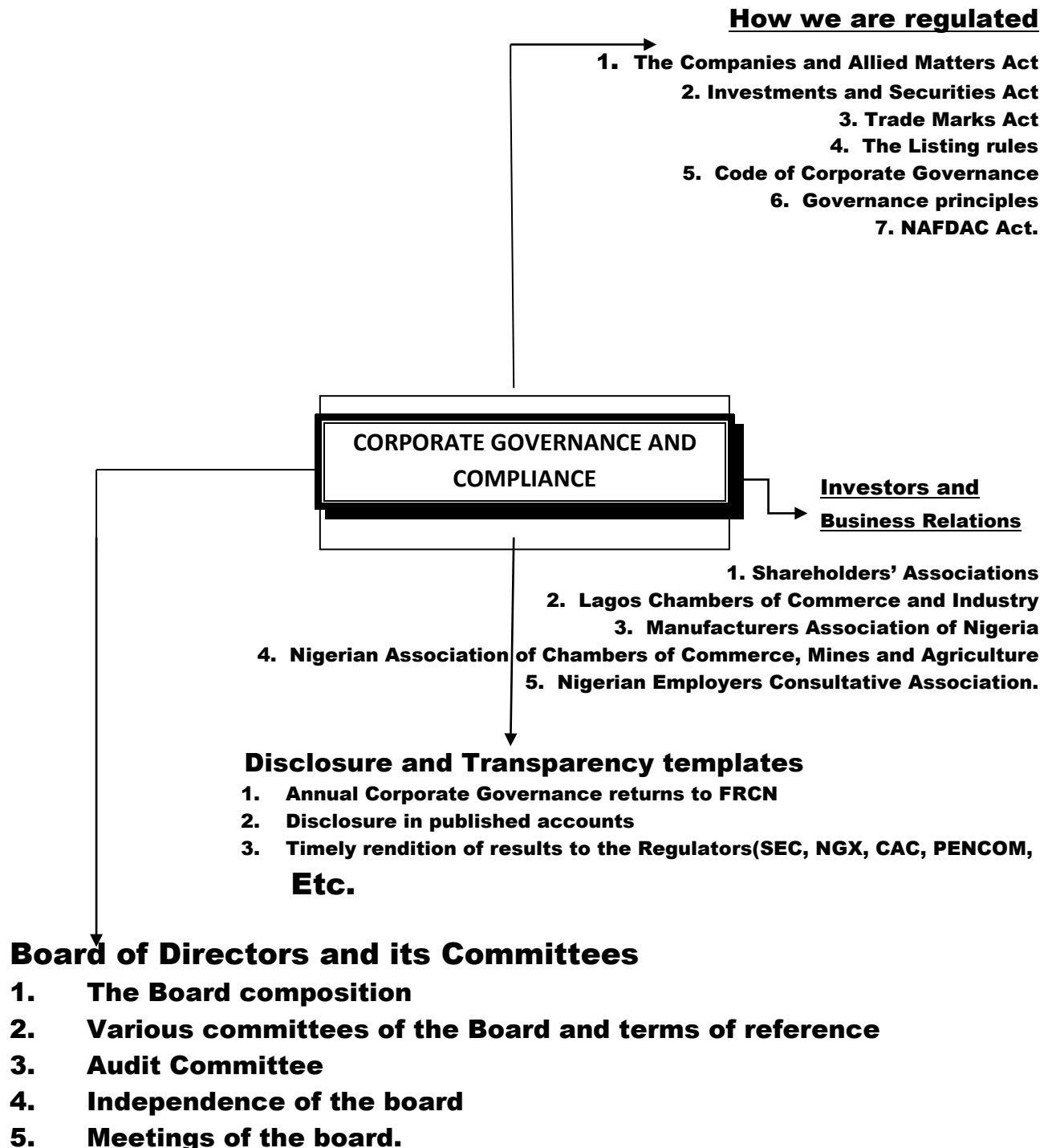


Fidson's Corporate Governance template





CORPORATE GOVERNANCE PRACTICES AT FIDSON HEALTHCARE PLC

FIDSON HEALTHCARE PLC is the leading pharmaceutical company in Nigeria. We imbibe best practices and ethical standards in all aspects of our operations.

