

GLOBAL SPECTRUM ENERGY SERVICES PLC

Statement of Compliance with Code of Corporate Governance

The Board of Directors (the 'Board') of Global Spectrum Energy Services Plc ("the Company") acknowledges the importance of having a strong corporate governance framework in place for the effective functioning of the company in order to achieve its objectives subject to various guidelines for the benefit of the stakeholders.

The Board ensures that corporate governance framework is built around the principles of openness, independence, accountability, responsibility, fairness and ethical conducts.

As a Public Limited Company listed on the Nigerian Stock Exchange, Global Spectrum Energy Services Plc endeavors to adopt the Nigerian Code of Corporate Governance (NCCG) and the SEC code of Corporate Governance guidelines (SCCG) in its daily activities.

Compliance with the Code

Responsibilities of the Board of Director and Officers of the Board

The Board plays a key role in effective governance as it lies at the top end of a system of control that is focused on overseeing and challenging management and control functions.

A successful company is headed by an effective Board which is responsible for providing entrepreneurial and strategic leadership, as well as promoting ethical culture and responsible corporate citizenship. The Company headed by an effective Board leads and controls the business and promotes the company's values and standards.

The Board is composed of members who are competent, fit and proper to run the affairs of the company in their various capacities. They are conversant with the business of the company and the statutory and regulatory requirements regulating its business.

The Board acts in the best interest of the company at all times and also complies with the laws of the Federal Republic of Nigeria, applicable regulations and the Company's Memorandum and Article of Association.

The Board ensures the implementation of succession planning, Risk Management and also oversee the Internal Audit function through various committees.

The process of appointment of Director is conducted in terms of the company's Memorandum and Articles of Association which is also in line with the provisions of the codes.

The Company presently have 7(Seven) Director who have the requisite skills with a mix of diversity, gender and skills.

Board Structure and Composition

Experience has shown that the size of the Board is appropriate to facilitate the effectiveness of a company. The Board has a sufficient size to fulfil its role diligently and each member of the Board has the requisite skills, knowledge, diversity, experience and independence to effectively manage the company.

The Board has an appropriate mix of Executive, Non-Executive and Independent Non-Executive Director.

As at 31st December 2020, the Board had a composition of 7(Seven) Directors.

Chairman

The Board Chairman is responsible for the overall leadership of the Company and the Board.

The Chairman of the Company is a Non-Executive Director who is not involved in the day to day running of the Company

The Chairman sets the agenda and ensures that the Director receive precise, timely and objective information for effective contribution in Board and general meetings and at the same time ensures effective communication with shareholders. During Board meetings, he encourages active engagement by all Board members and ensures that Director constructively challenge senior management. The Chairman also facilitates the effective contribution of non-executive Director thus ensuring constructive relations between executive and non-executive Director.

The Chairman in collaboration with the company secretary ensures provision for induction of new Director and also ensure continuous development programmes for subsisting Director.

The Chairman of the Board does not serve as the Chief Executive Director or Chairman of any Executive Board Committee. This is to allow for checks and balances and to avoid the concentration of authority on an individual. Their roles are defined in writing.

The letter of appointment of the Chairman approved by the Board and agreed to by the Chairman clearly establishes the responsibilities of the Chairman, including an assessment of the time commitment expected.

The Chairman and the CEO acknowledge that it is imperative to have a constructive relationship with each other and that a certain level of independence is maintained.

Chief Executive Officer

The Chief-Executive Officer of the Company leads the senior management in the day to day running of the affairs of the company and is very conversant with the company's business. He was appointed by the Board considering his entrepreneurial skill, credibility and integrity.

The Chief Executive Officer develops, drives and delivers performance within strategic goals, commercial objectives and business plans agreed by the Board. He ensures compliance with appropriate policies and procedures and maintains an effective framework of internal controls over risk in relation to the business. He makes decisions in all matters affecting the operations, performance and strategy of the business, except for those matters reserved for the Board or specifically delegated by the Board to its Committees. He is also responsible for the recruitment and appointment of senior management, after consultation with the Remuneration and Nomination Committee.

He is not a member of the Remuneration, Audit, Nomination and Governance committee, He is a member of the Finance and Risk Committee.

