



**DRAFT CODE OF CORPORATE GOVERNANCE FOR
DIRECTORS OF MARKET PARTICIPANTS IN THE
NIGERIAN ELECTRICITY SUPPLY INDUSTRY**

1. INTRODUCTION

- 1.1 The enactment of the Electric Power Sector Reform Act, 2005 enabled the establishment of PHCN successor companies and the licensing of various other operators in the various sectors of the Nigerian Electricity Supply Industry (NESI), Independent Power Producers (IPPs) by the Nigerian Electricity Regulatory Commission (the “Commission”). Further to the privatisation of the successor companies and the steady growth of the Nigerian Electricity Supply Industry (NESI), it has become imperative that there is a code of corporate governance for the Directors of all companies licensed by the Commission in line with international best practice.
- 1.2 The importance of adopting best practice in corporate governance is all the more so as the reform and privatisation programme have reached critical milestones. Companies that adopt best corporate governance rules are more likely to attract investors, operate efficiently and profitably, ensure transparency and accountability in their activities, avoid perceived, potential or actual conflicts of interest and enjoy the support of stakeholders, particularly the general public especially during the transition from public to private ownership.
- 1.3 Therefore, all Directors of licensees must familiarise themselves with the provisions of this Code and all other relevant Laws and Regulations with respect to the operations of their respective companies, including but not limited to:
- (a) Code of Conduct for Public Officers as contained in the Constitution of the Federal Republic of Nigeria for directors of the Transmission Company of Nigeria and directors nominated by the National Council on Privatisation and the Commission respectively;
 - (b) Electric Power Sector Reform Act, 2005 and relevant licences, Regulations and Orders made thereunder;

- (c) Companies and Allied Matters Act 2004;
- (d) Financial Reporting Council of Nigeria Act 2011; and
- (e) Public Procurement Act 2007 (for licensees whose majority beneficial owner is the Federal Government of Nigeria).

1.4 This Code sets out minimum standards of corporate governance for licensees and their directors and is meant to complement the extant Laws of Nigeria, particularly the EPSRA.

2. DEFINITIONS

Unless the context otherwise requires:

“Act” means the Electric Power Sector Reform Act 2005, as may be amended from time to time;

“Board” or **“Board of Directors”** means the directors of a Company collectively;

“CAMA” means the Companies and Allied Matters Act 2004, as may be amended from time to time;

“CEO” means the chief executive officer of the company, who shall be the head of the management of the company, and oversee its day to day operations;

“Chairman” means the head of the board of directors of the company;

“Code” means this Code of Corporate Governance;

“Commission” means the Nigerian Electricity Regulatory Commission established under Part III of the EPSR Act;

“Company” means any of the successor companies to PHCN, and any other entity regulated by NERC;

“Director” means a person duly appointed by the shareholders of a company or by the appropriate government authority as the case may be to the Board of a Company, and includes any alternate directors;

“Law” means the applicable Laws of the Federal Republic of Nigeria generally, and particularly the EPSRA, CAMA and Fiscal Legislation;

“Licensee” means any person who holds a licence issued under the EPSR Act 2005;

“NESI” means the Nigerian Electricity Supply Industry;

“NCP” means the National Council on Privatisation;

“Regulation” means applicable regulation, rules, orders or other regulatory directive made under the Laws of the Federation of Nigeria;

“Regulator or Regulatory Authority” means the Nigerian Electricity Regulatory Commission (NERC) and any other entity established by Federal legislation that may exercise regulatory powers over any activity of the Company;

“Related Party” means entities, including shareholders, that control the company or are under common control of a parent company or significant shareholders or management staff of the Company and it includes family members and close friends of such shareholders and management staff;

“Shareholder” means in the case of a successor company, during the transition period before the privatisation of a Company, the Bureau of Public Enterprises and the Ministry of Finance Incorporated and, after the privatisation, subsequently a person who lawfully acquires shares in the capital of such Company, and in the case of all licensees the persons who exercise the powers of the company in general meeting;

“Stakeholder” includes directors, employees, creditors, customers, contractual counterparties, relevant regulatory authorities, Governments of any geographical area where the Company operates and the host communities within such geographical area.

