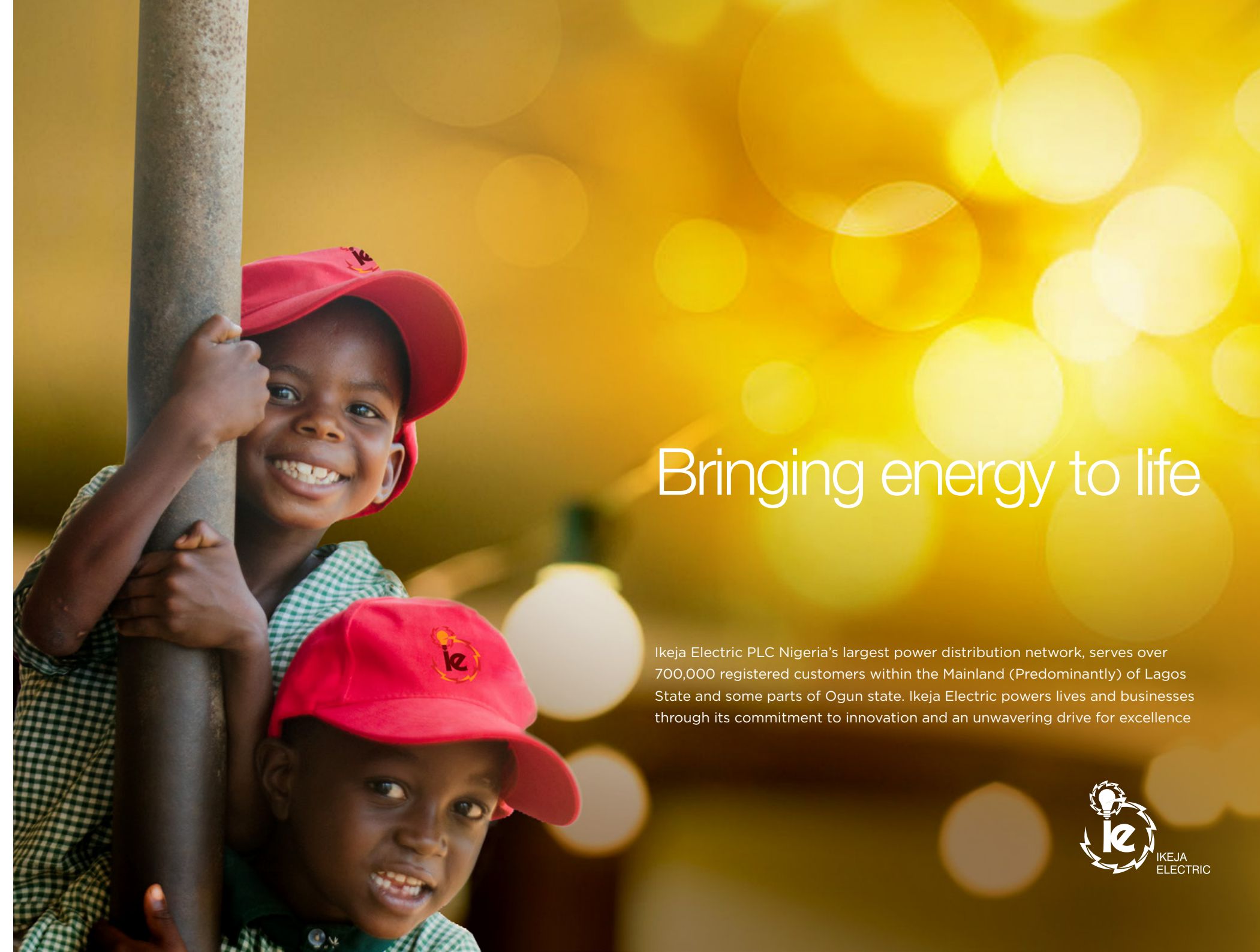


IKEJA ELECTRIC 2015 SUSTAINABILITY REPORT



Building A Customer-Centric Business

Our Journey To Sustainability



Bringing energy to life

Ikeja Electric PLC Nigeria's largest power distribution network, serves over 700,000 registered customers within the Mainland (Predominantly) of Lagos State and some parts of Ogun state. Ikeja Electric powers lives and businesses through its commitment to innovation and an unwavering drive for excellence



Intro

Message From The Chairman
CEO's Statement

Profile

Sustainability

Our Sustainability Commitment
Materiality
Stakeholder Engagement
Governance
Ethics
Risk Management

Focus

Building A Customer Centric System
Entrenching A Safety Culture
Running a Financially Sustainable Business
Engaging With Local Communities
Developing A Sustainable Workforce
Building Stable Networks & Improving Infrastructure

Appendix

6

16

29

48

108

Content



Ikeja Electric Sustainability Report 2015

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Intro

Letter From The Chairman

8

CEO's Statement

12



Building a Customer Centric Business

Message From The Chairman

Ikeja Electricity Distribution Company (IKEDC) Plc was officially handed over to New Electricity Distribution Company (NEDC), the preferred bidders on November 1, 2013 by the Bureau of Public Enterprises (BPE) as part of the Federal Government's power sector privatization program. In 2015, the company changed its name from Ikeja Electricity Distribution Company (IKEDC) to Ikeja Electric PLC (IE) in line with the organization's commitment to create a more dynamic, easily identifiable and vibrant identity.

In spite of the challenging operating and economic environment IE operates within, IE has steadily progressed in its vision of “**Bringing energy to life**” through strategic human, material, technology and financial investments towards improving the efficiency and effectiveness in the distribution of power to its customers. As part of our continuous efforts in ensuring that the assets, operations and relationships of the organization are satisfactorily and responsibly managed, through adherence to international best practices, we continue to operate on the following key priorities:

1. Customer Centricity
2. Strategic Risk Management
3. Regulatory Management
4. Business and Governance Management
5. Social Relations Management
6. Technology Advancement
7. Investment in Our Future

Tope Shonubi ►
Chairman



In spite of the challenging operating and economic environment IE operates within, IE has steadily progressed in its vision of “Bringing energy to life”

We are using this medium to inform all our stakeholders about how we have taken these situations as an opportunity to take a leap forward by striving to achieve sustainable growth and bringing total quality service to all our stakeholders.

This report provides information on key activities and performances aimed at creating and implementing a sustainable system, whilst also providing guidance on some of our future plans for business sustainability to our stakeholders.

Customer Centricity

As an organization transiting from public management to private management, the focus of operations changed from being just a social service to one that creates sustainable value for the consumers as the basis for carrying out its operations.

Notwithstanding all the challenges we have been experiencing, the company realigned its focus to become **customer centric** as the main stay of its business operations. The outcome of this customer centricity was the creation of customer

centers at our headquarters, business units and undertakings, as well as virtual addresses. We are in the process of putting in place a 24 hour customer service help line to address customer complaints and challenges on a real-time basis. This initiative will be the first of its kind ever in the history of the Nigerian power sector.

In addition to the above, the company embarked on the restructuring of its business operations towards expanding the services of its operational offices (business units and undertakings) in order to bring its services closer to the consumers for more efficient and effective service delivery. This has further promoted our empowered brand.

Strategic Risk Management

The major challenge is the divide between the perceived value of the service by the customer and the actual value of service as a provider. Factors that further widen the divide in this valuation are;

- » Market liquidity
- » Foreign exchange volatility and product sourcing

- » Government policies
- » Limited Access to Capital
- » Market liquidity

Though these challenges have an impact on meeting the agreed terms and conditions of our business acquisition plan, our focus is to ensure that on the long term we remain sustainable.

Regulatory Management

Operating a highly regulated utilities service business such as ours comes with challenges. As an organization that understands the essence of sustainability, we are continually striving to ensure that we comply with all our regulatory requirements at all times.

As part of our long term strategies, the Board of IE has implemented efficient and effective frameworks to ensure adherence to regulatory requirements, as well as manage our operational and sustainability risks in key regulatory focus areas – **Rates and Tariffs, Health, Safety and Environment, Quality Control and Assurance, Consumer Protection and Commercializa-**



tion, as well as **Regulatory Key Performance Management**. We are aware that the inability to deliver quality service to our customers hinders the long term sustainability of our operations.

Business and Governance Management

Following the completion of the power sector deregulation and handover by the Federal Government of Nigeria, one of the first tasks was to put in place a proper Board constituted by a group of accomplished Directors , in order to ensure that we set the right path for sound corporate governance and fair corporate conduct.

In 2015, we implemented the first ever Governance Framework, Business Principles and Code of Ethics. This helped in realigning the organization’s image in the eyes of its stakeholders – we went ahead to carry out a rebranding exercise which culminated in the change of the company’s name from Ikeja Electricity Distribution Company (IKEDC) to Ikeja Electricity (IE) and the launch of our new logo in order to ensure that the brand is more precise and vibrant in line with the new organization’s objective of **“bringing energy to life”**.

As an organization that understands the key to sustainability, we have made strategic investments in improving infrastructure, to ensure a reduction in the company’s Aggregate Technical, Commercial and Collection Losses (ATC&C) which

As an organization that understands the key to sustainability, we have made strategic investments in improving infrastructure, to ensure a reduction in the company’s Aggregate Technical, Commercial and Collection Losses

stood at over 33% upon hand over of the business. The essence of these investments is to improve on our operational performance in order to achieve our set out objectives for the years ahead – **Network Stabilization, Efficient Metering and Network Expansion** – all geared towards the short, medium and long term operations of the company. Also as part of the initiatives for achieving these objectives, we have started the process of creating a Geographic Information System (GIS) that is capturing information for both current and future customers in order to help know and serve them better.

Despite all the remarkable progress made by the company towards managing its long term sustainability, we are still faced with huge liquidity challenges and operational efficiency. This is as a result of huge debts being owed mainly by government (Federal & State) ministries, departments and agencies (MDA’s). Though we have continually put in place mechanisms to manage debt collection, the inability to collect these debts which accounts for between 25% to 30% of the power supplied to consumers, will lead to a very slow pace in the rate of investment in our key objective areas and as such, a longer period of achieving power supply stability.

Social Relations Management

Having been run as a public utility business from its inception, we realized upon takeover that the organization’s human capital level had become so bedevilled with bureaucracy and as such, the level and depth of human capital development in the areas of learning and development had dwindled greatly.

- To address this drop, the company embarked on various restructuring initiatives such as;
- » Improving competencies through various learning and development programs for both technical and non-technical employees.
 - » Development and implementation of a more transparent and efficient performance management system.
 - » Revised organization level structure

reducing the cadre levels from 19 to 13 towards reaching the peak of the company.

Also as part of ensuring sustainability, we embarked on the first ever of its kind in the power sector, in collaboration with Egbin Power Plc, Sahara Power Group and the National Power Training Institute of Nigeria (NAPTIN) to train over one hundred trainee engineers under the Graduate Engineering Program (GEP) to be deployed in the services of the company and will continue to improve on this number.

As we are all aware, sustainability today requires several commitments in creating lasting value for all stakeholders – internal and external – these values include working closely with our communities and environment.

- In line with the above, the company has embarked on various activities during the course of 2015, some of which include the following;
- » Customer forums on electricity consumption and management
 - » Environmental sanitation of various locations.
 - » Eye care program carried out at various Business Units

Technology Advancement

Technology plays a significant role in transforming Ikeja Electric into a modern distribution company that is well equipped to meet the diverse needs of its custom-



In creating sustainability, we are committed to creating lasting value for all stakeholders, through customer engagement and workforce improvement.

ers. We have utilised such technological interventions in various aspects of the business such as the Customer Relationship Management (CRM) platform to help monitor and provide speedy solutions to our customer complaints towards quality service delivery. Also we are installing smart meters under the Advanced Metering Infrastructure project (AMI) along with the Geographic Information System, which will assist us monitor and manage our network remotely. As we look to the future, we aim to identify further areas where technology will help us serve our customers better.

Investing in Our Future

As we continue on our sustainability journey, it is pertinent to note that as an organization, we are not excluded from the current economic realities. This is especially true as it relates to the continued increase in foreign exchange rates and our organizations inability to adequately source for it from the Central Bank of Nigeria.

This, coupled with the expected increase in the country’s inflation rate poses a huge challenge as most of the equipment required for smooth operation are sourced from the international markets. However

we believe that although these threats have a negative impact on our level of operations, they must not be a huge influence on some of our sustainability priorities such as network stabilization, efficient metering and network expansion.

In terms of our strategic priorities towards ensuring sustainability, we have, through our partnership with KEPCO and relationship with HUAWEI, ensured that in the short term, there is the technical capacity to maintain our operations. We have also partnered with NAPTIN and Egbin Power Plc to ensure that over the medium term, we are continually training and developing young engineers who will, over the next five years, become the main stay of the organization through our Graduate Engineering Program (GEP). This program which is the first in the history of the Power Sector in Nigeria would provide continued human capital requirement for the organization. We will also continue to use our current crop of experienced employees and retirees as a part of our resource pool to ensure continued sustainability.

As part of our corporate responsibility to stride towards sustainability, we will be creating various initiatives relating to economic empowerment and education to teach children in primary and secondary school on the use and management of power.

In conclusion, Ikeja Electric will make all necessary efforts towards achieving its corporate objectives and embracing change in the dynamics of power distribu-

tion services in Nigeria as we continue to pursue higher stakeholder value. To that end, we will continue to maintain transparency, accountability and open communication, with all our stakeholders and pay close attention to what they have to say about our relationships.

I use this medium as an inaugural opportunity to ask for the support and encouragement of all our stakeholders towards achieving our goal of **“being the provider of choice wherever ENERGY is consumed”**

Thank you
Tope Shonubi
Chairman

CEO's Statement



Our vision to “be the provider of choice where energy is consumed” continuously drives us to develop and implement innovative and efficient ways of meeting the needs and expectations of our customers.

At Ikeja Electric Plc (IE), we understand that millions of people depend on us to supply the energy required to power their homes and businesses. Our vision to “be the provider of choice where energy is consumed” continuously drives us to develop and implement innovative and efficient ways of meeting the needs and expectations of our customers.

Our network spans a route-length of about 16,000km of overhead lines and underground cables, has an installed distribution substation capacity of over 3000 MVA, and serves over 700,000 registered customers.

Anthony Youdeowei ▶
Acting CEO



This maiden edition of our sustainability report tells our story from the early days, as a government-managed organization transitioning to a private/government held entity. It charts our course and processes since takeover, achievements, challenges, plans for the future and articulates our approach to addressing identified challenges such as; energy theft, closing the metering gap, upgrading the weak and decaying infrastructure and improving the, skills of our workers, tools and resources.

Commercial and Operational Efficiency

Our overall strategy revolves around our customers, i.e. the processes, resources, and initiatives that are developed with a view to improve the customer experience. The focus is on reducing the Aggregate Technical, Commercial and Collection (ATC&C) losses, an integral factor which translates to high costs for our customers.

A loss reduction strategy is being implemented to reduce this number effectively. This includes our 5 Year Metering Plan, which aims to provide meters to customers within the IE network. As At December 2015, over 30,000 additional customers had been metered. In 2016, we intend to increase the level of metering and will provide about 60,000 meters to our IE customers.

This metering plan is further supported by the Commercial department which implements a more transparent energy accountability framework by metering all

the trading points; feeders and distribution transformers, to obtain accurate information about the energy delivered and consumed.

These initiatives provide for better resource management, reduction of technical and commercial losses and therefore allows us account for power to IE's customers. Our expectation is that customers will respond by paying the bills issued to them as they begin to experience improved supply.

To ease their payment challenges, IE has invested in robust and convenient physical and virtual payment channels. However, despite our activities, in 2015 IE's ATC & C Loss performance stood at an average of about 43.2%, which is a slight increase from 39.5% in the previous year. Although this appears to be above IE's targeted ATC & C Loss Reduction, this change was partly attributable to the unstable supply of power from the grid, non-payment by government ministries, departments and agencies (MDAs) and some IE customers. Nonetheless, we will continue to work towards improving our performance in 2016 and beyond.

IE's survival is hinged on the implementation of an effective cost reflective tariff. In October 2015, the Nigerian Electricity Regulatory Commission approved a new tariff under the Multi Year Tariff Order – 2015 ('MYTO 2015'), thereby reinstating the collection loss element of the tariff and abolishing fixed charges.

The new tariff regime which will come into effect from February 2016 will help move the industry towards a more cost reflective tariff, however, other environmental conditions such as inflation and Foreign Exchange (FX) fluctuations still pose a liquidity risk to the organization. Only when all of these scenarios are considered will a robust framework be in place that will benefit the end user - our customers.

Energy Theft

Another major challenge faced was the high incidence of energy theft and meter bypass. The network is plagued with free riders and illegal connections. We also acknowledge that enforcing disconnection orders was less than adequate, often being subverted by illegal reconnections. To deal with these issues, we empowered the Vigilance, Strategy and Loss Reduction Unit of the Commercial department to monitor, apprehend and prosecute cases of energy theft and illegal connections and reconnections. As part of other strategies to tackle this challenge, we engaged the State and Federal Governments to seek ways to passing appropriate legislation that will fully address the issues related to energy theft across the distribution network.

Furthermore, IE launched the Customer Enumeration, Technical Audit and Asset Mapping (CETAAM) Project, a Geographic Information System (GIS) initiative that collates customer data, effectively exposing free riders and energy thieves, as well as mapping out technical assets and their locations within the network, to help

determine the network needs and close revenue leaks.

Billing

As a company, IE has heard the clamour regarding excessive and inaccurate estimated billing. As a responsible company, IE has listened, developed and will start the implementation of the new estimated billing methodology that should provide for a more accurate customer bill in line with statutory regulations. The new methodology factors in new information provided by the customer enumeration and mapping initiative and also introduce the component of metered trade points (transformers and feeders etc.) to provide for a more scientific solution.

Customer Service

Another major challenge faced was in transforming the organization to a customer-centric business. At takeover, there were numerous service delivery gaps that had to be closed. IE acquired a customer service department with no organized complaint handling/tracking system. This was characterized by data mismanagement, complaint churning and little or no feedback to customers.

In 2015, the customer service team focused on giving customers what we termed the Wow Experience or “WowE”. The first step in achieving this was building a customer focused team, recruiting the right talent and realigning the work team to deliver on our promise of bringing energy to life. Next, we invested in a robust Customer

Relationship Management (CRM) tool that enabled the company acquire customer data, capture customer complaints and monitor customer engagement progress, from initiation to resolution.

We started the upgrade of the customer contact centers across Business Units and Undertakings to provide interactive and multilingual solutions to customer queries. IE initiated a notification system that deployed SMS and e-mails to reach our customers.

Health, Safety and Environment

With the integration of our Harm to Zero (H20) concept into the company’s operations, the focus is on efforts towards improving the safety performance which had been inadequate prior to take over. Significant investments have been made on training, procurement of Personal Protective Equipment (PPE’s) and work tools to ensure improvements in this area.

The commitment of the Board and Management of IE to safety coupled with the innovative HSE Strategies, earned a commendation from Nigeria Electricity Regulatory Commission (NERC) at the last HSE Managers meeting in 2015, another from the United State Trade and Development Agency (USTDA) and International Finance Corporation (IFC). IE recently received the 9JA Safe Hall of Fame Award for Best Health & Safety Practicing organization in the Power Industry, a testimony of our safe approach to business

PCSR & Community Engagement

Organizations do not operate in silos. As a result of this we participated fully in our host communities, paying close attention to areas where we can render support and provide assistance. As an organization, we encourage our staff to voluntarily give back to the community. This approach which is termed Personal Corporate Social

Responsibility is a reflection of our commitment to get everyone involved in the culture of giving back to the community. In 2015, as part of our Corporate Responsibility we conducted free eye screening services to over 500 people and engaged in a clean-up drive across markets within the network.

In addition, under our grassroots integration strategy, a total of 138 Local Community Development Association (LCDA) meetings, were organized across our network.

Human Capital

Since the transformation journey began in 2013, we have invested heavily in empowering our workforce to deliver on the organization’s new vision. IE has launched numerous capacity building initiatives to upscale the competencies and improve capabilities of staff. IE recently introduced a Career Management Program and conducted a job regrading exercise which shortened the previous 19 career levels to 13 career levels, thus allowing for accelerated growth, lateral and vertical career progression for our workforce.

To ensure standards are maintained, the company introduced the IE Code of Ethics and initiated the “Living the Codes” program, which provides guidance to staff on the culture across the organization.

Another key highlight is the continuous injection of new hires into the organization and the implementation of the Graduate Engineering Program, a program initiated to develop young engineering graduates who are deployed into key areas within the company to inject freshness, agility, and to bridge existing resources and staffing gaps. This was the first ever program in the power sector in Nigeria in partnership with National Power Training Institute of Nigeria (NAPTIN) and Egbin Power Plc, through Sahara Power Group Limited

The challenges we face are not peculiar to only our business, however, IE’s understanding of these issues aids our ability to remedy its impact on revenue and places us on the path towards sustainability.

Thank you.

Anthony Youdeowei
Acting Chief Executive Officer
Ikeja Electric



Profile

Who We Are	18
Organisation Structure	19
What We Do	20
Where We Are	21
What We Believe, Vision & Mission	22
Our Brand	23
Core Values	24



Who We Are

Introduction

Buoyed by a mission to redefine customer experience and to be “the provider of choice where energy is consumed”, Ikeja Electric Plc, Nigeria’s largest power distribution network powers lives and businesses with innovation and unwavering drive for excellence.

We serve over 700,000 registered customers through our network, which has an installed distribution substation capacity of over 3000 MVA and spans over 16,000 sq km route-length of overhead and under-ground lines within our licensed area.

Our History

Pre-privatisation

Ikeja Electric was created as one of the directorates under the defunct utility monopoly, National Electric Power Authority (NEPA) in 1986 and operated as Lagos North Distribution Directorate. It evolved over the years and transformed to Ikeja Electricity Distribution Company (IKEDC) prior to privatization.

In 2005, the Nigerian government enacted the Electric Power Sector Reform Act (EPSRA), which provided for; the unbundling of NEPA into a series of successor companies; the development of a competitive electricity market and the establishment of a dedicated regulatory

body. The defunct NEPA was Nigeria’s vertically and horizontally integrated authority which controlled all activities in electricity generation, transmission as well as distribution sub-sectors. The EPSRA created the Power Holding Company of Nigeria (PHCN) as an intermediate step in the privatization process.

Ikeja Electricity Distribution PLC was among the successor power companies that were privatized and handed over to successful bidders/private investors in November 2013. The privatized distribution companies became responsible for the supply, billing, metering and maintenance of energy to the customer and all other related services within our business areas.

Post Privatisation

Under the privatization scheme, Sahara Group through a Special Purpose Vehicle, New Electricity Distribution Company Limited (NEDC) (with KEPCO as its technical partner) acquired a 60% stake in Ikeja Electricity Distribution Company (IKEDC) PLC (which has subsequently rebranded into Ikeja Electric Plc (IE)). IE is a public limited company owned in partnership with Bureau of Public Enterprises and the Ministry of Finance Incorporated, who have a 32% and 8% stake respectively.