We are cognizant of the fact that contemporary business entities are faced with challenges and demands from the various stakeholders. Our corporate governance strategy and initiatives are geared towards (1) complying with the Nigerian Code of Corporate Governance (NCCG) 2018, (2) the Listing Rules of the Nigerian Exchange Limited (NGX), maintaining an amicable relationship with the various stakeholders on which our continued existence rests and (3) imbibing best practices in our dealings. Our second approach to Corporate Governance is to use the doctrines of good governance to engender the sustainability of our operations. We therefore realize the need for professionalism and to that extent; various departments and units of the organisation are run by world-class professionals. For instance, driving our Corporate Governance practices is the Company Secretary, who is a Fellow of the Institute of Chartered Secretaries and Administrators, London and Nigeria. He has over 25 years of unbroken practice in Company Secretarial Practice and Corporate Governance.

We have continued to subject our operations to periodic examinations and audits by independent auditors, which include the current Good Manufacturing Practice (cGMP) and National Agency for Food and Drugs Administration and Control (NAFDAC), among other government agencies and private institutions. Each audit/examination report is made the subject for consideration by a committee headed by an executive director for proper review and implementation.

Overseen by the Board of Directors, our corporate governance practices are constantly under review, in line with the dynamics of the business environment. The Corporate Governance policies adopted by the Board of Directors are designed to ensure that the company's business is conducted in a fair, honest and transparent manner which conforms to high ethical standards.

The day-to-day affairs of the company are run by the Senior Executive Management Committee. Each department/unit is under the supervision of an Executive Director who reports to the Board of Directors on the activities of their respective departments/division.

In line with the NCCG Principles, a standard procedure for reporting any form of misdemeanour, either by staff or any of our key/strategic business associates, is put in place to ensure the sanity of our operations and enhance our reliance on key operational supports. This is considered important in order to ensure the overall sustainability of our business.

The framework for our corporate governance is hinged on:

1. Nigerian Code of Corporate Governance (NCCG) 2018.
2. Various Standard Operations manuals and ISO compliance requirements
3. Provisions of the Companies and Allied Matters Act, 2020
4. The listing rules of the Nigerian Exchange Limited (NGX)
5. Rules of the Securities and Exchange Commission.
5. Good Manufacturing Practice.

THE BOARD

The Board of Fidson is made up of experienced professionals. They are men and women of integrity with sound management skills. They collectively have over 200 years of working experience.

Frequency of meetings:

The Board of Directors holds at least 4 (four) meetings in each financial year. Each meeting is scheduled to receive quarterly operating results, among other reports on the company's operations. All matters reserved for the Board are duly considered and resolved. These include consideration and approval of budgets, major capital expenditures, corporate strategy, review of policies on internal risk management, review of performance and generally direct the affairs of the company's operations.

Attendance at Board meetings during the year under review was impressive. In line with the provision of the Companies and Allied Matters Act, 2020, the record of Directors' attendance at Board meetings is made available at each annual general meeting for inspection and is also published in the corporate governance report in the accounts.

Responsibilities of the Board of Directors:

It is the responsibility of the Board of Directors to:

1. ensure that the company's operations are conducted in a fair and transparent manner that conforms with high ethical standards,
2. ensure the integrity of the company's financial and internal control policies,
3. ensure the accuracy, adequacy and timely rendition of the statutory returns and financial reporting to the regulatory authorities, namely, The Nigerian Exchange Limited (NGX), Securities and Exchange Commission (SEC), Corporate Affairs Commission (CAC), National

Agency for Food and Drug Administration and Control (NAFDAC) and shareholders through the Company Secretary.

4. ensure value creation for the shareholders, employees and other stakeholders,
5. review and approve corporate policies, strategies, annual budgets and business plans,
6. monitor implementation of policies and the strategic direction of the company,
7. set performance objectives, monitor implementation and corporate performance
8. review and approve all major capital expenditure of the company
9. ensure that the statutory rights of all stakeholders are protected at all times and
10. institute appropriate mechanism for measuring adherence by management to all regulations.

Information flow to the Board: The executive management ensures that the board receives adequate information on a timely basis. Board papers are circulated at least two weeks before every board meeting.

