



## 2018 Sustainability Report

# COMMITTED TO EXCELLENCE

Half a decade of “bringing energy to life”





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2018 Sustainability Report

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**About this Report**

Ikeja Electric Plc's ("IE" or "Company") 2018 Sustainability Report reflects the Company's economic, social and environmental activities from January 1 to December 31, 2018.

This is our fourth sustainability report and it commemorates five years of the takeover of the Company's management by its core investors following the close of privatization on November 1, 2013. We aim to publish this Report on a yearly basis. The intended audience for this Report are key stakeholders which include our customers, employees, shareholders, suppliers, government and regulatory bodies. These stakeholders directly impact and are also directly impacted by the activities of the Company.

The scope of IE's sustainability reports have gone beyond merely communicating financial risks to performance reporting; aimed at fostering stakeholder confidence, long-term risk management, building our reputation and refining our corporate vision and strategy. These sustainability reports have distinguished the Company in the Nigerian Electricity Supply Industry (NESI).

**GRI Content**

The Company's 2018 Sustainability Report has been organized and presented in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI). The GRI Standards seek to achieve consistency amongst corporations reporting on their sustainability activities.

The GRI Standards include two options for reporting: "core" and "comprehensive". This Report has been prepared in accordance with the Core GRI reporting standard. We also present additional information not specified by GRI, such as statements contributed by external stakeholders and graphics that illustrate various aspects of our business.

**Contact Us**

For more information on this Report, please send an email to [corp-gov@ikejaelectric.com](mailto:corp-gov@ikejaelectric.com) or visit [www.ikejaelectric.com](http://www.ikejaelectric.com).



**Managing Editor**

Abisola Oshinusi

**Assistant Editor**

Frederick Omenga Elum

**Project Managers**

Corporate Governance & Compliance Office  
Accounting Lab Limited

**Consultant**

Accounting Lab Limited

**Art & Creative Direction**

Corporate Governance & Compliance Office

**Cover Design**

Toye Badmus

**Layout/Illustration**

Mage Communications





# Message from the Board

**Kola Adesina**  
Chairman, Board of Directors, Ikeja Electric



## A Commitment to Excellence

The Company's drive for innovation, growth and value creation started five (5) years ago with the aim of creating a brand that would transform the electricity value chain through the efficient distribution of electricity across its network.

Today, we continue to build on this drive by putting in place a robust technology-driven network towards opening new horizons for growth as the foremost electricity distribution company in Nigeria. Our operations are evolving and expanding to meet the changing needs and expectations of customers across our network in order to foster customer satisfaction. We strongly believe in the bright future of our brand and the sustainable value creation our business will bear for its stakeholders.

## New Horizons for Growth

Since we took over in November 2013, we have put in place strategies that will steer the electricity distribution arm of the electricity sector value chain to greater heights. In addition, we have assembled a strong leadership team with extensive experience, robust industry and consumer knowledge that is focused on innovation and growth. We have reinvigorated our legacy of sustainability with the introduction of customer-centric initiatives, which are geared towards assuring all stakeholders of a business built on accountability, responsibility, transparency and fairness. We have demonstrated that with the right leadership, the Company can continue to grow and improve its performance as expected by all stakeholders.

## Accountability for Sustainability

The Board's Audit, Risk and Governance Committee keeps us abreast of the ways broad economic, social, governance and environmental trends and risks could impact our interests and the interests of our stakeholders. This is critical to the fulfilment of our mandate to ensure that our sustainability objectives are achieved.

In 2015, we launched our customer-centricity program with the goal of empowering all our stakeholders to join our sustainability journey. In all, we have ensured accountability across all levels using technology-driven processes to garner a better understanding of our stakeholders' needs.

We are proud to declare that the Company is the first and only electricity distribution company in Nigeria to produce a sustainability report.



***“As we look back over the last 5 years, we are truly appreciative of our sustainability journey.”***

## Looking Beyond our First 5 Years

Sustainability will remain a central focus for the Company and its Board beyond the first five (5) years of managing the Company. Our customers and other stakeholders are crucial to the achievement of our goals; and we believe that a business can only be deemed strong and successful when its stakeholders are satisfied with the services provided.

Consequently, the Board will continue to support initiatives that promote its sustainability agenda while creating value in the coming years.

We shall ultimately ensure that our brand promise of bringing energy to life remains a true testament that resonates in a sustainable manner.

The Board thanks all its stakeholders for working and walking with the Company over the past five (5) years on its journey to creating and maintaining the right sustainability footprints.

Best Regards,

**Kola Adesina**  
Chairman,  
Board of Directors



**Handover by Mr. Tope Shonubi to Mr. Kola Adesina as Chairman, Ikeja Electric**

## Names of Members of the Board of Directors

**Kola Adesina, Aigbe Olotu, Temitope Shonubi, Ade Odunsi, Alex Okoh, James Ogungbemi and Sang-Woo Park**



# CEO's Message

**Anthony Youdewei**  
Chief Executive Officer - Ikeja Electric



On November 1, 2013, the Federal Government of Nigeria's power sector privatization birthed the new Ikeja Electric Plc, through the private sector investments of new funds and ideas in the management of electricity distribution across its allocated franchise area.

**Today, that bold step taken by the Federal Government laid the foundation that provides our stakeholders – a New Spirit, a New Drive and New Energy.**

Over the past five (5) years, despite the various challenges encountered across all facets of the business, Ikeja Electric has stood the test of time by designing new innovations using modern technology and performance-driven processes to remain at the top of “bringing energy to life” to all its stakeholders.

In 2018, we continued to improve our network which culminated in a 19.78% increase in energy received when compared to 2017.

We recorded a 17.94% reduction in ATC&C losses from 39% in 2017 to 32% in 2018, and culminated to the Nigerian Electricity Regulatory Commission (NERC) declaring IE as the most technically and commercially efficient DisCo with the lowest level of ATC&C losses.

Though we are yet to reach our targeted loss reduction level, it is important to note that since takeover, we have reduced our cumulative ATC&C losses from almost 50% to about 32% which signifies a drop of about 36% over the period, as well as increased energy received at an annual average of about 17.04% on a cumulative basis.

## Better Technology-driven Processes

In 2018, we continued to increase and improve the influence of our technology-based processes in driving our performance output across our network.

Our investments in the areas of collections, fault management, Customer Relationship Management (CRM) systems and the Metering Application Process Management System in readiness for the commencement of the Meter Asset Provider Scheme (MAP) in 2019, have put us at the forefront of continually driving our business processes with the aid of world-class technology.

Our collection monitoring system has provided additional incentives for our partners to easily remit collections made on behalf of IE, thereby improving the services provided to the end user of electricity distributed.

Our fault management system (IEFORCE) has made it easier for our stakeholders to report all types of faults and complaints in tangent with our CRM system, thereby reducing the downtime with respect to fault rectifications and outages across the network.

The increased investment in the upgrade of our CRM platform has improved the level of interaction between IE and its customers as they can now readily register all categories of complaints using various types of mobile platforms.

A major challenge we face with our stakeholders is metering.

Despite all efforts to ensure that we have put in place a more systematic methodology for estimated billing, we are still confronted with allegations of excess billing by our stakeholders.

However, with the new initiatives being put together by all stakeholders in the distribution value chain and the regulatory space, we are confident that the end is a short while away, and all customers will be metered.

With the introduction of the MAP Scheme scheduled to commence in the second quarter of 2019, we have already started putting in place the required processes, which will be technology-driven towards ensuring ease of meter management (from purchase to installation) for all our customers. In view of this, we have already made substantial investments in the area of metering applications and allocation processes which will ensure that meters are installed within ten (10) working days from the date of receipt of payment for the meter by the customer.

## Leveraging Data to Measure Performance for a More Consistent Growth Pattern

Being a firm believer of the importance of data, we established our short-term 3-year strategic monitoring plan to use data to drive the performance of our business objectives, pursuant to our long-term strategic plan of 2017.

In its second year of implementation, it has become apparent which major areas of challenges need to be focused on towards managing our sustainability footprints.

With a priority concern in the area of stakeholder management, we have been able to identify some key priority areas to focus on towards engendering stakeholder satisfaction.



In all, the increased level of data analysis, ensured that we were able to manage a number of these challenges, which brought about positive results such as;

- The reduction in our ATC&C losses by about 17.94% when compared to the ATC&C loss level of 2017
- Increased revenue collection capabilities which resulted in the highest collection since takeover of about NGN7 billion in October 2018.
- The installation of 700 distribution transformer meters, the replacement of 75 feeder meters as well as the recertification of 76 feeder meters and 3,153 distribution transformer meters across our network
- Automation of the meter reading processes for our customers and the trade point meters
- The implementation of the Meter Reading System (MRS) App for our non-maximum demand Customers and the IE Force App for our Maximum Demand Customers and Grid Meters



The Management plans to seek the approval of the Board to put in place Sustainability KPI's from our 2020 financial year, which will be used in defining, embedding and measuring sustainability targets for the Company.

### Creating Increased Opportunity through Efficiency

A critical aspect of our sustainability lies in the opportunities we create through an efficient network. In view of these and the numerous challenges encountered in terms of funding, in 2018, we were steadfast in our commitment to investing in the areas of infrastructure, maintenance and upscaling.

We created a new hub at one of our undertakings - PTC Undertaking, which is under Ikeja Business Unit to model our future infrastructure management system across all areas of our network. The essence of this deployment is to ensure the ease and simplicity in data collection, collation, analysis and dispatch to better prepare our technical workforce in providing solutions based on quality data.



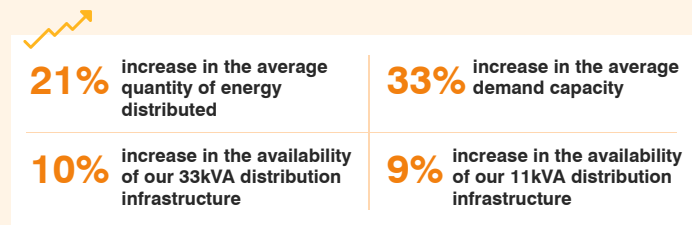
The new Ikeja PTC business hub, under our Ikeja Business Unit

For the purposes of ensuring continued improvement in the distribution of energy received from the grid, during the year, we commissioned the following:

- 5 new 33kVA feeder lines
- 1 new injection station
- 2 new 11 kVA feeder lines
- 1,233 distribution transformers

The impact of the infrastructure investment is clearly demonstrated in the unprecedented reduction in ATC&C losses in 2018.

In all, we saw incremental improvements on all our efficiency measurement indices in comparison to 2017.



### An Environment for Better Choices

In managing our challenges with respect to the various inherent risks within our operations, IE has continued to lay the ground rules for all stakeholders to make better choices. This is fundamental in our approach to building a culture of health and safety in all our operations which is popularly referred to as H<sub>2</sub>O (Harm to Zero). Notwithstanding the provision of training and education on the inherent dangers of electricity, we are still inundated with stakeholders who do not take into consideration safety programs and awareness disseminated regularly, and as such, we recorded a total of ten injuries of which two resulted in fatalities in the year under review.

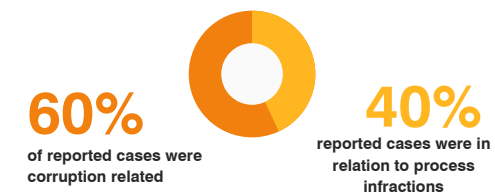
With respect to security management, we have put in place the necessary partnerships with law enforcement agencies towards providing adequate security internally and externally at all our locations on a 24-hour basis. In creating an environment for better choices, we have ensured that all security relationships, especially during incidents of stakeholder demonstrations, is the use of dialogue mechanisms in order to ensure that stakeholders express their concerns without resulting to any form of indecency or attack.

As an organization that believes in having an efficient system of corporate governance, we must ensure that all our internal stakeholders abide by the guidelines for managing an efficient and effective workplace environment. As such, we have ensured in line with our Corporate Governance Principles and Guidelines, that our employees make the right choices towards providing excellent services to all our stakeholders.

During the year under review, we fully activated our third-party managed Whistle-blowing mechanism ("Tip-Offs Anonymous - TOA")

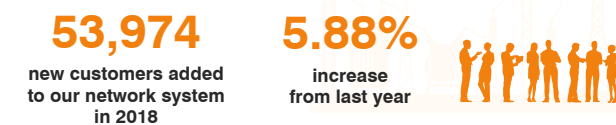


**143** cases recorded in total



### Putting our Customers First

To be the provider of choice wherever energy is consumed, our utmost priority are our customers for whom we are, and will remain a going concern.



In order to better serve our customers and ensure prompt and efficient collection of revenue, we implemented the following new initiatives:

- The remote Meter Reading App
- Appointment of four new revenue partners under our Disconnection and Reconnection Program

The adoption of the estimated billing methodology software to ensure estimated bills are calculated in line with the Estimated Billing Regulation and to ensure customers are billed more accurately - pending the kickoff and implementation of the MAP Scheme in 2019

- The Automated Voice Response Systems (AVR) which guides our customers to better quality self-service and for easier access to our customer care team
- The implementation of a Queue Management System at our customer service walk-in centers to improve customer experience

Our goal towards the 2019 MAP program is to ensure that we meter between 10,000 to 15,000 customers monthly at the inception with increased metering capabilities as the metering program matures.



### Partnering with our Stakeholders

Our strategic objective of identifying our stakeholders (internal & external) has provided us the vast opportunity to continue to achieve our targets with regards to the achievement of the Sustainable Development Goals (SDGs).



Committed to achieving the SDG's

During the year, we worked closely with our stakeholders – employees, suppliers, regulators and communities to further develop our common interests through our – listen, understand, learn and act philosophy.