Executive Director, Non-Executive Director and Independent Non-Executive Director

The Executive Director helps the Chief Executive Director on the day to day affairs of the company, implement and achieve the company's strategy as well as management of company's finance.

The Company currently have a total number of 2(Two) Executive Director whose responsibilities are set out in their contract of employment.

The Non-Executive Director on the company brings their independent judgement to the Board especially in issues of strategy and performance. The Company currently have a total of 4(Four) Non-Executive Director.

The Company currently has 1(one) Independent Non- Executive Director who bring a high degree of Objectivity to the Board and is free from any form of relationship with the company or any circumstances that may impair its ability to make Independent Judgement.

Company Secretary

The company secretary is a firm composed of Legal Practitioners with relevant qualifications and competence necessary to effectively discharge its duties.

Amongst other duties, the secretary ensures that it provides to the Board guidelines on how to effectively discharge their functions, coordinate training and induction program, meetings, advisory services to the Board both individually and jointly and ensures that there is total compliance with the laws, codes and regulations.

Meeting of the Board and appointment to the Board

The Board meets at least once every quarter and the attendance of each director is considered for re-election. All the Director dedicate the necessary time and attention to their duties as Director of the company. The holding of other Directorships in other companies is in line with regulatory provisions.

The Governance and Remuneration committee (a joint committee) recommends to the Board a fit and proper candidate to be appointed to the Board.

Shareholders are also informed in the Annual report the biographical information of the proposed director to guide their decision on appointment. (Reference is made to the Board Charter and Terms of Reference).

The Company's Articles of Association require all Director to submit themselves for re-election by shareholders at each Annual General Meeting.

Board Committees

In accordance with the rules, the Board delegated some of its functions, duty and responsibility to different committees which includes the Governance and Remuneration, Audit and Risk Management.

- **Governance and Remuneration**

This committee is composed of Independent Non- Executive Director and Non-Executive Directors and are responsible for recommending fit and proper individuals to the Board for appointment on the Board and also considers the overall remuneration packages (including pension) of the Executive Director with the aim of recognising best practice, aligning with shareholder objectives and encouraging behaviours to maintain the long term success of the business.

The committee met twice as at 31st December 2020 and recommended to the Board the nomination and appointment of Okonkwo Chidolue and Ibitoye Margaret Omowunmi as a Non-Executive Director and Independent Non-Executive Director after reviewing the qualification of potential candidates.

The committee made sure that the size and composition of the Board is not less than the number in its article and the codes of corporate governance.

Annually, the committee puts in place a succession plan and policy which serves as a guideline to regulate the appointment of Board members and senior management. This Committee is also responsible to periodically assess the skills, knowledge and experience of individual Director and of the Board collectively and report on this to the Board.

The Committee perform its role regarding ‘fit and proper’ assessments of present and prospective Board Members.

A remuneration policy is in place to ensure that the Director of the company are properly remunerated to attract, motivate, reward and retain them but at the same time not too excessive.

The Shareholders approves the remuneration of the Non-Executive Director and Independent Non-Executive Directors.

The remuneration policy and the remuneration of all the Director are disclosed in the company’s Annual report.

Attendance at Governance and Remuneration Committee meetings

	Attended
Osahon Idemudia	2 out of 2
Shuaibu Mustapher	2 out of 2
Ibitoye Margaret Omowunmi	0out of 2

- **Finance and Risk**

The committee is composed of 2 (Two) Non-Executive Director and an Executive Director. The committee is responsible for the proactive risk management policy, ensures that the company has a structured and appropriate approach to risk. Each area of the business has a clear focus to identify, evaluate and manage and review risk in line with strategic priorities and risk appetite. The risk management process is overseen by the finance and risk committee. The committee meets once every quarter.

At the Executive management level, a committee is created and chaired by the Chief-Executive officer who is responsible for risk at the operational level. Also a Risk officer was

appointed to provide advice to the Board indirectly on all risk issues affecting the company and at the same time reports to the Chief-Executive Officer and the Chief Finance Officer, he is always in attendance at the meeting of the Risk Committee. Reference is made to the Risk Management Policy.

