



# **Ministry of Finance Incorporated (MOFI) Nigeria**

## **Corporate Governance Scorecard**

**March 2025**

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## Glossary

Abbreviation	Meaning
AGM	Annual General Meetings
BCBS	Basel Committee on Banking Supervision
CAMA	Companies and Allied Matters Act
CBN	Central Bank of Nigeria
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMS	Compliance Management Systems
COBIT	Control Objectives for Information and Related Technology
COSO	Committee of Sponsoring Organizations of The Treadway Commission
CSR	Corporate Social Responsibility
ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance
FRCN	Financial Reporting Council of Nigeria
GDPR	General Data Protection Regulation
GRI	Global Reporting Initiative
ICFR	Internal Control Over Financial Reporting
IFC	International Finance Corporation
IFRS	International Financial Reporting Standard
INED	Independent Non-Executive Director
IPSAS	International Public Sector Accounting Standards
ISACA	Information Systems Audit and Control Association
ISMS	Information Security Management Systems
IR	Integrated Reporting
ISA	Investments and Securities Act
ISO	International Organization for Standardization
MD	Managing Director
MOFI	Ministry of Finance Incorporated
NCCG	Nigerian Code of Corporate Governance
NED	Non-Executive Director
NGX	Nigeria Exchange Group
NSE	Nigerian Stock Exchange
OECD	Organization for Economic Cooperation and Development
SASB	Sustainability Accounting Standards Board
SDGs	Sustainable Development Goals
SEC	Securities and Exchange Commission
SOEs	State-Owned Enterprises

Abbreviation	Meaning
AGM	Annual General Meetings
BCBS	Basel Committee on Banking Supervision
TCFD	Task Force on Climate-Related Financial Disclosures

## 1. Introduction

The Ministry of Finance Incorporated (MOFI) Corporate Governance Scorecard is a comprehensive tool designed to assess and evaluate the governance structures and practices of its portfolio companies. This scorecard provides a systematic framework for measuring corporate governance across all key areas, including board composition, transparency, accountability, shareholder rights, and ethical business conduct. By deploying this scorecard, MOFI aims to ensure that its portfolio companies adhere to high standards of governance, promoting long-term sustainability, operational efficiency, and stakeholder trust. It serves as a benchmark for continuous improvement, guiding companies towards enhanced governance practices and fostering responsible business growth.

The responses elicited through this scorecard will help identify strengths, address gaps, and enhance alignment with evolving global and local governance standards.

The Nigerian Code of Corporate Governance (NCCG) issued by the Financial Reporting Council of Nigeria (FRCN) in 2018 focuses on the key governance pillars highlighted below, with the same goals.

S/N	Governance Pillars	Definition
1	Assurance	This pillar ensures that an organization operates with integrity, accountability, and transparency. It provides confidence to stakeholders that business activities, financial reporting, and risk management processes are functioning effectively and in compliance with regulations.
2	Board of Directors and Officers of the Board	This key governance pillar seeks to ensure effective oversight, accountability, and strategic leadership.
3	Business Conduct and Ethics	Business conduct and ethics form a crucial pillar of corporate governance, ensuring that organizations operate with integrity, fairness, and accountability. Ethical governance promotes trust among stakeholders, mitigates risks, and fosters a culture of compliance and responsible decision-making.
4	Relationship with Shareholders	A strong relationship with shareholders is a fundamental pillar of corporate governance, ensuring transparency, accountability, and long-term value creation. Effective governance structures prioritize shareholder rights, engagement, and confidence in management decisions.
5	Sustainability	Sustainability is a fundamental pillar of corporate governance, ensuring that organizations operate responsibly while balancing economic growth, social well-being, and environmental stewardship. Integrating sustainability into governance frameworks enhances long-term value creation, regulatory compliance, and stakeholder trust.

S/N	Governance Pillars	Definition
6	Transparency	Transparency is a critical pillar of corporate governance that ensures openness, accountability, and trust between an organization and its stakeholders. It involves clear communication of financial performance, risk exposure, decision-making processes, and ethical practices.

## 1.1 Objectives of the Corporate Governance Scorecard in MOFI's Portfolio Companies

- Assess the effectiveness of governance structures and practices within MOFI's portfolio entities.
- Assess board composition, independence, and diversity against local and global benchmarks.
- Assess transparency and accountability in financial and non-financial disclosures.
- Assess gaps in risk management frameworks, internal controls, and compliance processes.
- Assess the integration of Environmental, Social, and Governance (ESG) principles in decision-making.
- Promote stakeholder engagement and satisfaction through structured mechanisms.
- Assess the implementation and effectiveness of whistleblowing and anti-corruption policies.
- Benchmark performance against industry best practices to drive continuous improvement.

## 1.2 National and International Corporate Governance Guidelines and Sectoral Regulations

Corporate governance in Nigeria is shaped by national guidelines and sectoral regulations, which collectively influence companies' Corporate Governance practices. These frameworks ensure that companies operate with transparency, accountability, and sustainability, aligning with regulatory requirements and investor expectations.

This section highlights the national guidelines, regulations, and codes as well as relevant international standards and guides that have been considered in developing the MOFI Corporate Governance Score Card.

### 1.2.1 National Guidelines and Sectoral Regulations

The following are relevant domestic guidelines and regulations that have been considered in the development of the scorecard:

**1) Financial Reporting Council of Nigeria (FRCN):**

- a. Establishes the principles and practices of corporate governance.
- b. Enforces and approves the enforcement of compliance with accounting, auditing, corporate governance, and financial reporting standards.
- c. Develops and publishes accounting and financial reporting standards to be observed in the preparation of financial statements of public interest entities.
- d. Promotes public awareness about corporate governance principles and practices.
- e. Provides regular audits that will enhance credibility and internal controls.
- f. Establishes robust ethical guidelines and secure reporting mechanisms to uphold integrity across operations.
- g. Ensures adherence to regulatory expectations and alignment with national financial management standards.