3. LEADERSHIP OF THE COMPANY

The Directors (the Board) shall direct the affairs of the Company and be collectively responsible for the operations and long-term success of the Company. The Board is a fundamental bastion of corporate governance. Therefore, it shall always exercise and take responsibility for ensuring that the Company and all its organs comply with this Code and operate within the ambits of the Law and any licenses, regulations or other orders of a regulatory authority that apply to it.

4. ROLE AND FUNCTIONS OF THE DIRECTORS

The Board shall exercise all the powers of the Company subject only to the limitations contained in the Law and the Memorandum and Articles of Association of the Company. In this regard, the Board of Directors shall fulfil the following functions including:

- a) Exercise leadership, integrity and sound judgment in directing the affairs of the Company, with the sole objective of complying with the law, achieving continuing prosperity for the Company and the strategic policy objectives established for the Nigerian Electricity Supply Industry (NESI), while respecting the principles of transparency and accountability.
- b) Determine the Company's purpose and values, determine the strategy to implement these purpose and values and ensure the Company's obligations to its Shareholders, Stakeholders and others are fully understood and met and that the value of the Company's assets and its reputation are enhanced.
- c) Monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans.
- d) Set the Company's strategic aims and ensure that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance.
- e) Ensure their access to accurate and relevant information regarding the Company timeously to enable them act on an informed basis in carrying out their duties.
- f) Without deviating from the licence obligations of the company and the statutory and fiduciary duties of Directors, ensure that the objectives of the Shareholders regarding the performance of the Company are achieved.
- g) Ensure that the Company carries out its accounting functions efficiently by keeping adequate accounting records, preparing feasible operational and strategic business plans and annual budgets for achieving such plans, and ensuring that the financial statements of the Company, Director's reports and all other reports are prepared in due time in accordance with the relevant laws including accounting laws and other standards applicable to companies in the same category as the Company.

- h) Ensure that conflicts of interest by management, Directors and Shareholders are wholly avoided but where these are unavoidable, such conflicts of interest are effectively monitored and managed in such a way that the Company always obtains value for money in all transactions and negative public perceptions are avoided.
- i) Appraise the performance of each other and particularly the Chief Executive Officer of the company on regular basis in relation to the objectives and performance targets of the Company for a given period and ensure that a board and director appraisal is conducted annually, the results of which must immediately be reported to the Shareholders and to the Commission.
- j) Ensure that the Company communicates with Shareholders and other stakeholders effectively and all disclosures required under this Code or any Law are made as and when due.
- k) Serve the legitimate interest of the Shareholders and the Company and account to them fully.
- l) Ensure that no one person or a block of persons has unfettered power and that there is an appropriate balance of authority on the Board which is usually reflected by separating the roles of the Chief Executive Officer and Chairman and by having a balance, post-privatisation, between the number of Executive and Non-Executive Directors, along with, in the context of the NESI, having Independent Directors who chair Board Committees with critical functions.
- m) Regularly review business processes to ensure the effectiveness of internal systems of control, so that its decision-making capability and the accuracy of its reporting and financial results are always maintained at a high level.
- n) Ensure that the Board meets at least once every quarter in each year.

5. COMPOSITION OF THE BOARD

- 5.1 The Board shall be composed so as to ensure diversity of experience and promote integrity, compatibility, impartiality and independence. This diversity acts as a form of check on the Board as it does not allow an individual or any group of individuals to dominate its decision making.
- 5.2 Post-privatisation, the Directors and its committees shall have such a balance of skills, experience, independence and knowledge of the Company to enable them discharge their individual duties and responsibilities effectively.

