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## Corporate governance and disclosure in Nigeria: An empirical study

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### Abstract

This paper outlines a sample case study of ‘best practice’ as per the Nigerian 2011 code which can be adapted as role ‘model’. Oando PLC, one of the top 30 companies, is identified as the company which had complied with the Nigerian corporate governance code, in reference to transparency and internal control with “Excellent” performance. Similar to European codes, the Nigerian corporate governance codes are voluntary and listed companies are expected to comply with. This study explores the standard and quality of CG practices disclosed by Oando PLC, over the period 2010-2012, using the Nigerian 2011 Code as a benchmark.

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**Keywords:** Corporate governance; disclosure; section 34 of the 2011 sec code; Oando PLC; Nigeria

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### 1. Introduction

Corporate scandals that happened in the USA and elsewhere around the globe in the 1990s are of high-profile that signal new thinking on the regulatory role of government in protecting the interests of shareholders. According to Bhasin (2010) the growing number of scandals, and the subsequent widespread public and media outcry, a number of governance ‘norms,’ ‘codes,’ ‘best practices,’ and ‘standards’ have sprouted all over the world. The pioneering step in addressing this outcry was addressed by the Cadbury committee in the UK. This was followed

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by Sarbanes-Oxley legislation in the USA, and the OECD principles of corporate governance. The Cadbury (1992) explains disclosure as “a mechanism for accountability, emphasizing the need to raise reporting standards in order to ward-off the threat of regulation. Improved disclosure results in improved transparency, which is one of the most essential elements of healthy corporate governance practices.” Similarly, information disclosure enables equity holders to evaluate management performance by observing how efficient the management of the firm is on utilising the resources of the firm in the interest of the principal (Chahine & Filatotchev, 2008).

According to Ho et al. (2008) managers have recognised that there are economic benefits to be derived when investors understand, obtain accurate and reliable information about the company in order to make an informed decision. Still, Baek et al. (2009) argues that “all the relevant information should be made available to the users in a cost-effective and timely way”. Finally, Co-Operation and Development (2004) emphasised that a clear distinction should be made between ‘audited’ and ‘non-audited’ financial information and matters of validation of other non-financial information.

There are numerous definitions of corporate governance provided in the literature at hand. For instance, Shleifer and Vishny (1997) define corporate governance as the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment. On a broader perspective, corporate governance is all about running an organization in a way that guarantees that its owners or stockholders receive a fair return on their investment, while the expectations of other stakeholders are also met (Magdi & Nedareh, 2002) as cited in Duke and Kankpang (2011). Gillan and Starks (2000) defines corporate governance as the system of laws, rules, and factors that control operations at a company. Irrespective of which definition is used, corporate governance mechanisms are often viewed by researchers as falling into one of two categories: the internal governance and the external governance.

The basics of internal governance are; the Board of Directors, who in the words of Jensen (1993) are at the apex of internal control systems, charged with advising and monitoring management and has also the responsibility to hire, fire, and compensate the senior management team. Management, as shareholders’ agents, takes decisions on which assets to invest, and how to finance those investments (Gillan, 2006). The external governance elements are shareholders and debt holders because of the firms’ need to raise capital. This according to Gillan (2006) in “publicly traded firm, a separation exists between capital providers and those who manage the capital. This separation creates the demand for corporate governance structures”.

Nigeria as a developing country has implemented a voluntary corporate governance code rather than taking a regulatory approach by encouraging companies on how to improve their governance and information disclosure. The 2011 SEC Code stated that the “code is not intended as a rigid set of rules. It is expected to be viewed and understood as a guide to facilitate sound corporate practices and behaviour”. The disclosure of corporate financial reports in Nigeria has been a statute in the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria 2004 (CAMA). Section 34 of the Sec (2011) Code highlighted the disclosure requirements are intended to, and actually do, extend “beyond the statutory requirements in the CAMA.

This paper examines corporate governance practices and disclosure in Nigeria and will focus on oil and gas companies with specific reference to Oando Plc. The rest of the paper is structured as follows; in section two is disclosure in CAMA. Section 34 of the 2011 SEC Code is discussed in section three. The fourth section is on the significance of the study. Section five talks about the research methodology employed in the study. The analysis and discussions on finding is in section six. Seventh section is on the evaluation of CG standards at Oando Plc. And section eight draws the conclusion of the study.