As part of the Board's resolve to ensure adequate compliance with and to engender good corporate governance, at every board meeting *Corporate Governance Report* is presented by the Company Secretary for consideration by the Board. This way, the Board is constantly kept abreast of the regulatory, statutory and ethical requirements expected of listed companies in Nigeria.

Independence of the Board: There are a total of 10 (ten) directors on the Board of our company. Out of this number, 4 (four) are non-executive directors. The non-executive directors exercise their independence by having discussions about the affairs of the company in the absence of any executive director. Outcomes of such discussions are passed to the Management for implementation through the Managing Director.

Board evaluation and appraisal: The Board is aware of the requirement to appraise itself and the individual directors. A process is being put in place for the formal evaluation of the Board commencing from the financial year ending 31st December 2025.

BOARD COMMITTEES

In line with the requirements of Corporate Governance, the following committees, in addition to the statutory audit committee are in place. Membership of the committees have been reviewed and in some cases enlarged in line with the need for independence and objectivity of the Board. The committees are as follows:

BOARD COMMITTEES

Board committees during the year under review were constituted as follows:

S/N	NAME OF COMMITTEE	MEMBERS
1	Governance, Nomination and Remuneration Committee	Mr. Emmanuel E. Imoagene Dr. Vincent I. Ahonkhai Dr. Babatunde Ipaye
2	Finance and General Purposes Committee	Mr. Emmanuel. E. Imoagene (Chairman) Mr. Philip I Ejiofor Dr Vincent. I. Ahonkhai Mr. Imokha. S. Ayebae Mr. Ola. E. Ijimakin Mr. Olugbenga O. Olayeye Mr. Abiola A. Adebayo
3.	Risk, Audit & Credit Control Committee	Mr. Emmanuel E. Imoagene Mr. Olugbenga O. Olayeye Mr. Imokha S. Ayebae Mr. Abiola A. Adebayo Dr. Fidelis A. Ayebae
4.	Strategy and Business Development Committee.	Dr.Vincent I. Ahonkhai (Chairman) Mr. Emmanuel E. Imoagene Dr. Babatunde K. Ipaye Mr. Imokha S. Ayebae Mr. Olugbenga O. Olayeye Mr. Abiola A. Adebayo

		Mr. Ola E. Ijimakin
5.	Public Affairs, Regulatory and Compliance Committee	Dr. Babatunde K. Ipaye Dr. Vincent Ahonkhai Mr Emmanuel E. Imoagene

The Company Secretary acts as Secretary to all Board committees.

COMMITTEES' TERMS OF REFERENCE

The terms of reference for all the committees are in line with the provisions of the Corporate Governance Code 2011 and best practices. The Committee's terms of reference in summary are as follows:

- 1. Governance, Nomination and Remuneration Committee:** The committee's main responsibility is to assist the Board in developing policies to fill any vacancy on the board however occasioned, and to ensure at all times that competence gaps are closed so that the company is not short of the required skills.

In doing this, the committee considers the need to attract, motivate and retain suitably qualified individuals to the Board.

The responsibility of the committee also includes recommending a competitive remuneration package for the executive management and the Board. In doing this, the committee considers the need to maintain both internal and external competitiveness. It is also the responsibility of the committee to ensure that remuneration paid to the employees of the company is adequate and commensurate with performance.

- 2. Finance and General Purpose committee:** The committee assists the Board in ensuring that the company's strategic initiatives and objectives are translated into actions and processes. In doing this, the committee:

- (a) review and appraise all investment decisions;
- (b) appraise all capital expenditure requests;
- (c) assist the board in appraising the viability and feasibility of all new projects; and
- (d) review the financial position of the company from time to time.