Attendance at the Finance and Risk Committee meetings

	Attended
Clement Akanibo	4 out of 4
Admiral Austin Oyagha	4 out of 4
Osahon Idemudia	4 out of 4

- **Audit Committee**

The Audit Committee of the company is comprised of 2 (Two) Nonexecutive Director being Mr. Clement Akanibo and Mr. Chidolue Okonkwo and 2 (Two) shareholder representatives being Chief Joel Kroham and Mr. Ezekiel Chaka. They are fit and proper as they possess the relevant accounting and financial experience.

The committee reviews the scope of planning of the audit requirement, reviews the external auditors management report, ascertain that the accounting and reporting policy of the company is in accordance with the legal requirements and agreed practice, keep under review the effectiveness of the company's system of accounting and internal control, make recommendations on the appointment, removal and remuneration of external auditors and also authorize the internal auditor to carry out investigations into the activities of the company which is of concern to the committee.

The Committee meets once every quarter and Executive Director and other relevant participants are invited to attend the meetings, when appropriate.

Attendance at the Audit Committee meetings

	Attended
Clement Akanibo	4 out of 4
Chidolue Okonkwo	4 out of 4
Chief Joel Kroham	4 out of 4
Mr. Ezekiel Chaka	4 out of 4

Induction and Continuous Education

There is a formal induction program for newly appointed Director and a continuous program for continuing Director to assist in the effective discharge of their duties. (Reference is made to the Board Charter and Term of Reference).

The induction of Director takes place immediately after his/her appointment to the Board, the purpose is to familiarize themselves with the company's business, services and how it operates. An Annual training and orientation plan has been put in place by the Governance and Remuneration Committee for that purpose which contains the different orientation needed by the Executive Director and Non- Executive Director and continuous training programmes.

Board Evaluation

All members of the Board are evaluated both individually, jointly and as a committee. Internal Board evaluation was also carried out by the Governance and Remuneration Committee and the Company Secretary through a Board Effectiveness Questionnaire.

The amount of time that the Non-Executive Director are expected to commit to discharge their duties is agreed on an individual basis at the time of appointment and reviewed periodically thereafter. The time commitment agreed takes into account whether the appointee is the chairman or a member of a Board committee(s).

In evaluation the days of commitment and the performance of the Director are considered and the result of the evaluation is communicated and discussed by the Board as a whole.

Relationship with Shareholders

The Company recognizes dialogue with shareholders and constructive use of Annual General Meeting.

The Executive Director engage proactively with analysts, investors and shareholders to promote mutual understanding of objectives and to ensure their views are communicated to the Board as a whole.

The Company maintains an on-going communication with its shareholders on its strategy and performance in order to enhance trust and confidence in the company. During the period under-review, the company issued various company announcements and media releases to explain ongoing corporate developments and material events and transactions that have taken place and their impact in the company.

The company communicates with shareholders in the following ways:

- through the 'Annual Report and Accounts' which is provided to shareholders;
- through the publication of company announcements and media releases; and
- at the Annual General Meeting and Extraordinary General Meetings.

All information that aids the effectiveness and participation of shareholders are sent out promptly and all shareholders are given the opportunity to ask questions during the general meeting. The company maintains an open channel of communication with its shareholders through the Company Secretarial Office.

The Board ensures at all times a transparent dealing with shareholder's associations and ensures equitable treatment of all shareholders especially the interest of minority.

Business Conduct and Ethics/ Ethical Culture

The company has in place a business conduct and ethics policy which is approved by the Board. The policy is designed to ensure that ethical standards and behaviours are maintained within the company. The policy is reviewed periodically where the need arises. (Reference is made to the Business Conduct and Ethics Policy).

The Company also has in place policies on the following: Insider trading, related party transactions and conflict of interest policy which is uploaded on the Investors portal of the company's website.

Sustainability

The Board continues to recognise that the Company has a role within, and responsibility towards, the community it serves. To discharge these roles and responsibilities, during 2020 the company utilize its resources in order to carry out a series of initiatives and projects designed to provide value to various sectors within the community.

During the pandemic, the Company provided materials that helped its community to curtail the spread of the Virus.

From an environmental friendly perspective, the company continued to take several measures to raise its commitment to support a sustainable environment for the community and for future generations.

Transparency/Disclosures

The company has in place a communication policy which is posted on the company's website (Investors Portal).

The information to the shareholders are clear and written in a language that is easily understood.

The Company make disclosures to the shareholders through the Investor portal of the website and through its Annual Reports.