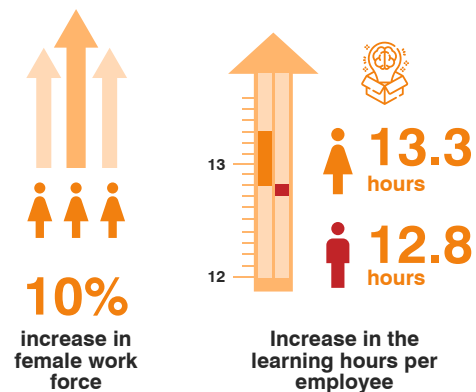
Through our Supply Chain Management (SCM) processes and our legal operations, a total of 142 contracts for services were put in place for various engagements. We have continued our yearly due diligence review of all service providers on our SCM database with our main objective being the development of local capabilities to execute our procurement requirements. In all, 21 suppliers were delisted from our database due to their inability to satisfy our due diligence requirements, and in accordance with our commitment to meet national content obligations, all services procured during the year were sourced locally.

In 2018, we continued the successful management of affiliations with Labor Unions towards maintaining a more conducive environment for our workforce. We continued to enhance our gender management program, which led to the appointment of a female Chief Operating Officer at the end of the year, and the growth of our female workforce by about 10% during the year.

In the period under review, we commenced the first phase of our Finance and Audit Trainee Program, and the roll-out of our Total Technicians Training Program to empower our technicians with core and ancillary knowledge in managing technical operations.



As a Company whose business principles are driven by its employees, we have continued to commit to the provision of learning and development programs/interventions for our employees, which resulted in a slight increase in the number of learning hours per employee rising from 12.8 hours to 13.3 hours for our female employees and from 12.7 hours to 12.8 hours for our male employees.



Our stakeholder partnership will be incomplete if we fail to work with our communities in creating and maintaining a sustainable society. During the year, we implemented programs pertaining to education through scholarship awards and donation of books to schools within the communities we serve. We intensified our community H<sub>2</sub>O campaign and deployed campaigns pertaining to energy conservation through various educational learning programs.

#### Creating our Sustainability Footprints Across Board

Our approach to sustainability cuts across all areas of our operations. As such, in this year's report, we will be highlighting our sustainability drive across our Business Units, by showcasing some of the sustainability footprints within our Business Units.

By so doing, we have once again demonstrated our objectives towards ensuring a sustainable environment where we apply the resources today with the knowledge of efficiently managing them for the future.

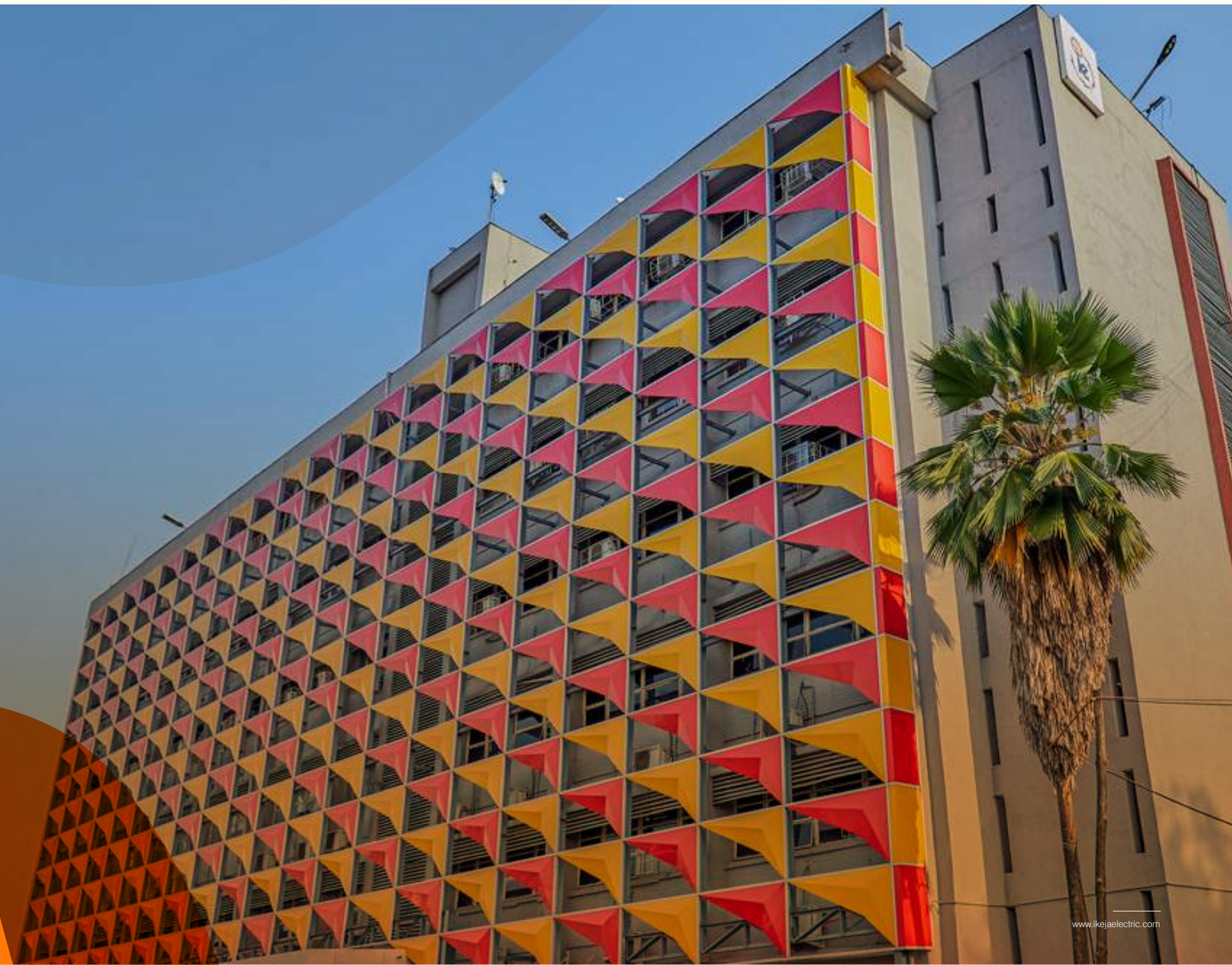
Ikeja Electric will continue to strive to become a company that creates sustainable value with trust and transparent communication with its stakeholders as the basis.

Also, we shall continue to make concerted efforts to serve the nation and society beyond corporate profit generation and establish the Company as a leading private enterprise that brings happiness to people.

I look forward to your continued support and interest in Ikeja Electric.

Best regards,

**Anthony Youdeowei**  
Chief Executive Officer






Ikeja  
Electric

## At a Glance




  
**17.94%**  
Reduction in ATC&C losses between 2017 and 2018

  
**53,974**  
New customers added to the network

  
**Female COO**  
Appointed

  
**N7 billion**  
collection in one month


  
**700**  
Distribution transformer meter installed

  
**22 hours**  
average feeder availability


  
**1,019**  
learning sessions conducted


  
**21,336**  
hours of learning

  
**N3.62 billion**  
infrastructure investments

  
**330 million**  
units of energy distributed

  
**98%**  
Customer complaint resolution

  
**75**  
new feeder meters replaced

  
**3,153**  
distribution transformer meters recalibrated and recertified

  
**76**  
new feeder meters installed

**Customer Breakdown:**  
Residential: 727,886  
Commercial: 221,860  
Industrial: 5,018  
Institutional: 15,546  
Street Lights: 173

## How We Operate

Ikeja Electric is one of the players in the electricity value chain and it:


- Manages and maintains a network predominantly across the mainland of Lagos State and some parts of Ogun State
- Provides electricity to over 900,000 registered customers on its network


  
**900,000+**  
registered customers within our network provided with electricity


As the consumer-facing entity of the electricity value chain, the Company is responsible for ensuring the availability and maintenance of distribution infrastructure. The Company is a key player in the electricity value chain as it is the point of connection and collection for electricity generated and transmitted for consumption by end-users.





### Understanding the Electricity Value Chain

  
**Power plant**  
generates electricity

  
**High voltage transmission lines**  
carries electricity over long distances

  
**Sub station transformer**  
converts high voltage electricity to low voltage for distribution purposes

  
**Distribution lines**  
carries low voltage electricity to customers

  
Homes, offices and factories use electricity for lighting, heating and powering appliances



## Our Sustainability Journey



## Our Sustainable Development Goals (SDG) Impact

By adhering to the Triple Bottom Line principle, the Company is not only committed to financial performance (profit). The Company also focuses on environmentally-friendly operations (planet) and the balance of stakeholders (people), and it places utmost importance on sustainable development in line with the United Nations' Sustainable Development Goals (SDGs) by being good corporate citizens focused on environmental, social responsibility and good corporate governance.

In 2018, the SDGs aided the Company in securing its social license to operate and build the trust of its stakeholder groups. Some issues that were material to the Company and some of the actions taken include:

### Ensuring healthy lives and promoting wellbeing for all at all ages



The Company provided a safe and healthy work environment through the H<sub>2</sub>O program across all business locations within its network. The Company's policies on HSE are in line with the globally recognized Occupational Health and Safety Management Systems Standards (OHSAS), which provides standards for a safe and healthy work environment. Our health management system provides health plans managed by health management organizations (HMOs) for all employees and their immediate family members. We have put in place a program, "Planning for Golden Years in Retirement, which provides learning and development sessions towards preparing our retiring employees for life after retirement.

### Ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all



As part of the Company's objective of developing the next generation of leaders during the year, we made book donations to schools within the communities where we carry out operations. Educational scholarships were also awarded to some children during the period. We believe that our employees are our greatest assets, consequently, during the period under review, over 40,000 hours of the Company's business hours, was dedicated to developing our employees in order to equip them to provide excellent services to all stakeholders.

### Achieving gender equality and empowering all women and girls



At IE, we believe in an environment where fair treatment and equal opportunities are the order of the day. In view of this, we have created a system where gender is not a basis for the function/job title of our employees. We are committed to dispelling the notion that the electricity distribution/engineering field is not for women. One-third of our Executive Management team consists of women who hold critical positions as Chief Operating Officer (COO) and Chief Financial Officer (CFO). As part of our long-term strategy, we have put in place programs which will see to the rise of the female gender from one-fifth to at least one-third of our employees over the next five (5) years, with emphasis on women managing technical roles and functions.

### Ensuring access to affordable, reliable, sustainable and modern energy for all



As an electricity distribution Company, our goal is to continuously improve upon our systems to provide affordable and clean energy for all. Consequently, in 2018, our infrastructure investment towards achieving this goal included the commissioning of the following:

- 5 33 kVA Feeder lines
- 1 new injection station
- 2 new 11 kVA feeder lines
- 1,233 Distribution Transformers were commissioned

### Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



To attain this goal, we have put in place a Supply Chain Management System with a huge focus on local content providers. In all, over NGN7 billion was expended on procurement of materials and services during the period and 100% of our suppliers were locally based. A total of NGN89.2 billion was generated as revenue for the year. Out of these amounts, NGN9.8 billion went to our employees as wages and other forms of benefits excluding pensions. None was distributed to the providers of capital, NGN390 million was spent on our regulatory tax obligations, NGN17.1 million on our community investments and over NGN42 billion was expended in the general operations of the organization, including infrastructure upgrades.

### Building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation



To create an environment for affordable and clean energy, we improved our infrastructure at various levels across our network, which spans over 10,000km. We invested in the network expansion of our 33kVA feeders by 900km, 11kVA feeders by approximately 2,500km and 0.415kVA feeders by over 7,000km. This brought about increased improvements in our technology-driven processes which facilitated the placement of new technology for more efficient billing and revenue collection, better management of customer complaints through Queue Management Systems and increased monitoring of defaulting customers through the IE Force disconnection and reconnection management system.

### Promoting peaceful and inclusive societies for sustainable development, providing access to justice for all and build effective, accountable and inclusive institutions at all levels



The Company continues to strive towards attaining the various SDG goals with emphasis on the promotion of our sustainability footprints according to the expectations of Goal 16. As such, our first objective in working towards achieving all other goals is founded on Goal 16.



### Strengthening the means of implementation and revitalizing the global partnership for sustainable development

The achievement of any of our SDG goals would not be possible without all our partners working with us to create a better working environment. We collaborate with other industrial players and stakeholders to provide industry perspectives to Governments, policymakers, legislators and regulators on sustainable development impact of legislative, regulatory and financial frameworks in the NESI including recommendations for improvement.



## Key Financial Data

**NGN 172.3 Billion**

Net Assets

**NGN 89.2 Billion**

Revenue

**NGN 117.1 Billion**

Operating Costs

Employees' Wages and Benefits

**9.8 billion**

Pensions

**430 million**

Government Taxes

**390 million**

Operational Consumption

**56.97 billion**

Community Investments

**17 million**

Infrastructure Improvements

**3.6 billion**

Waste Management

**8.1 million**

## Operations and Transformations

As a business, we carefully and continuously apply lessons learnt to manage our business impacts whilst aiming to create shared opportunity that will engender the transformation of the electricity distribution sector in Nigeria.

Our short- and long-term success depends on a range of inputs - power generated and transmitted, our numerous suppliers of equipment and services, and the talent and commitment of our workforce. Our business of course generates revenue from consumers who pay for services rendered.

We create a diverse range of outcomes, which include jobs, paid taxes, community investments, which impact our ecosystem, customers and shareholders.







## Ikeja Electric's Core Values - S.P.I.C.E.S

- S - Safety
- P - Professionalism
- I - Integrity and discipline
- C - Commitment to stakeholders
- E - Exceptional service delivery
- S - Sustainability





# Core Values



### Outcomes – What we create

-  Customer satisfaction
-  Transparency
-  Community impact – Education, access to better choices
-  Economic development – Jobs, diversity value & revenue for our customers

### Inputs – What we depend on

-  Stakeholder insights
-  Raw materials – Power generation & transmission
-  Talent – Employees, business partners
-  Financial Resources – Revenue from collections



# Material Aspects



## Managing our Material Aspects

Our Board consists of diverse and experienced Directors and they oversee the Company's long-term business strategy, which includes, providing a review of and guidance on our continued transformation to becoming the provider of choice in the distribution arm of the electricity value chain. The Board continues to work with the Executive Management team towards achieving the common goal of long-term value creation for our stakeholders.

