

### 1. Leadership Message

Abuja Electricity Distribution Company (AEDC) PLC is an Organisation that has adopted a zero tolerance to fraud. We are governed by strong values of Leadership, Integrity and Professionalism. Our Code of Ethics contains general guidelines for conducting business with the highest standards of ethics.

AEDC (hereafter referred to as "The Company") is committed to an environment where open, honest communications are the norm, not the exception. We want everyone to feel comfortable in approaching their superiors in instances where they believe violations of policies or standards have occurred.

## FRAUD POLICY

### 2. Background

The Company's Fraud Policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Company. It is the intent of The Company to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct investigation.

### 3. Definitions

Fraud can take many forms that are normally characterized by some form of deliberate deception to facilitate or conceal the misappropriation of assets, whereas corruption involves a breach of trust in the performance of official duties. Additionally, misconduct is a broad concept, generally referring to violation of law, regulations and internal policies and procedures.

For the purpose of this policy, fraud, Corruption and misconduct will be encompassed into the word "fraud" (hereafter referred to as "Fraud") and shall be used to refer to all dishonest, irregular or illegal acts of fraud, breach of trust, misappropriation, wasting, embezzlement or bribery, which is characterized by a deliberate intent at concealment or false representation and causing or which might cause harm to The Company or affect the financial interests of The Company.

### DOCUMENT ISSUE STATUS

ISSUE	DATE	NOTES	ORIGINATOR	AUTHORIZED FOR ISSUE
1	May 2015	First Issue	Ahmed Rufai Salau	Neil Croucher
2	July 2018	First Review (Revalidations)	Ahmed Rufai Salau	Ernest Mupwaya

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For the purpose of this Policy, Fraud, Corruption and Misconduct will be encompassed into the word ‘Fraud’ (hereafter referred to as “Fraud”) and shall be used to refer to all dishonest, irregular or illegal acts of: fraud; breach of trust; misappropriation; wasting; embezzlement; or bribery, which is characterized by a deliberate intent at concealment or false representation and causing or which might cause harm to The Company or affect the financial interest of The Company.

The Company defines Fraud as a dishonest, unethical, irregular or illegal act or practice, characterized by deliberate intent at concealment of a matter of fact - whether by words or conduct - or false representation, which may result in a financial or nonfinancial loss to The Company.

### 3.1 Actions Constituting Fraud

- Any dishonest or fraudulent act
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial
- Profiteering as a result of insider knowledge of Company activities

- Disclosing to other party, security activities engaged in or contemplated by The Company
- Technology Failure due to Cybercrime activities through Internal Collaboration
- Accepting anything Material value from staff, contractors or person(s) providing service/materials to The Company.
- Destruction, removal or inappropriate use of records, furniture, fixtures and equipment etc.
- Manipulation of employment records, payroll and medical bill
- Non reading of meters and indiscriminate raising of Customer Record Maintenance Document (CRMD) to suppress meter reading and to suspend/closure of Customers Accounts
- Deliberate crediting of Customers account with undeserved credit value either outrightly or by interposition of other customers.
- Pocketing payments on customers' accounts, issuing receipts on self-designed receipt books
- Not depositing all cash receipts (deposits are not "intact")
- Paying for personal expenses with business funds
- Increasing vendor invoices through collusion
- Billing for services not rendered and collecting the cash
- Forgery
- Conflicts of Interest
- Nepotism
- Breach of duty
- Favoritism
- Any similar or related irregularity

### 3.2 Other Irregularities

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by Departmental management and the Employee Relations Unit of Human Resources rather than the Internal Audit Department. If there is any question as to whether an action constitutes fraud, contact the Chief Internal Auditor for guidance.

## 4. Scope

This Policy must be applied to any Fraud, or suspected Fraud, involving any member of the Boards of Directors, the Chief Executive Officer/Managing Director, the Management teams or staff of The Company, as well as those who conduct business with The Company, such as third party agents and representatives, including consultants, contractors, suppliers, vendors, subcontractors and agents (hereafter referred to as "Stakeholders").

**4.1** Fraud prevention and control is the responsibility of all employees and not just a few individuals or departments within The Company.

- 4.2 All employees shall take responsibility for ensuring that any party or individual that does business with the Company strictly adheres to the standards and principles of this policy.
- 4.3 Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to The Company.

## 5. Authorization for Investigating Suspected Fraud

Members of the Internal Audit Department shall have:

- 5.1 Free and unrestricted access to all Company records and premises, whether owned or rented; and;
- 5.2 The authority to examine, copy, and / or remove all or any portion of the contents of Files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any items or facilities when it is within the scope of their investigation.

## 6. Reporting Procedures

Any irregularity that is detected or suspected must be reported immediately to the Managing Director/Chief Executive Officer through the Chief Internal Auditor who coordinates all investigations with the Legal Department and other affected areas, both internal and external.

An employee who discovers fraudulent activity shall contact the Internal Audit Department immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her representative, or any other inquirer should be directed to the Internal Audit Department or Legal Department. No information concerning the status of an investigation will be given out. The proper response: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation", "the crime", "the fraud", "the forgery", "the misappropriation", or any other specific reference.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Legal or Internal Audit Department.

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.