Following the handover of the defunct IKEDC to the NEDC/ KEPCO Consortium,

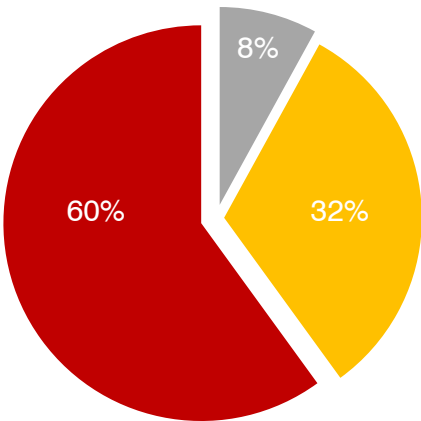
the company has undergone a period of transformation. Through its strategic partnership with KEPCO, IE is positioned to effectively drive its commitment to deliver efficient and sustainable power supply through investments in new technology, infrastructure upgrade, process transmission and human capital development.

Today, IE is committed to serve its numerous customers with a New Spirit, New Drive and New Energy. This resolve continues to elicit a passion for service excellence and new thinking.

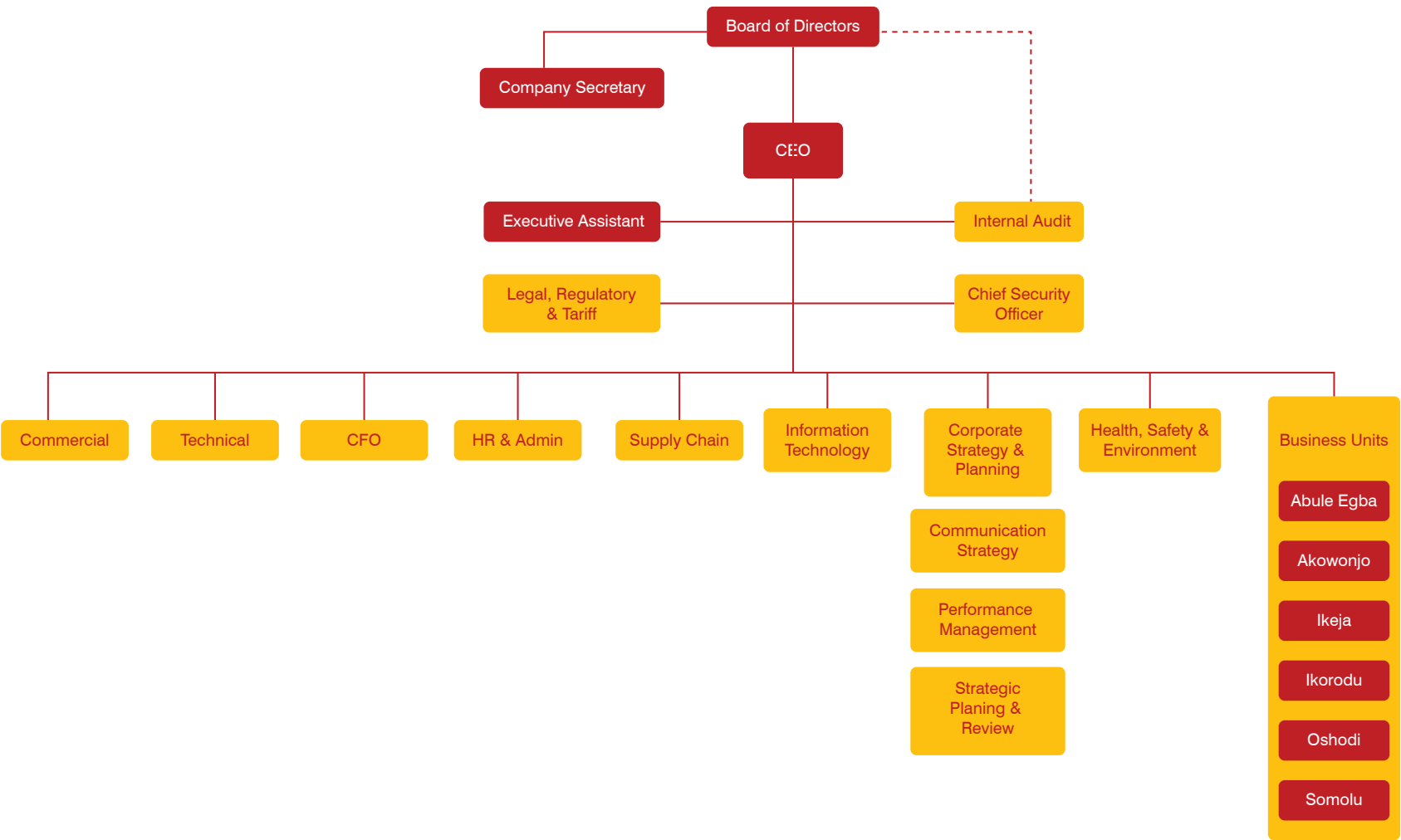


Our Shareholders

- New Electricity Distribution Company Limited - 60%
- Bureau of Public Enterprise - 32%
- Ministry of Finance Incorporated - 8%



Ikeja Electric - Organisation Structure



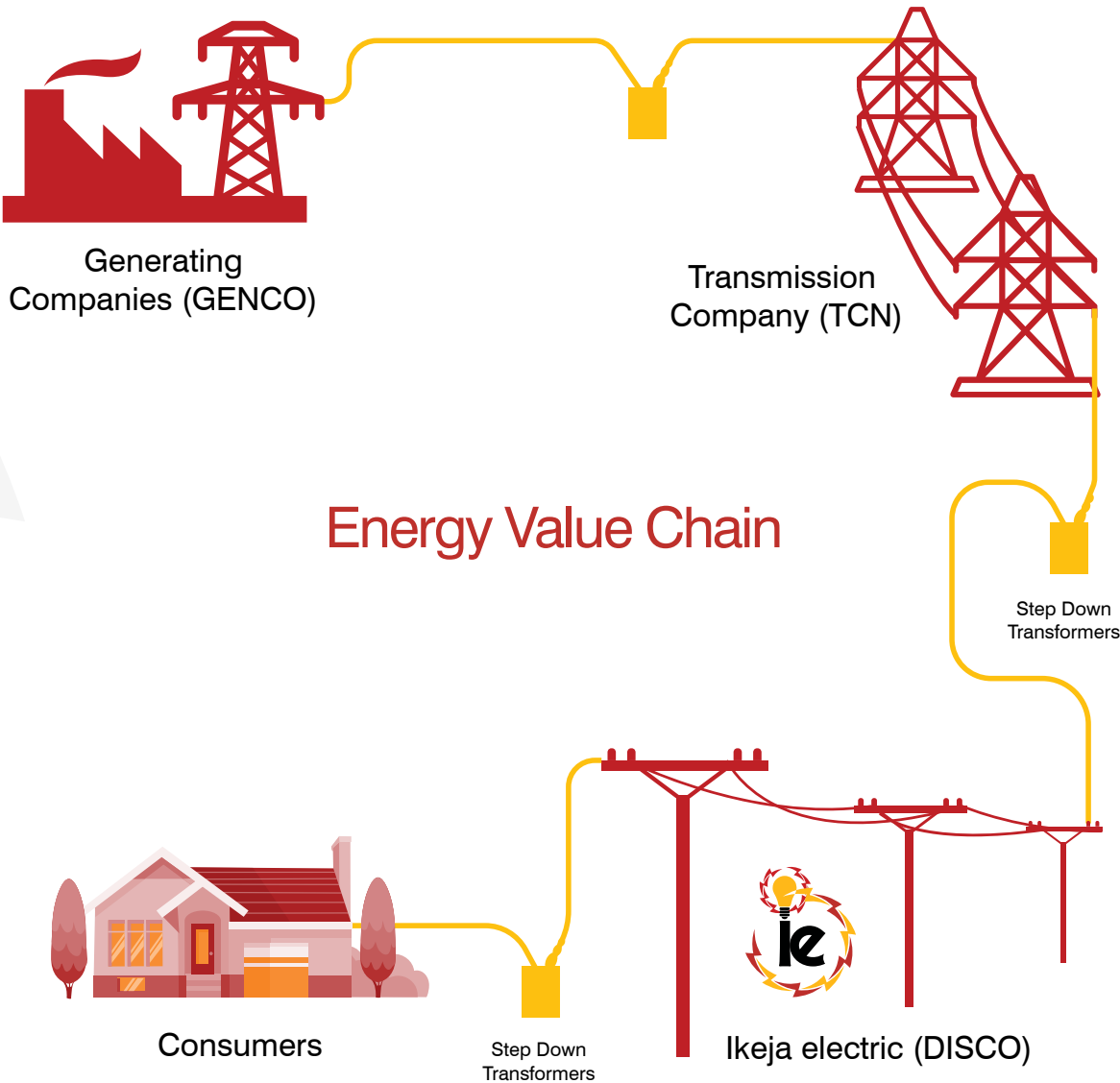
What We Do

At IE, we realize our strategic position at the end of the Nigerian Energy value Chain, as we supply power to the homes of our residential and industrial customers. We are therefore constantly upgrading and expanding our network, increasing our capacity to deliver energy right to the doorsteps of our customers.

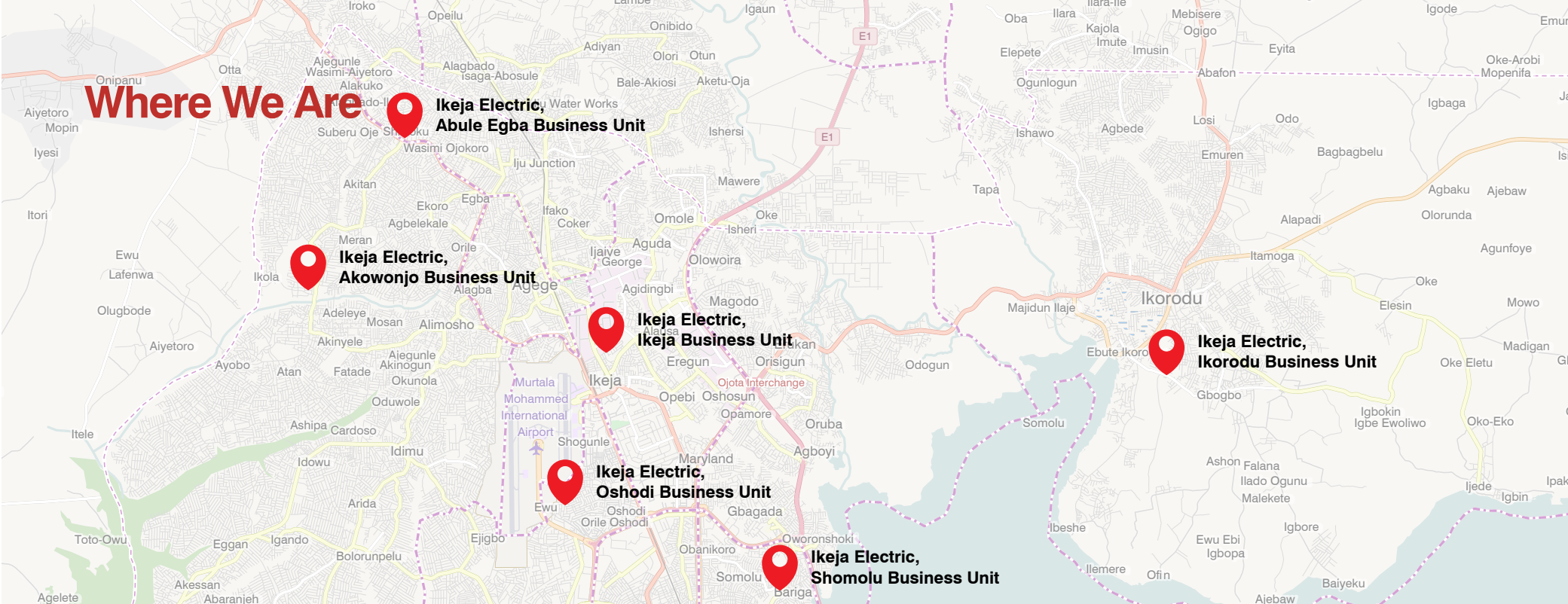
We are constantly in touch with our communities and stakeholders, partnering with them to ensure a safe and efficient network. These partnerships have led to a better understanding and managing of cases of vandalism, energy theft and power inefficiencies.

Our business is built on a new spirit, new energy and new drive.

We are Ikeja Electric!



Where We Are



Our operations cut across 8 Local Government Areas of Lagos State, namely: Alimosho, Ikorodu, Ikeja, Epe, Oshodi, Agege, Shomolu and Kosofe. It also covers parts of Yaba and Mushin Local Government Areas.

At takeover on November 1, 2013, the company operated through the Corporate Head Office and eleven (11) Business Units namely: Abule-Egba, Akowonjo, Ikeja, Ikorodu, Ikotun, Ipaja, Oshodi, Ojodu, Odogunyan, Ogba and Shomolu.

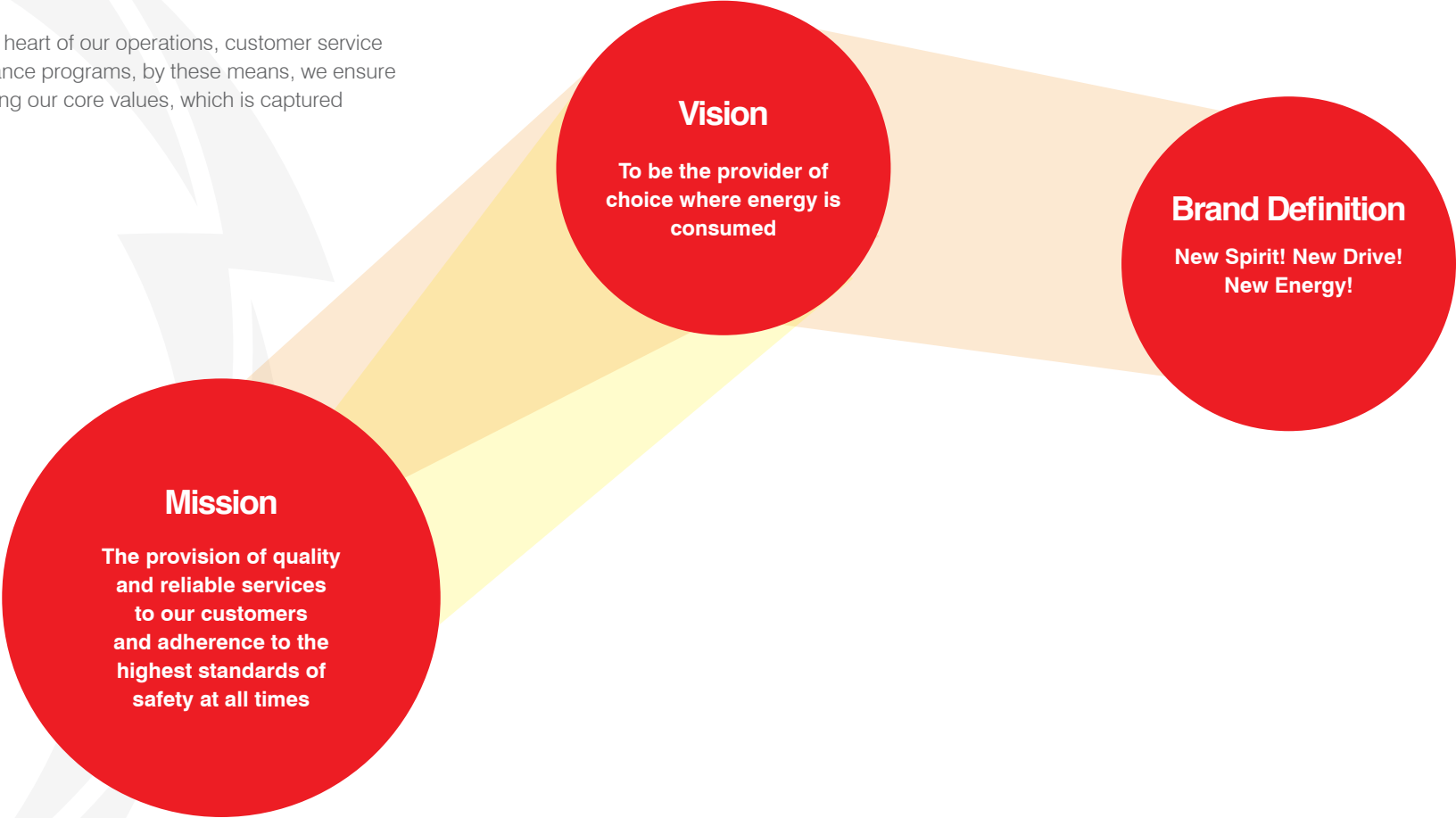
By 2015, these business units were restructured for more effective management and utilization of available resources. We now serve our customers from our headquarters at Obafemi Awolowo Way, Alausa, Ikeja, Lagos and through our six (6) Business Units and 54 Undertakings which cut across our license area.

Business Unit	Address	No. of Undertakings within Business Unit
Abule Egba	No. 72, Agbado Station Road, Ijaiye, Ojokoro, Lagos	9
Akowonjo	No. 41, Idimu Road, Egbeda, Lagos.	9
Ikeja	No. 1, Kudirat Abiola way, Oregun, Alausa, Lagos	7
Ikorodu	No 2, Dosumu Ayodeji Street Ikorodu	7
Oshodi	No. 142/144, Okota Road, Okota Isolo, Lagos.	11
Shomolu	No. 264, Obanikoro Bus Stop, Ikorodu Road, Lagos	11
Total:	6	54

What We Believe

At IE, we are committed to being the preferred choice amongst our competitors due to our ability to provide excellent services and products to our customers. We are constantly evaluating our performance and looking for innovative ways to remain top of mind amongst our customers for our commitment to excellence.

Sustainability is at the heart of our operations, customer service delivery and maintenance programs, by these means, we ensure that we are always living our core values, which is captured through SPICES



Our Brand

As part of the transformation process, it was critical that the company embark on a rebranding exercise to bring to life the new spirit, energy and direction of the company. Our brand reflects our commitment to our customers; a bold statement that we are passionate about delivering exceptional services thereby enabling their aspirations.



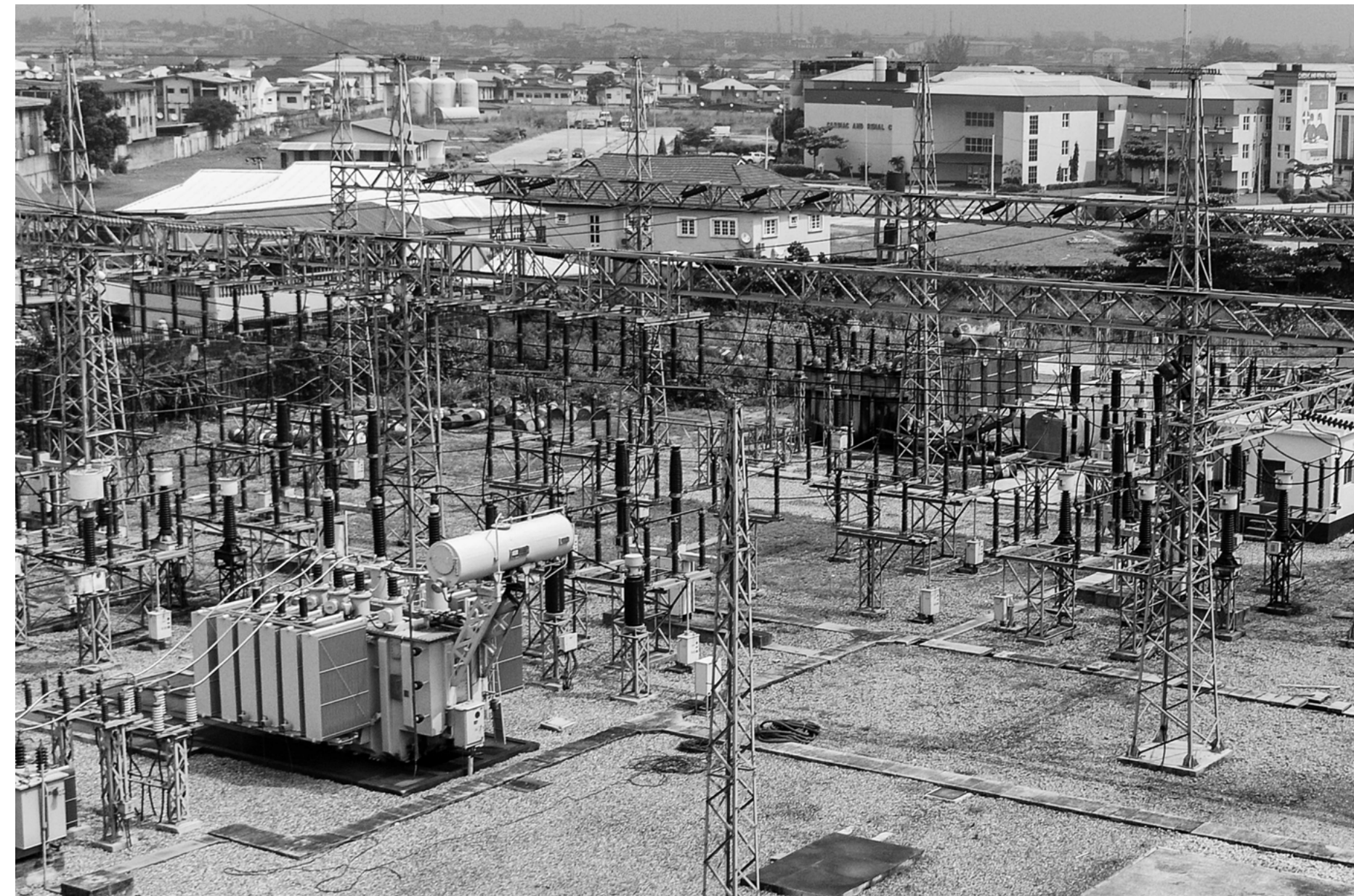
Core Values



New Alausa Substation



10kV Substation at Police Training College



Oworo Transmission Station

Sustainability

Key Figures	30
Our Sustainability Commitment	33
Materiality	36
Stakeholder Engagement	38
Governance	41
Ethics	43
Risk Management	45



Key Figures



700,000+

Total Number of
Registered Customers



16,000km+

Aggregated circuit length
including 33Kv, 11kv and
0.415kv overhead and
underground lines



30,000+

Number of smart
meters deployed



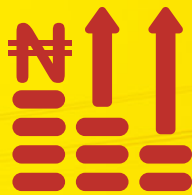
**107
Trained**

41 - Number of Graduate
Engineers deployed to IE



500+

Number of beneficiaries
of our free eyes screening
services



**Over
N5 Billion**

Amount invested in capital
expenditure



2508

Total Number of
Employees in Ikeja Electric



12

Number of 11 KV
Injection Substations
Commissioned



**61,458
Hours**

Total Number of Hours of
Employee training



Our Sustainability Committment

As a public utility service provider, we understand that we are operating a business that has real impact on the lives of our customers. We recognise the importance of balancing the social, environmental and economic needs of the business without compromising the ability of future generations to meet theirs. This understanding is at the heart of our sustainability commitment.