## **2. Reporting and disclosure framework**

The basic requirements relating to corporate financial reporting is as contained in Part XI- Financial Statements and Audit. Sections 331- 356 relates to financial statements while sections 357 to 369 relates to Audit. Section 331 directs companies operating in Nigeria to keep accounting records. These accounting records should include all matters in respect of all receipts and expenditure. The accounting records should be sufficient to show and disclose with reasonable accuracy, at any time, the true financial position of the company. In section 332 it is stated that the accounting records should be kept in a registered office or such other places deemed fit by the directors, subject to

subsection 2 of this section which is in respect of the disposal of records under winding up rules. And section 333 deals with penalties for non-compliance with the provisions of sections 331 and 332 of the CAMA.

Again, section 334 requires company directors to prepare financial statements in respect of each year of the company. Section 334(2) of the Act states that the financial statements should include: statement of accounting policies; the balance sheet as at the last date of the year; a profit and loss account or, in the case of company not trading for profit, an income and expenditure account for the year; notes on the account; the auditors' report; the directors' report; a statement of source and application of funds (now replaced by statement of cash flow since 1997); a value added statement of the year; a five-year financial summary; and for holding company, a group financial statement (Commission, 2004).

In addition, section 336 of Commission (2004) requires companies that have subsidiaries to prepare individual and group accounts for the year. The group financial statement should consist of a consolidation of balance sheet and the profit and loss account of the company and its subsidiaries. Furthermore, additional disclosure required in notes to financial statement as contained in Schedule 3 to the Act is dealt with in section 339. Schedule 3 deals with the following:

- Parts I and II, respectively deal with the disclosure of the particulars of subsidiary and its shareholders. Part III is on disclosure of financial information of subsidiaries. Part IV recommends subsidiaries to disclose its ultimate holding company. Part V talked about emoluments and compensation of directors. And Part VI requires disclosure on the number of employees of company with high remunerations.
- Sections 340 - 341 deals with the disclosure of loans in favour of directors and connected persons in accordance with Part I and Part II of Schedule 4 of this Act (so far as applicable. Section 342 requires every company to prepare in respect to each year a report by the directors in accordance with Schedule 5 of the Act. It also states the penalties for non-compliance.
- Sections 343 - 349 are on the procedure on completion of financial statements. Section 343 of the Act requires two of the directors of the company to sign the balance sheet and documents annexed thereto. And section 344 states persons entitled to receive financial statements as of right. In section 345 the duration of time for delivery of the financial statements is stated. Sections 346-348 state the penalty for non-compliance with Section 345 of the Act and the penalty for lying or delivering defective financial statements. Section 349 states the rights of shareholder in getting copies of the financial statement.
- Sections 350-353 deal with modified individual and group financial statements. Section 350 deals with the entitlement to deliver financial statements in modified form. Section 351 deals with qualification of a small company, Section 352 deals with modification of individual financial statements, while Section 353 deals with modification of financial statements of holding company.
- Section 354 applies to the publication by a company of full individual or group financial statement. These financial statements must be laid before the company in general and delivered to the Corporate Affairs Commission including the directors' and auditors' report. It also deals with contraventions to this provision. Section 355 requires a company to publish abridged financial statement. It applies to any balance sheet or profit and loss account relating to a year of the company or purporting to deal with any such year, otherwise than as part of the full financial statement to which section 354 of the Act applies.
- Section 356 addresses the power to alter accounting requirements by the Minister after consultation with the Nigerian Accounting Standard Board. Sections 357-369 provide for an Audit of the financial statements. It provides for the appointment of auditors, qualification of auditors, auditors' report, auditors' duties and powers, remuneration of auditors, removal of auditors, auditors' right, resignation of auditors, and the liability of auditors for negligence.

The Code of Best Practices on Corporate Governance in Nigeria (Sec, 2003) was the first Code of corporate governance code issued by Securities and Exchange Commission in 2003. The Code was applicable to all public companies registered in Nigeria. The happenings and rapid changes in the corporate world made the Code to become inadequate that brought about some regulators of specific sectors issuing industry-specific corporate governance codes to address matters peculiar to their respective sectors.