**2) Nigerian Code of Corporate Governance (NCCG, 2018):**

- a. Highlights several principles for board effectiveness, risk management, and accountability in line with local business practices.
- b. Encourages ethical leadership and sustainable business practices tailored to the Nigerian context.
- c. Guides on board structures, defining roles clearly, ensuring independence of key officers, and implementing governance mechanisms that align with stakeholders' expectations and global standards.

**3) Securities and Exchange Commission (SEC):**

- a. SEC Corporate Governance Code focuses on protecting investors and promoting fair, transparent, and efficient markets, particularly for publicly listed companies.
- b. Provides standards for disclosure, board independence, and minority shareholder protection.

**4) Central Bank of Nigeria (CBN):**

- a. The CBN Code of Corporate Governance for Banks and Other Financial Institutions emphasizes risk management, board oversight, and compliance for financial sector entities to ensure stability and resilience, among others.

**5) Nigeria Exchange Group (NGX):**

- a. Encourages listed companies to adopt robust governance practices, emphasizing ESG integration and adherence to global best practices.

**6) Corporate Affairs Commission (CAC):**

- a. Reinforces governance structures aligned with the Companies and Allied Matters Act 2020 (CAMA), including board composition, filing of statutory returns, and stakeholders' rights.

**7) Investments and Securities Act (ISA) of 2007:**

- a. Regulates securities trading, protects investors, and promotes market transparency. While focused on securities and investment activities, the ISA also includes provisions that affect corporate governance in publicly listed companies.

## 8) Nigeria Data Protection Regulation (NDPR) 2019

- a. Ensures that companies handle sensitive data (e.g., personal, financial, or health data) in compliance with data protection laws in Nigeria. This requires implementing robust data governance policies and practices, which involve proper storage, use, and sharing of data.

### 1.2.2 International Guidelines and Sectoral Regulations

The following international standards and guidelines, which establish best practices for transparency, accountability, risk management, and ethical conduct were also considered in the development of the scorecard.

- i. **The Organization for Economic Cooperation and Development (OECD) Principles on Corporate Governance of State-Owned Entities:** Focuses on transparency, accountability, stakeholder rights, and board responsibilities to promote long-term economic growth and stability.
- ii. **The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework:** Focuses on system used to establish internal controls to be integrated into business processes. Collectively, these controls provide reasonable assurance that the organization is operating ethically, transparently and in accordance with established industry standards.
- iii. **International Financial Reporting Standard (IFRS):** Set of globally accepted accounting standards that can be used to improve corporate governance and provide consistent accounting policies and disclosure practices, which can improve transparency and comparability.
- iv. **IFC Corporate Governance Methodology:** Emphasizes governance practices that enhance financial performance, stakeholder engagement, and risk management, especially for emerging markets.
- v. **Global Reporting Initiative (GRI):** Guides disclosures on environmental, social, and governance (ESG) performance to promote sustainability reporting.
- vi. **Sustainability Accounting Standards Board (SASB) Framework:** Offers sector-specific standards for ESG disclosures that focus on materiality and financial impact.
- vii. **Task Force on Climate-Related Financial Disclosures (TCFD):** Provides a framework for consistent climate-related financial risk disclosures to stakeholders.



### 1.3 Other Relevant Guidelines and Frameworks

- i. **Public Service Rules:**
  - Ensure transparency, accountability, justice, equity, due process, and the rule of law in service delivery to the populace.
- ii. **Anti-Corruption and Ethics Standards:**
  - Aligns with global and national anti-corruption frameworks, emphasizing transparency, whistleblower protection, and ethical practices.
- iii. **United Nations Sustainable Development Goals (SDGs):**
  - Encourages alignment of governance practices with sustainability goals, particularly for social responsibility and environmental stewardship.

### 1.4 Administration of the Corporate Governance Scorecard

The Ministry of Finance Incorporated (MOFI) shall implement a governance scorecard program for its portfolio companies. This process involves:

- 1) Scorecard Development:** Establish governance indicators aligned with global best practices and Nigeria's national priorities. Clearly define metrics to assess board effectiveness, transparency, risk management, and financial performance.
- 2) Data Collection & Submission:** Portfolio companies are required to submit completed scorecards along with all relevant supporting documents. Failure to provide the necessary documentation will directly impact the company's overall score.
- 3) Evaluation & Scoring:** A dedicated evaluation team will analyze the submitted data, assign scores based on predefined criteria, and, where applicable, benchmark performance against industry standards. Scoring methodologies that ensure objectivity and accuracy would be employed. Remedial actions may be recommended for companies that fall short of compliance requirements.
- 4) Feedback & Reporting:** Results of the evaluation will be communicated to each company. An annual report will be published to promote transparency and accountability. Companies may be required to submit action plans to address identified governance gaps.
- 5) Compliance Monitoring & Enforcement:** Regular follow-ups and audits will be conducted to ensure continued compliance with governance standards. Non-compliant companies will be guided, while high-performing companies could receive incentives or public recognition to encourage sustained excellence.

## 2. Corporate Governance Scorecard

**Respondent Name:**

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**Respondent Designation:**

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**Name of Organization:**

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### 2.1 Board Structure and Effectiveness

This section assesses the board's structure to determine whether it has the right mix of expertise, independence, diversity, and clear roles. It also evaluates the effectiveness of the board in carrying out its duties, making informed decisions, and providing strategic guidance to the company. It covers the Board's Composition, Roles and Responsibilities, Independence, Committees, Meetings, and Attendance.

1. Does the organization have a board in place?

- a. Yes
- b. No

Weight: 1.0%

2. How often did the board of directors meet in the past year?

- a. Quarterly
- b. Biannual
- c. Yearly
- d. Not Applicable

Weight: 1.5%

3. Is there evidence that the board of directors receives regular management reports on the company's activities and its financial position?