### Corporate Governance

At IE, we set high standards at all levels of our operations and strive to meet these standards consistently. Our sound business principles and practices foster a strong, innovative and collaborative culture which is committed to ethical behavior, accountability and transparency as elucidated in our Code of Ethics and Professional Conduct.

Information on the Company's corporate governance framework, including the Company's Code of Ethics and Professional Conduct can be found on our website <http://www.ikejaelectric.com/corporate-governance/>

Information on how to report concerns about the activities of the Company are covered by our Whistleblowing program managed by an independent third-party and can be accessed on our website using the link above.

The Company's Board of Directors has established a few committees to assist in the discharge of its duties. These include the Audit Risk & Governance Committee, Finance Investment & General-Purpose Committee and the Technical & Operations Committee.

## Sustainability Governance

The Audit Risk and Governance Committee helps the Board fulfill its responsibilities in relation to diversity, sustainability, corporate social responsibility and public issues of significance especially regarding ways in which these issues may affect the Company, the communities in which we operate and the general public. This entails evaluating and reviewing information pertaining to social, political and environmental trends, with oversight of diversity and sustainability goals, as well as human and workplace rights.

The Committee reviews at least once annually, all shareholders proposals, public policy advocacy efforts and charitable contributions to ensure alignment with Company policies and values. The Committee reports its actions and recommendations to the Board on a regular basis and oversees the publication of the Company's Sustainability Report after it has been presented to the Board.

The Finance, Investment and General-Purpose Committee ensures that the Company's budgeting, capital investment planning and management, as well as its financial reporting obligations are met on a timely basis, in accordance with regulatory standards.

The Technical and Operations Committee is tasked with the responsibility of ensuring the efficient running of the Company's distribution network. Their key functions cover the operations of the Company's injection substations and other facilities, project management as well as ensuring health, security, safety and environment objectives are fulfilled consistently.

## Sustainability Approach

We aim to achieve our sustainability goals through the concerted efforts of all stakeholders across all areas of operation. As part of our sustainability journey, plans have been put in place to formally introduce the Sustainability Key Performance Indicators in our Strategic Goals and Objectives commencing from the 2020 financial year. The intention is to embed a culture of sustainable footprints management using a bottom-up approach across our operations.

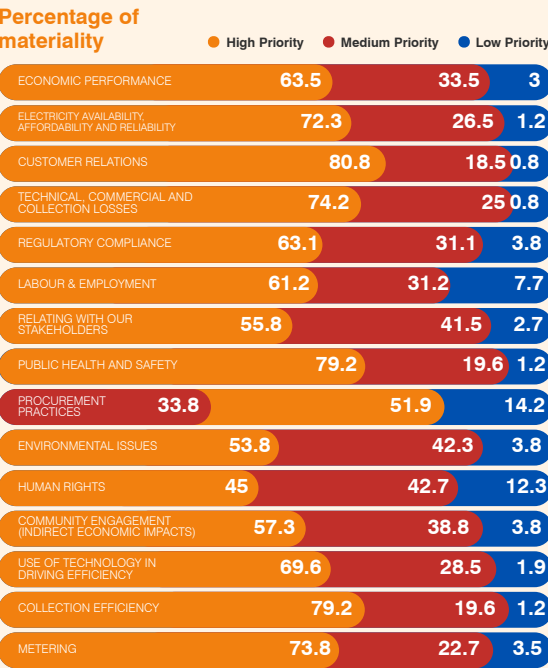
We have commenced a review geared towards putting in place more robust programs to identify issues for our business, stakeholders and cross-functional teams working across our network to gather data and perspectives to inform our actions in the short- to long-term.

Together with our internal Governance & Compliance and Enterprise Risk Management Teams, our Business Units and Undertaking offices which have a frontline facing relationship with our stakeholders are now full-time internal stakeholders in managing our sustainability approach in communities where we carry out our operations.

## Priority Issues

Focusing on the highest-priority (Environmental, Economic, Social and Governance) issues for our business and our stakeholders is fundamental to how we conduct business, develop and implement our corporate strategy. These priorities are essential to how we develop, build, evolve and report on our business and sustainability efforts. Over the years of reporting our sustainability footprints, our priority issues have provided guidance on how to design the right key performance indicators to drive our business.

In 2018, we identified 15 priority issues. Using detailed questionnaires, a thorough review of our priority issues was carried out in collaboration with our internal and external stakeholders. The analysis of the review revealed that 14 issues were considered as high-level priorities and 1, was assigned medium level priority. The feedback from our survey provided critical information which will ensure that we continue to improve on strategic initiatives to address our social, environmental and economic performance as an electricity distribution company.





## Material Aspects: Risks & Opportunities

As a Company operating with a growth mindset in a global economic village, we consider our risks and opportunities from a global perspective.

A plethora of the issues we face are interconnected and evolving quickly and we must understand them to fulfill our long-term vision to grow in a way that creates value for all stakeholders while working towards solutions that are beneficial to all.

There are many transformational and business growth issues relevant to our business, which are addressed in detail under the key sustainability topics in subsequent pages.

### Technology Transformation

Today, the world is adopting more of a Do-It-Yourself approach to managing transactions. As such, the Company sees huge opportunities in managing the risks to our operations by driving our business using technology.

To boost customer satisfaction and stave off the attendant difficulties associated with physical access to customer care hubs, significant opportunities abound where remote access solutions can be utilized. These solutions promote the simplicity and ease of access to the Company for customers to share grievances, thus improving customer experience and better service delivery.



Introduced the Customer Redress Mechanism to effectively address customer complaints

In relation to our environment sustainability footprints, we have used technology to provide platforms which will significantly reduce the use of paper bills for our customers through the creation of our online bill-checking platforms. We also keyed into other major opportunities using our technology transformation strategy in line with the Federal Government's drive to operate a cashless society by providing real-time payment platforms for electricity.

**We put in place technology-driven solutions that are continually being used to mitigate these risks. For example, our 24-hours customer service applications that gets our customers connected to a Customer Care team at all times.**

### Performance Driven Business Processes

The popular saying, "data does not lie", has provided the Company with significant benefits in managing its services more efficiently – from performance analysis to making projections.

Since the implementation of our Customer Data Mapping and Analysis Project, which was established to improve our energy accounting processes, procedures and standards, we have addressed major concerns with respect to distributing our energy more efficiently.

Concerns about deliberate manipulation of electricity wheeled out across our distribution network and several cases of electricity theft have come to light using the data collected between the points of receipt and delivery across our distribution network.

This new development has enabled the Company better manage the risk of increased customer dissatisfaction where there are lengthy disruptions in electricity supply to certain locations; thereby creating better opportunities for electricity allocation amongst the various categories of customers registered on our distribution network.

**The implementation of the monthly Management Performance Review (MPR) sessions centrally and across all our Business Unit offices, has improved the performance of our business, the workforce and has contributed to the Company's commitment to transparency by ensuring that all employees involved in these sessions are abreast of the goings on within the Company.**

### Building for Tomorrow

The involvement of the private sector in the management of the electricity value chain came into play five years ago, and as such, the business is faced with the challenge of engaging the required skilled talent. This is due to the dearth of experienced human capital resources in the sector. Notwithstanding the foregoing, we are aware that the dearth presents opportunities for the development of young and new talents to take up the opportunities within the sector.

Consequently, we are currently working with some of our partners to establish an Energy Training Academy that would focus on providing the relevant learning and development skills set to address the current talent gaps within the Nigerian Electricity Supply Industry (NESI).

In addition to the Energy Training Academy, our in-house talent management programs – Graduate Trainee Engineering, Graduate Trainee Analyst, Graduate Accounting and Audit Trainee – are just a few of the programs we have put in place to mitigate the risk relating to talent gap within the sector.



### Optimizing our Network

Our Technician Rotation Program set to officially commence in 2019, has been developed with the aim of ensuring that all our technicians understudy more experienced operators within the Company. This will aid in harnessing their skills and understanding of all facets of the technical and maintenance activities required for efficient service delivery.

The biggest threat to the Company as a business is the threat of high and unmanageable Aggregate Technical, Commercial and Collection (ATC&C) losses. Since our takeover of the operations of the Company in 2013, we have continued to manage this risk which understandably, may cast doubts on the business' sustainability.

Though this risk is high with even higher consequences if not managed more efficiently, we recognize the inherent opportunities in the efficient management and mitigation of this risk. We believe that our opportunities far outweigh this risk as we have put in place a more robust Energy Accounting System since 2016.

The results are apparent and verifiable - we have consistently reduced our ATC&C losses, and reached the lowest level of about 32% in 2018, when compared to about 50% at the time the new investors took over the operations of the Company in 2013.

***"In appraising the individual performances of the distribution companies, NERC declared IE as the most technically and commercially efficient distribution company by recording the lowest level of ATC&C losses in 2018."***





# Our Business Portfolio Transformation

## Implementing Technology Solutions



### Transaction Monitoring

In line with the Company's strategic initiative towards improving our business processes using technology, we put in place the Customer Information System (CIS) and Ultima Plus solution to monitor the flow of revenue collection as they occur and ensure that the processing of transactions do not extend longer than the agreed processing time of 10 seconds. Where processing exceeds the stipulated transaction processing time, an alert is generated, which enables our operators swiftly address the root cause of the delay in processing these transactions.

Additionally, these platforms enables our collection partners create their payment wallets, which they can then subscribe to in order to assist customers with bill payment and/or token collection for payments made.



**“With this solution, we have been able to manage our collection partners on a real-time basis; as they are able to review their wallets and update their balance positions for more efficient service delivery to our customers.”**

### IEFORCE – Fault Management, Disconnection and Reconnection Management System

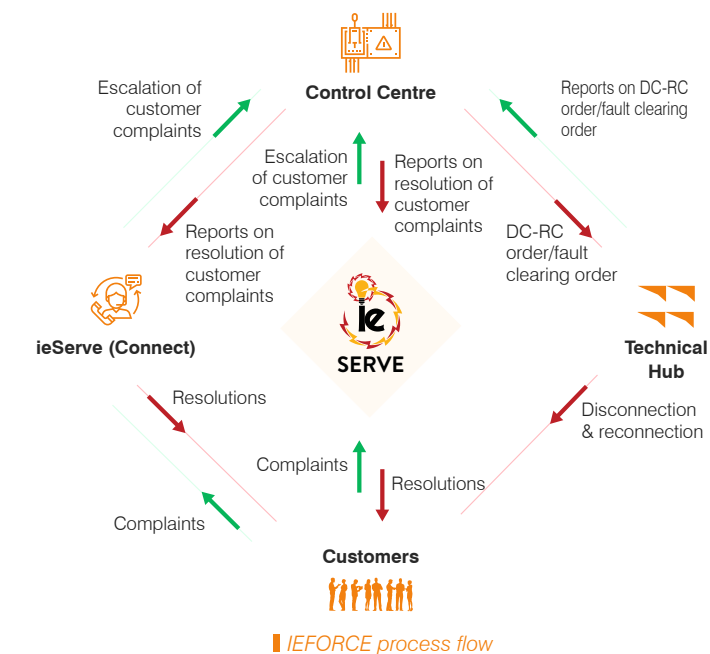
Towards managing challenges pertaining to the non-payment of bills by our customers and carrying out ad-hoc maintenance of the distribution network infrastructure, we implemented the IEFORCE Application. The Application enables faster and more efficient fault resolutions, and the prototype was deployed at one of our busiest Business Units, Shomolu Business Unit to enable us optimize the Application's functionality.

The Application addresses four critical aspects of revenue generation and has provided the needed platform for increased levels of monitoring towards ensuring proper accountability. In all, the solution helps create some of the following operational activities, which makes for more efficient management of our distribution network:

- Prompt generation of fault clearing, disconnection and reconnection job orders
- Scheduling of technical operators through their mobile devices
- More efficient management and availability of technical resources
- Ease of tracking activities pertaining to fault clearing, disconnection and reconnection operations



Our field operators are always present to ensure swift resolution of faults, disconnection and reconnection



### Technology Transformation Benefits

Since the inception of our transformation drive with the key introduction of the Customer Relations Management (CRM) System, we have experienced first-hand, the benefits of being a technology-driven service provider – especially in improving customer experience.

Our technology platforms have further improved our processing times as well as increased our service delivery abilities to engender the following:

- Prompt resolution of faults
- Improved turnaround time in attending to customer complaints
- Effective monitoring of faults, disconnections and reconnections
- Increased accessibility for our customers through mobile devices
- Increased customer satisfaction





## Driving our Business using Performance

### Our Three-Year Strategic Performance Plan

In 2017, we put in place a three-year strategic plan to drive our performance as an entity. The plan is aimed at ensuring that we achieve the following:

- Improved performance through more efficient business processes geared towards loss reduction
- 100% metering of our distribution transformers and maximum demand (MD) customers
- Increased maintenance of our high-and low-tension lines in order to optimize operational efficiency
- More efficient and effective budget management and monitoring



We also put in place our medium-term strategic plan geared towards better management of our activities enumerated below.

S/N	New Technology	Objective(s)
1	Upgrade of CRM	Integration of CRM with CIS, CONLOG and other external databases
2	Meter Reading System (MRS) App	Use mobile technology to upload meter readings for post-paid NMD customers from the field directly onto CIS to fast track the billing process
3	Online Request Portal for Supply Chain	Make purchase requests for goods or services on IE's approved budget list online
4	Loss of revenue/ penalty/ reconnection	Automate the generation of invoices to be paid by a customer disconnected for energy theft
5	Smart form	Mobile workforce management system to help monitor activities on the field
6	Performance Management App	Replace existing paper-based appraisal system with online appraisal system
7	Application for Power Allocation	Develop a software application to automate and track implementation & adherence to IE's Power allocation model
8	Automation of Estimated Billing Methodology (EBM)	Automate the energy audit component of the EBM calculation
9	Expansion of electronic payment infrastructure	Expand electronic payment infrastructure to support franchising

Our performance management strategy also focused on improving our stakeholder and community-based relationships through better feedback from information shared in order to better understand their challenges and ensure more symbiotic relationships are maintained with all stakeholders.