The first among them is the Code of Corporate Governance for Banks in Nigeria Post-Consolidation issued by the Central Bank of Nigeria in 2006. The Code was meant to address the identified weaknesses in corporate governance of banks in Nigeria and to resolve the challenges of corporate governance which are bound to occur post-consolidation (Cbn, 2006). The second regulator to issue an industry-specific corporate governance code is the National Pension Commission in 2008. The Code sets out rules to guide pension fund administrators (including closed pension fund administrators) and pension fund custodians on the structures and processes to be used towards achieving optimal governance processes (Pencom, 2008). In 2009, the Code of Good Corporate Governance for the Insurance Industry in Nigeria was issued by the National Insurance Commission. The Code listed the following as basic principles of good corporate governance: a proactive, responsible, responsive, accountable and committed Board/Management; definite management succession plan; culture of compliance with rules and regulations; good knowledge about business and insurance matters with requisite experience; disclosure and transparency; and effective exercise of shareholders' rights (Naicom, 2009).

In 2011, the Securities and Exchange Commission issued the Code of Corporate Governance for public companies in Nigeria to address weaknesses identified in the Code of 2003. The Code is expected to be the minimum standards expected of public companies in Nigeria to comply with. Section 34 of the Sec (2011) Code recommends that certain items and matters should henceforth be included in the annual reports of public companies in Nigeria. Items such as the capital structure of a company, corporate governance report, accounting and risk management issues, the chairman's statement, director's interests in contracts with the company, contracts with controlling shareholders, director's current accounts or loans from the company, other related party transactions, the company's remuneration policy and all material benefits and compensation paid to directors, audit committee report, a statement from the board with regards to the company's degree of compliance with the provisions of the Sec (2011) Code, and where a company engaged a consultant to evaluate its compliance with the Sec (2011) Code, the consultant name and a summary of the report and conclusions of the consultant.

Furthermore, the Sec (2011) Code recommends that the "Board should use its best judgment to disclose any matter even though not specifically required in the Code to be disclosed if in the opinion of the Board such matter is capable of affecting in a significant form the financial condition of the company or its status as a going concern." In addition, the Code encouraged companies to have websites or investors portals where information could be accessed by shareholders and other stakeholders.

The Code has indeed enhanced the corporate governance practices and disclosure by making sure the intent of protecting investors is pushed forward. The revised SEC Code is sufficiently compliant with international best practices on disclosure and transparency.

### **3. Significance of the study**

This article explores and studies the corporate governance practices of Oando Plc. Corporate governance is in its evolution stage in Nigeria, therefore, this study would attempt to examine the corporate governance practices the company followed. Case study approach will be used to analyse the corporate governance practices by the Nigerian Oil and Gas Company. For the purpose of this study, the disclosure requirements of CAMA and the Sec (2011) Code will be the yardstick of measurement. Oando Plc is Nigeria's largest non-government owned company in the oil and gas industry. The company is the first Nigerian company to achieve dual listing, with a primary listing on the Nigerian Stock Exchange (NSE) and a secondary listing on Johannesburg Stock Exchanges (JSE). The company annual revenue is in excess of US\$4.5 billion. Since the company is the largest integrated energy solutions group in sub-Saharan Africa, its corporate governance practices will certainly be of interest to the stakeholders and the general public. The company may also be a model in corporate governance practice for other companies to follow.

### **4. Profile of Oando Plc**

The Federal Government of Nigeria bought the Esso interest in 1976 and named the company Unipetrol Nigeria Ltd. In 1991, the government sold 60% of its stake in Unipetrol Nigeria Ltd to Nigerian public and thereby became

a public limited company. By 1992, the company was listed on the NSE. The company in 1999 acquired 51% of the equity of Gaslink Nigeria Limited in order to utilize its exclusive gas sale and purchase agreement with the Nigerian Gas Company. Also in 2002 Unipetrol Nigeria Limited bought 60% of the equity of Agip Nigeria Plc from Agip Petroli International. By 2003, Unipetrol Nigeria Limited merged with Agip Nigeria Plc to become Oando Plc.