- 5.3 Post-privatisation, the Board of Directors shall comprise of a mixture of executive and non-executive directors led by a non-executive Chairman. The majority of the Board members shall be non-executive directors, at least one of whom shall be an independent director, who shall have no equity or other financial or pecuniary interest in or previous relationship with the Company and its shareholders. Directors shall be individuals who possess integrity, relevant experience of corporate practice and who would contribute positively to the growth and best management of the Company.
- 5.4 The offices of Chairman and Chief Executive Officer shall respectively be held by different persons so as to avoid the concentration of power in one individual.

6. CHAIRMAN

- 6.1 The Chairman shall ensure the effective operation of the Board and provide overall leadership to other directors and to the Company. He/she shall not be involved in the day-to-day operations/management of the Company.
- 6.2 Particularly, the Chairman shall:
- a) Ensure that Board meetings and general meetings are properly conducted and, in conjunction with the Chief Executive Officer and Company Secretary, set the agenda for such meetings.
 - b) Play a leading role in ensuring that the Board and its committees are composed of individual directors with the relevant skills, competencies and desired experience.
 - c) Preside over Board meetings and general meetings of the Company.
 - d) Ensure effective communication and relations with Shareholders and other strategic stakeholders.
 - e) Ensure that the Board members receive accurate and clear information, in a timely manner, about the affairs of the Company to enable directors take informed and sound decisions in relation to the operations and activities of the Company.
 - f) Ensure that all directors focus on their key responsibilities and perform constructive roles in the affairs of the Company.

7. CHIEF EXECUTIVE OFFICER

- 7.1 The responsibility of the Chief Executive Officer or Managing Director shall be to oversee the day-to-day operations of the Company. He shall be the head of the management team of the Company and shall be answerable to the Board.
- 7.2 The Chief Executive Officer shall ensure that the Company is run efficiently in order to achieve the strategic and other objectives of the Company and in accordance with the relevant laws, licenses and Regulations.
- 7.3 The Board may delegate such of its powers to the Chief Executive Officer as it deems appropriate to ensure the smooth day-to-day operations of the Company.

8. INDEPENDENT DIRECTORS

- 8.1 An independent director is a non-executive director who:
- a) Has no shareholding direct or indirect in the licensee, a subsidiary, affiliate or parent company;
 - b) Is not a representative of a shareholder that has the ability to control or significantly influence management;
 - c) Has not been employed by the company or the group of which it currently forms part, or has served in any executive capacity in the company or group for the preceding three financial years;
 - d) Is not a member of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the company or the group in an executive capacity;
 - e) Is not a professional adviser to the company or the group, other than in the capacity of a director;
 - f) Is not a significant supplier to or customer of the company or group;
 - g) Has no significant contractual relationship with the company or group and is free from any business or other relationship which could materially interfere with his/her capacity to act in an independent manner; and

- h) Is not a partner or an executive of the company's statutory audit firm, internal audit firm, legal or other consulting firm that have a material association with the company and has not been a partner or an executive of any such firm for three financial years preceding his/her appointment
 - i) Shall be an individual of recognised achievement in the public or private sector, with such experience acceptable to the Commission of membership of the Board of Directors of a company in or outside Nigeria that currently does significant business.
- 8.2 An independent director should be free of any relationship with the company or its management that may impair, or appear to impair the director's ability to make independent judgments.
- 8.3 Every licensee should have a minimum of one independent director on its Board.
- 8.4 Independent Directors shall be appointed by the Commission.
- 8.5 The Independent Director shall chair the Board Audit Committee and be a member of the Remuneration Committee.

9. CHIEF COMPLIANCE OFFICER

- 9.1 Where the Commission requires it, there shall be appointed a Chief Compliance Officer, who shall be a person of sufficient management seniority and authority tasked with specific responsibility for developing and overseeing adherence to the licensee's Corporate Compliance Programme and its Corporate Code of Conduct.
- 9.2 The CCO shall ensure that directors, management and employees of the licensee comply with all extant regulations issued not only by the Commission but by other agencies whose powers extend to the licensees and ensure that company rules, procedures and policies are duly and fully complied with and that the licensees corporate behaviour meets its own Code of Conduct.
- 9.3 The qualifications specified by the licensee shall include demonstrated management and leadership skills and sufficient experience of operational, financial, quality assurance and human resource management/ administrative procedures and practices. The CCO need not be a lawyer; but if the position is to be combined with that of General Counsel (or its equivalent), the Commission's approval shall first be sought and obtained before the position is advertised.