- a. Yes

b. No

Weight: 1.0%

4. Does the organization have a documented succession plan for key management positions (e.g., Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and the Company Secretary)?

a. Yes

b. No

c. Not Applicable

Weight: 1.0%

5. Is the board of the organization composed of a mix of executive, non-executive, and independent directors?

a. Yes

b. No

Weight: 1.0%

6. Are there more non-executive directors than executive directors on the board?

a. Yes

b. No

Weight: 1.0%

7. Does the organization's board have established committees overseeing finance, audit, risk management, remuneration, nomination, and governance?

a. Yes, all the listed committees are established.

b. Yes, some but not all the listed committees are established.

c. No, the listed committees are not established.

d. Not applicable.

Weight: 1.0%

8. Does the board have a mechanism in place to manage conflict of interest situations?

a. Yes

b. No

Weight: 1.5%

9. Does the organization's corporate governance & accountability structures align with COSO's Internal Control and Governance principles, OECD Corporate Governance Principles, and ISO 37000 to effectively link strategic goals to specific targets at each level within the organization?
- a. Yes
  - b. No

Weight:1.5%

10. Do the board and board committees have approved charters which set out their responsibilities and terms of reference, and guide their proceedings and conduct?
- a. Yes
  - b. No

Weight: 1.5%

11. Does the company have a board-approved diversity policy?
- a. Yes
  - b. No
    - State when it was last reviewed \_\_\_\_\_

Weight:1.5%

12. Are there mechanisms in place to ensure disclosure of multiple directorships by directors?
- a. Yes
  - b. No

Weight:1.0%

13. Is the managing director/chief executive officer or an executive director of the organization a chair of any board committee?
- a. Yes
  - b. No

Weight:1.5%

14. Is the board chairman a member or chair of any of the board committees?
- a. Yes

b. No

Weight:1.5%

15. Are the roles and responsibilities of the chairman clearly defined?

a. Yes

b. No

Weight:1.5%

16. Does the company have a board-approved policy that permits directors to seek independent professional advice in fulfilling their responsibilities?

a. Yes

b. No

Weight:1.5%

17. Are the minutes of board meetings reviewed and approved by the board?

a. Yes

b. No

Weight:1.5%

18. What is the turnaround time for sending the board minutes to directors after a board meeting?

a. One to two weeks

b. More than two weeks

Weight:0.5%

19. Does the board charter or any other approved document contain provisions on the implications for directors who do not meet the company policy on meeting attendance?

a. Yes

b. No

Weight:1.5%

20. Is the company secretary a member of the senior management?

a. Yes

b. No

Weight:1.5%

21. Does the company secretary have a direct reporting line to the Board?

- a. Yes
- b. No

Weight:1.5%

22. Does the company have a board-approved policy or legislation for appointing directors?

- a. Yes
- b. No

Weight:1.5%

23. Does the board conduct a formal induction program for new directors?

- a. Yes
- b. No

Weight:0.5%

24. Has the board undertaken an annual performance evaluation for itself and the board committees by an independent external consultant within the last 2 years?

- a. Yes
- b. No

Weight:0.5%

25. Has the company conducted a corporate governance evaluation within the last 2 years?

- a. Yes
- b. No

Weight: 0.5%

26. Is there a board-approved directors' remuneration policy?

- a. Yes
- b. No
  - How often is it reviewed?

Weight:1.0%

## 2.2 Transparency and Disclosure

This section focuses on whether a company adheres to high standards of disclosure, ensuring that the information provided is accurate, timely, and comprehensive. It includes examining the clarity of financial statements, the quality of non-financial disclosures, and how the company engages with stakeholders on key issues, such as risks, executive compensation, and sustainability initiatives.

1. Does the organization publish an annual report on its activities and performance?

a. Yes

b. No

▪ If yes, when was the last report published?

Weight:0.5%

2. Does the company's annual report include a summary of the corporate governance report as required by NCCG 2018?

a. Yes

b. No

Weight:1.0%

3. Has the company been fined by any regulator during the last three (3) financial years?

a. Yes

b. No

▪ If yes, provide details of the fines and penalties.

Weight:1.0%

4. Does the board have an audit committee chaired by a non-executive director?

a. Yes

b. No

Weight:1.5%

5. Does the organization have a policy outlining the process for appointing and reappointing an independent auditor?

a. Yes

b. No

Weight:1.0%

6. Has the current external auditor been in service for up to 10 years?

- a. Yes
- b. No

Weight:1.0%

7. Does the board approve the appointment, re-appointment, and removal of external auditors?

- a. Yes
- b. No

Weight:1.0%

8. What audit opinion was expressed by the external auditor in the most recent annual report?

- a. Unqualified Opinion
- b. Qualified Opinion
- c. Adverse Opinion
- d. Disclaimer Of Opinion

Weight:1.5%

9. Has the company undergone independent external audits in the last three years?

- a. Yes
- b. No

Weight:1.5%

10. If the auditor's report includes an opinion other than unqualified, has the organization adopted an action plan to address the issues leading the auditor to qualify their opinion?

- a. Yes
- b. No
- c. Not Applicable

Weight:1.0%

11. Does the organisation prepare its financial statements in accordance with IFRS or IPSAS?

- a. Yes
- b. No



- If not, state the standard adopted.

Weight:1.0%

12. Does the organization monitor and report major transactions or material events that significantly impact its statement of financial position?

- a. Yes
- b. No

Weight:1.5%

13. Is information about the company (financial statements, annual reports, ESG reporting, governance, ethics policies, etc.) available on the company's website?

- a. Yes
- b. No
- c. Not Applicable

Weight:1.5%

14. Does the organization monitor and report major transactions or material events that significantly impact its statement of financial position?

- c. Yes
- d. No

Weight:1.0%

### **2.3 ESG and Sustainability Practices**

This section assesses whether the company is complying with relevant regulations and demonstrating leadership in promoting sustainability and integrating ESG factors into its business model.