### Our Performance Implementation

**We have successfully transited to ISO 9000:2015 platform for our Quality, Health, Safety and Environmental Processes.**



**“We have also started the implementation of our 360° Balance Scorecard performance review system for all employees.”**



In driving our business using performance, we have been able to better articulate key areas of improvements – all in alignment with our commitment to reduce ATC&C losses.

**In 2018, we were able to reduce our ATC&C losses from 38.6% to 31.8%, with the lowest loss ATC&C losses recorded in the month of October 2018.**



**31.8%**  
Reduction of ATC&C losses in 2018

As stated above, the MPR framework which took off in 2017 have now been successfully implemented across all cadres of the Company's workforce. The MPR exercise involves the monthly review of performance objectives across our business units, undertakings and the head office towards ascertaining the variances (positive/negative) in comparison with set targets/objectives, and creating initiatives/remedial actions to address any gaps identified during the process.

**“The effect of this initiative is evident in the fact that the organization for the first time since the takeover by the new investors reached a revenue collection peak of NGN7 billion.”**

In 2019, as part of performance measurement initiatives, we plan to review our 2017-2019 short-term strategic plans by incorporating some of our medium-term plans to fall into the next stage of our short-term plans.

In addition to this, we will be looking to measure our performance in the following areas:

- Improving competitiveness
- Improving operational efficiency
- Improving customer service delivery



Some measurement criteria will include, but not be limited to the following;

- The MAP metering program
- Our maintenance scheduling program
- Compliance with NERC's billing methodology and complaints resolution standards
- Our balance score card appraisal system

### Our New Entrants

The heart and soul of our business of distributing electricity to our customers, is our ability to efficiently measure our rates and levels of service delivery.

As such, we continually ensure that we create an enabling environment for new customers to join our network. In 2018, by implementing our new service delivery initiatives, 54,000 new customers were added to our network. The table below provides a breakdown per customer category:

Customer Type	2017	2018	New Entrants
Residential	720,835	727,886	7,051
Commercial	179,283	221,860	42,577
Industrial	3,811	5,018	1,207
Institutional	12,247	15,546	3,119
Street lighting	153	173	20

**381**  
new point load customers registered

**Two of these customers will account for new revenue streams of about NGN70 million monthly.**



**54,000**  
new customers were registered on our network



**5.89%**  
increase from 2017

Our determination to engender a sustainable business has fueled our drive to continue to register new customers to our network, and this has fueled our drive to continuously improve our service delivery through improved technology-driven processes.



## Our Billing and Collection Efficiency

Our profitability as a business is heavily dependent on maximizing the efficiency of our billing and collection processes. This process which has a significant impact on our overall ATC&C loss trajectory, is critical to our sustainability journey.

Pursuant to the strategic initiatives in our short-term strategic performance objectives, we were able to manage our challenges in improving our billing and collection efficiencies.

A major challenge faced in the achievement of these objectives is in the area of security of our employees and our undertakings. In managing this challenge which could impact our sustainability significantly, we increased customer and community engagements, both as a Company and through our employees using our Personal and Corporate Social Responsibility (PCSR) program.

Another major challenge is the issue of customers who manipulate our network to consume electricity for free and illegally. These customers which we refer to as Free Riders also contribute to the difficulty in reducing our ATC&C losses. To address this challenge, we entered into partnerships with independent third-party monitoring teams who ensure that these consumers are properly registered to our network and billed appropriately for the electricity they consume.

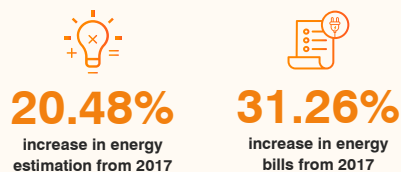
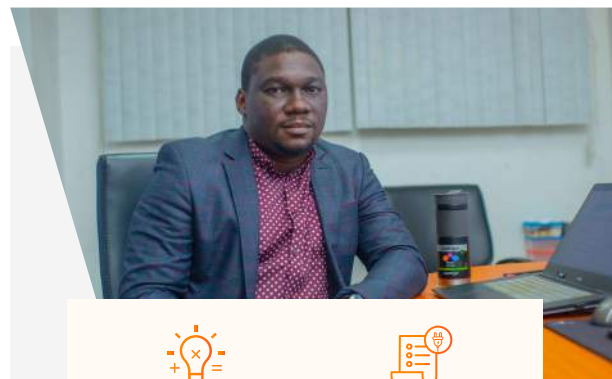
To further manage the efficiency of our distribution network, we implemented a technology-driven meter reading application which provides pictorial evidences of meters read thereby providing better assurance and transparency to customers on our postpaid metering platforms.

For unmetered customers, we have further improved on our Estimated Billing Methodology, a regulatory-approved scientific method of billing unmetered customers fairly.

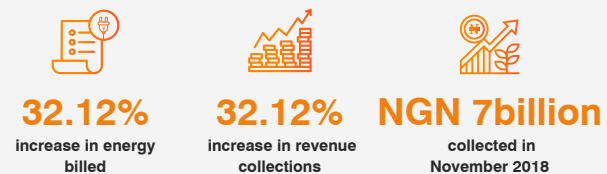
**The results of the EBM framework can be attributed to the more accurate accounting of energy received which grew by 20.48% from 2017, and energy billed which also grew by 31.26% from the previous year.**



Our ability to measure our billing metrics more accurately is the first step to ensuring a more efficient collection system. This is reflected in our collection efficiency numbers for 2018. The high point of this was the collection of over NGN7 billion in November 2018.



The increase in energy billed to our customers and revenue collections is a clear indication that we are on track with our sustainability drive in 2018 and beyond.



To further increase our revenue collection capabilities, we initiated a new approach to measuring the performance of our injection substations to capture more parameters to boost our collection efforts, one of which is the response rate of disconnection and reconnection operations.

We also created a debt collection model by collaborating with Revenue Service Partners who act as debt recovery agents for the business.

## Resolving our Differences

We understand that the essence of being a service provider is hinged on exceptional customer centricity, and our performance efficiency drive towards continued sustainability will be incomplete where we fail to put in place processes that effectively and efficiently address the concerns of our customers.

In addition to our technology-driven processes geared towards providing lasting solutions for our customers, we also implemented the following processes as add-ons to our current dispute resolution management system.

**Mobiworks App** - this helps in real-time reporting of vigilance and surveillance activities which captures information in the areas of energy theft and meter re-certification, thereby providing documentary evidence during any dispute resolution

**IEForce App** – see section under our Implementing Technology Solutions section

**Automated Voice Response (AVR)** - provides directions on reaching the right channels for dispute resolution

**Queue Management System (QMS)** - monitors our customer wait time in managing their complaints

**Reporting Network Change** - this covers the instant availability of data on network downtime which engenders better communication with our customers and more efficient billing for unmetered customers

**Debt Dispute Resolution Panel** - this manages the process of resolving disputes relating to outstanding bills and is operational at all our Business Units

**Customer To Distribution Transformer (DT) Mapping SLA** – this is an internal process document which provides guidelines on how our customers are aligned to feeders and transformers. It also clearly articulates how energy consumption by our customers are computed.

In addition to putting in place these dispute resolution measures, we were able to increase our IEForce monitoring activities by 64 additional teams in order to monitor cases of unauthorized access to our distribution network.



With the implementation of the MAP program in 2019, more customers in our network will be able to purchase metering devices. We believe that this will aid in ensuring that our sustainability footprints spreads further as we continue to embed the transparency of our management of the Company's distribution network.

## Energy Accounting

### Our Stakeholder's Importance

For operational efficiency purposes and to effectively serve our customers, our business is broken into six Business Units and 54 Undertakings across our franchise area.

Our Commercial Department is primarily responsible for the management of our customers, and to effectively carry out their functions, we have created customer touch points at our Business Units and Undertakings as well as customer help care lines via channels such as telephones, emails and various social media handles in order to ensure swift and speedy resolution of customer complaints and enquiries.

With over 900,000 registered customers across our distribution network, our approach to stakeholder management is to ensure that we bring our customer care and service excellence delivery to our customer's doorsteps.



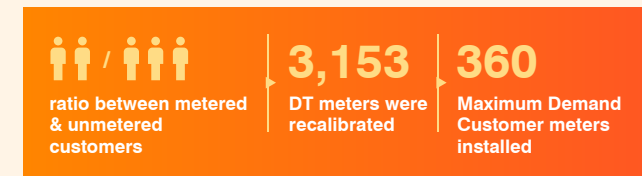


## Accounting for our Customers

The need for accurate accounting of the energy received and billed is the bedrock of our business. To better account for energy delivered, we initiated the Distribution Transformer (DT) metering program in 2017 to ensure that all energy received from the National Grid is correctly accounted for.

We also kick-started a data mining and analysis project to correctly implement our revised customer registration process to our network for the purposes of aligning the customers to the distribution transformers and feeders serving them.

**700 new distribution transformer meters and 76 feeder meters were installed. 75 feeder meters were replaced, 3,153 distribution transformer meters were recalibrated, and 360 Maximum Demand meters were installed.**



We have seen the gains of this process review in the incremental customer growth of about 5.89% across our distribution network in the period under review. This process has enabled us properly align our customers to the appropriate distribution assets and manage the load capacity on the distribution transformers to avert overloading and transformer failures.

With 60% of customers unmetered, the importance of customer mapping to their respective distribution transformers has provided the much needed platform to ensure that all energy received and distributed can be accurately accounted for, and this has translated into a reduction in our collection losses as well as our ability to improve the automation of the Estimated Billing Methodology. This has led to a marginal reduction in complaints received regarding the methodology. Our active postpaid customers represent about 68.7% of registered customers in our distribution network and account for the largest share of energy billed hence, our commitment to effective billing management.

**“The management of our stakeholders is a critical success factor to our billing and collection efficiency.”**

### Distribution Across Business Units

Business Unit	No. of Postpaid Customers
Abule-Egba	113,584
Akowonjo	143,786
Ikeja	28,888
Ikorodu	169,202
Oshodi	140,902
Shomolu	70,351

**5.89%**

Customers growth on our network

**68.7%**

Postpaid customers registered on our network

The improvements in our energy accounting processes also highlighted some issues in the processes previously employed in areas such as, wrong tariff classification, unregistered customers, free riders and energy theft across our distribution network. In all, over 164,000 customers were correctly reclassified, 22,853 new customers were officially registered, 11,041 cases of illegal connections were identified and corrected, and 1,317 cases of energy theft were dealt with across our distribution network.

With the kickoff of the MAP program in 2019, which is expected to run for three years there will be significant improvement in accounting for the energy supplied to our customers.



## Customer Service with a Difference

Our business is the distribution of electricity to end users, and our services are a critical part of the electricity value chain. We are the interface and payment channel between the producers and transporters of electricity and those who consume the electricity.

Our service delivery expectations will come to naught if we are unable to properly manage the expectations of all our stakeholders. To do this, we must ensure that our customers get the best experience every time they engage the Company through any channel.

Our Customer Relations Management (CRM) system, which is powered by the WOWe process launched in 2015, has continued to improve in line with our customer-centric sustainability drive.

Over the past 5 years, we have continued to experience a yearly reduction in customer complaints which has seen customer complaints fall from its peak of about 415,000 complaints in 2016 to about 241,000 complaints in 2018. This represents about a 42% reduction in complaints with an average yearly resolution rate of 95%. See table below for breakdown.

Year	Received	Resolved	Percentage
2014	229,942	220,726	96
2015	353,495	338,447	96
2016	415,529	390,122	94
2017	293,903	271,110	92
2018	241,147	236,345	98

With the implementation of a more robust accounting process for our customers, we have been able to ramp up the contact details of our customer database by about 53.4% from 375,364 to 575,854 customer details between 2017 and 2018.





# A More Sustainable Distribution Network

## Optimizing our Network



The optimization of our network places us at the forefront of providing excellent services to our customers in line with our vision to be the provider of choice wherever energy is consumed.

In 2018, we created a new unit charged with the responsibility of reviewing existing technical processes and developing new processes for the purposes of optimizing the utilization of technical resources towards improving the efficiency of our network.

To achieve our objectives, we started the prototype project of our future technical operations management called, “Technical Hub” at our Shomolu Business Unit. The project which comes with new state-of-the-art technology and digital tools would further simplify and modernize our procedures for data collection, data analysis and dispatch, thereby making information pertaining to network challenges available in real-time.

In addition to the Technical Hub, we carried out system upgrades and improvements across all our distribution lines spanning over 10,000 kilometers. Additional infrastructure investments were made during the year towards optimizing our distribution network efficiency, and these include the construction of new 33kVA and 11kVA feeders, distribution transformers and an injection substation. See table for more details:

Location Type	0.415 kVA Lines (km)	11 kVA Lines (km)	33 kVA Lines (km)
Underground	0	0.372	15.94
Overhead	7,233.33	2,448.68	885.38

Additional infrastructure investments were made during the year towards optimizing our distribution network efficiency. These projects include the construction of new 33kVA and 11kVA feeders, distribution transformers and an injection substation. See table below for more details:

Project Type	Quantity	Location
33 kVA Feeders	5	New Oworo, Chiki-Chiki, Agbede, Odogunyan T1 and T2
Injection Substation	1	Ajala 7.5MVA
11 kVA Feeders	2	Aboro and Walter Anderm
Distribution Transformers	1, 233	Including 942 CSp Transformers

## Our Network Efficiency

The measurement of ATC&C losses is a combination of the network losses attributable to three critical aspects of our services – technical, commercial and collections. Of the total ATC&C losses recorded in 2018 (31.8%), technical losses accounted for about 18.1%.