## 7. Fraud Prevention

- 7.1 A major thrust of this fraud policy is prevention as fraud may lead to disruptive and unpleasant situation to The Company. However, the following preventive measures are recommended:

- All employees shall acknowledge they have read, understood, and will comply with the Code of Ethics and Fraud Policy to support the Company's Fraud Risk Management. Disciplinary action will apply for refusal to sign-off and apply such actions consistently.
- All employees and Stakeholders must disclose any personal or outside interest, relationship or responsibility (financial, professional or otherwise) held by the employee with respect to any potential or actual transaction, agreement or other matter which is or may be presented to management for consideration - even if such interest, relationship or responsibility has otherwise generally been disclosed. The relevant management has to be informed through the employee's immediate superior or the Board of Directors if the person is a member of the Board. This should be documented in accordance with the requirement of the Code of Ethics, and any constraints placed on the situation must be monitored.
- Effective Internal Control – Supervisors and Managers of various units must be proactive in their areas of supervision in ensuring the workability of the internal Control System
- Effective Internal Control system through coordinated policies on segregation of duties, data security and conflict of interest.
- Detective checks should be carried out in all the relevant systems and applied consistently including random checking of transaction and review of management accounting information including exception report.
- The Internal Audit Department shall consider whether it is necessary to review the systems, other than that which has given rise to suspicion, through which the suspect may have had the opportunity to commit the fraud.
- Continual update of the fraud policy as well as training of all staff to understand regulatory obligations and consequences of non-compliance.
- Adopting a global view that allow change to occur easily at operational, financial and management levels and minimize the impact on business when policy changes.

## 7.2 Human Resources Procedures

The relevant Human Resources Department (HR) shall:

- Perform background checks, document verification to verify employees' credentials and competence, match skills to the job requirements, and be aware of any issues of personal integrity that may impact their suitability for the position;
- Evaluate performance and compensation programs for all employees and take into consideration work-related competence, behavior and performance as per this Policy;
- Conduct exit interviews for all employees leaving The Company as they may have information regarding possible Fraud existing within The Company.

## 8. Responsibilities of Stakeholders:

**8.1 Board of Directors:** Provides an opportunity to emphasize the critical need for directors to require oversee, support and consistency evaluate their organizational fraud policy.

**8.2 Board Audit Committee:** An audit committee should take an active role in the prevention and deterrence of fraud, as well as an effective ethics and compliance program. The Audit committee should constantly challenge management and the auditors to ensure that the organization has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are

undertaken if fraud is detected. The Audit committee should take an interest in ensuring that appropriate action is taken against known perpetrators of fraud.

**8.3 Senior Management Team:** Management has overall responsibility for the design and implementation of fraud risk management program, including – settling the tone at the top for the rest of the organization; implanting adequate internal control; reporting to the Board on what actions have been taken to manage fraud risks and regularly reporting on the effectiveness of the fraud risk management program.

**8.4 Internal Audit Department:** The Internal Audit Department has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. Upon the investigation substantiates that fraudulent activities have occurred. The internal audit department will issue reports to appropriate designated personnel and, if appropriate, to the Board of Directors through the Audit Committee.

**8.5 Legal:** Interpreting relevant sections of policy to stakeholders and assisting in dealing with relevant security agencies, assist in prosecution of established cases of fraud and providing legal assistance where needed.

**8.6 Human Resources:** Introducing rules and procedures for Employees management that include internal controls to prevent the creation of an environment that foster fraud; create system for monitoring and analyzing changes in employee behavior and in the relationship between staff members.

**8.7 Line managers/supervisor:** provision of relevant supervisory assistance to their employees to ensure that internal control systems are strictly adhered to.

**8.8 Employees:** Have a basic understanding of fraud and be aware of the red flags; understand their roles within the internal control framework. Staff members should understand how their job procedures are designed to manage fraud risk and when noncompliance may create an opportunity for fraud to occur or go undetected; read and understand policies and procedures (e.g. the Fraud policy and code of conduct) as well as other operational policies and procedures.

## 9. Whistle blowing Protection

The Company will not take action against a person making an allegation in good faith and which is not confirmed via subsequent investigation. A report of a breach may be made by an employee without fear of harassment, demotion, dismissal, disciplinary action, remedial action, suspension, threats, or any other method of decimation or retaliation by the Company (whether employees, third party, agents, representatives, consultants, suppliers, vendors, subcontractors, customers, partners, agents. Etc.). No act of victimization against a whistleblower will be tolerated and the identity of the whistleblower will be kept in strict confidence. Any malicious or false allegation may however, result in disciplinary action against the employee for making such allegation. The whistle blowing procedures shall be that in line with that, will stipulated in the whistle blowing policy of the Company.

## 10. Confidentiality Policy

The Internal Audit Department treats all information received confidentially. Any employee who suspects dishonest or fraudulent will notify the Internal Audit Department immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know.

Approval: \_\_\_\_\_  
Date: 25-7-19

## 11. Communication and Training

- Training and seminars on Fraud awareness will be provided to all employees on a regular basis. HR will maintain records of annual attendance in each employee file.
- Also, Management shall periodically communicate its Fraud risk management expectations to all staff through The Company's internal communication channel.

## 12. Reporting the Results

- 12.1 The Internal Audit Department shall Issue the report to Management and request implementation of the recommendation(s).
- 12.2 Recovery of the Proceeds of Fraudulent Activities - All reasonable steps (including the institution of criminal or civil proceedings) shall be taken to recover property of The Company that has been misappropriated or otherwise been obtained as a result -either directly or indirectly- of Fraud.
- 12.3 Corrective Actions After the investigation has been completed, Internal Audit Department shall continually request from the concerned Department an implementation status of the recommendation(s) made.

## 13. Post Investigation disciplinary process

- 13.1 Post investigation disciplinary process shall be done in line with The Company's Disciplinary policy.
- 13.2 The recommendation(s) will be reviewed for approval by the designated representatives from Human Resources and the Legal Department and, if necessary, by outside counsel, before any such action is taken.
- 13.3 The Internal Audit Department does not have the authority to terminate an employee and the decision to terminate an employee is made by the employee's management.
- 13.4 Should the Internal Audit Department believe Management's decision is inappropriate for the facts presented, the facts will be presented to Executive Level Management for review.
- 13.5 Decision to prosecute or refer the investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