In November 2005, Oando Plc became the first company in Africa to accomplish a cross border inward listing to the Johannesburg Stock Exchange (JSE). In 2008, the company acquired 15% equity of OML. In 2010, the company completed a N20 billion rights issue that was 128% subscribed.

Oando offers a wide range of products including Premium Motor Spirit (PMS), Automotive Gas Oil (AGO also known as Diesel), Dual Purpose Kerosene (DPK), Aviation Turbine Kerosene (ATK), Low Pour Fuel Oil (LPFO), Lubricating Oils and Greases, Insecticides, Bitumen, Liquefied Petroleum Gas (LPG, also known as Cooking gas) and Oando insecticide. Oando Plc sells and distributes products via over 300 retail service stations and over 500 industrial customers cutting across the different geographical zones in Nigeria. Oando also has 2 operative subsidiaries in Ghana and Togo with over 40 service stations.

## 5. Research methodology

A case study approach is used to analyse the governance practices of an oil company in Nigeria; Oando Plc. Content analysis is employed to analyse the disclosures of governance practices. The Corporate Annual Reports for the period 2010-2012 of the company and the websites is used to examine compliance with the code of best practices in corporate governance. Content analysis is defined by Guthrie *et al.* (2004) as “a technique for gathering data, it involves codifying qualitative and quantitative information into pre-defined categories in order to derive patterns in the presentation and reporting of information”.

There are certain technical requirements that should be met for content analysis to be effective (Guthrie and Mathews, 1985). Firstly, the category of classification is clearly and operationally defined. Secondly, the objectivity is made clear i.e. whether an item belonged to a particular category or not. Thirdly, the information is quantified and finally ensured that the coder is reliable.

According to the assertion by Gray *et al.* (1995) the literature generally followed two ways in determining how to capture the data; the number of disclosures or the amount of disclosures. This study used the ‘number of disclosures’ as a measure to capture data rather than using ‘extent of disclosure’ as it mainly focused on the presence or absence of disclosure about a particular practice or in a particular year. If the company disclosed information about a specific practice, then it is given a score of 1, otherwise 0. A list of 30 requirements was extracted respectively from the CAMA and Sec (2011) Code.

Oando plc is selected because it is the largest company among non-government owned companies, it is one of the top three companies in the sector and has dual listing. The reason for selecting the period 2010-2012 is that to see the effect of the revised SEC Code on the company before and after and how compliant the company is to implementing the recommendations of CAMA and the Sec (2011) Code.

## 6. Analysis and discussion of findings

The company recognises the importance of corporate governance and is dedicated to the protection and promotion of shareholders’ interests. In implementing the corporate governance practices, Oando Plc has adopted a Code of Business Conduct & Ethics that defines the Company’s mission within a corporate governance framework. The Code was approved by the Board of Directors in 2007 and is applicable to all employees in respect of their status as well as directors and business partners of the Company. Furthermore, the code requires all Directors and employees to be trained and be certified annually on the salient provisions of the Company’s Code of Business Conduct & Ethics. The Code is an expression of the company shared values (Oando, 2007).

The analysis of this company is made up of compliance test with requirements in: i). CAMA ii). Section 34 of

Sec (2011) Code.

### *6.1 Compliance test with CAMA*

In accordance with the provisions of the Companies and Allied Matters Act (CAMA), that requires the directors of public companies in Nigeria to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The Directors of Oando Plc for the years 2010, 2011 and 2012 had presented to the members of the Company the audited consolidated financial statements for each year ending 31st December.

The directors have also accepted the responsibility for the annual financial statements, which, according (Oando, 2010; 2011; 2012) have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act.

Furthermore, the directors further accepted responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal controls over the years.

Oando plc in pages 61-90 of Oando (2010) disclosed the items required by CAMA, so also in Oando (2011) it was shown on pages 73-106. And again in 2012 on pages 81-165 of Oando (2012) the same disclosure was done to satisfy the requirement.

### *6.2 Compliance test with SEC 2011 Code*

To ascertain the accurate situation on the corporate governance practices of Oando Plc, we now examine the Corporate Governance & Statement of Compliance in the Annual Report of the company.