The following table shows an analysis of key fault clearing activities along our 33 and 11 kVA feeders in 2018.

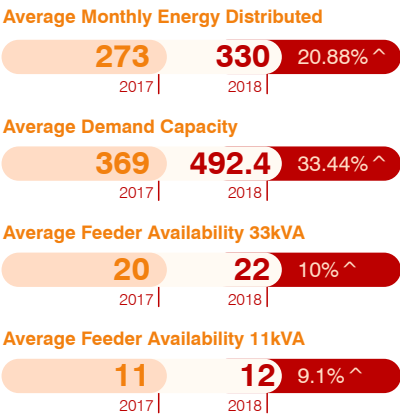
Technical losses accounted for about **18.1%** of the total ATC&C losses recorded



KPI's	Description	Units	Performance
<b>System Average Interruption Duration Indicator (SAIDI)</b>	Total duration of interruption (Hrs.)	Hrs	11,219
	Total number of interruptions to customers	No	904
	Total duration of interruption to customers	Hrs	40,723,604
	Total number of registered customers	No	963,539
<b>System Average Interruption Frequency Indicator (SAIFI)</b>	Total number of System Interruption	No	904
	Total number of customers interrupted	No	3,251,223
	Total number of supply points affected	No	355
<b>Customer Average Interruption Duration Indicator (CAIDI)</b>	SAIDI	SAIDI	42
	SAIFI	SAIFI	3.4
<b>Customer Average Interruption Frequency Indicator (CAIFI)</b>	Total number of customer interruption	No	904
	Total number of registered customers	No	963,539
<b>H.V Fault Clearance Index</b>	No. of 33kV & 11kV faults cleared within 8hrs	No	437
	Total 33kV & 11kV faults reported	No	904
<b>L.V. Fault Clearance Index</b>	No of LV faults cleared within 8hrs	No	6,082
	Total L.V faults reported	No	6,256



Although our targets for ensuring the availability of electricity were very robust, the challenges to be surmounted were equally high. The inability to receive the desired quantum of energy from the transmission arm of the electricity value chain was one of the key capacity constraints we experienced and this impacted the attainment of our targets. That being said, we were able to improve on our 2017 performance, as shown below in the highlights of our performance in 2018 when compared to 2017.



### Impacting Energy Availability

We realized that this created situations where inefficiencies within the network could lead to high level downtime of electricity supply to our customers within affected locations.



To mitigate against extended periods of outages across the network, we introduced the Power Allocation Model Process (PAMP) across all our Business Units and Undertakings. Some techniques introduced in this model include, but are not limited to the following:

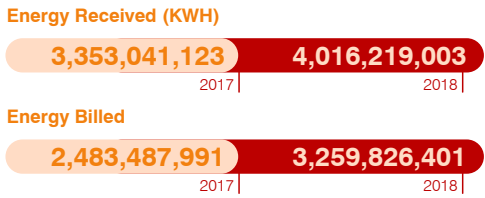
- The reclassification of all our 11kVA feeders using a Weighted Average Tariff (WAT) system which involves assigning the right weights to all the revenue generating elements – technical, commercial and collection – as a guide to more efficient energy allocation
- The implementation of an hourly availability process, in order to better manage the energy allocation across feeders during feeder downtimes
- Using technology-assisted monitoring systems, the model was able to ensure that remote monitoring of the network could be done, and spot checks carried out

With the implementation of PAMP, we were able to effectively work with the Transmission Company of Nigeria through quarterly and ad hoc meetings where necessary, in order to manage grid power more efficiently.

With the realignment of all our feeders to our customers for improved energy accounting, we implemented the weekend and holiday program, to ensure we make electricity available for specific target-based demand during these periods and improve customer satisfaction.

In all, our strategies to ensure that we impact the availability and distribution of electricity to our customers, is quite evident in the improved numbers with respect to electricity received and supplied, as well as electricity supplied and billed by the business when compared to 2017.

The following table below provides more insight;



### Preparing for the Future

The Board approved the constitution of a Power System Planning Committee with the mandate to conduct adequate research and development to determine our investment strategy over the short, medium and long term expansion plan of our distribution network. The Committee is charged with the responsibility of providing sustainable solutions that will cover the following areas:

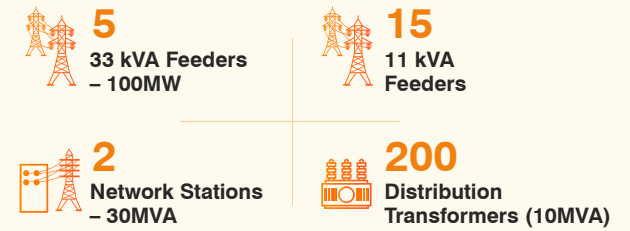
- Electricity load forecast
- Available energy resources for electricity distribution
- Foreseeable trends which will impact our technical and economic development
- Determine the optimal expansion strategy to be adopted
- Ways to seek partnerships for additional investments in our infrastructure growth
- The use of technology to enhance network operations

In view of the above, we have started implementing some of the short-term objectives; one of which is the installation of the automatic reclosing equipment to ensure that systems are automatically shut down quickly to avoid possible hazards within the distribution network.

In addition, our continued investments in distribution network upgrades and maintenance are positive signs of our preparation for the future of electricity distribution. As part of our medium to long-term plans, we have put in place mechanisms to achieve infrastructure expansion as evidenced in our commitment of over NGN10 billion in infrastructure development and upgrades in the first two years of our short-term strategic initiatives.



The information below shows some of the proposed infrastructure improvements.



In addition to the foregoing, some projects are currently being implemented with targeted completion dates in 2019.

- Rehabilitation of 12 Undertakings office
- Network Planning Capacity System – (15.1 MVA)
- Procurement of New Power Transformers – (315 MVA)

Despite the challenges faced in the year with respect to receiving the ideal quantum of energy to serve our consumers, and through all our initiatives, we have seen marked improvements in our infrastructure efficiency evidenced in the significant reduction of ATC&C losses as well as increased periods of energy availability on our network systems. We believe that our continued optimization strategies for the next phase of our strategic plan implementation would continue to strengthen our sustainability footprints.







Employees

# Managing Risk for a Sustainable Future

## From Harm to Zero (H<sub>2</sub>O)



A safe and healthy work environment is a fundamental commitment of the company to its stakeholders and a major obligation under our license terms and conditions.

Our H<sub>2</sub>→0 program, which started in 2016, is the fulcrum of our commitment to engendering Quality Health, Safety and Environment (QHSE) processes and procedures for all stakeholders within the confines of business locations. The program has been successfully integrated with the Occupational Health and Safety Management System OHSAS 18001:2007.

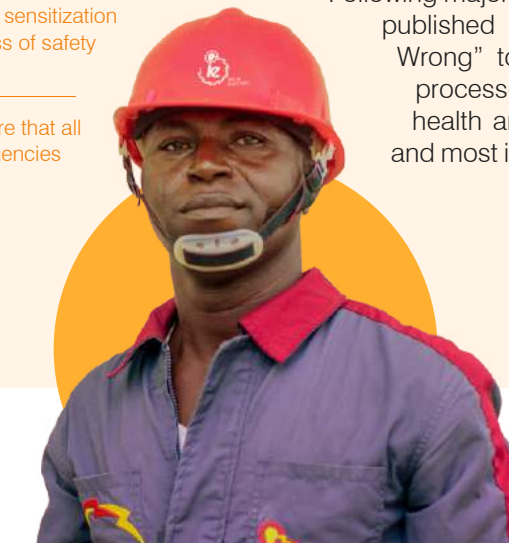
OHSAS has helped the Company proactively manage QHSE activities, and has brought about the following impact:

- Our stakeholders know and understand the QHSE risks associated with the business, how these risks are managed, and the corrective actions to mitigate them
- Our stakeholders visibly demonstrate QHSE leadership through measurable actions such as communicating the visions and expectations, undertaking Occupational Health Safety (OHS) worksite visits, engaging personnel and contractors, and participating in OHS activities e.g. townhall meetings, investigations and campaigns
- Motivated, coached and developed personnel on effective QHSE management by acting as a role model for compliance and reporting on safety hazards and incidents



In line with our proactive approach to managing QHSE, we successfully carried out the following activities to achieve our H<sub>2</sub>O expectations.

- Proactive identification and resolution of 1,652 safety hazards across the network that could be hazardous
- Issuance of Stop Work Orders for 18 projects where safety infractions were observed
- Over 80 QHSE meetings held across all locations of our distribution network
- Carried out over 70 safety audits before issuance of work permits
- With the focus on continued proactive education of the general public, we held about 40 sensitization program to improve public awareness of safety practices and standards
- Executed 4 emergency drills to ensure that all stakeholders are prepared for emergencies



In addition to some of the standard proactive programs stated above, during the year, we embarked on a learning and development session tagged “Electricity and You”.

As part of the annual Competency Development Strategy, in 2018, the competency development programs covered the development of the following;



**142**  
security personnel on fire safety and emergency response



**153**  
contractors/vendors participated in the Contractor Competence Course



**12**  
Target Zero learning sessions deployed across the Business Units



**2,587**  
contractors and employees were provided with various QHSE training, learning and development sessions

Following major hazards in the course of operations, we published two articles on “On what Went Wrong” to help bring to the fore, the required processes and procedures to be adopted when health and safety incidents occur in the future, and most importantly, how to avoid safety hazards.

## Our (H<sub>2</sub>O) Impact

We seek to embed and continually improve QHSE standards across all aspects of our business. Our QHSE team has implemented programs through our H<sub>2</sub>O program to improve operational performance within our distribution network. However, the impact of these programs can only be shown to have yielded results where our monitoring mechanism has been able to show that we achieved our objective of having zero harm across our network.

In ascertaining our impact during the year through our intervention learning and development programs - "Target Zero" and "QHSE at a glance" as well as other factors of measurement, we directly impacted over 2000 employees.

In order to optimize the implementation of our H<sub>2</sub>O program, we required the full collaboration and support of all stakeholders. We facilitated technical safety forums with the leadership of critical functions at the Business Units and Undertakings to ascertain their level of understanding QHSE policies and processes, and put in place the required partnerships to achieve the Company's QHSE objectives.




We continue to educate internal and external stakeholders through various modes:

- Public safety sensitization programs
- Fora with Community Development Associations and Committees
- Introduction of our I-Safe mobile app, which is used by all stakeholders in providing quick real-time reports on unsafe conditions and practices within our network.
- The publication of adverts and various awareness materials across all media platforms

Our goal every reporting year is to report no incidents in line with our H<sub>2</sub>O strategic objectives. Despite all efforts, sadly, we recorded 10 incidents; 2 fatalities and 8 injuries. Please see table below for details:

Casualty Type	Contractor	Staff	Others
Injury	2	2	4
Fatality	0	0	2



10 total number of incidents



Preparing for Tomorrow

To ensure continuous improvements in applying proactive QHSE processes and procedures in our H<sub>2</sub>O program, we have started putting in place initiatives that will drive our future relationships with our stakeholders – internal and external.

In order to reduce the number of incidents within our distribution network, we will intensify our sensitization programs with all stakeholders to enlighten them about dangers associated with the following:

- Trading under power lines
- Illegal connections
- Tampering with power infrastructure
- Non-adherence of internal and external stakeholders to our QHSE standards for operations within our network

We have also planned our location-based vegetation management initiative to effectively manage hazardous incidents such as the damage of live DT lines due to vegetation growing and/or falling over them.

To effectively prepare the Company for the future of our QHSE management framework, we have started the process of a holistic review towards implementing an Integrated Management System, which incorporates the requirements of the following standards.



This is aimed at ensuring continuous improvement in our performance in the areas of Quality Health, Safety and Environmental Sustainability whilst seeking to reduce any negative impact on our operational activities.

Protecting our Network

We carried on with our road map to ensure that we implemented more efficient and effective models for protecting our distribution network. We adopted a four-point approach to protecting our network based on the following;

- Maintaining a collaborative culture for a safe and secure facility to work
- Developing a comprehensive and collaborative approach to protect our network with focus on people, property and processes
- Developing routine and emergency communication ability
- Providing professional security training to the company's security team

We have continued to embrace the above strategy and in 2018, we implemented strategies to improve the security management of our distribution network, which includes:

- Providing 24-hours support to our technical and commercial teams during out-of-office hours, maintenance/fault clearing within the distribution network, as well as during revenue collection drives aimed at protecting our employees from any form of hostility from customers resisting disconnection due to outstanding debts or electricity theft.
- Implementing a revised conflict resolution process for both internal and external security teams, which involves the adoption of dialogue as the preferred approach in reconciling conflicts.
- Increasing the level of collaboration with communities within our operational locations through frequent town hall meetings and fora with community leaders towards ensuring the safety of our distribution network and the members of their communities. By so doing, we have increased their level of awareness of our conflict resolution framework which led to a reduction in the number of customer protests across our distribution network.
- We increased the level of communication with respect to the dissemination of security tips to our stakeholders.

To further enhance our collaborative approach to network protection, we put in place learning and development processes which have enhanced the relationship management of our security teams to be the first level interface with our stakeholders and to attend to their basic inquiries especially after official working hours.

Routine communication capabilities were enhanced in 2018 with the deployment of technology communication systems, which enabled our security teams reach out to our employees during emergencies on a 24-hour basis.

A significant aspect of our security management system is our collaboration with third-party armed security agents who are tasked with providing security services across our network. We partnered with our third-party security providers to facilitate learning and development sessions for our in-house security teams, and put in place a combined process management system which is used during periods of stakeholder protests.

Some of these processes include the following:

- The use of dialogue when engaging protesters
- Restraint from the use of force and/or weapons during protests
- Ensuring that employees at any affected locations are safely evacuated from the premises promptly
- To always allow the protesting group to air their grievances in a peaceful manner, without resorting to any form of violence

With the forthcoming rollout of MAP in 2019, we have collaborated with the Commercial Department in order to outline our goals and objectives with respect to security management during the project implementation period.