10. MULTIPLE DIRECTORSHIPS

10.1 There should be no limit on the number of concurrent directorships a director of a company may hold. However, concurrent service on too many boards may interfere with an individual's ability to discharge his responsibilities. The Board and the shareholders should therefore give careful consideration to other obligations and commitments of nominees in assessing their suitability for appointment into the Board. Accordingly:

- a) Except with the written approval of the Commission, the directors of a licensed electricity company shall not be shareholders in or be directors of other licensed electricity companies in order to avoid any real, potential or perceived conflict of interest, breach of confidentiality and misappropriation of corporate opportunity. Serving directors shall notify other directors through the Chairman of prospective appointments as directors in other companies in the NESI, whether licensed or not.
- b) Where a prospective nominee to the Board is also a director in other companies in the NESI, whether licensed or not, h/she shall disclose this fact to the Commission prior to the appointment taking effect. If similar circumstances arise in the course of serving on the Board, the director in such position shall immediately upon becoming so aware disclose such fact to the Board and to the Commission.
- c) The Commission shall consider the other NESI directorships held or to be held by such a prospective nominee or director and determine whether the prospective nominee or director can contribute effectively to the performance of the Board and the discharge of its responsibilities; and on the basis of such facts as it may obtain with all due diligence, make a determination whether to permit the director to take his seat on the new board of directors.

11. BOARD COMMITTEES

11.1 The Directors shall have the power to delegate some of its duties to committees in addition to those established herein. The Directors may establish such committees as they may deem appropriate depending on its needs. They shall determine the extent to which its duties shall be undertaken through committees as well as the composition and duties of such committees. They shall also ensure that such committee comprises directors with relevant skills, competencies and sufficient time to devote to the committee's work.

- 11.2 It shall be the responsibility of the Directors to facilitate the effective discharge of the duties and responsibilities of their committees.
- 11.3 The Chairman of the Board shall not be a member of any of the committees established by the Board. The Board may co-opt senior management staff of the Company into Board committees in advisory or other capacity but not as members (whether with or without a right to vote) as the Board may determine.

12. AUDIT COMMITTEE

- 12.1 The Board shall establish an Audit Committee composed of non-executive Directors to keep under review the scope and results of audit and the independence and objectivity of the external auditors of the Company.
- 12.2 The Audit Committee shall consist of an equal number of Directors and representatives of Shareholders (subject to a maximum number of six members of the Committee) and at least one member of the Audit Committee shall have considerable accounting or financial management competence.
- 12.3 The Independent Director shall be chairman of the Audit Committee.
- 12.4 The functions of the Audit Committee shall be in line with the provisions of Section 359(6) of CAMA.
- 12.5 The Audit Committee shall be deemed to have been given terms of reference in line with CAMA Section 359(6)(a)-(e). In addition to the functions stipulated in the Companies and Allied Matters Act, it shall carry out other functions agreed upon by the Board, and conveyed to it via a written resolution of the Directors, provided any such additional function shall not conflict in any way with its statutory function under Section 359 (6), CAMA.
- 12.6 The internal audit unit of the Company shall have total, unrestricted access to the Chairman of the Audit Committee as well as the Chairman of the Board. The internal audit unit shall report once every quarter to the Audit Committee on the adequacy and effectiveness of the internal audit or control systems, risk management and accounting systems and any deficiencies observed alongside, any appropriate remedial measures in the financial and accounting management practices of the company.