3. **Risk, Audit and Credit Control Committee:** The Committee assists the Board in the monitoring, reviewing and administration of the credit policy and risk management. Its terms of reference include the following:
- (a) Consider the nature, extent, and categories of the risks facing the Company, and the likelihood of such risks materializing; the Company's ability to reduce the incidence and the impact on its business, if the risks do materialize.
 - (b) Advise the Board on the cost of operating particular controls relative to the benefits thereby obtained in managing the related risks;
 - (c) Ensure that the Company's policy on ethics adequately impacts positively on its Business partners and stakeholders e.g. Customers, Shareholders, Community, Government, Suppliers and the public;
 - (d) Prescribe new standards and mechanisms related to ethics and make recommendations to the Board.
 - (e) Review the risk register and to notify the Board of changes in the status and control evaluation of risks;
 - (f) Keep under review and monitor the effectiveness of the Company's system of internal control, non-financial activities of management, including operational and compliance controls and risk management, environment, health and safety and report to the Board on annual basis and;
 - (g) Monitor compliance with the provisions of the Companies and Allied Matters Act as they affect the operations of the business and adherence to the rules and regulations of relevant regulatory bodies.
 - (h) To obtain Board approval for any policy changes, actions or decisions of the Committee that require such approval.
 - (i) The Committee shall be responsible for putting in place a structure for risk management.
 - (j) To review the implementation of the company's processes as they relate to risk management framework and recommend best practice.
 - (k) To consider the likely impact on breaches in the company's operations.
 - (l) To put in place a Business Continuity Plan (BCP) for the company.

4. **Strategy and Business Development Committee:** The Committee's function is to assist the board in the development of a strategic planning process and ensure a periodic review of the process and report to the Board on implementation. To achieve its objectives, the Committee, amongst others:
- (a) ensure that the business sets stretch but realisable long-term and annual business goals consistent with market opportunities, and capable of delivering the company's vision and mission statements.
 - (b) review, input, and recommend to the Board long-term and annual business strategy to deliver the business goals and consistently outperform the competition.
 - (c) ensure that the annual plans and long-term strategy is communicated across the organisation to ensure alignment and ownership.
 - (d) ensure that the long-term strategy and annual plans are tracked twice annually and quarterly respectively and a dashboard is used to communicate status to key stakeholders.
 - (e) ensure that a Strategic planning cycle is developed and embedded into the corporate calendar so that adequate time is created for the process.

These four committees meet as the need arises to discharge their functions.

5. **Public Affairs, Regulatory and Compliance Committee:** The Committee was established in 2025 to assist the board in matters of pharmaceutical regulation issues and in managing the company's relationship with the business community.

There are other management committees which include the *Intestors' relations committee*, *ESG Committee etc.*

THE STATUTORY AUDIT COMMITTEE

In accordance with section 404 of the Companies and Allied Matters Act, 2020 the audit committee is made up of six (6) members, three representatives of the shareholders and three representatives of the Board of directors. Members of the audit committee are elected at the annual general meetings.

The committee was engaged maximally in all aspects of its responsibility as stipulated by the law. Current members of the committee are as follows:

- | | |
|--|----------|
| 1. Chief Matthew Akinlade (Shareholders' representative) | Chairman |
| 2. Alh. Abdulkabir Babatunde Sarumi (Shareholders' representative) | Member |
| 3. Mr. Solomon S Akinsanya(Shareholders' representative) | Member |

4. Mr. Emmanuel E. Imoagene (Directors' representative)
5. Mr. Philip I. Ejiofor (Directors' representative)

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICE

Our Corporate Governance practice is based on generally accepted ethical standards and principles of mutual benefit, responsible product stewardship, tolerance, and good corporate conduct; including the following:

1. Trustworthiness
2. Integrity
3. Reliability
4. Transparency
5. Accountability
6. Honour
7. Professionalism

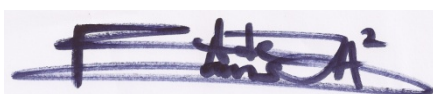
INVESTORS' & BUSINESS RELATIONS: Fidson recognises the prominent position of our various investors and stakeholders. Four officers of the Company, namely the Managing Director/Chief Executive Officer, Finance Director, Company Secretary and the Corporate Services Manager, are all positioned to ensure that investors/stakeholders within their respective job functions are allowed to air their views on matters relating to the company. This is in addition to maintaining an open-door policy when dealing with the public.

We are in a good relationship with the major Shareholders' Association and have started to harness the values of engagement with them from time to time when the need arises.

We also belong to various business associations where we play major roles. These include The Lagos Chambers of Commerce and Industry (LCCI); Manufacturers Association of Nigeria (MAN); Nigerian Association of Chambers of Commerce, Industry Mines and Agriculture (NACCIMA); Nigerian Employers' Consultative Association (NECA) among others.

We leverage these associations to enhance internal efficiency and to keep abreast of development in the regulatory, economic and business environments.

Prepared by:



Yomi Adebajo