Our Security Management System Impact

By establishing and maintaining an inclusive security management approach, we always seek to get insights and ideas on how best to improve the protection of our distribution network. Our feedback mechanism creates a conducive atmosphere for reviewing our security strategy in order to bring about improvements.

In 2018, our security operatives apprehended a total of 168 suspected persons for various infractions such as, assault of our employees in the course of carrying out their duties, energy theft and vandalism of distribution infrastructure.

In the period under review, we were able to peacefully manage the picketing situation at our head office by union members, through the application of our conflict resolution processes and procedures.

Our implementation of key processes and procedures in managing the protection of our distribution network and our employees is provided for in our security management process manuals.



Below are some of the areas covered;

- Management of protests within our distribution network
- Security procedures for the movement of equipment and items across the distribution network
- Handling of armed weapons
- Standard operating procedures for security management at our Business Units and Undertakings
- Human Rights Policy attestation, where all security persons working with the Company subscribe to the United Nations Affirmative Principles on Respect for Fundamentals of Human Right

## Making the Right Choices

Our risk management process is integrated in our culture, systems and processes towards minimizing unexpected events and taking advantage of opportunities.

We have adopted a three-line defense approach for managing our inherent risk-related issues. Our risk management implementation vision is based on our employees making the right choices as individuals and driving the operations of the Company in accordance with set policies and procedures.

To further reiterate our stance on making the right choices, the business developed the Fraud Management and Control Guidelines to support the efforts of the management in ensuring that our employees are aware of the consequences of making unethical choices in the course of their employment with the Company.



The Guidelines outline the various categories of responsibility divided into – Primary, Shared and Secondary, as well as the processes and procedures for ensuring the following;

- Fraud Prevention
- Fraud Correction
- Fraud Detection
- Fraud Handling
- Fraud Reporting
- Fraud Investigation
- Fraud Documentation

The adoption of the Guidelines highlights our unending commitment to good corporate governance practices in managing our Governance, Risk and Compliance (GRC) expectations, characterized by a culture of risk awareness hinged on communication founded on mutual trust and shared perception of the importance of making the right choices in managing our risks.

## Preparing our Employees

The Board through its Board Audit, Risk and Governance Committee sets the tone for our Enterprise Risk Management strategies. Through our Delegated Authority Framework, the onus of the day-to-day implementation of the Company's operational risk management processes rests with the Executive Management, which is tasked with embedding a risk culture to ensure that our employees make the right choices.

In this regard, the Executive Management has continued to implement processes and procedures to create the required awareness towards enlightening and educating our employees to embed the right risk culture.





Campaigns, learning and development sessions are deployed regularly with a focus on the inherent risks and their mitigating controls using a multi-layered approach of communication which include the following;

- Internal email communication
- Text messaging via the bulk SMS to employee's registered mobile phones
- Notice board posters and banners on the provisions of our Code of Ethics & Professional Conduct
- Townhall meetings
- Roadshows to share experiences of risk challenges that were experienced by the Company
- Onboarding and induction programs for new employees

In addition to our internal management of the challenges relating to GRC, in 2017, we commenced the process of outsourcing our whistleblowing management to a third-party firm in order to ensure independence and transparency in the whistleblowing program. In 2018, the implementation was completed further improving our processes and guaranteeing our employees the freedom to fully express themselves in a confidential manner.

**“The whistle-blowing program has been a huge success as more stakeholders have been able to provide reports on unethical behavior where our employees or customers fail to make the right choices.”**

Knowing that our actions and the collaboration with our third-party Whistleblowing management system alone will not be enough in preparing our employees for the challenges associated with the management of risks, we have continued to establish new collaborations and partnerships that will continue to enlighten and encourage our employees. For example, our collaboration with external security service providers, supports our efforts in mitigating some unprofessional and corrupt practices.

Our Risk Assessment Impact

We have an unwavering commitment to implement a comprehensive Enterprise Risk Management Framework within our business. As such, we have put in place an open and receptive approach to solving risk-related issues including those related to corruption risks through an integrated management system aligned to the overall risk management strategy.

Our risk management activities address major concerns relating to corporate governance responsibilities for the establishment of our risk context, as well as other risk issues such as:

- Risk Identification
- Risk Analysis
- Risk Evaluation
- Risk Treatment
- Risk Monitoring
- Risk Communication



30  
different operations  
were identified for  
corruption risk

In 2018, a total of 30 operations were identified for corruption risk.



The following table highlights the comparison between 2017 and 2018.

No. of operations associated with corruption risks



No. of operations assessed for corruption risks



% of operations assessed for corruption risk against No. of corruption-risk operations



In the year under review, we identified the following as key risks pertaining to corruption and these were promptly documented in our risk register for the year:

- Extortion and bribery
- Theft of cash, materials and meters
- Collection Fraud
- Inventory Fraud
- Forgery of academic certificates
- Manipulation of customer accounts to reduce outstanding debts
- Illegal installations of meters
- Manipulation of the energy sales vending machines

The table below shows the number and nature of the confirmed incidents of corruption in 2017 and 2018 respectively. In all cases, the affected employees were sanctioned in accordance with the Company's Disciplinary Policy and Procedures.

Major Corruption Incidents

Extortion of customers



Fraud



Forgery of academic certificates



Total







## Building for our Future

Our employees are our most valued assets, and as a Company with employees from diverse backgrounds, we ensure that we build a strong foundation of talent in order to build the next generation of talents to continue our sustainability journey.

In line with our vision for the continued sustainability of the Company, our strategy involves the implementation of a human capital management system that brings together multi-generational teams thereby encouraging improved teamwork and a learning culture that will see our young talent learn more from our experienced employees.

We strive to continually bring into our workforce, a combination of young and middle-aged talent in order to have the right mix of talent to replace any of our experienced employee approaching retirement.

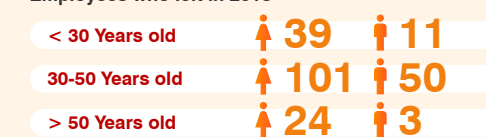
In 2018, a total of 569 new talents were employed, with a female to male gender ratio of 1:4, to replace about 228 employees who exited the Company.



### New Employees in 2018



### Employees who left in 2018



In line with our strategy of building for the future, which started in 2015 with us collaborating with the National Power Training Institute of Nigeria (NAPTIN) and Sahara Group to train young engineers for the electricity sector, we have continued to create new programs which are aimed at ensuring that we attract the right young talent to our business and sector.

In 2018, we initiated the Finance and Audit Training Program (FATP) which is specifically aimed at attracting young talents with a background in accounting, finance or economics towards their development in the electricity sector.

We also initiated a new program, Total Technician Training Program (TTTP), which is aimed at creating multiple skills for our linesmen and technicians. We carried on with our Young Engineer Program (YEP) which commenced in 2015, and now managed internally through our Learning Academy. The YEP program was expanded to include specialized programs such as the Distribution Line Maintenance Program (DLMP), which focuses on the management of our lines and transformers and the Vigilance Academy (VA), which provides specialized programs on how to detect energy theft, meter tampering, and other infractions across the distribution network.

As part of the upgrade of our existing Human Capital Management framework, which created opportunities for technical employees to undergo certification programs, we implemented a new program called Technical Conversion Program (TCP) whereby employees are given the platform to advance to senior positions within the organization.

This advancement is however dependent upon such employee obtaining a higher degree and/or qualification. During the 2018 reporting year, seven employees were upgraded through the TCP.

Being conscious of the dearth of talent available within our sector, we implemented the On the Job Training (OJT) and Job Rotation (JR) programs in order to promote skills expansion/improvements in our employees in line with our succession planning strategy. The result today is, the internal appointment of a new Chief Operating Officer, who honed her skills walking through the management of the Commercial Department along with an oversight responsibility over some areas of Technical activities.

Our continued commitment to building a sustainable workforce for our future is propelled by our desire to develop programs internally to nurture our employees, as well as create the right working environment to attract new talents across all sectors of the economy.

## Diversity & Inclusion

As a business, our ability to understand, embrace and operate in a diverse world, both in our workplace and sector, is critical to our long-term sustainability.

By building a workplace environment which is all-inclusive, we continue to attract the right talent and leverage on the talents, insights and ideas of all our employees.

Our aspiration is to mirror at every level of our leadership, the diversity and inclusion of the communities where we have operational activities. In demonstrating our commitment to diversity and inclusion, we have commenced the process of identification and selection of a woman to become a member of the Board with effect from 2019 to replace one of our directors who is due for retirement.

Our culture of diversity and inclusion is undeniable as over one-third of our Executive Management team are women. Although we have maintained a male to female employees ratio of 1:4 over the past two reporting years, our objective is to push this ratio in the direction of 1:2, as part of our medium to long-term diversity and inclusion strategy, having achieved a balance of more female to male ratio in our Executive Management team.

Our aim to continue to sustain our workforce through our diversity and inclusion strategies is essential to the Company as we continue to play our role in contributing to the prosperity of our employees and communities.

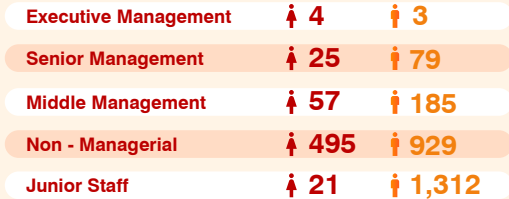




Employment Type



Number of Employees by Cadre



Number of Employees by Age

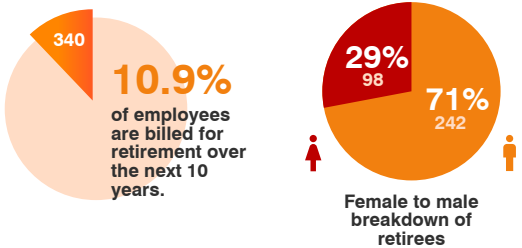


Planning for our Tomorrow

The Company considers its employees as an essential part of its plans for business sustainability in the long-term. In this regard, our strategy to plan effectively and efficiently is based on developing our employees immediately, and for the future.

A key aspect of our planning for tomorrow is how we prepare retiring employees for life after the Company. Every year, we provide our retiring employees learning and development sessions aimed at preparing them for their life after retirement.

12 employees retired from the Company at the end of the year. 340 employees who represent about 11% of employees are scheduled for retirement over the next 10 years.



**“Ikeja Electric considers its employees as an essential part of its plans for business sustainability in the long-term.”**

Job Category/Gender	Period of Retirement		%age Total
	1-5 Years	6-10 Years	
Technical Services	2.2%	5.0%	7.2%
Female	0.1%	0.2%	0.3%
Male	2.1%	4.8%	6.9%
Commercial Services	0.4%	1.8%	2.2%
Female	0.1%	0.4%	0.5%
Male	0.4%	1.3%	1.7%
Support Services	0.6%	1.0%	1.6%
Female	0.1%	0.4%	0.5%
Male	0.5%	0.6%	1.1%



In 2018, the Ikeja Electric Learning Academy was fully established for the purposes of providing the right quality and quantity of learning desirable for a sustainable future. In its first year of operation, the Academy developed a total of 32 internally-facilitated courses, across all areas of our business.

Some of these courses include the following:

- Foundational Energy Business Knowledge
- Operations and Maintenance Foundational Program
- Distribution Network Design, Construction, Operations and Maintenance Program
- Employee Performance Assurance Training

**Throughout the learning and development year, 1,019 learning sessions were conducted, totaling 21,336 hours of learning and development for the Company. On the average, each employee received about 18 hours of learning. This is further divided into 13.3 hours for each female employee and 12.7 hours for each male employee.**



The development and implementation of the Academy has played a significant role in our capacity-building capabilities through specific, tailor-made learning programs, thus portraying our commitment towards ensuring sustainability.

With the concerted efforts of all our employees, we have made significant progress since the takeover of the operations of the Company in 2013, and steadily created sustainable footprints over the last half-a-decade by ensuring a system of transparency.

In line with our commitment to transparency, we completed the implementation of the Balance Score Card (BSC) Performance Objectives and Appraisal System, which is now fully automated.

The BSC allows for a more holistic approach to employee appraisals as well as creates increased transparency in the process of setting Key Performance Indicators (KPIs) for performance objectives and appraisals. The system is based on 4 perspectives, which highlights the performance expectations of employees under these perspectives:



**“In 2019, our goal is to build upon our sustainability footprints in developing more customized programs to continue to prepare our employees for the opportunities/challenges ahead and give us the desired competitive advantage in service delivery through excellence.”**





## Treating our Employees Fairly

At IE, respect for our employees is ingrained in our culture and guides our interactions with them. Our fair treatment of employees starts with ensuring that we have a safe, healthy, respectful and supportive work environment, which fosters peace thereby enabling growth.

Through our half a decade of creating sustainable footprints, we have continued to work to identify, map and prioritize potential risks related to the fair treatment of our employees. We have continued to improve on our interactions and communication with our employees and provide them with an environment where they are free to join any form of collective bargaining group whilst still in the employment of the Company.

In 2018, about 45% of our workforce were covered under collective bargaining agreement scheme and are members of trade unions.



Providing the appropriate value to our employees through our various benefit schemes such as health care cover and insurance is a priority to us. In 2018, as in all other previous years, we have continued to maintain the following benefit schemes for our employees:

- Group Life Insurance
- Group Personal Accident Insurance
- Employee Compensation Scheme (ECS)
- Health Insurance
- Paid Leave
- Paternity Leave
- Industrial Training Fund

We maintain a contributory pension scheme in line with the Pension Reform Act, which provides for pension contributions from both the employee and the Company in an 8%:10% proportion of an employee's monthly salary. During the reporting period, about NGN430 million was remitted as pension contributions on behalf of all employees.

Our human rights commitment starts with our employees making sure they have a safe, supportive and respectful work environment where the dignity of everyone is recognized. Our commitment to fair treatment and human rights are contained in our Code of Ethics, which sets the framework and tone for ensuring that we treat our employees, and indeed, all stakeholders fairly.