We value accountability and transparency in our relationships with our key stakeholders, as these are the pillars of continued good governance.

Our sustainability commitment is enshrined in our Corporate Governance Business Principles which are set out below.



We recognise the importance of balancing the social, environmental and economic needs of the business without compromising the ability of future generations to meet theirs.



People

- » We provide healthy, safe and secure work environment
- » We treat people with fairness, respect and decency.
- » We help employees to develop their potential.



Society

- » We work to ensure that neighboring communities benefit from our presence on an enduring basis.
- » We support human rights within our areas of influence.



Conduct

- » We act with integrity, accountability and transparency.
- » We comply with legal, regulatory and licence requirements.



Environment




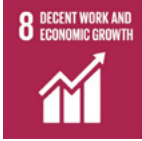

- » We make positive contributions to the protection of the environment
- » We go beyond compliance with local environmental regulations to meet internationally acceptable best practice.



In September 2015, the United Nations and its member states adopted the Sustainable Development Goals (SDGs) which would ensure that sustainability would be at the forefront of global development discussion.

Prior to upgrade from the Millennium Development Goals (MDGs) to the SDGs, IE was already committed to supporting local communities. However in advancing issues addressed by the 17 SDGs before their formal adoption, our PCSR activities, were guided by our Corporate Governance Business Principles and were already making an impact in respect of a number of SDGs.

Particularly; we made contributions to the following goals:

SDG	Activity	Sustainability Impact
	We provided free eye screening services to over 500 people at our 6 business units.	Builds relationships with our host communities which is essential for us to perform our daily activities
	In 2014, we carried out teaching programmes titled ‘Light Up the Future’ in 4 Secondary Schools, namely: - Ikotun Juniour high School, Ikotun - Ikotun Senior High School, Ikotun - Gowon Estate High School. Ipaja - Abesan Grammar School, Abesan	Builds educational capacity and creates a pool of talent that we can tap into in the future. Creates awareness of energy conservation activities which in turn will help our customers reduce their environmental impact.
	We engaged in a clean-up drive in 6 major markets across the network to create a healthy environment for the communities we operate in.	Builds relationships with our host communities and improves general community health by reducing the risk of diseases and infections as a result of poor hygiene.
	41 out of 103 Graduate Engineers were deployed to Ikeja Electric, who had undergone an intensive training with National Power Training Institute of Nigeria (NAPTIN), to reinvigorate and re-energize the workforce	Builds local capacity to ensure the availability of a skilled workforce equipped to tackle the difficult issues and that will serve our customers.
	To improve availability and quality of supply to our customers in 2015, we commissioned 12 11KV Injection Stations and 4 33KV Injection substations.	Reduces our technical losses and indirectly reduces collection losses, which in turn improves profitability, as customers are more willing to pay where supply has improved.

Materiality

Our approach to sustainability reporting is driven by identifying what matters most to our stakeholders and what is critical to the success of Ikeja Electric.

We achieve this by constantly engaging in dialogue and communicating with our stakeholders, both internal and external, through various channels. By listening and learning from their perspectives, we continue to create real value for them.

Process for Determining Report Content

In order to identify the key areas of interest for our internal and external stakeholders, we conducted a materiality assessment using surveys and by having face to face/ one on one meetings with our key stakeholders. This has helped us evaluate the importance of information to be reported on and its influence on stakeholder decision making Vis a Vis the social, economic and environmental impacts of the organisation.

In developing the report content we adopted the process set out by the Global

Reporting Initiative (GRI) G4 Guidelines, which is set out below.

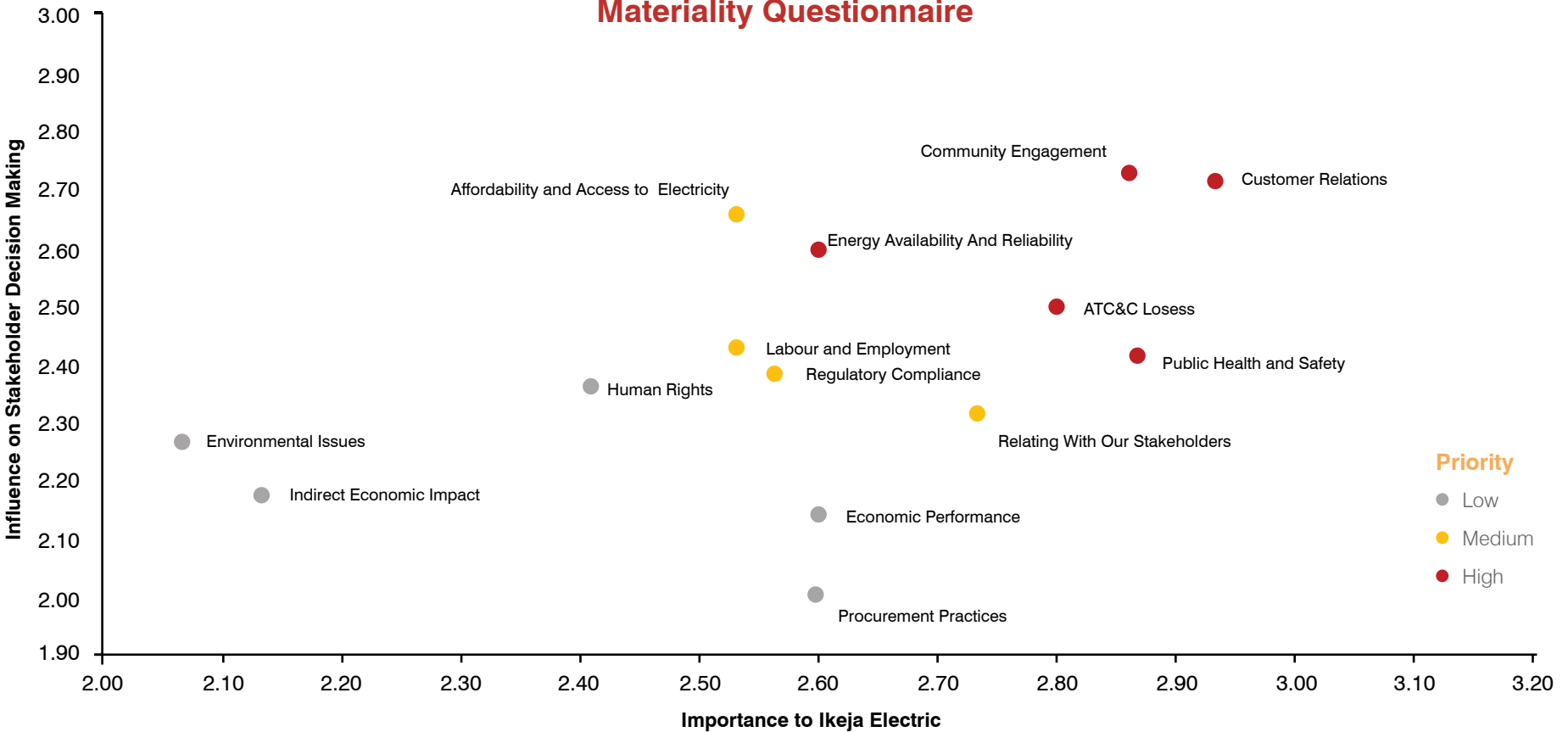
Step 1: Identification

We reviewed the list of sustainability topics as set out under the GRI G4 Guidelines and narrowed these down to 14 topics, taking into account the nature of our business and where we have a significant impact within and outside the organisation.

Step 2: Prioritization

In order to prioritise between these topics, we considered the views of our stakeholders, expressed both before and during the reporting period. Specifically for the purpose of the report, we conducted interviews with 14 department heads that have direct responsibility for executing company strategy. We also conducted a survey amongst a sample of our customers to understand what their most important needs are. Finally, we surveyed over 300 of our employees both at our headquarters and across all business units.

The results of our assessment are as follows:



These results were presented to the executive management, who then reviewed the results based on the company's objectives. From our engagement with all our stakeholders, we identified five key sustainability topics:

- » Customer Relations

- » Health and Safety
- » Reduction of ATC&C Losses
- » Community Engagement
- » Improving Energy Availability and Reliability

Step 3: Validation

Using the principles of Completeness and Stakeholder inclusiveness, we reviewed the information collated, to ensure that the report is a balanced reflection of our sustainability performance, including both our positive and negative impacts.

Step 4: Review

Although this is the maiden report, we plan to review our sustainability performance for 2015, to help set our goals for 2016.

Stakeholder Engagement

As Nigeria's largest distribution company, we supply power to over 700,000 registered customers. We also operate within a highly regulated industry which has a public interest element.

Our unique position allows us appreciate the importance of engaging with and understanding the opinions of our stakeholders and getting their input for management activities. We recognise that their needs are more complex and diverse than improved financial performance alone.

To this end, we have created various communication channels to ensure that we have regular dialogue with our stakeholders. This is essential to conducting our business and for developing our sustainability strategies.



 Stakeholder	 Interest	 Communication Method	 Frequency
Customers	Energy Affordability Improved Customer Service	Customer service units Call Centre Traditional Media – newspapers, handbills, radio engagements, jingles Website	Continuous
Shareholders and Investors	Profitability/Shareholder Value Creation	Board Meetings Shareholder Meetings	Quarterly
Local Communities	Energy Affordability Inclusiveness	Attending Community Development Committee and Community Development Association Meetings	Monthly
Government	Improved Service Delivery Value Creation	Attending Industry and Sector Meetings	Monthly
Executives and Employees	Decent Labor Practices Job security	CEO Communications Town hall Meetings Monthly Newsletter - My IE Surveys	Continuous
Media	Monitoring and creating transparency on corporate performance, particularly customer service delivery.	Regular Media Engagements Building Relationships with Energy Consultants	Continuous
Suppliers	Economic Performance Safety	Contractor Safety Engagement meetings	Continuous
Labour Union	Employee Welfare	Consultative Labor – Management Committee meetings with National Union of Electricity Employees, NUEE; Senior Staff Association of Electricity and Allied Companies, SSAEAC	Scheduled on a quarterly basis.

Governance

At IE we are committed to maintaining the highest standards of governance and ethical practices. We recognise the importance of shareholder value creation and understand that this means more than financial performance. To this end, we have placed accountability and transparency as the foundational pillars of our governance structure.

The corporate governance structure was developed in line with the requirements of the Code of Corporate Governance for public companies in Nigeria taking into consideration international best practices in corporate governance and board management. The activities of the Board of Directors (“the Board”) are regulated by the applicable laws such as the Companies and Allied Matters Act, as well as its constitutional documents such as the Board Charter, the Memorandum and Articles of Association, the Shareholders’ Agreement and the IE Corporate Governance Framework.

Board Operations

The Board is the highest decision making body in the organization. By virtue of the Board Charter, which is reviewed bi-annually, the Board is charged with respon-

sibilities which include policy formulation, risk management, succession planning, and oversight on remuneration, strategic planning and ensuring that the Company complies with all its legal and regulatory obligations.

The Board is required to meet at least once in every quarter and each director is expected to attend at least two-thirds of the board meetings and meetings of the committees on which they serve. Executive sessions may also be held twice a year to allow directors discuss matters which do not require formal board action.

Governance structure and composition

The Board composition at IE is designed in consideration of its size relative to the scale and complexity of the Company’s operations and consists of 7 (seven) directors.

Board Committees

The following committees support the Board in the execution of their functions. The following committees support the Board in the execution of their functions. These committees hold meetings when they receive specific instructions or tasks



We recognise the importance of shareholder value creation and understand that this means more than financial performance.

from the Board. Their performance is assessed in terms of the level of activity of the committee based on the number of meetings held in the year. The Technical and Operations Committee had the lowest performance rating of 25%, The Committee sat once in 2015.This is partly because the majority of technical issues are dealt with at an operational level. In 2016, we aim to increase the engagement of Technical & Operations Committee, to ensure that there is effective board oversight in relation to technical matters. We also expect an increase the engagement of the Audit, Risk and Governance Committee going forward, as the organisation begins to open itself to external audits.

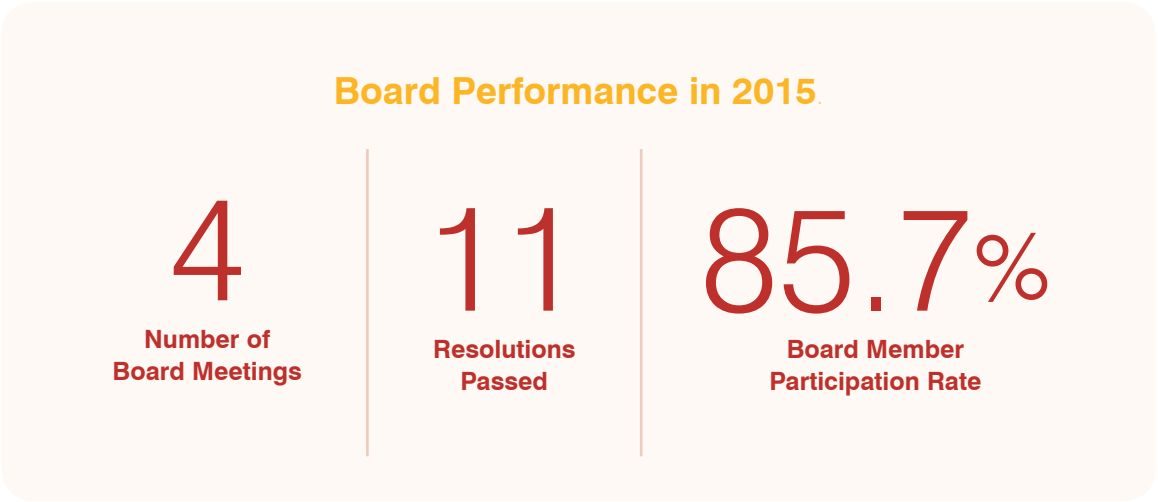
Committee	Members	Chairman	Duties	2015 performance
Audit, Risk& Gover- nance Committee	Mr. Odunsi Mr. Cole Mr. Yeom Mr. Dikki*	Mr. Cole	Provide oversight on internal & external audit, financial reporting, sustainability, risk management, board nominations, remuneration of directors, board evaluation and succession planning.	75%
Finance, Investment & General Purpose Com- mittee	Mr. Shonubi Mr. Cole Mr. Adesina Mr. Odunsi Mr. Dikki*	Mr. Dikki*	Provide oversight on budgeting, capital planning & investment, financing & accounting processes and operating financial perfor- mance.	100%
Technical & Operations Committee	Engr. Ogungbemi Mr. Odunsi Mr. Yeom Mr. Adesina	Mr. Adesina	Provide oversight for technical matters relating to power distribu- tion, facility management, engineering & HSSE	25%

* represented by Mallam Baba Gana

Board Performance at a Glance

In addition to their other functions, the Audit, Risk and Governance Committee is also responsible for the evaluation of the Chief Executive Officer and presents a report to the Board, which then determines whether the Chief Executive Officer is providing the best leadership for the Company in the long, medium and short-term.

To ensure accountability, the Board of Directors are also required to conduct an annual self-evaluation exercise to assess the Board's contribution to the Company. This process in handled by the Audit, Risk and Governance Committee.



Ethics

We understand ethical management to refer to the principles and rules for the way we conduct ourselves in carrying out our work to delivering excellent services to the organi-
zation and the public as a whole.

This acts as a guide to ensuring that all employees of the Company demonstrate the highest levels of integrity, honesty and professionalism at all times.

We put in place the Code of Ethics and Professional Conduct which ensures that the Company's reputation is maintained. These rules of conduct are applicable to competent and quality service delivery, confidentiality, conflicts of interest and professional ethics.for integrity, honesty and professionalism.

The Code also sets out standards, rules and principles to guide the employees of the Company in situations involving ethics and/or professional conducts. The code is set out below:

- Loyalty, Honesty and Integrity
- Demonstrate Competence and Quality of Service
- Employee Conduct at all times
- Proper Dealing with Third Party
- Conflict of Interest
- Protection and Use of Company Assets, Resources and Information
- Compliance with Laws, Rules, Regulations, Poli-
cies, Processes, Procedures and Charters
- Maintaining accurate Books of Records and Ac-
counts

- Reporting breach in Compliance of the Code
- Compliance with the Codes

Living The Codes

Ikeja Electric has developed a training programme titled Living the Codes, in order to educate all employees of the requirements of the Code of Conduct. This training was deployed at our Headquarters and across all business and undertakings through our HR partners to ensure that our employees thoroughly understand what is expected of them.

Express Yourself

To ensure the effectiveness and enforcement of the Code of Ethics, we have developed a whistleblowing frame-
work, including a Whistleblowing Policy and platform through which our employees and external stakeholders can report or bring to light wrong doing. This will encour-
age employees to feel confident in reporting wrongdoings with the utmost assurance that they will not be the subject of any form of victimization for disclosures made.

The policy applies to a broad category of people in-
volved with Ikeja Electric; which ensures that almost any stakeholder of Ikeja Electric can be a whistle-blower and bring vital information to the attention of the Company. This encourages a culture of transparency and openness within the organisation.

Reports are sent directly to a secure server and are made available only to authorized individuals who are independent of IE and responsible for analysing reports.



A thorough analysis of each report will be performed by an independent, unbiased team to determine the most appropriate course of action.

In 2016, we plan to run awareness campaigns to educate employees and to enable them take advantage of the platform.

Combating Corruption

At IE, we have zero tolerance to corruption. We believe that corruption reduces the public trust and encourages inefficiencies that damage the business in the long term. It is in our interest, and in the interest of the public to combat all forms of corruption within the organisation.

In addition to our Anti Bribery and Corruption policy, we have put in place a risk assessment process for fraud/corruption where we understand and identify the situations, locations, activities that are prone to manipulations as well as determining the extent of exposure for Ikeja Electric.



“
We believe that corruption reduces the public trust and encourages inefficiencies that damage the business in the long term



In 2015 IE launched numerous internal and external campaigns against corrupt practices

Risk Management

At IE, we effectively manage and neutralise risks through our risk management architecture which aligns with the Committee of Sponsoring Organisations (COSO) and ISO 31000 risk management frameworks. Business and process owners take ownership of the risk identification, management, and monitoring process. The process is further independently monitored by the Internal Control and Audit Department.

Through the Governance, Risk and Audit Committee of the Board, the Board plays an oversight role over risk activities of the management team. The committee meets quarterly to review the company’s risk activities. In line with best practice, risk management is embedded within our processes and also in the corporate culture.

In 2015, the Board of Directors approved the Internal Control and Audit Charter, which empowered the Internal Control and Audit department to monitor controls and independently appraise all activities and functions within the organisation with a view to ensuring that risks are effectively managed. The department is responsible for developing and maintaining a risk

management framework suitable for Ikeja Electric, monitoring risk exposure, and liaising with the Board to ensure that risks are managed within the approved risk appetite.

The internal audit activities in 2015 were guided by the risk-based Internal Audit Plan for the year. Based on this plan, audits were carried out in the company’s six (6) Business Units and fourteen (14) Departments/Units at the Company Headquarters including the Information Technology department. As risk assessment precedes the audit process, these entities were risk assessed and risk rated during the year. Using a rating scale of 1-5, risk assessment is performed through the measurement of the likelihood of occurrence of the risk events (rare, unlikely, often, likely, and expected) and the severity of their impact (insignificant, minor, moderate, high, and massive) respectively. Each risk event is then scored based on the simple average of the ratings and are categorised into four risk bands (Low Risk, Moderate Risk, High Risk, and Very High Risk).