13. REMUNERATION COMMITTEE

- 13.1 The Board shall establish a Remuneration Committee and it shall have the responsibility of determining the remuneration of the Chief Executive Officer, the Executive Directors and the Heads of Divisions or Departments of the Company who are not Executive Directors.
- 13.2 The Remuneration Committee shall be made up wholly of non-executive Directors and it shall make a report to Shareholders every year.
- 13.3 The Remuneration Committee shall:
- a) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages over which it has responsibility.
 - b) Ensure that the Company's annual report contains a statement of the remuneration policy and details of the remuneration and benefits of each Director.

14. MEETINGS OF THE BOARD

- 14.1 The Board shall meet not less than once in each quarter of the Company's financial year. Appropriate notice of meetings shall be given to members including the date, time, place and agenda of the meeting.
- 14.2 Every Director should attend at least three-quarters of all Board meetings. Such attendance shall be a primary criterion for the re-nomination of a Director except there are cogent reasons for not attaining the minimum number of meetings, which reasons the Board must notify to the Shareholders at the Annual General Meeting at which such re-nomination is to be considered.
- 14.3 At each meeting, the Board shall have a formal schedule of matters specifically reserved for its decision. The formal schedule shall be such as to ensure that the direction and control of the Company is firmly in the hands of the Board.
- 14.4 Board and Company meetings shall be conducted in such a manner as permits a free flow of discussions. The Board shall ensure that the Shareholders are not disenfranchised as a result of the timing and venue of a meeting. The venue of the meeting should be accessible to the Shareholders and such period of notice no less than is required by law shall be given to all those entitled to attend meetings of the Company.

15. REPORTING AND CONTROL

- 15.1 The Directors shall have the duty of presenting a balanced and transparent assessment of the Company's position. It shall be the duty of the Directors to ensure that an objective and professional relationship is maintained with the auditors, the regulatory authority and its shareholders.
- 15.2 The Directors shall ensure that the Company's annual report includes a corporate governance and compliance report that conveys clear information on the strength of the Company's governance structures, policies and practices to Stakeholders. The report should include the following:
- a) composition of the Board of Directors stating names of the Chairman, the CEO,, executive and non-executive directors as well as independent directors;
 - b) the roles and responsibilities of the Directors setting out matters which are reserved for the Board and those delegated to management;
 - c) Board induction process and training of Board members;
 - d) evaluation process and summary of evaluation results for the Directors as whole, its committees and each individual director;
 - e) composition of Board committees including names of chairmen, members and any advisers of each committee;
 - f) description of the roles and responsibilities of the Board committees and how the committees have discharged those responsibilities during the preceding financial year;
 - g) the number of meetings of the board and the committees held during the year and the attendance of individual directors at each meeting;
 - h) disclosure of the code of business conduct and ethics, if any, for directors and employees;
 - i) human resource policies, internal management structure, relations with employees, any employee share-ownership schemes and other workplace development initiatives; and
 - j) company's sustainability policies and programmes covering issues such as corruption, community service, environmental protection, HIV/AIDS and general corporate social responsibility issues.

- 15.3 In addition to the foregoing, the Directors shall ensure that the Company's annual report makes sufficient disclosure on accounting and risk management issues. In particular, the following matters shall be disclosed:
- a) a statement of the director's responsibilities in connection with the preparation of the financial statements;
 - b) details of accounting policies utilised and reasons for any changes in accounting policies;
 - c) where the accounting policies applied do not conform to standard practice, the external auditor should express an opinion on whether he agreed with the departure and the reasons for such departure;
 - d) a statement from the directors that the business is a going concern, with supporting assumptions or qualifications where necessary;
 - e) executive directors' remuneration and share options, if any;
 - f) non-executive directors' fees and allowances and share options, if any; and
 - g) risk management indicating the board's responsibility for the total process of risk management as well as its opinion on the effectiveness of the process.
- 15.4 The Chairman's statement in the annual report should provide a balanced and readable summary of the Company's performance for the period under review and future prospects and should reflect the collective views of the Board.
- 15.5 The annual report should contain a statement from the Board with regards to the Company's degree of compliance with all applicable rules, regulations, codes, etc. In particular, the report will include:
- a) assurances that effective internal audit and control function exists in the Company and that risk management control and compliance system are operating efficiently and effectively in all respects;
 - b) justification where the Board does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor; explaining the recommendation and the reasons for the Board's decision;
 - c) disclosure of related party relationships and transactions, their nature and summaries providing such information as will enable the reader obtain an

understanding of the potential effect of the relationship on the financial statements and/or whether a conflict exists between the Company or any of its Directors and the related party.