## NGN430 million

remitted as pensions contributions  
on behalf of all employees.

We are currently in the process of reviewing nine policies which are due for recertification in 2019, in order to ensure that we are up to date with the current realities and practices relating to the fair treatment of our employees.

The policies are:

- Employee Database Management Guidelines
- Drug and Alcohol Guidelines
- Grievance Management Guidelines
- Anti-Bullying, Discrimination and Harassment Guidelines
- Employee Confirmation Guidelines
- Exit Guidelines
- Disciplinary Guidelines
- Outsourcing Guidelines
- Medical Compensation Guidelines

Our unflinching commitment to treating our employees fairly has also been demonstrated in the approved Reward and Recognition Program which kicked off in 2018, which seeks to incentivize the excellent performance of employees.







**We Listen, Understand,  
Learn and Act**

## Stakeholder Engagement



### Regulators

We frequently engage our regulators to discuss the issues affecting us as an electricity distribution company operating in the Nigerian Electricity Sector.

### Suppliers and Contractors

With over 200 contractors and service providers on our Supply Chain Management database, we facilitate regular HSE sessions for our suppliers to ensure a safe and healthy workplace. Over 1,000 employees of our contractors were beneficiaries of these sessions.

### Community

A significant aspect of our sustainability is our continued drive to attain our social license to operate within the communities we serve. As such, we are continuously engaging with various arms of our host communities such as LGAs, CDAs, CDCs, to foster a peaceful working relationship and provide the communities with a better understanding of how our business operates, and how they can work with us to serve them better. During the year, we held several townhall meetings and visited a significant number of these community groups for sensitization and awareness programs.

### Customers

As a business whose sustainability objectives are driven by our customer-centric approach, we ensure that we listen to and seek to understand our customers' challenges in order to better equip us to learn and proffer solutions that will aid in the resolution of their complaints and ultimately, serve them better.

## Employees

With over 3,000 employees across our network with a passion for excellence, the Company has over the past five years created huge opportunities for more young people to get relevant experience in the electricity distribution sector. This is evidenced by the fact that about a third of our workforce are below the age of 30 years. Our Young Engineers Program and other graduate training programs bring together every year, a pool of dynamic young people and inspires them to create positive changes through ideas that have revolutionized our business processes.

## Media

As we continue our sustainability journey towards becoming the "the provider of choice wherever energy is consumed", we continue to engage the media to ensure that our story and the evolving landscape surrounding our story are shared from all perspectives so that they can be fully understood and appreciated. We regularly participate in discussions pertaining to the electricity sector on radio and television, and share the proper perspective of the challenges bedeviling our operations and the Nigerian electricity sector. We continue to work with the media in sharing information regarding critical activities being embarked upon by our business whenever necessary.

## Business Partners

We have created new business partnerships through our franchising system, whereby third-party businesses with additional capabilities can provide electricity purchase services to our customers. These partnerships have created new employment opportunities thereby helping to reduce the level of unemployment in the society.

## Partnering with our Communities

Over the course of the year, we were privileged to be given the opportunity to partner with our communities and stakeholders towards fostering better relationships, and to continue to maintain a social license to operate in these communities.

Through these partnerships, we are better able to share our operational insights and explain how network configurations are managed towards better service provision and customer satisfaction.

In creating and maintaining these partnerships, we seek to engage recognized leaders within the communities; for example, market leaders, youth leaders and heads of registered associations who provide oversight, and supervision for businesses and residents within their community.

Continued engagements through face-to-face meetings, are scheduled regularly for partnerships already in existence and when necessary, for new partnerships being sought. These engagements are coordinated along with the three tiers of our organization's structure – the Corporate Headquarters, the Business Unit and the Undertaking that manages the electricity supply for that community.





In 2018, we were committed to the following engagements:

- Monthly meeting with Local Community Development Authorities (LCDAs)
- Bi-Annual engagements with the Community Development Councils (CDCs)
- Quarterly engagements with registered associations
- Quarterly Customer Appreciation Day events at all our Business Units
- Bi-annual media engagement sessions with media houses and energy correspondents across the state

## Supporting Community Rights

We believe that to operate as a sustainable business, we must conduct our operations fairly and in line with globally accepted principles which advance economic well-being and community rights.

All steps taken towards enhancing our business operations are to improve the livelihood of our communities by ensuring fair and equitable distribution of energy across our network. We also ensure that steps are in place towards supporting and protecting the safety, wellness and development of communities across our network.

As part of our efforts to continue to support the rights of the communities in which we operate, we frequently distribute fliers containing details of our third-party managed Whistleblowing platform to members of the communities so that they can promptly report all forms of malpractices observed across our network in a safe and confidential manner.

## Impacting the Future

In line with our Personal and Corporate Social Responsibility (PCSR) commitments, we carried out some corporate responsibility activities in the areas of education and youth empowerment during the year.

Under our educational CSR activities, we carried out the following:

- Donated educational materials to schools within some of areas of operation
- We donated the IE-developed Power Play Game to secondary and tertiary institutions to promote health and safety awareness when handling electricity

With respect to youth empowerment activities, we sponsored learning sessions on culinary skills.

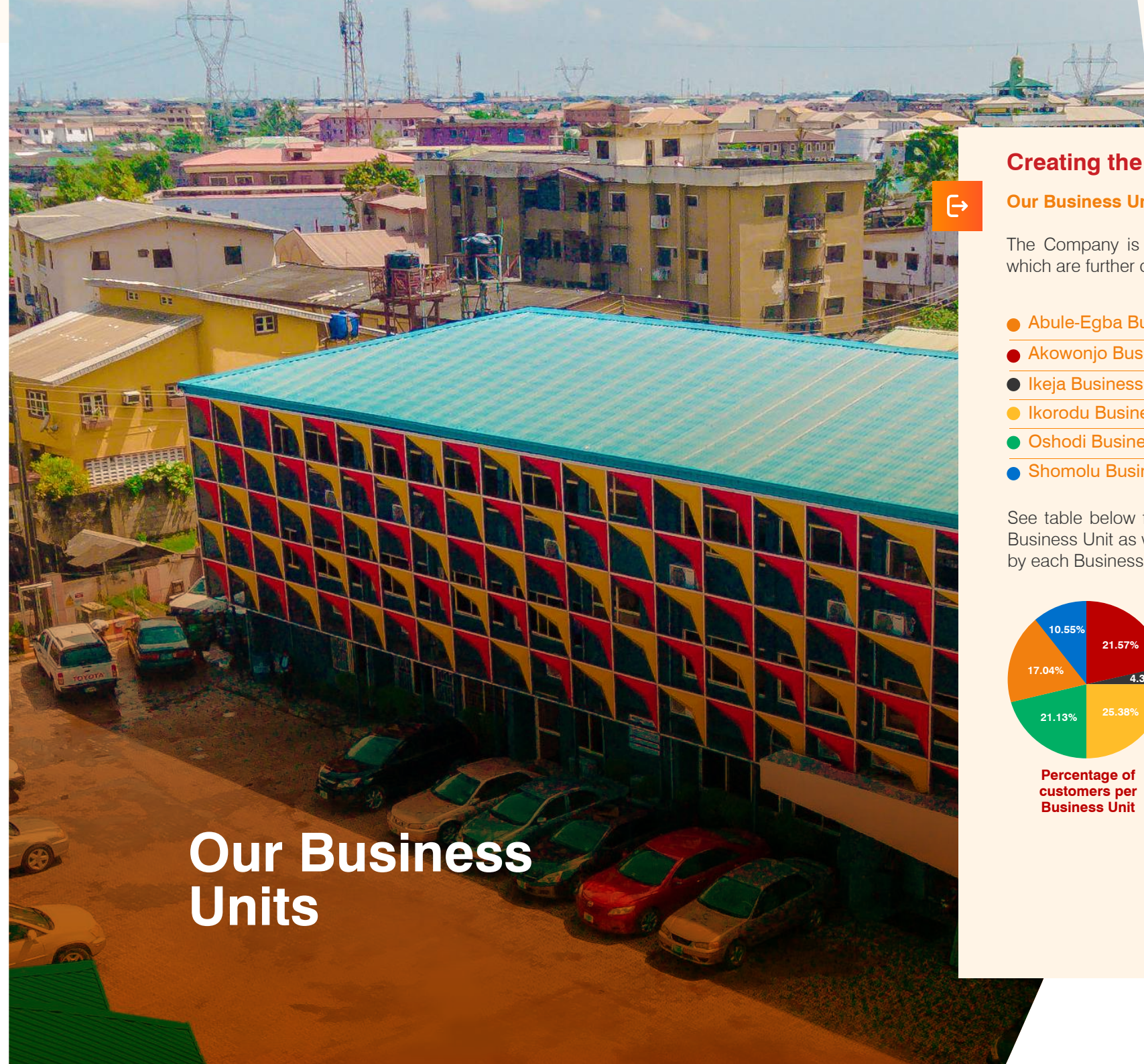


Donated educational materials to schools

During the year, we also embarked on several campaigns to address issues relating to power conservation and more. Some of the specific campaigns covered the following;

- Better management of power through energy conservation to enable more equitable distribution of energy across the network and reduce wastages
- Dangers of energy theft and facility vandalization in order to reduce cases of losses and improve network efficiencies.

We understand that by impacting the future of the communities in which we operate, there will be a proportionate level of impact on sustainability. We believe that in 2019, our impact on the future of our communities would continue to remain strong as we will broaden the scope of our PCSR activities.



# Our Business Units

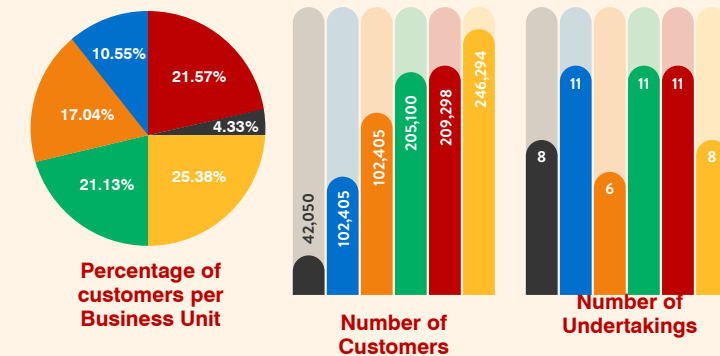
## Creating the Right Synergies

### Our Business Units

The Company is divided into six operating Business Units which are further divided into fifty-five Undertakings.

- Abule-Egba Business Unit
- Akowonjo Business Unit
- Ikeja Business Unit
- Ikorodu Business Unit
- Oshodi Business Unit
- Shomolu Business Unit

See table below for distribution of registered customers by Business Unit as well as number of Undertakings supervised by each Business Unit.







Abule-Egba Business Unit

Abule-Egba Business Unit supervises the activities of 6 Undertakings, which provides electricity to about 17.04% of the registered customers across the Company's network.

Abule-Egba Business Unit is poised to break new barriers in delivering the ambitious performance targets set. This will be achieved by channeling our efforts into identifying sustainable and unique opportunities to improve our ATC&C loss performance based on our strategic targets.

With a combined mix of rural and urban customers, we have approached our sustainability footprints by keying into the Company's customer centricity strategy.

We achieved a substantial part of this in 2018 through continuous engagements with our stakeholders, direct interactions with communities and their leaders and bringing to their knowledge, initiatives to ensure sustainable energy supply within the Business Unit's operations.

Though faced with challenges due to the current economic outlook of our country, turnaround time for fault management especially during the rainy season and general unethical practices by customers connected to our network (energy theft, billing disputes), we believe our sustainability path is bright considering the fact that our network manages a community fast-growing into an urban center and we see huge opportunities for energy demand.

In 2018, we implemented new strategies that will ensure that more customers are properly accounted for in line with the established process of mapping our customers to the correct distribution transformer that supplies them with power.

With the commencement of the MAP program in 2019, the outlook for the year holds great promises as we believe that we will be able to further expand our network through better accounting for energy supplied. We will increase our stakeholder engagements to better educate our internal and external stakeholders on the benefits of the MAP program and better improve billing and collection efficiency with the Abule-Egba network.



**17.04%**  
of the registered customers  
across our network



Akowonjo Business Unit

Akowonjo Business Unit is responsible for the supervision of the activities of 11 Undertakings, which provide electricity to about 21.57% of the registered customers across the Company's network.

The Business Unit comprises of predominantly non-maximum-demand (NMD) customers, who are largely residential or small business owners.

Though we experienced infrastructure development and upgrade challenges, we have continued to tread positively towards attaining sustainability as evident in the gradual rise of our performance. In 2018, our average billing efficiency was 77.6% whilst the collection efficiency was 73.5%.

Considering the fact that our network operates in an area mostly occupied by customers in the low to medium earning bracket, we are optimistic that our ATC&C losses which is currently above the Company's average at 42% will continue to improve as we continue to implement customer accountability using the mapping process to better distribute energy supply across the network.

Our 2019 outlook is very promising with the prospect of the MAP program which is envisaged to kick off in the second quarter of 2019. As a Business Unit, we have tagged our 2019 performance expectations as "the Billionaire Year" signifying our drive to join the Business Units with monthly revenue collections of NGN1billion and above.

To achieve our "billionaire objectives", we have developed strategies which we plan to implement in 2019 as well as be at the forefront of driving the MAP program within our network. Some of the strategies to be implemented include:

- Creating a more conducive and enabling environment for our performance improvement
- Continue to work with all our Undertaking Managers to ensure stability within our network
- Carry out more customer engagements towards enhancing customer experience
- Carry out monthly management profitability reporting reviews to assess our performance and work out new strategies to address areas of negative performance



We are very optimistic that our journey to sustainability will intensify our approach to optimizing the management of our network more efficiently as well as, prepare us to better account for our customers in delivering our objectives.