Based on this risk assessment methodology, the 20 auditable entities assessed

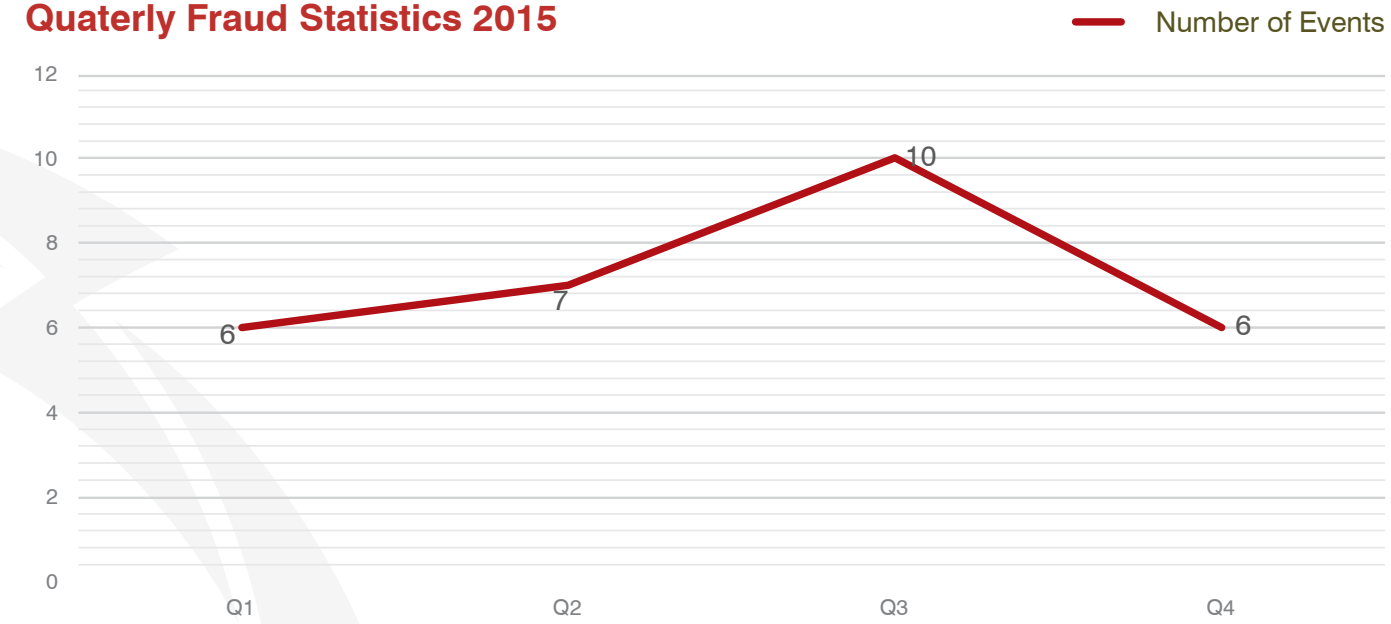
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Through the Governance, Risk and Audit Committee of the Board, the Board plays an oversight role over risk activities of the management team.

during 2015 were categorised thus: 5 in the Low Risk band, 3 in the High Risk band, and 12 in the Moderate Risk band. Evaluating the severity of the impact of risk is multidimensional, covering the financial and non-financial effects such as the media dimension, criminal dimension, regulatory dimension, customer service dimension, and impact on staff. As a result of the effective risk management in place, the organisation celebrated the following achievements in 2015:

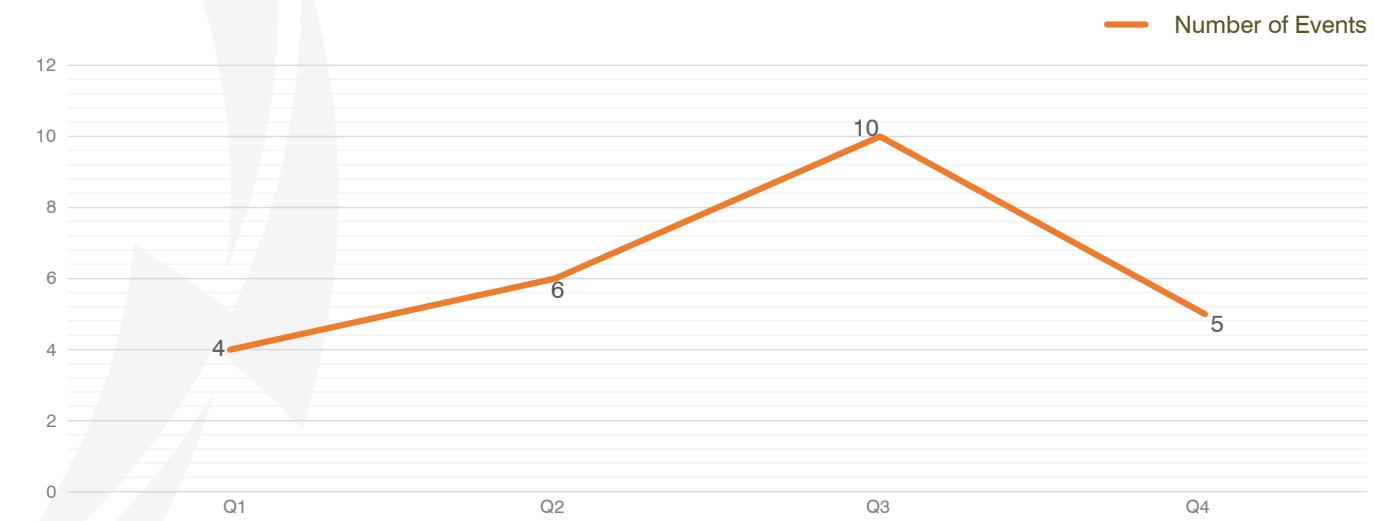
- » Significant reduction in fraud incidents, as shown in the chart below;
- » Increased level of staff awareness leading to a declining rate of process infractions, also shown in the chart below;

Insights from the audits exposed gaps in processes which led to business improvement measures. This resulted in the development and implementation of following process papers during the year: risk assessment framework, inventory count, asset tagging/identification, BU pre-billing, review and asset disposal.

Quarterly Fraud Statistics 2015



Quarterly Infraction Statistics 2015



From our engagement with our stakeholders, the five areas that stood out as material were running a financially sustainable business, building a customer centric system, entrenching a safety culture, improving our infrastructure and engaging with our local communities

Focus

Building A Customer Centric System	50
Entrenching A Safety Culture	63
Running a Financially Sustainable Business	75
Engaging With Local Communities	87
Building A Sustainable Workforce	93
Building Stable Networks & Improving Infrastructure	100



Building A Customer Centric System

At IE, our customers are at the core of our business. The question at the center of our operations is **“What do our customers want?”**

Simply put, we are customer centric!

At takeover, there were numerous service delivery gaps in how we related with our customers. We were faced with the challenge of managing customer expectations as a result of the acquisition.

Towards providing quality service to drive business growth, we made huge investments in human capital to ensure that the Company had the right skills set, to effectively deliver service to customers. As a follow up on the human capital investment, the Company embarked on a reorientation exercise of the customer service function, with the aim of deploying a new Customer Service Experience which was tagged “WowE”. The “WowE Customer Experience” is an abridged form of the “wow experience.

This experience though difficult to define is impossible to resist. The Company carried out a critical review and assessment of the inherited customer service framework towards identifying gaps in the system that needed to be addressed. With this realignment, the Company no longer sees customer care as a department, but as an attitude that transcends across employees of the Company.

Once the review was completed, the Company then embarked on the following **WowE Initiatives**, which include but are not limited to the following;



Our customers are at the core of our business. The question at the center of our operations is “What do our customers want?”

Simply put, we are customer centric.



Overview of the WowE concept



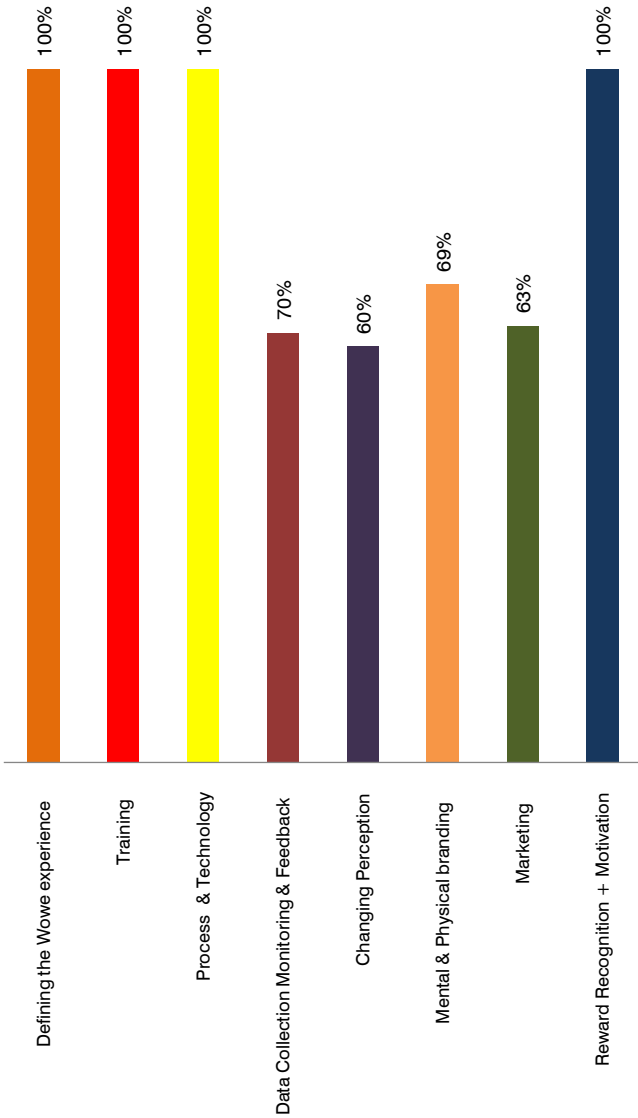
- » Seek the buy-in of all employees
- » Communicated the mission and vision statement of the department in line with the Company’s vision and mission statements;
- » Realigned all employees to understand the business and its service offerings;
- » Redefined all business processes related to resolving customer complaints with the aim of making the process SMART (Specific, Measurable, Attainable, Realistic and Timely) and seamless for all stakeholders - staff and customers;
- » Introduced technology such as Interactive Voice Response and Automated Response systems, to open new frontiers for service delivery;
- » Adopt a customized Customer Relations Management (CRM) tool in order to capture all customer complaints,



- from initiation to the point of resolution;
- » Integrated a customized SMS platform (ieServe) with the CRM tool for adequate feedback mechanism. This included an automated SMS response system during and after resolution of each complaint, as well as other marketing and complimentary campaigns.
- » Enabled Staff accessibility to support portals of all third party vendors providing services to IE.
- » Embarked on an evolving model to consistently increase our touch points to our various customer classes.

The WowE initiatives have helped drive our operational efficiency and enabled the Company improve on its customer satisfaction drive. The table below shows the maturity phases of the WowE initiatives.

Maturity Phase of the WowE Initiatives.





At the Front Lines

The customer care team is a great blend of people and culture. The Company sees each person as unique and valuable.

In the Company's drive to sustainable excellence, we embarked on putting together a team of proven professionals from diverse elds of interest towards continued value creation and delivery of quality service. The Company brought in talent, with previous experience in design, implementation and management of major customer care projects, integral business reporting and management information system specialist, all of whom have become the face of the company in delivery of excellent customer service experience and bringing a unique specialization towards value creation and customers satisfaction.



To drive sustainable excellence, we embarked on putting together a team of proven professionals from diverse fields of interest to ensure continued value creation and delivery of quality service.



Customer Complaints



As a company transiting from public to private management, we inherited a customer complaint system and/or model which was characterized by many challenges some of which included, but were not limited to the following;

1. Lost/missing complaints
2. Inability to track customer complaints history

3. Reported and unresolved complaints
 4. Repeated complaints
 5. High level of customer dissatisfaction
- The Company identified these gaps, after which strategic initiatives were developed and implemented in order to bridge them. The first initiative implemented was the

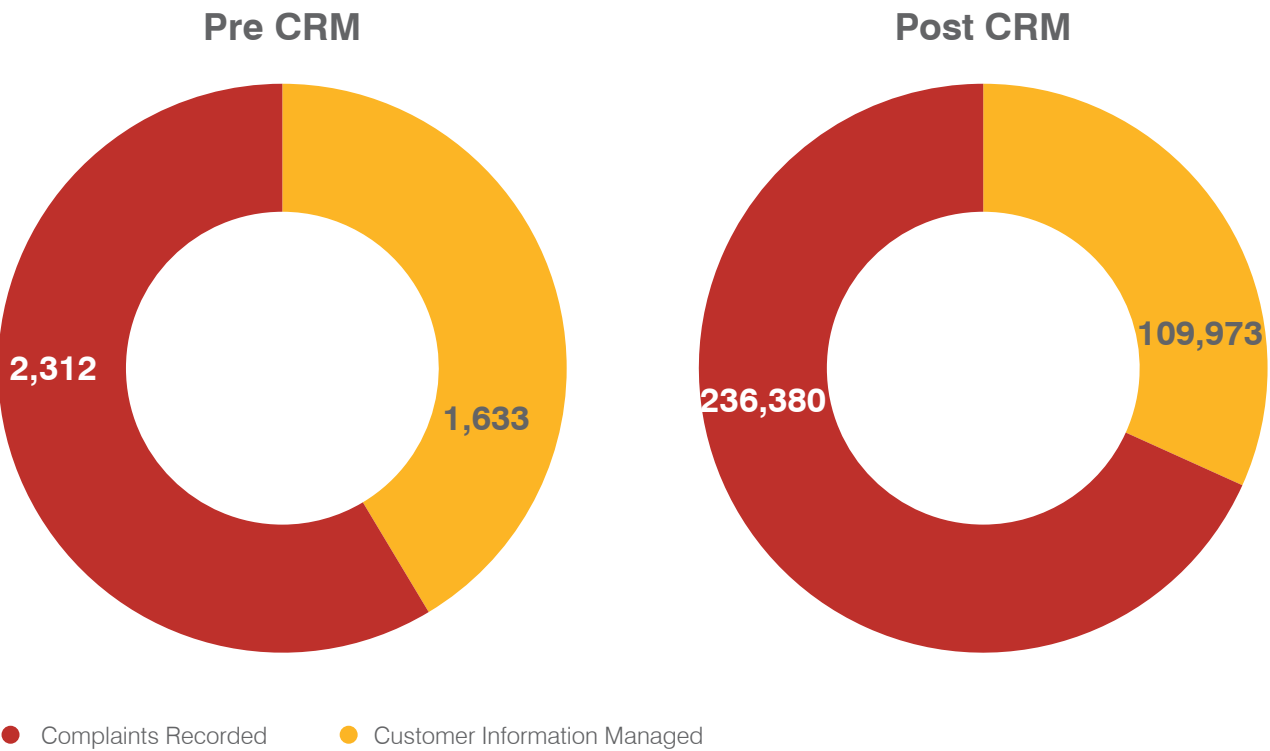
- development of a smart process towards ensuring that the following were achieved with respect to customer complaints;
1. Simple procedure to capture and document customer complaints
 2. Process for immediate feedback to customers informing them that their complaints had been logged and was being attended to.
 3. Follow up procedures for monitoring that complaints were being treated.
 4. Continued customer feedback mechanism to communicate progress level of the complaint being addressed.
 5. Timely feedback mechanism to customer for resolved complaints.

As part of the Company's internal complaints monitoring and management, regular analysis and reporting was carried out to provide for better understanding of the various complaint trends and overall perception of the customers. This process is an integral part of the Company's CRM system.

The Company's CRM system is a multi-channel tool used in managing the Company's interaction with the custom-

ers. The system helps capture relevant information relating to the customer complaints throughout the customer lifecycle. It is designed to manage customer information and interactions across different touch points in Ikeja Electric. The CRM system has had a significant impact on our ability to capture trends in customer complaints.

Complaints And Customer Data Recorded Pre & Post Introduction Of The CRM

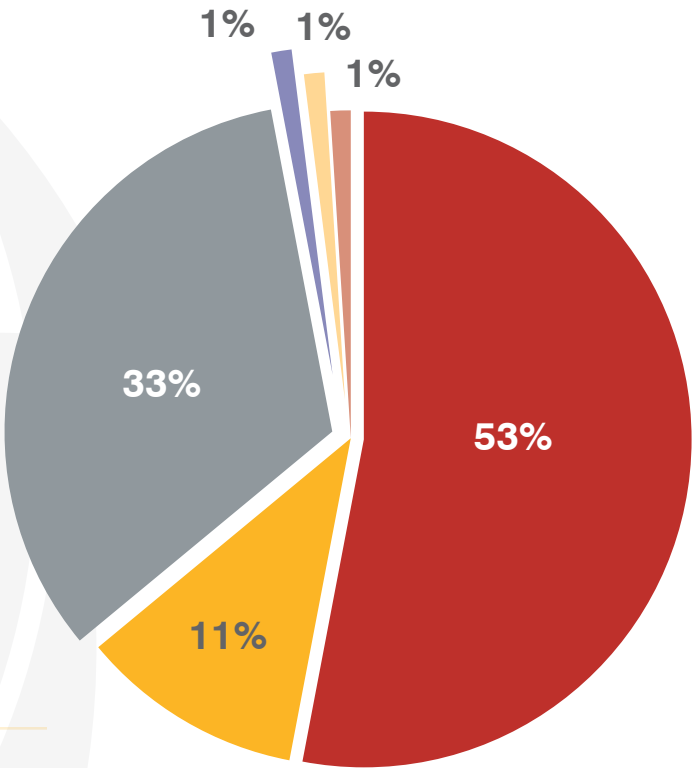


“The CRM system has had a significant impact on our ability to capture trends in customer complaints and identify resolution gaps.”

Connecting With Our Customers

The Company's customer touch-points are the avenues used to engage and serve our customers at their convenience. Prior to the takeover, the customer care touch points were limited to letters, emails and face to face interactions at the Company's Business Units.

Today, we conveniently serve customers through numerous touch points as displayed.



Customer Care Presence Across The Touch Points

- Walk In
- Call Centre
- Email
- Social Media
- IE Customer Portal
- Letters



The increase in the number of available mediums of reaching our customers, has continued to improve the level of direct customer relationship with the company. As a result of this, the Company's customers have become more engaging by channelling their complaints through only authorised channels and through the management approved touch points.

Based on our customer demographic, we are constantly seeking to optimise our touch points, to ensure that our customers can conveniently engage with us. Currently, a majority of our customers engage with us through our walk in centres. Further, due to the large geographical spread of our network, we understand that our customers have to sometimes travel large distances to reach us. Our call centres enable them connect with us from the comfort of their homes. Finally, about 10% of our customers prefer to communicate with us through letters. Our dedicated letters department ensures that these customers are also engaged.

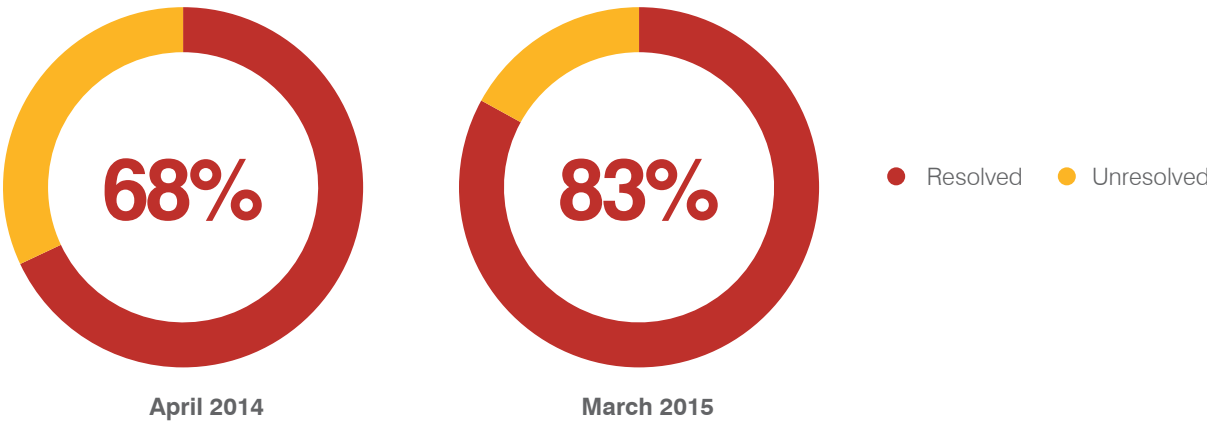
We are constantly educating our customers about the variety of our touch points. Ultimately, the performance of our customer service offerings is inextricably linked to our ability to provide adequate power supply e.g through efficient fault clearing, and to ensure fair billing practices.



We are constantly seeking to optimise our touch points, to ensure that our customers can conveniently engage with us.

An analysis of customer complaints conducted in April 2014 to March 2015 shows 68% increase in the total complaints logged, with a resolution rate of 83%.

Complaints resolution ratio from April 2014 to March 2015



Active Customer Population 2013 To 2015

Total Registered Customers			
Customer Type	December. 2013	December. 2014	December. 2015
NMD	640,787	661,825	750,940
MD	4,067	4,016	4,390
Total	644,854	665,841	755,330

*MD – Maximum Demand. *NMD – Non-Maximum Demand



Customer Privacy

Considering the nature of the Company’s business, we are by default the recipient of large amounts of personal data and/or information relating to customers. The Company is bound by data protection laws applicable in Nigeria, specifically the National Information Technology Development Agency Act 2007, as well as international best practice. As such we have put in place various mechanisms within the organization to ensure that we educate all our customer data processors on the statutory requirements regarding handling personal data. As a result, in 2015 we did not receive any substantiated complaints concerning breaches of customer privacy. Going forward, the Company will ensure that systems are continually improved to meet local and international data protection laws and practices.



daily (Monday – Sunday) with two (2) operational shifts:

- » 8:00 a.m. – 5:00 p.m. (Morning shift)
- » 11:00 a.m. – 8:00 p.m. (Afternoon shift)

As part of the Company’s initiatives, jingles relating to customer service delivery process and critical customer information are also communicated to customers in the 3 major languages and in Pidgin English.

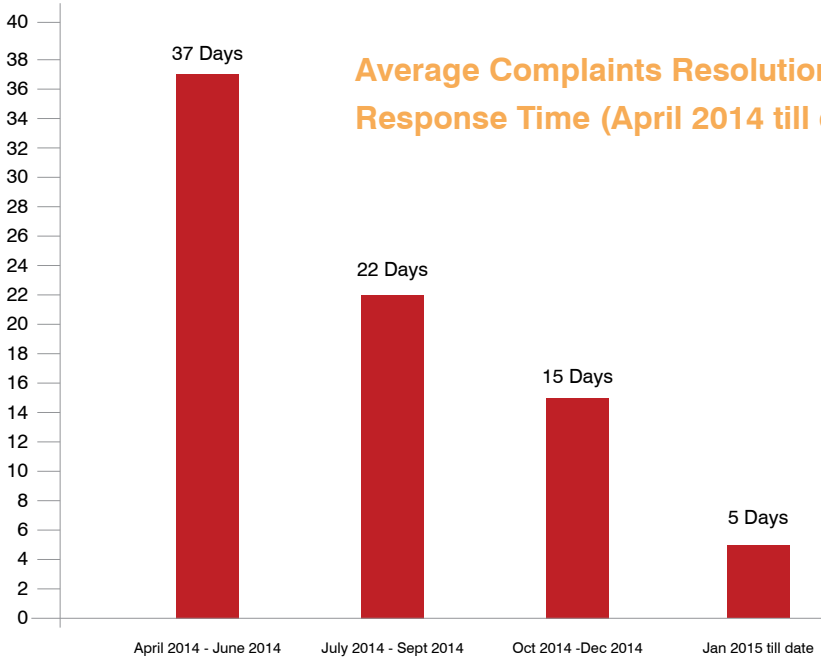
The call centre is buoyed by an objective to improve customer satisfaction and provide immediate resolution to customer complaints enquires and requests. The call centre is readily available to serve all IE customers and it can be reached by calling its helplines on 01-7000250, 01-4483900 and 0700-0-2255-453

Monitoring Our Performance

The Company employed several performance metrics to evaluate the effective-

ness and efficiency of the various initiatives developed and implemented. The Company’s Quality Control and Assurance department developed and implemented various standards which are operational towards measuring and evaluating performance. Also several levels of independent audits were carried out and feedback communicated to staff and management. The Company deployed a central reporting platform which was incorporated with the CRM system known as the Business Intelligence tool. This enabled the customer care department collate and report on some of the following

- 1. Complaint trends
- 2. Resolution updates
- 3. Performance tracking



The company has made remarkable progress in the rate of response to customer complaints. The Company has over the period since the kick off of the CRM system, consistently resolved about 80% of customer complaints brought to the Company’s attention through the various touch points on a monthly basis. Also the duration of time spent in resolving customers complaints using these initiatives has increased tremendously, as displayed in the graph below.

Though the results show remarkable improvements in the customer care experience of the Company, we are committed to constantly improving and learning from our experience. In the future, the Company believes that there are areas where

additional improvements will be required. Some of these areas include but are not limited to the following listed below;

- 4. Standardization of the expected turnaround times for different types of complaints
- 5. Improved co-operation and synergy with other departments in supporting and providing needed information towards resolving customer complaints.