- 15.6 The Company shall disclose details of directors' direct or indirect interest in entities that have or obtain contracts with the Company or its subsidiaries or holding companies. The details should include the name of the director having the interest, the nature and details of the contract and the director's interest therein.
- 15.7 The Company shall follow disclosure principles similar to the continuous disclosure requirements of the Securities and Exchange Commission and the Nigerian Stock Exchange in relation to public companies and listed companies. In this respect, the Board shall without delay notify NERC and any other relevant Regulatory Authority once it becomes aware of any information that is likely or may in any manner whatsoever have a material effect on the value or operations of the Company and steps being taken to mitigate or remedy such effect in the event that it occurs.
- 15.8 The Board shall once in each quarter or such other period as the Regulatory Authority may request, present interim reports addressing all or some of the issues specified in Section 14 of this Code or any other issues the Regulatory Authority may specify.

16. ORIENTATION AND TRAINING OF DIRECTORS

- 16.1 The Board shall establish a formal orientation programme to familiarise new Directors with the Company's operations, strategic plans, senior management and its business and regulatory environments, and to induct them on their fiduciary duties and responsibilities.
- 16.2 The Directors are to participate in periodic relevant training programmes in order to update their knowledge and skills and keep them informed of new developments in the Company's business and operating environment. The objective of the training shall be to assist the Directors to fully and effectively discharge their duties to the Company. Such training shall be at the Company's expense and shall take place at a suitable location in Nigeria selected by the Directors. The Company shall provide its Director Training Program to the Commission each year in advance; and semi-annually, a report of training sessions, conferences, workshops and seminars attended by Directors and/or paid for by the Company on behalf of any Director.

17. CONFLICT OF INTEREST

- 17.1 Any Director shall promptly disclose any real, potential or perceived conflict of interest that he may have regarding matters that may come before the Board or its Committees. A Director should not participate in discussions and voting on any matter in which the Director has or may have real or potential conflict of interest.
- 17.2 The Company shall disclose details of director's interest in contracts either directly or indirectly with the Company or its subsidiaries or holding companies. The details should include the name of the director, the nature and details of the contract and the director's interest therein.
- 17.3 If a Director is not certain whether he is in a conflict of interest situation, the Director should discuss the matter with the Chairman of the Board and with the Company Secretary sitting together for advice and guidance.
- 17.4 If any question arises before the Board as to the existence of a real, potential or perceived conflict, the Board shall discuss the matter as exhaustively as they can and immediately thereafter by a simple majority determine if a conflict exists. The Director or Directors potentially in the conflict of interest situation shall not participate in any discussion and shall not vote on the issue.
- 17.5 Directors who are aware of a real, potential or perceived conflict of interest on the part of a fellow director, have a responsibility to promptly raise the issue for clarification, either with the Director concerned or with the Chairman of the Board.
- 17.6 The disclosure by a Director of a real, potential or perceived conflict of interest or a decision by the Board as to whether a conflict of interest exists should be recorded in the minutes of the meeting.
- 17.7 A conflict of interest exists where a director:
- a. possesses an interest outside his official duties that materially encroaches on the time or attention which should otherwise be devoted to the affairs of the Company;
 - b. possesses a direct or indirect interest in or relationship with a contractor or consultant for the Company that is inherently unethical or that may be implied or constructed to be, or make possible personal gain due to the Director's ability to influence dealings;
 - c. entertains relationships which are unethical, rendering his attitude partial towards an outsider for personal reasons or otherwise inhibit the impartiality of the director's business judgements;
 - d. by his act or omission, places the company in an equivocal, embarrassing or ethically questionable position;
 - e. entertains relationships compromising the reputation or integrity of the company ;