#### *6.2.1 Governance framework*

Oando Plc is dedicated to the protection and promotion of shareholders' interests. The Company has adopted a Code of Business Conduct & Ethics that defines the Company's mission within a corporate governance framework. The Code applies to all employees, managers, directors and business partners, who are trained and certified to the provisions of the Code when they initially join the Company. In 2009, the Company introduced an annual online recertification exercise for all staff and directors. The Recertification Exercise acts as an annual refresher course for all staff and directors on the Company's Code of Business Conduct & Ethics and is mandatory. Other Governance policies of Oando PLC are as follows: Anti-Corruption policy, dividend policy, gifts and benefits policy, board appointment process, insider trading policy and whistle blowing policy (Oando, 2009).

#### *6.2.2 Board composition and independence*

The Board of Directors of Oando Plc is responsible for setting the strategic direction of the Company and for overseeing and monitoring its business affairs. The Board is responsible for the development and implementation of sustainable policies that reflects the company's recognition of its responsibility to all stakeholders which include customers, employees, shareholders, communities and the environment.

In Oando Plc, it is a policy to have a board that has a broad range of expertise that covers the oil sector, the Company's main line of business and the geographical areas. Each director has experience, knowledge, qualifications, expertise and integrity necessary to effectively discharge the duties of the Board of Directors.

The Company believes that experienced Directors with diverse industry background are essential for the provision of a successful strategic direction for the Company. The composition, competencies and mix of skills are adequate for its oversight duties and the development of the corporate vision and strategy.

Moreover, the company has also disclosed information on the Board duties and responsibilities, Board appointment process and re-election of directors. Also disclosure is the training and access to advisers the directors



has that will assist them in discharging their duties effectively. The company has also provided information on the working procedures and remuneration. The composition of the board of the Oando Plc is as shown in table 1.

Table 1. Board Composition

Position/Year	2010	2011	2012
No. of Executive Directors (EDs)	4	4	4
No. of Non-Executive Directors (NEDs)	9	4	2
No. of Independent Directors (IDs)	3	4	4
Total No. of Directors	16	12	10

(Source: Oando: 2010, 2011 & 2012)

From table 1, it shows that;

- Oando Plc has an optimal combination on its board that consists of executive directors (EDs), non-executive directors (NEDs) and independent directors (IDs) for the years 2010-2012.
- Oando PLC has complied with section 4.1, which provides the board “should be of a sufficient size relative to the scale and complexity of the company’s operations and be composed in such a way as to ensure diversity of experience without compromising independence, compatibility, integrity and availability of members to attend meetings.”
- In addition the company has satisfied section 4.2 which states that membership of the board should not be less 5 persons.
- Also Oando Plc is in compliance with section 4.3 that recommend the board should have a mixture of executive directors and non-executive directors on the board with the non-executive directors being in the majority and that at least one of the non-executive directors should be an independent non-executive director.

Also from perusal of the annual reports for the period 2010-2012, the board is mainly composed of lawyers, accountants, engineers and administrators. This indicates that the company is led by a group of professionals who are qualified and experience.

#### 6.2.3 Chairman-CEO duality

The Code in section 5.1(b) provides that “the positions of the Chairman of the Board and Chief Executive Officer shall be separate and held by different individuals.” The company Oando Plc for the period under review 2010-2012, has complied with the provisions stated above where it separated the two positions in order to ensure a system of checks and balances exists in the running the affairs of the company.

#### 6.2.4 Board committees

Another corporate governance issue with well-established international best practice relates to the committees of the board of directors.

As a general company law principle, directors are empowered to establish committees to facilitate the discharge of their responsibilities. There are provisions in the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria 2004 (CAMA) that vested directors with the power to set up committees. In the first place, section 64(a) provides that unless otherwise provided in the CAMA or in the Articles of Association of a company, “the board of directors of the company may exercise their powers through committees consisting of such members of the body as they think fit”.

The Nigerian Code provides for the establishment of the audit committee and risk management committee. The responsibilities of the nomination committee and remuneration committee are vested in the governance/remuneration committee recommended under section 11 of the Code.

The board of Oando Plc had established Committees consisting of members of the Board. The Committees are required to use their delegated powers in conformity with the regulations laid down by the Board (Oando, 2011).

The committees are: the audit; governance/nomination; strategic planning and finance; and risk, environmental, health and safety.