To address these issues, the Company will put in place various initiatives to close the gaps in the future. Some of the initiatives to be implemented in the short, medium and long term include but are not limited to the following stated below;

- 1. Categorization of customer complaints into various categories to a maximum of 5 categories
- 2. Development of standard Service Level Agreements (SLA’s) with all other key stakeholder departments within the Company
- 3. Sign off of these SLA’s by all parties who will be responsible for providing data and information for complaint resolution towards ensuring the needed synergy and seamless quality service delivery.

Further, the Company will be introducing a CRM Expansion Plan which will incorporate all employees, who are an integral part of the complaints resolution drive for the Company on the CRM system.

The Future

Considering the level of progress made in 2015, the Company intends to continue to build on this momentum. As part of the plans for the for the short, medium and long terms, the Company will embark on a 360 degree technology revolution by augmenting our Touch points and other various Points of sales for ease of access to customers. Some of the Company’s future initiatives include but not limited to:



Live Chat

The Company looks to deploy a live chat service which will be available on the Company’s website. This will provide a quick avenue for customers to reach the Company’s customer care representative who would be able to provide immediate and direct resolution to complaints on-line and in real time.



Self Service IVR

The Company plans to introduce the self-service Interactive Voice Response (IVR) offering for specific touch points using multiple channels: voice, web, mobile, and social. The option for self-service interaction will provide solutions to our customers which are simple, efficient and available at any time.



CRM Expansion

The Company plans to expand the CRM system to include the other departments which will make investigation and complaints easier and faster to address.



SociaMedia

The Company plans to expand our social media presence to include Facebook, Twitter, Instagram, Youtube, Blackberry Channel, Google+ and Eskimi. This will help customers stay informed about service offerings and enable them send in complaints/enquiries as posts or tweets for quicker and faster response within the shortest possible time.



Customer Care Portal

The Company’s Customer Care Portal (CCP) is a platform that will allow customers log their complaints directly to the Company’s CRM system themselves, without having to use other touch-points. This platform also provides Customers with the ability to track their complaints from start to finish, thereby encouraging greater transparency.





Entrenching a Culture of Safety

The Management of Ikeja Electric firmly believe that our people are the most valued assets and that the safety of our employees, customers, contractors and other stakeholders is our priority in managing our business.

We take a sustainable approach to our energy distribution future. For us, this encompasses reconciling long-term commercial success with the health and safety of all those involved and the protection of the environment as well as our corporate responsibility.

With the implementations and integration of our Harm to Zero (H2O) Concept into our daily activities, we believe that we are prepared to overcome any future challenges and to achieve a sustainable and safe future.

Our journey to process management and safety excellence has commenced with the ongoing management system set up and certification in ISO 9001:2008 and OHSAS 18001:2007. This is driven by a desire to create and embed a sustainable safety culture towards ensuring that all our stakeholders are aware of the need for safe conduct.

The entire Board of Directors and Management support this objective and are determined to ensure safety of lives.



We take a sustainable approach to our energy distribution future. For us, this encompasses reconciling long-term commercial success with the health and safety of all those involved

Our Journey to Safety Excellence

Our goal is to achieve a zero accident rate in all of our operations. This is reflected in our Corporate HSE goal, Harm to Zero (H2O) which covers all the critical elements in OHSAS 18001:2007.

In a bid to reduce incidents in 2015, we adopted a number of proactive measures ranging from Management Facility Safety Assessments (MFSA), Technical Toolbox/Field Safety Talks, Field Compliance Monitoring, PTW Audit, Emergency drills (Fire and medical), HSE Bulletins, Contractor Safety Engagement, IE- SAFETY PLEDGE, Incident Investigation Tracker and Strategic Safety Awareness sessions.

We established IE Safety Code and Golden rules for Safe Driving as lifesaving rules to guide our staff towards working safely. We also set up an effective communication channel through SAFETY CONNECT on WhatsApp.

Our behavioural based safety approach also necessitated the introduction of Safety counseling sessions for staff that violated the established codes with their appearance in subsequent SAFETY WATCHDOG publications to serve as Learning from Incidents (LFIs) to other employees.

In 2015, we recorded two (2) work related staff fatalities, with both incidents occurring in the first half of the year. Although this was below our target of zero fatalities,

it was an improvement from 2014 where we recorded five (5) staff fatalities. We learnt from these incidents and introduced cultural based safety techniques like Safety Compliance Permit (SCP) and Technical Safety and Injury Prevention Engagements which assisted us to achieve zero fatality in second half of the year.

At IE, we are constantly evolving and looking for new and better ways to improve our performance. We will strive to excel further, and to learn from our experiences.



Our goal is to achieve a zero accident rate in all of our operations. This is reflected in our Corporate HSE goal



Our 2015 HSE Achievements



New HSE Policy Introduced

Our HSE Policy was approved by the MD/CEO and 100 framed copies were deployed to all strategic locations companywide before the end of March, 2015



Company-wide safety assessment

55 Management Facility Safety Assessment (MFSA) led by the BU Leadership were carried out to identify areas where there are HSE gaps and to encourage the implementation of corrective actions



Significant financial investment in HSE

Over 80 Million Naira was spent on HSE programmes/activities like trainings, consultancy, procurement of PPE and working tools and servicing of fire extinguishers etc.



Reduction in Fatalities

Unfortunately, we recorded two (2) work related staff fatalities in 2014, with both incidents occurring in the first half of the year. This was an improvement from 2014 where we recorded five(5) staff fatalities. We will continue to strive and work on our safety standards until we achieve a zero work related fatalities level.





Awards

The commitment of the Board and Management of Ikeja Electric for safety excellence coupled with the innovative HSE Strategies deployed in the company have led to commendation from Nigeria Electricity Regulatory Commission (NERC) at an HSE Managers Meeting in 2015, commendation from the United States Trade and Development Agency and International Finance Corporation and the 9JA Safe Hall of Fame Award for Best Health & Safety Practicing organization in the Power Industry which we received on the 4th of September, 2015 at Oriental Hotel.

Our HSE Awareness and Communication Programmes are aimed at improving the HSE perception and awareness of all employees, creating a strong sense of ownership for their own safety.

The key to the success of these programmes are that they are tailored to the employees' needs and encourage their involvement in building a safety culture. We have continued to focus on empowering our employees and eradicating the blame culture which was in existence before privatization.

Below is a summary of key awareness initiatives in 2015:

- » 5 Health and Safety Bulletins on Occupational Health & Safety issues were released to staff through the intranet.
- » 2 Safety Awareness videos were circulated to all employees before and during the Salah Festival and Christmas.
- » Created SAFETY CONNECT (A mobile chat group that connects staff in the Business Units and at the Headquarters) in June as a platform to communicate real time safety information and resolve safety concerns
- » 7 LFI on Electrical accidents with respect to the investigated accidents in January, 2015 and December, 2014 was conducted in all the Business units
- » 378 Technical Toolbox/Field Safety Talks (TFT) conducted across all the undertakings and BUs from the

month of June, 2015 till December, 2015

- » 1st World Day for Health & Safety at Work 2015 organised on the 28th of April, 2015 with the theme "Join in Building a Culture of Prevention on OHS" at the Headquarters - this included employees, customers, and contractors who were present at the CHQ in attendance
- » Developed and deployed the Visitors/Contractor Safety Guidelines (Rollup banners) which serves as induction message for all visitors to our offices in February, 2015.
- » Burn Calories not Electricity" signage was designed and pasted at the elevator's entrance to promote energy conservation and keep fit Strategy



The commitment of the Board and Management of IE for safety excellence coupled with the innovative HSE strategies deployed in IE have led to commendations from NERC



Safety Awareness



We are aware that one of the necessary conditions to achieve and sustain environmental and safety excellence is “getting everyone involved”. We aim to increase the participation rates in health and wellness initiatives, at-risk reporting, and to encourage learning teams, as the involvement of the entire organization is crucial to improve performance. The more successes that can be measured and reported, the more holistically management can respond.

- » Established and inaugurated functional SAFETY LEADS (Safety Leadership Team) companywide (Undertakings, Business Units and corporate headquarters) in January, 2015 to ensure that the corporate goal, Harm to Zero (H2O) is achieved.
- » Initiated Cleanliness Matters, a programme dedicated to enhance environmental compliance at the injection substation in Q1, 2015.
- » Introduced the Photo-Safe Competition to engage and reward staff on Hazard identification with the aid of photographs
- » Organized “Jogging to Bond” in collaboration with the HR Department in December, 2015 to promote healthy living and longer life
- » Conducted 64 fire drills and 39 medical simulations across the business.
- » 59 Strategic HSE Awareness/Interactive Sessions conducted companywide

Safety Monitoring, Compliance and Audit

One of the major achievements for Ikeja Electric was the introduction of the IE- Safety Code (The Safety Non-negotiable) across the Business Units and Corporate Headquarters through Road Shows, Technical Tool box/ Field Safety Talks, the intranet, Safety Cards from May, 2015. We take our safety monitoring, compliance and audit programmes very seriously at Ikeja Electric.

Here are some of the highlights:

- » Instituted STOP WORK orders for 18 Safety Violators during the unscheduled monitoring and compliance field visits. In addition we facilitated 15 safety counselling sessions (with LFI Videos) for the violators and their Team. Safety champions were rewarded for complying with the IE Safety Code.
- » We introduced a Safety Compliance Permit, which is a permit that must be filled before any technical job is carried out. The permit authoriser must ensure that the safety requirements of the job are discussed with the Team and a Designated Safety Representative (DSR) is appointed to monitor compliance to safety rules on site. This permit was used to strengthen the monitoring and enforcement strategy for entrenching a safety culture since Q2, 2015
- » Safety Compliance Permit Audit was carried out to assess its application,

- evaluate its effectiveness and improve on its implementation; the audit result was released and forwarded to all the concerned parties on the 2nd November, 2015.
- » The reports of all the incidents investigated in 2015 were submitted to NERC in compliance with the statutory requirements under the Health & Safety Code.
 - » An Investigation Tracker with analysis was developed for all the incidents to enhance the close out of the recommendations/corrective actions.
 - » The Internal Audit of the HSE Management system was carried out in December, 2015 to evaluate the system and enhance continual improvement.
 - » We conducted an independent safety survey/ feedback concerning the activities of HSE department. The results from the survey show that our 362 respondents have the following perspectives of our HSE performance.



HSE Survey Feedback



Hazard Analysis & Risk Management (HARM)

Our proactive HSE Assessments/inspections are targeted on areas of highest risk and we have developed and delivered a wide range of intervention strategies to stimulate ownership and leadership with respect to health and safety risks.

- » 77 Facility Safety Assessment (FSA) and Hazard Spotting Analysis (HSA) carried out for the offices and injection substations to ensure their compliance with appropriate HSE regulations.
- » Introduced Environmental Compliance Assessments (ECA) of injection substations. Conducted Hazard Identification (HAZID) exercises in all the Business Units and at corporate headquarters.
- » A Hazard Register for Ikeja Electric was developed.
- » Developed Draft IE Protocol for safe handling of Polychlorinated biphenyls (PCBs).
- » Drivers trained in February, 2015 on “I ARRIVE ALIVE” to enhance defensive driving and operational excellence.
- » 93 Linesmen and DSO trained during the Distribution Line Maintenance Programme (DLMP) for Linesmen in June, 2015
- » Trained 81 Distribution Substation Operators (DSO) on Operation-

- » al Safety and PTW System in July, 2015
- » Facilitated the Technical Safety and Injury Prevention Engagement Programme for 1,061 Technical Staff companywide in August and September, 2015
- » 75 Technical Staff including HNOs participated in the Environmental Learning Sessions on safe handling of PCB at the CHQ in March, 2015
- » Technical Safety & Environmental Learning Sessions on PCB’s conducted in the Business Units in April, 2015
- » Trained 153 Electricity Sales Representatives (ESR) on Achieving Sales Target Safely
- » “Arrive Alive”; Drivers’ Safety education programme organised for 30 newly recruited Drivers on the 6th of August, 2015

77
Facility Safety Assessment (FSA) & Hazard Spotting Analysis (HSA) carried out

93
Linesmen and DSO trained during the Distribution Line Maintenance Programme in June 2015

153
Trained Electricity Sales Representatives (ESR)



“Arrive Alive” drivers safety programed for 30 newly recruited Drivers



Contractor Safety Engagement

Contractors are faced with different types of hazards while working on projects. However, the proactive management of these hazards plays a critical role in the project delivery success and can mitigate significant financial risks for the organisation.

The following activities were carried out to promote and sustain contractors' safety engagement to ensure they were adequately equipped to handle health and safety issues.

- » 938 AMI Installers trained on “Working and Managing Safely” from April till December, 2015 with over 80% grading the facilitation as excellent.
- » 2nd Contractor Safety Forum attended by 48 Top Management Staff of Ikeja Electric’s Contractors on the 28th of April, 2015 to further create more awareness on Occupational Health and Safety culture in line with the directive of International Labour Organisation (ILO)
- » Developed Contractor Safety Agreement form and sent to contractors on the 28th of September, 2015 to enhance the commitment of their Management.
- » 12 AMI Installation Subcontractors’ Senior Management Team engaged on Safety Leadership & Commitment on the 27th of May, 2015

Implementation of OHSAS 18001 and ISO 9001

Ikeja Electric commenced the journey to ISO certification in ISO 9001:2008 and OHSAS 18001:2007 with a Management Briefing and process gap analysis in April 2015 and appointed ISO 9001 Implementation Team in May, 2015.

Other project activities covered in 2015 are highlighted below:

A 2 – day intensive ISO 9001 Awareness /Implementation training was conducted from 4th to 5th of June, 2015 at the Corporate Headquarters with 40 participants

- » QMS/OHSAS Awareness Session held for staff in corporate headquarters from 2nd to 3rd of September, 2015 at the Corporate Headquarters.
- » 1442 participants attended the QMS/OHSAS Awareness Programme in the six Business Units
- » 22 Staff successfully passed through ISO 9001: 2008 (QMS) Internal Auditor. Course from 8th to 9th of December, 2015.
- » 35 Staff appointed from the Safety Leads trained as OHSAS 18001: 2007 Internal Auditor on the 10th and 11th of December, 2015.
- » 50 Management Team of IE and NIPP Contractors engaged on “Achieving Safety Milestones in Projects Execution” using NERC Health & Safety Code IE Safety Code (Safety Non-negotiable) on the 14th of September, 2015
- » 188 Contractors’ Technical Crew passed through HSE Orientation Programme titled “Working Safely within IE Network” on the 16th of September, 2015
- » 59 CETAAM Project Team members (including KEPCO) trained on “Achieving Excellent Safety Culture” in

- » CETAAM Project in September, 2015
- » 94 Site personnel working on Oshodi Building Project engaged on Construction Safety and Hazards Management in October, 2015
- » Several pre-project safety engagements facilitated for contractors working within IE Network
- » 4 - STOP WORK Orders enforced on contractors working without complying with IE Safety Code. Contractors were summoned for Safety counselling Sessions at the corporate headquarters.
- » Facilitated Cleaning Safety & Basic Hygiene programme for 22 Housekeepers/Janitors on the 24th of June, 2015.



The proactive management of these hazards plays a critical role in the project delivery success and can mitigate nancial risks for the organization



Incident Analysis

In relation to incident analysis, prior reports had focused only on activities that resulted in injury and/or fatality. However, in 2015, we extended the definition to include other activities such as fire incidents, whether or not these resulted in injury or fatality.

This more robust approach to incident reporting might lead to higher number of incidents recorded, however, we believe that this is a more accurate reflection of our safety performance. The 2013-2015 Incident Analysis chart however, is based on the previous reporting method, to enable a fair comparison to be made.

Using the new system of reporting, in 2015, seventy six (76) incidents occurred in 2015 which resulted in injury of various magnitude and fatality on staff and non-staff as well as property damage.

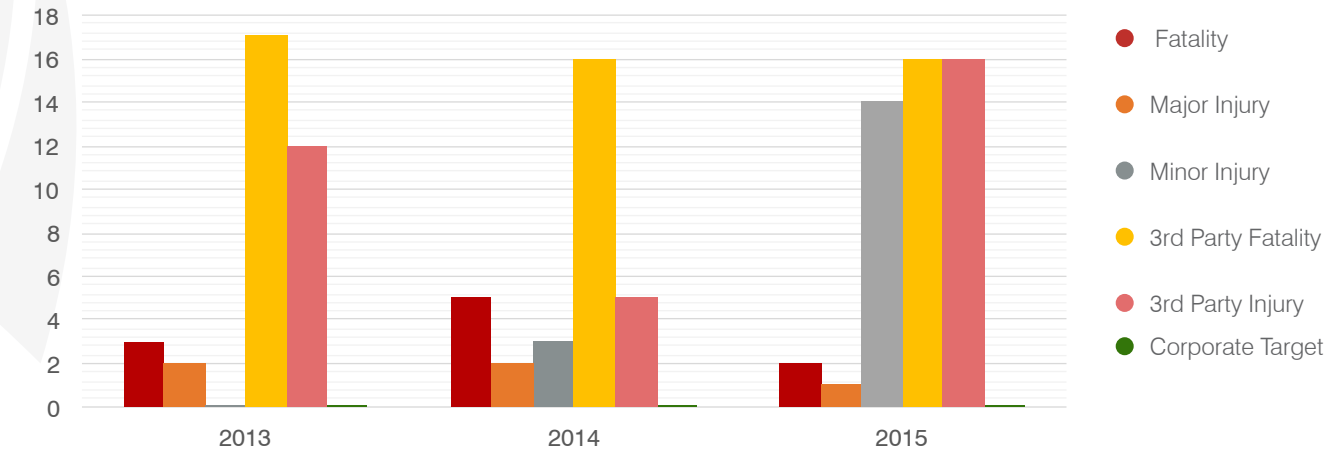
These incidents are classified according to the twelve (12) causative factors highlighted below

- » 4 Road Traffic Accidents (RTA)
- » 17 Third Party Vehicular Collisions
- » 2 Fall from Height
- » 6 Fire incidents
- » 14 Contact with Overhead lines
- » 4 Contact with energized part of

- » ground electrical equipment
- » 4 Environmental Impacts (Inclement Weather).
- » 9 Snapped HT Feeders
- » 2 Snapped LT line (Wire Cut) 1 Poor workmanship
- » 12 Explosions
- » 1 Unsafe lifting



In relation to incident analysis, prior reports had focused only on activities that resulted in injury and/or fatality. However, in 2015, we extended the definition to include other activities such as fire incidents, whether or not these resulted in injury or fatality.





Running A Financially Sustainable Business

Every day, millions of Nigerians rely on us to power their homes and businesses. Their quality of life is hinged inextricably to our success and as such our economic performance is of great concern to all our stakeholders.

As a business, we exist to resolve challenges, create value and receive commensurate returns on the value delivered. This is important as the business has switched from a public utility to a private enterprise. Prior to privatisation, supply was considered a right, sometimes with the assumption that it should be made available irrespective of the user's ability and willingness to pay for it.

This unwillingness to pay for energy consumed is a real challenge for the sector.



In order to remain financially profitable we have put in place various initiatives such as energy loss management, efficient billing practices, energy accountability, as well as effective supply chain management practices.

Financial Sustainability



At Ikeja Electric (IE), we are focused on creating economic value for all our stakeholders - shareholders, employees and third party business partners. The Company's ability to remain profitable is critical, as we can only make investments towards improving our network infrastructure and continue to provide excellent services to our customers, when we have adequate financial resources. This will enable us to continue to create jobs, support our employees and invest in the communities in which we operate. Our profitability will enable us execute sustainability strategies and ensure that our investors receive a fair return.

However, as the power industry is highly regulated, with various stakeholder interests to balance, our financial performance is intricately intertwined

with other macro-economic factors and actions by other players within the energy value chain.

In the 2015 financial year, the Company has faced various challenges relating to its financial performance especially as it relates to revenue generation. Some of these challenges include but are not limited to the following;

1. The absence of a cost reflective tariff
2. Lower than expected volume of energy supplied
3. Energy theft
4. Limited Purchasing Power

Other macro-economic changes which also posed challenges to the Company's financial performance include but not limited to the following;

1. Unpredictable gas prices and supply
2. Foreign Exchange (FX) devaluation and availability
3. Rising inflation and interest rates which affected the pricing of various inputs into business.

Finally, the downturn in the economy also impacted the ability of our customers to make payments. This led to depressed collections and an increase in uncollectable bills, and energy theft. It is important to note that energy theft constitutes a huge challenge to the revenue generation capacity of IE. It consists not only of those who engage in illegal connections, but also a considerable population of customers who relocate without payment of outstanding bills at their old locations.

Economic Performance

Sales and Revenue

During the reporting period, the company achieved a revenue of over N63 billion. This was an increase of about 15% from the previous year.

However, despite this increase, the company recorded a loss of about N28 billion, which was about 27% increase from the N22 billion loss recorded in 2014 . This increase was largely due to the financial challenges we faced, particularly as a result of lack of cost reflective tariff, which limited our ability to collect sufficient revenue to offset our operating expenses including salaries and administrative expenses.

Direct Economic Benefits

We are a significant employer of labour. With over 2,600 employees, we remain committed to creating jobs with competitive pay and benefits. In 2015, we expended N6.2 billion in employee wages and benefits.

IE Summary of Financials

	Profit/(Loss) Before Tax N'm
2014	(22,309)
2015	(28,317)

IE Economic Value Distributed

	N'm 2015	N'm 2014
Revenue	62,982	54,678
Payment to Market Operators	(48,762)	(40,355)
Employees' Wages and Benefits	(6,610)	(6,886)
Suppliers	(9,727)	(7,619)
Outstanding Trade receivables	(18,784)	(14,127)
Administrative Costs	(9,058)	(8,630)

Responsible Procurement Practices

Our Supply Chain Management department is responsible for the procurement of goods and services, project monitoring as well as inventory and warehouse management. The supply chain management processes are in place to ensure seamless delivery of goods and services for internal customers. For example, the department ensures timely delivery of work tools and provides adequate storage for safe keeping and easy accessibility.

As at the end of 2015, we had engaged over 200 contractors within Nigeria with the total contract sum of over a billion naira and about a quarter of a million dollars expended. Due to the scale of our operations, we recognise that our purchasing power can be used to influence social and environmental policies in the areas of safety, regulatory compliance, local content requirements and human right activities. Furthermore, by sourcing majority of our products (goods and services) locally, we recognise that our activities have a significant impact on the Nigerian economy.

The development of local capabilities is of great importance to us as it enables us

manage our costs by reducing the financial risk associated with the fluctuations in the Foreign Exchange (FX) market. We realize that all our vendors are an integral part of our business and seek to build lasting relationships with them. In very few cases where we were unable to source our materials and equipment locally due to quality and/or quantity of the request, international vendors are contacted. This practice of sourcing locally is in accordance with NERC's National Content Development policy for the Power Sector, 2014.

As part of our responsible procurement practices, we ensure that all our contractors and/or suppliers are registered with the Company's Supply Chain Management System (SCMS) through a Vendor Registration Process, which ensures that we acquire all relevant information for the purpose of Know Your Customer (KYC) checks. However, due to resource limitations, in 2015 we were only able to conduct basic checks on our contractors based on the information supplied.