1. Is there a board-approved ESG framework?

- a. Yes
- b. No
  - When was it last reviewed?

Weight: 1.0%

2. Which sustainability reporting standards does the organization adopt for ESG reporting and disclosures? (Select all that apply):
- a. Integrated Reporting (IR)
  - b. Global Reporting Initiative (GRI)
  - c. Sustainability Accounting Standards Board (SASB)
  - d. Task Force on Climate-Related Financial Disclosures (TCFD)
  - e. Sustainable Finance Disclosure Regulation (SFDR)
  - f. Others ()

Weight:1.5%

3. Does the organization implement measurable climate adaptation or mitigation strategies?
- a. Yes
  - b. No
  - c. Not Applicable

Weight:1.5%

4. What percentage of the last annual profit was allocated to corporate social responsibility (CSR) initiatives?
- a. Less than 1%
  - b. 1% to 2%
  - c. 2% to 5%
  - d. 5% to 10%
  - e. More than 10%
  - f. Not applicable

Weight:1.0%

5. To what extent does the organization integrate sustainability into its operations (e.g., renewable energy, recycling initiatives)?
- a. Minimally Integrated
  - b. Moderately Integrated
  - c. Mostly Integrated

d. Fully Integrated

e. Not at All

- Please state the sustainability initiative implemented

Weight:1.0%

6. How regularly are directors and senior management trained in anti-corruption, ethical practices, anti-money laundering, and sustainability issues?

a. Occasionally

b. Annually

c. Every 2–3 Years

d. Never

Weight:1.0%

7. How does the board monitor compliance with the ESG framework?

- Please state here \_\_\_\_\_

Weight:1.0%

## 2.4 Stakeholder and Shareholder Engagement

This section assesses how well a company communicates with and considers the interests of its stakeholders, inclusive of the shareholders and a wide range of other parties such as employees, customers, suppliers, communities, and regulators. It emphasizes the importance of open, transparent, and responsive engagement with all stakeholders to ensure the company's governance is aligned with broader societal and ethical expectations.

1. Does the organization have a framework for stakeholder communication and consultation?

a. Yes

b. No

Weight:1.5%

2. Does the organization have a policy regarding the participation and exercise of voting rights?

a. Yes

b. No

Weight:1.0%

3. Are the annual general meetings conducted in a manner that ensures equal access to information and opportunities for the participation of all shareholders?

- a. Yes
- b. No

Weight:1.0%

4. Which of the stakeholder engagement processes does the organization adopt?

- a. Dialogue Based/ Structure Interview/Survey Moderately Structured/ Workshop or Forum
- b. None
- c. Others. Please state here\_\_\_\_\_

Weight:1.5%

5. Which one of the stakeholders' grievance mechanisms does the organization adopt?

- a. Dedicated Email Address/ Stakeholder Contact Representative
- b. None
- c. Others. Please State here\_\_\_\_\_

Weight:1.0%

6. How frequently does the organization conduct stakeholder satisfaction surveys?

- a. Quarterly
- b. Biannually
- c. Annually
- d. Every Two Years
- e. Never

Weight:1.0%

7. Are the results from the stakeholder satisfaction surveys integrated into decision-making?

- a. Yes
- b. No

Weight:1.0%

## 2.5 Risk Management and Internal Controls

This section evaluates the effectiveness of the organization's processes in identifying, assessing, managing, and mitigating risks. It ensures that appropriate internal controls are in place to safeguard the assets, operations, and reputation of the organization.

1. Does the organization have a board-approved enterprise risk management (ERM) framework?
  - a. Yes
  - b. No

Weight:1.5%

2. When was the last risk assessment of the organization conducted?
  - a. Within the last 3 months
  - b. Within the last 6 months
  - c. Within the last 12 months
  - d. More than 12 months ago
  - e. No formal risk assessment has been conducted

Weight:1.0%

3. Does the organization have an up-to-date risk map and risk register?
  - a. Yes
  - b. No

Weight:1.0%

4. How regularly are cybersecurity policies and procedures reviewed to safeguard against cyber threats?
  - a. Biannually
  - b. Annually
  - c. Every Two Years
  - d. Every Five Years
  - e. None

Weight:1.5%

5. Are the organization's Enterprise Risk Management (ERM) systems in line with the COSO ERM framework, ISO 31000 (Risk Management), and Basel III (for financial institutions)?

- a. Yes
- b. No

Weight:1.0%

## 2.6 Ethics

This section assesses a company's adherence to ethical standards, integrity, and responsibility in its governance and business practices. It evaluates the company's commitment to upholding high moral and ethical standards across all levels of its operations, including decision-making, corporate culture, interactions with stakeholders, and compliance with legal and regulatory frameworks.

1. Does the organization have a whistle-blowing policy?

- a. Yes
- b. No

Weight: 1.5%

2. Does the organization have a code of business ethics and conduct framework that guides the conduct of its employees and stakeholders?

- a. Yes
- b. No

Weight:1.0%

3. Is there a policy in place to ensure compliance with regulatory standards or ethical guidelines on insider trading and conflicts of interest?

- a. Yes
- b. No

Weight:1.5%

4. Is the conflict-of-interest policy applicable to all staff?

- a. Yes
- b. No

Weight: 1.0%

## 2.7 Anti-Corruption

The section focuses on evaluating a company's policies, practices, and systems designed to prevent corruption, bribery, and unethical conduct in its operations. It assesses whether the company has strong safeguards in place to combat corrupt practices, both within its ranks and in its dealings with external parties such as suppliers, customers, and business partners.

