to attend general meetings should be encouraged to attend or vote by proxy.
- (viii) Material interests in transactions shall be disclosed by Director who shall not be involved in decision making relating to those transactions.
- (xi) The Board shall recognize the rights of stakeholders as established by law and shall encourage active co-operation between the Company and its stakeholders in creating wealth, jobs and the sustainability of financially sound enterprises. In this regard, the Board shall:
 - Permit and facilitate performance-enhancing mechanisms for stakeholder participation.
 - Ensure all stakeholders have access to all relevant information to participate in stakeholders' engagement.
 - Ensure that the rights of stakeholders are protected.

6. PROFESSIONAL CONDUCT

6.1 Conflict of Interest

1. A Director shall not put himself in a position where his interests conflicts or may be perceived to conflict with those of the Company. A Director shall in addition to the disclosures made in Section 3.9 above:
 - (ii) Disclose his/her interest in another company listed on the Nigerian Stock Exchange. This includes but not limited to memberships on other Boards and current Boards. The Director shall notify the Board of prospective appointments on other Boards. This information shall be kept current by serving Board members.
 - (iii) Not be members of Boards of competing companies to avoid a conflict of interest, breach of confidentiality, diversion of corporate opportunity and divulgence of corporate information.
 - (iv) Abstain from discussions and voting on any matter in which the Director has or may have conflict of interest.

6.2 Code of Business Conduct and Ethics

- a. The Board shall be responsible for monitoring adherence to the Company's Code of Business Conduct and Ethics, and ensure appropriate sanctions are given for any breach of the Code.
- b. The Board Nomination and Corporate Governance Committee shall be responsible for the implementation, review and amendments to the Code and shall make recommendations to the Board for approval.
- c. The Directors, employees, brokers, agents, vendors, customers and other third parties of the Company shall act honestly, in good faith and in the best interest of the Company in accordance with legal requirement and ethical standards;
- d. All Employees shall ensure that adequate safeguard measures are taken on the assets of the Company in line with the Company's Code of Business Conduct and Ethics and the extant laws in force in the Country and amended from time to time.

6.3 Financial Reporting Integrity:

Directors shall ensure that all Company books, records and accounts accurately and fairly reflect MRS Oil Nigeria Plc's assets, liabilities and transactions and provide complete, fair, timely, accurate and understandable financial and other disclosures to shareholders, the governmental and public agencies.

7. SUSTAINABILITY

The Board shall:

- a. Establish policies and practices regarding its social, ethical, safety, working conditions, health and environmental responsibilities;
- b. Ensure that Management is committed to transparent dealings and establishes a culture of integrity and zero tolerance to corruption and corrupt practices;
- c. Oversee the effectiveness of the Company's sustainability strategies, policies and practices that have or are likely to have material impact on the Company's business, brand or reputation.

8. COMPANY SECRETARY

The Company Secretary of MRS Oil Nigeria Plc shall be an individual or a corporate body represented by individuals who have the required skills and credentials (in line with section 332 of the Companies and Allied Matters Act, 2020 to meet the primary responsibility of assisting the Board and Management in implementing and developing best Corporate Governance practices, culture and company secretarial responsibilities.

a. Profile of the Company Secretary

It shall be the responsibility of the Board of Directors (the 'Board') to ensure that the Company Secretary is a person who possesses the requisite knowledge and experience to discharge the functions so required.

The Company Secretary shall be:

- (i) a member of the Institute of Chartered Secretaries and Administrators; or
- (ii) a legal practitioner called to the Nigerian Bar with a minimum of 10 years work experience; or
- (iii) a member of the Institute of the Chartered Accountants of Nigeria or such other bodies of accountants as are recognised by an Act; or
- (iv) any person who has held the office of the secretary of a public company for at least three years of the five years immediately preceding his appointment in a public company; or
- (v) a body corporate or firm consisting of members each of whom is qualified under paragraphs (i), (ii), (iii) or (iv) of this section.

b. Procedure for the Selection and Appointment of a Company Secretary

The appointment of the Company Secretary shall be on merit based, and the objective/criteria shall be developed by the Board. The procedure shall be as follows:

- (i) Informal discussion by the Board to consider a list of potential candidates who may fill the stated criteria.
- (ii) Where considered necessary, engage the services of an independent firm to assess the appropriateness of the potential candidate(s).
- (iii) Measure the potential candidate(s) against the selection criteria.
- (iv) The Board Nomination & Corporate Governance Committee shall interview potential candidate(s).
- (v) The Chairman of the Board shall meet with the shortlisted candidate(s).
- (vi) The Board shall consider the final candidate(s) and pass a resolution for appointment.

c. Role and Functions of the Company Secretary

The Company Secretary shall discharge the following functions:

- (i) To provide the Board and Directors individually, with detailed guidance on how to properly discharge their responsibilities in the best interest of the Company;
- (ii) To coordinate the orientation and training of new Directors;

- (iii) To assist the Chairman and CEO/MD to determine the annual Board plan and with the administration of other strategic issues at the Board level;
- (iv) To compile Board papers and ensure that Board's discussions and decisions are clearly and properly recorded and communicated to the relevant persons in a timely manner;
- (v) To notify Board members of upcoming meetings of the Board and its Committees as well as other matters that warrant their attention;
- (vi) To provide a central source of guidance and advice to the Board and the Company, on matters of ethics, conflict of interest and good corporate governance;
- (vii) To attend the meetings of the Company, the Board of Directors and its Committees and, render all necessary secretarial services in respect of the meeting and advise on compliance with applicable rules and regulations;
- (viii) To maintain the registers and other records required to be maintained by the Company;
- (ix) To handle communication with shareholders part of which includes but is not limited to the circulation of Annual Reports and communications regarding the convening of shareholders meeting.
- (x) To render proper returns and notify all relevant regulators as required by law; and
- (xi) To carry out such administrative and other secretarial duties as directed by the Board or the Company.

d. Reporting Line of the Company Secretary

The Company Secretary shall have both functional and administrative responsibilities. The functional responsibility is to the Board through the Chairman, while administratively, he or she reports to the MD/CEO.

The Company Secretary shall report directly to the MD/CEO but shall have a direct channel of communication to the Chairman.

e. Performance Evaluation of the Company Secretary

The Board shall approve the performance evaluation of the Company Secretary.

f. Removal of the Company Secretary

In line with Section 333 (2) of CAMA, where the Board wishes to remove the Company Secretary, the Board of Directors shall give him/her notice:

- (i) stating that it is intended to remove the individual and the grounds for removal shall be such as fraud or serious misconduct;
- (ii) giving the individual a period of not less than seven working days within which to make his defense; and

(iii) giving the individual an option to resign his office within a period of seven (7) working days.

Where, following the notice prescribed above, the Company Secretary does not within the given period, resign from office or make a defense, the Board may remove him or her from office and shall make a report to the next Annual General Meeting (AGM). However, where the Company Secretary, without resigning from office, makes a defense and the Board does not consider it sufficient, if the ground on which it is intended to remove him is that of fraud or serious misconduct, the Board may remove him from office and shall report at the next general meeting.

9. REVIEW OF CODE

This Code of Conduct and Board Charter shall be reviewed as deemed necessary but not later than every five years.

Approved by the Board of Directors

This 8 day of April 2021

CHAIRMAN