A major goal for the next financial year is to implement a more robust technology supported Supply Chain Management

system which will enable the Company conduct a higher level of review and analysis on the status of the contractors and/or supplies that we engage with and are registered in our SCMS database.

Another key highlight of the department is the approval of a new Supply Chain Management policy and Procedural Manual by the Board of Directors. This was driven by a desire to better serve our

customers and to ensure that our supply chain was in accordance with international best practices. The Supply Chain Policy is an integrated, holistic, and transparent rule based policy which minimizes ad hoc/emergency procurement exercises and promotes fiscal discipline in the procurement of goods and/or services. It also promotes competition between suppliers and eliminates the possible reliance on single source suppliers.



Managing Commercial and Collection Losses

Managing our aggregate technical, commercial and collection (ATC&C) losses is critical to Ikeja Electric's business model. This is the main industry measurement index for determining our operational efficiency and ultimately our profitability. ATC&C losses are also critical to our consumers, as high loss levels translate to increased tariffs under the MYTO 2015 regime.

Without a reduction in ATC&C losses, distribution companies stand the risk of losing billions in revenue and ceasing to be a going concern.

Our focus here is on how we manage our commercial and collection losses which, in light of the above, is a key strategic objective for the company.

Commercial Losses arise from cases where energy has been consumed but which cannot be accounted for. This occurs often due to energy theft, meter reading errors etc.

Collection Losses arise when energy is billed for but not collected or paid for. Prior to takeover, the Company's aggregate commercial and collection losses stood at about 35% and we have continued to develop and implement strategic

Our focus is on managing our commercial and collection losses which is a key strategic objective for the company.

initiatives towards bringing down the loss levels to the agreed levels as contained in our takeover agreements within the first 5 years and beyond.

Going forward, we will continue to work on reducing the Company's ATC& C losses through evaluation and initiatives to close the revenue gaps to enhance proficient utilization of investment and business sustainability.

To achieve this we implemented a number of initiatives such as:

1. Metering of Non Maximum Demand (NDM) and Maximum Demand (MD) customers
2. Addressing Energy Theft
3. Increasing Payment Channels
4. Metering of Feeders and Distribu-



5. Improved Estimated Billing Methodology (EBM) for NMD unmetered customers
6. Outsourcing Disconnection and Reconnection of Customers
7. Improving Vigilance activities
8. Improving our Customer Service and Community Relations

Implementing Loss Reduction Strategies – Energy Theft and Others

Since takeover, we have taken proactive steps to effectively reduce our commercial and collection losses. This we did by setting up The Vigilance Strategy & Loss Reduction unit (VSL unit). The unit has

been very instrumental in assisting the company achieve its commercial and collection losses reduction in the Head Office and across all its business units. Prior to privatization of the electricity distribution segment of the energy value chain, the electricity supply network was plagued with a huge number of energy thieves; existing customers who compromise electricity infrastructure with great impunity (e.g. through meter bypasses and non-payment of consumption for previous location) as well as other technical issues such as sagging supply lines and faulty distribution transformers which lead to continued significant revenue loss. Non-technical issues some of which were brought about by energy thieves and existing customers, were tackled by the Investigation Department prior to the take-

over. This department was reorganized and realigned into what is now called the Vigilance Strategy and Monitoring (VSM) sub-unit. The VSM sub-unit have carried out continuous monitoring operations to identify energy thieves. However during the course of the year, as a result of limited back end support, we have not been able ensure significant levels in reducing revenue leakages.

Vigilance Strategy & Monitoring (VSM)

Is a sub-unit of the Vigilance Strategy & Loss Reduction unit (VSLR) whose primary focus is proffering and ensuring the implementation of strategies and initiatives to help reduce commercial losses. In line with the corporate objective to reduce ATC&C losses, the VSM unit was set up to identify all potential revenue leakages - inefficiency in consumer metering, identifying illegal consumers (energy thieves) - and proffering strategies and initiatives to eliminate these revenue reducing areas towards improving collection efficiency within the company's distribution network.

As part of the post privatization transformation process, the restructured VSLR unit is mandated to ensure that the Company attains increased staff efficiency as well as synergizing the coordination of back office activities. Some of these activities include but not limited to;

1. Analyzing exception reports from various sources

2. Providing appropriate direction for monitoring activities.

As a result of this restructuring, monitoring efforts are now being channeled to areas of high energy losses. Despite these challenges, in 2015, the Company recorded a total of 24,299 investigated cases of possible circumvention of the network leading to revenue leakages. Of this total, 1,486 cases were classified as energy theft cases and a total sum of N60, 513,244.30 recovered from defaulting customers.

However, we are working towards a more effective VSLR Unit and we hope to achieve this by restructuring the functions of the VSM Unit and adopting a more integrated approach which will involve field commercial staff as well as back end analysts and support staff.

The key initiatives will include:
Empowering Energy Sales Representatives (ESRs) – Our ESRs are at the frontline of our operations. They engage frequently with our customers and perform a range of critical functions. They are responsible for identifying new customers i.e. customers not connected to our network, updating customer information e.g., where tariff reclassification is necessary and identifying cases of energy theft. Under the new structure, the ESR's will be given greater ownership over their network to ensure high employee accountability for the distribution transformers assigned to them. Furthermore their activities will be mo-

As a result of this restructuring, monitoring efforts are now being channeled to areas of high energy losses

tivated through the provision of more background information based on critical analysis to ensure that areas of high energy loss are targeted to achieve maximum return.
Non-MD Customer Metering (NMD) Unit– Our NMD will install, monitor and maintain all prepaid and post-paid meters for NMD customers. The team will comprise of both Field Officers and Platform Analysts. The Platform Analysts will provide data on customer consumption trends and platform alarms to effectively monitor and drive the activities of the Field Officers.

Vigilance Strategy Monitoring (VSM) – Our VSM unit will now focus on developing compliance strategies across the company. These strategies will be aimed at discouraging illegal consumption of electricity, improving customer service efficiency, reducing revenue leakages and liaising with other stakeholders such as the Legal and Security teams in dealing with cases of energy theft. With the unit's new focus on the elimi-

nation of revenue leakages as well as optimizing revenue through innovative strategies, Vigilance Strategy and Loss Reduction (VS&LR) sub-unit focus will effectively move from a strictly support function to compliance based support functions; thus, realigning and re-designating roles to enhance monitoring and supervisory objectives.

In view of the significant challenges that the Company has experienced in the area of energy theft, we are putting together strategies to seek government intervention in the form of strengthening legislation relating to the prosecution of energy theft and equipment vandalism to help discourage such activities.



Metering

Another critical area for improving loss reduction is metering. At takeover, over half of our customers were either unmetered or had obsolete meters. This was a major challenge as it made energy accountability difficult, as well as encouraged the use of estimated billing which led to both over and under billing.

The Advanced Metering Infrastructure (AMI) project was launched in partnership with our technical partners, KEPCO, to address various issues within the network including:

- » Closing metering gaps
- » Revenue assurance
- » Remote monitoring
- » Providing more accurate customer information
- » Improving maintenance culture and thereby reducing fault occurrence
- » Load analysis – prevention of faults
 - » Prompt escalations and fault clearing
 - » Forecasting
 - » Easier detection of non- technical losses
 - » Mitigation of technical losses

AMI is an integrated system of smart meters communicating wirelessly with a robust IT infrastructure in the background,

which enables effective energy data management.

In simple terms, it allows us to monitor our meters in real time.

Our vision for the AMI project is for IE to have the capability to carry out proper energy accounting, through the pre-paid smart meters.

In addition to this benefit, smart meters allow customers make informed choices about their energy usage. These smart meters will subsequently eliminate the reliance on estimated billing; improve billing efficiency and customer management. Furthermore, it provides a platform that enables the Company perform services such as service activation or deactivation remotely, as well as detecting customer outage, using wireless communication.

In line with our Metering Investment Plan under our Performance Agreement, we set out to install 600,000 new meters across our network and to connect 592,000 new customers over a 5 year period. The aim is to reduce the commercial losses from 33% to 14% within the agreed stipulated time period and beyond.

In 2015, we commenced our metering project at the top end of the distribution



network chain. We successfully metered over 90% of our 11KV feeders which is the first point of receipt of power for distribution within the Company's network, and over 30% of our distribution transformers which are used for managing the supply of electricity to consumer residence and outlets. Furthermore, we started the deployment of the Non Maximum Demand meters during the year. By the end of the year, we had successfully deployed over 30,000 smart meters to customers within our network.

Although, this appears to be below our target, our ability to achieve set targets was greatly impaired by funding limitations

which were exacerbated by significant changes in the FX market.

Despite these challenges, we are taking proactive steps to manage these financial limitations and are looking to maximize our strategic partnerships and to leverage on our business relationships to ensure that we remain on track.

By the end of 2016 financial year, we aim to have completed the metering of all distribution transformers, 11kv and 33kv feeders within the Company's network. For our customers, we hope to make significant progress in metering the customers.

Customer Enumeration, Technical Audit and Asset Mapping

The Company kicked off its Customer Enumeration, Technical Audit and Asset Mapping project in the third quarter of 2015. The project which is estimated to run for a period of about 10 months will commence implementation in 2016. The objectives of the project are as follows:

Enumeration – To capture the customer information in the Company's database. The information to be captured will help ensure major improvements in business efficiency - through accurate, efficient and effective resource allocation and management.

Technical Audit – The audit is aimed at ensuring that the Company confirms the status of all technical assets within the IE network. Some of these include but not limited to the following;

1. Feeder lines
2. Distribution transformers
3. Injection substations

The project will also assist in determining the redundancy of the installed capacities at the Transmission, Injection and Distribution ends and will enable recommendations and rehabilitation

planning to be conducted based on the findings.

Asset Mapping – The main aim of this exercise is to create a comprehensive asset register of all assets electronically, using geographic information systems (GIS). As part of the process, index numbers will be imprinted on distribution network assets.

The project will enable easy identification of existing customers, as well as provide accurate data for planning for potential customer expansion. For our unmetered customers, this will lead to reduced estimated billing due to reduction of free riders within the network.

This project will ensure that there are major improvements in the quality of power supply and reduce response time for clearing faults within the network. This will be as a result of being able to identify obsolete and/or damaged equipment within the network much more easily, thereby enabling more efficient and effective asset mobilization towards quality service delivery.



The Customer Enumeration, Technical Audit and Asset Mapping project will enable easy identification of existing customers, as well as provide accurate data for planning for potential customer expansion and expedited customer service delivery.

Billing and Collections

The management of the Company’s billing process and cash collection activities is essential to managing our ATC&C Loss Performance. We measured and analysed our basic indices, using the Performance ISO Model (PIM), an indicator for measuring the efficiency of work performed and the results achieved.

This provided us with a clear understanding of how effective our strategy was and how we could improve on the company’s billing mechanism and collection strategies.

In this context “Work” relates to energy delivered, whilst “results” is an indication of our collection efficiency. PIM is measured as:

$$\frac{\text{Collection (N)}}{\text{Energy Delivered (KWH)}}$$

This metric can also be expressed in terms of billing and collection efficiency.

Billing Efficiency

Billing efficiency refers to the percentage of Total Energy Billed (kWh) when compared to the Total Energy Delivered (kWh)

from the Transmission Company of Nigeria (TCN) grid to the Company’s network. Monitoring our billing efficiency helps in determining how much energy has been lost along the electricity value chain and how and where to channel resources to improve our efficiency and performance. It also encourages that as a Company we monitor all our payment channels to ensure that that we recover the energy that has been billed.

One of the biggest challenges relating to billing is the use of an estimated billing method, which has led to complaints from our customers regarding excessive billing, and which has translated into non-payments and high debt rates.

However, significant steps are being taken towards reducing the reliance on estimated billing as we are working to closing the metering gap. As at the end of 2015, the Company has deployed over 30,000 smart meters to our customers.

Also adequate steps are being taken towards improving our estimated billing methodology, which is a key challenge faced by the Company’s unmetered customers. This will ensure that our customers

are fairly billed, and that billing is in line with statutory regulations.

The new methodology will factor in new information obtained as a result of our customer enumeration and mapping initiatives. Following on our metering initiatives along the distribution value chain, we will also introduce the component of metered trade points (transformers and feeders etc.) to provide for a more scientific solution to tracking energy delivered/ more granular approach to tracking energy delivered.

A significant aspect of our billing process is the billing calendar], which is used to evaluate and monitor the effectiveness of the billing activities. We set a timely format within the month which specifies when the billing cycle commences and when bills should be fully printed and distributed. We monitor this closely, as deviations from this could have a negative impact on our billing efficiency, collection efficiency and ultimately, our ATC & C loss performance.

Consistent analysis of this monthly trend has facilitated our monitoring of the effectiveness of the approach and

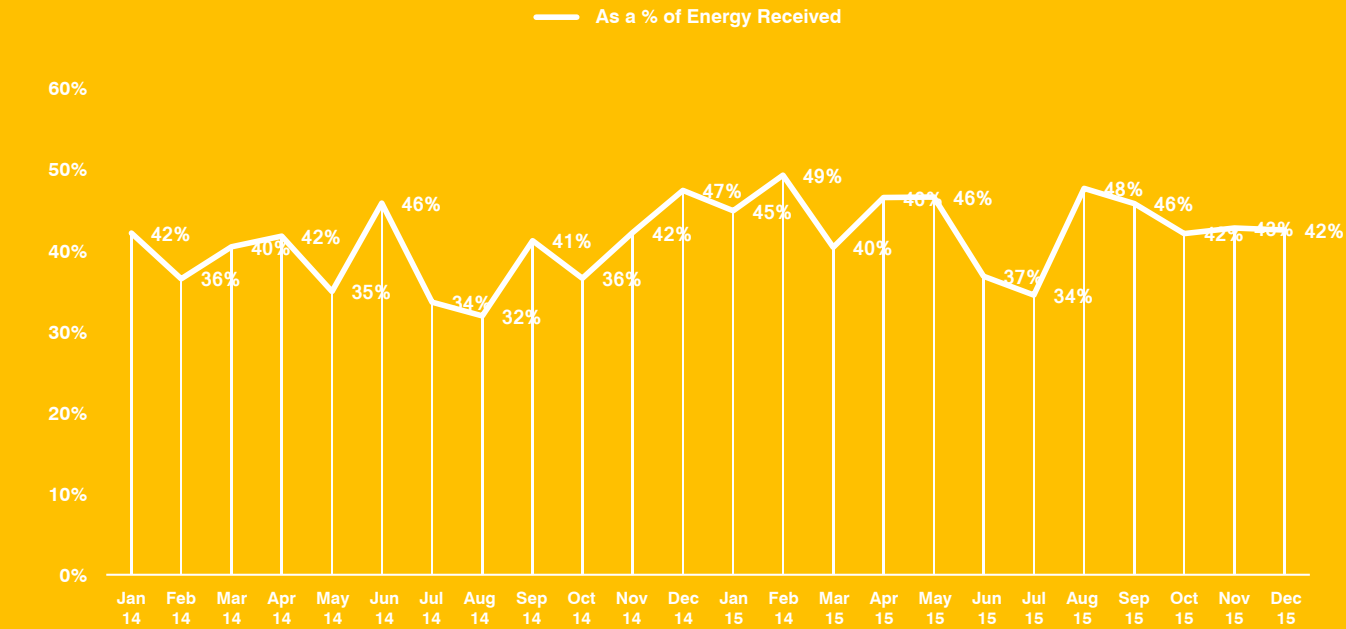
enabled us determine when and how to do things better.

Some key insights include in relation to our billing process include

- » Alignment of records that link customers to distribution transformers by the Energy Sales Representatives (ESRs) is critical to our data management process, as this ensures more accurate energy accountability and billing of customers.
- » Process of mapping distribution transformers to ESRs could be improved, and made less vague for easy verification of their activities by the business management.
- » Greater feedback and data is required from the field to assist with report generation, and as such there are plans to deploy systems for better communication.
- » Greater scrutiny of reports provided by the business units to the Billing unit is required to ensure that such reports are in accordance with the stipulated requirements.

As a number of the responses to the learning points mentioned above were

2014-2015 Monthly ATC&C Loss Performance



initiated in 2015, we expect to see the real impact of these initiatives in 2016.

Collection Efficiency

Collection efficiency refers to how much we collect from our customers in comparison to how much was billed. It provides a snap shot of how efficient the business is at cash collection and reveals how much confidence our customers have in our billing systems. A high collection efficiency, is

an indication of the reliability of a company’s billing system.

In terms of our collection efficiency, we witnessed progress as we were able to improve collection on our MD customers based on all our initiatives.

However, the graph above provides a visual representation our aggregate technical, commercial and collection loss performance.

Despite our initiatives, there has been a slight decline in our ATC&C Loss performance between January 2014 and December 2015. This figure fluctuated during the year, with our best performance taking place in August, 2014 and July 2015.

We acknowledge that there are challenges inherent in our quest to reduce ATC&C losses such as: poor power supply, technical issues, vandalism of our electrical as

In terms of our collection efficiency, we witnessed progress as we were able to improve collection on our MD customers based on all our initiatives.

sets, protests, energy theft and late billing. However we are committed to developing policies that set us on the path to ATC&C loss reduction.

Going forward, we will deploy resources to encourage greater responsibility and accountability amongst our employees for managing these losses. We aim to improve the work ethic and improve operational effectiveness, through an increase in skilled manpower and acquisition of IT tools and resources.

Our field team, which comprises of Energy Sales Representatives (ESR's), Energy Sales Coordinators (ESC's) and our Energy Sales Supervisors, are at the frontline of delivering our services and implementing our strategies to our customers.

As such, we will endeavour to get their buy in and to ensure that they have a full understanding of the new initiatives being deployed, towards ensuring that the impact of these initiatives are maximized.



Demand Side Management

Demand Side Management (DSM) is a term used to define the activities of a public utility related to profiling and adjusting the consumption pattern of the customers it serves. It sums up the utilities efforts to meet the customer’s capacity needs at minimal cost to both the utility and its customers.

The recent drive by the United Nations to reduce the burning of fossil fuels (which account for over 70% generation of electricity worldwide) due to global warming and climate change concerns has increased the importance for Demand Side Management.

Despite its importance, DSM practices are more pronounced in climates where electricity supply meets customer demand which in turn creates a requirement for the utility to sensitize its customers about the effective utilization of electricity distributed.

However, within the Company’s network, demand from our customers far exceeds the energy supplied from the grid. The peak demand from our customers is about 1250MW, however, average power received from the grid is approximately 420MW which constitutes about 33% of customer’s demand.

Our Energy Audit & Demand Side Management team has managed these supply shortage constraints by focusing more on meeting the demand of the customers it serves. We achieve this by studying cus-



As an epitome of our energy conservation campaign, we encourage our staff to take the stairs instead of the elevator to help the environment and save electricity.

tomer consumption patterns to ensure a maximum utilization of electricity supply when it is available. We deploy these intelligence/results of our analysis to enable IE meet its customers’ demands in two ways:

- The team currently focuses on meeting the demand of IE customers by the following programs
- » Infrastructure Investments recommendations to meet Energy Demand
 - » Energy Audit and Efficiency investigations to reduce losses.`



Please see below a sample of an area of intervention which we have identified:

AGO 33KV Feeder (ITIRE Transmission Station)		
Utilization Point	Installed Capacity (MVA)	Peak Load (MW)
Source Feeder		48
Injection S/S	(2 x 15) + (2 x 15)	48
Point Load	16.2	13
Total	76.2	61
From the study carried out, the expected load availability from Itire T/S to Ago 33KV feeder is 24MW, the average load available to be supplied is 15MW. This is grossly inadequate to meet the required 61MW, (see table above) with a gap of 46MW		
IE DSM recommended the commissioning of the 1 x 60MVA transformer not yet energized but already on plinth to accommodate all the load on Ago 33kV. This Ago 33kV Line was further split to Ago 1 & 2 33kV lines with a load availability of 24MW each. Ago 1 33kV line now feeds Ago injection 2 x 15MVA transformers while Ago 11 33kV line feeds Amuwo injection T2 transformer and the point load on the initial Ago 33kV line.		
Completion Status	Completed	
Potential Revenue Increase	N234m/month	

The DSM team is expected to gradually engage in its intended operations as soon as supply gaps in the Nigerian Electricity Supply Industry are closed. With improved and stable supply, we look forward to deploy the following initiatives:

- » **Conservation programs:** Conservation programs are designed to reduce energy use, e.g. programs to improve the efficiency of equipment (lighting and motors, for example), buildings and industrial processes. These would majorly cover Energy Efficiency (installation of efficient technology) and Conservation (behavioral changes in energy consumption) programs
- » **Load management programs:** Load management programs aimed at redistributing energy demand to spread it more evenly throughout the day, e.g., load shifting programs (reducing pumping loads during periods of peak demand and shifting these loads to less critical periods) , Peak Clipping (reduction in peak demand), time-of-use rates (charging more for electricity during peak demand), and interruptible rates (providing rate discounts in exchange for the right to reduce customer’s electricity allocation during the few hours each year with the highest electricity demand).
- » **Strategic load growth programs:** Strategic load growth programs are targeted to increase energy demand during some periods, e.g., programs that encourage cost-effective electrical technologies that operate primarily during periods of low electricity demand.





Community Engagement

keja Electric (IE) defines its stakeholders as individuals, groups or entities that have a significant impact on, or that are significantly impacted by our business activities and whose actions can reasonably affect the ability of the organization to successfully implement its strategies and achieve its objectives.

Our stakeholders include - employees, regulators, investors, local communities, customers, the government, the media and our technical partners. This section's focus is on IE's relationship with the local communities in which we operate, as material aspect of our business.

IE's success, especially in the utilities sector, depends on the quality of the relationships developed with the communities we operate in. These relationships are important because IE's employees, as part of their daily duties, venture into neighbourhoods and communities each day. This level of exposure requires that IE maintain a positive and cordial relationship with host communities. Maintaining this cordiality is such an imperative for IE, that it is enshrined as one of the four pillars of the corporate governance framework of the organisation. IE

works to ensure that neighbouring communities benefit from its presence on an enduring basis. IE achieves this through our stakeholder relationship management activities and through our Personal Corporate and Social Responsibility (PCSR) Programme.

Challenges

Managing community relationships is never easy. IE has had to contend with high levels of dissatisfaction due to inadequate power supply and complaints regarding excessive estimated billing. This was further exacerbated by the negative portrayal of the organisation, by the media, who are often understandably sympathetic towards customers.

Despite these challenges, IE focused its efforts on communicating both to the general public and to our other stakeholders, stating in clear terms its strategies designed to resolve the challenges faced. By deploying the right communication channel with a carefully designed message, we engage our stakeholders and the public effectively and disseminate the necessary information.

