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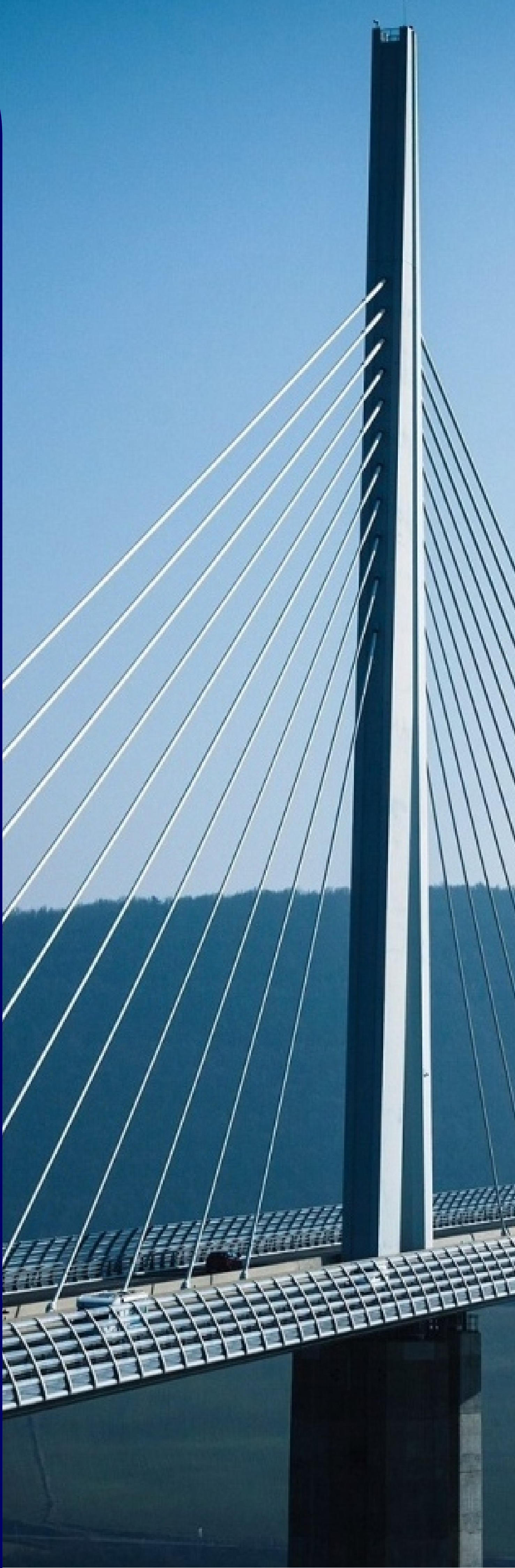
HIGHLIGHTS OF THE NEWLY INTRODUCED NIGERIAN **CODE OF CORPORATE GOVERNANCE 2018**



INTRODUCTION

The Federal Reporting Council (FRC) has recently published a New Code of Corporate Governance pursuant to its powers under Sections 11c and 51c of the Financial Reporting Council of Nigeria Act (FRCN) 2011. The Code seeks to institutionalize and encourage better corporate governance practices in Nigerian companies. The Code is also established to promote public awareness of essential corporate values and ethical practices that will advance the integrity of the business environment.

BACKGROUND
TO THE NEW CODE

The Federal Reporting Council (FRC) in 2016 released three draft codes of Corporate Governance for Private companies, Public companies and Not-for profit entities. The Codes were suspended as a result of controversies relating to its legality and impact on the ease of doing business objective of the Federal Government of Nigeria (FGN). In a bid to redevelop a national corporate governance code which will be in consonance with the ease of doing business objective of the FGN and international best practices, the FRC has made consultations with stakeholders and subsequently drafted a new code that consolidates the Codes for Private and Public companies while the code for Not-for profit entities remains suspended.

CODE PHILOSOPHY

Corporate Governance is a relevant and important issue to all companies particularly for listed companies, the Code is usually issued to regulate how a company is directed and controlled, how it is performing, how that performance can be enhanced and how the company should account to interested parties such as the shareholders.

The newly introduced Code is explicit in its recommendations on best practices and also adopts a principle based approach in specifying the minimum standards of practice to be adopted by companies. The Code requires companies to adopt an **"Apply and Explain"** approach in its compliance with the Code, this implies that companies are to establish how the specified principles have been applied to suit their distinctive organization context while still achieving the outcomes envisaged by the principles.

The Code is divided into 6 parts and contains 28 principles each with practices recommended for their implementation. The key Governance pillars provided for in the code are as follows:

- Board of Directors and Officers of the Board
- Business conduct and ethics
- Assurance
- Sustainability
- Relationship with Shareholders
- Transparency

HOW WILL THE CODE BE ENFORCED AND IMPLEMENTED?

The implementation of the Code will be monitored by the FRC through the sectoral regulators and registered exchanges who are empowered to impose appropriate sanctions based on the specific deviation noted and the company in question.

Furthermore it is believed that the issuance of the Code will foster the achievement of government's objective of enhancing the ease of doing business, thus paving the way for new opportunities and growth of the country's capital market.

CONCLUSION

It is no doubt that good Corporate Governance is largely as a result of sound internal monitoring system, an effective regulatory environment. accountability, transparency and adequate disclosure requirement. The practices recommended in the Code will require companies to conduct a preliminary evaluation of their existing governance practices in line with the principles enunciated in the Code and put in place appropriate processes and practices to address any observed deviation.

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