1. Does the organisation have an approved procurement policy in place?

- a. Yes
- b. No

Weight: 1.0%

2. Does the organisation have an approved fraud policy in place to assess and address the risks of corruption?

- a. Yes
- b. No

Weight: 1.0%

3. How frequently are the company's ethical principles communicated and enforced?

- a. Monthly
- b. Bi-monthly
- c. Quarterly
- d. Bi-annually
- e. Yearly
- f. Never

Weight: 1.0%

## 2.8 Internal Audit Function

This section focuses on assessing the effectiveness and independence of a company's internal audit function. The internal audit plays a crucial role in monitoring and evaluating the effectiveness of an organization's risk management, internal controls, and governance processes.

1. Does the company have an internal audit function?

- a. Yes

b. No

- If not, how has the board obtained adequate assurance of the effectiveness of internal processes and systems?

Please state here \_\_\_\_\_

Weight: 1.5%

2. Is there a board-approved internal audit policy?

a. Yes

b. No

Weight: 1.5%

3. Is there a board-approved internal audit charter?

a. Yes

b. No

Weight: 1.5%

4. Does the company report on the activities of internal audit in its annual report and/or board of directors' report?

a. Yes

b. No

Weight: 1.5%

5. Does the board report include a reference to the board's consideration of the internal audit report, issues discussed, and decisions taken?

a. Yes

b. No

Weight: 1.5%

6. Does the organization have an internal audit department whose head reports functionally to the chair of the board's audit committee or, in the absence of one, the board chair?

a. Yes

b. No

- If not, please state who the department reports to \_\_\_\_\_



Weight: 1.5%

7. Does the organisation comply with FRCN requirements on Internal Control Over Financial Reporting (ICFR)?

- a. Yes
- b. No

Weight: 1.0%

8. Does the company have a board-approved annual risk-based internal audit plan?

- a. Yes
- b. No

Weight: 1.0%

9. Is there an external assessment of the internal audit function's effectiveness conducted at least once every five years, under the International Professional Practices Framework (IPPF) requirements?

- a. Yes
- b. No
  - If yes, when was the last assessment?

Weight: 0.5%

10. Is the internal auditor a member of the senior management?

- a. Yes
- b. No

Weight: 0.5%

## 2.9 IT Infrastructure and Digital Governance

In the digital age, IT infrastructure and digital governance are vital for organizational efficiency, security, and regulatory compliance. IT infrastructure includes the technology foundation—hardware, software, networks, and services supporting business processes. Digital governance encompasses the policies and practices that manage and secure digital resources, ensuring alignment with organizational goals and legal standards. Together, they enable digital transformation, ensuring operational efficiency, data security, and trust in the digital ecosystem.

1. Is the organization transparent in communicating its data governance practices to stakeholders?

- a. Yes
- b. No

Weight: 1.5%

2. Has the organization conducted a cybersecurity test within the last 2 years?

- a. Yes
- b. No

Weight: 1.0%

3. Does the organization update its digital governance policies to reflect emerging risks and regulatory changes?

- a. Yes
- b. No

Weight: 1.5%

4. Does the company's IT infrastructure comply with COSO's Internal Control Principles, ISO 27001, and Control Objectives for Information Technologies (COBIT)?

- a. Yes
- b. No

Weight: 1.0%

5. Does the company's IT systems include data protection solutions for safeguarding sensitive data and ensuring compliance with cybersecurity standards?

- a. Yes
- b. No

Weight: 1.0%

6. Does your company have a comprehensive data backup, disaster recovery, and business continuity plan in place?

- a. Yes
- b. No

Weight: 1.0%

7. Are the company's digital reporting systems transparent and accessible for providing stakeholders with timely and accurate information?

- a. Yes
- b. No

Weight: 1.0%

8. Does your company utilize digital tools in accordance with COSO's compliance and monitoring principles, ISO 37301, and relevant regulatory frameworks to enhance regulatory compliance and reporting effectiveness?

- a. Yes
- b. No

Weight: 1.5%

9. Does your company have a digital strategy that aligns with corporate governance goals, such as transparency, accountability, and sustainability?

- a. Yes
- b. No

Weight: 1.5%

### 3. Annexure

The following annexures should be read in conjunction with the contents of this corporate governance scorecard.

- Corporate Governance Scorecard Document Required for Final Rating
- Weight Distribution
- Scoring Formula
- Recommended Actions Based on Scoring Formula
- Requirements of the Good Corporate Governance Practice Standards
- Corporate Governance Accountability Structure Mechanism
- Independent Criteria in NCCG 2018
- Key Areas Covered in the Corporate Governance Report
- Key Standards for Portfolio Companies to Align with International ESG Frameworks and Sustainability Commitments

#### 3.1 Corporate Governance Scorecard Documents Required for Final Rating

S/N	Section	Documents Required
1	Anti-Corruption	Procurement Policy
		Fraud Policy
		Evidence of Code of Ethics Training in the Past One Year
2	Board Structure and Effectiveness	Board Charter
		List of Directors with Roles and Responsibilities
		Schedule of Meeting Attendance
		Schedule of Meeting Attendance detailing approval of the Annual Report and Financial Statement
		Succession Plan
		Committee Charters
		Organogram
		List of Committees

S/N	Section	Documents Required
3	ESG and Sustainability Practices	Annual Financial Statements
		Annual Report
		Sustainability Initiative Implemented
		Evidence of Board and Senior Management Anti-Corruption, Ethical Practices, and Sustainability Issues Training
		Board Approved ESG Framework
		Board-Approved Policy on Diversity
4	Ethics	Whistle-Blowing Policy
		Code of Business Ethics and Conduct Policy
5	Internal Audit Function	Internal Audit Charter
		Audit Board Committee Schedule of Meeting Attendance
		Internal Audit Policy/Standard of Operating Procedure
		Annual Risk-Based Internal Audit Plan
6	IT Infrastructure and Digital Governance	Evidence of Cybersecurity Testing
		Digital Governance Policies
7	Risk Management and Internal Controls	Board Approved ERM Framework
		Risk Assessment Report
		The Risk Register
		Board Committee Schedule of Meeting Attendance
		Cyber Security Policy
8	Stakeholder and Shareholder Engagement	Shareholder's Communication Policy
		Document Detailing Voting and Other Rights of Minority Shareholders?
		Evidence of Stakeholder Satisfaction Survey Conducted
		Shareholders Agreement
9	Transparency and Disclosure	Diversity Policy
		Approved Directors' Appointment Policy or Legislation
		Approved Board Evaluation Policy
		Board-Approved Directors' Remuneration Policy