In 2015, the organisation developed a



IE's success, especially in the utilities sector, depends on the quality of the relationships developed with the communities we operate in

Communication Plan where it detailed a range of tailored engagement initiatives, both for our internal and external stakeholders.

Internal

- » Championing a brand refresh to promote brand awareness through weekly emails and notices
- » Educating employees on key initiatives such as the creation of new payment channels through emails,

- » notice boards and road shows.
- » Creating a "Change Begins with Me" campaign to ensure all employees understand and abide by the highest ethical standards
- » Employee- Management engagement e.g. through visits by the CEO to the Business units and Undertakings.

External

- » Regular visits to our Maximum Demand (MD) customers
- » Customer Appreciation initiatives
- » Attending customer forums
- » PCSR initiatives including visits to orphanages and market clean up
- » Courtesy visit to the Governor of Lagos State and various security agencies
- » Building relationships with Energy Correspondents through partnership with the Energy Correspondent Association Event.

As a result of our activities, on the 20th of August, 2015, we received the Treasures Award from the National Association of Energy Correspondents (NAEC) –for sustainable partnership.

Stakeholder Relationship Management

IE's stakeholder relationship management model is focused on educating, engaging and enlightening the local communities we operate in. IE does this by frequently engaging Community Development Associations (CDA's) and Community Development Committees (CDC's) where leaders and community heads of various local communities come together to deliberate on major issues affecting their communities as far as electricity supply is concerned.

These meetings offer us the opportunity to engage in constant dialogue with the communities, identify their needs and priorities which guide us in developing strategies that effectively mitigate their challenges. It is a vital strategy as it recognises that each local community is unique with its own peculiar challenges.

These frequent engagements also provide a platform and opportunity to educate the communities about the implication of major issues of concern to the Company, such as,

- » The impact of energy theft on the value chain
- » The contributing factors which have led to poor power supply
- » The benefits of using energy efficient technology such as energy saving light bulbs.



- » Major changes within the network that can have impact of them, such as planned power outages.

By partnering with these communities, IE is able to gain the trust and respect of the grass root communities. The leaders of these communities become ambassadors for our initiatives and help relay vital information to their communities while providing almost real-time feedback to us. The information cycle therefore helps speed up the service delivery evolution cycle.

In 2015, IE hosted four (4) meetings with CDA executives at our Business Units. Since takeover IE has attended over 250 neighbourhood engagement activities spanning across 2014 and 2015. IE also attended stakeholder forums where we engaged with professional bodies and associations such as the Manufacturer's Association of Nigeria.

In the coming year, IE intends to engage more frequently with our CDAs and other

These meetings offer us the opportunity to engage in constant dialogue with the communities, helping IE identify their needs and priorities which in the end guide us in developing strategies which effectively mitigate their challenges

representatives of the communities in which we operate.

Human Rights

One of IE's commitments to our communities is to preserve and respect the human

rights of the communities in which we operate.

IE's security practices are a critical area where human rights activities are impacted. IE employees experience a significant amount of hostility while on field duties, especially during periods where there are electricity supply constraints.

The attendant risks have necessitated the deployment of armed security personnel to support IE employees while they work as well as at critical business locations. The security personnel however are urged to protect the fundamental rights of the host community members and mostly exercise restraint even in the face of provocation, not wanting to harm anyone. An example of this involved a dispute in the Ayobor community over refusal by the community to grant access for the installation of a 33 Kva transformer. Throughout the process, IE ensured due process was followed and engaged the state authorities to resolve the dispute.



Personal Corporate Social Responsibility

Another key area in our engagement with local communities is our Personal Corporate Social Responsibility (PCSR). This is a socially inclusive strategy that presents every employee with an opportunity to be part of our corporate social responsibility activities. However, this is completely voluntary as employees are not obliged to participate.

Though voluntary, employees often commit and contribute in no small measure to IE's community development and capacity building programs. Recent PCSR activities include:



1. Health Provision of Eye Care in Ikeja Electric Business Units - Communities

In an attempt to reach residents with visual challenges, IE launched eye care programmes in various communities across its operations network. Due to the predominantly rural lifestyles of IE's target population, they often resort to the use of traditional treatments which tend to further damage their eyes, causing more harm than good. The programme provided a level of medical care to the beneficiaries, much to their relief as many could not afford even the most basic eye medical care.

The free eye screening sessions impacted over 500 people and were held at our 6 Business Units – Oshodi, Ikeja, Shomolu, Akowonjo, Abule Egba and Ikorodu.



2015 Ikeja Electric Eye Screening Exercise



2. Environment

IE is committed to carrying out business in a socially and environmentally responsible manner.

IE is of the opinion that a healthy environment guarantees a healthy community. For this reason, we are committed to reducing the impact of IE's activities on the environment while also promoting campaigns and initiatives that will create a sense of responsibility towards the protection of planet earth.

Market Clean Up

As part of IE's plan for the last quarter of 2015, the team embarked on a market clean up drive across its network – 6 Business Units (BU) starting with the following 6 markets:

- » Sabo Market – Ikorodu Business Unit
- » Alade Market – Ikeja Business Unit
- » Aswani Market – Oshodi Business Unit
- » Ile-Epo Market - Abule Egba Business Unit
- » Jankara – Akowonjo Business Unit



Ikeja Electric's Strategy To Improve On Community Relationships

IE believes that effective engagement of our stakeholders will significantly reduce incidences of attacks on employees and youth restiveness while promoting positive partnerships with our host communities.

Proper Communication is therefore our biggest tool in managing issues in host communities. Therefore to ensure continuous improvement and peaceful co-existence the strategies below have been put in place:

- » Knowing our host community and identifying key stakeholders.
- » Developing a Community Development plan that is based on community needs and expectations vis-a-vis the organizational needs and resources.
- » Constantly reviewing the PCSR policies, practices and procedures in line with changing trends and internationally acceptable standards.
- » Where applicable, using local merchants, contractors and other professionals for goods and services as a means of empowering community members.
- » Ensuring continuous contribution towards societal wellbeing and social reconstruction through sustainable partnerships with key stakeholders in the community.



Building a Sustainable Work Force

At IE, we realize that our people are our greatest assets and our edge. As part of our vision to remain the provider of choice where ever energy is consumed, we sought to create a high performing team with the focus on satisfying our customers and achieving exceptional results. Our people are a fundamental pillar of our Corporate Governance Business Principles.

Our promise to our employees is to:

- » Provide healthy, safe and secure work environment
- » Treat people with fairness, respect and decency.
- » Help employees to develop their potential

As the organisation continues on its journey challenging the norm in the power sector, we know that our strength is not determined solely by the state of the art technology deployed, a fancy brand or our location. Our success is determined by our people. They are at the core of our operations. We recognise that they face significant challenges every single day, from when they step into the office, till they

go out on the field, as they bring our vision to life.

On our part, we remain committed to building a work culture that not only motivates, but that empowers, retains and builds our employees.



Our success is determined by our people. They are at the core of our operations.

Moving People Forward



Our aim is to be the employer of choice in the power sector.

Since the HR Transformation journey began in 2013, we have invested heavily in empowering our workforce to deliver on

the new vision for the organization. We have launched numerous capacity building initiatives to upskill the competencies and capabilities of our staff, introduced a new performance culture and mind-set, introduced a Career Management Program

and conducted a job regrading exercise which flattened the previous 17 career levels to 13 career levels, thus allowing for accelerated growth and lateral and vertical career progression for staff.

To ensure that our employees conduct themselves in accordance with the highest ethical standards, we also introduced the IE Code of Ethics and initiated the Living the Codes program, which continues to provide guidance to our staff in living our core values across the organization. Other initiatives include:

- » Enhancing workforce capacity through building and enhancing the skills and competencies of both technical and non-technical workforce.
- » Creating a high performance culture by instituting a performance management system to drive business results.
- » Implementing an incentive and deterrent framework for all employees to improve performance orientation and motivate ethical behaviours'.
- » Improving employee engagement and productivity with implementation of best in class HR policies and practices.
- » Re-energizing the workforce by attracting talented people into the organization.
- » Provision of a career management framework.
- » Providing a conducive environment by actively improving infrastructure across board.

Ikeja Electric has a workforce of over 2500 employees, of which 87 percent are involved in field operations. 2015 represents a significant period of change for our workforce. Although 87 employees exited the company, we recruited 397 employees, in order to reinvigorate and re-energize the organisation.

Total Workforce By Nature of Work

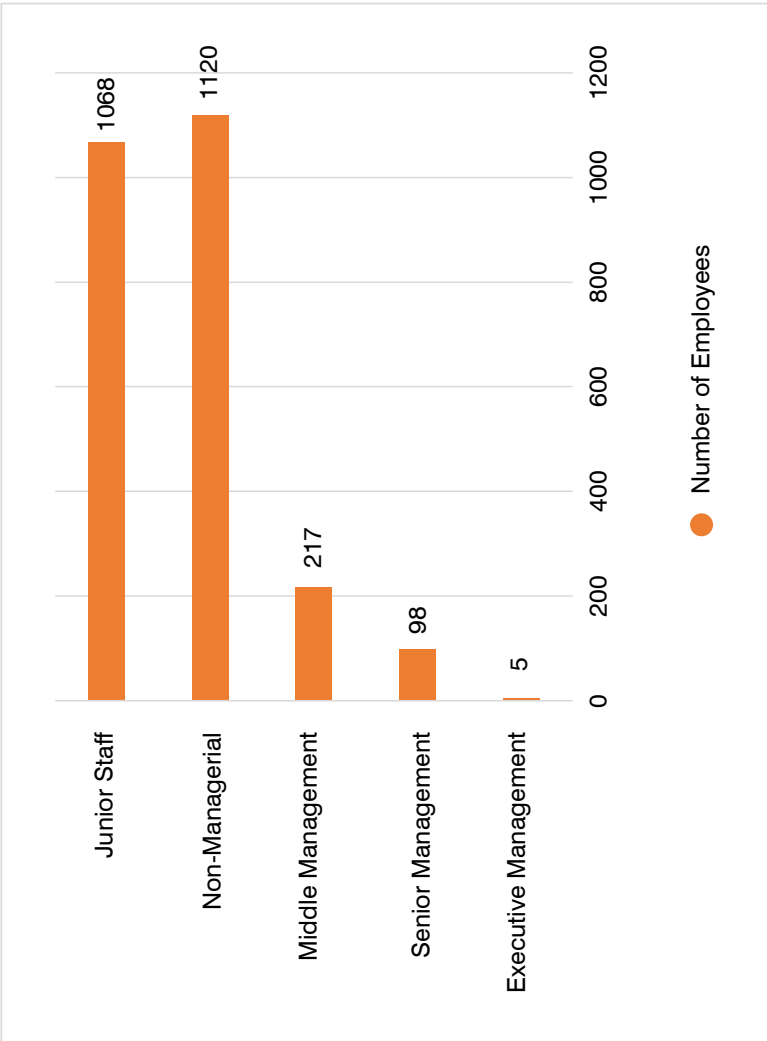


87%
Technical



13%
Non-Technical

Employment Category



Diversity



We believe that diversity is essential to our business; as we employ a workforce that reflect the demographics of our nation and the world. All forms of discrimination on the basis of race, nationality, religion, gender, age, sexual orientation, disability, ethnic origin, political or other opinion, or any other bias are prohibited.

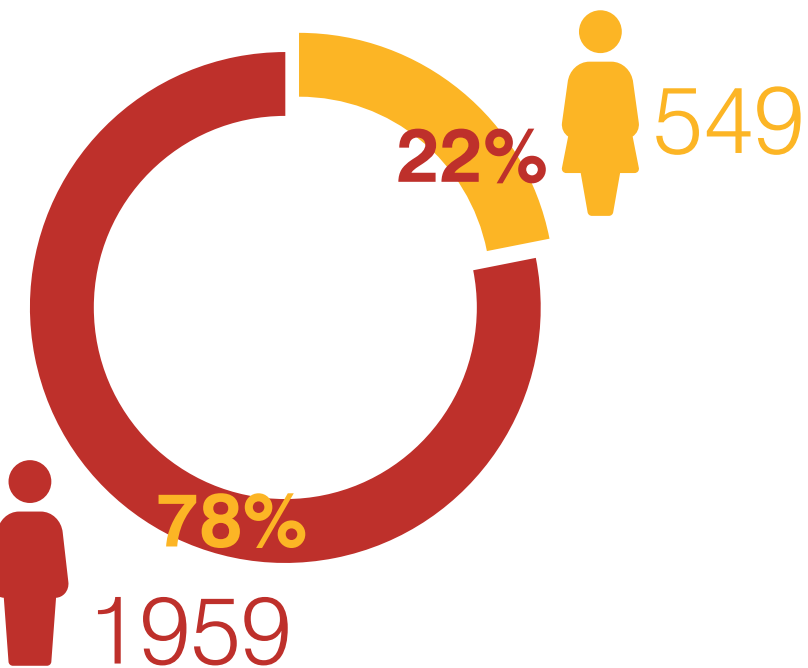
As an equal opportunity employer, all

qualified applicants receive consideration for employment based on merit. We do not tolerate any form of racial, sexual or workplace harassment.

We are also committed to take affirmative action to attract and retain a diverse and inclusive workforce. We pride ourselves as a utility company that hires both male & female Engineers at a ratio of 4:1. Achieving gender diversity is a major challenge

we are working towards surmounting as our current hiring ratio for male to female is 5:1. We also ensure equal pay for both male & female employees. To improve on diversity in the workplace, there are plans to hire visually impaired staff in 2016.

Male To Female Employee Ratio



Performance Management

Ikeja Electric's performance management system works towards ensuring the achievement of the overall organizational objectives and goals, by managing the performance of teams and individuals. The performance management system played a very crucial role in managing the performance in the organization. Our performance management cycle begins in January with employees agreeing with their Line Manager on their annual performance targets. Between June/July of the year, a mid-year performance review is done, while in December an annual performance review takes place



Learning and Development

As a knowledge sharing organization, our in house training faculty has assisted in bridging the skills gaps within the business. Ikeja Electric is imbibing and embedding a culture of knowledge sharing across her Business Units, Undertakings & Departments.

One of our key principles is that development is for all employees. In our front line operations, we offered standardized Team Leader training to equip front-line team with leadership and the competencies needed to successfully foster teamwork and achieve business goals and objectives. In total, 93% of our workforces were trained in 271 training interventions. For 2015, we collectively spent a total of 61,458 hours on employee training.



100%

Percentage of employees receive regular performance and career development reviews.

Freedom of Association

We uphold our employees' right to freedom of association, right to unionize and collective representation, regardless of their location, department or purpose. We are fully committed to working honestly and openly with labour unions at all of our locations and we undertake negotiations in good faith.

69% of our employees are represented by two independent trade unions. The

National Union of Electricity Employees (NUEE) and the Senior Staff Association of Electricity and Allied Companies (SSEAC). NUEE, an affiliate of the National Labour Congress, comprises of both senior and junior employees. Whereas SSEAC comprises of only senior employees and is an affiliate of the Trade Union Congress. However, our employees are not covered by a collective bargaining agreement. In 2015, we hosted a Joint Consultative meeting with the NUEE. We also facilitated the conduct of the Chapter Elections. Further, a number of union functionaries were authorised to attend National Delegates Conference hosted by the NUEE.



We uphold our employees' right to freedom of association, right to unionize and collective representation, regardless of their location, department or purpose

Total Number of Employees Trained by Gender



Average Hours of Training Per Employee by Gender



Financial Empowerment

Benefits form a significant part of Ikeja Electric's overall employee value proposition. The Company promotes benefits that include some competitive health care services and insurance covers. There are also opportunities to access other financial benefits. Human Resources Department offers advisory services in this area. Contract employees do not have disability and invalidity coverage, parental leave and retirement provision. We operate the contributory pension scheme backed by the Pension Reform act of 2004 and as amended in 2014. Employees contribute 8 percent of their Basic salary, Housing & Transport Allowance, while the Employer contributes 10 percent of the employees' Basic salary, Housing & Transport Allowance. We have complied fully with the contributory Pension scheme as all contributions have been remitted into employees Retirement Savings Account.

Life after Ikeja Electric

Ikeja Electric recognizes that the transition to retirement can be unexpectedly challenging—as challenging as other significant life changes—first job, marriage, having children, changing careers, or relocating. We encourage advance planning for retirement to ensure a positive retirement experience. To this end, we organized training sessions on the various retirement and social insurance plans for all employees.

Succession Planning

To protect the growth, development and survival of Ikeja Electric, we have embraced succession planning as a key element to long-term success. The continued success and survival of our organization depends on having the right talent in the right place at the right time. As an organization, we are developing our future leaders to ensure that critical leadership positions are easily filled once a vacuum occurs.



Actual Percentage of Employees Eligible to Retire over the next 5 & 10 years period				
S/N	Category	5 Years	10 years	Total
1	Technical Services	2.19%	5.88%	8.07%
2	Commercial Services	0.20%	2.00%	2.19%
3	Support Services	0.35%	0.94%	1.29%
Total		2.74%	8.82%	11.56%

New employee hires by Age and Gender				
S/N	Age	Male	Female	Total
1	Under 30 years old	149	42	191
2	30-50 years old	179	27	206
3	Over 50 years old	0	0	0
Total		328	69	397

In Ikeja Electric, succession planning is vital and an essential part of doing business. Several programs have been put in place to see to the continuity of the business. As the average age of our employees is 40, with about 2.74% of employees due to retire in 5 years, while an estimate of 11.56% of our employees are expected to retire in 10 years, it is important that we plan for the future.



In Ikeja Electric, succession planning is vital and an essential part of doing business. Several programs have been put in place to see to the continuity of the business.

In 2015, employees who were discovered to have the skills and capabilities but lack the pre-requisite educational qualification were encouraged to enrol in a higher institution at the expense of the company.

The competency level and capability of the workforce was re-examined through

assessment sessions to validate employees' knowledge, skills, abilities, attitudes and suitability for their role. This re-examination of competency level of employees has ensured that the people are placed in the right positions, which best fit their abilities, within the Company.

In terms of planning for the future, we currently have 177 trainees comprising Graduate Engineers, Linesmen, Electrical Fitters, Cable Jointers and Distribution Sub Station Operators who will be injected into our technical operations in 2016.

Profile of A Graduate Engineer

As part of the continuous injection of new hires into the organisation, the Graduate Engineering Program was initiated. The program, which was initiated in partnership with National Power Training Institute of Nigeria (NAPTIN) and Sahara Power Group Limited, is the first ever program in the power sector in Nigeria. The aim is to develop young Engineering graduates and who will be deployed into key areas within the company to inject freshness and agility, and to bridge existing resource and staffing gaps. Graduate Engineers were selected after a competitive interview process. After an intense orientation programme at the NAPTIN Training School, 41 Engineers were deployed into Ikeja Electric. The central focus of the training was

to build capacity of technical manpower with requisite skills and competencies needed to operate, manage and sustain the infrastructural expansion and growth within the power sector as a whole. This was achieved through a combination of classroom learning and field experience in all aspects of our operations.



“The GEP programme has equipped us with the skills necessary to add real value as an engineer”.

Building Stable Networks and Improving Infrastructure

At IE, our priority is to ensure stable and reliable supply of electricity to our existing and prospective customers.

At takeover, we inherited a network which was weak and consisted of some obsolete equipment. This resulted in frequent power cuts with its attendant outage downtime. The network was riddled with overloaded feeders, injection and distribution substations, which often led to tripping.

There are also corridor-access difficulties, in our efforts towards relieving overloaded feeders particularly the construction of new relief feeders in areas such as the Akute Opic 33kv Feeder and the Ayobo – Igando – Ijedun Dual 33 KV Line.

In addition to the above, challenges with the existing TCN infrastructure negatively impacted our ability to provide efficient power delivery. These challenges are in

Our priority is to ensure stable and reliable supply of electricity to our existing and prospective customers.

terms of capacity limitations and lack of flexibility. Capacity limitation is reflected in locations where the required demand of IE's network cannot be met by the capacity provided by TCN. Lack of flexibility refers to the inability of TCN to divert power from an area within IE's network where power cannot be utilised/ demand is low, to an area where it can be utilised or demand is higher.

These challenges were further compound-

ed by a high incidence of equipment vandalism at all levels, from TCN to our substations. There was also a lack of sufficient tools which were essential for our workers to function effectively.

Committed to delivering on our promise to our customers to “bring energy to life”, the leadership at IE, under the guidance of the Technical and Operations committee of the Board, took a critical look at the challenges within the organisation and deployed a strategy to tackle these issues head on.

One of the first priorities was for us to have an understanding of the existing system. It was this initiative that gave birth to the technical audit arm of the Customer Enumeration, Technical Audit and Asset Mapping (CETAAM) project. The aim was to provide a base line understanding of the state of our technical assets, in order to effectively strategize on the appropriate next steps and actions.

Through the CETAAM project we conducted an initial audit of all the technical assets within the network. This audit helped us determine redundancies within our network and provided the basis for our strategic decisions. The asset mapping aspect of the project also helped us develop an asset register which we would then enable us monitor our network electronically using the ESR Arc GIS system.

With a clear picture of the state of the network and of the task ahead, the organisation then developed strategies to bring about the transformation that would ultimately translate in improved service delivery for our customers.

In accordance with the overall objective of the organisation, where service to our customers' lies at the core, the technical operations of the organisation also began to transform from a process driven department to one that is customer-centric. The department was driven by delivery



New Alausa Injection Substation

of results. We began to pay serious attention to various measures of our performance such as, down time reduction, through prompt fault clearing, our load management practices and in reducing the frequency and duration of power interruptions to our customers. We invested heavily in our network infrastructure, for instance by commissioning new feeders to relieve overloaded feeders. We empowered our technical teams with the necessary training, work tools and personal protective equipment (PPE) to ensure that they were well equipped to resolve some of the most difficult issues faced by our customers. We identified areas where we could achieve “quick wins” in relation to the reduction of technical losses such as the replacement of failed distribution transformers, completion and commission of transformers on plinth projects and relieving of substations which were identified as “critically overloaded”.

Some other initiatives implemented to address the challenges above include:

- » Load management practices;
- » Commissioning of completed NIPP projects;
- » Conducting an analysis of feeder tripping occurrences and categorizing them for maintenance programmes;
- » Resurveying and redesigning the existing network to resolve issues of access to corridors;
- » Engagement of community leaders to resolve conflicts on technical issues e.g load-shedding, vandalism;
- » Replacement of some identified obsolete breakers, switchgear, panels and protective devices.
- » Re-arrangement of feeders for load balancing of overloaded feeders in various parts of the networks.
- » Construction and commissioning of additional feeders for power improvement and technical loss reduction.
- » Re-conductoring/ rehabilitation of substandard distribution networks.