In Nigeria, establishing Audit committees are a statutory requirement under section 359 (3) and (4) of CAMA. The committee is made up of six members, three Non- Executive Directors and three shareholders of the Company, who are elected at the Annual General Meeting. The composition of the committee meets the requirements of CAMA and sections 30.1 and 30.2 of the Code respectively.

The Governance/ Nomination committee is responsible for the development of, compliance with and periodic review of the Company's corporate governance policies and practices, the review and monitoring of policies concerning shareholder rights, conflict resolution, ethics, disclosure and transparency, evaluation and the Company's internal documents (Oando, 2009). In addition, the committee review and set the Bylaws of all of the Board Committees, identifying qualified Directors and senior executives and ensuring that the Company's policies support the successful recruitment, development and retention of directors and managers (Oando, 2009).

The committee comprises four Non-Executive Directors, two of whom are independent Directors and held four, two and four meetings in 2010, 2011 and 2012 respectively.

The Risk, Environmental Health and Safety Committee were charged with the responsibility of reviewing the policies and processes established by management, which are designed to implement the risk, environmental, health and safety, quality policy of the Company and ensuring the Company's compliance with international standards of risk, environmental, health and safety quality (Oando, 2009). The committee has three NED as members and held one, two and one meetings in 2010, 2011 and 2012 respectively.

From the foregoing, the company is not compliant with the provisions of sections 10.1 and 11.1 of the Code that recommended for the establishment of risk management and governance/remuneration committees respectively. However, it was observed that the audit committee of the board is the committee the board task it with the risk management aspect as per the Committee's duties outlined which includes among others safeguarding of assets of the company.

#### 6.2.5 Attendance of meetings

The Code in section 12.1 recommended that "to effectively perform its oversight function and monitor management's performance, the Board should meet at least once every quarter". Table 2 below shows the number of meetings held during the period under review.

Table 2. Number of Meetings Held

Year/Type	Board	Audit	Governance/ Nomination	Strategic Planning & Finance	Risk Environment, Health & Safety
2010	5	4	4	3	1
2011	6	4	2	5	2
2012	5	4	4	3	1
AVERAGE	5.33	4	3.33	3.67	1.33

(Source: Oando: 2010, 2011 & 2012)

From Table 2, it can be seen that:

- The board met 5, 6 and 5 times in 2010, 2011 and 2012 respectively. This shows that the company met the requirements of Sec (2011) Code, which says in section 12.1 says that the board should meet at least once every quarter.
- The board has also fulfilled the provisions for the audit committee made in the Code. The 2011 SEC Code recommended that the Committee should meet at least once every quarter.
- The Governance/Nomination Committee met 4, 2 and 4 times in 2010, 2011 and 2012 respectively. This committee has also been assigned with activities related to Remuneration.

The Strategic Planning & Finance Committee define the Company's strategic objectives, determining its financial and operational priorities, making recommendations regarding the Company's dividend policy and evaluating the long term productivity of the Company's operations. The Committee met 3, 5 and 3 times in 2010, 2011 and 2012 respectively.



The Risk, Environment, Health & Safety Committee are responsible for reviewing the policies and processes established by management, which are designed to implement the risk, environmental, health and safety quality policy of the Company. This Committee meets 1, 2 and 1 times in 2010, 2011 and 2012 respectively.

## 7. Evaluation of disclosure in annual report and accounts

Corporate governance practices in Oando Plc are based on the principles of accountability, transparency, fairness, integrity and respect. In order to comply with the statutory requirements of CAMA and the Sec (2011) Code, the company board of directors approved a policy thrust “The Code of Business Conduct & Ethics” that guides the company on corporate governance issues that is being reviewed periodically to make it relevant. Also, due to the company’s dual listing with NSE and JSE, the company has been striving to meet international best practices in corporate governance in the interest of its stakeholders. In view of that, the company conducts an annual online recertification exercise for all staff and directors. The Recertification Exercise acts as an annual refresher course for all staff and directors on the Company’s Code of Business Conduct & Ethics and is mandatory.

In order to study the corporate governance practices obtainable at the Oando Plc, the Annual Report and Accounts has been examined. After examining the governance structures, processes and disclosures made by the company in its reports, what prompt next is the standard and quality achieved by the company in corporate governance.