### 3.2 Weight Distribution

Pillar	No of Questions	Percentage Allocation	Justification
Board Structure and Effectiveness	26	31%	The board is the cornerstone of corporate governance, responsible for strategic oversight, decision-making, and accountability. An effective board ensures the proper balance of power, expertise, and independence, driving corporate success.
Transparency and Disclosure	14	16%	Transparency builds trust with investors, regulators, and stakeholders. Proper financial and non-financial disclosures ensure accountability, mitigate fraud, and enhance the portfolio company's reputation.
ESG and Sustainability Practices	7	8%	Environmental, Social, and Governance (ESG) criteria are increasingly important to investors and regulators. Sustainability efforts improve long-term value creation and mitigate reputational risks.
Stakeholder and Shareholder Engagement	7	8%	Effective engagement ensures that the interests of both shareholders and other stakeholders (employees, customers, and communities) are aligned with corporate objectives, promoting long-term stability.
Risk Management and Internal Controls	5	6%	A robust risk management framework helps identify, assess, and mitigate financial, operational, and compliance risks, ensuring business continuity and resilience.
Ethics	4	5%	Corporate ethics define the values and principles guiding business conduct. Ethical culture reduces legal risks, enhances employee morale, and strengthens investor confidence.
Anti-Corruption	3	3%	Preventing bribery and corruption is critical for legal compliance and maintaining corporate integrity. It protects the portfolio company from legal liabilities and reputational damage.
Internal Audit Function	10	12%	Internal audits provide independent assurance on governance, risk management, and internal control processes. It enhances financial integrity and operational efficiency.
IT Infrastructure and Digital Governance	9	11%	With the rise of digital transformation, IT governance ensures cybersecurity, data protection, and compliance with technological regulations, preventing cyber risks and operational disruptions.
Total	85	100%	

## Summary and Justification

- Board Structure and Effectiveness (32%): As the central body governing the organization, the board has the highest allocation.
- Transparency, Internal Audit & Risk Management (33%): These ensure corporate integrity, compliance, robust controls, and resilience.
- ESG, Stakeholder Engagement & Ethics (21%): These drive long-term sustainability, compliance, and ethical corporate behavior.
- Anti-Corruption and IT Governance (14%): While crucial, these are more specialized areas within governance.

### 3.3 Scoring Formula

#### 1. 95%–100%: Exemplary Governance

- Reflects full compliance with global and national corporate governance standards (OECD, IFRS, COSO, NCCG 2018).
- No material weaknesses or gaps in governance practices.
- **Recommendation:** Maintain leadership in governance by continuously benchmarking against evolving best practices and publishing case studies of success.

#### 2. 85%–94%: Strong Governance

- Demonstrates a high level of alignment with governance frameworks, with only minor, non-critical gaps.
- Governance practices are well-documented, and oversight mechanisms are robust.
- Recommendation: Focus on closing minor gaps, such as enhancing stakeholder communication channels or refining ESG disclosures.

#### 3. 70%–84%: Satisfactory Governance

- Meets core governance requirements but requires enhancement in specific strategic areas.
- Disclosures may lack depth or consistency, and some policies might not align fully with global benchmarks.
- Recommendation: Develop and implement a strategic roadmap to address specific areas like risk management, board diversity, or sustainability initiatives.

#### 4. 50%–69%: Emerging Governance

- Governance practices are partially compliant with required standards, with notable gaps in key areas.
- Transparency and reporting need significant improvements.
- Recommendation: Conduct a governance diagnostic review to identify and prioritize gaps, with immediate focus on foundational issues like board structure, disclosure policies, and risk controls.

#### 5. Below 50%: Critical Governance Deficiency

- Governance practices are largely non-compliant with local and global standards.
- Significant risks exist due to weak internal controls, poor transparency, or a lack of structured governance mechanisms.
- Recommendation: Engage external expertise to address systemic deficiencies. Implement a phased governance improvement program with measurable milestones.

### 3.4 Recommended Actions Based on Scoring Formula

#### 1. Exemplary Governance (95%–100%)

**Characteristics:** Full compliance with global and local governance standards (OECD, IFRS, COSO, NCCG 2018), benchmarked against industry leaders with no material weaknesses.

**Recommendations:**

- Leadership in Governance: Publish annual case studies or whitepapers showcasing innovative practices.
- Continuous Improvement: Conduct peer reviews and external benchmarking to remain a governance leader.
- Digital Transformation: Invest in AI tools for predictive risk analysis and real-time reporting.
- Stakeholder Engagement: Develop interactive platforms for real-time updates on key metrics.

#### 2. Strong Governance (85%–94%)

**Characteristics:** High alignment with governance frameworks; minor gaps in ESG integration, board diversity, or disclosures.

**Recommendations:**

- Policy Refinement: Update charters and codes of conduct to incorporate sustainability and digital governance.



- Enhanced ESG Reporting: Align ESG disclosures with TCFD, SASB, and GRI standards.
- Director Development: Provide training on climate risk, technology, and stakeholder engagement.
- Periodic Reviews: Institutionalize board evaluations every two years to address evolving challenges.

### 3. **Satisfactory Governance (70%–84%)**

**Characteristics:** Core structures exist but require enhancement in risk management, sustainability, or stakeholder engagement.