Investing in Our Network

One of our key priorities as a service provider is to ensure, as much as possible, uninterrupted and reliable power supply. Whilst expansion of our network is important, due to the limitations in the generation capacity, we have focused more on improving the stability of our network over expanding of our network. In 2015, we invested over N5,000,000,000 (five billion naira) in capital expenditure. As the generation prospects of the country improve, we will then reconsider our strategies. Some of the key highlights for 2015 include:

1. Commissioning of Foursquare 11KV Feeder – Ex Shasha 1X15MVA 33/11KV Injection Station.

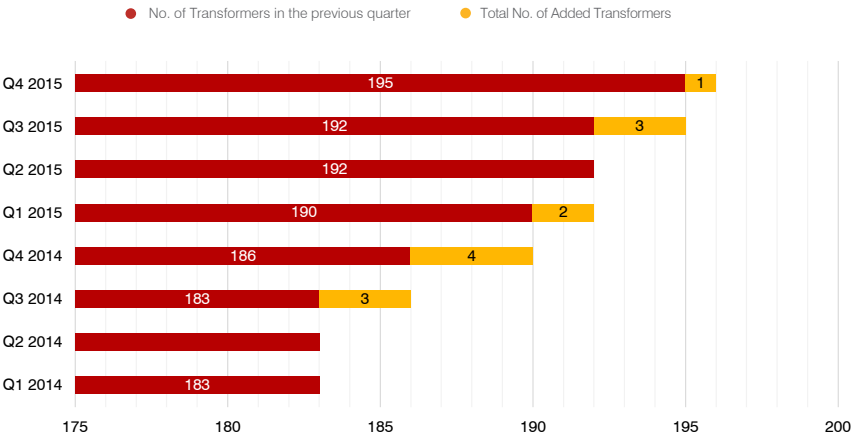


Injection Substation

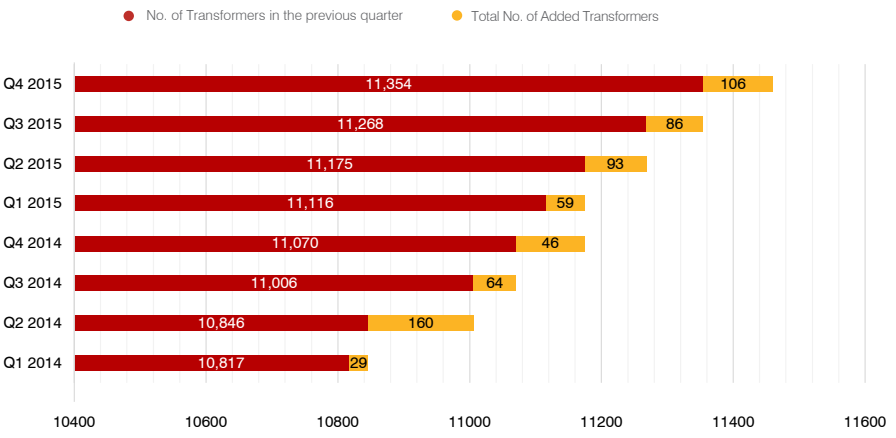
2. Commissioning of General Hospital 11KV Feeder – Ex Igando 2X15MVA 33/11KV Injection Station.
3. Commissioning of Ori Oke 11KV Feeder – Ex Oke Afa 3X15MVA 33/11KV Injection Station.
4. Commissioning of Abesan 33KV Feeder – Ex Ayobo 2X60MVA 132/33KV Transmission Station.
5. Commissioning of Aiyetoro 33KV Feeder – Ex Ayobo 2X60MVA 132/33KV Transmission Station.
6. Commissioning of Maryland Aje-gunle 33KV Feeder – Ex Maryland (1X60 + 2X30) MVA 132/33KV Transmission Station.
7. Reconstruction of 15MVA Transformer Sinking Plinth at Ilupeju 2X15MVA 132/33KV + 1X15MVA 33/11KV Transmission Station.
8. Conversion of faulty underground cable to overhead on PTC Express 33KV Feeder – Ex Ogba (1X60 + 1X45 + 1X30) MVA 132/33KV Transmission Station.

Strengthening Our Network

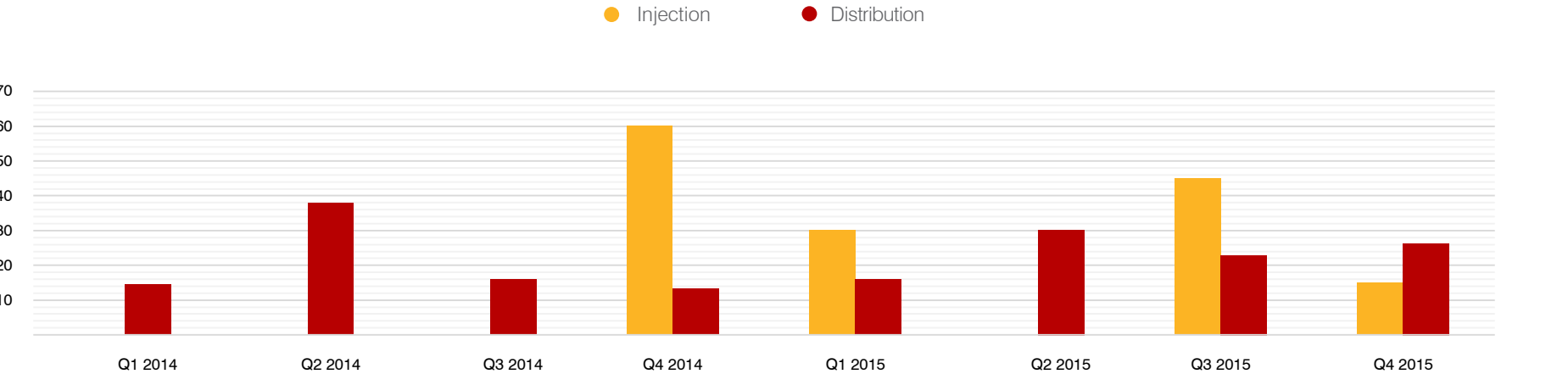
Number of 33/11KV Power Transformers Added Since 2013



Total Number of Distribution Transformers (33/0.415kv and 11/0.415 kv) added since 2013



Added Transformer Capacity 2014-2015



Expanding Our Network and Improving Access To Electricity Supply

It is universally accepted that access to electricity improves quality of life. We have put in place plans to increase the extent of electrification within our license area, and conducted some expansion activities in 2015 to meet the needs of our unserved and underserved population within our service area.

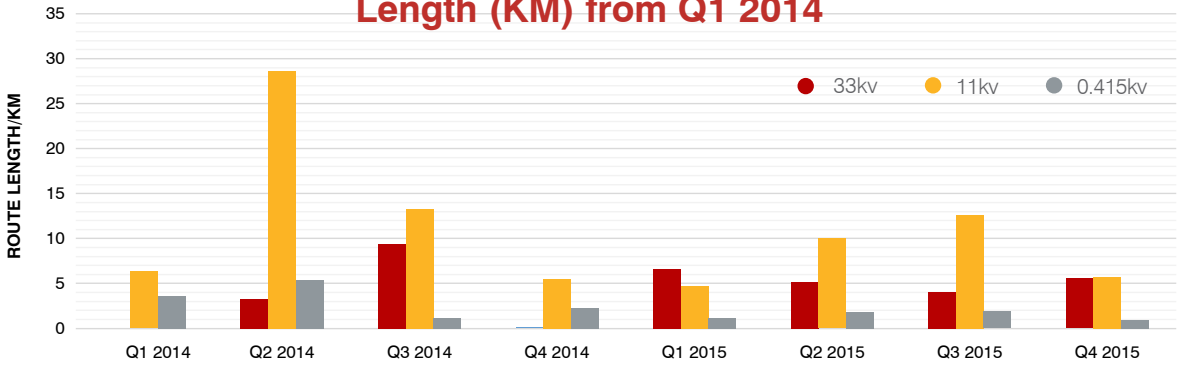
Please see below the growth profile of Ikeja Electric since inception:

Length of Above and Underground Distribution Lines in 2015³⁷

S/N	VOLTAGE CATEGORY	AGGREGATED CIRCUIT LENGTH/KM Route Length
1.	33kV Over Head Line	861.42
2.	33kV Underground	37.55
3.	11kV Over Head Line	2,809.57
4.	11kV Underground	310.66
5.	0.415kV Over Head Line	12,266.69
6.	0.415kV Underground Line	104.91

³⁷ EU4

Additional Overhead Feeder Line Route Length (KM) from Q1 2014



Measuring our performance

Solving our technical issues is a long term process, which requires a significant amount of financial resources as well as the talent to translate these strategies into reality for our customers.

It has by no means been a smooth journey, but we are committed to tracking our performance, and to constantly seeking out new ways to improve.

We have measured our performance by tracking our monthly operational data, which we submit on an ongoing basis to our regulators. This includes tracking factors such as the failure rate of power equipment, reduction in outages and reduction in technical losses. The following are highlights of our technical performance:

1. Fault Clearance Performance 2014-2015

Faults are issues that arise within our network which disrupt supply to our customers. They include issues such as transformer fuse rupture, earth faults and network overloading. These issues can significantly impair the ability of our customers to access quality supply. One of our major targets is to reduce the number

of faults cleared within 6 hours of being reported. This is a more ambitious target than the regulatory target of 8 hours.

We are working at maximum capacity to resolve these faults but we also recognise that there needs to be significant investment in man power and resources such as operational vehicles to assist IE effectively serve its customers. For the future, we aim to introduce shift operations for some of our essential technical staff, to ensure that we can continue to provide support to our customers around the clock.

2. Power Outage Frequency

Another measure of our performance is the frequency of power outages within our network, Power outages cause the loss of electricity supply to an area and is often referred to as power cuts, failure, loss or blackouts. This serves as an indicator of the stability of the network and of the quality of service which we provide to our customers.

At IE, we work to ensure that we can minimise interruptions in power supply, and monitor the frequency of these occurrences. This is measured using a metric called the System Average interruption Frequen-

cy indicator (SAIFI). This metric is the average number of interruptions that each customer experiences over the course of the year. It is the ratio of the total number of customer interruptions to the number of customers served.

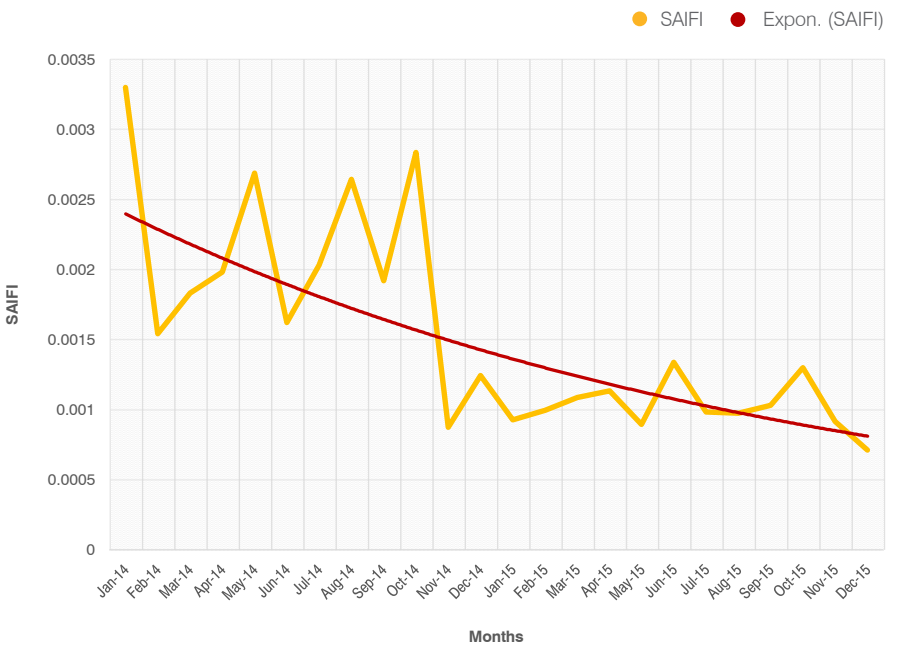
From the graph below, there has been

a trend of general decline in the SAIFI index, which indicates that our customers now enjoy a more stable network.

3. Power Outage Duration

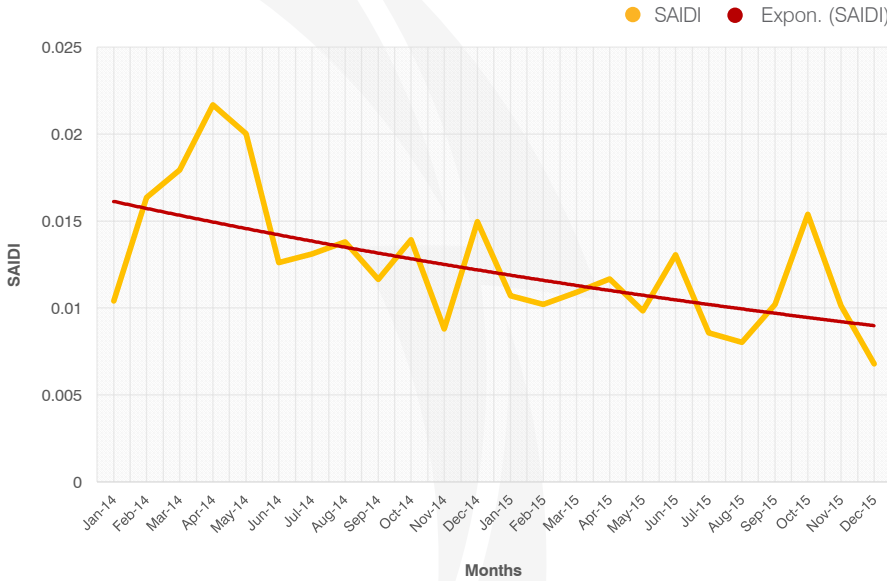
Our performance can also be measured by looking at the System Average inter-

2014-2015 SAIFI Performance



ruption Duration Index (SAIDI). This reflects our performance in managing the period of time in which our customers are without power, and is a measure of our ability to restore power in a timely manner. It is the average duration of power outage in hours that a customer would experience. From the graph below, there is also a reduction in our SAIDI performance, which is an indication that on average our customers are experiencing fewer hours without power.

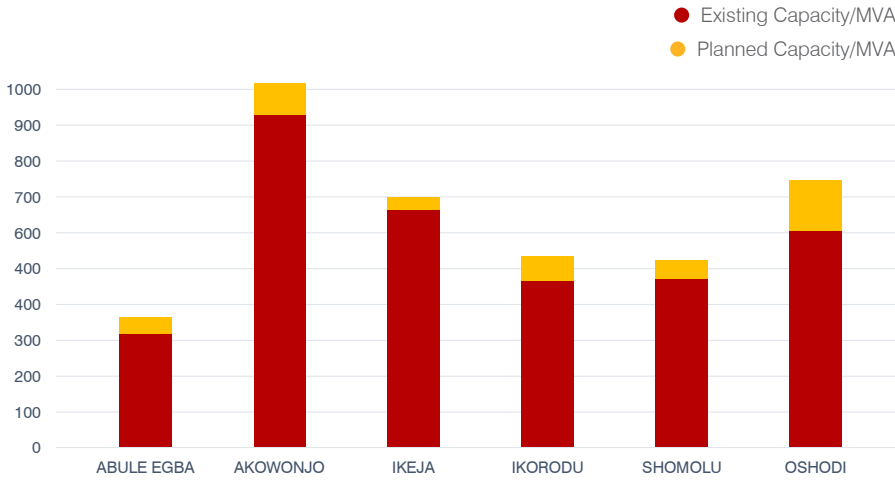
2014-2015 SAIDI Performance



4. Planning for the future

We operate in a dynamic environment, where the energy demands of our customers are constantly evolving. To remain sustainable as an organisation, it is thus essential that as ours customers grow, we have the capacity to meet their future energy demands. However, due to supply constraints, we have focused more on managing our load practices as needed by the area.

Ikeja Electric Suppressed Load At 2015



5. Our research activities

As the need arises we commission various teams to conduct research on various areas that could enhance service delivery. One of these areas includes plans for reconductoring of key locations within our network. In 2015, we conducted research on and proposed the reconductoring along a 10.81km route length of existing 11 kv feeders in the Abule Egba Business Unit which would assist in the reduction of technical losses as well as enhance the stability of the network. The project, which we hope to be able to execute the project in the near future, will ultimately transform into better supply for our customers.

6. The Future

Irrespective of the advances we have made, we continue to pursue the goals of maintaining minimal levels of power interruption and down time, increasing reliability and availability of supply to our customers and resolving all reported faults within six hours. As we make improvements, we hope that the negative perception of the organisation's performance pre-privatization would be gradually transformed in the minds of our customers, and that IE will be recognised as a high performing, and customer focused organisation



Secretariat Injection Substation

Appendix

About This Report

Reporting Period

Ikeja Electric's 2015 Sustainability Report reflects our economic, social and environmental activities from January 1 to December 31, 2015. However, references are made to activities from November 2013, in order to provide an accurate image of the journey post-privatization.

The report is our maiden sustainability report and is a significant step in our sustainability journey. We intend to publish these reports on an annual basis. The intended audience for this report are our key stakeholders such as our shareholders, customers, employees, suppliers, government and regulatory organizations. These stakeholders directly impact and are also directly impacted by the activities of the organization.

GRI Content⁴²

The Sustainability Report 2015 has been organised and presented in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), and the supplement dedicated to the Electric Utilities sector issued in 2013 by the GRI ("Sustainability Reporting Guidelines & Electric Utilities Sector Supplement"). The Guidelines seek to achieve consistency amongst corporations reporting on their sustainability activities.

The G4 framework includes two options for reporting in accordance: "Core" and "Comprehensive." This Report is 'in accordance' with the core option of the GRI G4 Guidelines. We also present additional information not specified by GRI, such as statements contributed by outside stakeholders and graphics that illustrate various aspects of our business.

Contact Us

This report was prepared by the Corporate Governance and Compliance Unit of Ikeja Electric Plc in accordance with the GRI-G4 Sustainability Reporting Guidelines and Principles.

Please send comments or questions about this Report to **corp-gov@ikejaelectric.com** or in writing to:

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GENERAL STANDARD DISCLOSURES		
	Disclosure Definition	Page Number (or Link)
STRATEGY AND ANALYSIS		
G4-1	Statement from the most senior decision maker of the organization.	8-14
ORGANIZATIONAL PROFILE		
G4-3	The name of the organization.	3, 8, 17
G4-4	The primary brands, products and services	20
G4-5	The location of the organization's headquarters.	21
G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Not applicable as Ikeja Electric operates only within Nigeria.
G4-7	The nature of ownership and legal form.	18
G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	20, 21
G4-9	The scale of the organization.	18
G4-10	Total contractor workforce (contractor, subcontractor, independent contractor) by employment type, employment contract and regulatory regime.	94-95
G4-11	Percentage of contractor employees (contractor, sub-contractor and independent contractor) working for the reporting organization covered by collective bargaining agreements by country or regulatory regime.	96
G4-12	The organization's supply chain.	20
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Not applicable

G4-14	Whether and how the precautionary approach or principle is addressed by the organization.	Not applicable
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	34, 41, 45
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations.	Not disclosed
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	The organization's financial statement	36, 37
G4-18	Defining the report content and Aspect Boundaries.	36, 37
G4-19	The material Aspects identified in the process for defining report content.	36, 37
G4-20	The Aspect Boundary within the organization	36, 37
G4-21	The Aspect Boundary outside the organization.	36, 37
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	36, 37
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	36, 37
STAKEHOLDER ENGAGEMENT		
G4-24	List of stakeholder groups engaged by the organization.	38-40
G4-25	The basis for identification and selection of stakeholders with whom to engage.	38-40
G4-26	The organization's approach to stakeholder engagement.	38-40
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	38-40

REPORT PROFILE		
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	109
G4-29	Date of most recent previous report (if any).	Not applicable as this is the maiden report.
G4-30	Reporting cycle (such as annual, biennial).	109
G4-31	The contact point for questions regarding the report or its contents.	109
G4-32	The ‘in accordance’ option the organization has chosen.	109
G4-33	Sustainability Report Assurance.	Not applicable
GOVERNANCE		
G4-34	The governance structure of the organization, including committees of the highest governance body. The committees responsible for decision-making on economic, environmental and social impacts.	41
G4-38	The composition of the highest governance body and its committees.	42
G4-44	The processes for evaluation of the highest governance body’s performance with respect to governance of economic, environmental and social topics.	Not reported
ETHICS AND INTEGRITY		
G4-56	The organization’s values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	43
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity, such as helplines or advice lines	43
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	43

SPECIFIC STANDARD DISCLOSURES		
CATEGORY: ECONOMIC		
MATERIAL ASPECT: ECONOMIC PERFORMANCE		
G4-DMA		75
G4-EC1	Direct economic value generated and distributed.	76
MATERIAL ASPECT: PROCUREMENT PRACTICES		
G4-DMA		77
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	77
CATEGORY: SOCIAL		
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK		
MATERIAL ASPECT: EMPLOYMENT		
G4-DMA		93
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	94
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation.	98
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY		
G4-DMA		63
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender.	72
MATERIAL ASPECT: TRAINING AND EDUCATION		

G4-DMA		97
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	97
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	97
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	96
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY		
G4-DMA		95
G4-LA12	Composition of governance bodies and breakdown of employees per employeeen category according to gender, age group, minority group membership, and other indicators of diversity.	95
SUB-CATEGORY: HUMAN RIGHTS		
MATERIAL ASPECT: NON DISCRIMINATION		
G4-DMA		95
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
G4-DMA		96
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	96
SUB-CATEGORY: SOCIETY		
MATERIAL ASPECT: ANTI-CORRUPTION		
G4-DMA		44

G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	45
G4-SO4	Communication and training on anticorruption policies and procedures.	45
G4-SO5	Confirmed incidents of corruption and actions taken.	45
SUB-CATEGORY: PRODUCT RESPONSIBILITY		
MATERIAL ASPECT: CUSTOMER PRIVACY		
G4-DMA		60
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	60
MATERIAL ASPECT: COMPLIANCE		
G4-DMA		9
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Not disclosed
GRI Electric Utilities Sector Supplement		
EU1	Installed Capacity, broken down by primary energy source and by regulatory regime.	Not disclosed
EU3	Number of residential, industrial, institutional and commercial customer accounts.	Not disclosed
EU4	Length of above and underground ntransmission and distribution lines by regulatory regime.	Not disclosed
EU10	Availability and Reliability: Planned Capacity Against Projected Electricity Demand Over the Long Term, broken down by energy source and regulatory regime.	104

EU12	System Efficiency: Transmission and distribution losses as a percentage of total energy	12, 78-79, 82-83
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.	98
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	97
EU28	Power outage frequency	105
EU29	Average power outage duration	106
G4-DMA	Provision of Information	60
G4-DMA	Demand Side Management	84-85
G4-DMA	Materials	70