To answer the above question, a model was developed to evaluate the standard and quality of disclosure by the company based on content analysis on the three years annual reports and accounts. The requirements of Commission (2004) and the provisions made by Sec (2011) Code were used to in assessing how far the company is complaint. Table 4 shows the criteria for the evaluation of governance disclosure in the company for 2010-2012.

Drawing from the CAMA and the Code, a list of corporate governance disclosure practices comprising 30 specific issues was developed. As shown in Table 3, the numbers in parentheses signify the year in which particular disclosures were made.

The result indicates that Oando Plc made 84 disclosures in total out of 90. As evident from Table 3, the company is consistent with its disclosure, even before the Code was enforced, though the code has been around since late 2009 when it was released as a draft for deliberations and comments from stakeholders and the general public. The company scored “0” on two issues under disclosure based on Sec (2011) Code. The company was scored “0” score on the issues because the two committees established by the company ie Governance/Nomination and Risk, Environment, Health & Safety Committees are not the same as the Governance/Remuneration and Risk Management committees that the Code recommended.

Table 3. Corporate Governance Practices within Annual Reports (2010-2012)

Disclosure based on CAMA	2010	2011	2012	TOTAL
1. Statement of accounting policies.	1	1	1	3
2. The balance sheet as at the last date of the year.	1	1	1	3
3. The profit and loss account	1	1	1	3
4. Notes on the account.	1	1	1	3
5. The auditors’ report.	1	1	1	3
6. The directors’/CEOs’ report.	1	1	1	3
7. A statement of cash flows.	1	1	1	3
8. A value added statement of the year.	1	1	1	3
9. A five-year financial summary.	1	1	1	3
10. Emoluments and compensation to directors.	1	1	1	3
11. Disclosure on the number of employees of company with high remunerations.	1	1	1	3
Disclosure based on 2011 SEC Code				
12. Membership of the Board should not be less than 5 persons	1	1	1	3
13. The majority of the members should be NED	1	1	1	3
14. At least there should be 1 INED	1	1	1	3
15. Positions of the Chairman of the Board and CEO shall be separated.	1	1	1	3
16. The Chairman of the Board Should be a NED.	1	1	1	3

17. The Board shall establish an Audit Committee	1	1	1	3
18. At least 1 Board member of the committee should be financially literate.	1	1	1	3
19. The Board may establish a Governance/Remuneration Committee that comprise solely of NED.	0	0	0	0
20. The Board may establish a Risk Management Committee.	0	0	0	0
21. The Board should meet at least once every quarter.	1	1	1	3
22. Every Board member should attend at least 2/3 of all meetings.	1	1	1	3
23. The audit committee should meet at least once every quarter.	1	1	1	3
24. Directors should disclose any real or potential conflict of interest.	1	1	1	3
25. All Directors should be submitted for re-election at least once in 3 years.	1	1	1	3
26. CEO and Head of Finance to certify that the financial statements are true and fair view of the company affairs	1	1	1	3
27. Annual report to contain information on the company's capital structure.	1	1	1	3
28. Annual report to include a corporate governance report	1	1	1	3
29. Annual report to make sufficient disclosure of accounting and risk management issues.	1	1	1	3
30. The annual report should disclose details of any directors' interest in contracts either directly or indirectly.	1	1	1	3
<b>TOTAL</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>84</b>

Overall the quality of the disclosures made by Oando Plc as shown in Table 3 is an “Excellent” performance, even though there is room for improvement.

## 8. Conclusion

This paper explores the corporate governance practices and disclosure by Oando PLC using the exploratory method. Corporate governance in Oando plc is based on principles of accountability, transparency, integrity, fairness and respect, which over the years have strengthened the processes and systems.

This case study is exploratory in nature, whereby an index was developed. This index was used to evaluate the standard and quality of corporate governance practiced in Oando plc based on the disclosure in the annual report using the provisions of CAMA and Sec (2011) Code as a yardstick.

After an extensive examination and analysis of the annual reports, the results show the company performance as “excellent” as per their disclosure practice. The result indicates that Oando plc is in the forefront of implementing governance best practices and may be regarded as a ‘model’ for similar companies to follow as a guideline.

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