**21.57%**  
of the registered  
customers across  
our network

**77.6%**  
billing efficiency

**73.5%**  
collection efficiency





Ikeja Business Unit is responsible for the supervision of the activities of 8 Undertakings, which provide electricity to about 4.33% of the registered customers across the IE network.

Sustainability at Ikeja Business Unit is strategic as it provides services to large parts of the industrial business district of Lagos State. Due to the strategic nature of Ikeja Business Unit, our key sustainability approach is based on ensuring minimal downtime on our feeders through a dedicated maintenance strategy.

Though Ikeja Business Unit has 64% of customers metered, we still grapple with the huge challenge of energy theft.

To manage and ensure our continued growth in achieving our sustainability objectives, in 2018, we embarked on some mitigation strategies to ensure improved accountability for all our metered customers. Some of these strategies include;

- Learning sessions for our Energy Sales Representatives (ESRs) on how to identify and report energy theft, bypass and tampering of meters
- More focus on the Undertakings by our Revenue Protection and Enforcement team to identify and penalize energy theft offenders without delay
- Working with the Security and Legal team to prosecute customers who tamper with or bypass our meters

At Ikeja Business Unit, we are looking forward to 2019 because of the expected benefits of the MAP program. We believe we will be able to increase the number of metered customers as well as get more customers to move from the old prepaid metering system to the new smart metering system for ease of managing their energy usage.

We are also looking forward to implementing some key infrastructure upgrade projects towards improving our service delivery within two of our network locations, namely – Oregun and Adeniyi Jones, as well as one new infrastructure project to help bring in some new Maximum Demand customers who are currently off grid.



**4.33%**  
of the registered  
customers across  
our network

**64%**  
of metered  
customers under  
this network



Ikorodu Business Unit is responsible for the supervision of the activities of 8 Undertakings, which provide electricity to about 25.38% of the registered customers across the Company's network.

As part of our drive towards achieving our 2018 sustainability objectives, we were able to bring back to our network a key MD customer thereby boosting our collection efficiency by about 7.39% monthly.

In addition to this, we implemented more sustainable initiatives which were essential to reducing our ATC&C losses for the year by 15.71% to 35.4% at the end of the year when compared to 42% at the end of 2017, with our lowest point in October where our ATC&C losses stood at 28.5%.

With the proposed MAP program, we believe that Ikorodu BU will be able to increase the number of metered customers across its network as well as continue to drive the initiatives that have led to a drop in our ATC&C losses in 2018.

Other initiatives deployed during the reporting period:

- Completed the implementation of the Customer to DT mapping process towards ensuring better accountability of our customers
- Increased the employee capacity for disconnection and reconnection operations
- Implemented new strategies for cost control and management
- Increased customer registration to our network



We also plan to implement an employee restructuring and rotation exercise in line with our strategic performance objectives for the year.

**25.38%**  
of the registered  
customers across  
our network

**7.39%**  
boost in monthly  
collections





Oshodi Business Unit

Oshodi Business Unit is responsible for the supervision of the activities of 11 Undertakings, which provide electricity to about 21.13% of the registered customers across the IE network.

In 2018, as part of service delivery improvement objectives, Oshodi Business Unit embarked on infrastructure upgrade and improvement towards ensuring better supply of electricity to our customers.



Some of the projects embarked upon include;

- The installation of monitoring devices on our DTs, which improved real-time feedback for fault detections and resolutions

- Upgrade of feeder relays from analog to smart systems, thereby allowing quicker resolution of feeder faults

- Upgrade of aluminum conductor cables (over 10,000 meters) and line poles from 28 feet to 33 feet thereby reducing the levels of interference of external objects with the lines

- Upgrade of 1 Undertaking and 3 Injection Stations – Bolorunpelu, Alasia, Ijegan and Itire

During the year, some projects were commissioned thereby boosting the Business Unit's electricity supply across its network, some of the commissioned projects include;

- 70 distribution transformers
- One 33kVA feeder
- One 11kVA feeder

Another major strategic impact on our 2018 performance was the realignment of some infrastructure, as well as improved maintenance processes across our network. This led to the following achievements during the year:

- More focused maintenance of feeders along four network locations
- Increased DT maintenance process, with over 100 DT maintenance activities carried out

With the 2019 MAP program scheduled to kick off in the second quarter of the year, we are very optimistic that our sustainability journey can only improve. We are looking forward to the completion and commissioning of some of the projects which commenced in 2018 to further boost our energy management capabilities and strengthen our network. Some of the projects expected for completion include the following;

- 11kVA feeder at Obadore
- 33kVA double circuited feeder at Ijegan/Igando

**21.13%**  
of the registered  
customers across  
our network

**3**  
injection stations  
upgraded



Shomolu Business Unit

Shomolu Business Unit is responsible for the supervision of the activities of 11 Undertakings, which provide electricity to about 10.55% of the customers across the IE network.

In 2018, as part of service delivery improvement objectives, Shomolu BU was strategically selected for the test run of the Company's Technical Hub. The essence of the Hub is to create a central system for better management of the Disconnection and Reconnections (DCRC) processes of the entire Ikeja Electric network

Some of the benefits of this test system include but are not limited to the following:

- The development and training of dedicated teams towards improving the DCRC management process
- Reduce the effective turnaround time for fault clearing across the network
- Ease of coordination of the DCRC process as it is now centrally managed, and all complaints are received and managed through a dedicated and more efficient technology enabled system

Towards continued brand enhancement and management objective, the "Shomolu Model BU Project" started in 2018. The project is situated at the Igboi complex where the current Business Unit office is located.

In 2018, the challenges of the strategic management of 11 Undertakings under the Business Unit were identified, and following a review by the BU Management, the decision to merge some of the Undertakings for the purposes of performance enhancement was approved by the Company, consequently, Shomolu Business Unit will manage 5 Undertakings with effect from the 2019 financial year.



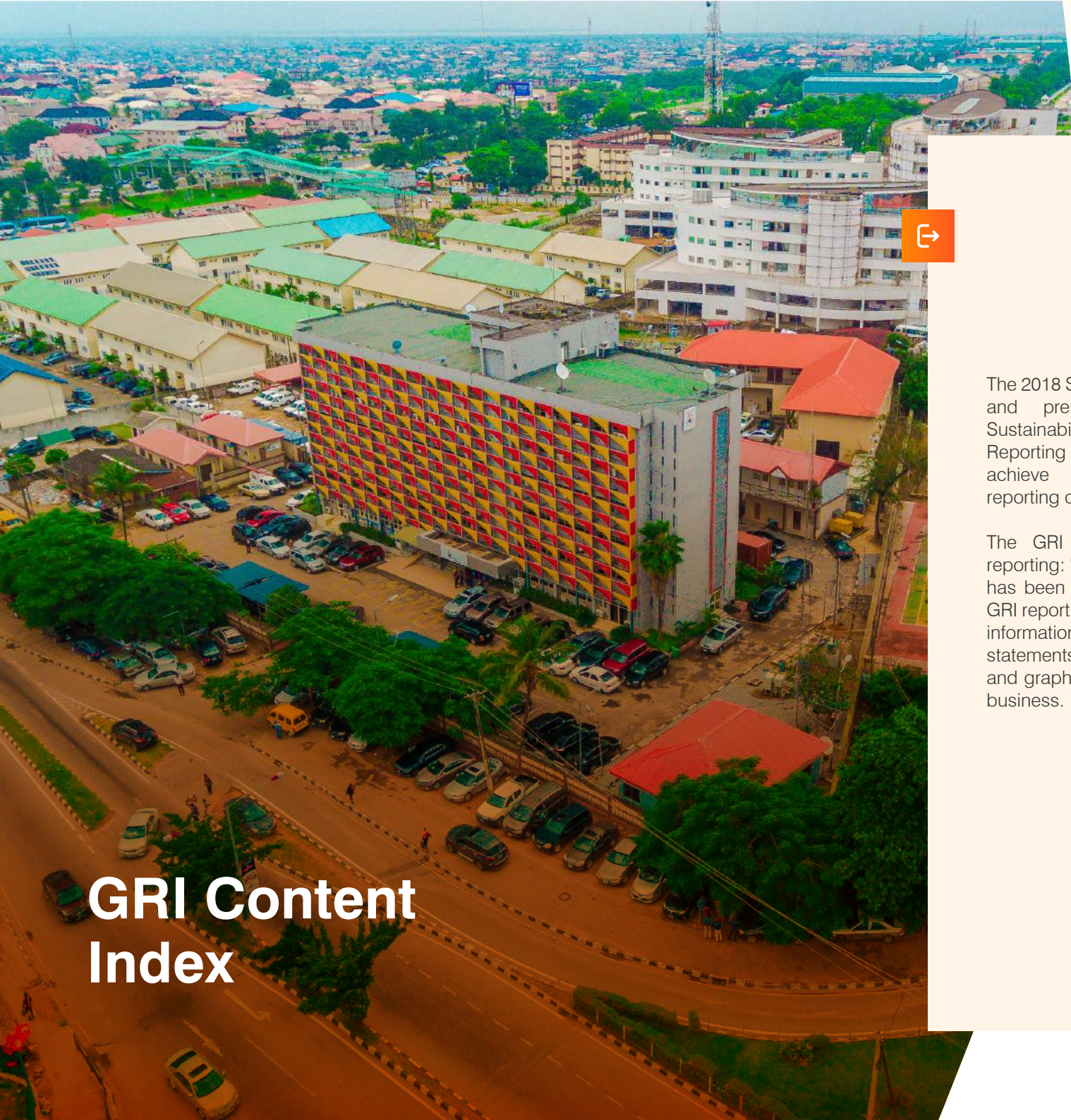
As part of the sustainability footprints for the Business Unit in 2019, the following have been identified as the Key Performance Indicators for the BU.

- Realignment of feeders towards ensuring energy availability across the Business Unit's network
- The full implementation of the willing-buyer-willing-seller Bilateral Power Project, which has been tested in selected areas under the Ikeja and Shomolu network.

The BU is currently carrying out network realignment activities for the Magodo area and will kick off Bilateral Power implementation in 2019.

**10.55%**  
of the registered  
customers across  
our network





# GRI Content Index

The 2018 Sustainability Report has been organized and presented in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI). The Standards seek to achieve consistency amongst corporations reporting on their sustainability activities.

The GRI Standards include two options for reporting: “core” and “comprehensive”. This report has been prepared in accordance with the Core GRI reporting standard. We also present additional information not specified by GRI, such as statements contributed by external stakeholders and graphics that illustrate various aspects of our business.

GRI Standard Disclosure		Page Numbers
General Disclosures GRI 102		
102-1	Name of the organization	1
102-2	Activities, brands, products, and services	15
102-3	Location of headquarters	Not Available
102-4	Location of operations	53 - 59
102-5	Ownership and legal form	Not Available
102-6	Markets served	15
102-7	Scale of the organization	11
102-8	Information on employees and other workers	44 - 48
102-9	Supply chain	Our Supply Chain Management system has remained the same from last year's report
102-10	Significant changes to the organization and its supply chain	No significant changes
102-11	Precautionary principle or approach	The organization seeks to reduce and/or avoid negative environmental impact in its activities
102-12	External initiatives	16 - 17, 50 - 52
102-47	Membership of associations	48
Strategy		
102-14	Statement from senior decision-maker	6 -12
102-15	Key impacts, risks, and opportunities	14 - 15, 20- 23, 36 - 40
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	15, 16 – 19, 44 - 48
102-17	Mechanisms for advice and concerns about ethics	20 – 21
Governance		
102-18	Governance structure	20 – 21
102-19	Delegating authority	NA
102-20	Executive-level responsibility for economic, environmental and social topics	6
102-21	Consulting stakeholders on economic, environmental, and social topics	7, 10 – 12, 50 - 52
102-22	Composition of the highest governance body and its committees	No significant changes
102-23	Chair of the highest governance body	7
102-32	Highest governance body's role in sustainability reporting	6 - 7
Stakeholder Engagement		
102-40	List of stakeholder groups	50 - 51
102-41	Collective bargaining agreements	48
102-42	Identifying and selecting stakeholders	50 - 51
102-43	Approach to stakeholder engagement	50 - 52
102-44	Key topics and concerns raised	20 - 21

GRI Standard Disclosure		Page Numbers
Reporting Practices		
102-45	Entities included in the consolidated financial statements	This has not been discussed as it is not material
102-46	Defining report content and topic Boundaries	4 - 5
102-47	List of material topics	4 - 5
102-48	Entities included in the consolidated financial statements	There is no restatement of information
102-49	Changes in reporting	There are no significant changes in reporting
102-50	Reporting period	5, 60
102-51	Date of most recent report	5, 60
102-52	Reporting cycle	5, 60
102-53	Contact point for questions regarding the report	56
102-54	Claims of reporting in accordance with the GRI Standards	5, 60
102-55	GRI content index	61
102-56	External assurance	The report has not been assured by external parties. We have gotten an independent external consultant to prepare the report in line with the company's standard process of generating the data used in providing the report information.
Management Approach – GRI 103		
103-1	Explanation of material topic and its Boundaries	8-12 14-19, 20-23, 24-31, 32-35, 36-43, 44-48, 50-52, 53-59
Economic – GRI 200		
201	Economic Performance	14 – 19, 25 - 31
202	Market Presence	23 – 28
205	Anti-Corruption	40 – 43
Social – GRI 400		
401	New employee hires	44 – 46
403	Occupational Health and Safety	36 – 40
404	Training and Education	46 – 47
405	Diversity and Equal Opportunity	45 – 48
403	Non-Discrimination	45 – 48
410	Security Practices	38 – 40
413	Local Communities	51 – 52
GRI Electricity Utilities Sector Supplement 2013		
EU 1	Installed Capacity	32 – 34
EU 10	Transmission and Distribution Losses as a Percentage of Total Energy	28, 33
EU 15	Percentage of employees eligible to retire in the next 5 and 10 years, broken down by job category and region	36, 48





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