Recommendations:

- Gap Analysis: Perform diagnostic reviews to identify and address deficiencies.
- Internal Controls: Introduce risk registers and compliance tracking mechanisms.
- Stakeholder Integration: Establish feedback loops via surveys and structured interviews.
- Transparency: Expand disclosures on financial impacts, material risks, and sustainability progress.

### 4. **Emerging Governance (50%–69%)**

**Characteristics:** Partial compliance with significant gaps in transparency, risk management, and board effectiveness.

Recommendations:

- Foundational Strengthening: Develop governance frameworks like board charters and ERM policies.
- Capacity Building: Train board members and senior management on best practices.
- Risk Infrastructure: Establish ERM frameworks, risk maps, and registers focusing on cybersecurity.
- Policy Implementation: Enforce conflict of interest, diversity, and whistleblowing policies with monitoring mechanisms.

### 5. **Critical Governance Deficiency (Below 50%)**

**Characteristics:** Non-compliance with systemic issues in risk management, transparency, and internal controls.

Recommendations:

- Governance Overhaul: Engage external consultants to redesign structures and processes.
- Phased Action Plan: Develop actionable short- to long-term plans with measurable milestones.
- Board Restructuring: Appoint independent directors and establish governance committees.
- Crisis Management: Implement a crisis response plan to address immediate risks and rebuild trust.

- Transparency: Prioritize timely, accurate reporting in line with IFRS and NCCG 2018.
- Crosscutting initiatives for all categories
- Regular Audits: Conduct internal and external audits aligned with COSO and ISA standards.
- Technology Integration: Utilize platforms for real-time risk monitoring and governance performance.
- Stakeholder Focus: Ensure transparency, fairness, and consistent communication.
- Global Alignment: Continuously benchmark governance practices with international standards (OECD, GRI, TCFD).

### 3.5 Requirements of Good Corporate Governance Practice Standards

Component	Definition and Importance
Accountability & Risk Management	<ol style="list-style-type: none"> <li>1. A robust risk management framework aligned with Basel III (for financial institutions) or COSO ERM standards.</li> <li>2. Internal audit and compliance functions that ensure adherence to policies and regulations.</li> <li>3. Clearly defined roles and responsibilities for directors, executives, and management.</li> </ol>
Basel III (for financial institutions)	This is a set of international banking regulations developed by the Basel Committee on Banking Supervision (BCBS) to strengthen regulation, supervision, and risk management within the banking sector.
Board Composition & Independence	<ol style="list-style-type: none"> <li>1. A well-structured board with a mix of executive, non-executive, and independent directors.</li> <li>2. Clear separation of roles between the Chairman and CEO to avoid conflicts of interest.</li> <li>3. Appointment of board members with relevant skills, experience, and industry knowledge.</li> <li>4. Regular board evaluations and succession planning.</li> </ol>
COBIT (IT Governance)	This is a globally recognized framework for IT governance and management. It is developed by ISACA (Information Systems Audit and Control Association) and provides comprehensive guidelines for managing, monitoring, and governing IT systems and processes in an organization. COBIT helps organizations achieve their business objectives through the effective use of information technology by aligning IT with business goals, ensuring value delivery, and managing risk.
COSO's Internal Control and Governance Principles	A framework for internal control and governance that has become widely adopted in organizations globally. The framework is

Component	Definition and Importance
	designed to help organizations manage risks, achieve objectives, and improve performance while ensuring that internal controls are effective and aligned with corporate governance principles. The principles are control environment, risk assessment, control activities, information and communication, and monitoring activities.
ISO 27001 (Information Security Management)	ISO/IEC 27001:2013 is an international standard for Information Security Management Systems (ISMS). It provides a framework for establishing, implementing, maintaining, and continually improving an organization's information security management practices. The standard is designed to help organizations protect sensitive information, ensure the confidentiality, integrity, and availability of information, and manage risks related to information security.
ISO 31000 (Risk Management)	This provides a structured framework and guidelines for identifying, assessing, and managing risks within an organization. It helps organizations manage uncertainty and achieve their objectives by addressing risks that could potentially affect performance or outcomes.
ISO 37000	This standard aims to support organizations in achieving their objectives, managing risks, complying with regulations, and addressing stakeholder needs effectively.
ISO 37301 (Compliance Management Systems)	ISO 37301:2021 is the international standard for Compliance Management Systems (CMS), which provides a framework for organizations to establish, develop, implement, evaluate, and improve their compliance management efforts. This standard provides best practices for ensuring that organizations adhere to laws, regulations, and internal policies while managing compliance risks effectively.
OECD Corporate Governance Principles	This focuses on ensuring that companies are managed and controlled in a manner that benefits shareholders and other stakeholders, and it provides a framework for the relationship between the company's management, board of directors, and shareholders.
Shareholder Rights & Engagement	<ol style="list-style-type: none"> <li>1. Equal treatment of all shareholders, ensuring minority shareholder protection.</li> <li>2. Fair and transparent voting processes in Annual General Meetings (AGMs).</li> <li>3. Effective communication with stakeholders through reports, disclosures, and investor relations policies.</li> </ol>

Component	Definition and Importance
Transparency & Disclosure	<ol style="list-style-type: none"> <li>1. Accurate and timely financial reporting in compliance with IFRS, GAAP, or local regulations.</li> <li>2. Disclosure of board decisions, executive compensation, and risk management strategies.</li> <li>3. Implementation of whistleblower mechanisms and anti-corruption policies.</li> </ol>

### 3.6 Independence Criteria in NCCG 2018

The Nigerian Code of Corporate Governance (NCCG) 2018 outlines specific independence criteria for board members, particularly Independent Non-Executive Directors (INEDs). These criteria ensure that directors remain objective, free from conflicts of interest, and can provide unbiased oversight of the organization. A director is considered independent if there is:

1. No Significant Shareholding
  - Must not own directly or indirectly more than 0.01% of the company's shares.
  - Must not be a representative of a significant shareholder.
2. No Past or Current Employment Relationship
  - Must not have been an employee or executive of the company (or its subsidiaries) in the past five (5) years.
3. No Family or Close Business Ties with Executives
  - Must not be a family member (spouse, child, parent, sibling) of any director, senior executive, or significant shareholder.
  - Must not have business relationships with executives that could compromise independence.
4. No Material Business or Financial Relationship
  - Must not have had a material transaction or financial relationship with the company within the last three years.
  - This includes contracts, consulting services, or financial interests.
5. No Cross-Directorships or External Influence
  - Must not hold directorships in a related or competing company.
  - Should not have a relationship with an external auditor, consultant, or key service provider that could impair independence.