- f. receives benefits by taking personal advantage of an opportunity that properly belongs to the company;
- g. creates a source of personal revenue or advantage by using company property which comes into his hands either in course of his work or otherwise;
- h. discloses confidential information to unauthorized persons;
- i. any other act or omission that the chairman or board of directors as a whole describes as being a conflict of interest.

18. RELATIONSHIP WITH SHAREHOLDERS

The Board shall ensure that the statutory rights of the Shareholders are protected at all times. The venue of general meetings should be carefully chosen to ensure that it is affordable and accessible for majority of Shareholders to attend and vote. The adequate notice of such meetings should be given to enable the shareholders attend the meeting and the Board shall ensure that decisions reached at the general meetings are implemented immediately and to the extent required by such decision.

19. RESPONSIBILITY TO STAKEHOLDERS

- 19.1 The Board shall recognize the rights of stakeholders as established by Law and shall encourage active co-operation between the Company and its stakeholders in creating wealth, creating jobs, protecting the environment and the sustainability of financially sound enterprises.
- 19.2 In this regard, the Board shall ensure that the rights of stakeholders that are protected by Law are respected and that the Stakeholders have the opportunity to seek effective redress within the Company for any violation of their rights.

20. CODE OF ETHICS FOR DIRECTORS

The Directors of the Company owe the following duties, as an irreducible minimum, to the Company:

- a) In accordance with legal requirements and agreed ethical standards, Directors of the Company will at all times, in relation to any affairs of the Company, act honestly, in good faith and in the best interests of the Company;
- b) Directors owe a fiduciary duty to the Company as a whole, and have a duty to use due care and diligence in fulfilling the functions of their office and exercising the powers attached to that office.

- c) They shall undertake diligent analysis of all proposals placed before the Board and act with the high level of skill, experience and maturity expected from directors and key executives of a company licensed to operate in the Nigerian Electricity Supply Industry.
- d) They shall not make improper use of information acquired as Directors and key executives and not disclose non-public information except where disclosure is authorised or legally mandated.
- e) They shall not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company.
- f) They shall not take advantage of Company property or use such property for personal gain or to compete with the company.
- g) They shall protect and ensure the efficient use of the Company's assets for legitimate business purposes of the Company.
- h) They shall not engage in conduct likely to discredit the Company, and should encourage fair dealing by all employees with the Company's customers, suppliers, competitors and other employees.
- i) They shall not allow personal interest, or interest of any associated person or related party, to conflict with the interest of the Company.
- j) They shall ensure the reporting of unlawful/unethical behaviour and actively promote ethical behaviour by other Directors and all staff of the Company; and ensure protection for those who report violations in good faith.
- k) They shall maintain independence and objectivity by, among other actions, avoiding real, potential or perceived conflicts of interest, refraining from self-dealing, and refusing any gift that could reasonably be expected to affect their loyalty either to the company or to their respective sponsors (where nominated by the NCP or Commission). They shall not put themselves in a position where their interests and the interests of the Company conflicts.
- l) They should undertake a formal and rigorous annual evaluation of their own performance and that of committees and individual directors.

21. ADMINISTRATION AND ENFORCEMENT OF THE CODE

- a) This Code shall be circulated to all existing directors of the Company, and it shall be binding on them.
- b) The Code shall commit the Company, its Board and management to the highest standards of professional behaviour, business conduct and sustainable business practices.
- c) The Code shall be reviewed by the Commission regularly and updated when necessary.
- d) Breaches of the Code shall be met with appropriate sanctions as determined by the Commission in accordance with the provisions of its Enforcement Regulations 2013.

Dated at Abuja this _____ day of _____ 2014

Chairman

Commissioner LLE