6. No Excessive Board Tenure

- An Independent Director should serve for a maximum of three (3) terms of four (4) years each (i.e., 12 years in total).
- After 12 years, independence is considered compromised unless shareholders approve an extension.

7. No Political or Governmental Influence

- Must not be a public servant, government official, or political office holder.

### 3.7 Key Areas Covered in the Corporate Governance Report

Key Areas	Details
Appointment, Evaluation, & Succession Planning	The organization follows a Board-approved policy or legislation for the appointment of Directors, ensuring competence, diversity, and ethical standards. Regular performance evaluations of the Board and its committees are conducted to enhance effectiveness. Structured succession planning to ensure leadership continuity.
Board Composition & Independence	The Board consists of a mix of Executive, Non-Executive, and Independent Non-Executive Directors (INEDs) to ensure diverse expertise and independent oversight. Adherence to independence criteria, including tenure limits and conflict of interest policies.
Business Conduct & Ethics	The company upholds a Code of Business Ethics and Conduct, outlining expected behaviors, conflict of interest guidelines, and whistleblowing mechanisms. Commitment to zero tolerance for fraud, bribery, and corruption.
Compliance with National & International Standards	Adherence to NCCG 2018, Companies and Allied Matters Act (CAMA), and sector-specific regulations. Alignment with international governance standards, such as OECD Corporate Governance Principles and Basel Committee guidelines
Governance Framework & Leadership Structure	The organization operates under a Board-approved governance framework that aligns with the Nigerian Code of Corporate Governance (NCCG) 2018 and global best practices. Clearly defined roles and responsibilities for the Board of Directors, Executive Management, and Committees to ensure transparency and accountability.
Risk Management & Internal Controls	A robust Enterprise Risk Management (ERM) framework is in place to identify, assess, and mitigate key risks.

Key Areas	Details
	Internal audit and compliance functions ensure regulatory compliance and financial integrity.
Stakeholder Engagement & Transparency	The organization prioritizes regular communication with shareholders, regulators, and other key stakeholders. Timely preparation and publication of the annual reports, financial statements, and corporate disclosures.
Sustainability & Corporate Social Responsibility (CSR)	Integration of Environmental, Social, and Governance (ESG) principles into business operations. Commitment to sustainability initiatives, ethical sourcing, and corporate social responsibility programs.

### 3.8 Key Standards for Portfolio Companies to Align with International ESG Frameworks and Sustainability Commitments

If portfolio companies are aligning with international ESG (Environmental, Social, and Governance) standards and demonstrating a commitment to sustainability, the most relevant key frameworks to consider would be:

1. Global Reporting Initiative (GRI) – Provides a comprehensive sustainability reporting framework widely used for ESG disclosures, covering economic, environmental, and social impacts.
2. Sustainability Accounting Standards Board (SASB) – Focuses on industry-specific ESG disclosure standards that help companies communicate financially material sustainability information to investors.
3. Task Force on Climate-related Financial Disclosures (TCFD) – Provides recommendations on climate-related financial disclosures, emphasizing governance, strategy, risk management, and metrics.
4. Sustainable Finance Disclosure Regulation (SFDR) – A European Union regulation that requires financial institutions and asset managers to disclose sustainability risks and the impact of their investments.

### 3.9 Types of Directors

Type of Director	Function
Executive Director	Executive directors are full-time members of the board of directors, often responsible for specific functions like finance, marketing, or operations. They directly manage the execution of corporate policies and report on performance to the board.
Independent Director	Independent directors are non-executive directors who are required to be free from any material or financial relationship with the company. They help ensure that the board remains impartial and objective in its decisions, protecting minority shareholders and enhancing corporate governance.
Non-Executive Director (NED)	Non-executive directors don't participate in day-to-day management but are on the board to provide oversight, strategic advice, and governance. They help ensure the interests of shareholders are met and often bring external experience to the table.

### 3.10 Key components of ERM systems as aligned with COSO ERM, ISO 31000, and Basel III.

Standard	Key Component	Description
Basel III (for Financial Institutions)      COSO ERM Framework	Capital Adequacy	Ensuring adequate capital to absorb potential risks, particularly relevant for financial institutions.
	Liquidity Risk Management	Managing liquidity risk, ensuring the organization can meet financial obligations during stress.
	Leverage Ratio	Implementing controls to manage the leverage ratio and avoid excessive debt relative to capital.
	Stress Testing and Risk Assessment	Conducting stress tests to assess how the institution would perform under adverse financial conditions and adjusting strategies.
	Governance and Oversight	The ERM system is governed by a clear risk management framework with a structure for oversight.
	Risk Identification and Assessment	A systematic process for identifying and assessing risks across the enterprise.
	Risk Response	Developing strategies and policies to address and mitigate identified risks.

Standard	Key Component	Description
	Monitoring and Reporting	Continuous monitoring of risks and regular reporting to ensure effective risk management.
ISO 31000 (Risk Management)	Risk Management Process	A structured approach to managing risks, including identification, assessment, treatment, and monitoring.
	Integration into Organizational Processes	Risk management is embedded within decision-making and governance processes across the organization.
	Continuous Improvement	Focus on improving risk management practices over time, incorporating lessons learned and adjusting to changing risks.